



# **GILD Bankers Annual Review 2008**

Published in June 2009



## GILD Bankers in brief

GILD Bankers is a **leading Baltic investment bank active in Emerging Europe**. The core services of GILD are the **management of alternative funds, investment banking and private banking**.

**The Baltic countries** are the home markets of GILD Bankers, but our area of activity and investment extends to **Central and Eastern Europe (CEE), the Commonwealth of Independent States (CIS) and Nordic region**.

GILD's main client base is comprised of **Baltic and Nordic companies, institutional investors and high-net-worth individuals**; also, our circle of clients continually includes entrepreneurs and investors from other European countries.

**Independent partnership** is the cornerstone and core value of GILD Bankers, supported by a set of principles that Partners and employees are expected to follow in achieving our business goals. Accordingly, GILD Partners actively take part in the development of the entire investment bank, lead key projects and pursue new business opportunities. GILD Bankers **currently unites 12 partners from Estonia, Lithuania and Finland**.

In the tradition of merchant guilds in the times of the Hanseatic League, GILD Bankers stands for **outstanding professional craftsmanship, personal commitment and top quality service in modern finance**. We aim to **exploit global trends in our markets and inspire new developments by linking traditional values and experience with novel ideas**.

*GILD Bankers Group is comprised of the following legal business entities: AS GILD Partners, AS GILD Financial Advisory Services, AS GILD Fund Management, AS GILD Property Asset Management, AS GILD Latvija and UAB GILD. GILD Bankers is supervised by the Financial Supervision Authority in Estonia.*

*AS GILD Holdings and AS GILD 2007 are investment vehicles related to the partners of GILD, but are not part of the group.*



## Highlights in 2008

- ❖ Restructuring of GILD Arbitrage and EEREIF to regulated investment funds was concluded
- ❖ Until October 2008 GILD Arbitrage issued new fund units in the total value of ca EUR 30 million
- ❖ GILD Alternative Funds team expanded international cooperation network with memberships in AIMA and INREV
- ❖ Successful exits from investments made by GILD private equity team
- ❖ GILD Investment Banking completed 12 investment banking transactions, including the only IPO in the Baltic region (Agrowill Group)
- ❖ GILD Private Banking managed to preserve the value of assets in clients' investment portfolios despite the negative market conditions
- ❖ New key team members expanded our geographic reach and scope of competencies



## Awards in 2008

- ❖ Euromoney named GILD Bankers the **Best M&A House in Estonia** – Euromoney Awards for Excellence 2008
- ❖ The Estonian Chamber of Commerce and Industry, in cooperation with Estonian Employers' Confederation and Enterprise Estonia, named GILD Bankers the **most competitive Estonian company in the finance sector**
- ❖ Euromoney magazine's Liquid Real Estate recognised GILD Bankers as the **top investment bank in Estonia providing services in the real estate sector**
- ❖ Business New Europe recognised GILD Real Estate fund EEREIF as the **best real estate fund in New Europe**



## Message from the Managing Partner

It goes without saying that the year 2008 will be remembered for dramatic changes in the financial sector. The business that people without direct involvement rarely understand, yet place confidence in, has become the *enfant terrible* of the global marketplace. Although recent developments are a natural part of a cyclical economy that have been met with vigorous revival measures, the restoration of confidence takes time. In all economic climates, we at GILD Bankers place our main efforts in protecting the assets and interests of our clients and investors, but we are working with extra effort under the current difficult conditions. We already experience a tough 2009.

Whilst we prepared to face the market setbacks of 2008, it was impossible to predict the exact depth and breadth of the financial crisis that unfolded. Nevertheless, the independent partnership setup and diversified business model of GILD Bankers has turned out to be an evident advantage in generating efficient responses to changes in the overall environment.

Amid the deteriorating operating environment, GILD Bankers managed to obtain good financial results in 2008. GILD Group generated net fee income of EUR 10 million, a 17% increase

compared to 2007, and operating profit of EUR 5.2 million, remaining on the same level as during the market upturn in 2007. Majority of the Group's operating profit was derived from fees, without taking any risks against our own equity.

The figures also illustrate the nature of our business: performance stems from continuous effort over a long period of time. In 2008, for example, we successfully exited landmark investments made by our private equity team which contributed to the successful annual results of the entire GILD Group. Our newest business line, Private Banking, managed to preserve the value of assets in clients' investment portfolios, despite of demanding market conditions. Deteriorated business environment had the most evident effect on one of the products of our Alternative Funds unit, namely risk capital fund GILD Arbitrage. Considering the higher risk level, the investment choices of a risk capital fund do not always lead to expected results, but we believe that the portfolio of GILD Arbitrage includes some investments with good intrinsic value and thus the team is actively dealing with realizing the best value of these assets.

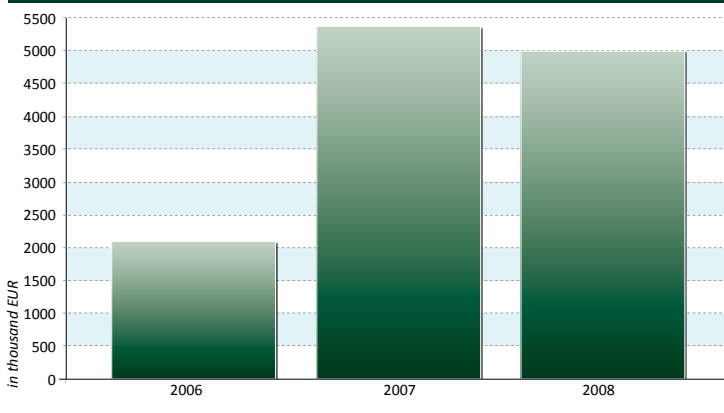
As a response to the changing market conditions, we introduced some chan-

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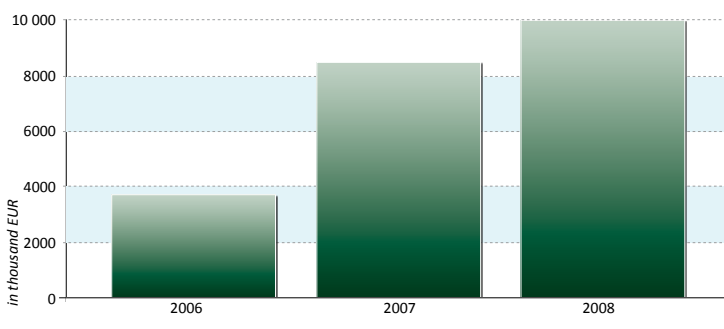


## Message from the Managing Partner

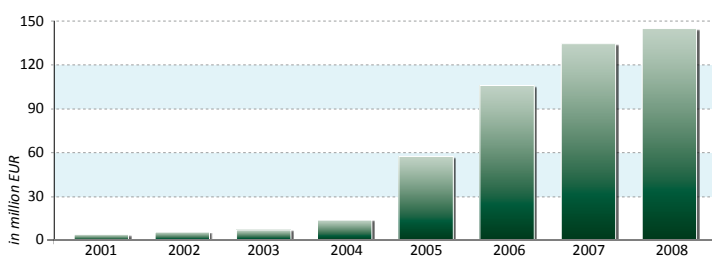
### Profit before tax 2006–2008



### Group Fee Income 2006–2008



### Assets Under Management 2001–2008



ges in the team and the focus of our activities. For example, we concentrated more on securing our position in the Baltics as our home market. In the second half of 2008, GILD Bankers carried out the restructuring of the Group in order to remain efficient in the changing market conditions. In addition to the development of the GILD Group structure and advancing the legal framework of our activities, GILD also optimised the number of employees and reviewed all existing tasks and roles. By June 2009 the total number of employees has decreased around 30% compared to the peak in staff size last year. Also, some rotations in roles and responsibilities took place to meet current requirements and provide a new approach. According to the unanimous decision of GILD Partners, Partner Tõnis Haavel was elected as the new Head of GILD Alternative Funds unit, as of 1 January 2009.

We hired new key team members in Investment Banking and Private Banking, expanding our geographic reach and scope of competencies. For example, experienced Nordic investment banker Vesa Heikkilä as the Head of Nordic Investment Banking has already in a short time contributed to new solid contacts in the Scandinavian business community. Rapid growth of the team in 2007, nevertheless, has been replaced by emphasis on building the motivation and commitment of existing employees. Our culture is still dynamic and evolving, but clearly based on the



## Message from the Managing Partner

*We entered this line of business ten years ago with the ambition and intention of being the number one professionals in our carefully chosen niches for decades to come.*

shared sense and values of the partnership.

GILD Bankers' role in improving the general business environment and advising legislators in our home markets has become more vital in the light of recent developments. Ranking the most valuable Estonian companies in the GILD100 for the second year served not only the purpose of carrying on a successful initiative, but provided a significant medium for drawing the attention of local businesses to the key aspects in overcoming challenges in the difficult environment. I personally have been committed to participating in the roundtable of entrepreneurs set up by the Estonian Prime Minister in 2008 with the aim of generating tangible schemes to support companies in the current situation.

GILD Bankers enters a challenging 2009 with a coherent approach towards existing challenges and opportunities in all our business lines. By today, several market risks have materialised and we operate in a difficult, yet clearer general environment. In GILD Alternative Funds, the main focus is on the funds' existing investments and enhancing transparency and the quality of risk measurement and management of funds. GILD Investment Banking team continues to pursue successful transaction closings

in a tightened M&A market, where sell-side interest is greater than the buy-side. Following a busy year of setting up operational and support systems, GILD Private Banking team has reached full capacity to offer experienced and reliable advice to entrepreneurial high-net-worth individuals. Currently the main challenges involve the shrinking private wealth management market in the Baltics and our target group experiencing the liquidity crunch. At the corporate level, the main task at hand is to support the business lines in reaching their primary targets and sustain the motivation and efficiency of the current strong team in preparation for the next market upturn.

All in all, GILD Bankers enjoys challenges. We entered this line of business ten years ago with the ambition and intention of being the number one professionals in our carefully chosen niches for decades to come. We will change and learn in the process, perhaps shrink or grow in size or change some business tactics, but our core values will stay the same. We value highly the confidence placed in GILD by our clients, investors, employees and cooperation partners. It remains the heart of our business to foster and safeguard this confidence.

**Rain Tamm**  
*Managing Partner*



## 4-year Financial Overview

### Consolidated income statement

<i>(In thousand EUR)</i>	2008	2007	2006	2005*
Net fee and commission income	9 977	8 562	3 813	3 458
Net interest income	212	77	73	28
Net profit/loss from securities	-14	18	-1	43
Other income	487	71	55	22
Operating expenses	-5 536	-3 520	-2 257	-1 624
<b>Operating profit</b>	<b>5 126</b>	<b>5 208</b>	<b>1 684</b>	<b>1 928</b>
Share of profit from joint venture	-131	146	407	73
<b>Profit before corporate income tax</b>	<b>4 995</b>	<b>5 354</b>	<b>2 090</b>	<b>2 001</b>
Income tax expense	-678	-207	-406	-166
<b>Profit for the year</b>	<b>4 316</b>	<b>5 147</b>	<b>1 684</b>	<b>1 834</b>
<b>Profit attributable to shareholders of the parent company</b>	<b>4 316</b>	<b>5 135</b>	<b>1 609</b>	<b>1 690</b>
<b>Minority interest</b>	<b>0</b>	<b>0</b>	<b>75</b>	<b>144</b>

### Financial ratios

	2008	2007	2006	2005
Return on average equity	77%	137%	90%	116%
Cost-income ratio	52%	40%	57%	46%
Average fee income per partner (in thousand EUR)	831	778	381	346

\* As the group has gone through several restructuring during 2004-2006 the presented results show the combined figures of current GILD firms located in these regions.

### Consolidated balance sheet (combined)

<i>(In thousand EUR)</i>	12/31/2008	12/31/2007	12/31/2006	12/31/2005
<b>Assets</b>				
Cash and bank	4 077	5 370	1 264	1 476
Loans to clients	1 024	163	544	593
Trade receivables	974	762	545	419
Other receivables and assets	632	962	169	83
Financial assets at fair value through profit or loss	369	276	258	35
Investments in special purpose entities	77	64	64	64
Investments in joint ventures	0	194	425	74
Property, plant and equipment and intangible assets	581	150	147	180
<b>Total assets</b>	<b>7 734</b>	<b>7 941</b>	<b>3 415</b>	<b>2 924</b>
<b>Liabilities</b>				
Accrued expenses	775	559	264	220
Corporate and deferred income tax liabilities	36	3	26	52
Other tax liabilities	233	384	81	55
Finance lease liabilities	27	38	36	61
<b>Total liabilities</b>	<b>1 070</b>	<b>984</b>	<b>407</b>	<b>389</b>
<b>Equity</b>				
Minority interest	0	0	0	176
<b>Equity attributable to shareholders of the parent company</b>				
Share capital and premium	1 297	1 084	853	498
Statutory reserve capital	79	76	26	25
Unrealised exchange rate differences	1	-1	-1	-1
Retained earnings	5 286	5 798	2 129	1 838
<b>Total equity attributable to shareholders of the parent company</b>	<b>6 663</b>	<b>6 957</b>	<b>3 008</b>	<b>2 535</b>
Total liabilities and equity	7 734	7 941	3 415	2 924



## Alternative Funds

### Business outline

GILD Alternative Funds is a specialized alternative investment manager in Emerging Europe with dedicated teams for managing asset based investing and lending investments, private equity and real estate investments. GILD Alternative Funds manages multi-strategy hedge fund GILD Arbitrage and real estate fund EEREIF.

### Clients

We serve more than 350 investors from 16 countries, including institutional investors and high-net-worth individuals. Although a majority of our investors historically are from the Baltics, co-operation with ambitious Nordic and Western European institutional investors is on the rise.

### Team

Investment team comprises of more than 10 professionals with different skills and experiences.

### Investment Area

Our investment area is mainly Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS), with a special focus on the Baltic States as our home market.

### International network

In 2008, GILD Alternative Funds became the first Baltic member of the global hedge fund association, the Alternative Investment Management Association (AIMA), which has 1,280 corporate members based in 49 countries. Also, GILD Real Estate joined the European Association for Investors in Non-listed Real Estate Vehicles (INREV), which brings together more than 300 leading institutions and other market players.



## Alternative Funds

### Alternative funds – operating results

<i>(In thousand EUR)</i>	2008	2007	2006
Net fee and commission income	6 135	4 300	1 976
Operating expenses	-1 945	-1 077	-564
Operating profit	4 666	3 295	1 454
Share of profit from joint venture GILD PAM	-131	146	407
Total profit before income tax	4 535	3 441	1 861

### Financial ratios

	2008	2007	2006
Cost-income ratio	32%	25%	29%
Average fee income per partner (in thousand EUR)	1 227	860	659

*Due to the increased complexity of the market situation, our main emphasis in 2008 was to diversify and manage our risks.*

#### The market in 2008

In 2008, the turbulence and liquidity squeeze that started to prevail in 2007 continued on an amplified level. At the conclusion of 2007, we were able to say that our funds often benefited from tightening capital markets, and we maintained good returns for our investors, ending the year on a positive note. However, the global economic crisis that emerged in 2008, especially in the second half of the year, had an evident effect on our activities. We had prepared for the recession that inevitably follows a long, positive trend in the economy. For example, we restructured GILD Arbitrage and EEREIF to weather the forecasted storm better. However, very few could have prepared for a hurricane of this magnitude as many global negative factors coincided. Still, our aim is to remain a strong partner for our investors, even in the most difficult of times by protecting their interests.

#### Overview of Developments in 2008

Due to the increased complexity of the market situation, our main emphasis in 2008 was to diversify and ma-

nage our risks. In the beginning of the year we continued the restructuring of our two active investment funds. GILD Arbitrage was registered by the Estonian Financial Supervision Authority at the end of 2007 as the first public semi-closed risk capital fund in the Baltics. In March 2008, EEREIF was registered as a public closed-end contractual real estate fund with the term of 5 years, with an option of a 2 year extension based on investors' discretion, whereas for the first 2 years the fund income is reinvested and starting from the third year distributions may be made to investors. We made the decision to restructure our funds to offer better transparency of investment activities and protect the interests of our investors by better controlling liquidity risk in the current illiquid market conditions.

Today we have more than 350 investors from 16 countries. In 2008 GILD Arbitrage issued new fund units in the amount of ca EUR 30 million and this new capital was used for the diversification of investments.

In September 2008, GILD Bankers acquired an additional 50% share of



## Alternative Funds

our real estate arm, GILD Real Estate, from the real estate group Uus Maa. Prior to the acquisition, GILD Real Estate, which manages our real estate fund EEREIF, was led by GILD Bankers and Uus Maa in a 50/50 partnership. Thus, GILD Bankers became the sole shareholder of GILD Real Estate. The change allowed both companies to focus on their core activities.

At their quarterly meeting in December 2008, GILD Bankers Partners carefully assessed current challenges and the potential of the company to sustain the position of a leading Baltic investment bank. To remain competitive and be even stronger in the long term, Partners agreed upon some changes in the management and operation. According to the unanimous decision of GILD Partners, Partner Tõnis Haavel was elected as the new Head of GILD Alternative Funds unit. Tõnis has long-term experience in investment management and he was among the founders of GILD in 1999. In his new role Tõnis has set the focus on present investments, as the shrinking credit market has changed the nature of a majority of them. In addition, he aims to strengthen the internal structural workflow and risk management at GILD Alternative Funds unit, allowing the team to build more investment management capacity when markets turn up again, as eventually they will.

**Asset based lending and investing**  
GILD has an experienced asset based lending and investing team in place. The team, led by Fund Manager Tõnno

Vähk, has managed the hedge fund GILD Arbitrage more than 8 years. GILD Arbitrage capitalises on our expertise in finding and structuring attractive asset based lending and investing projects in the CEE region.

GILD Arbitrage is a multi-strategy hedge fund active in Emerging Europe, taking advantage of local capital market inefficiencies. The fund has a leading position in the Baltic States. The investment strategy of GILD Arbitrage is opportunistic, focusing on short-term opportunities in countries and niches where the fund has a strong market position. From the fund's inception, in April 2001, through September 2008, GILD Arbitrage has provided investors with an average annual net return of more than 23%.

2008 brought considerable changes for GILD Arbitrage. GILD Arbitrage was established in April 2001 as a limited liability company, since at the time it was the best structure for a hedge fund according to the laws of the Republic of Estonia. At the end of 2007, GILD Arbitrage was registered by the Estonian Financial Supervision Authority as the first risk capital fund in the Baltics. In the first half of 2008, most of our investors swapped their previously held notes for fund units.

In May, we were accepted as the first Baltic member of the AIMA (Alternative Investment Management Association), which is the hedge fund industry's global, not-for-profit trade association with over 1,280 corporate members worldwide.

*As the new Head of Alternative Funds unit Partner Tõnis Haavel aims to strengthen the internal structural workflow and risk management in GILD Alternative Funds team.*



## Alternative Funds

In October 2008, the fund management company of GILD Arbitrage decided to postpone the redemptions and subscriptions of the fund, since we were unable to calculate fair net asset value (NAV) due to the fact it might deviate on a large scale in the prevailing economic environment. Although GILD Arbitrage has always kept the leverage low (around 25%) in 2008, even this level of leverage started to seriously influence the fund. As the liquidity problems of the fund increased, the fund management company decided to prolong the postponing of subscriptions and redemptions of GILD Arbitrage further until 3 November 2009. Changes have been made in the team to respond to the difficult situation. Next to continuing work with the current investment portfolio of GILD Arbitrage, the priority of the fund is to stabilise the liquidity situation and agree upon a unified solution with all loan providers.

In 2009, our asset based investing and lending team will first focus on working with current investments of GILD Arbitrage to produce optimal results for fund investors. However, exploiting our thorough experience in the region, we are also actively mapping the market regarding new directions in the sector of alternative investments, taking into account current market trends. Internally, we continue with improving processes and fine tuning workflow to be prepared for increased investment management capacity when we take

advantage of prospective possibilities on the market in upcoming years.

### **GILD private equity funds**

GILD has a well-established private equity team with a strong track record and know-how. Our private equity team is led by three Partners active in GILD Alternative Funds. Taavi Lepmets is Fund Manager of New Economy Ventures and the previous head of GILD Alternative Funds. Kimmo Irpola has more than 15 years of private equity experience all over Europe, including the Baltic countries, with 7 years spent in 3TS Capital Partners, one of the leading private equity houses in the CEE region. Joel Aasmäe worked in GILD Investment Banking from 1999, before joining GILD Alternative Funds in 2007. Prior to that, he led the legal department of Hansabank.

Our first private equity fund, New Economy Ventures, was established in 1999 and has provided investors with net annual return of close to 31% over the last 9 years. The fund focused on the Baltic and CEE countries, primarily on the new-media and technology sectors.

Currently, New Economy Ventures has exited most of its investments and multiplied investors' money more than 9 times. After New Economy Ventures was fully invested in 2001, our private equity team made investments through our hedge fund GILD Arbitrage, GILD Holdings and pooled funds from high net-worth indi-

*In 2009, our asset based investing and lending team will first focus on working with current investments of GILD Arbitrage to produce optimal results for fund investors.*



## Alternative Funds

viduals. At the end of 2008, the combined IRR (internal rate of return) of private equity investments done by GILD Alternative Funds team members (including private equity investments made from other GILD funds or while working with other organisations) was 46% with an average cash multiple of 2.99 over the last 10 years. The average holding period per investment has been 3 years. Our private equity team has invested over EUR 34 million into 30 companies in various industries in the CEE region. GILD Alternative Funds' team members have served as management or supervisory board members in 23 of those companies.

Some success stories of GILD private equity team are:

- ✿ MoonFish Media – management of internet portals and real estate sites such as Kv.ee and Edomus.It, and the auction site Osta.ee;
- ✿ Forticom – management of online social networks including One.lv, One.It and Odnoklassniki.ru;
- ✿ CVO Group – recruitment and human resource services across Europe;
- ✿ Comtrade/Starman – telecommunication services carried via the firm's cable-TV networks.

The team is prepared to launch a new private equity fund with a strategy to invest with a long-term perspective mainly to Baltic companies with substantial growth potential. The interest is clearly there as professional investors understand that during upcoming years it is a good time to invest in private equity due to low entry prices.

However, due to global financial crisis and increasing liquidity squeeze fund raising depends on the developments at the global credit markets and actual circumstances.

### **GILD Real Estate**

Currently GILD Real Estate, our team of real estate professionals led by Fund Manager Urmas Laur, has one fund under management. EEREIF (Eastern Europe Real Estate Investment Fund) is a real estate fund investing in commercial real estate in Emerging Europe. EEREIF is focused on adding value through professional asset management in cooperation with tenants, partners and investors. EEREIF has provided investors with an average annual net return of close to 14% since its inception in May 2005. EEREIF portfolio is well balanced between rental cash flow and development projects.

2008 was especially harsh for the real estate market. The liquidity squeeze and expectations for further recession decreased market activity to a very low level. Banks turned extremely conservative in their lending policies and mostly focused on monitoring existing loan portfolios. The general global economic recession started to affect the cash flow of tenants and put pressure on their cost bases and liquidity. As a result of these market movements property valuations decreased significantly.

In March 2008, the fund management company changed the legal structure of EEREIF to a regulated closed-end real estate fund with a term of 2+3 (+2) years with the aim to protect the interests of our investors in the turbulent market en-



## Alternative Funds

vironment. That change was well timed. In the second half of 2008 turmoil in the economy increased, but EEREIF assets — and foremost its liquidity position — were protected thanks to the structure change in the beginning of the year.

The emphasis of GILD Real Estate in 2008 was the optimisation of EEREIF's existing cash flow projects. Due to the overall liquidity squeeze, the third party valuations of EEREIF cash flow projects decreased in the end of 2008, even though rent income increased. With development projects we moved forward rather conservatively, analyzing market trends and adjusting our plans to the changing environment. Fund manager has cut back investment plans, where no clear market demand is evident and has focused on maintaining the value of existing projects, including add-on investments. The procedures of our real estate investment team were improved by joining INREV (European Association for Investors in Non-listed Real Estate Vehicles) in the autumn of 2008. INREV is the leading platform for the sharing and dissemination of knowledge concerning the European non-listed real estate fund market.

We are now carefully monitoring the market situation in order to capitalise on market trends, potentially aiming to make investments as syndicated deals with co-investors, and mapping interest for a new real estate fund in the region.

### Outlook for 2009

In 2009, clarity about the market situation has increased significantly compared to the end of 2008. There is an understanding that though we are facing a

rather hard recession, financial markets will not collapse and all businesses must reconsider their budget allocations, trying to be as effective as possible. Governments all around the world have taken active roles in supporting financial systems with the aim to ease the liquidity squeeze for companies. Interest rate changes from central banks and fiscal decisions will enhance the real economy with a significant delay of course, but they are certainly bringing the end of recession closer.

Our focus in 2009 is mainly on current investments which require our full effort. However, we will actively monitor market movements, in order to capitalise on market trends and potentially raise new funds based on the expertise of our three key teams. Furthermore, we will develop our risk measurement and risk management methodologies to minimise uncompensated, unanticipated and inappropriate risks. Also, reporting to investors will be improved, since investors need to be better informed about risks related to investments and changes of these risks. Acting in the best interest of GILD investors remains our clear target and principle. Thus, in order to overcome difficult times, the management and board members will pitch in to help Fund Managers in their work. In the first half of 2009 we have evidenced the oversupply of premises in combination with rising unemployment and cost cutting of major tenants. To overcome these difficult times EEREIF has started to renegotiate debt conditions and intensified negotiations with tenants.

*We will develop our risk measurement and risk management methodologies to minimise uncompensated, unanticipated and inappropriate risks. Acting in the best interest of GILD investors remains our clear target and principle.*



## Investment Banking

### Business outline

GILD Investment Banking team arranges mergers, acquisitions, divestitures, buyouts and capital-raising transactions. GILD has extensive experience from approximately 140 transactions covering a wide range of sectors such as IT, transport, media, retail, utilities, and construction. International reach through partners in the M&A International alliance, as well as major international banks, has led to several successful cross-border transactions.

### M&A International

GILD Investment Banking is a member of M&A International. The alliance offers the unparalleled resource of over 600 professionals in 40 M&A advisory and investment banking firms operating in 37 countries. All our members are closely linked in a global alliance to advise clients on acquisitions, divestitures, funding and joint ventures. In 2008, M&A International members closed 258 transactions worth EUR 13.4 billion (USD 16.9 billion).

### Clients

Our main clients are Baltic and Nordic companies and entrepreneurs.

### Team

GILD Investment Banking has the largest M&A team in the Baltics.

### Target area

Baltic and Nordic countries, Central and Eastern Europe (CEE).



## Investment Banking

### Investment banking – operating results

<i>(In thousand EUR)</i>	2008	2007	2006
Net fee and commission income	3 595	4 259	1 837
Operating expenses	-2 746	-2 054	-1 459
Operating profit	995	2 331	463

### Financial ratios

	2008	2007	2006
Cost-income ratio	76%	48%	79%
Average fee income per partner (in thousand EUR)	599	852	306

*\* As the group has gone through several restructuring during 2004-2006 the presented results show the combined figures of current GILD firms located in these regions.*

#### The market in 2008

The continuing decline of global financial markets and economic slowdown in the Baltic region in the beginning of 2008 created versatile opportunities for investment banks such as GILD. On one hand, the lack of liquidity in the global financial marketplace raised demand for alternative investments and capital raisings, but at the same time the credit crunch already had begun to influence worldwide M&A activity.

According to Thomson Reuters, worldwide M&A activity during 2008 decreased by 29.6% compared to 2007, ending five consecutive years of M&A growth. The decline of M&A activity in Europe decreased 27.3%. Annual M&A volume in Europe dropped to its lowest level since 2005 amid recessionary pressures. European M&A in 2008 was dominated by national government bailouts of financial institutions, the financial sector accounting for 22.4% of all European deals during 2008, thus also demonstrating the effect of consolidation and state rescue packages. GILD Bankers' analysis of the Baltic M&A markets suggests that in

2008 the number of deals dropped approximately 30%. However, considering that the majority of transactions in the Baltic region take place without the involvement of advisers, there is still significant growth potential in this line of business.

Inevitably, the global situation has also influenced GILD Investment Banking and has called for changes in our business tactics. As governments and international institutions across the globe have taken measures to revive economies, the prevailing understanding among economists and entrepreneurs is that as a result of recent capital injections and bail-out schemes, the overall economic environment could start improving in the next two years.

#### Activities and achievements in 2008

2008 marked significant changes for GILD Investment Banking team in the form of overall market developments accompanied by shifts in focus and nature of activities. In light of the global financial turmoil it became evident that the Baltics as our home market demanded more attention in these challenging times. With this in mind, the GILD Investment Banking decided



## Investment Banking

to withdraw from Ukraine and put extra effort in keeping our strong position and capitalising on opportunities in the Baltic and nearby Nordic region.

Compared to 2007, the peak of M&A activity worldwide, the volume of transactions completed by GILD Investment Banking team declined in accordance with global and European M&A trends. Despite the increasing recession in the overall economy, GILD Investment Banking completed 12 transactions in 2008 with a combined value of approximately EUR 200 million. The 12 transactions consisted of 5 capital raisings and 7 mergers and acquisitions. These recent achievements demonstrate that strong companies can attract the right buyer or required additional capital even in this challenging environment.

One of our most noteworthy achievements was arranging the only IPO in the Baltic and the Nordic region in 2008. GILD acted as the lead manager and book runner for the IPO of Agrowill Group, the largest agricultural group in Lithuania. Agrowill also became the first company to be listed on the Baltic Stock Exchange in the agricultural sector.

Among other notable closed deals, the GILD Investment Banking team performed the sell-side advisory for a leading Estonian internet company, Moonfish Media, which attracted an international and high-profile investor ensuring the further growth of the company. It is noteworthy that with the acquisition of Moonfish Media, one of the

largest electronic and print media enterprises, the multinational media group Naspers, entered the Baltic markets. One of last year's most complex transactions was advising the largest Estonian commercial bank in the sale of Pankade Kaardikeskus, the Estonian processor of card transactions, to Northern European Transaction Services (NETS), one of the leading European processors of card transactions. The transaction represents the current pan-European consolidation trend in the industry driven by the creation of the Single Euro Payments Area and is among the first significant cross-border transactions in Europe (as noted by European Card Review). In the second half of 2008, advising the selling shareholders of Viltechmeda, one of the leading producers of high-tech medical devices in Europe, led to the trade sale of the company to Moog, a worldwide designer, manufacturer and integrator of precision control components and systems. Sale of Viltechmeda to a strong global player proved that top companies can find the right buyer even in this challenging environment.

GILD Investment Banking team also participated in the transactions of the financial sector. According to Thomson Reuters the financial sector was the business sector with most active M&A activity in the period, accounting for 22.4% of the entire European M&A deals during 2008. GILD Investment Banking in Lithuania advised General Financing, a Lithuania-based consumer finance company in the sale

*These recent achievements demonstrate that strong companies can attract the right buyer or required additional capital even in this challenging environment.*



## Investment Banking

of the company to Société Générale Consumer Finance. GILD Bankers in Lithuania also acted, together with Credit Suisse, as arrangers of a EUR 92 million loan for the Lithuanian government in an extremely challenging environment for CEE sovereign issuers.

Most deals in 2008 were completed in Estonia and Lithuania, whereas in Latvia we focused on building the pipeline.

Involving new key team members has raised the potential and capacity of the entire team. Gren Noormets, previously a senior executive at Hansabank with unparalleled expertise in Baltic real estate financing, joined GILD as an Investment Banking Director to manage real estate financing projects in all GILD markets and is currently focusing predominantly on the Baltic region. Vesa Heikkilä, a founding partner of Öhman Finland, joined GILD Bankers as a Director and Head of Nordic Investment Banking. He has already contributed significantly to expanding our reach and networks across the Nordic region.

In 2007, for the first time in history, GILD Investment Banking team compiled a ranking of Estonian companies on the basis of estimated market capitalisation. The team proceeded with the initiative in 2008, as well, and the publication of the results and analysis was met with keen interest from all major media channels and other experts in Estonia. The positive reception proves the demand for such kinds of research, and GILD now regards the ranking as a traditional annual exercise. Complementary to that, GILD Bankers contributed to another notable nationwide project – in May 2008, GILD Lithuania led the value creation nomination in the first “Most Respected Lithuanian Company” award, organised by TNS Gallup and Hill & Knowlton.

Our excellent 2007 results were recognised internationally. The prominent international finance magazine Euromoney awarded GILD Bankers the title of Best M&A House in Estonia in 2008. Euromoney acknowledged GILD Bankers for its impressive track record of innovative and market-leading tran-





*In the current market contraction membership in M&A International provides a valuable access to prospective well-capitalised acquirors across the globe.*

sactions in the assessed period across a number of industries in Estonia.

#### **Cooperation within M&A International**

GILD Investment Banking has been a member of M&A International for 5 years. The alliance is the leading global player in executing mid-market deals (graph below). In the current market contraction membership in M&A International provides a valuable access to prospective well-capitalised acquirors across the globe. The wide network of the alliance enables us to identify and match potential business targets and gather firsthand experience about the latest M&A trends in a variety of countries. With the intention of attracting the right buyers to the region, negotiations and interaction with other members intensified already in 2008. Evidence of recent productive cooperation within the alliance is the successful trade sale of Viltechmeda to Moog. GILD Bankers sold the target in cooperation with the M&A International alliance member, Capital Alliance Dallas.

#### **Outlook for 2009**

GILD Investment Banking faces 2009 with a strong team and a pipeline full

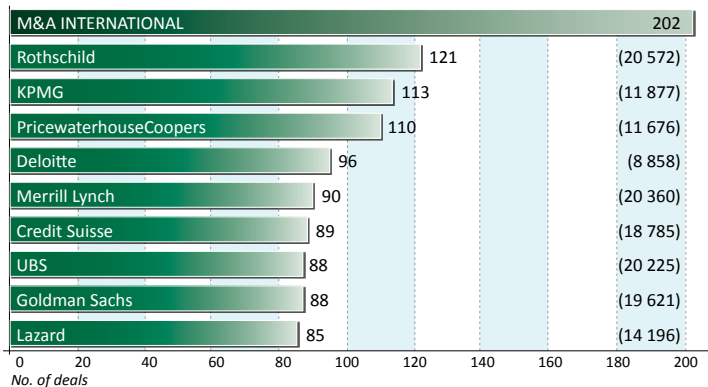
of sell-side mandates that were in heavy demand during the recent high tide of M&A activity. The global economic recession has transformed the M&A landscape into a favourable environment for buyers, but the lack of liquidity and debt financing will continue to keep the volume and activity of the market low in 2009. Concerns of growing protectionism in the European markets cannot be entirely overlooked, but acknowledgment of this risk by governments and international organisations is already one remedy against it.

Some well-capitalised sectors and companies will continue to generate M&A activity even in recessionary environment. We are already witnessing some strategic buyers and private equity investors looking towards distressed industries, mainly real estate and retail in the Baltic region. Strong companies with established brands and market shares but with lowered asset valuations or the need for restructurings are the most attractive targets for investors. The current situation might offer a unique opportunity for exporting Nordic companies to enter or set up their production in the Baltics. Financing of the public sector and financial services continue to create interesting opportunities. Alignment of sell- and buy-side expectations in valuations and financing conditions is also likely to improve in the coming months.

GILD Investment Banking is determined to seek out the best opportunities under current market conditions. Among else, we intend to carry on active cooperation with M&A International members as our primary link to the potential acquirors with interests to enter the Baltic markets.

### **Global Mid-Market League Table 2008**

Deals completed from USD 5m to USD 250m (value USD m)



Source: www.mergermarket.com; M&A International



## Private Banking

### Business outline

GILD Private Banking helps high-net-worth individuals achieve their goals of managing, increasing and sustaining their wealth. Our private banking concept incorporates private wealth management, alternative investments, corporate finance and a variety of legal and tax advisory services. The GILD Private Banking concept follows the philosophy of a multi-family-office private bank, meaning but not restricted to, the ability to take care of those aspects of the client's finances that extend beyond investment portfolio management.

### Clients

Our clients are entrepreneurial high-net-worth individuals and their families who hold a variety of asset types, including liquid assets with a minimum total value of EUR 300,000. GILD Private Banking caters to entrepreneurs who have ownership in multiple companies and may wish to continue to pursue the growth of assets through individual private equity, venture capital and other types of alternative investments.

### Team

GILD Private Banking team is represented in Estonia and Lithuania.



## Private Banking

### The market in 2008

Overall market trends have made high-net-worth individuals more cautious and conservative in their approach towards private wealth management. The overall negative sentiment has changed clients' perceptions and tolerance of risks related to investing. However, the current economic situation has also created an appropriate threshold for introducing an alternative approach to current widespread practices in the private banking industry.

### Activities and achievements in 2008

GILD Private Banking unit is dedicated to providing independent, detailed and proactive advice concerning investments and other financial affairs for high-net-worth clients, most from the Baltic States. Introduced in September 2007, GILD Private Banking today is at its core an investment management organization committed to the "total assets view" of the clients' needs, thus also providing advice and solutions for investment policy formulation, taxes, corporate finance, debt financing, asset custody and other services. The service philosophy of the unit is built on the premise of a multi-family-office private banking concept, providing customized and tailor-made counselling and investment mandates, full product neutrality and open investment architecture.

2008 was, among other things, dedicated to the development of GILD's wealth management capacity. GILD Bankers Private Banking team gained from the addition of two new Investment Directors. Eimantas Viršila, the Investment Director at GILD Private Banking in Lithuania, has focused on managing and safeguarding the assets of private banking clients. Janis Springis rotated from GILD Alternative Funds team to a new role as an Investment Director in Private Banking. His experience in the analysis of economic proces-

ses and stock market investing has broadened the expertise of the team.

At the end of 2008, the investment management product and service map (managed in-house) was roughly comprised of three main asset class driven strategies, three long-term, risk-profile specific strategies, an absolute return driven asset selection strategy, and full discretionary portfolio management and investment advisory mandates. GILD Private Banking managed to preserve the value of assets in clients' investment portfolios in 2008 (when most of the financial markets posted precipitous double digit losses) by employing a flexible investment approach whereby riskier asset classes were extensively underweighted as early as the beginning of 2008.

### Outlook for 2009

In the current recessionary financial and economic environment, GILD Private Banking sees the most demand for investment approaches which focus on asset safety and protection, while keeping options open for both shorter-term entries into riskier assets, as well as potentially longer-term purchases of deeply discounted assets (mostly consisting of private equity and convertible debt, but not excluding stock exchange listed debt issues, stocks and commodity-linked investments). This approach particularly appeals to investors and clients connected with some of the largest holdings and business conglomerates in the Baltic States. In light of this, even though the GILD Private Banking unit operates separately from GILD's other business lines, the existence of in-house competences in investment banking and alternative fund management are of unique advantage to GILD's private banking and wealth management, enabling client needs to be met integrally.

*2008 was, among other things, dedicated to the development of GILD's wealth management capacity.*



## GILD100 in Estonia

In 2007, GILD Bankers introduced GILD 100, an initiative ranking largest Estonian companies according to their estimated equity value. Though numerous rankings of companies have been compiled in Estonia, using different methodologies and attempting to measure companies' relative or absolute success in a given year, none of them have tried to evaluate the value of companies.

In 2008 we continued the exercise, committed to composing the annual snapshot of estimated company valuations. The aim of the project is to draw attention to the development, growth and financing of companies from the viewpoint of value creation.

GILD100 ranks 100 largest Estonian companies by their estimated market capitalisation, as if they were listed on the Tallinn Stock Exchange at the date of ranking (01.01.2008). The valuation of non-public companies is based on the comparative valuation method, using only publicly available information. Ranking firms on the basis of their market value is one of the most recognised methods and is widely used by noted finance journals and analysts. GILD Bankers leads the project in cooperation with the

weekly newspaper Eesti Ekspress, the Tallinn Stock Exchange and the Estonian Employers' Confederation. The extensive research and analysis of public records and reports of around one thousand Estonian companies is carried out by the GILD Investment Banking team.

In 2008, GILD's research concluded that the most valuable Estonian company is AS Hansabank<sup>1</sup> with an estimated market value of EUR 4.6 billion (EEK 71.7 billion) as of 1 January 2008. The combined market value of the 100 largest Estonian companies reached EUR 19.4bn (a drop of 11 percent from EUR 22.1bn in 2007).

The rankings of 2008 already begun to reflect the macroeconomic change that started in the second half of 2007. Rapid macroeconomic deterioration continued during 2008, severely affecting both companies' financial performance and valuation multiples. As a result the market value of Estonian companies has been sharply decreasing. In October 2008, GILD estimated that top ten companies have lost about 42 percent of their combined value.

We intend to carry on the initiative and generate GILD100 as a regular exercise in the years to come.

*Rapid macroeconomic deterioration continued during 2008, severely affecting both companies' financial performance and valuation multiples.*

<sup>1</sup> Business name AS Hansabank was used until 17 March 2009 when it was officially renamed to AS Swedbank.



## Our Culture and Business Principles

Independent partnership is the cornerstone and core asset of GILD Bankers. It compels and stimulates exceptional performance, commitment and cooperation from everyone working at GILD. To achieve GILD Bankers' business goals, Partners and employees alike are expected to follow a set of principles that have shaped the identity of our investment bank.

**Quality of client service.** In all our business lines we follow the principle that the interests of clients and investors always come first. We prudently and actively pursue the growth and protection of our clients' and investors' assets. This means making an effort to understand clients' wishes and actual needs, executing our tasks as promised and demanding the highest quality in each step. We try to identify in the very initial phases of any project if its aims are realistic and achievable and whether GILD Bankers can add the best value for the client in question. Due to the nature of our business, GILD manages confidential information which we use and safeguard according to the principal ethical and legal standards in the industry.

**Productive cooperation within GILD.** Smooth and efficient teamwork is an integral part of GILD Bankers' successful performance. Senior team members guide and support the junior staff in more demanding situations. According to GILD standards, there are no passive spectators in any project we undertake; everyone has a role they are expected to fulfil to the best of their abilities.

**Representing GILD as one.** GILD respects and unites strong personalities and top professionals in their fields, who would reach remarkable achievements pursuing business on their own. However, combining the various individual competencies and efforts take us much further in reaching more ambitious goals. Taking a keen interest in constantly improving GILD, acting in favour of the investment bank as whole and de-

*To achieve GILD Bankers' business goals, Partners and employees alike are expected to follow a set of principles that have shaped the identity of our investment bank.*



## Our Culture and Business Principles

veloping valuable external networks are signs of much-appreciated dedication and commitment. We do not expect everyone to think alike, but we focus on reaching a common understanding and the best solution for everyone involved. GILD partnership fosters unity amid diversity.

**Leadership mentality.** GILD is a relatively flat organisation with a fairly simple hierarchy, but while recruiting new talent, we always look for ambitious people with leadership ability. We have defined a career path from analyst to Partner with a set of competencies for each level that everyone at GILD is encouraged to pursue. As practice makes perfect, coordinating projects within your area of expertise and across functions, units and offices can be expected on junior levels, as well.

**Business mindedness.** The financial sector is one of the most quickly developing and increasingly complex business areas. To remain competitive and sustain a leading position in our business areas, we must not only be at the top of our game but also one step ahead of industry developments. Creating added value, promoting innovation, and seeking new angles and business opportunities are rooted in our business culture. This demands a close eye on recent trends and developments and advancing professional skills through trainings and self-development.

We select carefully the most gifted and driven people to join GILD. Our people have a variety of backgrounds, but the majority come from institutions with strong corporate cultures and international reach in both the private and public sectors. This has created a team of people with a wide range of interests and curiosity towards other walks of life. With that in mind, we launched a series of events in Estonia under the name GILD University. Throughout 2008, we invited experts to spark informal discussion among GILD people and our guests on topics ranging from virtual realities, the notion of freedom, marketing in the film industry, and social entrepreneurship to haute cuisine and its origins.

Following rapid growth of the team in 2007, we focused on the development and motivation of the existing team in 2008. Our culture is evolving as we develop, but we believe it already creates the right atmosphere to provide cutting-edge services in all our business lines.



## GILD in the Community

Most of the community-related activities launched by GILD in previous years continued throughout 2008. Attention of our key professionals leaned towards finding the appropriate mediums and forums to bring forward ideas on how to improve the general business environment. This made sharing our expertise and proposals with government authorities, politicians and other relevant institutions increasingly more important.

Managing Partner Rain Tamm was invited to join a roundtable of local entrepreneurs set up by the Estonian Prime Minister in 2008 with the aim of generating tangible schemes to support companies in the current situation. Tamm is also a member of the Advisory Board of the Ministry of Finance and a working group at the Ministry of Justice to improve the competitiveness of the entrepreneurial environment in Estonia. He also participates as an independent expert on financial issues on the Estonian Broadcasting Council. Partner and Head of GILD Alternative Funds Tõnis Haavel continues in his position as the Chairman of the Supervisory Board

of the Estonian Railways. Partner Tarmo Jüristo is a member of the Good Deed Foundation Supervisory Board. At the Foundation Tarmo is also the Chairman of the Investee Portfolio's Assessment Committee. In 2008 he contributed to developing and updating the investment processes of the Foundation and in cooperation with another GILD Bankers Partner Heikki Källu worked on setting up a specific project in the drug rehabilitation field. On behalf of the Lithuanian Investors Forum, Partner Šarūnas Skyrius takes part in the working group advising the Lithuanian Ministry of Economy on the national investment promotion programme.

Our initiatives in other areas were also carried on. Cooperation with the Estonian theatre NO99 lead to the production of Shakespeare's Pericles. The GILD Masters Cup tennis tournament brought together again the best Estonian male tennis players, most of whom are candidates for the Estonian team at the world famous Davis Cup. In Lithuania, GILD continued to support the International Vilnius City Jazz festival.

*Attention of our key professionals leaned towards finding the appropriate mediums and forums to bring forward ideas on how to improve the general business environment.*



## Milestones

### 1999

- ❖ GILD Bankers' key team co-established the investment bank LHV with three business lines. The Alternative Funds and Investment Banking lines were carried on under the brand GILD Bankers beginning in 2006
- ❖ Launch of private equity fund New Economy Ventures which over 9 years provided an average annual net return of more than 31%

### 2001

- ❖ Launch of GILD Arbitrage, the first hedge fund in the Baltics, with an average annual net return of more than 23% since its inception
- ❖ Opened office in Riga and launched GILD Investment Banking activities in Latvia

### 2004

- ❖ Launched GILD Investment Banking activities in Lithuania in cooperation with Hermis Finansai, a local investment bank established in 1997
- ❖ Establishment of GILD Global Opportunity, a multi-strategy fund of hedge funds with an average annual net return of ca 12% from inception until discontinuation in 2007



## Milestones

### 2005

- ❖ In cooperation with Uus Maa Real Estate Group, created Eastern Europe Real Estate Investment Trust (EEREIT) with an average annual net return of close to 14% since inception
- ❖ GILD Investment Banking team closed 21 transactions including two IPOs – Tallinna Vesi (water utility) and Starman (CATV operator), the first IPOs on the Tallinn Stock Exchange in six years

### 2006

- ❖ Launch of new brand GILD Bankers
- ❖ GILD Real Estate expanded to Riga and Vilnius
- ❖ Total invested assets under management surpassed EUR 100 million
- ❖ GILD Investment Banking team closed 15 transactions, among them the largest and best-performing IPO in the Baltics in 2006 – Olympic Entertainment Group, the largest regional gaming company; the deal was awarded the Eastern European IPO of the Year award by East Capital

### 2007

- ❖ Launch of a new business line – Private Banking
- ❖ Estonian Financial Supervision Authority registered the terms of GILD Arbitrage, making GILD Arbitrage the first regulated risk capital fund in the Baltic region
- ❖ Introduction of GILD100 in Estonia, the annual initiative of ranking the most valuable Estonian companies according to their estimated equity value at the beginning of the year

### 2008

- ❖ Conclusion of the restructuring of GILD alternative investment funds – GILD Arbitrage and EEREIF
- ❖ GILD Investment Banking completed 12 investment banking transactions, including the only IPO in the Baltic region (Agrowill Group)



## GILD Partners and Directors



### **Rain Tamm**

Managing Partner

Founding Partner,  
1999

Rain has been involved in investment banking since 1992. Before founding the investment bank GILD Bankers, he was the co-head of Hansabank investment banking division. He has participated in numerous M&A deals across the Baltics, including several of the largest privatisations of utility companies in Estonia. Rain has also participated and served as the team leader in a number of capital raisings, restructurings, and financial and strategic advisory assignments in various sectors of the economy. Rain has advised prominent institutions both in the public and private sectors. Rain graduated cum laude in Finance from the University of Tartu.

Rain is an active member of a roundtable of entrepreneurs formed by the Estonian Prime Minister in 2008. He is also a member of the Advisory Board of the Ministry of Finance and a working group at the Ministry of Justice to improve the competitiveness of the entrepreneurial environment in Estonia. He also participates as an independent expert on financial issues on the Estonian Broadcasting Council.

As Managing Partner, Rain focuses on the development of the entire GILD Group and partnership, leading key client relations and originating new transactions and investment projects on the basis of his wide contact base among regional business and opinion leaders.



## GILD Partners and Directors



### **Tõnis Haavel**

Partner, Head of  
Alternative Funds

Founding Partner, 1999

Tõnis has more than ten years experience in banking and asset management. Prior to GILD's founding, Tõnis headed the derivatives department of Hansabank. He joined Hansabank as a foreign exchange analyst in 1993 and quickly moved on to start the derivatives trading desk, the equity derivatives markets, and led a structured products department in the bank. In 1999, he was one of the initiators who set up a new investment bank (now GILD). At GILD, one of his first tasks was to establish and manage a Baltic hedge fund (now named GILD Arbitrage, launched in 2001).

Tõnis is a graduate of the Tallinn University of Technology.

Since 2007, Tõnis has been the Chairman of the Supervisory Board of Estonian Railways.

Since the beginning of 2009, Tõnis has served as the Head of GILD Alternative Funds.



### **Lauri Isotamm**

Partner, Head of  
Investment Banking

Joined in 2002

Lauri specialises in investment banking and corporate law, and he has more than a decade of experience in banking and finance. Prior to joining GILD, Lauri worked as Head of Legal Department at Hansabank Markets and held several other positions within this leading financial institution in the region. Throughout his career, Lauri has gained in-depth knowledge and experience in M&A transactions, capital raisings and corporate and financial law (including international finance deals). Lauri has also participated in a number of private equity deals.

Lauri holds an MA degree in law from the University of Tartu.

Since 2006, Lauri has led the GILD Investment Banking team in all GILD markets. In addition to executing investment banking deals, he develops cooperation within M&A International, generates new transactions for the pipeline, and builds new client relationships.



## GILD Partners and Directors



### Joel Aasmäe

Partner,  
Alternative Funds

Founding Partner, 1999

Joel has more than ten years of M&A experience in the Baltic countries. Prior to the founding of GILD, he headed the legal department at Hansabank Markets. Initially he was part of the investment banking team at GILD, where he led a project team in a number of M&A deals, privatisations and strategic advisory assignments. His major transactions include advising International Water/United Utilities in the privatisation of AS Tallinna Vesi, the provider of water supply and wastewater services, arranging the strategic sale of SIA IT Alise, the leading software developer in Baltics, and advising on the strategic sale of AS Ösel Foods, the region's leading soft drink producer.

Joel holds a MBA from NYU's Stern School of Business.

At GILD Alternative Funds, Joel is a key member of the GILD private equity team. He is also a member GILD Arbitrage's Investment Committee, contributing his extensive expertise in corporate law.



### Kimmo Irpola

Partner,  
Alternative Funds

Joined in 2007

Kimmo has more than fifteen years of private equity experience in the Baltic and CEE countries. He has worked as an Investment Director at 3TS Capital Partners, a leading private equity house in the Central and Eastern European region, and has held various management positions in the leading Nordic telecommunications company Sonera. In these posts, he originated and led over 15 private equity investments and over 10 M&A transactions in eleven different countries. In total, Kimmo has reviewed and negotiated over 100 business cases in over 25 countries. Kimmo has served as a board member with 10 companies.

Kimmo is a graduate of the Helsinki University of Technology.

With GILD Alternative Funds, Kimmo has led the re-established private equity team since July, 2007. Currently, Kimmo manages GILD private equity investments.



## GILD Partners and Directors



### **Tarmo Jüristo**

Partner,  
Investment Banking

Founding Partner, 1999

Tarmo has more than fifteen years experience in the financial sector. In 1991, he was among the first employees of Hansabank. He was responsible for setting up Hansabank's fixed income and derivatives operations. Tarmo established and served as Managing Director of Hansa Asset Management, Hansabank's asset management firm. Tarmo has also worked as a member of the management board at Hansa Investments (Trigon Capital).

At GILD, he has recently focused on the online media and IT-related sectors – advising the owners of Moonfish Media in the Estonian internet media company's sale to Tradus Limited, the leading European provider of online consumer trading platforms. He advised on the sale of the Estonian job portal, CV Keskus, and Auto 24, the largest Estonian vehicle classifieds site. Other noteworthy projects include: Advising on the initial public offering on the Tallinn Stock Exchange of AS Tallinna Vesi; advising AS Pro Kapital, an Estonian real estate developer, in the securitisation of housing loans, as well as the private placement of a bond issue; advising the Ministry of Social Affairs in the implementation of investment policy under the healthcare reform programme.

Tarmo graduated with an MA from the Tartu University Finance Department. He is currently enrolled in Doctoral studies in Cultural Theory at Tallinn University. He is a member of the Good Deed Foundation Supervisory Board.

Tarmo is a member of the GILD Investment Banking team. Besides originating and executing deals, he also actively contributes to the development of GILD community-related activities and internal training and team-building events.



## GILD Partners and Directors



### Heikki Källu

Partner,  
Investment Banking

Founding Partner, 1999

Heikki has more than ten years of experience in the financial sector. He previously worked as the head of research of Hansabank Markets and head of the industrial leasing department of Hansa Leasing. At GILD, Heikki has participated in a number of M&A deals, privatisations and strategic advisory assignments. Major transactions include: Advising on the initial public offering of AS Starman, the leading Estonian cable TV company; arranging the initial public offering of AS Olympic Entertainment Group (OEG), one of the leading gaming companies in Eastern Europe, on the Tallinn Stock Exchange; and advising the largest Estonian commercial banks in the sale of Pankade Kaardikeskus, the national processor of card transactions in Estonia, to a leading service provider in Europe.

Heikki holds a BSc degree in Economics and Finance from Bentley College, USA.

Heikki is a member of the GILD Investment Banking team. In addition to originating and executing deals in a variety of business sectors, he actively contributes to the training, team-building and recruitment events of junior team members.



### Taavi Lepmets

Partner,  
Alternative Funds

Founding Partner, 1999

Taavi has more than ten years of experience in alternative fund management. Prior to the founding of GILD, he was Co-head of Investment Banking at Hansabank. At LHV and later at GILD he managed the venture capital fund, New Economy Ventures, which made several successful investments in the region.

Taavi holds an MBA degree from the Stockholm School of Economics in Sweden.

At GILD Alternative Funds, Taavi is responsible for private equity investments.



## GILD Partners and Directors



### **Karolis Pocius**

Partner,  
Co-head of Investment  
Banking Lithuania

Joined in 2004

Karolis Pocius has more than ten years experience in investment banking. He joined Hermis Finansai (Lithuanian investment bank merged with GILD in 2004) as a Partner in 2001. Prior to that he held a summer associate position at the International Finance Corporation in Washington D.C., USA. From 1996 to 1999, he worked as an associate at the investment banking firm Balticum Management in Vilnius, Lithuania. His investment banking experience includes: advising UAB Antera shareholders in trade sale of the company to IMS-Stappert, advising of shareholders of UAB General Financing in trade sale of the company to Societe Generale Consumer Finance, SBA Group in trade sale of AB Miestprojektas, advising AB Novena in a Management Buy-out transaction; advising AB Empower in the acquisition of Elektros tinkly statyba; advising Limatika in a trade sale to UAB Rubikon Grupe; advising UAB Moteris in a trade sale to AS Ekspress Grupp.

Karolis holds a MBA from Georgetown University, Washington D.C., U.S.A and an MSc in Finance from Vytautas Magnus University in Kaunas, Lithuania.

Karolis co-manages the Investment Banking team in Lithuania. In addition to initiating new transactions and new client contacts, he also focuses on staff development and financial control of the Lithuanian operation.



## GILD Partners and Directors



### Šarūnas Skyrius

Partner,  
Co-head of Investment  
Banking Lithuania

Joined in 2004

Šarūnas has worked in investment banking since 1997, when he joined the Equity Research Department of Hermis Finansai (Lithuanian investment bank merged with GILD in 2004). There he focused on stock market analysis, headed the research team from 1998 and later joined the corporate finance department. He has gained experience in numerous transactions, among them arranging all local currency bond issues for AB Lietuvos Dujos, the Lithuanian gas transmission and distribution company, and Lietuvos Energija, the Lithuanian national energy utility, and arranging the initial public offering of Agrowill Group on the Vilnius Stock Exchange. He gained wide experience in the banking sector by arranging bond issues for the Lithuanian banks Snoras, Ūkio and Šiaulių. Other major transactions include arranging a dual-track sale process of AB Lėvu, a major apparel and home accessory retailer in Lithuania, advising AB Malsena in a bond issue and raising project financing to build the first Lithuanian wind power farm for UAB Vejų spektras.

Šarūnas has a BA in Economics from the University of Vilnius. On behalf of the Lithuanian Investors Forum, he takes part in the working group advising the Lithuanian Ministry of Economy on the national investment promotion programme.

Šarūnas heads the Capital Markets Group of GILD Bankers and co-manages the Investment Banking team in Lithuania. Besides initiating new transactions and new client contacts, he also focuses on public relations and general administration of the Lithuanian unit.



## GILD Partners and Directors



### **Tomas Marcinkus**

Partner,  
Merchant Banking

Joined in 2007

Tomas has over eleven years of investment and merchant banking experience in Central and Eastern Europe. Most recently, he held a high-level position at the principal investments unit of UniCredit Markets and Investment Banking, the investment banking arm of UniCredit Group. Previously, he has worked for CA IB Corporate Finance Limited (HVB/Bank Austria Group) in London, CA IB Investmentbank AG in Vilnius, and Creditanstalt Investment Bank AG in Vienna. In these posts, he originated, led and contributed to a number of M&A and ECM transactions and executed several merchant banking investments (structured equity and debt instruments) in the CEE. He initiated and advised Mid Europa Partners, a leading CEE private equity firm, in their successful bid for Bitè, a leading Baltic mobile operator. He advised Hansabank in the privatisation of the Lithuanian Savings Bank, and he advised the Lithuanian government in the privatisation of the electricity distributor, VST.

Tomas has advanced degrees in mathematics from the Moscow State University and Vilnius State University. In addition, he holds a post-graduate degree from the Austrian Diplomatic Academy.

At GILD, Tomas focuses on generating and executing merchant banking transactions. He is also leading capital raising activities in London.



### **Tõnno Vähk**

Partner,  
Alternative Funds

Joined in 2002

Tõnno has specialised in alternative investment management since 2001, and he is one of the few hedge fund experts in the Baltic region. Prior to joining GILD, he worked in Hansabank in the derivatives department, the last two years as Department Head. From 2004 to 2007, he acted as Co-manager of the GILD Global Opportunity multi-strategy hedge fund. From 2003 to 2005, Tõnno also served as Fund Manager of six LHV pension funds.

Tõnno received his BSc in Economics and Business Administration with an emphasis on Finance from the Stockholm School of Economics in Riga.

Tõnno is a member of GILD Alternative Funds team and Fund Manager of the GILD Arbitrage hedge fund.



## GILD Partners and Directors



### Martin Hendre

Director,  
Head of Private Banking  
Joined in 2007

Martin previously managed the investment units at AS Sampo Baltic Asset Management, an asset management company in the Danske Bank Group, and AS If Eesti Kindlustus, a leading insurance company. His tasks and responsibilities included managing institutional assets and investment funds in an integrated team of other international asset management companies in the OY Danske Bank Group (Mandatum Omaisuuendoito, Danske Capital Finland).

Martin holds degrees from the Stockholm School of Economics in both Sweden and Latvia. In 2004, he received the Per Hiller Award in Stockholm for the best Masters thesis in financial affairs. His work focused on independent assessment of hedge funds.

At GILD, Martin leads the Private Banking team. In addition to developing the service offerings, the business and the client relations of GILD Private Banking, Martin is responsible for the investment strategy and tactical asset allocation processes and actively participates in investment selection.



### Andris Kovalcuks

COO/CFO  
Alternative Funds  
Joined in 2006

Andris has 8 years of experience in the financial sector and management of financial affairs. From 2001 to 2006, Andris worked for Hansa Lizings in Latvia (Hansabank Group). In 2006, he managed the factoring department of the company. He was responsible for implementing inventory finance services and establishing the inventory finance department from 2003 to 2005 at the same institution. At GILD he initially started as the CFO for GILD Real Estate and real estate fund EEREIF.

Andris has a graduate degree from the Banking Institution of Higher Education in Latvia.

Currently Andris focuses on the development, corporate governance and financial affairs of GILD Alternative Funds.



## GILD Partners and Directors



### **Matīss Paegle**

Director,  
Head of Investment  
Banking Latvia

Joined in 2007

Matīss has held management positions in the largest Latvian company, Latvenergo, as well as SAS Group, IATA (International Air Transport Association), and the air-Baltic Corporation. In Latvenergo, the Latvian public utility monopoly in energy, Matīss was directly responsible for developing corporate strategy and leading mergers, acquisitions and divestures, joint ventures, and share-holdings in associate companies. His achievements included the development of a new corporate strategy in accordance with the liberalized EU electricity market requirements.

Matīss has acquired advanced degrees in Economics and Business Administration from the Stockholm School of Economics in Sweden and Latvia.

At GILD, Matīss leads the Investment Banking team in Latvia and participates in the advising on investment banking transactions.



### **Urmas Laur**

Director,  
Fund Manager of EEREIF  
Alternative Funds

Joined in 2005

Urmas has managed a variety of real estate companies since 1991. He was one of the founders of Uus Maa Real Estate Company in 1992 and remains one of the owners of the company. In 2000, Urmas was the founder and CEO of Estonia's biggest real estate portal, City24.

Urmas holds a graduate degree from Tallinn University of Technology.

Currently, Urmas is CEO of GILD Real Estate and Fund Manager of the real estate fund EEREIF.



## GILD Partners and Directors



### **Jaanus J. Juss**

Director,  
GILD Real Estate

Joined in 2007

Prior to joining GILD Real Estate, Jaanus served from 2004 to 2007 as Deputy Managing Director and advisor to the Supervisory Council in the leading Eastern Europe soft furniture producer, AS Fleming. He was responsible for the development and expansion of the international company. He has also worked as Development Manager of OÜ Unicom Eesti (JCDecaux Group). Jaanus was responsible for the development and maintenance of long-term partnership relationships.

Jaanus has studied in the Estonian Business School.

As the COO and member of the Management Board of GILD Real Estate, Jaanus focuses mainly on the development, operation and improvement of the company. Jaanus is also a member of the Management Board of the real estate fund, EEREIF.



### **Gren Noormets**

Director,  
Investment Banking

Joined in 2008

Gren has about 13 years of experience in banking with focus on real estate financing during last six years. Previously, Gren held the position of Head of the Real Estate Department in Hansabank's Corporate Banking Division, developing and directing the real estate financing system and actively participating in the group's real estate activities in the Baltics. At Hansabank, Gren was also a member of the banking group's highest local credit committee.

Gren holds a Bachelor degree from the Estonian Business School.

At GILD, Gren executes both M&A and capital raising transactions in a variety of sectors.



## GILD Partners and Directors



### Vesa Heikkilä

Director,  
Head of Nordic  
Investment Banking

Joined in 2008

Vesa has 15 years of experience in investment banking in the Nordic countries, participating in 50 equity capital market transactions in the region. Before joining GILD he was one of the founding partners of Öhman Finland, a subsidiary of the Swedish investment bank Öhman, where he headed the Equity Capital Markets. Before Öhman, Vesa was a member of the management board of FIM Securities starting up FIM's electronic brokerage services. His former career includes also positions as a partner of the private equity broker Privanet, a vice president of the Helsinki Stock Exchange derivatives market (currently NASDAQ OMX Nordic Exchange) and as a senior advisor to the Finnish Ministry of Finance.

Vesa holds a Master of Laws, LL.M, from the Turku University and CEFA (Certified European Financial Analyst) designation from the Swedish School of Economics and Business Administration in Helsinki.

At GILD, Vesa focuses on generating investment banking transactions in the Nordic region.



### Pirje Raidma

Director, CFO

Joined in 2005

Pirje has more than ten years of experience in the management of financial affairs and accounting. Before joining GILD, she worked as an auditor at PricewaterhouseCoopers, part of that time in the Channel Islands. As a result, she has broad skills in industry-focused valuations, share plans, listings, IFRS conversions, and corporate treasury and company secretarial functions.

Pirje holds a degree in international economics from the University of Tartu. In addition, she is a senior member (FCC) of The Association of Chartered Certified Accountants (ACCA), a British chartered accountancy body with a global presence.

At GILD, Pirje leads the Finances and Administration team and is responsible for the management of all support functions.



## GILD Partners and Directors



### **Helen Poolake**

Head of Operations

Joined in 2008

Helen has extensive experience in banking. Prior to joining GILD, she was employed by Hansabank for over ten years, holding different positions in the Custody & Correspondent Banking unit, the leading custody services provider in the Baltics, where she headed the unit for the last 3 years. Her responsibilities have included institutional client sales and relations, retail product offering, business development, but also contribution to the development of the Baltic securities markets' infrastructure and legal framework. Through developing the settlement agent business line, she has participated in executing a number of M&A deals and initial public offerings. As a result, she has a broad understanding of banking services and securities markets from business, technical as well as legal points of view.

Helen graduated cum laude in International Business Administration from Concordia International University Estonia and recently acquired her second B.A from the Law Institute of the University of Tartu.

At GILD, Helen focuses on service and operational infrastructure development, but also contributes to risk management and legal support.



## Contacts

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