



GILD
BANKERS

GILD Bankers

(legal name AS GILD Partners)

Interim Consolidated Financial Statements

Period: 01.01.2008-30.06.2008

(unaudited)



GILD
BANKERS

LEGAL INFORMATION

Business name:	AS GILD Partners (previously AS GILD Professional Services)
Commercial registry no:	11312062
Legal address:	Tartu mnt 2, Tallinn 10145
Phone:	(372) 6 800 401
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Main activity of group:	Investment and private banking; alternative fund management
Management Board:	Rain Tamm Taavi Lepmets
Supervisory Board:	Joel Aasmäe Heikki Källu Tarmo Jüristo
Auditor:	AS PricewaterhouseCoopers



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MANAGEMENT REPORT

GILD Bankers is the leading Baltic investment bank active in Emerging Europe. The core services of GILD are management of alternative funds, investment banking and private banking. Baltic countries are the home markets of GILD, but the area of activities and investments extends to the CEE and CIS region.

The core value and principal asset of GILD is that of independent partnership. GILD Bankers currently unites 12 partners from Estonia, Lithuania and Finland, all actively leading key projects and pursuing new business opportunities. As the number of partners has steadily grown in the previous years, the principles of partnership have also evolved and are refined in due course. We believe the partnership setup today has reached a new and improved level, supporting the further growth of our investment bank.

Key members of GILD Bankers team have worked together since 1999, although majority of the senior staff has more than a decade of management experience in the financial sector. GILD is approaching its 10th anniversary with a concentrated determination to continue with strengthening the entire team, advancing and raising new alternative investment vehicles, developing our expertise and experience in the Emerging European markets and offering demand-driven private banking services for entrepreneurial high-net-worth individuals. Our international network of cooperation partners is also expanding. In May 2008 GILD Alternative Funds team became a member of global hedge fund association, the Alternative Investment Management Association (AIMA) that has 1280 corporate members worldwide, based in 49 countries. GILD Investment Banking unit has been a member of the world's leading M&A alliance for nearly 5 years.

Group Structure

On June 30th 2008, at the end date of the period covered by the present report, GILD Bankers group consisted of the following legal entities:

- ❖ GILD Professional Services (since Septmeber GILD Partners) - parent company and *holding* company:
 - ❖ AS GILD Financial Advisory Services (GILD FAS) (100%) – providing investment banking services in Estonia and private banking services in Estonia and Lithuania;
 - ❖ A/S GILD Latvija (100%) – providing investment banking services in Latvia;
 - ❖ UAB GILD (100%) – providing investment banking services in Lithuania;
 - ❖ LLC GILD Bankers Ukraine (100%) – providing investment banking services in Ukraine;
 - ❖ AS GILD Fund Management (GILD FM) (100%) – fund manager for risk capital fund GILD Arbitrage.
 - ❖ AS GILD Property Asset Management (GILD PAM) (50% joint venture with UUS MAA) – fund manager for real estate fund EEREIF (Eastern Europe Real Estate Investment Fund).

In September 2008, the group purchased the remaining 50% ownership in GILD PAM from UUS MAA and owns now 100% of the company.



Market trends in the First Half of 2008

Continuing decline of global financial markets and economic slowdown in the Baltic region has created versatile opportunities for investment banks such as GILD. On the one hand lack of liquidity in the global financial marketplace opens lucrative opportunities for alternative investments, but the credit crunch has also begun to influence worldwide M&A activity. According to Thomson Reuters worldwide M&A activity during the first half of 2008 decreased by 36% in comparison to the record-breaking first half of 2007, whereas in Europe the decline reached even 43%. GILD Bankers' analysis of the Baltic M&A markets suggests that in the first half of 2008 the number of deals has halved in comparison to the first half of last year. However, considering that majority of all transactions in the Baltic region take place without the involvement of advisors, there is still significant growth potential in this line of business.

Although it is unfortunate that the expected downturn of Baltic economies coincided with the global meltdown, our home market economies are still relatively small and flexible, having the potential to return to the growth path more quickly. Given the long term positive outlook for Baltic economies, their strong economic ties with the Nordic countries and Scandinavian business culture, there is reason to be optimistic in the long term. GILD funds see many good investment opportunities in the existing environment. In all our business lines we have given special focus to the Emerging European regions, where capital markets are still underdeveloped, but the legal and political environment rather stable and friendly towards foreign investors. Currently nearly 60% of our fund investments are outside Baltics.

Highlights in the First Half of 2008

Despite the global economic and financial downturn that has also changed the operating environment for our business lines, GILD has managed to reach good results in the first half of 2008. Besides the nature of our business by which our performance stems from continuous efforts over a long period of time, it is our clear focus and positioning together with a flexible approach towards likely changes that should enable to keep us and our clients satisfied in all market cycles.

- ◆ Net fee and commission income EUR 5.8 m, increased 192% compared to 2007 I half
- ◆ Net profit EUR 3.6 m, increased 455% compared to 2007 I half
- ◆ Return on equity 67% compared to 29% in 2007 I half
- ◆ Assets under management amount to over EUR 150m
- ◆ Restructuring process of GILD funds has been successfully concluded
- ◆ GILD Alternative Funds team became a member of AIMA
- ◆ GILD Bankers was recognized as the Best M&A House in Estonia by international finance magazine Euromoney
- ◆ GILD Investment Banking in Lithuania arranged the only Baltic IPO this year, that of Agrowill Group

Internally GILD Bankers has focused on carrying out various team development and motivational schemes, development of Group structure and advancing the legal framework of our activities internally and in relation to our client and investor relations. In the beginning of 2008 we carried out the first 360 degree competencies assessment of all GILD employees. The aim was to give broad feedback on performance and development needs. Given the rapid growth of the team in 2007, it is important for us to contribute to the effective integration of new staff members. As a result we have increased the number of internal training sessions and team-building events across all units.



DEVELOPMENTS IN BUSINESS LINES

Alternative Funds

In the first half of 2008 the GILD Alternative Funds team has been successful in attaining several key milestones. Following the launch of new fund structures of GILD Arbitrage, Emerging Europe multi-strategy hedge fund, and GILD Real Estate fund EEREIF we have witnessed considerable growth of GILD Arbitrage and EEREIF fund sizes and significant rise in the involvement and interest of institutional investors from different European financial capitals. Clearly the credit crunch on the global financial markets and downturn of Baltic economies have boosted demand for both market neutral investment opportunities and alternative financing solutions. But the positive performance of GILD funds in these turbulent times prove their independence from the changing market cycles and thus also the competence and strength of our entire team.

GILD Alternative Funds unit contributed considerably to the entire financial performance of GILD Bankers Group in the first half of 2008. A significant part of the performance of the unit can be attributed to the successful investment exits from our previous private equity fund New Economy Ventures (GILD Long Haul I). New Economy Ventures (GILD Long Haul I) was established in 1999 by GILD partners and it was focusing on new media and technology. Over the last 9 years the fund has provided its investors with average yearly net return of more than 31%. It also portrays the nature of active fund management that we specialize in – our performance is the result of continuous efforts over a longer period of time. In the second half of 2008 we plan to launch a new private equity fund GILD Long Haul II as the successor to New Economy Ventures (GILD Long Haul I). GILD Long Haul II will focus on small to medium size Baltic and CEE companies with big growth potential.

The geographic reach of GILD alternative funds has been steadily expanded as well. For instance, nearly 40% of GILD Arbitrage investors are from outside Estonia and nearly 60% of the fund investments have been made outside the Baltics in other CEE and CIS countries. We are confident that joining the global hedge fund association, the *Alternative Investment Management Association (AIMA)*, representing over 75% of global hedge fund assets and over 70% of global fund of funds assets provides us an excellent platform for the exchange of experience and know-how with the key players in the industry.

Investment management

The main emphasis of our recent new investments is on fast-growing markets like Armenia, Bulgaria and Ukraine. For instance in February 2008 GILD Arbitrage entered Armenia with an investment covering currently 17% of the entire portfolio. Within the investment management team we have set up a clear division of responsibilities between partners regarding the overall development of different type of alternative investment products.

Investor relations and sales

Today we have close to 350 investors from 9 countries and both the number and international exposure is expanding. Sales and marketing team is taking on both more challenges and more people. In addition to sales representatives in Estonia and Lithuania, we have recruited a new sales professional to manage investor relations in Latvia. More focus on new markets has also called for the recruitment of an additional marketing specialist.



Investment Banking

The first half of 2008 has been a busy time for the GILD Investment Banking team despite the macroeconomic cooling reaching also the global M&A markets. In that time we have closed 6 transactions in various sectors with great potential, developed the pipeline of new projects in all our core markets and attracted new senior level staff to our team.

One of the most noteworthy achievements has been arranging the only IPO in the Baltic States in the first half of 2008. GILD acted as the lead manager and book runner for the IPO of Agrowill Group, the largest agricultural group in Lithuania that also became the first company to be listed on the Baltic market from the agricultural sector. Proceeds from the IPO were EUR 10 mln and the stock has had strong aftermarket performance on Vilnius Stock Exchange. Strong demand and favourable prices of agricultural commodities in general make agriculture one of the few sectors where we foresee substantial investor interest to continue despite the prevailing pessimistic sentiment in general. Among other closed deals GILD Investment Banking team advised the owner of PULS Brewery in the sale of the company brand and all related rights to Harboe Group, one of the largest beer production groups in the Nordic countries; performed the sell-side advisory of one of the leading Estonian internet companies, Moonfish Media and advised the largest Estonian banks in the sale of PKK, Estonian national processor of card transactions to Northern European Transaction Services (NETS), one of the leading European processors of card transactions representing primarily acquirers in the Nordic countries. Most of the deals we completed in Estonia and Lithuania, whereas in Latvia we focused on building the pipeline. In Ukraine we expanded the team and actively searched for sell-side advisory opportunities to complement the present buy-side mandates.

Involving new key team members has raised the potential and capacity of our entire team. Modris Dzelstiņš with his experience in leading corporate banking positions at international commercial banks has contributed his broad experience and network of contacts in Latvia. Gren Noormets, previous top manager at Hansabank with unparalleled expertise in Baltic real estate financing, joined GILD to manage real estate financing projects in all GILD markets, including the Baltic region, Ukraine, Central and Eastern Europe, and the Caucasus.

Last year Investment Banking team compiled for the first time in history the ranking of Estonian companies on the basis of estimated market capitalisation. In addition to carrying on the tradition in Estonia this year, we are contemplating of introducing the initiative also in Lithuania. Complementary to that is our contribution to another notable nationwide project – in May 2008 GILD Lithuania led the value creation nomination in the first “The Most Respected Lithuanian Company” award, organised by TNS Gallup and Hill & Knowlton.

Our excellent results of 2007 have received recognition also by the international audience. Prominent international finance magazine Euromoney awarded GILD Bankers the title of Best M&A House in Estonia in 2008. Euromoney acknowledged GILD Bankers for an impressive track record of innovative and market leading transactions in the assessed period across a number of industries in Estonia.



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Private Banking

GILD Private Banking unit offering tailored wealth management and other services to wealthy individuals of mostly Baltic origin was introduced in September 2007. The first year has been dedicated to the development and setup of private banking operations, including expanding the team and building investment infrastructure and processes. One of the essential achievements has involved clarifying the exact needs and expectations of existing and potential clients. For one thing we have been assured that the selected target group clearly sees the need for a family office type of "total assets' view" private banking concept, which if combined with GILD's competences in corporate finance and experience in investing into alternative asset classes, is where Gild sees its unique advantages in its target markets. We have also been inspired by the demand from our clients to look into service types such as asset protection and custody services. The investment approach involving absolute return targeting for client portfolios has resulted in positive year to date portfolio performance, which compares favorably to the wealth management portfolio performance figures of GILD-s competitors.

Development of the service span, processes and team will continue in the second half of 2008 with planned senior hires to the team as well as further investments made into infrastructure. With an increasing number of professionals on board, GILD Private Banking is ready to take on new clients. Several of GILD Bankers partners have also signed up as GILD private banking customers.

The tensions in the Baltic and global economies have not had direct effects on the department's business operations. Demand from clients for private banking services is seen rather as depending on the service approach and quality. The effect of somewhat increased client scepticism towards purchasing external wealth management services due to recent poor investment environment has been of less significance.



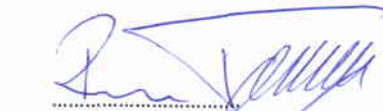

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Management Board's declaration

The Management Board confirms the correctness and completeness of the consolidated interim financial statements of AS GILD Professional Services for the period ended 30.06.2008 as presented on pages 9 to 18.

The Management Board confirms that:

- the consolidated interim financial statements have been compiled in accordance with International Financial Reporting Standards as adopted in the European Union;
- the consolidated interim financial statements present a true and fair view of the Group's financial position, the results of its operations and the cash flows;
- AS GILD Professional Services Group is a going concern.

	Name	Date	Signature
<u>Management Board:</u>			
Member of the Management Board	Rain Tamm	30.09.08	
Member of the Management Board	Taavi Lepmets	30.09.08	



Consolidated balance sheet

<i>(In EUR thousands)</i>	Note	30.06.2008	31.12.2007
Assets			
Cash and bank		4 368	5 370
Loans to clients		254	163
Trade receivables		1 023	762
Accrued income and prepaid expenses		341	962
Financial assets at fair value through profit or loss	2	2 267	276
Investments in special purpose entities (recognised as associates)		64	64
Investments in joint ventures		156	194
Property, plant and equipment and intangible assets		234	150
Total assets		8 707	7 941
Liabilities			
Other liabilities		4	4
Accrued expenses		411	555
Corporate income tax liabilities		-	2
Other tax liabilities		494	384
Finance lease liabilities		33	38
Deferred income tax liabilities		1	1
Total liabilities		943	984
Equity			
Share capital	3	30	28
Share premium		1 267	1 056
Reserves		76	76
Unrealised exchange rate differences		-1	-1
Retained earnings		6 392	5 798
Total equity		7 764	6 957
Total liabilities and equity		8 707	7 941

The notes on pages 14 to 18 are an integral part of these consolidated interim financial statements.



Consolidated income statement

(In EUR thousands)

	Note	01.01.2008- 30.06.2008	01.01.2007- 30.06.2007
Fee and commission income		6 137	2 022
Fee and commission expenses		-326	-32
Net fee and commission income	5	5 811	1 990
Interest income		109	19
Interest expenses		-1	-2
Net interest income		108	17
Net gain/loss from foreign exchange rate differences		-10	-2
Net gain/loss from securities		132	14
Other income		335	27
Operating expenses		-2 093	-1 438
Operating profit		4 283	608
Share of profit from joint venture		-88	210
Profit before corporate income tax		4 195	818
Income tax expense		-615	-174
Profit for the year		3 580	644
Profit attributable to shareholders of the parent company		3 580	644

The notes on pages 14 to 18 are an integral part of these consolidated interim financial statements.



Consolidated cash flow statement

<i>(In EUR thousands)</i>	Note	01.01.2008- 30.06.2008	2007
Cash flows from operating activities			
Fees and other income received		6 868	7 815
Fees and operating expenses paid		-1 227	-1 380
Cash payments to employees		-1 220	-1 619
Interest received		107	79
Interest paid		-1	-2
Purchase of securities	2	-1 859	-
Change in loans granted		-91	381
Income tax on dividends		-617	-262
Total cash flows from operating activities		1 960	5 012
Cash flow from investing activities			
Purchase of property, plant and equipment		-133	-71
Paid for the acquisition of joint venture		-50	-1
Dividends received from joint venture		-	378
Total cash flow from/used in investing activities		-183	306
Cash flow from financing activities			
Finance lease payments made		-7	-15
Issue of share capital		214	231
Dividends paid	3	-2 986	-1 428
Total cash flow used in financing activities		-2 779	-1 212
Total cash flow		-1 002	4 106
Cash and cash equivalents at beginning of the period		5 370	1 264
Cash and cash equivalents at end of the period		4 368	5 370
Net (-decrease)/increase in cash and cash equivalents		- 1 002	4 106

As it is the first time for GILD Group to provide interim report, no comparative numbers for the six months of 2007 were available. Instead cash flows for the year 2007 have been presented.

The notes on pages 14 to 18 are an integral part of these consolidated interim financial statements.

**Consolidated statement of changes in equity***(In EUR thousands)*

	Share capital	Issued equity Share premium	Statutory reserve capital	FX trans- lation reserve	Retained earnings	Total
Balance as at 31.12.2006	26	827	26	-1	2 129	3 007
Transfers to statutory reserve capital	-	-	50	-	-50	-
Dividends paid	-	-	-	-	-1 428	-1 428
Net profit for the period 01.01.2007 - 30.06.2007	-	-	-	-	645	645
Balance as at 30.6.2007	26	827	76	-1	1 296	2 224
Increase of share capital	2	229	-	-	-	231
Net profit for the period 01.07.2007 - 31.12.2007	-	-	-	-	4 502	4 502
Balance as at 31.12.2007	28	1 056	76	-1	5 798	6 957
Dividends paid	-	-	-	-	-2 986	-2 986
Increase of share capital	2	211	-	-	-	213
Net profit for the period 01.01.2008-30.06.2008	-	-	-	-	3 580	3 580
Balance as at 30.06.2008	30	1 267	76	-1	6 392	7 764

More detailed information about owners' equity is provided in Note 3.

The notes on pages 14 to 18 are an integral part of these consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1. Accounting policies and measurement basis used in the preparation of the consolidated interim financial statements

1.1 Basis for preparation

The consolidated financial statements of AS GILD Partners (previously AS GILD Professional Services) (also GILD Bankers Group) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union. The principal accounting policies applied in the preparation of these interim financial statements do not differ from the policies applied to preparation of annual report for 2007.

The interim financial statements represent period which started at January 1 2008 and ended at 30 June 2008. The financial figures have been presented in thousands of euros, unless specifically referred otherwise in specific disclosure.

The interim financial statements are unaudited.

Financials of the following entities have been included in the consolidated interim financial statements for the six months of 2008:

- AS GILD Partners (previously AS GILD Professional Services - parent company);
- AS GILD Financial Advisory Services (GILD FAS) (100%) – subsidiary providing investment banking services in Estonia and private banking services in Estonia and Lithuania;
- AS GILD Latvija (100%) – subsidiary providing investment banking services in Latvia;
- UAB GILD (100%) – subsidiary providing investment banking services in Lithuania;
- LLC GILD Bankers Ukraine (100%) – providing investment banking services in Ukraine;
- AS GILD Fund Management (100%) – fund manager to risk capital fund GILD Arbitrage;
- AS GILD Property Asset Management (50% co-owned) – fund manager to real estate fund Eastern Europe Real Estate Investment Fund.



Note 2. Financial assets at fair value through profit or loss at inception

	Note	30.06.2008	31.12.2007
Fund shares of East Europe Real Estate Investment Fund		76	91
Fund shares of GILD Arbitrage Risk Capital Fund	3	1 965	-
Notes (fund shares) of GILD Global Opportunity		226	185
Total		2 267	276

Note 3. Equity

	30.06.2008	31.12.2007
Legal registered share capital of the parent company (in EUR)	29 879	26 364
Paid in <u>unregistered</u> share capital of the parent company (in EUR)	-	1 757
Total share capital	29 879	28 121
Number of shares (pcs)	46 750	44 000
Nominal value of shares (in EUR)	0,64	0,64

In June 2008 2 750 shares were issued to new joining partner for the cash consideration of EUR 213 thousand (3 340 thousand kroons). The shares were registered in Commercial Register on 26 June 2008.

During the period 01.01.08- 30.06.08 dividends to ordinary shareholders were paid in an amount of EUR 715 (2007: 725 thousand) using tax credit on dividends received from GILD PAM and subsidiary UAB GILD. In addition dividends were paid to the preference shareholders of the subsidiary GILD FAS in an amount of EUR 2 271 (2007: EUR 701 thousand) on which income tax was paid in an amount of EUR 603 thousand. In 2007 GILD FAS received dividends from joint venture GILD PAM in amount of EUR 378 thousand which also allowed paying out dividends in the same amount with no further tax liabilities arising. In 2007 EUR 110 thousand and in 2008 EUR 268 of this credit was used when paying out dividends to ordinary shareholders. In 2008 GILD Professional Services received dividends from subsidiary UAB GILD in an amount of EUR 447 thousand, which also allowed paying out dividends without further tax liabilities according to Estonian Income Tax Law. This tax exemption was used in 2008.

In June 2008 the owners approved a division of AS GILD Partners. The process was carried out due to legal restrictions under which it was not possible to re-invest all retained profit into our own risk capital fund. As a result a new company OÜ GILD 2007 was established which had the same owners as AS GILD Partners. New company took over fund units of GILD Arbitrage in the amount of EUR 1.7 million. The division was registered in the Estonian Commercial Register on 7 August 2008.



Note 4. Transactions with related parties

In preparing the financial statements the following entities have been considered as related parties:

- owners (parent company and owners of the parent company);
- subsidiaries, associates, joint ventures, special purpose entities and funds under management;
- other firms belonging to the same consolidation group (incl. fellow subsidiaries);
- management and supervisory boards;
- close relatives of the persons mentioned above and the companies related to them.

Movements and balances of loans granted	01.01.2008- 30.06.2008	01.01.2007- 30.06.2007
Group companies, SPE-s and funds	1 019	-
Shareholders and their related companies	280	12
Total loans granted during the period	1 299	12
Group companies, SPE-s and funds	828	-
Shareholders and their related companies	318	95
Loan repayments received during the period	1 146	95
Shareholders and their related companies	21	109
Group companies, SPE-s and funds	192	-
Loans granted as at the end of the period	213	109

Transactions	01.01.2008- 30.06.2008	01.01.2007- 30.06.2007
Group companies, SPE-s and funds	-	115
Total services purchased	-	115
Group companies, SPE-s and funds	1 939	1 200
<i>incl. asset management services</i>	1 867	1 132
<i>incl. securities brokerage and intermediation commissions</i>	46	51
<i>incl. financial advisory services</i>	-	18
Total services sold	1 939	1 200
Group companies, SPE-s and funds	8	-
Shareholders and their related companies	1	5
Total interest income	9	5

Other balances	30.06.2008	31.12.2007
Group companies, SPE-s and funds	788	217
Receivables as at the end of the period	788	217
Shareholders and related companies	-	12
Liabilities as at the end of the period	-	12
Notes and fund shares of special purpose entities	2 267	276
Notes and fund shares of special purpose entities	2 267	276



Note 5. Assets under management and in custody

GILD Group manages several investment vehicles and other individual investments which as at 30.06.2008 amounted over EUR 150 million.

Assets under management	30.06.2008	31.12.2007
GILD Arbitrage Risk Capital Fund	82 378	58 664
GILD Global Opportunity (in liquidation)	1 617	5 311
Eastern Europe Real Estate Investment Fund (in co-operation with UUS MAA)	65 097	62 068
Other investment vehicles and individual investments	4 234	13 058
Total	153 326	139 101

GILD also provides custody services to its clients, holding securities in its own accounts and on the name of clients. Details of the assets held on behalf of the clients are given in the table below.

Assets in custody	30.06.2008	31.12.2007
Cash balances	1 365	574
Securities & loans	41 847	20 763
<i>incl. group companies and managed investment vehicles</i>	2 136	2 194
<i>incl. shareholders and their related companies</i>	490	490
Total	43 213	21 336

Note 6. Net fee and commission income

	01.01.2008- 30.06.2008	01.01.2007- 30.06.2007
Service fee income		
Investment banking services	1 416	810
Assets management and similar fees	4 676	1 161
Other commissions and fees	45	51
Total	6 137	2 022
<i>incl. investment banking services fees from related parties (Note 4)</i>	-	18
<i>incl. securities intermediation commissions from related parties (Note 4)</i>	45	51
<i>incl. asset management fees from related parties (Note 4)</i>	1 867	1 132
Service fee expenses		
Outsourced financial advisory and other similar services	-321	-32
Other commissions paid	-5	-
Total	-326	-32
Net fee and commission income	5 811	1 990

Note 7. Subsidiaries and investments in joint venture

In the end of December 2007 the terms of regulated public risk capital fund GILD Arbitrage were approved by Estonian Financial Supervisory Authority. In February 2008 assets and liabilities of SPE, AS GILD Arbitrage were transferred to risk capital fund GILD Arbitrage. In February 2008 GILD Financial Advisory Services handed over assets and liabilities (including employment contracts) of its alternative funds unit to fund manager and subsidiary GILD Fund Management (managing the funds of risk capital fund GILD Arbitrage). Starting from February 2008 GILD Fund Management will receive all fees from management of GILD funds (GILD Arbitrage, GILD Global Opportunity (in liquidation)). Latter changes in group structure will have no material impact on group financials as management fees and related expenses were carried forward to the subsidiary level.

Joint venture GILD Property Asset Management (GILD PAM) and EEREIF

In March 2008 a real estate investment vehicle AS EEREIT (Eastern Europe Real Estate Investment Trust) was restructured as a public closed-end contractual real estate fund **EEREIF** (Eastern Europe Real Estate Investment Fund) with a fixed term of 2+3 (+2) years. Closed-end fund was considered to be the most suitable structure in current volatile market conditions to protect the interests of our long term investors and to minimize liquidity risks. First subscription period lasted from 28th of March to 7th of April 2008. The value of the fund units was determined in the secondary market. By today about 2/3 of the investors have exchanged their notes of AS EEREIT against fund units of EEREIF.

In June 2008 additional share capital was issued in **GILD PAM** and GILD obtained ordinary shares in amount of EUR 50 thousand (7 825 ordinary shares) pari passu with co-owner UUS MAA.

In September 2008 GILD Group purchased out a co-owner UUS MAA and is now holding 100% of sharecapital of GILD Property Asset Management. Following the purchase, a sharecapital of a subsidiary was increased by EUR 150 thousand in September.