

Arco Vara Group

Management Presentation

CEO Meets Investor event,
Lithuania

www.arcorealestate.com



Profile

- Founded in 1992
 - Integrated property developer, constructor and agent in the Baltic countries (Estonia, Latvia) undergoing a SEE expansion with presence already established in Ukraine and Bulgaria
 - Employs ca. 250 people in 4 countries
 - Market Capitalization 13 mln euros, free float 17%
 - 44% of the shares belong to 2 founding partners
 - More information: **www.arcorealestate.com**
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- The mission of Arco Vara Group is to be a **valued provider of comprehensive real estate solutions.**
 - The vision of Arco Vara group is to become a **symbol of real estate.**

Core values of Arco Group:

Partnership – our client is our partner

Reliability – we are reliable, open and honest

Professionalism – we deliver high-quality services

Respect – we respect our client's personality

Responsibility – we keep our promises

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Group Functional Structure



Results of 2008



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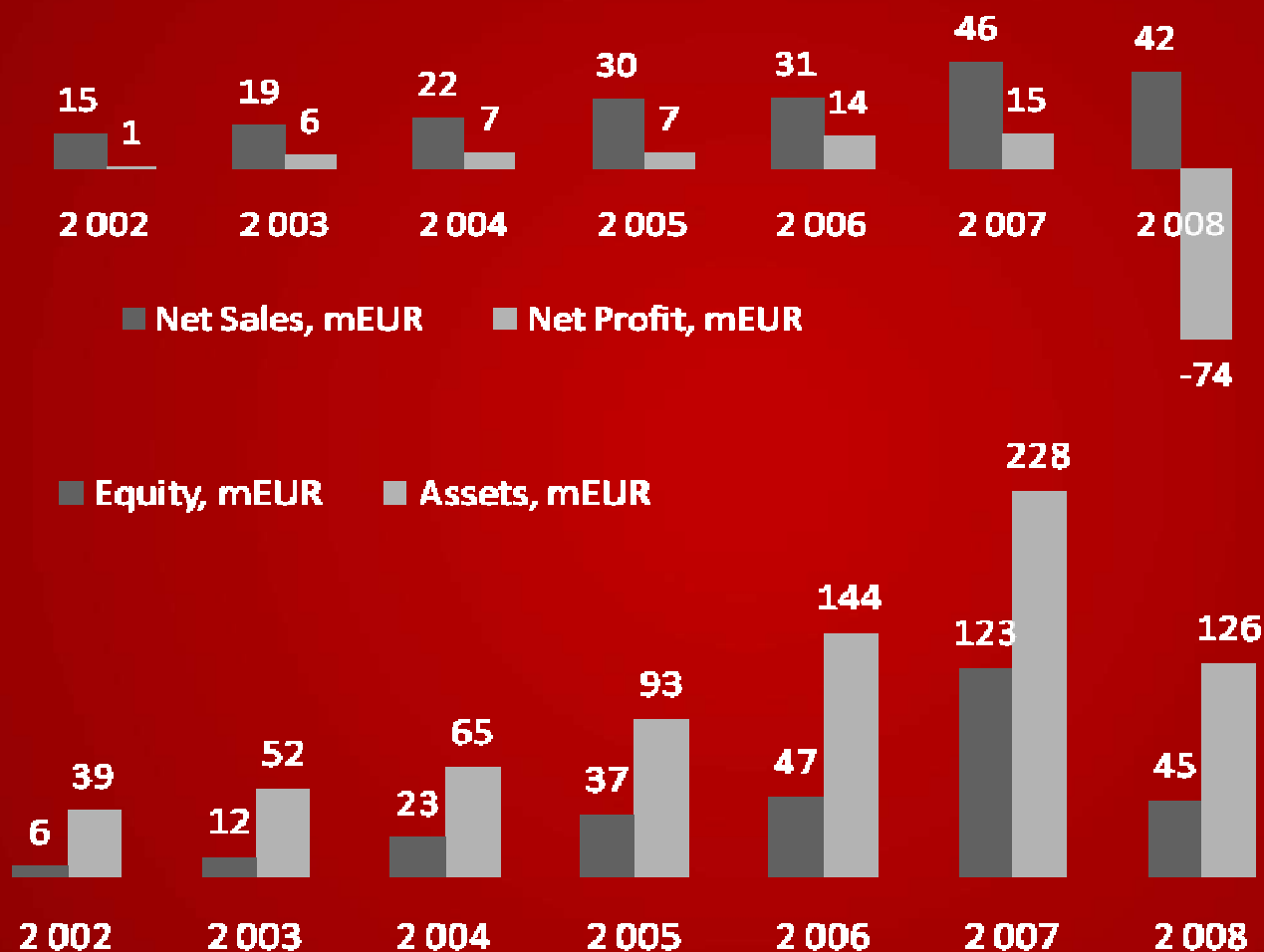


Results of 2008

- Successful sale of apartments in Arco Vara projects: Kodukolde, Bišumuiža, Madridi and Manastirski. Totaly was sold 98 and booked 30 apartments. Corresponding figure in 2007 was 113
- Laeva 2, Merivälja 2 and Mazais Baltezers 3 detailed plans were implemented
- New construction contracts worth 19 mEUR
- Restructuring of service division – from 30 offices are open 18 in Estonia, Latvia, Ukraine and Bulgaria
- Fair value adjustment 69.4 mEUR, fair value decreases were resulted by situation in real estate markets and steep decline in macroeconomic outlook



Historic financials, mln euros



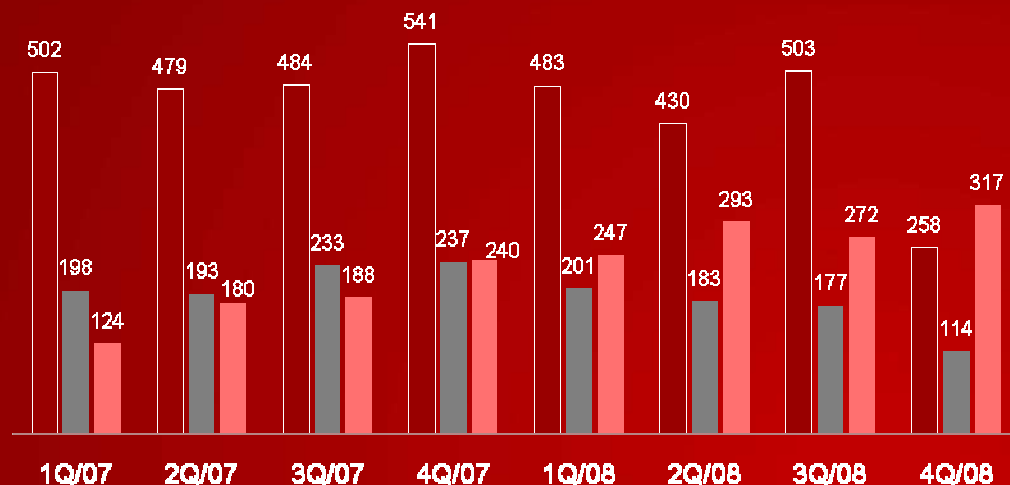
Group Liquidity MEUR

	<u>2008</u>	<u>2007</u>	<u>2006</u>
• Assets	126	228	144
• Equity	45	123	47
• Cash	14	54	4
• Market Cap	16	78	-
• Net Debt	54	33	73
• ST Debt	22	48	45
• LT Debt	45	39	32
• wa Maturity of Debt, years	2.5	2.2	2.7
• wa Cost of Debt, %	7.0	6.7	5.6

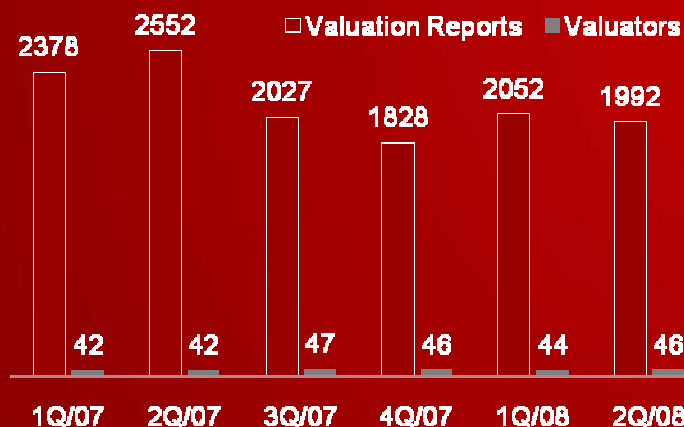
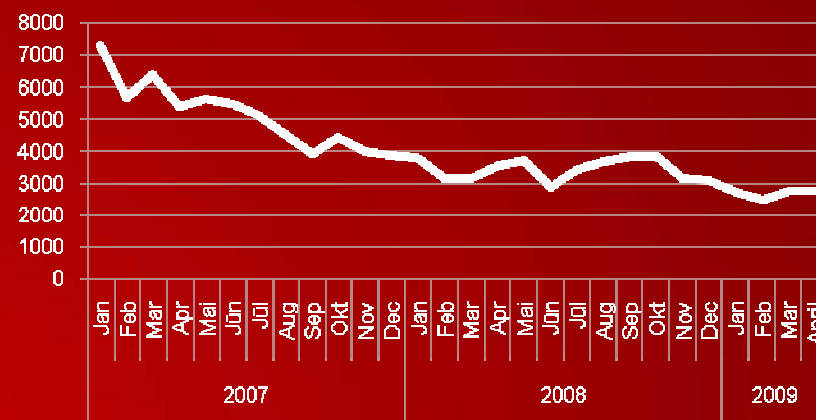


Group metrics, Services Division

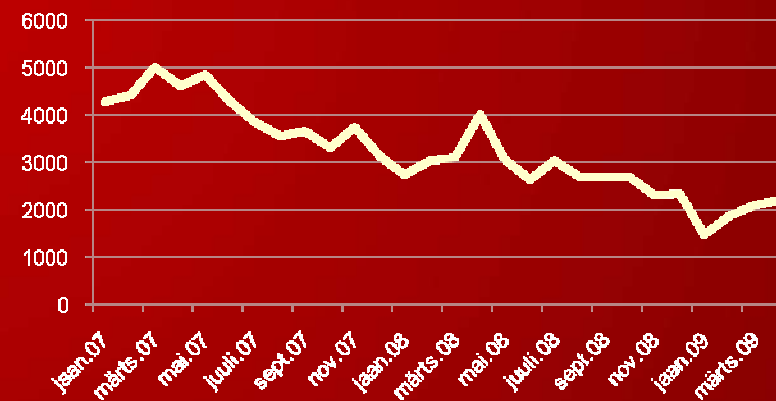
□ Brokerage Deals ■ Brokers ■ Projects in Sales



Transactions in Latvia



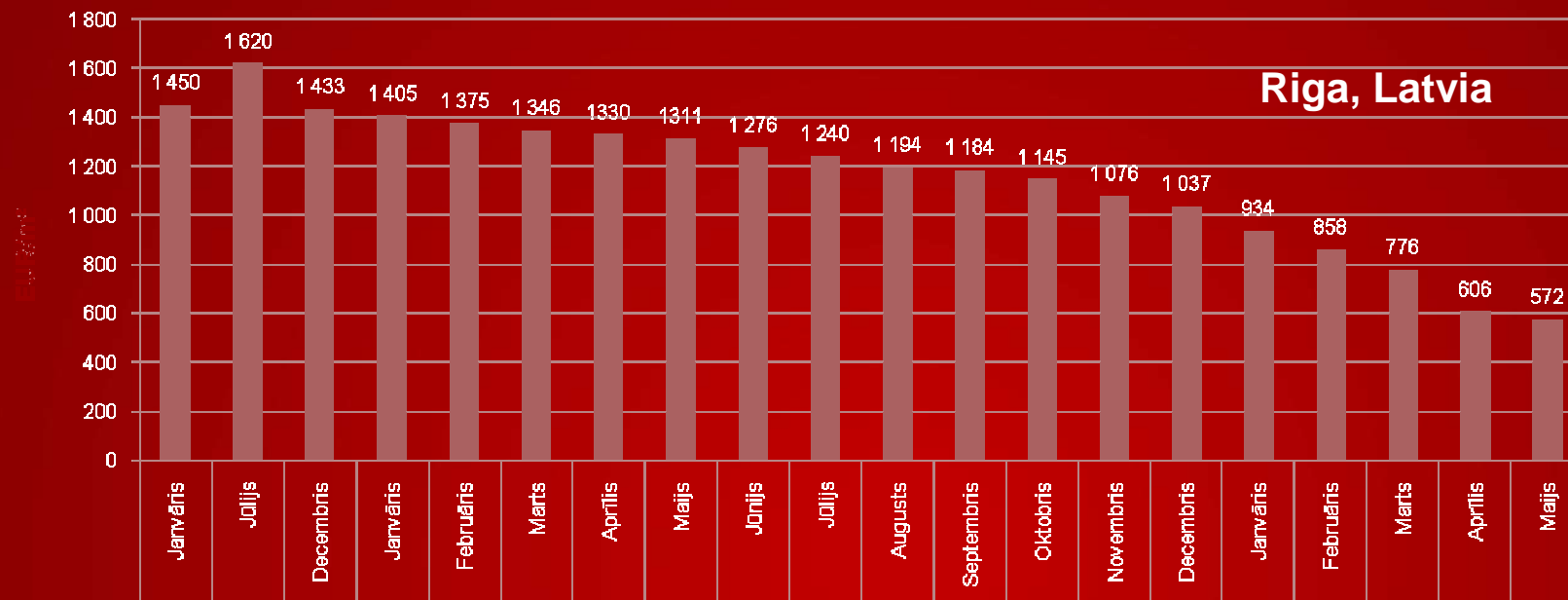
Transactions in Estonia



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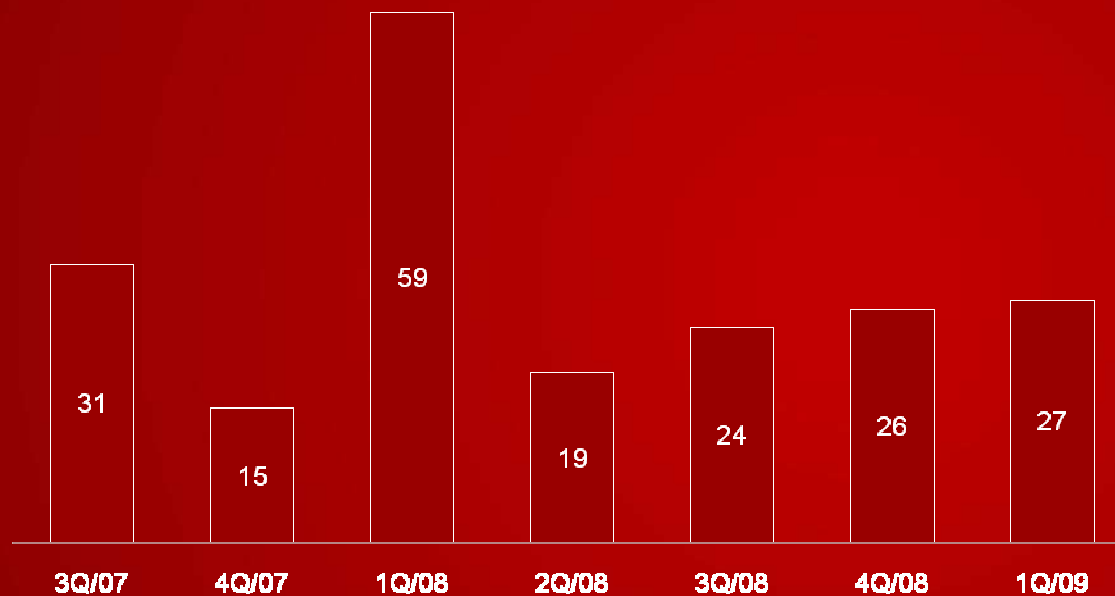


Average prices of second hand apartments



Group metrics, Development Division

Sold apartments and plots in projects of Arco Vara

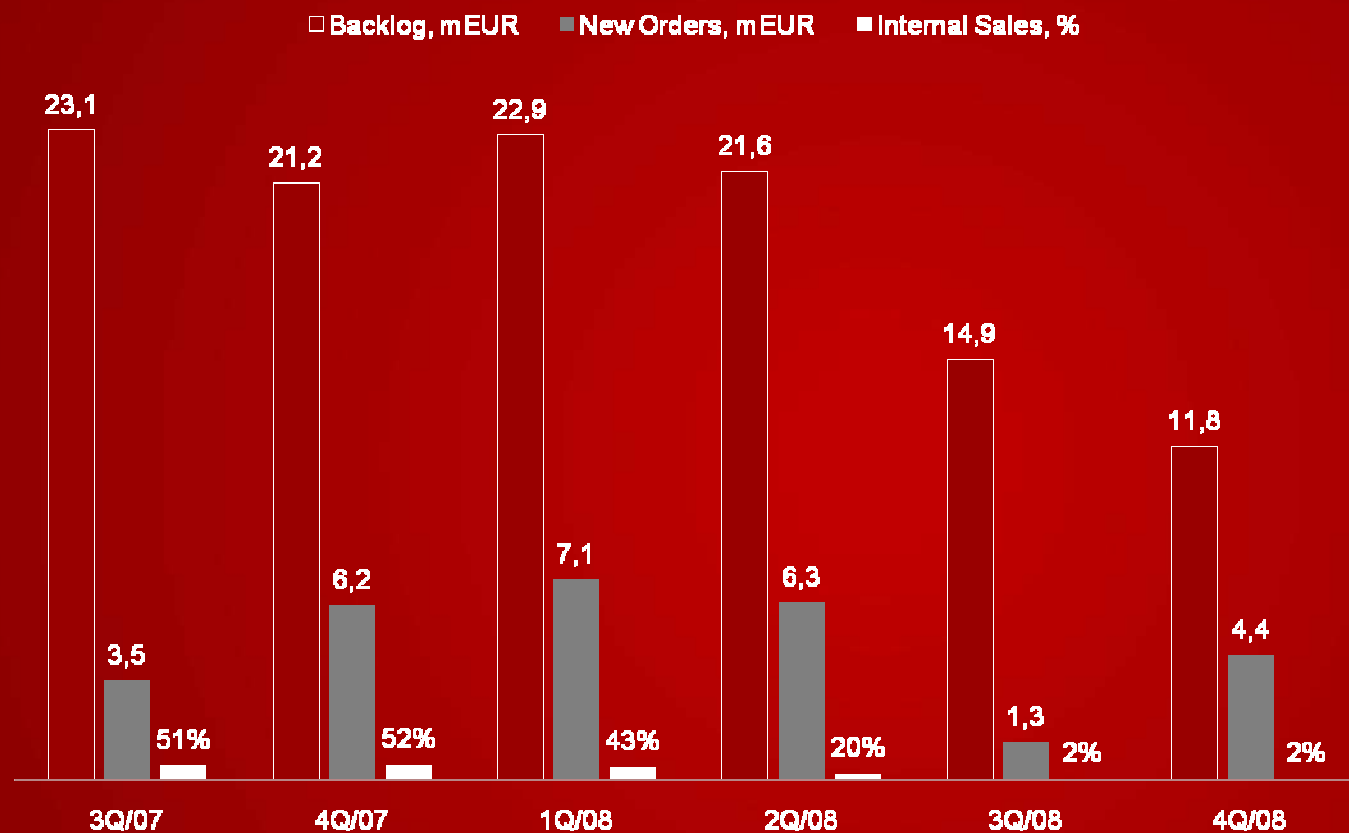


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Group metrics

Construction Division



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Outlook 2009



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Q1 2009

- Facility Management expanded in Bulgaria
- Signing a long-term lease contract with Austrian supermarket chain
- Closing of brokerage offices in Romania
- Obtaining building and navvying permits of Merivälja 2 and beginning of construction work
- 27 apartments and plots are sold in projects of Arco Vara



Outlook 2009

- Real estate market exists inspite of the crises, value of transactions and number of transactions are decreased significantly and are still decreasing
- To reduce liquidity risk: to finish construction in our projects and/or to sell cash flow projects or land bank
- To sell apartments and plots in our finished projects
- To adjust the business model and the cost structure in line with the economic situation. Achieved cost reduction approx. 4 mEUR/year
- Focus on our main markets: Estonia, Latvia, Bulgaria
- To launch new services adjusted to the economic situation
 - comprehensive property management services in Bulgarian market
 - property holding service of distressed assets for banks
 - asset management service



Branches

ESTONIA: Tallinn, Tartu, Kuressaare,
Pärnu, Viljandi,
Rakvere, Jõhvi, Paide, Narva, Haapsalu,
Otepää

LATVIA: Riga, Cesis, Jelgava, Saulkrasti,
Liepaja

UKRAINE: Kiev

BULGARIA: Sofia

Contacts

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