

R.S.E. Holdings AG
Zürcherstrasse 61
Sargans, 7320
Switzerland

1	2	3	5	6	18	25
45	19	58	43	44	48	56
17	12	10	15	16	20	23
24	57	80	87	88	89	90
91	92	41	52	99	100	

His Excellency Prime Minister Valdis Dombrovskis
Office of the Prime Minister
Brīvības Boulevard
Riga, LV-1520
Latvia

Cc: Latvian Ministry of Finance
1 Smilšu Street
Riga, LV-1919
Latvia

Cc: Financial and Capital Market Commission
1 Kungu Street
Riga, LV-1050
Latvia

Cc: European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

Cc: V.E. Markus Niklaus Paul Dutly,
Ambassador Extraordinary and Plenipotentiary in the Republic of Latvia
World Trade Center,
Elizabetes street 2, 3. floor,
Riga, LV-1340
Latvia

Cc: Mr. Ragnar Granelli, Honorary Consul General
Feldeggstrasse 55, P.O.B. 414, CH-8034
Zürich, Switzerland

14 August 2013

Letter of Request for Consultation pursuant to the bilateral investment treaty between the Republic of Latvia and Switzerland.

R.S.E. HOLDINGS AG is a company incorporated in Switzerland and is the sole shareholder of MANRISA ENTERPRISES LIMITED (further referred to as - 'Manrisa'), a company registered in the Republic of Cyprus and exercising business activities in the Republic of Latvia (further referred to as - 'Latvia').

R.S.E. HOLDINGS AG through Manrisa is one of the foreign investors in the Republic of Latvia. We write to bring to your attention the wrongful and discriminatory treatment Latvia is exercising against R.S.E. HOLDINGS AG as a foreign investor in Latvia. This treatment breaches Latvia's obligations towards foreign investors under international law and is contrary to commitments that Latvia has made to Switzerland concerning protection of investment.

R.S.E. HOLDINGS AG claim against Latvia.

1. R.S.E. HOLDINGS AG is forwarding this letter to the Prime Minister of Latvia concerning wrongful conduct and breach of the bilateral investment treaty entered into by Republic of Latvia and Swiss Confederation (the "Treaty") and requests thorough investigation into the terms on which state controlled entities of Latvia are currently acting in Latvia.

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2. R.S.E. HOLDINGS AG is a Swiss investor in Latvia in compliance with the Treaty. This request (hereinafter referred to as "Request") sets out the terms of the dispute with Latvia, the involved institutions of Latvia and the details of Latvia's breaches of its obligations towards Swiss investors under international law.
3. R.S.E. HOLDINGS AG has made significant investment into the Latvian banking sector by investing in a subsidiary of a Latvian bank in excess of 1,2 million euros. Latvia, through the conduct of the its state controlled bank "Citadele" has denied R.S.E. HOLDINGS AG the opportunity to exercise its legal rights as a Swiss shareholder of Manrisa, has discriminated against R.S.E. HOLDINGS AG and has denied R.S.E. HOLDINGS AG legitimate expectations as a foreign investor. The effect of Latvia's actions has been to deny R.S.E. HOLDINGS AG the right to manage, maintain and use its investments despite clear legal procedures which oblige Latvia to uphold R.S.E. HOLDINGS AG shareholder rights, and to expose R.S.E. HOLDINGS AG to unfair and unequitable treatment. In addition, the state controlled bank has continuously refused to fulfil its obligations under Latvian law, leading to a breach by Latvia of its obligations under international investment law.
4. If the requested consultations do not result in a solution within 6 (six) months or earlier from the date of this letter, whichever comes first. Without prejudice to the deadlines mentioned in this letter when faced with such circumstances which are outside of any acceptable solution, R.S.E. HOLDINGS AG will have no choice but to submit a request to the President of the Court of Arbitration of the International Chamber of Commerce in Paris for appointment of arbitral tribunal for final resolution of dispute. Alternatively, R.S.E. HOLDINGS AG reserves the right to submit the dispute to the International Centre for the Settlement of Investment Disputes (ICSID) in Washington D.C. In such event, R.S.E. HOLDINGS AG claim against Latvia could be an amount exceeding 3 000 000 EUR (three million euros) which shall include the principal amount of debt, late interest and legal fees.

Acts and omissions of Citadele bank and Citadele Asset Management Ukraine.

5. Citadele Bank was created in the middle of 2010 out of profitable assets of Parex Banka as part of a restructuring plan aimed at reversing the assets of the bank, which was forced to take a government bail-out in 2008. The state of Latvia holds 75% of stocks in Citadele Bank, while the minority shareholder is the European Bank for Reconstruction and Development, which holds 25% of stocks. One of main Citadele Bank sector specialisms is client asset management.
6. In 2010 Manrisa was initially approached by the employees of Citadele Bank as well as IPAS "Citadele Asset Management". Manrisa was advised to grant financial support to companies which faced financial hardship and were unable to receive banking loans. On the basis of multiple meetings as well as negotiations with the representatives of Citadele Bank, Manrisa was advised to invest in "*Parekss Asset Management Ukraine*" (hereinafter referred to as "CAMU"). Essentially, the purpose of such transaction was granting a loan to CAMU with a fixed 12% annual rate for 1.5 years. Employee of CAMU further explained that funds were necessary to CAMU in order to finalize construction of residential houses belonging to the CAMU foundation.
7. On 20 October 2010 based on the advice granted by the management of Citadele Bank, Manrisa entered into a contract with CAMU. According to this contract, Manrisa obtained 40% in a Ukrainian registered company "Ekspo-Plus" for the aggregate price of EUR 1 225 000 (one million two hundred and twenty five thousand euros). The agreement provided for a buyback obligation of "Ekspo-Plus" shares by CAMU until 30 April 2012 for a fixed price of EUR 1 443 000 (one million four hundred and forty three thousand euros).
8. The agreement in its relevant section provided as follows:

9.1. *"The Parties have agreed that the Seller¹ is obliged to enter into a share buyback agreement pursuant to the terms of this Agreement, if it is initiated by the Buyer² in the future, on the conditions, contemplated by the current section of this agreement"*

9.2. *Obligation of the Seller stipulated in cl.9.1 of this agreement shall be effected on the following conditions:*

-The Buyer initiates conclusion of a share buyback agreement, and the Seller is under obligation to purchase the share not earlier than on 20 April 2012 and not later than on 30 April 2012.

-The Buyer initiates conclusion of the share buyback agreement and the Seller is under obligation to buy the shares in Ukrainian currency "hryvna" according to the price equivalent of EUR 1 443 000 (one million four hundred and forty three thousand euros) based on the applicable exchange rate of the Bank of Ukraine on the date of entry into of respective contract."

9. On 20 April 2012 Manrisa and CAMU entered into a preliminary purchase agreement which provided that the final agreement had to be entered into not later than on 20 October 2012 and for the aggregate buyback price of EUR 1 521 435,62.
10. Regrettably, on 20 October 2012 and until the date of this Request neither Citadele Bank as controlling entity, nor CAMU as its dependent company have exercised the buyback of "Ekspo-Plus" shares from Manrisa, contrary to the conditions of the agreements concluded earlier. CAMU based its refusal to buy back shares by the worsening of its real estate market. Manrisa contacted Citadele bank in order to clarify the contemplated situation on several occasions. Nevertheless, Citadele excused itself with existing confidentiality policy and refused to enter on the merits. Citadele and CAMU are strictly controlled in accordance with Latvian laws, such as the laws on Credit institutions and Law on Investment Management Companies.
11. Moreover, Citadele Bank and CAMU have undertaken to render appropriate services and advice pursuant to Latvian law for management of Manrisa assets according to the highest professional standards. Investment by Manrisa in the Ukrainian market was based solely upon Citadele employee advice and consultations. These consultations are confirmed by payment order in favour of "Ekspo-Plus" transaction transferred to the bank account of Citadele.

Latvia's obligation under the Treaty.

12. In accordance with the Treaty provisions, unfair or unequitable treatment of foreign investors as well as expropriation of foreign investments is prohibited. For instance, Article 4(2) of the Treaty provides as follows:

"Each Contracting Party shall ensure fair and equitable treatment within its territory of the investments of the investors of the other Contracting Party. This treatment should not be less favourable than that granted by each Contracting Party to investments made within its territory by its own investors, or than that granted by each Contracting Party to the investments made within its territory by investors of the most favoured nation, if this latter treatment is more favourable"

Furthermore, article 6 of the Treaty provides as follows:

"Neither of the Contracting Parties shall take, either directly or indirectly, measures of expropriation, nationalization or any other measures having the same nature or

¹ Seller – Citadele Asset Management (previously „Parex Asset Management Ukraine“)

² Buyer – Manrisa Enterprises Limited

the same effect against investments of investors of other Contracting party, unless the measures are taken in the public interest, on a non-discriminatory basis, and under due process of law, and provided that provisions be made for effective and adequate compensation [...]"

Responsibility of Latvian State for acts and omissions of Citadele bank.

13. Citadele Bank refusal to enter into contract with Manrisa is attributable to Latvia under international law. Citadele Bank being a 75% state-owned corporation, such discriminatory conduct is attributable to the Latvian state.
14. Latvia has failed its international obligations contained in the bilateral investment treaty with Latvia. Citadele bank directly controlled by the Latvian state was empowered with authority and acted in sovereign capacity when breaching the contract with Manrisa.
15. Furthermore, the contractual breach amounts to a violation of international law. Failure of Citadele Bank to respect the terms of the contract constitutes a violation of the obligation to provide fair and equitable treatment and to observe obligations entered into by the Latvian state.
16. Citadele Bank as the company directly governed by Latvian state, has acted upon direct and specific instructions of the state and the state used its ownership interest in controlling the corporation specifically in order to achieve a specific result. The instructions of Latvia relate to the conduct which is said to have amounted to an internationally wrongful act.
17. It is also submitted that such persistent non-payment of debt by Citadele Bank equates to violation of article 4(2) of the bilateral investment treaty between Latvia and Switzerland since it amounts to an outright and unjustified repudiation of the transaction concluded by Manrisa.

Request for payment

Given Latvia's breaches of international investment law by effectively excluding R.S.E. HOLDINGS AG from the use of its investments, Latvia has failed to fulfil its commitments regarding promotion of investment, competitiveness and business transparency.

In light of Latvia's failure to respect its international obligations, R.S.E. HOLDINGS AG instructs the Latvian government to transfer the amount outstanding pertaining to the agreement concluded between Manrisa and CAMU in the amount of **EUR 1 521 435,62** until 31 October 2013 to the bank account of Manrisa Enterprises Limited:

Bank account number: LI09 0880 3103 4203 0000 0

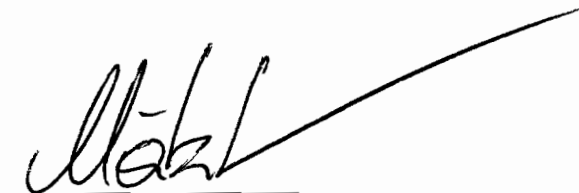
Bank name: Valartis bank (Liechtenstein) AG

Recipient name: Manrisa Enterprises Limited

We are ready to meet with you in order to share our concerns regarding Latvia's failures to meet its legal obligations and commitments under international law.

We look forward to hearing from you.

Yours faithfully

A handwritten signature in black ink, appearing to be 'M. L.', is written over a horizontal line.

Enclosed: Copy of incumbency certificate.



HANDELSREGISTER DES KANTONS ST. GALLEN

Firmennummer	Rechtsnatur	Eintragung	Löschung	Übertrag von: auf:	1
CH-320.3.060.394-6	Aktiengesellschaft (AG)	12.12.2006			



Alle Eintragungen

Ei	Lö	Firma	Ref	Sitz
1		R.S.E. Holdings AG	1	Sargans

Ei	Lö	Aktienkapital (CHF)	Liberierung (CHF)	Aktien-Stückelung	Ei	Lö	Adresse der Firma
1		100'000.00	100'000.00	100 Inhaberaktien zu CHF 1'000.00	1		Zürcherstrasse 61 7320 Sargans

Ei	Lö	Zweck	Ei	Lö	Postadresse
1	3	Beteiligung an, Erwerb sowie Gründung von Unternehmungen sowie deren Finanzierung. Die Gesellschaft kann Patente, Lizenzen und Herstellungsverfahren erwerben, entwickeln, verwalten und verwerten, mit Waren und Erzeugnissen aller Art handeln, jegliche Art von Geschäften finanzieren und fördern, Grundstücke erwerben und veräussern sowie im In- und Ausland Zweigniederlassungen und Tochtergesellschaften errichten.			
3		Beteiligung an, Erwerb sowie Gründung von in- und ausländischen Unternehmungen sowie deren Finanzierung. Die Gesellschaft kann Zweigniederlassungen im In- und Ausland errichten, Patente, Lizenzen und Herstellungsverfahren erwerben, entwickeln, verwalten und verwerten, mit Waren und Erzeugnissen aller Art handeln, jegliche Art von Geschäften finanzieren und fördern sowie Grundstücke erwerben und veräussern.			

Ei	Lö	Bemerkungen	Ref	Statutendatum
1		Die Mitteilungen der Gesellschaft an die Aktionäre erfolgen durch Publikation im SHAB, allenfalls in schriftlicher Form.	1	01.12.2006
3		Gemäss Erklärung des Verwaltungsrates vom 17.06.2010 untersteht die Gesellschaft keiner ordentlichen Revision und verzichtet auf eine eingeschränkte Revision.	1	11.12.2006
			3	17.06.2010

Ei	Lö	Besondere Tatbestände	Ref	Publikationsorgan
			1	SHAB

Ei	Lö	Zweigniederlassung (en)	Ei	Lö	Zweigniederlassung (en)

Ze	Ref	TR-Nr	TR-Datum	SHAB	SHAB-Dat.	Seite / Id	Ze	Ref	TR-Nr	TR-Datum	SHAB	SHAB-Dat.	Seite / Id
SG	1	8964	12.12.2006	245	18.12.2006	14 / 3685670	SG	3	5985	23.06.2010	123	29.06.2010	16 / 5697830
SG	2	4649	20.05.2010	100	27.05.2010	14 / 5647858	SG	4	4827	04.06.2012	109	07.06.2012	0 / 6708716

Ei	Ae	Lö	Personalangaben	Funktion	Zeichnungsart
1		2	Erduran, Vedat, von Mels, in Mels	Mitglied des Verwaltungsrates	Einzelunterschrift
1		3	Rolf Eggenberger & Partner AG, in Grabs	Revisionsstelle	
2		4	Repeluski, Michael, liechtensteinischer Staatsangehöriger, in Triesen (LI)	Präsident des Verwaltungsrates	Einzelunterschrift
2		4	Gort, Christian, von Pfäfers, in St. Margrethenberg (Pfäfers)	Mitglied des Verwaltungsrates	Einzelunterschrift
4			Mätzler, Stefan, österreichischer Staatsangehöriger, in Dornbirn (AT)	Präsident des Verwaltungsrates	Einzelunterschrift
4			Jäger, Kurt, von Pfäfers, in Sargans	Mitglied des Verwaltungsrates	Einzelunterschrift

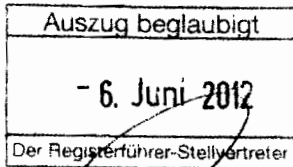


HANDELSREGISTER DES KANTONS ST. GALLEN

CH-320.3.060.394-6	R.S.E. Holdings AG	Sargans	2
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Alle Eintragungen

St. Gallen, 06.06.2012 08:17 JMS



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His Excellency Prime Minister Valdis Dombrovskis
Office of the Prime Minister
Bivibas Boulevard
Riga, LV - 1520
Latvia

Abs. Griffin Trust AG
Landstr. 35
9495 Trier
FL

