

CLOSED-END REAL ESTATE INVESTMENT FUND  
**LORDS LB BALTIC FUND III**

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**ACTIVITY REPORT**  
**2021 Q1-Q4**



LORDS LB  
Asset Management

LORDS LB ASSET



LORDS LB  
Asset Management

## I. GENERAL INFORMATION

1. Name of the Collective Investment Undertaking, form of activity, date of approval by the Supervisory Authority of the incorporation documents of the Collective Investment Undertaking, activities term:

**Closed-end real estate investment fund LORDS LB BALTIC FUND III, 2012-05-30 by Decision no. 241-21 of the Director of the Supervision Service of the Bank of Lithuania. The Fund will operate for 7 years from the end of the First Distribution Phase of the Fund's units. The term of the fund may be extended for an additional 2 years. According to the decision of the Investment Committee of January 20, 2021, it was decided to extend the activities of the fund for another year, until April 21, 2022.**

2. Reporting period, for which annual activity report is provided:

**January 1, 2021 - December 31, 2021**

3. Data of the Management Company:

- 3.1. The title and the code of the company:

Name: **UAB „LORDS LB ASSET MANAGEMENT“**  
Registry code: **301849625**

- 3.2. Visiting address:

Registration address: **Jogailos str. 4, 01116 Vilnius, Lithuania**  
Office address: **Jogailos str. 4, 01116 Vilnius, Lithuania**

- 3.3. Telephone no., e-mail, website:

Telephone no.: **+ 370 5 261 9470**  
E-mail: **info@lordslb.lt**  
Website: **www.lordslb.lt**

- 3.4. License No.:

**License no. VĮK-016, issued on the December 23, 2008**  
**License no. 1, issued on the June 23, 2015**

- 3.5. Name, surname and position of the Manager of the Collective Investment Undertaking:

**Efim Hiterer, Fund Manager**

4. The title of Depository, registry code, address, telephone number:

Name: **AB "Swedbank"**  
Registry code: **112029651**  
Address: **Gedimino av. 12, 01103 Vilnius, Lithuania**  
Telephone no.: **+ 370 5 268 2800**

## II. NUMBER AND VALUE OF NET ASSETS AND INVESTMENT UNITS

### 5. Number and value of net assets and investment units:

	At the start of the period 2021-01-01	At the end of the period 2021-12-31	One year ago 2020-12-31	Two years ago 2019-12-31
Net asset value, Eur	59 889 153,45	34 542 211,03	59 889 153,45	65 647 876,51
Investment unit value, Eur	2,3913	3,0324	2,3913	2,2694
Amount of investment units	25 044 708,4095	11 390 935,8697	25 044 708,4095	28 926 805,1685

### 6. Number and value of the distributed and redeemed investment units during reporting period:

	Amount of units	Value, Eur
Distributed (by converting cash into units)	0,0000	0,00
Redeemed (by converting units to cash)	13 653 772,5398	35 750 000,95
Distributed units for non-monetary contributions	0,0000	0,00
Redeemed units when settling assets	0,0000	0,00
Difference	-13 653 772,5398	-35 750 000,95

## III. COSTS AND TURNOVER OF THE COLLECTIVE INVESTMENT UNDERTAKING

### 7. Types, amounts, percentages, the overall cost ratio of deductions from the assets of the Collective Investment Undertaking:

Expenses	Amount of expenses during the reporting period, %		Calculated during reporting period, Eur	% of average NAV of reporting period
	Maximum	This period		
ADMINISTRATION COSTS:				
Management fee			2 205 743,54	5,01%
Fixed fee**			709 401,46	1,61%
Success fee			1 496 342,08	3,40%
Depository services	0,20%	0,11%	47 293,43	0,11%
Property valuation			0,00	0,00%
Audit	1,00%	0,01%	6 050,01	0,01%
Accounting services			25 047,00	0,06%
Legal services			9 974,48	0,02%
Loan interest			6 005,06	0,01%
Other administrative costs			66 900,01	0,15%
Expenses included in BCR*			2 361 008,47	5,36%
BCR% of NAV*				5,36%
Total costs excl. success fee	15,00%	5,37%	2 367 013,53	5,37%

\* General Cost Ratio (BIK) - the percentage of the average net assets of the Fund that is allocated to cover its management expenses. These costs directly reduce the investor's return on investment. It should be noted that transaction costs and loan interest expenses are not taken into account when calculating BIK.

\*\* The amount of the management fee deduction exceeds the 1,50% management fee set in the fund rules, as the amount of the deduction is calculated on the basis of the average annual net asset value without deduction of depository and management fees, investor income and benefits. Meanwhile, the management fee is calculated each month on the basis of the net asset value of that month before the depository and management fees, as well as the investor income and benefits.

8. The example, illustrating impact of deductions to the investor's final return on investments. The example presents the calculation of how much could be deducted (in EUR) from the contributions of the participant of the Collective Investment Undertaking at the current level of deductions and what the amount it could recover after 1, 3, 5, 10 years if invested EUR 3.000, and the annual rates of return – 5,00 percent:

	After 1 year	After 3 year	After 5 year	After 10 year
Expenses incurred	165,13	520,56	912,43	2 076,96
Accrued amount excluding expenses	3 150,00	3 472,88	3 828,84	4 886,68
Accrued amount including expenses	2 984,87	2 952,31	2 916,41	2 809,73

#### IV. INFORMATION ABOUT THE PORTFOLIO OF THE COLLECTIVE INVESTMENT UNDERTAKING

9. The portfolio of the Collective Investment Undertaking at the end of the reporting period by the type:

The name of credit institution / issuer	State	CNCY	ISIN code*	Term / Maturity	Yield, %	Purchase value	Market value	Share of NAV, %
<b>CASH:</b>								
AB "Swedbank"	LT	EUR					440 913,32	1,28%
<b>Total:</b>							440 913,32	1,28%
<b>DEPOSITS:</b>								
<b>Total:</b>								
<b>BONDS:</b>								
UAB „BFIII Klaipėda“	LT	EUR	LT125221OB02	2022-03-21	2,94%	3 913 395,00	4 891 628,08	14,16%
UAB „BFIII Šiauliai“	LT	EUR	LT304515OB04	2022-03-21	2,94%	1 663 244,00	1 918 166,67	5,55%
UAB "BFIII G1"	LT	EUR	LT301849OD11	2022-03-21	3,00%	2 940 500,00	2 988 672,62	8,65%
<b>Total:</b>						8 517 139,00	9 798 467,37	28,37%
<b>EQUITIES:</b>								
UAB "PC Mandarinas"	LT	EUR	LT300528043U			4 751 767,00	9 170 000,00	26,55%
UAB "BFIII G1"	LT	EUR	LT302964388U			4 344,00	11 805 052,46	34,18%
UAB "SMI Marijampolė"	LT	EUR	LT300571450U			1 593 947,00	1 133 947,56	3,28%
UAB "BFIII Klaipėda"	LT	EUR	LT125221AKC1			1 656 628,00	4 780 504,77	13,84%
UAB "BFIII Šiauliai"	LT	EUR	LT304515AKC2			722 957,00	1 618 642,22	4,69%
<b>Total:</b>						8 729 643,00	28 508 147,01	82,53%
<b>RECEIVABLES:</b>								
Future period expenses							3 684,60	0,01%
<b>Total:</b>							3 684,60	0,01%
<b>TOTAL:</b>							38 751 212,30	112,19%

\*If no ISIN code has been assigned, the internal code for securities is provided.

**10.** Composition of the portfolio of investment instruments of the companies controlled by the Collective Investment Undertaking at the end of the reporting period:

Instrument name	Value, EUR
<b>UAB "PC Mandarinas"</b>	
Cash	175 670,00
Investment property	19 470 000,00
Equities	0,00
Loans granted	0,00
Receivables	33 898,00
Other assets	50 046,00
<b>Total:</b>	<b>19 729 614,00</b>
<b>UAB "BFII G1"</b>	
Cash	59 659,00
Investment property	0,00
Equities	9 434 792,00
Loans granted	3 926 215,00
Receivables	0,00
Other assets	0,00
<b>Total:</b>	<b>13 420 666,00</b>
<b>UAB "SMI Marijampolė"</b>	
Cash	598 411,00
Investment property	0,00
Equities	0,00
Loans granted	1 111 005,00
Receivables	2 434,00
Other assets	12 208,00
<b>Total:</b>	<b>1 724 058,00</b>
<b>UAB "BFII Klaipėda"</b>	
Cash	242 547,00
Investment property	19 190 000,00
Equities	0,00
Loans granted	0,00
Receivables	58 754,00
Other assets	55 765,00
<b>Total:</b>	<b>19 547 066,00</b>
<b>UAB "BFII Šiauliai"</b>	
Cash	164 151,00
Investment property	8 330 000,00
Equities	0,00
Loans granted	0,00
Receivables	14 609,00
Other assets	277 980,00
<b>Total:</b>	<b>8 786 740,00</b>

10. Composition of the portfolio of investment instruments of the companies controlled by the Collective Investment Undertaking at the end of the reporting period (continued):

Instrument name	Value, EUR
<b>SIA "BFIII Latvia"</b>	
Cash	588 566,00
Investment property	3 400 000,00
Equities	0,00
Loans granted	0,00
Receivables	14 660,00
Other assets	0,00
<b>Total:</b>	<b>4 003 226,00</b>
<b>SIA "SC Stirnu"</b>	
Cash	185 033,00
Investment property	18 720 000,00
Equities	0,00
Loans granted	0,00
Receivables	118 665,00
Other assets	182 681,00
<b>Total:</b>	<b>19 206 379,00</b>

11. Description of investment instruments in which funds of the Collective Investment Undertaking were invested:

**The objective of the Fund is to earn return to the Investors of the Fund from investments into income generating commercial and mixed-use real estate and development projects in the Baltic States.**

**The temporarily available resources of the Fund can be invested into: (1) the liquid government stocks of the EU member-states, having investment rating (acc. to S&P or alternative certified valuator) of up to 3-year maturity, (2) the deposits with the term of up to 1 year term at credit institutions domiciled in the EU member-states.**

12. The amount of risk taken in derivative transactions at the end of the reporting period:

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13. Transactions for derivative financial instruments and total value of obligations arising from derivative financial instrument transactions by the end of the reporting cycle:

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#### V. RETURN ON INVESTMENTS AND RISK RATES OF THE COLLECTIVE INVESTMENT UNDERTAKING

14. Comparative index and its brief description:

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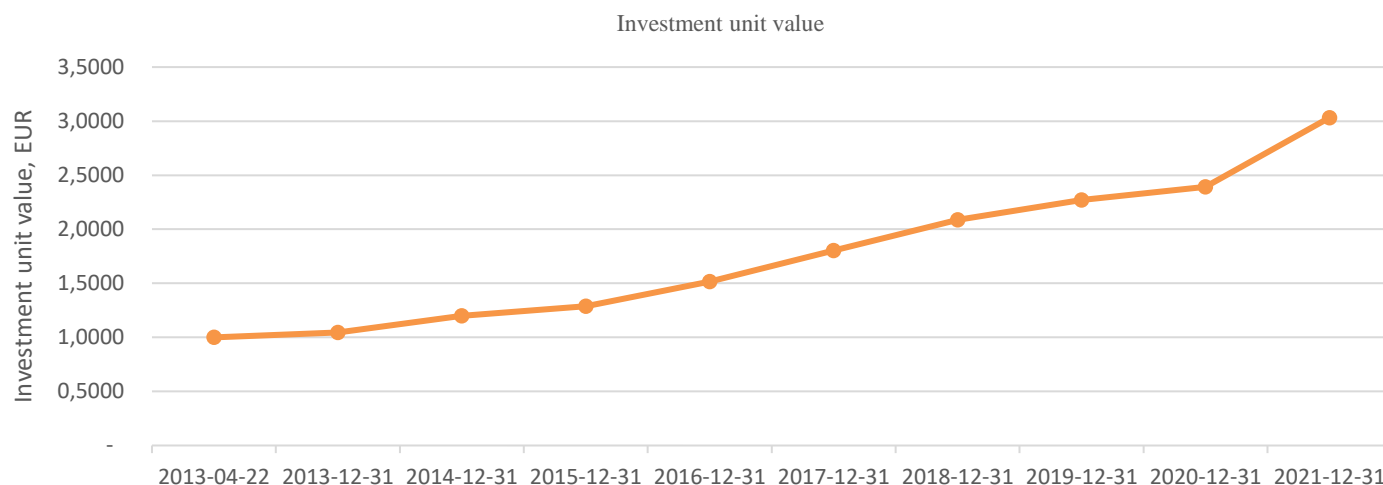
**15.** Indicators of the change in the value of the investment unit and the change in the value of the comparative index during the same period (if selected) during the last 10 years of the Collective Investment Undertaking's activity:

**15.1.** Value of the investment unit:

	Period			
	Current	1 year ago	2 years ago	10 years ago
Change in value of investment unit, €* Standard deviation of change in value of investment unit, €**	0,6411	0,1219	0,1818	0,0000
	0,1427	0,0314	0,0368	0,0000

\* Change in value of investment unit indicates how much the value of the investment unit has changed during the specified period.

\*\* Standard deviation of change in value of investment unit indicates how the change in value of investment unit during the period is distributed around the mean.



**15.2.** Comparative index:

**16.** Average change in investment unit value at the same period, deviation of average net return on investments during the last three, five, ten years:

	Over the last			Since the start
	3 years ago*	5 years ago**	10 years ago	
Average change in value of investment unit, % Standard deviation of change in value of investment unit, €	0,1325	0,1489	0,0000	0,1312
	0,0867	0,0840	0,0000	0,0677

\* Calculations were made by using the data from January 1, 2019 – December 31, 2021 period.

\*\* Calculations were made by using the data from January 1, 2017 – December 31, 2021 period.

**17.** The minimum and maximum fixed value of investment unit:

	Over the current period 2021-01-01 - 2021-12-31		Over the last period 2020-01-01 - 2020-12-31	
	Date	Value	Date	Value
Minimum fixed value of investment unit	2021-01-31	2,3785	2020-05-31	2,2508
Maximum fixed value of investment unit	2021-11-30	3,1209	2020-12-31	2,3913

**18.** Other rates revealing the risk of portfolio of the investment units, their explanations and method of calculation:

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## VI. FINANCIAL CONDITION STATEMENTS OF THE COLLECTIVE INVESTMENT UNDERTAKING

**19.** Financial condition statements of the Collective Investment Undertaking, were prepared according to the laws and the legal requirements of the Republic of Lithuania:

**19.1.** Net asset values set out in a comparative table:

	At the end of the period 2021-12-31	At the start of the period 2021-01-01
<b>ASSETS:</b>	38 751 212,30	61 316 655,31
Cash and cash equivalents	440 913,32	2 348 526,14
Deposits	0,00	0,00
<b>Investments:</b>	38 306 614,38	58 964 938,57
Government and Central Bank securities	0,00	0,00
Bonds	9 798 467,37	17 701 010,49
Equities	28 508 147,01	41 263 928,08
Investment units	0,00	0,00
Real estate	0,00	0,00
Other investments	0,00	0,00
<b>Receivables:</b>	3 684,60	3 190,60
Receivable amounts from investment sales	0,00	0,00
Other receivables	3 684,60	3 190,60
<b>LIABILITIES AND NET ASSETS:</b>	38 751 212,30	61 316 655,31
<b>Liabilities:</b>	4 209 001,27	1 427 501,86
Liabilities for investments	0,00	0,00
Amounts to Management Company and Depository	170 070,15	245 210,04
Other amounts and liabilities	4 038 931,12	1 182 291,82
<b>Net assets:</b>	34 542 211,03	59 889 153,45



**19.2.** Financial statements of the net asset changes of the last 2 years, set out in a comparative table:

	Period	
	Current 2021-01-01 - 2021-12-31	1 year ago 2020-01-01 - 2020-12-31
<b>THE NET ASSETS VALUE IN THE BEGINNING OF THE REPORTING PERIOD</b>	59 889 153,45	65 647 876,51
<b>INCREASE IN THE NET ASSETS VALUE</b>		
Participants' contributions to the fund	0,00	0,00
Amounts receivable from other funds	0,00	0,00
Guarantee contributions	0,00	0,00
<b>Investment income:</b>	<b>16 908 194,02</b>	<b>2 632 206,95</b>
Interest income	360 194,02	625 206,95
Dividends	16 548 000,00	2 007 000,00
Lease income	0,00	0,00
Profit from investments value change and sales	0,00	762 632,70
Profit from foreign exchange rate change	0,00	0,00
Profit from transactions of the derivative financial instruments	0,00	0,00
Other increase in the net assets value	0,00	0,00
<b>TOTAL INCREASE IN THE NET ASSETS VALUE</b>	<b>16 908 194,02</b>	<b>3 394 839,65</b>
<b>DECREASE IN THE NET ASSETS VALUE</b>		
Payments to the participants of the fund	35 750 000,95	8 900 000,86
Payments to others funds	0,00	0,00
Loss from investment value change and sales	4 138 121,96	0,00
Loss from foreign exchange rate change	0,00	0,00
Loss from transactions of the derivative financial instruments	0,00	0,00
<b>Management expenses:</b>	<b>2 367 013,53</b>	<b>253 561,85</b>
Reimbursement to management entity	2 205 743,54	116 644,27
Reimbursement to Depositary	47 293,43	64 096,33
Reimbursement to intermediaries	0,00	0,00
Audit expenses	6 050,01	6 757,85
Interest expenses	6 005,06	0,00
Other expenses	101 921,49	66 063,40
Other decrease in the net assets value	0,00	0,00
Compensation of the expenses (-)	0,00	0,00
<b>TOTAL DECREASES IN NET ASSET VALUE</b>	<b>42 255 136,44</b>	<b>9 153 562,71</b>
The change of net asset value	-25 346 942,42	-5 758 723,06
Profit distribution	0,00	0,00
<b>THE NET ASSETS VALUE AT THE END OF REPORTING PERIOD</b>	<b>34 542 211,03</b>	<b>59 889 153,45</b>

**19.3.** Explanatory note:

**Explanatory note is included as part of this Activity report as Annex together with Financial Statements.**

**20.** Auditor's report:

**Auditor's report is included as part of this Activity report as Annex together with Financial Statements.**

**21.** Information about the operating income and costs from investment activity of Collective Investment Undertaking during the reporting period:

<b>I. INCOME</b>	<b>12 770 072,06</b>
1. Interest income	360 194,02
2. Realized profit (loss) from investments into:	0,00
2.1. Equities	0,00
2.2. Bonds	0,00
2.3. Money market instruments	0,00
2.4. Derivative financial instruments	0,00
2.5. Investment units	0,00
2.6. Real estate	0,00
2.7. Other investment instruments	0,00
3. Unrealized profit (loss) from:	-4 138 121,96
3.1. Equities	-4 138 121,96
3.2. Bonds	0,00
3.3. Money market instruments	0,00
3.4. Derivative financial instruments	0,00
3.5. Investment units	0,00
3.6. Real estate	0,00
3.7. Other investment instruments	0,00
4. Other income:	16 548 000,00
4.1. Rental income	0,00
4.2. Profit from foreign currency exchange	0,00
4.3. Other	16 548 000,00
<b>II. EXPENSES</b>	<b>2 367 013,53</b>
1. Operating expenses:	2 259 086,98
1.1. Management expenses	2 205 743,54
1.2. Depository expenses	47 293,43
1.3. Payments to brokers	0,00
1.4. Audit expenses	6 050,01
1.5. Other payments and expenditure	0,00
2. Other expenses:	107 926,55
2.1. Interest expense	6 005,06
2.2. Expenses related to managed real estate	0,00
2.3. Loss from foreign currency exchange	0,00
2.4. Other	101 921,49
<b>III. Net income</b>	<b>10 403 058,53</b>
<b>IV. Payments (dividends) to the owners of fund units</b>	<b>0,00</b>
<b>V. Reinvested income</b>	<b>10 403 058,53</b>



22. Information about profit and (or) loss suffered during the financial year from the sale of each real estate object:

Shares of UAB „SMI Alytus" were sold according to the sale and purchase agreement signed on October 27th, 2021, the price was 4 969 635 EUR and the result of sale was 1 487 635 UER. Shares of UAB „BFII Kaunas" were sold according to the sale and purchase agreement signed on September 15th, 2021, the price was 3 648 024 EUR and the result of sale was 873 223 UER. Asset of UAB „SMI Marijampolė" was sold by the decision of the investment committee, the price of sale was 5 300 000 EUR and the result of sale was -512 057 EUR.

23. Information about the real estate agencies, whose services are used by the Management Company while managing the assets of Collective Investment Undertaking:

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24. Values of real estate of every investment portfolio of the Collective Investment Undertaking that are assessed by the latest real estate agents:

PC "Mandarinas", Ateities str. 89, 91, Vilnius, Lietuva Valuation of Newsec Valuations, UAB	19.470.000 EUR
PC "Krasta", Krasta str. 52, Riga, Latvija Valuation of Newsec Valuations, UAB	3.500.000 EUR
PC "Stirnu", Stirnu str. Riga, Latvija Valuation of Newsec Valuations, UAB:	18.720.000 EUR
PC "Klaipėda", Taikos pr. 64, Klaipėda, Lietuva Valuation of Newsec Valuations, UAB	19.190.000 EUR
PC "Šiauliai", Gegužių str. 30, Šiauliai, Lietuva Valuation of Newsec Valuations, UAB	8.330.000 EUR

## VII. OTHER INFORMATION

25. Sustainability information:

The objective of the Fund is not sustainable investments as defined in Regulation (EU) 2019/2088 of 27 November 2019 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector, and it is not intended to promote environmental or social peculiarities or any combination thereof. The investments of the Fund do not take into account the EU criteria for environmentally sustainable economic activities as defined in Regulation (EU) 2020/852 of 18 June 2020 of the European Parliament and of the Council.

26. Other important information about the financial status of the Collective Investment Undertaking, factors and circumstances that have been affecting the Collective Investment Undertaking's assets or liabilities:

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27. Additional explanations, comments, pictorial, graphic material and other important information about the Collective Investment Undertaking's activity that had an influence on the Undertaking's changes of activity and results:

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## VIII. INFORMATION ABOUT DIVIDENDS

28. Information on the charged and (or) paid dividends, the period that the dividends have been paid, the dates of payment of the dividends on a per unit of investment size and other important information:

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## IX. INFORMATION ABOUT THE BORROWED OR LOAN FUNDS OF THE COLLECTIVE INVESTMENT UNDERTAKING

29. The Collective Investment Undertaking's borrowings at the end of the reporting period:

No	Loan amount	CNCY	Loan date	Repayment term	Interest %	Creditor	% of NAV
1	1 105 000,00	EUR	2021-10-25	2022-03-21	2,92%	UAB „SMI Marijampolė"	3,20%
Total:	1 105 000,00						3,20%

30. The Collective Investment Undertaking's granted at the end of the reporting period:

No	Loan amount	CNCY	Loan date	Repayment term	Interest %	Debtor	% of NAV
Total:							0,00%

## X. PERSONS IN CHARGE

31. The Consultants, whose services were taken in preparing the Report, their names (the names of legal entities) and addresses, the titles and numbers of business licenses:

**The Consultant services were not used.**

32. The names and surnames, positions of the persons in charge of preparing the Report:

**Efim Hiterer, Fund Manager**

33. The information presented in this Report is true and there are no suppressed facts, which could exert a dominant influence on the values of the rates.

34. Signature of the director of the management company or authorized person of the Collective Investment Undertaking intended for informed investors:

- 34.1. The Management Company's members of Management bodies, employees responsible for the Report:

Managing Director: **Vilma Tvaronavičienė**  
Telephone no.: **+370 5 261 9470**  
E-mail: **info@lordslb.lt**

Fund Manager: **Efim Hiterer**  
Telephone no.: **+370 5 261 9470**  
E-mail: **info@lordslb.lt**

- 34.2. The Chief Accountant who has presented the information of financial status of the Collective Investment Undertaking:

Manager: **Tadas Pranckevičius**  
The name of the company: **Ernst & Young Baltic, UAB**  
Telephone no.: **+370 5 219 9807**