

SPECIAL CLOSED-ENDED INVESTMENT FUND  
**LORDS LB BALTIC FUND III**

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ACTIVITY REPORT  
2020 Q1-Q2



LORDS LB  
Asset Management

LORDS LB ASSET



## I. GENERAL INFORMATION

1. The name of the Collective Investment Undertaking, legal form, the date of Commission's approval of the establishment documents of the Collective Investment Undertaking:

**Special Closed-ended 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.**

2. Reporting period:

**January 1, 2020 – June 30, 2020**

3. Data of the Management Company:

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

Name: **LORDS LB ASSET MANAGEMENT, UAB**  
Registry code: **301849625**

- 3.2. Visiting address:

**Jogailos str. 4, LT-011166 Vilnius, Lithuania**

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

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

- 3.4. License No.:

**Management Company working under Undertakings in Collective Investment Law license No. VIK-016, issued on the 23rd of December 2008**  
**Management Company working under Management Companies of Undertakings in Collective Investment for Professional Investors Law license No. 1, issued on the 23rd of June 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 and fax numbers:

Name: **"Swedbank", AB**  
Registry code: **112029651**  
Address: **Konstitucijos pr. 20A, LT-03502 Vilnius, Lietuva**  
Telephone no.: **+370 5 268 4422**

## 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	At the end of the period	One year ago	Two years ago
Amount of investment units	28.926.805,1685	28.393.661,1572	29.588.910,6814	31.814.513,9117
Net asset value	65.647 876,51	63.941.134,33	65.636.407,24	62.182.069,49
Investment unit value	2,2694	2,2520	2,2183	1,9545



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

	Amount of investment units	Market value
Distributed	0,0000	0,00
Redeemed	533.144,0113	1.200.000,54
Difference	-533.144,0113	-1.200.000,54

**III. COSTS 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, %, of average NAV of this period		Calculated this period	% of average NAV of this period
	Maximum	This period		
<b>ADMINISTRATION COSTS:</b>				
Management fee			-461.701,49	-0,70%
Fixed fee			499.194,07	0,77%
Success fee			-960.895,56	-1,47%
Depository services	0,20%	0,05%	33.279,61	0,05%
Transaction costs			0,00	0,00%
Audit	1,00%	0,01%	3.379,13	0,01%
Accounting services			11.616,00	0,02%
Legal services			14.675,18	0,02%
Loan interest			0,00	0,00%
Other administrative costs			10.332,78	0,02%
General costs and ratio*			-388.418,79	-0,58%
<b>Total costs</b>	<b>15,00%</b>	<b>-0,58%</b>	<b>-388.418,79</b>	<b>-0,58%</b>
<b>Total costs excl. success fee</b>			<b>572.476,77</b>	<b>0,89%</b>

\* 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.

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 10.000, and the annual rates of return – 5,00 percent:

**Provided with annual activity report.**



#### 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:

The name of credit institution / issuer	State	CUR	ISIN code	Term / Maturity	Yield, %	Purchase value	Market value	Share of NAV, %
<b>CASH:</b>								
AB "Swedbank"	LT	EUR					1.758.428,22	2,75%
<b>Total:</b>							<b>1.758.428,22</b>	<b>2,75%</b>
<b>DEPOSITS:</b>								
<b>Total:</b>								
<b>BONDS:</b>								
UAB "BFIII G1"	LT	EUR	LT301849OC11	2022-03-21	3,00%	14.909.500,00	15.031.295,93	23,51%
UAB "BFIII Kaunas"	LT	EUR	LT304515OB03	2022-03-21	2,94%	2.251.900,00	2.402.948,82	3,76%
UAB "BFIII Klaipėda"	LT	EUR	LT125221OB02	2022-03-21	2,94%	4.377.400,00	5.202.671,07	8,14%
UAB "BFIII Šiauliai"	LT	EUR	LT304515OB04	2022-03-21	2,94%	1.910.300,00	2.102.635,97	3,29%
<b>Total:</b>						<b>23.449.100,00</b>	<b>24.739.551,79</b>	<b>38,70%</b>
<b>EQUITIES:</b>								
UAB "BFIII Kaunas"	LT	EUR	LT304515AKC1			852.229,36	2.208.781,78	3,45%
UAB "BFIII Klaipėda"	LT	EUR	LT125221AKC1			1.656.627,89	3.128.193,25	4,89%
UAB "BFIII Šiauliai"	LT	EUR	LT304515AKC2			722.956,80	1.590.483,52	2,49%
UAB PC "Mandarinai"	LT	EUR	LT300528043U			4.751.766,99	6.450.000,00	10,09%
UAB "BFIII G1"	LT	EUR	LT302964388U			4.344,30	20.724.210,04	32,41%
UAB "SMI Alytus"	LT	EUR	LT250100560U			3.189.334,00	2.880.000,00	4,50%
UAB "SMI Marijampolė"	LT	EUR	LT300571450U			1.593.947,00	1.790.000,00	2,80%
<b>Total:</b>						<b>12.771.206,34</b>	<b>38.771.668,59</b>	<b>60,63%</b>
<b>RECEIVABLES:</b>								
<b>Total:</b>								
<b>TOTAL:</b>							<b>65.269.648,60</b>	<b>102,08%</b>

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

The objective of the Fund is to earn the IRR to the Investors of the Fund, who have invested into the commercial real estate objects of the Baltic States that generate income; and (or) into the real estate objects that require investments or concept changes; and (or) into the development projects.

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



**11. Distribution of investments according to investment strategy criteria:**

Investment Distribution	At the start of the period		At the end of the period	
	Market value	Share of NAV, %	Market value	Share of NAV, %
<b>BY ASSET CLASS:</b>	67.950.363,81	103,51%	65.269.648,60	102,08%
Cash	1.461.575,09	2,23%	1.758.428,22	2,75%
Deposits	0,00	0,00%	0,00	0,00%
Money market instruments	0,00	0,00%	0,00	0,00%
Non-equity securities	25.987.493,34	39,58%	24.739.551,79	38,69%
Equity securities	40.501.295,38	61,70%	38.771.668,59	60,64%
Other instruments and receivables	0,00	0,00%	0,00	0,00%
<b>BY CURRENCY:</b>	67.950.363,81	103,51%	65.269.648,60	102,08%
EUR	67.950.363,81	103,51%	65.269.648,60	102,08%

**12. 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**

**13. Comparative index and its brief description:**

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**14. Change in value of the investment unit at the same period, rates of annual net investment return of portfolio investment instruments for the last ten years of the Collective Investment Undertaking's activity:**

	Period			
	Current	1 year ago	2 years	10 years
Change in value of investment unit, €	-0,0174 €	0,1307 €	0,1521 €	-
Annual gross return on investments*, %	14,09%	15,92%	15,56%	-
Annual net return on investments*, %	12,83%	14,36%	14,47%	-
Standard deviation of change in value of investment unit, €	0,0100 €	0,0509 €	0,0684 €	-

\* From the beginning of Fund's activity.

**15. Change in value of the average investment unit 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	5 years	10 years	
Average change in value of investment unit, %	7,71%	11,81%	-	10,68%
Average gross return on investments, %	15,10%	14,92%	-	14,09%
Average net return on investments, %	13,67%	13,58%	-	12,83%
Standard deviation of change in value of investment unit, €	0,0565 €	0,0613 €	-	0,0515 €



16. The minimum and maximum fixed value of investment unit:

	Over the current period		Over the last period	
	Date	Value	Date	Value
Minimum fixed value of investment unit	2020.05.31	2,2508	2019.01.01	2,0876
Maximum fixed value of investment unit	2020.04.30	2,2741	2019.06.30	2,2183

17. 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**

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

18.1. The balances set out in a comparative table:

	At the end of the period	At the start of the period
<b>ASSETS:</b>	65.269.648,60	67.950.363,81
Cash and cash equivalents	1.758.428,22	1.461.575,09
Deposits	0,00	0,00
<b>Investments:</b>	63.511.220,38	66.488.788,72
Government and Central Bank securities	0,00	0,00
Bonds	24.739.551,79	25.987.493,34
Equities	38.771.668,59	40.501.295,38
Investment units	0,00	0,00
Real estate	0,00	0,00
Other investments	0,00	0,00
<b>Receivables:</b>	0,00	0,00
Receivable amounts from investment sales	0,00	0,00
Other receivables	0,00	0,00
<b>LIABILITIES AND NET ASSETS:</b>	65.269.648,60	67.950.363,81
<b>Liabilities:</b>	1.328.514,27	2.302.487,30
Liabilities for investments	0,00	0,00
Amounts to Management Company and Depository	263.760,06	275.394,81
Other amounts and liabilities	1.064.754,21	2.027.092,49
<b>Net assets:</b>	63.941.134,33	65.647.876,51



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

	Current	1 year ago
<b>THE NET ASSETS VALUE IN THE BEGINNING OF THE REPORTING PERIOD</b>	65.647.876,51	65.065.564,52
<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>	834.466,36	3.767.492,85
Interest income	359.466,36	387.492,85
Dividends	475.000,00	3.380.000,00
Lease income	0,00	0,00
Profit from investments value change and sales	0,00	1.092.936,36
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>	834.466,36	4.860.429,21
<b>DECREASE IN THE NET ASSETS VALUE</b>		
Payments to the participants of the fund	1.200.000,54	3.500.000,05
Payments to others funds	0,00	0,00
Loss from investment value change and sales	1.729.626,79	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>	-388.418,79	789.586,44
Reimbursement to management entity	-461.701,49	721.755,20
Reimbursement to Depositary	33.279,61	33.784,55
Reimbursement to intermediaries	0,00	0,00
Audit expenses	3.379,13	3.378,73
Interest expenses	0,00	0,00
Other expenses	36.623,96	30.667,96
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>	2.541.208,54	4.289.586,49
The change of net asset value	-1.706.742,18	570.842,72
Profit distribution	0,00	0,00
<b>THE NET ASSETS VALUE AT THE END OF REPORTING PERIOD</b>	63.941.134,33	65.636.407,24

“Current” is period from 2020-01-01 to 2020-06-30

“1 year ago” is period from 2019-01-01 to 2019-06-30



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

<b>INCOME</b>	<b>-895.160,43</b>
Interest income	359.466,36
Realized profit (loss) from investments into:	0,00
Equities	0,00
Bonds	0,00
Money market instruments	0,00
Derivative financial instruments	0,00
Investment units	0,00
Real estate	0,00
Other investment instruments	0,00
Unrealized profit (loss) from:	-1.729.626,79
Equities	-1.729.626,79
Bonds	0,00
Money market instruments	0,00
Derivative financial instruments	0,00
Investment units	0,00
Real estate	0,00
Other investment instruments	0,00
Other income:	475.000,00
Rental income	0,00
Profit from foreign currency exchange	0,00
Other	475.000,00
<b>EXPENSES</b>	<b>-388.418,79</b>
Operating expenses:	-388.418,79
Management expenses	-461.701,49
Depository expenses	33.279,61
Payments to brokers	0,00
Audit expenses	3.379,13
Other payments and expenditure	36.623,96
Other expenses:	0,00
Interest expense	0,00
Expenses related to managed real estate	0,00
Loss from foreign currency exchange	0,00
Other	0,00
<b>Net income</b>	<b>-506.741,64</b>
Payments (dividends) to the owners of fund units	0,00
Reinvested income*	-506.741,64

\* Fund did not make any new investments during the reporting period, nor did it reinvest the Fund's operating result, as the Fund's investment period has expired, so there is no decision of the Investment Committee on new investments. The item "Reinvested earnings" of this report discloses the Fund's operating result for the reporting period.





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

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21. 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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22. Value of real estate of investment portfolio of the Collective Investment Undertaking that is assessed by the latest real estate agents.

<b>PC "Mandarinas", Ateities str. 89, 91, Vilnius, Lithuania</b> Valuation by Newsec Valuations, UAB:	<b>EUR 16.950.000</b>
<b>Logistics Center "Bergi", "Augšvimbis", Bergi, Garkalne District, Latvia</b> Valuation by Newsec Valuations, UAB:	<b>EUR 27.910.000</b>
<b>PC "Jelgava", Rigas str. 11A, Jelgava, Latvia</b> Valuation by Newsec Valuations, UAB:	<b>EUR 13.690.000</b>
<b>PC "Krasta", Krasta str. 52, Riga, Latvia</b> Valuation by Newsec Valuations, UAB:	<b>EUR 4.320.000</b>
<b>PC "Liepaja" and administrative building, Jauna ostmala 3/5, Liepaja, Latvia</b> Valuation by Newsec Valuations, UAB:	<b>EUR 11.260.000</b>
<b>PC "Stirnu", Stirnu str. Riga, Latvia</b> Valuation by Newsec Valuations, UAB:	<b>EUR 16.620.000</b>
<b>PC "Marijampolē", Dariaus and Girēno str. 3A, Marijampolē, Lithuania</b> Valuation by Newsec Valuations, UAB:	<b>EUR 5.500.000</b>
<b>PC "Klaipēda", Taikos pr. 64, Klaipēda, Lithuania</b> Valuation by Newsec Valuations, UAB:	<b>EUR 18.150.000</b>
<b>PC "Kaunas", Savanorių av. 321, Kaunas, Lithuania</b> Valuation by Newsec Valuations, UAB:	<b>EUR 10.320.000</b>
<b>PC "Alytus", Udrijos str. 1, Alytus, Lithuania</b> Valuation by Newsec Valuations, UAB:	<b>EUR 7.960.000</b>
<b>PC "Šiauliai", Gegužių str. 30, Šiauliai, Lithuania</b> Valuation by Newsec Valuations, UAB:	<b>EUR 7.330.000</b>
<b>Land plot, Naujoji str. 7C, 7D, Alytus, Lithuania</b> Valuation by Newsec Valuations, UAB:	<b>EUR 110.000</b>

23. Auditor's report and financial statements:

**Provided with annual activity report.**

## VII. OTHER INFORMATION

24. 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.

In March 2020, a state of emergency was imposed in Lithuania and Latvia due to the global COVID-19 pandemic and lasted until June 2020. Due to the diversification of the Fund, no significant impact of the pandemic on the continuity of the Fund's operations is expected as of the date of this report, however, the pandemic and the introduction of quarantine may affect the Fund's performance and asset values.

25. 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.

## VIII. INFORMATION ABOUT DIVIDENDS

26. 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:

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

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

No	Amount	Currency	Loan date	Repayment term	Interest	Creditor	% of NAV
Total:	-						0,00%

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

No	Amount	Currency	Loan date	Repayment term	Interest	Debitor	% of NAV
Total:	-						0,00%



## X. PERSONS IN CHARGE

29. The Consultants, whose services were used 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.**

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

**Efim Hiterer, Fund Manager**

31. 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.

32. The persons in charge for the information presented in the Report:

- 32.1. The Managing company's persons, employees and the Managing Director responsible for the Report:

Managing Director:	<b>Vilma Tvaronavičienė</b>
Telephone no.:	<b>+370 5 261 9470</b>
E-mail:	<b>info@lordslb.com</b>

Fund Manager:	<b>Efim Hiterer</b>
Telephone no.:	<b>+370 5 261 9470</b>
E-mail:	<b>info@lordslb.com</b>

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

Assistant Manager:	<b>Tadas Prancėvičius</b>
The name of the company:	<b>Ernst &amp; Young Baltic, UAB</b>
Telephone no.:	<b>+370 5 274 2200</b>

