

CLOSED-END REAL ESTATE INVESTMENT FUND
LORDS LB OPPORTUNITY FUND II

ACTIVITY REPORT
2018 Q1-Q3



LORDS LB
Asset Management

LORDS LB ASSE



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:

Closed-end real estate investment fund LORDS LB OPPORTUNITY FUND II, 2011-06-17 by Decision no. 2K-118 of the Chairman of the Securities Commission of the Republic of Lithuania.

2. Reporting period:

January 1, 2018 – September 30, 2018

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, 01116 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:

Marius Žemaitis, Fund Manager

4. The title of Depository, registry code, address, telephone and fax numbers:

Name: **AB "SEB Bankas"**
Registry code: **112021238**
Address: **Gedimino av. 12, 01103 Vilnius, Lithuania**
Telephone no/Fax no.: **+ 370 5 268 2688 / + 370 5 268 2683**

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	14.023.602,0823	200.063,4218	16.506.111,4490	23.920.346,4053
Net asset value	2.123.213	32.725	3.039.654	4.160.722
Investment unit value	0,1514	0,1636	0,1842	0,1739



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

	Amount of investment units	Value, Eur
Distributed	-	-
Redeemed	13.823.538,6605	2.220.000
Difference	-13.823.538,6605	-2.220.000

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		Calculated this period	% of average NAV of this period
	Maximum	This period		
ADMINISTRATION COSTS:				
Management fee			5.598	0,77%
Fixed fee	1,20%	0,77%	5.598	0,77%
Success fee			-	0,00%
Depository services	0,30%	0,14%	996	0,14%
Transaction costs			-	0,00%
Audit	1,00%	0,10%	730	0,10%
Accounting services			12.616	1,73%
Legal services			2.105	0,29%
Loan interest			890	0,12%
Other administrative costs			2.202	0,30%
General costs and ratio*			24.246	3,32%*
General cost and weight	5,00%	3,44%	25.136	3,44%

* 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.



IV. INFORMATION ABOUT THE PORTFOLIO OF THE COLLECTIVE INVESTMENT UNDERTAKING

8. The portfolio of the Collective Investment Undertaking at the end of the reporting period:

The name of credit institution / issuer	State	CNCY	ISIN code	Term / Maturity	Yield, %	Purchase value	Market value	Share of NAV, %
CASH:								
AB SEB BANKAS	LT	EUR					37.228	113,76%
Total							37.228	113.76%
DEPOSITS:								
-								
BONDS:								
-								0,00%
Total								0.00%
EQUITIES:								
-								0,00%
Total								0.00%
Receivables:	LT	EUR						0,00%
TOTAL:							37.228	113.76%

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

The funds of the Collective Investment Undertaking are invested in the securities of the SPVs (Special purpose vehicles), which own the real estate objects.



10. 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, %
BY ASSET CLASS:	2.432.313	114,56%	37.228	113,76%
Cash	1.413.275	66,56%	37.228	113,76%
Deposits	-	0,00%	-	0,00%
Money market instruments	-	0,00%	-	0,00%
Non-equity securities	703.743	33,15%	-	0,00%
Equity securities	315.294	14,85%	-	0,00%
Other instruments and receivables	-	0,00%	-	0,00%
Real estate by type:	-	0,00%	-	0,00%
High-quality assets	-	0,00%	-	0,00%
Development projects	-	0,00%	-	0,00%
Distressed assets	-	0,00%	-	0,00%
Real estate by sector:	-	0,00%	-	0,00%
Office centers	-	0,00%	-	0,00%
Shopping centers	-	0,00%	-	0,00%
Logistics centers	-	0,00%	-	0,00%
Real estate by geography:	-	0,00%	-	0,00%
Lithuania	-	0,00%	-	0,00%
Latvia	-	0,00%	-	0,00%
Estonia	-	0,00%	-	0,00%
BY CURRENCY:	2.432.313	114,56%	37.228	113,76%
EUR	2.432.313	114,56%	37.228	113,76%

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

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

12. Comparative index and its brief description:

13. 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 ago	10 years ago
Change in value of investment unit, EUR	-0,0122	-0,0031	-0,0089	-
Annual gross return on investments, %	2,94%	5,13%	4,49%	-
Annual net return on investments, %	1,71%	3,94%	3,22%	-
Standard deviation of change in value of investment unit, EUR	0,0068	0,0020	0,0021	-



14. 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, %	-0,78%	0,02%	-	-7,83%
Average gross return on investments, %	4,18%	4,44%	-	2,94%
Average net return on investments, %	2,95%	2,98%	-	1,71%
Standard deviation of change in value of investment unit, EUR	0,0075	0,0055	-	0,0081

15. 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	2018.01.31	0,1502	2017.04.30	0,1803
Maximum fixed value of investment unit	2018.08.31	0,1720	2017.05.31	0,1859

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

VI. FINANCIAL STATEMENTS OF THE COLLECTIVE INVESTMENT UNDERTAKING

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

- 17.1. The balances set out in a comparative table:

	At the end of the period	At the start of the period
ASSETS:	37.228	2.432.313
Cash and cash equivalents	37.228	1.413.275
Deposits	-	-
Investments:	-	1.019.037
Government and Central Bank securities	-	-
Bonds	-	703.743
Equities	-	315.294
Funds	-	-
Real estate	-	-
Other investments	-	-
Receivables:	-	-
Receivable amounts from investment sales	-	-
Other receivables	-	-
LIABILITIES AND NET ASSETS:	37.228	2.432.313
Liabilities:	4.504	309.100
Liabilities for investments	-	-
Amounts to Management Company and Depository	1.525	7.713
Other amounts and liabilities	2.978	301.387
Net assets:	32.725	2.123.213



17.2. Financial statements of the net asset changes of the last 3 years, set out in a comparative table:

	Current	1 year ago	2 years ago
NET ASSETS AT THE START OF THE PERIOD	2,123,213	3,894,506	4,225,376
INCREASE:	299,458	122,410	291,825
Distributed fund units	-	-	15,728
Interest received	12,785	60,261	79,086
Operating income	-	-	-
Realized profit from investments	146,420	-	-
Increase of investment value	140,253	62,149	197,011
Increase of asset value due to FX	-	-	-
Other income	-	-	-
DECREASE:	2,389,946	977,262	356,479
Redeemed fund units	2,220,000	920,000	300,000
Dividends	-	-	-
Interest	890	4,680	1,143
Management expenses	5,598	30,868	30,872
Realized loss from investments	144,80	-	-
Decrease in value of investments	-	-	-
Decrease of asset value due to FX	-	-	-
Other expenditure	18,649	21,713	24,464
NET ASSETS AT THE END OF THE PERIOD	32,725	3,039,654	4,160,722
ACCOUNTING OF UNIT VALUE	0.1636	0.1842	0.1739
ACCOUNTING AMOUNT OF UNITS	200,063,4218	16,506,111,4490	23,920,346,4053

"Current" is period from 2018-01-01 to 2018-09-30

"1 year ago" is period from 2017-01-01 to 2017-09-30

"2 years ago" is period from 2016-01-01 to 2016-09-30



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

INCOME	154.648
Interest income	12.785
Realized profit (loss) from investments into:	1.610
Equities	1.610
Bonds	-
Money market instruments	-
Derivative financial instruments	-
Funds	-
Real estate	-
Other investment instruments	-
Unrealized profit (loss) from:	140.253
Equities	140.253
Bonds	-
Money market instruments	-
Derivative financial instruments	-
Funds	-
Real estate	-
Other investment instruments	-
Other income:	-
Rental income	-
Profit from foreign currency exchange	-
Other	-
EXPENSES	25.136
Operating expenses:	24.246
Management expenses	5.598
Depository expenses	996
Payments to brokers	-
Audit expenses	730
Other payments and expenditure	16.923
Other expenses:	890
Interest expense	890
Expenses related to managed real estate	-
Loss from foreign currency exchange	-
Other	-
Net income	129.512
Payments (dividends) to the owners of fund units	-
Reinvested income	129.512

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

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

Land plot with buildings, Kęstučio str. 31, Palanga
Valuation of UAB "Resolution Valuations":

EUR 644.000

22. Auditor's report and financial statements:

Provided with annual activity report.



VII. OTHER INFORMATION

23. 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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24. 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

25. 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

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

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

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

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



IX. PERSONS IN CHARGE

28. 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:

Consultant services were not used when preparing this report.

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

Marius Žemaitis, Fund Manager

30. 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.

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

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

Managing Director: **Domas Kačinskas**
Telephone no.: **+370 5 261 9470**
E-mail: **info@lordslb.com**

Fund Manager: **Marius Žemaitis**
Telephone no.: **+370 5 261 9470**
E-mail: **info@lordslb.com**

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

Chief Accountant: **Eladijus Kirijanovas**
The name of the company: **M-FINANCE, UAB**
Telephone no.: **+370 5 265 3377**