

LORDS LB ASSET MANAGEMENT

**ACTIVITY REPORT
2016 Q2**



LORDS LB
Asset Management



I. GENERAL INFORMATION

1. Main data of the Management Company:

1.1. Name:

UAB „LORDS LB ASSET MANAGEMENT“

1.2. Address:

Registry address: **Jogailos str. 4, 01103 Vilnius, Lithuania**
Visiting address: **Jogailos str. 4, 01103 Vilnius, Lithuania**

1.3. Telephone No., e-mail, website:

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

1.4. Activity Licence No of the Management Company:

Management Company working under Undertakings in Collective Investment Law License No. VĮK-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

1.5. Registry date, place and code of the Management Company at the Register of Legal Entities of the Republic of Lithuania:

Registry date: **8th September 2008**
Registry place: **State Enterprise Centre of Registers Vilnius Branch**
Company code: **301849625**

2. Reporting period:

January 1, 2016 – June 30, 2016

3. The title of Auditor, address, telephone and fax numbers:

Name: **PricewaterhouseCoopers, UAB**
Address: **J. Jasinskio str. 16B, Vilnius, Lithuania**
Telephone No.: **+ 370 5 239 2300**
Fax No.: **+ 370 5 239 2301**

4. The beginning and the end of Financial Year:

January 1, 2016 – December 31, 2016

5. Information about where and when to get acquainted with the Activity Report and the documentation it is based on:

UAB „LORDS LB ASSET MANAGEMENT“
Jogailos str. 4, 01116 Vilnius, Lithuania, during working hours 9 am – 6 pm.



II. INFORMATION OF THE CAPITAL OF THE MANAGEMENT COMPANY, ISSUED SECURITIES AND THE SHAREHOLDERS

6. The capital of the Management Company:

6.1. The amount of authorized capital, structure and its changes during the last three years and registry dates of the changes of the Statute at the State Enterprise Centre of Registers:

**At the end of the reporting period the amount of authorized capital was EUR 318.560
Since the establishment of the Management Company the authorized capital was
increased once from EUR 202.734,01 to EUR 318.560.**

6.2. The amount of issued shares by the Management Company, par value and the granted rights:

11.000 ordinary registered shares with par value of EUR 28,96 each.

7. Borrowings (in percentage), over equity, purpose of borrowings, period, payable interest.

On December 31, 2015 the Management Company didn't have any loans.

8. The amount of equity invested in a diversified portfolio of investments:

**The amount of equity invested in a diversified portfolio of
investments – EUR 648.932 of which EUR 522.741 is cash.**

9. Shareholders:

9.1. The number of shareholders and its change over last three years:

Number of shareholders 2013 12 31	6
Number of shareholders 2014 12 31	6
Number of shareholders 2015 12 31	6
Number of shareholders 2016 06 30	6

9.2. Shareholders who own or control more than 10 percent of the management company's share capital: personal names, corporate names, type, location address, registry code, number of shares owned by the shareholders, share capital and voting percentages – voting percentages of the shares owned by each person and percentage of votes belonging to the person together with other participants.

Name:	UAB „Glera“
Company code:	302576414
Registry address:	Jogailos g. 4, Vilnius, Lithuania
Owens:	5'170 shares and 47% votes

Name:	UAB „Aemulus“
Company code:	302578408
Registry address:	Jogailos str. 9, Vilnius, Lithuania
Owens:	2'860 shares and 26% votes



9.3. Charged and paid dividends and period for which dividends were paid:

Dividends of EUR 650.000 for 2015 were declared in Q1 2016. Dividends were paid out in February 2016.

9.4. The number of shares owned, share capital and votes (in percentage) of the head, administration staff and other related persons of the Management Company:

Name, surname: **Andrius Stonkus**
Position: **Investment manager**
Owns: **3.960 shares and 36% of votes**

Name, surname: **Mindaugas Marcinkevičius**
Position: **Consultant**
Owns: **5.170 shares and 47% of votes**

III. INFORMATION ABOUT THE ACTIVITY OF THE MANAGEMENT COMPANY

10. Membership in associated structures:

-

11. Clients of the Management Company:

11.1. Collective investment undertakings:

Type of CIU	Name	NAV	Average NAV for the reporting period	Net IRR since inception	Number of participants	Calculated Management fee for the reporting period	Paid Management fee during the reporting period
RE	Lords LB Baltic Fund I	6.503.981,38	6.614.753,03	11,81%	47	49.683,82	50.667,40
RE	Lords LB Baltic Fund III	57.524.106,69	53.575.317,64	11,50%	83	348.203,59	323.112,42
RE	Lords LB Baltic Fund IV	32.127.956,70	26.916.676,05	16,48%	22	202.901,32	183.333,34
RE	Lords LB Baltic Small Cap	6.072.853,40	4.904.276,96	15,18%	33	4.834,59	4.261,08
RE	Lords LB Opportunity Fund II	4.157.992,36	4.194.673,08	3,49%	18	20.497,94	41.042,15
PE	Lords LB Private Equity Fund I	22.216.111,52	21.939.543,97	4,20%	17	136.794,90	53.784,99
ATII	Lords LB Battery Fund	3.428.897,77	3.163.813,67	9,29%	5	18.603,03	18.373,41
RE	Lords LB Special Fund I	10.655.550,43	9.047.284,58	-0,63%	19	114.126,26	116.909,75
RE	Lords LB Special Fund II	3.610.325,72	3.609.015,64	0,06%	8	9.456,14	0,00
Total:		146.297.775,97	133.965.354,62		252	905.101,59	791.484,54

11.2. Pension funds:

The Company does not control pension funds.

11.3. Information about individual clients' portfolio:

The Company does not control individual clients' portfolio.

11.4. Information about custody and management of Collective investment undertaking units:

The Company does not custody nor manage Collective investment undertaking units.



12. Security public trading brokers with which the Management Company has been concluded management agreements for the benefit of its own and controlled undertakings:

The company has no management agreements with security public trading brokers.

13. The amount of fee paid to the security public trading brokers for the services:

-

14. Information about the delegation of functions:

Functions:	Accounting and tax record management
Name:	M-FINANACE, UAB
Address:	Užupio str. 23-2, Vilnius, Lithuania
Amount paid:	EUR 2.104

15. Description of the key activities of the Management Company during the last three financial years:

Key activities:	Establishment and management of real estate and private capital funds
Income:	EUR 909.112
Net asset value:	EUR 146.297.776
Number of clients:	9

16. Real estate:

The company does not own real estate.

17. Risk factors, related to the Management Company:

- **Economic and political situation in the Baltics and neighbouring countries**
- **Changes in global equity and real estate markets**
- **Currency exchange rate risk**
- **Changes in taxing environment**
- **Competitive risks.**

18. Juridical and arbitration proceedings:

-

19. Number of employees, education, average monthly wage; changes compared to the previous financial year, and their brief description:

Number of employees:	14
With higher Education:	14
Average monthly wage:	EUR 2.057
Changes:	A fund manager was hired in January, 2016.



IV. INVESTMENTS

20. Investment portfolio at the end of the financial year:

The name of credit institution / issuer	Country	CNCY	ISIN code	Term / Maturity	Yield, %	Purchase value, CNCY	Market value, CNCY	Market value, EUR	Share, %
CASH:								522.741,24	80,55%
SEB bankas	LT	EUR				0,00	287.702,38	287.702,38	44,33%
Danske bankas	LT	EUR				0,00	132.159,33	132.159,33	20,37%
Swedbank	LT	EUR				0,00	102.879,53	102.879,53	15,85%
DEPOSITS:								0,00	0,00%
-									
BONDS:								0,00	0,00%
regulated markets:								0,00	0,00%
-									
non-regulated markets:								0,00	0,00%
-									
Issuer	Country	CNCY	ISIN code	Type		Purchase value, CNCY	Market value, CNCY	Market value, EUR	Share, %
FUND UNITS:								126.191,17	19,45%
Matching article 61.1 of CIU law of Lithuania								0,00	0,00%
-								0,00	0,00%
Others:								126.191,17	19,45%
Lords LB Baltic Fund I units	LT	EUR	LTIF00000039			121.892,63	126.411,30	124.631,14	19,21%
Lords LB Baltic Fund III units	LT	EUR	LTIF00000075			1.212,65	1.485,78	1.560,03	0,24%
Total:								648.932,41	100,00%



V. FINANCIAL STATEMENTS

21. Financial reports of the Collective Investment Undertaking, prepared according to the laws of the Republic of Lithuania and legal requirements:

Balance report:

No.	Items	At the end of the period	At the start of the period
A.	ASSETS		
1.	Cash & cash equivalents	522.741	1.558.460
1.1.	Cash	-	-
1.2.	Cash equivalents	-	-
1.3.	Cash in bank	522.741	1.558.460
2.	Current assets	-	-
2.1.	Derivatives	-	-
2.2.	Equities	-	-
2.3.	Bonds	-	-
2.4.	Fund units	-	-
2.5.	Other financial assets	-	-
3.	Financial assets at fair value through profit or loss	126.191	127.897
3.1.	Equities	-	-
3.2.	Bonds	-	-
3.3.	Fund units	126.191	127.897
3.4.	Other financial assets	-	-
4.	Available-for-sale financial assets	-	-
4.1.	Equities	-	-
4.2.	Bonds	-	-
4.3.	Fund units	-	-
4.4.	Other financial assets	-	-
5.	Loans and receivables	747.991	551.171
5.1.	Loans and prepayments	35.102	23.180
5.2.	Other receivables	712.889	527.991
6.	Held-to-maturity investments	-	-
6.1.	Bonds	-	-
6.2.	Other financial assets	-	-
7.	Derivatives. Hedge accounting	-	-
8.	Changes in fair value of Interest Swap agreements	-	-
9.	Investments in subsidiaries, joint ventures and associates	-	-
10.	Tangible assets	2.413	3.276
10.1.	Property, plant and equipment	2.413	3.276
10.2.	Investment property	-	-
11.	Intangible assets	1	8
11.1.	Goodwill	-	-
11.2.	Other intangible assets	1	8
12.	Tax assets	-	-
12.1.	Current period deferred tax assets	-	-
12.2.	Deferred tax assets	-	-
13.	Other assets	47.994	10.352
	ASSETS, TOTAL	1.447.331	2.251.164



No.	Items	At the end of the period	At the start of the period
	EQUITY & LIABILITIES		
B.	LIABILITIES		
1.	Trade payables	-	-
1.1.	Derivatives	-	-
1.2.	Bonds	-	-
1.3.	Other financial liabilities	-	-
2.	Financial liabilities	-	-
2.1.	Bonds	-	-
2.2.	Other financial liabilities	-	-
3.	Financial liabilities at amortized cost	-	-
3.1.	Bonds	-	-
3.2.	Loans	-	-
3.3.	Other financial liabilities	-	-
4.	Derivatives. Hedge accounting	-	-
5.	Changes in Fair Value of a Portfolio Hedge of Interest Rate Risk	-	-
6.	Provisions and contingent liabilities	-	-
7.	Tax liabilities	54.318	167.933
7.1.	Current period deferred tax liabilities	54.318	167.933
7.2.	Deferred tax liabilities	-	-
8.	Other liabilities	145.292	460.445
8.1.	Payroll related liabilities	99.375	326.950
8.2.	Other payables and liabilities	45.917	133.495
9.	LIABILITIES, TOTAL	199.610	628.378
C.	EQUITY		
1.	Share capital	318.560	318.560
1.1.	Share capital	318.560	318.560
1.2.	Shares issued but not fully paid	-	-
2.	Share premium	-	-
3.	Other equity	-	-
4.	Accrued other comprehensive income	-	-
5.	Retained earnings	897.303	1.272.368
6.	Revaluation reserves	-	-
7.	Other reserves	31.858	31.858
8.	(-) Own shares	-	-
9.	EQUITY, TOTAL	1.247.721	1.622.786
	EQUITY & LIABILITIES, TOTAL	1.447.331	2.251.164



Off - Balance report:

No.	Items	At the end of the period	At the start of the period
I.	Managed clients assets	146.297.776	122.045.562
I.1.	Client money	-	-
I.2.	Securities acquired on behalf of clients	-	-
I.3.	Amounts received from clients' undertaking transactions	-	-
I.4.	Managed KIS and pension funds' assets	146.297.776	122.045.562
II.	Other off-balance liabilities	390.545	434.760
II.1.	Warranties and guarantees	-	-
II.2.	Financial derivatives acquired at the company's cost	-	-
II.2.1.	Receivables	-	-
II.2.2.	Payables	-	-
II.3.	Other off-balance sheet liabilities	390.545	434.760



Income (loss) statement:

No.	Items	Current period	Previous period
1.	Interest income	434	825
2.	Interest expenses	-	-
3.	Dividend income	-	-
4.	Services and commission income	909.112	624.767
5.	Services and commission expenses	-110.613	-94.808
6.	Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	-	-
6.1.	Financial assets held for sale	-	-
6.2.	Loans and receivables	-	-
6.3.	Investments held to maturity	-	-
6.4.	Financial liabilities measured at amortised cost	-	-
6.5.	Other	-	-
7.	Gains or losses on financial assets and liabilities held for trading, net	-	-
8.	Gains or losses on financial assets and liabilities designated at fair value to profit or loss, net	2.159	3.209
9.	Gains or losses from hedge accounting	-	-
10.	Profit (loss) from currency exchange	17	8
11.	Gains or losses on derecognition of non-financial assets other than held-for-sale	-	-
12.	Other operating income	23.350	45.180
13.	Other operating expense	-	-
14.	TOTAL INCOME	824.459	579.181
15.	Administrative expenses	-500.150	-304.564
15.1.	Staff costs	-134.364	-102.623
15.2.	Other administrative expenses	-365.786	-201.941
16.	Depreciation	-	-
17.	Provisions and reversal of provisions	-	-
18.	Impairment or reversal of impairment of financial assets held at cost	-	-
18.1.	Financial assets held at cost	-	-
18.2.	Financial assets held for sale	-	-
18.3.	Loans and receivables	-	-
18.4.	Investments held to maturity	-	-
19.	Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates	-	-
20.	(Non-financial asset value decrease or value reversal)	-	-
21.	Negative goodwill, accounted in profit and (loss)	-	-
22.	Profit and (loss) from investments in subsidiaries and related companies	-	-
23.	PRE-TAX PROFIT	324.309	274.617
24.	Tax	-49.374	-41.102
25.	NET PROFIT	274.935	233.515
26.	OTHER GROSS INCOME	-	-
26.1.	Financial assets held for sale	-	-
26.2.	Other	-	-



Cash flow statement:

No.	Item	Financial year	Corresponding period in previous year
I.	Cash flow from operations	-389.584	62.670
I.1.	commissions received	-	-
I.2.	commissions paid	-514	-359
I.3.	receivables for other services	-	-
I.4.	payables for other services	-474.318	-195.836
I.5.	stock purchase	-	-
I.6.	stock transfer	-	-
I.7.	dividends received	-	-
I.8.	dividends paid	-	-
I.9.	interest received	-	-
I.10.	interest paid	-	-
I.11.	payments to employees	-299.596	-149.404
I.12.	taxes paid	-362.116	-158.322
I.13.	revenue from other major activity	791.485	566.591
I.14.	payables for other major activity	-44.525	-
II.	Cash flow from investments	3.865	74.994
II.1.	stock purchase	-	-81.388
II.2.	stock transfer	3.865	152.982
II.3.	dividends received	-	-
II.4.	interest received	-	3.400
II.5.	acquisition of fixed assets	-	-
II.6.	disposal of fixed assets	-	-
II.7.	loans	-	-
II.8.	recovery of loans	-	-
II.9.	other investment cash receipts	-	-
II.10.	other investment cash payments	-	-
III.	Cash flow from financing	-650.000	-125.000
III.1.	issue of shares	-	-
III.1.2.	Owners' contributions against the loss	-	-
III.2.	purchase of shares	-	-
III.3.	issue of other shares	-	-
III.4.	purchase of other shares	-	-
III.5.	loans received	-	-
III.6.	loans repaid	-	-
III.7.	payment for the lease (financial lease)	-	-
III.8.	dividends paid	-650.000	-125.000
III.9.	interest paid	-	-
III.10.	amounts received for the subordinated liabilities	-	-
III.11.	amounts paid for the subordinated liabilities	-	-
III.12.	cash flow from other financing activity	-	-
III.13.	payment from other financing activity	-	-
IV.	Cash flow from extraordinary activities	-	-
IV.1.	increase of cash flow from extraordinary activities	-	-
IV.2.	decrease of cash flow from extraordinary activities	-	-
V.	Leverage of currency exchange on cash balances	-	-
VI.	Increase (decrease) of net cash flow	-1.035.719	12.664
VII.	Cash at the beginning of the period	1.558.460	68.791
VIII.	Cash at the end of the period	522.741	81.455



Changes in equity:

	Paid up share capital	Share premium	Own shares (-)	Reserve			Revaluation reserve		Retained profit	Total:
				Legal	For own shares	Other	Tangible assets	Financial assets		
1. Year-end balance in financial year (2 years ago)	318.582	-	-	15.929	-	-	-	-	276.575	611.086
2. Dividends	-	-	-	-	-	-	-	-	-125.000	-125.000
3. Euro recalculation	-22	-	-	-	-	-	-	-	22	-
4. Required reserves	-	-	-	15.929	-	-	-	-	-15.929	-
5. Net income (loss) of the reporting period	-	-	-	-	-	-	-	-	1.136.700	1.136.700
6. Year-end balance in financial year (1 year ago)	318.560	-	-	31.858	-	-	-	-	1.272.368	1.622.786
7. Dividends	-	-	-	-	-	-	-	-	-650.000	-650.000
8. Change in required reserves	-	-	-	-	-	-	-	-	-	-
9. Net income (loss) of the reporting period	-	-	-	-	-	-	-	-	274.935	274.935
10. Year-end balance of current financial year	318.560	-	-	31.858	-	-	-	-	897.303	1.247.721

22. Capital adequacy ratio for the reporting period.

Capital adequacy ratio of the Management Company at the end of the reporting period was 3,61.

VI. MANAGEMENT OF THE COMPANY

23. Company bodies (supervisory board members, board members, company manager, deputy manager, chief accountant):

23.1. Names, surnames, positions of the persons of the Management Company, share capital and votes in percentage:

Jan Ake Gustaf Litborn	Chairman of the Board	0%
Domas Kačinskas	Board member	0%
Mindaugas Marcinkevčius	Board member	47%
Andrius Stonkus	Board member	36%
Antanas Vainauskas	Board member	9%
Eladijus Kirijanovas	Chief accountant	0%

23.2. The additional information about the Chairman of the Board, Manager of the Company and the Chief Accountant: background, workplaces during last 10 years and positions there.

Jan Ake Gustaf Litborn	Chairman of the Board (pending Bank of Lithuania's approval)
Education:	MSc in Law at Stockholm university
Work experience:	Partner, „Levander Gawell“
	Partner, „Sohlberg“
Current positions:	Partner, „Glimstedt“



Domas Kačinskas Education:	Managing Director MSc in Business Administration, International Business School at Vilnius University BSc in Banking at Faculty of Economics in Vilnius University
Work experience:	AB „Hansa Bankas” Head of Corporate Clients Department „Akropolis LT” Director, Board Member „Danske Bank” Head of Vilnius region
Current positions:	UAB „PP6” Director UAB „SMI Alytus“ Director UAB „SMI Marijampolė“ Director UAB „Lords LB Asset Management“ Director
Eladijus Kirijanovas Education:	M-Finance, UAB - Director Baltic Management Institute (BMI), Executive Master of Business Administration (EMBA) MSc in Business Administration at Vytautas Magnus University BSc in Business Management, VGTU
Work experience:	AB „Sanitas“ CFO „Sonex Holding“ President, CEO
Current positions:	„M-Finance“, UAB Director „Mama Holding“, UAB Director

23.3. Information about participation in activity of other companies, institutions, organizations (titles, positions) and capital (company, institution, organization, the percentage of capital and votes):

Mindaugas Marcinkevičius	UAB „Glera”
Antanas Vainauskas	UAB „Serenus”

23.4. Information about the Board of the company at the beginning and at the end of the term:

Jan Litborn	2016 04 18 – 2019 12 18
Domas Kačinskas	2016 01 15 – 2019 12 18
Mindaugas Marcinkevičius	2016 01 15 – 2019 12 18
Andrius Stonkus	2016 01 15 – 2019 12 18
Antanas Vainauskas	2016 01 15 – 2019 12 18

24. The names, surnames, date of birth, addresses, phone numbers, education, the title and number of qualification certificate of the Management Company’s leadership who have experience in finance or other qualification.

Manfredas Dargužis, 1986, Jogailos 4 Vilnius, Higher education, +370 5 261 94 70, Financial brokerage license no. S301
Artūras Šilinis, 1970, Jogailos 4 Vilnius, Higher education, +370 5 261 94 70, Financial brokerage license nr. A173



25. Information about payments or loans to the corporate bodies of the Company (supervisory board members, board members, manager of the company, manager's deputy, chief accountant):

25.1. Information about bonuses and other payments from the profits of the average values per one person paid to the leadership of the Company during the reporting period:

During the reporting period the amount accrued in connection with executives' employment – EUR 83.039. Number of executives – 1.

25.2. Salaries, bonuses and other payments of the amount of the profit received from the companies in which the management company's share capital consists of more than 20 percent paid to the Management Company's supervisory board, the board and administration during the reporting period:

-

25.3. Loans, guaranties and sureties of their obligations allotted to the members of the corporate bodies during the reporting period:

Loan of EUR 17.377,2 was provided to a related entity at July 29, 2012. Repayment term – September 30, 2016.

26. Indicate the members associated with the Management Company:

26.1. The entities which control the Management Company or are under control of the Management Company:

-

26.2. If the entity under control or controls is a legal person, indicate its leadership:

-

27. The concluded transactions on the asset of CIU funds, managed by the Management Company, by the individuals associated with the Management Company; the part of CIU portfolio managed by that individuals:

-



**VII. RECENT AND ESSENTIAL EVENTS
OF THE ACTIVITY OF THE MANAGEMENT COMPANY,
IT'S PROSPECTIVE**

- 28.** Recent and essential events of the activity of the Management Company (definition of the recent and essential events of the reporting period, the date (period):

January 5, 2016 registered new energy and infrastructure fund Energy and Infrastructure Baltic Fund.

April 12, 2012 registered two new real estate investment funds Lords LB Special Fund II and Lords LB Special Fund III.

- 29.** The strategy of the activity and prospective changes of it during the forthcoming financial years:

The main objectives of the Managing Company in 2016 are:

- **To dispose all assets of Lords LB Baltic Fund I and successfully close the Fund.**
- **Continue to invest funds of Lords LB Opportunity Fund II, Lords LB Baltic Fund III, Lords LB Baltic Fund IV and Lords LB Private Equity I.**
- **Start the investment process of three new real estate investment funds – Lords LB Special Fund I, Lords LB Special Fund II, Lords LB Special Fund III.**
- **Start the investment of the new energy and infrastructure investment fund – Energy and Infrastructure Baltic Fund.**

- 30.** Auditor's report and financial statements:

Provided with annual activity report.



VIII. PERSONS IN CHARGE

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: **Domas Kačinskis**
Tel.: **(+370) 5 261 9470**
E-mail: **info@lordslb.lt**

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

Chief Accountant: **Eladijus Kirijanovas**
Name of the company: **M-FINANCE, UAB**
Tel.: **+370 5 265 3377**
E-mail: **eladijus@mfinance.lt**