

LORDS LB ASSET MANAGEMENT

**ACTIVITY REPORT
2017 Q1-Q2**



LORDS LB
Asset Management

LORDS LB ASSE



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 License No of the Management Company:

Management Company working under Undertakings in Collective Investment Law license No. VJK-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, 2017 – June 30, 2017

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

Name: **KPMG Baltics, UAB**
Address: **Konstitucijos ave. 29, Vilnius, Lithuania**
Telephone No.: **+ 370 5 210 2600**
Fax No.: **+ 370 5 210 2659**

4. The beginning and the end of Financial Year:

January 1, 2017 – December 31, 2017

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 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 June 30, 2017 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 999.931 of which 998.278 EUR is cash.**

9. Shareholders:

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

Number of shareholders 2014 12 31	6
Number of shareholders 2015 12 31	6
Number of shareholders 2016 09 30	6
Number of shareholders 2017 03 31	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 400.000 for 2016 were declared in Q1 2017. Dividends were paid out in March 2017.

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 III	60.955.785	61.631.674	11,18%	84	460.214	458.608
RE	Lords LB Baltic Fund IV	47.402.441	44.783.414	13,70%	28	284.197	280.696
RE	Lords LB Baltic Small Cap	7.995.659	7.492.274	12,64%	40	6.351	6.099
RE	Lords LB Opportunity Fund II	3.052.281	3.503.192	4,21%	18	20.466	10.374
RE	Lords LB Private Equity Fund I	23.357.995	23.089.920	4,54%	14	143.593	361.281
CE	Lords LB Private Equity Fund III	6.626.386	6.561.664	37,12%	7	35.996	2.345
OE	Lords LB Battery Fund	3.651.056	3.709.258	10,50%	6	22.582	21.661
RE	Lords LB Special Fund I	11.605.465	11.466.544	0,15%	20	112.822	113.288
RE	Lords LB Special Fund II	4.992.879	4.650.154	3,24%	13	34.497	53.590
RE	Lords LB Special Fund III	10.661.422	11.875.225	-16,70%	4	45.188	102.322
RE	Lords LB Special Fund IV	5.433.837	4.776.746	-2,09%	23	86.058	78.721
RE	Lords LB Special Fund V	14.677.999	14.677.999	59,15%	14	10.153	-
CE	Energy and Infrastructure SME Fund	5.371.665	4.738.329	2,21%	11	34.826	33.960
CE	Energy and Infrastructure Baltic Fund	-	-	-	-	-	-
Total:		205.784.873	202.956.391		282	1.296.943	1.522.946

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 2.108

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 5.553.250
Net asset value:	EUR 205.784.873
Number of clients:	14

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 neighboring 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 (including annual bonuses); changes compared to the previous financial year, and their brief description:

Number of employees:	15
With higher Education:	15
Average monthly wage:	EUR 2.194
Changes:	A fund manager has left the company in January, 2017. A fund manager joined the company in January, 2017.



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:								998.278	99,83%
SEB bankas	LT	EUR				-	129.810	129.810	12,98%
Danske bankas	LT	EUR				-	296.593	296.593	29,66%
Swedbank	LT	EUR				-	571.875	571.875	57,19%
DEPOSITS:								-	0,00%
-									
BONDS:								-	0,00%
regulated markets:								-	0,00%
-									
non-regulated markets:								-	0,00%
-									
Issuer	Country	CNCY	ISIN code	Type		Purchase value, CNCY	Market value, CNCY	Market value, EUR	Share, %
FUND UNITS:								1.653	0,17%
Matching article 61.1 of CIU law of Lithuania								-	0,00%
-								-	0,00%
Others:								1.653	0,17%
Lords LB Baltic Fund III units	LT	EUR	LTIF00000075			1.190	1.653	1.653	0,17%
Total:								999.831	100,00%



V. FINANCIAL STATEMENTS

21. Financial reports of the Management Company, 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	998.278	889.793
1.1.	Cash	-	-
1.2.	Cash equivalents	-	-
1.3.	Cash in bank	998.278	889.793
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	1.653	1.679
3.1.	Equities	-	-
3.2.	Bonds	-	-
3.3.	Fund units	1.653	1.679
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	958.439	1.153.232
5.1.	Loans and prepayments	102.641	18.626
5.2.	Other receivables	855.798	1.134.606
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	1.182	1.752
10.1.	Property, plant and equipment	1.182	1.752
10.2.	Investment property	-	-
11.	Intangible assets	-	-
11.1.	Goodwill	-	-
11.2.	Other intangible assets	-	-
12.	Tax assets	-	-
12.1.	Current period deferred tax assets	-	-
12.2.	Deferred tax assets	-	-
13.	Other assets	62.251	11.961
	ASSETS, TOTAL	2.021.803	2.058.417



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	91.110	87.665
7.1.	Current period tax liabilities	91.110	87.665
7.2.	Deferred tax liabilities	-	-
8.	Other liabilities	158.084	311.158
8.1.	Payroll related liabilities	99.282	124.308
8.2.	Other payables and liabilities	58.802	186.850
9.	LIABILITIES, TOTAL	249.194	398.823
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	1.422.191	1.309.176
6.	Revaluation reserves	-	-
7.	Other reserves	31.858	31.858
8.	(-) Own shares	-	-
9.	EQUITY, TOTAL	1.772.609	1.659.594
	EQUITY & LIABILITIES, TOTAL	2.021.803	2.058.417



Off - Balance report:

No.	Items	At the end of the period	At the start of the period
I.	Managed clients assets	205.784.873	183.273.237
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	205.784.873	183.273.237
II.	Other off-balance liabilities	302.117	346.334
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	302.117	346.334



Income (loss) statement:

No.	Items	Current period	Previous period
1.	Interest income	523	434
2.	Interest expenses	-	-
3.	Dividend income	-	-
4.	Services and commission income	1,322,862	909,112
5.	Services and commission expenses	-269,214	-110,613
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	7	2,159
9.	Gains or losses from hedge accounting	-	-
10.	Profit (loss) from currency exchange	-359	17
11.	Gains or losses on derecognition of non-financial assets other than held-for-sale	-	-
12.	Other operating income	-	23,350
13.	Other operating expense	-	-
14.	TOTAL INCOME	1,053,819	824,459
15.	Administrative expenses	-449,694	-500,150
15.1.	Staff costs	-137,391	-134,364
15.2.	Other administrative expenses	-312,303	-365,786
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	604,125	324,309
24.	Tax	-91,110	-49,374
25.	NET PROFIT	513,015	274,935
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	493.289	-389.584
I.1.	commissions received	-	-
I.2.	commissions paid	-854	-514
I.3.	receivables for other services	-	-
I.4.	payables for other services	-298.641	-474.318
I.5.	securities purchase	-	-
I.6.	securities transfer	-	-
I.7.	dividends received	-	-
I.8.	dividends paid	-	-
I.9.	interest received	-	-
I.10.	interest paid	-	-
I.11.	payments to employees	-273.245	-299.596
I.12.	taxes paid	-429.184	-362.116
I.13.	revenue from other major activity	2.702.713	791.485
I.14.	payables for other major activity	-1.207.500	-44.525
II.	Cash flow from investments	15.449	3.865
II.1.	securities purchase	-	-
II.2.	securities transfer	-	3.865
II.3.	dividends received	-	-
II.4.	interest received	3.072	-
II.5.	acquisition of fixed assets	-	-
II.6.	disposal of fixed assets	-	-
II.7.	loans	-800.000	-
II.8.	recovery of loans	812.377	-
II.9.	other investment cash receipts	-	-
II.10.	other investment cash payments	-	-
III.	Cash flow from financing	-400.000	-650.000
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	-400.000	-650.000
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	-253	-
VI.	Increase (decrease) of net cash flow	108.485	-1.035.719
VII.	Cash at the beginning of the period	889.793	1.558.460
VIII.	Cash at the end of the period	998.278	522.741



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)	318.560	-	-	31.858	-	-	-	-	1.272.368	1.622.786
2. Dividends	-	-	-	-	-	-	-	-	-650.000	-650.000
3. Net income (loss) of the reporting period	-	-	-	-	-	-	-	-	686.808	686.808
4. Year-end balance in financial year (1 year ago)	318.560	-	-	31.858	-	-	-	-	1.309.176	1.659.594
5. Dividends	-	-	-	-	-	-	-	-	-400.000	-400.000
6. Net income (loss) of the reporting period	-	-	-	-	-	-	-	-	513.015	513.015
7. Year-end balance of current financial year	318.560	-	-	31.858	-	-	-	-	1.422.191	1.772.609

22. Capital adequacy ratio for the reporting period.

Capital adequacy ratio of the Management Company at the end of the reporting period was 4,57.

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%
Mindaugas Marcinkevičius	Board member	47%
Antanas Vainauskas	Board member	9%
Domas Kačinskas	Board member	0%
Andrius Stonkus	Board member	36%
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
Education:	MSc in Law at Stockholm university
Work experience:	Partner, „Levander Gawell“
	Partner, „Sohlberg“
Current positions:	Partner, „Glimstedt“



Domas Kačinskas	Managing Director
Education:	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 „Gaumista“ board member UAB „K31“ board member UAB „Lords LB Asset Management“ director
Eladijus Kirijanovas	M-Finance, UAB - Director
Education:	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:

Board members:	
Jan Ake Gustaf Litborn	2016 01 15 – 2019 12 18
Domas Kačinskas	2016 01 15 – 2019 12 18
Andrius Stonkus	2016 01 15 – 2019 12 18
Mindaugas Marcinkevičius	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 no. 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 average payments made by the management company for salaries, bonuses and other payments during the reporting period (grouped by recipient categories):

Board members – EUR 27'936

Executives – EUR 54'819

25.2. Payments made during the reporting period to the supervisory board members, board members, and administration for salaries, bonuses and other payments from companies in which the management company has at least 20 percent stake (grouped by recipient categories):

-

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

On June 30, 2017 the Management Company didn't have any loans.

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 it's 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.** Resent and essential events of the activity of the Management Company (definition of the recent and essential events of the reporting period, the date (period):

2017 January started the investment of a new private equity investment fund Lords LB Private Equity Fund III.

2017 June started the real estate investment fund Lords LB Special Fund V.

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

The main objectives of the Managing Company in 2017 are:

- **To dispose all assets of Lords LB Opportunity Fund II and successfully close the Fund.**
- **Start the investment of an 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 Kačinskas**
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**