

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

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ACTIVITY REPORT  
2016 Q2



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:

**Special Closed-end real estate investment fund LORDS LB BALTIC FUND III, Decision no. 241-21 dated May 30, 2012.**

2. Reporting period:

**January 1, 2016 – June 30, 2016**

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.:

**License no. VJK-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:

**Rasa Sušinskaitė, 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.: **(8 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
	EUR	EUR	EUR	EUR
Amount of investment units	39.679.071,2199	41.641.372,3102	39.910.397,1929	40.783.142,6006
Net asset value	51.124.701,99	57.524.106,69	47.926.077,91	44.473.102,93
Investment unit value	1,2885	1,3814	1,2008	1,0905



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

	Amount of investment units	Market value
		EUR
Distributed	2.829.666,5686	3.676.250,00
Redeemed	867.365,4783	1.200.000,14
Difference	1.962.301,0903	2.476.249,86

**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	EUR	
<b>ADMINISTRATION COSTS:</b>				
Management fee			348.203,59	0,65%
<i>Fixed fee</i>	1,50%	0,65%	348.203,59	0,65%
<i>Success fee</i>			0,00	0,00%
Depository services	0,20%	0,05%	26.677,30	0,05%
Property valuation			0,00	0,00%
Audit	1,00%	0,00%	1.106,30	0,00%
Accounting services			8.421,60	0,02%
Legal services			-7.933,59	-0,01%
Loan interest			85.345,82	0,16%
Other administrative costs			8.740,04	0,02%
<b>General cost and weight</b>	<b>15,00%</b>	<b>0,89%</b>	<b>470.561,06</b>	<b>0,89%</b>



#### 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	CUR	ISIN code	Term / Maturity	Yield, %	Purchase value, EUR	Market value, EUR	Share of NAV, %
<b>CASH:</b>								
"Swedbank", AB	LT	EUR					680.665,13	1,18%
<b>Total:</b>							<b>680.665,13</b>	<b>1,18%</b>
<b>DEPOSITS:</b>								
<b>BONDS:</b>								
UAB "SMI Lietuva"	LT	EUR	LT125221OB01	2016.12.31	8,00%	8.539.600,00	9.658.862,64	16,79%
UAB "BFIII G1"	LT	EUR	LT301849OB01	2016.12.31	8,00%	13.402.000,00	14.039.069,84	24,41%
UAB "BFIII G1"	LT	EUR	LT301849OB05	2016.12.31	8,00%	1.500.000,00	1.571.163,56	2,73%
UAB "BFIII G1"	LT	EUR	LT301849OB06	2016.12.31	8,00%	1.000.000,00	1.046.911,80	1,82%
UAB "BFIII G1"	LT	EUR	LT301849OB07	2017.06.01	8,00%	5.900.000,00	6.048.849,44	10,51%
UAB "BFIII G1"	LT	EUR	LT301849OB08	2016.12.31	8,00%	400.000,00	477.139,90	0,83%
UAB "BFIII G1"	LT	EUR	LT301849OB09	2016.12.31	8,00%	800.000,00	852.848,14	1,48%
UAB "BFIII G1"	LT	EUR	LT301849OB10	2016.12.31	8,00%	4.880.000,00	5.762.471,63	10,02%
<b>Total:</b>						<b>36.421.600,00</b>	<b>39.457.316,95</b>	<b>68,59%</b>
<b>EQUITIES:</b>								
UAB "SMI Lietuva"	LT	EUR	LT125221025U			5.388.549,00	6.123.321,07	10,64%
UAB PC "Mandarinas"	LT	EUR	LT300528043U			4.751.766,99	4.737.610,99	8,24%
UAB „BFIII G1“	LT	EUR	LT302964388U			4.344,30	7.274.133,44	12,65%
<b>Total:</b>						<b>10.144.660,29</b>	<b>18.135.065,50</b>	<b>31,53%</b>
<b>RECEIVABLES:</b>								
Total receivables:	LT	EUR					0,00	0,00%
<b>TOTAL :</b>							<b>58.273.047,58</b>	<b>101,30%</b>

9. 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).



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, %
	EUR		EUR	
<b>BY ASSET CLASS:</b>	56.256.171,94	110,04%	58.273.047,58	101,30%
Cash	545.128,11	1,07%	680.665,13	1,18%
Deposits	0,00	0,00%	0,00	0,00%
Money market instruments	0,00	0,00%	0,00	0,00%
Non-equity securities	39.088.776,46	76,45%	39.457.316,95	68,59%
Equity securities	16.616.456,37	32,51%	18.135.065,50	31,53%
Other instruments and receivables	5.811,00	0,01%	0,00	0,00%
<b>Real estate by type:</b>	0,00	0,00%	0,00	0,00%
High-quality assets	0,00	0,00%	0,00	0,00%
Development projects	0,00	0,00%	0,00	0,00%
Distressed assets	0,00	0,00%	0,00	0,00%
<b>Real estate by sector:</b>	0,00	0,00%	0,00	0,00%
Office centers	0,00	0,00%	0,00	0,00%
Shopping centers	0,00	0,00%	0,00	0,00%
Logistics centers	0,00	0,00%	0,00	0,00%
<b>Real estate by geography:</b>	0,00	0,00%	0,00	0,00%
Lithuania	0,00	0,00%	0,00	0,00%
Latvia	0,00	0,00%	0,00	0,00%
Estonia	0,00	0,00%	0,00	0,00%
<b>BY CURRENCY:</b>	56.256.171,94	110,04%	58.273.047,58	101,30%
EUR	56.256.171,94	110,04%	58.273.047,58	101,30%

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

No derivative transactions during the reporting period.

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

12. Comparative index and its brief description:

Comparative index is not applied to the Collective Investment Undertaking

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, €	0,0929 €	0,0022 €	0,0462 €	-
Annual gross return on investments*, %	12,76%	10,98%	10,49%	-
Annual net return on investments*, %	11,50%	9,57%	8,93%	-
Standard deviation of change in value of investment unit, €	0,0428 €	0,0062 €	0,0153 €	-

\* From the beginning of Fund's activity.



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 ago	5 years ago	10 years ago	
Average change in value of investment unit, %	9,77%*	-	-	8,41%
Average gross return on investments, %	13,07%*	-	-	12,76%
Average net return on investments, %	11,72%*	-	-	11,50%
Standard deviation of change in value of investment unit, €	0,0343 €*	-	-	0,0309 €

\* Calculations were made by using the data from December 31, 2013 – June 30, 2016 period.

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

	Over the current period		Over the last period	
	Date	Value	Date	Value
		EUR		EUR
Minimum fixed value of investment unit	2016.04.30	1,2807	2015.04.30	1,1900
Maximum fixed value of investment unit	2016.05.31	1,3835	2015.05.31	1,2031

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

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

17. Financial condition 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
<b>ASSETS:</b>	<b>58.273.047,58</b>	<b>56.256.171,94</b>
Cash and cash equivalents	680.665,13	545.128,11
Deposits	0,00	0,00
<b>Investments:</b>	<b>57.592.382,45</b>	<b>55.705.232,83</b>
Government and Central Bank securities	0,00	0,00
Bonds	39.457.316,95	39.088.776,46
Equities	18.135.065,50	16.616.456,37
Funds	0,00	0,00
Real estate	0,00	0,00
Other investments	0,00	0,00
<b>Receivables:</b>	<b>0,00</b>	<b>5.811,00</b>
Receivable amounts from investment sales	0,00	0,00
Other receivables	0,00	5.811,00
<b>LIABILITIES AND NET ASSETS:</b>	<b>58.273.047,58</b>	<b>56.256.171,94</b>
<b>Liabilities:</b>	<b>748.940,89</b>	<b>5.131.469,95</b>
Liabilities for investments	0,00	0,00
Amounts to Management Company and Depository	199.641,74	173.081,91
Other amounts and liabilities	549.299,15	4.958.388,04
<b>Net assets:</b>	<b>57.524.106,69</b>	<b>51.124.701,99</b>



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
<b>NET ASSETS AT THE START OF THE PERIOD</b>	51.124.701,99	48.882.113,71	32.769.257,70
<b>INCREASE:</b>	<b>8.069.965,90</b>	<b>1.522.587,74</b>	<b>13.193.143,09</b>
Distributed fund units	3.676.250,00	0,00	10.960.000,00
Interest received	1.548.540,49	1.522.587,72	1.302.188,07
Operating income	0,00	0,00	0,00
Realized profit from investments	0,00	0,00	0,00
Increase of investment value	1.518.609,13	0,00	930.955,02
Increase of asset value due to FX	0,00	0,02	0,00
Other income	1.326.566,28	0,00	0,00
<b>DECREASE:</b>	<b>1.670.561,20</b>	<b>2.478.623,54</b>	<b>1.489.297,86</b>
Redeemed fund units	1.200.000,14	1.050.000,00	1.100.000,06
Dividends	0,00	0,00	0,00
Interest calculated	85.345,82	141.434,78	77.205,52
Management expenses	348.203,59	314.776,35	271.226,59
Realized loss from investments	0,00	0,00	0,00
Decrease in value of investments	0,00	922.080,77	0,00
Decrease of asset value due to FX	0,00	0,00	0,00
Other expenditure	37.011,65	50.331,64	40.865,69
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<b>57.524.106,69</b>	<b>47.926.077,91</b>	<b>44.473.102,93</b>
<b>ACCOUNTING OF UNIT VALUE</b>	<b>1,3814</b>	<b>1,2008</b>	<b>1,0905</b>
<b>ACCOUNTING AMOUNT OF UNITS</b>	<b>41.641.372,3102</b>	<b>39.910.397,1929</b>	<b>40.783.142,6006</b>

\* "Current" is period from 2016-01-01 to 2016-06-30  
"1 year ago" is period from 2015-01-01 to 2015-06-30  
"2 years ago" is period from 2014-01-01 to 2014-06-30



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

	EUR
<b>INCOME</b>	<b>4.393.715,90</b>
Interest income	1.548.540,49
Realized profit (loss) from investments into:	0,00
Equities	0,00
Bonds	0,00
Money market instruments	0,00
Derivative financial instruments	0,00
Funds	0,00
Real estate	0,00
Other investment instruments	0,00
Unrealized profit (loss) from:	1.518.609,13
Equities	1.518.609,13
Bonds	0,00
Money market instruments	0,00
Derivative financial instruments	0,00
Funds	0,00
Real estate	0,00
Other investment instruments	0,00
Other income:	1.326.566,28
Rental income	0,00
Profit from foreign currency exchange	0,00
Other	1.326.566,28
<b>EXPENSES</b>	<b>470.561,06</b>
Operating expenses:	385.215,24
Management expenses	348.203,59
Depository expenses	26.677,30
Payments to brokers	0,00
Audit expenses	1.106,30
Other payments and expenditure	9.228,05
Other expenses:	85.345,82
Interest expense	85.345,82
Expenses related to managed real estate	0,00
Loss from foreign currency exchange	0,00
Other	0,00
Net income	3.923.154,84
Payments (dividends) to the owners of fund units	0,00
Reinvested income	3.923.154,84





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

Valuation of Resolution Valuations, UAB:

EUR 139.445.338

#### VII. OTHER INFORMATION

22. 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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23. 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

24. 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

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

No	Amount	Currency	Loan date	Repayment term	Interest	Creditor	% of NAV
1	351.424,92	EUR	2014.12.23	2017.12.31	6,00%	Legal entity	0,61%
2	170.000,00	EUR	2016.05.23	2020.03.20	3,00%	UAB PC "Mandarinas"	0,30%
Total	521.424,92						0,91%

#### X. PERSONS IN CHARGE

26. 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.**

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

**Rasa Sušinskaitė, Fund Manager**

28. 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.

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



**29.1.** 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: **Rasa Sušinskaitė**  
Telephone no.: **+370 5 261 9470**  
E-mail: **info@lordslb.com**

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

Chief Accountant: **Kristina Majauskaitė**  
The name of the company: **Ernst & Young, UAB**  
Telephone no.: **+370 5 274 2346**