

CLOSED-ENDED INVESTMENT FUND
LORDS LB PRIVATE EQUITY FUND III

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 investment fund for Informed Investors LORDS LB
PRIVATE EQUITY FUND III, 2016-10-24 by Decision no. 241-216 of the
Director of the Supervision Service of the Bank 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:

Jonas Kimontas, 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.: **+ 370 5 258 2488**

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	6.438.650,8000	6.438.650,8000	6.438.650,8000	0,0000
Net asset value	5.640.804,07	5.507.787,12	6.598.742,7200	0,00
Investment unit value	0,8761	0,8554	1,0249	0,0000



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

	Amount of investment units	Market value
Distributed	0,0000	0,00
Redeemed	0,0000	0,00
Difference	0,0000	0,00

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			50.512,66	0,91%
Fixed fee		0,91%	50.512,66	0,91%
Success fee			0,00	0,00%
Depository services	0,20%	0,16%	9.000,00	0,16%
Transaction costs			0,00	0,00%
Audit	0,10%	0,02%	1.270,49	0,02%
Accounting services			12.632,40	0,23%
Legal services			0,00	0,00%
Loan interest			23.087,78	0,41%
Other administrative costs			5.959,79	0,11%
General costs and ratio*			79.375,34	1,43%
Total costs	5,00%	1,84%	102.463,12	1,84%

* 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	CNCY	ISIN code	Term / Maturity	Yield, %	Purchase value	Market value	Share of NAV, %
CASH:								
AB "SEB bankas"	LT	USD					0,00	0,00%
AB "SEB bankas"	LT	EUR					142,26	0,00%
Total:							142,26	0,00%
DEPOSITS:								
Total:								
BONDS:								
Total:								
EQUITIES:								
UAB "Diseta"	LT	EUR	LT3029124AK1			7.708.543,00	8.172.000,00	148,37%
Total:						7.708.543,00	8.172.000,00	148,37%
RECEIVABLES:								
Total:								
TOTAL:							8.172.142,26	148,37%

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

The fund aims to secure long-term growth of ROI to investors of the Fund by investing in oil and gas extraction, supply and storage properties as well as other related assets.

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, %
BY ASSET CLASS:	8.172.626,16	144,88%	8.172.142,26	148,37%
Cash	626,16	0,01%	142,26	0,00%
Deposits	0,00	0,00%	0,00	0,00%
Money market instruments	0,00	0,00%	0,00	0,00%
Non-equity securities	0,00	0,00%	0,00	0,00%
Equity securities	8.172.000,00	144,87%	8.172.000,00	148,37%
Other instruments and receivables	0,00	0,00%	0,00	0,00%
BY CURRENCY:	8.172.626,16	144,88%	8.172.142,26	148,37%
EUR	8.172.626,16	144,88%	8.172.142,26	0,00%
USD	0,00	0,00%	0,00	0,00%

12. 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

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 ago	10 years ago
Change in value of investment unit, €	-0,0207 €	-0,1229 €	-	-
Annual gross return on investments*, %	0,70%	29,85%	-	-
Annual net return on investments*, %	-0,56%	28,43%	-	-
Standard deviation of change in value of investment unit, €	0,0025 €	0,0293 €	-	-

* 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 ago*	5 years ago	10 years ago	
Average change in value of investment unit, %	-6,45%	-	-	-6,45%
Average gross return on investments, %	0,70%	-	-	0,70%
Average net return on investments, %	-0,56%	-	-	-0,56%
Standard deviation of change in value of investment unit, €	0,0638 €	-	-	0,0638 €

* Calculations were made by using the data from January 1, 2016 – September 30, 2018 period.

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	2018.09.30	0,8554	2017.09.30	1,0249
Maximum fixed value of investment unit	2018.01.31	0,8784	2017.01.01	1,1478

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
ASSETS:	8.172.142,26	8.172.626,16
Cash and cash equivalents	142,26	626,16
Deposits	0,00	0,00
Investments:	8.172.000,00	8.172.000,00
Government and Central Bank securities	0,00	0,00
Bonds	0,00	0,00
Equities	8.172.000,00	8.172.000,00
Investment units	0,00	0,00
Real estate	0,00	0,00
Other investments	0,00	0,00
Receivables:	0,00	0,00
Receivable amounts from investment sales	0,00	0,00
Other receivables	0,00	0,00
LIABILITIES AND NET ASSETS:	8.172.142,26	8.172.626,16
Liabilities:	2.664.355,14	2.531.822,09
Liabilities for investments	0,00	0,00
Amounts to Management Company and Depository	127.600,21	67.760,32
Other amounts and liabilities	2.536.754,93	2.464.061,77
Net assets:	5.507.787,12	5.640.804,07



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

	Current	1 year ago
THE NET ASSETS VALUE IN THE BEGINING OF THE REPORTING PERIOD	5.640.804,07	6.211.171,88
INCREASE IN THE NET ASSETS VALUE		
Participants' contributions to the fund	0,00	967.381,63
Amounts receivable from other funds	0,00	0,00
Guarantee contributions	0,00	0,00
Investment income:	0,00	12.678,94
Interest income	0,00	12.678,94
Dividends	0,00	0,00
Lease income	0,00	0,00
Profit from investments value change and sales	0,00	0,00
Profit from foreign exchange rate change	0,00	123.152,63
Profit from transactions of the derivative financial instruments	0,00	0,00
Other increase in the net assets value	0,00	0,00
TOTAL INCREASE IN THE NET ASSETS VALUE	0,00	1.103.213,20
DECREASE IN THE NET ASSETS VALUE		
Payments to the participants of the fund	0,00	0,00
Payments to others funds	0,00	0,00
Loss from investment value change and sales	0,00	561.990,94
Loss from foreign exchange rate change	30.553,83	0,00
Loss from transactions of the derivative financial instruments	0,00	0,00
Management expenses:	102.463,12	153.651,42
Reimbursement to management entity	50.512,66	53.163,05
Reimbursement to Depositary	9.000,00	9.000,00
Reimbursement to intermediaries	0,00	0,00
Audit expenses	1.270,49	1.270,53
Interest expenses	23.087,78	55.454,64
Other expenses	18.592,19	34.763,20
Other decrease in the net assets value	0,00	0,00
Compensation of the expenses (-)	0,00	0,00
TOTAL DECREASES IN NET ASSET VALUE	133.016,95	715.642,36
The change of net asset value	-133.016,95	387.570,84
Profit distribution	0,00	0,00
THE NET ASSETS VALUE AT THE END OF REPORTING PERIOD	5.507.787,12	6.598.742,72

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

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



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

INCOME	0,00
Interest income	0,00
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:	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
Other income:	0,00
Rental income	0,00
Profit from foreign currency exchange	0,00
Other	0,00
EXPENSES	133.016,95
Operating expenses:	79.375,34
Management expenses	50.512,66
Depository expenses	9.000,00
Payments to brokers	0,00
Audit expenses	1.270,49
Other payments and expenditure	18.592,19
Other expenses:	53.641,61
Interest expense	23.087,78
Expenses related to managed real estate	0,00
Loss from foreign currency exchange	30.553,83
Other	0,00
Net income	-133.016,95
Payments (dividends) to the owners of fund units	0,00
Reinvested income	-133.016,95

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

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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.

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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.

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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:

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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 (EUR)	Currency	Loan date	Repayment term	Interest	Creditor	% of NAV
1	50.000,00	EUR	2016.12.15	2019.07.01	0,00%	Loan 1	0,91%
2	47.512,09	USD	2016.12.15	2019.07.01	0,00%	Loan 2	0,86%
3	501.036,63	USD	2016.12.15	2019.07.01	0,00%	Loan 3	9,10%
4	150.000,00	EUR	2016.12.15	2019.07.01	0,00%	Loan 4	2,72%
5	250.000,00	EUR	2016.12.15	2019.07.01	0,00%	Loan 5	4,54%
6	280.000,00	EUR	2016.12.15	2019.07.01	0,00%	Loan 6	5,08%
7	280.000,00	EUR	2016.12.15	2019.07.01	0,00%	Loan 7	5,08%
8	100.000,00	EUR	2016.12.15	2019.07.01	0,00%	Loan 8	1,82%
9	69.108,50	USD	2016.12.15	2019.07.01	0,00%	Loan 9	1,25%
10	144.900,35	EUR	2016.12.15	2019.07.01	0,00%	Loan 10	2,63%
11	200.000,00	EUR	2016.12.15	2019.07.01	0,00%	Loan 11	3,63%
12	100.000,00	EUR	2016.12.15	2019.07.01	0,00%	Loan 12	1,82%
13	215.964,06	USD	2016.12.15	2019.07.01	0,00%	Loan 13	3,92%
Total:	2.388.521,63						43,36%

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%



IX. PERSONS IN CHARGE

29. 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.

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

Jonas Kimontas, 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: **Domas Kačinskas**
Telephone no.: **+370 5 261 9470**
E-mail: **info@lordslb.com**

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

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

Manager: **Virginija Karpovičiūtė**
The name of the company: **Ernst & Young, UAB**
Telephone no.: **+370 5 274 2200**