

LORDS LB ASSET MANAGEMENT

**ACTIVITY REPORT
2015 Q1 - 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:

VĮK-016, issued on the 23rd of December 2008.

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, 2015 – June 30, 2015

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, 2015 – December 31, 2015

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:

On June 30, 2015 the amount of authorized capital was EUR 318.582,02. Since the establishment of the Management Company the authorized capital was increased once from EUR 202.734,01 to EUR 318.582,02.

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, 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 99.162.

9. Shareholders:

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

Number of shareholders 2012 06 30	6
Number of shareholders 2012 12 31	5
Number of shareholders 2013 06 30	5
Number of shareholders 2013 12 31	6
Number of shareholders 2014 06 30	6
Number of shareholders 2014 12 31	6
Number of shareholders 2015 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, LT – 01116 Vilnius, Lietuva
Owns: 5'170 shares and 47% votes

Name: UAB „Aemulus“
Company code: 302578408
Registry address: Jogailos str. 9 /A.Smetonos str. 1, Vilnius, Lithuania
Owns: 2'860 shares and 26% votes



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

Dividends of EUR 125.000 for 2014 were declared in Q1 2015. Dividends were paid out in April 2015.

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:

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11. Clients of the Management Company:

11.1. Collective investment undertakings:

Type of CIU	Name	NAV	Average annual NAV	Annual net return on investments	Number of participants	Calculated annual fee to Management Company	Actually paid annual fee to Management Company
RE	Lords LB Baltic Fund I	6.895.787,19	7.331.341,66	12,36%	49	54.969,48	69.385,97
RE	Lords LB Opportunity Fund I	18.129.773,80	16.962.088,22	19,59%	25	128.629,08	119.755,25
RE	Lords LB Baltic Fund II	0,00	522.218,16	12,31%	0	105,41	157,06
RE	Lords LB Opportunity Fund II	4.337.048,64	4.337.007,95	3,36%	19	20.465,90	30.172,77
RE	Lords LB Baltic Fund III	47.926.077,91	48.499.361,78	9,57%	75	314.776,35	316.515,44
PE	Lords LB Private Equity Fund I	7.753.991,73	7.670.639,97	4,10%	11	95.480,07	0,00
ATII	Lords LB Battery Fund	2.875.919,18	1.777.174,32	13,31%	3	10.340,79	8.064,44
RE	Lords LB Baltic Fund IV	-	-	-	-	-	-
RE	Lords LB Baltic Small Cap	-	-	-	-	-	-
Total:		87.918.598,45	87.099.832,06		182	624.767,08	544.050,93

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 2.105

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 CIU
Income:	EUR 624.767
Net asset value:	EUR 87.918.598
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 Baltic countries**
- **Changes in global equity and real estate markets**
- **Foreign exchange risk**
- **Changes of taxing**
- **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:	13
With higher Education:	13
Average monthly wage:	EUR 2.602
Changes:	A fund manager assistant was hired in April.



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:									
SEB bankas	LT	EUR				0,00	10,00	10,00	0,01%
Danske bankas	LT	EUR				0,00	81.250,80	81.250,80	81,94%
Swedbank	LT	EUR				0,00	193,84	193,84	0,20%
DEPOSITS:									
-								0,00	0,00%
BONDS:									
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, LTL	Share, %
FUND UNITS:									
Matching article 61.1 of CIU law of Lithuania								17.707,45	17,86%
-								0,00	0,00%
Others:									
Lords LB Baltic Fund I units	LT	EUR	LTIF00000039			16.667,74	16.295,40	16.295,40	16,43%
Lords LB Baltic Fund III units	LT	EUR	LTIF00000075			1.262,71	1.412,05	1.412,05	1,42%
Total:								99.162,09	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.	ASSETS	At the end of the period	At the start of the period
A.	ASSETS	869.258	787.366
I.	Cash	81.455	68.791
II.	Treasury bills and other bills bought by Central Banks	-	-
III.	Loans and advances to financial institutions	-	-
III.1.	Demand	-	-
III.2.	Other loans and advances	-	-
IV.	Loans and advances to the clients	-	-
V.	Other receivables	742.368	612.792
V.1.	Related with the services	-	-
V.2.	Income accrued	329.539	322.873
V.3.	Other receivables	412.829	289.919
VI.	Non-equities	-	70.463
VI.1.	Issued by other companies	-	-
VI.1.1.	Bonds	-	-
VI.1.2.	Bills	-	-
VI.2.	Issued by public entities	-	70.463
VI.2.1.	Bonds	-	70.463
VI.2.2.	Bills	-	-
VII.	Equities	17.707	19.031
VII.1.	Shares	-	-
VII.2.	Depository receipts for shares	17.707	19.031
VII.3.	Investment units of CIU	-	-
VIII.	Investments in associated enterprises	-	-
IX.	Investments in subsidiaries	-	-
X.	TANGIBLE ASSETS	4.540	6.427
X.1.	Land	-	-
X.2.	Buildings	-	-
X.3.	Other tangible assets	4.540	6.427
XI.	INTANGIBLE ASSETS	124	240
XI.1.	Prestige	-	-
XI.2.	Other intangible assets	124	240
XII.	OTHER ASSETS	23.064	9.622
XII.1.	Deferred tax assets	-	-
XII.2.	Deferred expenses	20.958	8.803
XII.3.	Other assets	2.106	819
	TOTAL ASSETS:	869.258	787.366



No.	EQUITY AND LIABILITIES	At the end of the period	At the start of the period
B.	PAYABLES AND LIABILITIES	149.657	176.281
I.	Payable amounts and liabilities to financial institutions	-	-
II.	Payable amounts and liabilities to clients	-	-
III.	Issued non-equity securities and other debt liabilities	-	-
IV.	Liabilities related to financial instruments	-	-
V.	Other payable amounts and liabilities	149.657	176.281
V.1.	Income tax liabilities	31.340	49.385
V.2.	Deferred taxes	-	-
V.3.	Employment related obligations	71.525	97.021
V.4.	Accruals and deferred income	1.941	3.869
V.5.	Other payable amounts and liabilities	44.851	26.006
VI.	Deferred taxes	-	-
VII.	Subordinated liabilities	-	-
C.	EQUITY	719.601	611.085
I.	Share capital	318.560	318.582
II.	Subscribed capital unpaid (-)	-	-
III.	Share premium	-	-
IV.	Own shares (-)	-	-
V.	Reserves	15.929	15.929
V.1.	Required	15.929	15.929
V.2.	Acquisition of own shares	-	-
V.3.	Other reserves	-	-
VI.	Revaluation reserve (results)	-	-
VII.	Retained profit (loss)	385.112	276.574
VII.1.	Profit (loss) for the previous years	151.597	30.969
VII.2.	Profit (loss) for current years	233.515	245.605
	TOTAL OWN CAPITAL AND LIABILITIES:	869.258	787.366

Off - Balance report:

No.	OFF-BALANCE SHEET ITEMS	At the end of the period	At the start of the period
I.	Managed clients assets	87.918.598	85.410.392
I.1.	Client money	922.478	1.793.330
I.2.	Securities acquired on behalf of clients	103.791.978	99.443.197
I.3.	Amounts received from clients' undertaking transactions	-	-
I.4.	Managed KIS and pension funds' assets	-16.795.858	-15.826.135
II.	Other off-balance liabilities	37.590	63.296
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	37.590	63.296



Income (loss) statement:

No.	Item	Financial period	Corresponding period in previous year
I.	Commission, management and service operating income	624.767	595.188
II.	Commission, management and service operating costs	94.808	245.255
III.	Income from equity securities	-	-
III.1	Shares and other equity securities	-	-
III.2.	Investments in associated enterprises	-	-
IV.	Interest and similar income	825	825
IV.1.	Non-equity securities	-	-
IV.2.	Loans given	825	825
IV.3.	Other	-	-
V.	Interest and similar costs	-	-
V.1.	Non-equity securities	-	-
V.2.	Loans received	-	-
V.3.	Other	-	-
VI.	Profit (loss) from financial transactions	3.564	1.311
VI.1.	Profit (loss) from securities trading	3.556	1.290
VI.2.	Profit (loss) from foreign currency transactions	8	21
VI.3.	Other profit (loss) from financial transactions	-	-
VII.	General administrative expenses	304.565	199.927
VIII.	Result of loan and advance payment value correction	-	-
IX.	Result of securities value adjustment	(347)	600
IX.1.	Result of securities devaluation and restoration	-	-
IX.2.	Result of securities true value change	(347)	600
X.	Result of tangible and intangible asset adjustment	-	-
XI.	Deferred expenses	-	-
XII.	Other income	45.180	-
XIII.	Other expenditure	-	-
XIV.	ORDINARY OPERATING PROFIT (LOSS)	274.617	152.742
XV.	Extraordinary income	-	-
XVI.	Extraordinary expenditure	-	-
XVII.	EXTRAORDINARY OPERATING PROFIT (LOSS)	-	-
XVIII.	Income tax	41.102	25.167
XIX.	Other charges	-	-
XX.	NET PROFIT (LOSS)	233.515	127.575



Cash flow statement:

No.	Item	Financial year	Corresponding period in previous year
I.	Cash flow from operations	62.670	3.568
I.1.	commissions received	-	-
I.2.	commissions paid	-359	(460)
I.3.	receivables for other services	-	4.770
I.4.	payables for other services	-195.836	(145.266)
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	-149.404	(139.493)
I.12.	taxes paid	-158.322	(148.617)
I.13.	revenue from other major activity	566.591	495.891
I.14.	payables for other major activity	-	(63.257)
II.	Cash flow from investments	74.994	4.210
II.1.	stock purchase	152.982	-
II.2.	stock transfer	-81.388	-
II.3.	dividends received	-	-
II.4.	interest received	3.400	4.699
II.5.	acquisition of fixed assets	-	(489)
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	-125.000	(154.770)
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	-125.000	(154.770)
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	-	125.000
III.13.	payment from other financing activity	-	(125.000)
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	12.664	(146.992)
VII.	Cash at the beginning of the period	68.791	189.289
VIII.	Cash at the end of the period	81.455	42.297



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	-	-	-	-	-	-	-	220.670	539.252
2. Dividends	-	-	-	-	-	-	-	-	-173.772	-173.772
3. Required reserves	-	-	-	15.929	-	-	-	-	-15.929	-
4. Net income (loss) of the reporting period	-	-	-	-	-	-	-	-	245.605	245.605
5. Year-end balance in financial year (1 year ago)	318.582	-	-	15.929	-	-	-	-	276.574	611.085
6. Net income (loss) of the reporting period	-	-	-	-	-	-	-	-	-125.000	-125.000
7. Year-end balance of current financial year	-	-	-	-	-	-	-	-	233.538	233.516

22. Capital adequacy ratio for the reporting period.

Capital adequacy ratio of the Management Company as at June 30, 2015 was equal to 2,89.

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%
Andrius Smaliukas	Board member	0%
Mindaugas Marcinkevčius	Board member	47%
Antanas Vainauskas	Board member	9%

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” Project Manager at Corporate Banking Department, Head of Corporate Banking Department „Behrens Corporate Finance” Director, Partner „Akropolis LT” Director, Board Member „Danske Bank” Head of Vilnius region
Current positions:	UAB „K29” Director UAB „PP6” Director UAB „SMI Alytus“ Director UAB „SMI Marijampolė“ Director UAB „BFIII GI“ Director 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):

Jan Ake Gustaf Litborn	Glimstedt
Andrius Smaliukas	LAWIN
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 Ake Gustaf Litborn	2013 11 21 – 2016 11 21
Andrius Smaliukas	2014 03 21 – 2017 03 21
Mindaugas Marcinkevičius	2014 03 21 – 2017 03 21
Antanas Vainauskas	2014 11 20 – 2017 11 20

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.

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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 2015 Q1-Q2 the amount accrued in connection with executives' employment – EUR 20.652. The 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 UAB „Aemulus“ at July 03, 2013. Payback term – December 31, 2015.

Loan of EUR 17.377,2 was provided to Andrius Stonkus at July 29, 2013. Payback term – December 31, 2015.

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:

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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):

2015 Q1 started the distribution of Lords LB Baltic Fund IV and Lords LB Baltic Small Cap Fund units.

February 9, 2015 closed Lords LB Private Equity Fund II.

June 30, 2015 closed Lords LB Opportunity Fund I. Documents are being prepared for fund rules to be declared null and void.



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

The main objectives of the Managing Company in 2015 - 2016 are:

- To dispose all assets of Lords LB Baltic Fund I and successfully close the Fund.
- To dispose all assets of Lords LB Baltic Fund II and successfully close the Fund.
- Continue to invest funds of Lords LB Opportunity Fund II, Lords LB Baltic Fund III and Lords LB Private Equity Fund I.
- Start the investment process of two new real estate investment funds – Lords LB Baltic Fund IV and Lords LB Baltic Small Cap Fund.
- Establish two new investment funds – Lords LB Special Fund I and Energy & Infrastructure Baltic Fund

VIII. PERSONS IN CHARGE

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

31.2. 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**