



LORDS LB ASSET MANAGEMENT

**ACTIVITY REPORT
2014 Q1 – Q4**



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, 2014 – December 31, 2014

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, 2014 – December 31, 2014

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 December 31, 2014 the amount of authorized capital was LTL 1'100'000. Since the establishment of the Management Company the authorized capital was increased once from LTL 700'000 to LTL 1'100'000.

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 LTL 100 each.

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

On December 31, 2014 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 – LTL 546.524.

9. Shareholders:

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

Number of shareholders 2011 06 30	7
Number of shareholders 2011 12 31	6
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

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 LTL 600.000 for 2013 were declared and paid out in Q1 2014.



- 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: **Chairman of the board, Fund 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 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	25.702.235,57	54.426.327,01	12,95%	49	874.541,40	1.005.549,42
RE	Lords LB Opportunity Fund I	2.435.369,34	2.823.229,60	14,50%	13	2.167,29	2.601,18
RE	Lords LB Baltic Fund II	52.619.748,97	43.367.096,38	13,24%	25	607.734,65	595.423,00
RE	Lords LB Opportunity Fund II	14.566.845,55	13.550.103,14	2,33%	19	134.459,69	97.906,31
RE	Lords LB Baltic Fund III	168.780.162,23	146.694.684,17	13,00%	75	2.041.365,22	1.892.121,95
PE	Lords LB Private Equity Fund I	26.190.213,36	25.682.793,87	3,99%	13	643.525,18	0,00
PE	Lords LB Private Equity Fund II	-	-	-	-	-	-
ATII	Lords LB Battery Fund	4.610.424,85	4.315.455,52	24,18%	1	25.478,38	29.689,86
RE	Lords LB Baltic Fund IV	-	-	-	-	-	-
RE	Lords LB Baltic Small Cap	-	-	-	-	-	-
Total:		294.904.999,87	290.859.689,69		195	4.329.271,81	3.623.291,72

- 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:	LTL 30.853

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:	LTL 4.381.955
Amount of NA	LTL 294.905.000
Number of clients	10

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:	12
With higher Education:	12
Average monthly wage:	LTL 8.894
Changes:	Employed 7 new employees; 4 employees have left the company



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, LTL	Share, %
CASH:								237.520,34	43,46%
SEB bankas	LT	LTL				0,00	3,56	12,30	0,00%
SEB bankas	LT	EUR				0,00	0,00	0,00	0,00%
Danske bankas	LT	LTL				0,00	170.595,75	170.595,75	31,21%
Danske bankas	LT	EUR				0,00	19.379,14	66.912,29	12,24%
Swedbank	LT	LTL				0,00	0,00	0,00	0,00%
Swedbank	LT	EUR				0,00	0,00	0,00	0,00%
DEPOSITS:								0,00	0,00%
-									
BONDS:								243.294,00	44,52%
regulated markets:								243.294,00	44,52%
Government of the Republic of Lithuania	LT	LTL	LT1000605107	2015.04.29	4,23%	250.447,00	243.294,00	243.294,00	44,52%
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:								65.709,17	12,02%
Matching article 61.1 of CIU law of Lithuania								0,00	0,00%
-								0,00	0,00%
Others:								65.709,17	12,02%
Lords LB Baltic Fund I units	LT	EUR	LTIF00000039			17.734,50	17.590,41	60.736,18	11,11%
Lords LB Baltic Fund III units	LT	EUR	LTIF00000075			1.290,32	1.440,28	4.972,99	0,91%
Total:								546.523,51	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	Financial year	Financial year (year ago)
A.	ASSETS	2.718.617	2.454.442
I.	Cash	237.520	653.576
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	2.115.849	1.390.541
V.1.	Related with the services		
V.2.	Income accrued	1.114.816	960.923
V.3.	Other recivables	1.001.033	429.618
VI.	Non-equities	243.294	260.249
VI.1.	Issued by other companies		
VI.1.1.	Bonds		
VI.1.2.	Bills		
VI.2.	Issued by public entities	243.294	260.249
VI.2.1.	Bonds	243.294	260.249
VI.2.2.	Bills		
VII.	Equities	65.709	
VII.1.	Shares		
VII.2.	Depository receipts for shares	65.709	
VII.3.	Investment units of CIU		
VIII.	Investments in associated enterprises		
IX.	Investments in subsidiaries		
X.	TANGIBLE ASSETS	22.191	32.257
X.1.	Land		
X.2.	Buildings		
X.3.	Other tangible assets	22.191	32.257
XI.	INTANGIBLE ASSETS	828	1.629
XI.1.	Prestige		
XI.2.	Other intangible assets	828	1.629
XII.	OTHER ASSETS	33.226	116.190
XII.1.	Deferred tax assets		
XII.2.	Deferred expenses	30.396	26.190
XII.3.	Other assets	2.830	90.000
	TOTAL ASSETS:	2.718.617	2.454.442



No.	EQUITY AND LIABILITIES	Financial year	Financial year 1 year ago
B.	PAYABLES AND LIABILITIES	608.662	592.512
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	608.662	592.512
V.1.	Income tax liabilities	170.518	134.818
V.2.	Deferred taxes		
V.3.	Employment related obligations	334.995	370.102
V.4.	Accruals and deferred income	39.392	13.358
V.5.	Other payable amounts and liabilities	63.757	74.234
VI.	Deferred taxes		
VII.	Subordinated liabilities		
C.	EQUITY	2.157.070	1.861.930
I.	Share capital	1.100.000	1.100.000
II.	Subscribed capital unpaid (-)		
III.	Share premium		
IV.	Own shares (-)		
V.	Reserves	55.000	
V.1.	Required	55.000	
V.2.	Acquisition of own shares		
V.3.	Other reserves		
VI.	Revaluation reserve (results)		
VII.	Retained profit (loss)	954.955	761.930
VII.1.	Profit (loss) for the previous years	106.930	-152.611
VII.2.	Profit (loss) for current years	848.025	914.541
	TOTAL OWN CAPITAL AND LIABILITIES:	2.718.617	2.454.442

Off - Balance report:

No.	OFF-BALANCE SHEET ITEMS	Financial year	Financial year 1 year ago
I.	Managed clients assets	294.905.000	245.606.346
I.1.	Client money	6.192.011	8.197.869
I.2.	Securities acquired on behalf of clients	343.357.470	254.927.834
I.3.	Amounts received from clients' undertaking transactions		
I.4.	Managed KIS and pension funds' assets	-54.644.480	-17.519.357
II.	Other off-balance liabilities	218.547	396.057
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	218.547	396.057



Income (loss) statement:

No.	Item	Financial year	Financial year 1 year ago
I.	Commission, management and service operating income	4,381,955	3,374,568
II.	Commission, management and service operating costs	1,174,985	457,725
III.	Income from equity securities		
III.1	Shares and other equity securities		
III.2.	Investments in associated enterprises		
IV.	Interest and similar income	5,811	4,241
IV.1.	Non-equity securities		
IV.2.	Loans given	5,811	4,241
IV.3.	Other		
V.	Interest and similar costs		40
V.1.	Non-equity securities		
V.2.	Loans received		
V.3.	Other		40
VI.	Profit (loss) from financial transactions	4,186	5,882
VI.1.	Profit (loss) from securities trading	4,455	5,996
VI.2.	Profit (loss) from foreign currency transactions	-269	-114
VI.3.	Other profit (loss) from financial transactions		
VII.	General administrative expenses	2,224,272	1,859,528
VIII.	Result of loan and advance payment value correction		
IX.	Result of securities value adjustment	2,902	
IX.1.	Result of securities devaluation and restoration		
IX.2.	Result of securities true value change	2,902	
X.	Result of tangible and intangible asset adjustment		
XI.	Deferred expenses		
XII.	Other income	22,945	12,778
XIII.	Other expenditure		
XIV.	ORDINARY OPERATING PROFIT (LOSS)	1,018,542	1,080,176
XV.	Extraordinary income		
XVI.	Extraordinary expenditure		
XVII.	EXTRAORDINARY OPERATING PROFIT (LOSS)		
XVIII.	Income tax	170,517	165,635
XIX.	Other charges		
XX.	NET PROFIT (LOSS)	848,025	914,541



Cash flow statement:

No.	Item	Financial year	Financial year 1 year ago
I.	Cash flow from operations	228.206	699.141
I.1.	commissions received		
I.2.	commissions paid	-2.987	-2.370
I.3.	receivables for other services	45.666	86.565
I.4.	payables for other services	-1.626.738	-927.620
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	-954.710	-702.026
I.12.	taxes paid	-891.532	-449.141
I.13.	revenue from other major activity	3.658.507	2.693.732
I.14.	payables for other major activity		
II.	Cash flow from investments	-44.262	-152.873
II.1.	stock purchase	-571.225	-86.000
II.2.	stock transfer	518.087	
II.3.	dividends received		
II.4.	interest received	16.335	11.740
II.5.	acquisition of fixed assets	-7.459	-18.613
II.6.	disposal of fixed assets		
II.7.	loans	-40.000	-60.000
II.8.	recovery of loans	40.000	0
II.9.	other investment cash receipts		
II.10.	other investment cash payments		
III.	Cash flow from financing	-600.000	
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	-600.000	
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	-416.056	546.268
VII.	Cash at the beginning of the period	653.576	107.308
VIII.	Cash at the end of the period	237.520	653.576



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)	1.100.000								-152.611	947.389
2. Net income (loss) of the reporting period									914.541	914.541
3. Year-end balance in financial year (1 year ago)	1.100.000								761.930	1.861.930
4. Dividends									-600.000	-600.000
5. Required reserves				55.000					-55.000	
6. Net income (loss) of the reporting period									848.025	848.025
7. Year-end balance of current financial year	1.100.000			55.000					954.955	2.109.955

22. Capital adequacy ratio for the reporting period.

Capital adequacy ratio of the Management Company as at December 31, 2014 was equal to 2,25.

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:

Andrius Stonkus	Chairman of the Board, Fund Manager	36%
Jan Ake Gustaf Litborn	Board member	0%
Andrius Smaliukas	Board member	0%
Mindaugas Marcinkevčius	Board member	47%
Antanas Vainauskas	Board member	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.

Andrius Stonkus	Chairman of the Board, Fund Manager
Education:	BSc in Banking at Faculty of Economics in Vilnius University
Work experience:	UAB „Prime Investment“ Chief Financial Analyst UAB „Prime Investment“ Chief Investments Officer UAB „Prime Real Estate“ Director
Current positions:	UAB „Cogito Invest“ Director UAB „Resolution Holdings“ Manager of Sales Projects UAB „Resolution advisers LT“ Project Manager UAB „Aemulus“ Project Manager UAB „Ordeta“ Director UAB „K31“ Director



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 „LLBOF-1” Director UAB „K29” Director UAB „PP6” Director UAB „SMI Alytus“ Director UAB „SMI Marijampolė“ Director UAB „BFIII GI“ Director UAB „Lords LB Asset Management“ Director UAB „Lords LB capital partners“ Director UAB „Citycon“ CEO UAB „Prekybos centras Mandarinas” 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:

Andrius Stonkus	2012 04 11 – 2015 04 11
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 2014 the amount accrued in connection with executives' employment – LTL 247.076. 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 LTL 60.000 was provided to UAB „Aemulus“ at July 03, 2013. Payback term – December 31, 2015.

Loan of LTL 60.000 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:

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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. 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):

2014 Q1 Lords LB Opportunity fund II acquired 80% shares of UAB "Stotema", which owns a land plot in Druskininkai. A residential building with an area of 1700 m² is being constructed in this plot.

2014 Q1 UAB "Parko Gama", which belongs to Lords LB Opportunity fund II, acquired a residential building (2 Polocko str., Vilnius) from BAB Bankas Snoras in the form of an auction.

June 17, 2014 UAB "Lords LB Asset Management acquired permission to confirm the regulations of Lords LB Battery Fund – a fund for informed investors. The aim of this fund is to store and temporary invest funds, which, according to signed investment contracts, will be later transferred to other funds of the Management Company.



July 19, 2014 Lords LB Baltic Fund I sold its second property – shopping mall „Prisma” (1 Grostono str., Riga). The property was divested by selling 50% shares of SIA Irbis.

October 21, 2014 Lords LB Baltic Fund I sold its third property – office building „Metroplaza” (2 Viru str., Tallinn). The property was divested in an asset deal.

November 20, 2014 The Supervision Service of the Bank of Lithuania agreed to accept Mr. Antanas Vainauskas as a board member of UAB „Lords LB Asset Management”.

December 9, 2014 two new real estate investment funds were registered – Lords LB Baltic Fund IV and Lords LB Small Cap Fund.

December 29, 2014 Lords LB Baltic Fund III acquired a shopping centre „Mandarinas”, situated in Vilnius.

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

The main objectives of the Managing Company in 2014 are:

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

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**