

LORDS LB ASSET MANAGEMENT

Activity Report

I Q 2010



LORDS LB
Asset Management

LORDS LB ASSE



I. GENERAL INFORMATION

1. Main data of the Management Company:

1.1. title:

UAB LORDS LB ASSET MANAGEMENT

1.2. address:

Registry address Jogailos str. 4, LT-01103 Vilnius, Lithuania

1.3. telephone, fax numbers, e-mail, website:

Telephone No + 370 5 261 9470

Fax No. + 370 5 261 9471

E-mail info@lordslb.lt

Website www.lordslb.lt

1.4. Activity Licence No of the Management Company:

VĮK-016, issued on 23rd 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

Registry code 301849625

2. Reporting period:

1st January 2010 – 31st March 2010

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

Title UAB PricewaterhouseCoopers

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:

1st January 2010 – 31st December 2010

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, LT-01116 Vilnius, 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 the authorized capital, structure and it's changes during the last three years and the registry dates of the changes of the Statute at the State Enterprise Centre of Registers:

On 31st March 2010, the amount of the authorized capital was LTL 1'100'000. Since the establishment of the Management Company the authorized capital was increased once from LTL 700'000 up to LTL 1'100'000.

6.2. the amount of the 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 31st March 2010, the Management Company took a subordinated loan at amount of LTL 150'000 Lt with the purpose to improve the capital adequacy ratio. The maturity date is 1st October 2011. The loan interest is 10% of the outstanding amount.

8. The amount of equity invested in a diversified portfolio of investments:

The amount of equity invested in a diversified portfolio of investments – LTL 516'046.

9. Shareholders:

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

Number of shareholders on 30th September 2009 – 2.

Number of shareholders on 31st March 2010 – 1.

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, the 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.

UAB LORDS LB, registry code 300044327, Jasinskio str. 16, Vilnius, Lithuania, owns 11'000 shares and 100% of votes.

9.3. charged and paid dividends, period for which dividends were paid:

Dividends were not paid.

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:



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The Managing Director Andrius Stonkus is related with UAB LORDS LB, which owns 11'000 shares of the company and 100% 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 amount	Average annual value of NAV	Annual net return on investments	Number of participants	Calculated annual fee to Management Company	Paid de facto annual fee to Management Company
RE	Lords LB Baltic Fund I	17'438'823.13	13'155'885.62		23	54'930.79	0.00
TOTAL		17'438'823.13	13'155'885.62		23	54'930.79	0.00

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:

Title -

Address -

Type of the agreement -

13. The amount of fee paid to the security public trading brokers for the services:

Title -

Amount paid -

14. Information about the delegation of functions:

Functions Accounting and tax record management

Title M-Finance, UAB

Address Tuskulenu str. 33C, Vilnius, Lithuania

Amount paid -



15. Description of the key activities of the Management Company during the last three financial years:

Key activities	Establishment and management of real estate CIU
Incomes	LTL 81'690 (for distribution of CIU – LTL 26'759, for management - LTL 54'931)
Amount of NA	LTL 17'438'823 (31 March 2010)
Number of clients	1

On 26th June 2009 Securities Commission of the Republic of Lithuania approved the Prospectus of the first established Closed-end real estate investment fund LORDS LB BALTIC FUND I. The First placement period was closed on 15th October 2009. The Second placement period and investment of collected funds are in process.

16. Real estate:

-

17. Risk factors, related to the Management Company:

Economical 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:

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19. Number of employees, education, average monthly wage; changes compared to the previous financial year, and their brief description:

Number of employees	3
Higher Education	3
Average monthly wage	5'442.35 Lt
Changes	



IV. INVESTMENTS

20. Investment portfolio at the end of the financial year:

Credit institutions / Issuer	Country	Currency	ISIN code	Maturity	Yield, %	Acquisition value, currency	Market value, currency	Market value, LTL	% of NAV
CASH:								152'775.50	26.84%
Nordea bank Finland Plc LT	LT	LTL				102'673.11	102'673.11	102'673.11	18.04%
AB SEB BANK	LT	LTL				53'958.94	53'958.94	53'958.94	9.48%
AB SEB BANK	LT	LTL				(3'862.66)	(3'862.66)	(3'862.66)	(0.68%)
AB SEB BANK	LT	EUR				1.77	1.77	6.11	0.00%

DEPOSITS:									

NON-EQUITY:								363'266.83	63.83%
in regulated markets:								363'266.83	63.83%
GOVERNMENT	LT	EUR	LT1000600163	2010.10.20	5.80%	99'326.12	105'209.35	363'266.83	63.83%
in non-regulated markets:									
-									
-									
other:									

Issuer	Country	Currency	ISIN code	Type		Acquisition value, currency	Market value, currency	Market value, LTL	% of NAV
FUNDS:								53'074.50	9.33%
according to CIU Law article 61, 1p.:									
other:								53'074.50	9.33%
Lords LB Baltic Fund I	LT	EUR	LTIF00000351	RE		15'225.00	15'371.44	53'074.50	9.33%

TOTAL:								569'116.83	100.00%
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V. FINANCIAL STATE

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	Notes No	Current financial Year	1 year ago
A.	TURTAS		769'787	794'266
I.	Cash		152'779	262'407
II.	Treasury bills and other bills bought by Central Banks			
II.1.	Treasury bills			
II.2.	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		5'275	9'051
V.	Other receivables		169'221	87'530
V.1.	Related with the services			
V.2.	Income accrued		169'221	87'530
V.3.	Other receivables			
VI.	Non-equities		363'267	355'296
VI.1.	Issued by other companies			
VI.1.1.	Bonds			
VI.1.2.	Bills			
VI.1.3.	Other non-equities			
VI.2.	Issued by public entities		363'267	355'296
VI.2.1.	Bonds		363'267	355'296
VI.2.2.	Bills			
VI.2.3.	Other non-equities			
VII.	Equities		53'074	51'932
VII.1.	Shares			
VII.2.	Depository receipts for shares			
VII.3.	Investment unities of CIU		53'074	51'932
VII.4.	Other equities			
VIII.	Investments in associated enterprises			
VIII.1.	Investments in financial institutions			
VIII.2.	Investments in other associated enterprises			
IX.	Investments in subsidiaries			
IX.1.	Investments in financial institutions			
IX.2.	Investments in other subsidiaries			
X.	TANGIBLE ASSETS		19'043	20'365
X.1.	Land			
X.2.	Buildings			
X.3.	Other tangible assets		19'043	20'365
X.3.1.	Means of transport			
X.3.2.	Equipment, appliances, tools and equipment		2'625	2'917
X.3.3.	Investment property			
X.3.4.	Reserves			180
X.3.5.	Other tangible assets		16'418	17'268



XI.	INTANGIBLE ASSETS		7'128	7'685
XI.1.	Prestige			
XI.2.	Other intangible assets		7'128	7'685
XI.2.1.	Development costs			
XI.2.2.	Licenses			
XI.2.3.	Software			
XI.2.4.	Other intangible assets		7'128	7'685
XII.	OTHER ASSETS			
XII.1.	Deferred tax assets			
XII.2.	Deferred expenses			
XII.3.	Other assets			
	TOTAL ASSETS:		769'787	794'266
No	EQUITY AND LIABILITIES	Notes No	Current financial Year	1 year ago
B.	PAYABLES AND LIABILITIES		276'780	254'484
I.	Payable amounts and liabilities to financial institutions			
I.1.	On demand			
I.2.	With assigned maturity or notice term			
II.	Payable amounts and liabilities to clients			
II.1.	On demand			
II.2.	With assigned maturity or notice term			
III.	Issued non-equity securities and other debt liabilities			
IV.	Other payable amounts and liabilities		126'780	104'484
IV.1.	Income tax liabilities			
IV.2.	Deferred taxes			
IV.3.	Employment related obligations		21'325	38'661
IV.4.	Accruals and deferred income		55'720	36'479
IV.5.	Other payable amounts and liabilities		49'735	29'344
V.	Deffered taxes			
VI.	Subordinated liabilities		150'000	150'000
C.	EQUITY		493'007	539'782
I.	Share capital		1'100'000	1'100'000
II.	Subscribed capital unpaid (-)			
III.	Share premium			
IV.	Own shares (-)			
V.	Reserves			
V.1.	Required			
V.2.	Acquisition of own shares			
V.3.	Other reserves			
VI.	Revaluation reserve (results)			
VII.	Retained profit (loss)		(606'993)	(560'218)
VII.1.	Profit (loss) for the previous years		(560'218)	(42'258)
VII.2.	Profit (loss) for current years		(46'775)	(517'960)
	TOTAL OWN CAPITAL AND LIABILITIES:		769'787	794'266



Non-balance report:

No	Off-balance sheet	Notes No	Current financial Year	1 year ago
I.	Guarrantees and warranties			
II.	Managed clients assets		17'645'138	8'168'154
II.1.1.	Client money		5'568'536	930'964
II.1.2.	Securities acquired on behalf of clients		12'076'602.1	7'237'190
II.1.3.	Amounts received from clients' undertaking transactions			
III.	Other off-balance liabilities			

Income (loss) statement:

No	Sheets	Notes No	Current financial year	1 year ago
I.	Commissions, management and customer service operating income		81'690	87'531
II.	Commissions, management and customer service operating costs			
III.	Income from equity securities			
III.1.	Shares and other equity securities			
III.2.	Investments in associated enterprises			
III.3.	Investments in subsidiary enterprises			
IV.	Intrest and similar income		9'198	16'496
IV.1.	Non-equity securities		9'114	13'411
IV.2.	Loans given			2'577
IV.3.	Other		84	508
V.	Intrest and similar income		3'808	5'715
V.1.	Issued non-equity securities			
V.2.	Loans received		3'699	5'602
V.3.	Other		109	113
VI.	Profit (loss) from financial transactions			4'387
VI.1.	Profit (loss) from securities trade			
VI.2.	Profit (loss) from foreign currency transactions			(312)
VI.3.	Other profit (loss) from financial transactions			4'699
VII.	General administrative expenses		133'855	622'926
VIII.	Result of loan and advanced payment value correction			
IX.	Result of securities value adjustment			
IX.1.	Result of securities devaluation and restoration			
IX.2.	Result of securities true value change			
X.	Result of tangible and intangible asset adjustment			
X.1.	Result of tangible asset devaluation and restoration			
X.2.	True value change of tangible asset			
X.3.	Result of intangible asset devaluation and restoration			
XI.	Deferred expenses			
XII.	Other income			2'267
XIII.	Other expenditure			
XIV.	ORDINARY OPERATING PROFIT (LOSS)		(46'775)	(517'960)
XV.	Extraordinary income			
XVI.	Extraordinary expenditure			
XVII.	EXTRAORDINARY OPERATING PROFIT (LOSS)			
XVIII.	Income tax			
XIX.	Other charges			
XX.	NET PROFIT (LOSS)		(46'775)	(517'960)



Cash flow statement:

No	Sheets	Notes No	Current financial year	1 year ago
I.	Cash flows by operating activity			
I.1.	commissions received			
I.2.	commissions paid		(313)	(666)
I.3.	receivables for other services			2'267
I.4.	payables for other services		(27'169)	(242'850)
I.5.	stock purchase			
I.6.	stock transfer			
I.7.	dividends received			
I.8.	dividends paid			
I.9.	interest received		84	507
I.10.	interest paid		(109)	(113)
I.11.	payments to employees		(47'253)	(166'363)
I.12.	taxes paid		(34'868)	(118'225)
I.13.	revenue from other major activity			41'819
I.14.	payables for other major activity			
	Net cash flows by operating activity		(109'628)	(483'624)
II.	Cash flows from investing activity			
II.1.	stock purchase			(395'522)
II.2.	stock transfer			409'500
II.3.	dividends received			
II.4.	interest received			6'043
II.5.	acquisition of fixed assets			(33'221)
II.6.	disposal of fixed assets			
II.7.	loans			(80'000)
II.8.	recovery of loans			190'000
II.9.	other investment cash receipts			
II.10.	other investment cash payments			
	Net cash flow from investing activity			96'800
III.	Cash flows from financing activity			
III.1.	issue of shares			400'000
III.2.	purchase of shares			
III.3.	issue of 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			
III.9.	interest paid			(4'329)
III.10.	amounts received for the subordinated liabilities			150'000
III.11.	amounts paid for the subordinated liabilities			
III.12.	cash flow from other financing activity			
III.13.	payment from other financing activity			
	Net cash flow from financing activity			545'671
IV.	Cash flows from extraordinary items			
IV.1.	increase of cash flows from extraordinary items			
IV.2.	decrease of cash flows from extraordinary items			
V.	Effect of currency exchange on cash balances			
VI.	Increase (decrease) of net cash flows		(109'628)	158'847
VII.	Cash at the beginning of the period		262'407	103'560
VIII.	Cash at the end of the period		152'779	262'407



Changes in equity:

	Paid-up share capital	Share premium	Own shares	Reserve			Revaluation reserve		Retained profit (loss)	Total
				Legal	Acquisition of own shares	Other	Of fixed tangible assets	Financial assets		
1. Financial year-end balance 2008	700'000								(42'258)	657'742
2. Result of the change in accounting policy										
3. Result of essential correction										
4. Restated financial year-end balance 2008	700'000								(42'258)	657'742
5. Increase (decrease) of fixed tangible assets										
6. Financial gain (loss)										
7. Acquisition (sale) of own shares										
8. Gain (loss) of income (loss) report									(517'960)	(517'960)
9. Net income (loss) of the reporting period										
10. Dividends										
11. Other payables										
12. Reserves										
13. Spent reserves										
14. Increase (decrease) of authorized capital	400'000									400'000
15. Financial year-end balance 2009	1'100'000								(560'218)	539'782
16. Increase (decrease) of fixed tangible assets										
17. Financial gain (loss)										
18. Acquisition (sale) of own shares										
19. Gain (loss) of income (loss) report										
20. Net income (loss) of the reporting period									(46'775)	(46'775)
21. Dividends										
22. Other payables										
23. Reserves										
24. Spent reserves										
25. Increase (decrease) of authorized capital										
26. Financial year-end balance of the reporting period	1'100'000								(606'993)	493'007



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22. Annual report:

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23. Other information, necessary to reflect correctly the financial state of the company:

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24. Independent auditor's report:

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VI. MANAGEMENT OF THE COMPANY

25. Company bodies (supervisory board members, board members, company manager, deputy manager, chief accountant):

25.1. names, surnames, positions of the persons of the Management Company, share capital and votes in percentage:

Andrius Stonkus	Chairman of the Board and Managing Director	directly	0%
Raimondas Rapkevičius	Member of the Board		0%
Arvydas Strumskis	Member of the Board		0%

25.2. 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.

25.3.

Andrius Stonkus	Chairman of the Board and Managing Director
Background	Vilnius University, Economics Faculty, Banking
Previous occupation	UAB Prime Investment – Chief Financial Analyst UAB Prime Investment – Investment Project Manager UAB Prime Real Estate – Director UAB Resolution Valuations – Project Manager
Present occupation	UAB Lords LB – Director UAB Resolution Holdings – Financial Manager UAB Resolution Advisors – Deputy Director UAB Aura Estate – Deputy Director UAB Res Management – Deputy Director

Eladijus Kirijanovas	Chief Accountant
Background	VG TU, Economics, Bachelor degree VDU, Business Management, Master degree BMI, Executive MBA
Previous occupation	AB Sanitas Financial Manager UAB Sonex Holding Financial Manager UAB Sonex Holding General Manager
Present occupation	M-Finance, UAB – Director

25.4. information about participation in activity of other companies, institutions, organisations (titles, positions) and capital (company, institution, organisation, the percentage of capital and votes):

Raimondas Rapkevicus graduated from Vilnius University and acquired the speciality of economist. He began his career in UKIO BANKAS in 1992 and became the Chairman of the Board; since 1998 for two years he worked as a Finance Manager for SBA HOLDING. When a branch of KREDYT BANK was opened in Lithuania he worked there as the deputy director. In 2002 Mr. Rapkevicus joined Vilnius branch of NORDEA BANK FINLAND Plc. as a Manager of retail banking department. Since 2006 he is a member of the board of UAB GENERAL FINANCING, owned by the French banking group SOCIETE GENERALE.



Arvydas Strumskis graduated from Vilnius University, Mathematics Faculty and later CAPGEMINY, Paris, France. Mr. Strumskis has worked at the Institute of Economics Lithuanian Academy of Sciences for five years. 1991-1999 he worked at an international consultancy company SIAR-BOSSARD. Later till 2005 A. Strumskis served as an Investment Manager for SCANDINAVIAN BALTIC DEVELOPMENT CO. At that time Mr. Strumskis was the chairman or member of the board of various Lithuanian companies. Recently he is the head of business development and investment company UAB STRATA.

25.5. information about the Board of the company at the beginning and at the end of the term:

The Board was formed on 8th September, 2008. The duration of the term of all members of the Board is 4 years.

26. 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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27. 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):

27.1. 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 2010 the amount accrued in connection with employment – LTL 20'548. The number of members of the leadership – 1 Managing Director.

27.2. 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:

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

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28. Indicate the members associated with the Management Company:

28.1. the bodies which control the Management Company or are under control of the Management Company:

The body which control the Company – UAB LORDS LB, registry code 300044327.

28.2. if the body under control or controls is a legal person, indicate it's leadership:



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Director of UAB LORDS LB – Andrius Stonkus.

29. 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

30. 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):

On 26th June 2009 the Securities Commission of the Republic of Lithuania registered the first Closed-end real estate investment fund LORDS LB BALTIC FUND I. Starting on July the Management Company started the Fund's distribution. The First Distribution expired on 15th October 2009. Presently the Second Distribution proceeds and acquisition of the premises is in progress.

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

In 2010 the Managing Company plans to complete the fundraising of EUR 25 million of Closed-end Real Estate investment fund LORDS LB BALTIC FUND I and to invest the majority of the funds collected.



VIII. PERSONS IN CHARGE

32. 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.

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

33.1. The Managing company's persons, employees and the Managing Director responsible for the Report:

Managing Director	Andrius Stonkus	_____
Telephone No	+370 5 261 9470	
Fax No	+370 5 261 9471	
E-mail	info@lordslb.lt	

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

Chief Accountant	Eladijus Kirijanovas	_____
The title of the company	M-Finance, UAB	
Telephone No	+370 5 265 3377	
Fax No	+370 5 278 4725	