

LORDS LB ASSET MANAGEMENT

Activity Report

30th September 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-01116 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 – 30th September 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 30th June 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 14th September 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 30th September 2010 – 4.

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 7'700 shares and 70% 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 7700 shares of the company and 70% 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	24.881.132,64	21.440.493,01		30	232.147,68	138.127,64
RE	Lords LB Opportunity Fund I	0,00	0,00		0	0,00	0,00
TOTAL		24.881.132,64	21.440.493,01		30	232.147,68	138.127,64

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
Income	LTL 334'315.73 (commission, management, interest, etc., 2010)
Amount of NA	LTL 24'881'132.64 (30th September 2010)
Number of clients	2

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.

On 27th August 2010 Securities Commission of the Republic of Lithuania approved the Prospectus of the established Closed-end real estate investment fund LORDS LB OPPORTUNITY FUND I. The placement of investment units and investment of collected funds are in process.

16. Real estate:

On 1st June 2010 UAB "LPVP Client-1", which is 100 % owned by the fund LORDS LB BALTIC FUND I acquired the office building, called "Danske Bank" building, located at Saltoniskiu str. 2 in Vilnius.

On 15th October 2010 the fund LORDS LB BALTIC FUND I acquired 50 % of "Focus Kinnisvara" OU owning an office building called "Metro Plaza", located at Viru Valjak 2 in Tallinn.

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	LTL 4'127
Changes	



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:

	ASSETS	Financial year	Financial year 1 year ago	Financial year 2 years ago
A.	ASSETS	702.339	794.266	681.682
I.	Cash	133.277	262.407	103.560
II.	Treasury bills and other bills bought by Central Banks	0	0	0
II.1.	Treasury bills	0	0	0
II.2.	Other bills bought by central Banks	0	0	0
III.	Loans and advances to financial institutions	0	0	0
III.1.	Demand	0	0	0
III.2.	Other loans and advances	0	0	0
IV.	Loans and advances to the clients	29.840	9.051	113.465
V.	Other receivables	97.264	87.530	61.562
V.1.	Related with the servicies	0	0	0
V.2.	Income accrued	96.610	87.530	0
V.3.	Other recivables	654	0	61.562
VI.	Non-equities	365.907	355.296	403.095
VI.1.	Issued by other companies	0	0	0
VI.1.1.	Bonds	0	0	0
VI.1.2.	Bills	0	0	0
VI.1.3.	Other non-equities	0	0	0
VI.2.	Issued by public entities	365.907	355.296	403.095
VI.2.1.	Bonds	365.907	355.296	403.095
VI.2.2.	Bills	0	0	0
VI.2.3.	Other non-equities	0	0	0
VII.	Equities	53.277	51.932	0
VII.1.	Shares	0	0	0
VII.2.	Depository receipts for shares	0	0	0
VII.3.	Investment units of CIU	53.277	51.932	0
VII.4.	Other equities	0	0	0
VIII.	Investments in associated enterprises	0	0	0
VIII.1.	Investments in financial institutions	0	0	0
VIII.2.	Investments in other associated enterprises	0	0	0
IX.	Investments in subsidiaries	0	0	0
IX.1.	Investments in financial institutions	0	0	0
IX.2.	Investments in other subsidiaries	0	0	0
X.	TANGIBLE ASSETS	16.763	20.365	0
X.1.	Land	0	0	0
X.2.	Buildings	0	0	0
X.3.	Other tangible assets	16.763	20.365	0
X.3.1.	Means of transport	0	0	0
X.3.2.	Equipment, appliances, tools and equipment	2.042	2.917	0
X.3.3.	Investment property	0	0	0
X.3.4.	Reserves	0	180	0
X.3.5.	Other tangible assets	14.720	17.268	0
XI.	INTANGIBLE ASSETS	6.012	7.685	0
XI.1.	Prestige	0	0	0
XI.2.	Other intangible assets	6.012	7.685	0
XI.2.1.	Development costs	0	0	0
XI.2.2.	Licenses	0	0	0



XI.2.3.	Software	0	0	0
XI.2.4.	Other intangible assets	6.012	7.685	0
XII.	OTHER ASSETS	0	0	0
XII.1.	Deferred tax assets	0	0	0
XII.2.	Deferred expenses	0	0	0
XII.3.	Other assets	0	0	0
	TOTAL ASSETS:	702.339	794.266	681.682

	EQUITY AND LIABILITIES	Financial year	Financial year 1 year ago	Financial year 2 years ago
B.	PAYABLES AND LIABILITIES	258.494	254.484	23.940
I.	Payable amounts and liabilities to financial institutions	5.000	0	0
I.1.	On demand	0	0	0
I.2.	With assigned maturity or notice term	5.000	0	0
II.	Payable amounts and liabilities to clients	0	0	0
II.1.	On demand	0	0	0
II.2.	With assigned maturity or notice term	0	0	0
III.	Issued non-equity securities and other debt liabilities	0	0	0
IV.	Other payable amounts and liabilities	103.494	104.484	23.940
IV.1.	Income tax liabilities	0	0	0
IV.2.	Deferred taxes	0	0	0
IV.3.	Employment related obligations	46.780	38.661	8.982
IV.4.	Accruals and deferred income	4.003	36.479	10.659
IV.5.	Other payable amounts and liabilities	52.710	29.344	4.299
V.	Deferred taxes	0	0	0
VI.	Subordinated liabilities	150.000	150.000	0
C.	EQUITY	443.845	539.782	657.742
I.	Share capital	1.100.000	1.100.000	700.000
II.	Subscribed capital unpaid (-)	0	0	0
III.	Share premium	0	0	0
IV.	Own shares (-)	0	0	0
V.	Reserves	0	0	0
V.1.	Required	0	0	0
V.2.	Acquisition of own shares	0	0	0
V.3.	Other reserves	0	0	0
VI.	Revaluation reserve (results)	0	0	0
VII.	Retained profit (loss)	-656.155	-560.218	-42.258
VII.1.	Profit (loss) for the previous years	-560.217	-42.258	0
VII.2.	Profit (loss) for current years	-95.937	-517.960	-42.258
	TOTAL OWN CAPITAL AND LIABILITIES:	702.339	794.266	681.682



Income (loss) statement:

No.	Item	Financial year	Financial year 1 year ago	Financial year 2 years ago
I.	Commission, management and service operating income	334.316	87.531	0
II.	Commission, management and service operating costs	0	0	0
III.	Income from equity securities	0	0	0
III.1.	Shares and other equity securities	0	0	0
III.2.	Investments in associated enterprises	0	0	0
III.3.	Investments in subsidiary enterprises	0	0	0
IV.	Interest and similar income	12.079	16.496	7.353
IV.1.	Non-equity securities	11.956	13.411	3.783
IV.2.	Loans given	0	2.577	3.465
IV.3.	Other	123	508	105
V.	Interest and similar costs	11.403	5.715	0
V.1.	Non-equity securities	0	0	0
V.2.	Loans received	11.219	5.602	0
V.3.	Other	184	113	0
VI.	Profit (loss) from financial transactions	-117	4.387	0
VI.1.	Profit (loss) from securities trading	0	0	0
VI.2.	Profit (loss) from foreign currency transactions	-117	-312	0
VI.3.	Other profit (loss) from financial transactions	0	4.699	0
VII.	General administrative expenses	473.587	622.926	49.611
VIII.	Result of loan and advance payment value correction	0	0	0
IX.	Result of securities value adjustment	0	0	0
IX.1.	Result of securities devaluation and restoration	0	0	0
IX.2.	Result of securities true value change	0	0	0
X.	Result of tangible and intangible asset adjustment	0	0	0
X.1.	Result of tangible asset devaluation and restoration	0	0	0
X.2.	True value change of tangible asset	0	0	0
X.3.	Result of intangible asset devaluation and restoration	0	0	0
XI.	Deferred expenses	0	0	0
XII.	Other income	0	2.267	0
XIII.	Other expenditure	7.225	0	0
XIV.	ORDINARY OPERATING PROFIT (LOSS)	-145.937	-517.960	-42.258
XV.	Extraordinary income	0	0	0
XVI.	Extraordinary expenditure	0	0	0
XVII.	EXTRAORDINARY OPERATING PROFIT (LOSS)	0	0	0
XVIII.	Income tax	0	0	0
XIX.	Other charges	0	0	0
XX.	NET PROFIT (LOSS)	-145.937	-517.960	-42.258



Cash flow statement:

No.	Item	Financial year	Financial year 1 year ago	Financial year 2 years ago
I.	Cash flow from operations	-184.130	-483.624	-87.128
I.1.	commissions received	0	0	0
I.2.	commissions paid	0	-666	-33
I.3.	receivables for other services	346	2.267	0
I.4.	payables for other services	0	-242.850	-38.531
I.5.	stock purchase	0	0	0
I.6.	stock transfer	0	0	0
I.7.	dividends received	0	0	0
I.8.	dividends paid	0	0	0
I.9.	interest received	123	507	105
I.10.	interest paid	-184	-113	0
I.11.	payments to employees	-126.750	-166.363	-2.759
I.12.	taxes paid	-92.303	-118.225	-4.091
I.13.	revenue from other major activity	1.191.814	41.819	1.000
I.14.	payables for other major activity	-1.157.176	0	-42.819
II.	Cash flow from investments	0	96.800	-509.312
II.1.	stock purchase	-863.203	-395.522	-399.312
II.2.	stock transfer	863.203	409.500	0
II.3.	dividends received	0	0	0
II.4.	interest received	0	6.043	0
II.5.	acquisition of fixed assets	0	-33.221	0
II.6.	disposal of fixed assets	0	0	0
II.7.	loans	0	-80.000	-235.000
II.8.	recovery of loans	0	190.000	125.000
II.9.	other investment cash receipts	0	0	0
II.10.	other investment cash payments	0	0	0
III.	Cash flow from financing	55.000	545.671	700.000
III.1.	issue of shares	0	400.000	700.000
III.1.2.	Owners' contributions against the loss	50.000	0	0
III.2.	purchase of shares	0	0	0
III.3.	issue of of other shares	0	0	0
III.4.	purchase of other shares	0	0	0
III.5.	loans received	5.000	0	0
III.6.	loans repaid	0	0	0
III.7.	payment for the lease (financial lease)	0	0	0
III.8.	dividends paid	0	0	0
III.9.	interest paid	0	-4.329	0
III.10.	amounts received for the subordinated liabilities	0	150.000	0
III.11.	amounts paid for the subordinated liabilities	0	0	0
III.12.	cash flow from other financing activity	0	0	0
III.13.	payment from other financing activity	0	0	0
IV.	Cash flow from extraordinary activities	0	0	0
IV.1.	increase of cash flow from extraordinary activities	0	0	0
IV.2.	decrease of cash flow from extraordinary activities	0	0	0
V.	Leverage of currency exchange on cash balances	0	0	0
VI.	Increase (decrease) of net cash flow	-129.130	158.847	103.560
VII.	Cash at the beginning of the period	262.407	103.560	0
VIII.	Cash at the end of the period	133.277	262.407	103.560



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	700.000	0	0	0	0	0	0	0	-42.258	657.742
2. Result of the change in accounting policy	0	0	0	0	0	0	0	0	0	0
3. Result of essential correction	0	0	0	0	0	0	0	0	0	0
4. Restated financial year-end balance 2008	700.000	0	0	0	0	0	0	0	-42.258	657.742
5. Increase (decrease) of fixed tangible assets	0	0	0	0	0	0	0	0	0	0
6. Financial gain (loss)	0	0	0	0	0	0	0	0	0	0
7. Acquisition (sale) of own shares	0	0	0	0	0	0	0	0	0	0
8. Gain (loss) of income (loss) report	0	0	0	0	0	0	0	0	0	0
9. Net income (loss) of the reporting period	0	0	0	0	0	0	0	0	-517.960	-517.960
10. Dividends	0	0	0	0	0	0	0	0	0	0
11. Other payables	0	0	0	0	0	0	0	0	0	0
12. Reserves	0	0	0	0	0	0	0	0	0	0
13. Spent reserves	0	0	0	0	0	0	0	0	0	0
14. Increase (decrease) of authorized capital	400.000	0	0	0	0	0	0	0	0	400.000
15. Year-end balance in financial year 1 year ago	1.100.000	0	0	0	0	0	0	0	-560.218	539.782
16. Increase (decrease) of fixed tangible assets	0	0	0	0	0	0	0	0	0	0
17. Financial gain (loss)	0	0	0	0	0	0	0	0	0	0
18. Acquisition (sale) of own shares	0	0	0	0	0	0	0	0	0	0
19. Gain (loss) of income (loss) report	0	0	0	0	0	0	0	0	0	0
20. Net income (loss) of the reporting period	0	0	0	0	0	0	0	0	-145.937	-145.937
21. Dividends	0	0	0	0	0	0	0	0	0	0
22. Other payables	0	0	0	0	0	0	0	0	0	0
23. Reserves	0	0	0	0	0	0	0	0	0	0
24. Spent reserves	0	0	0	0	0	0	0	0	0	0
25. Increase (decrease) of authorized capital	0	0	0	0	0	0	0	0	0	0
26. Owner's contributions against the loss	0	0	0	0	0	0	0	0	50.000	50.000
26. Year-end balance of current financial year	1.100.000	0	0	0	0	0	0	0	-656.155	443.845

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	10%
Raimondas Rapkevičius	Member of the Board	0%
James Andrew Clarke	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.

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

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

-

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

Andrius Stonkus	since 8th September, 2008
Raimondas Rapkevičius	since 8th September, 2008
James Andrew Clarke	since 27th May, 2010



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 61'644. 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:

-

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 controls 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:

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 Placement. The First Placement period was expired on 15th October 2009. Presently the Second Placement period proceeds and acquisition of the premises is in progress.

On 27th August 2010 Securities Commission of the Republic of Lithuania approved the Prospectus of the established Closed-end real estate investment fund LORDS LB OPPORTUNITY FUND I. The placement of investment units and investment of collected funds is in process.

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

By the end of 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. Also the management company plans to make at least one of the investments of the fund LORDS LB OPPORTUNITY FUND I.



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	