

LORDS LB ASSET MANAGEMENT
ACTIVITY REPORT
2013 III Quarter



LORDS LB
Asset Management

LORDS LB ASSE



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, 01116 Vilnius, Lithuania**
Visiting address: **Jogailos str. 4, 01116 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:

1st January 2013 – 30th September 2013

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:

1st January 2013 – 31st December 2013

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 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 the 30th of June 2013, the amount of the authorized capital was LTL 1'100'00. 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 the 30th of September 2013, the Management Company didn't have any loans.

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

The amount of the equity invested in a diversified portfolio of investments – LTL 844'669,26.

9. Shareholders:

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

Number of shareholders 2008 12 31	2
Number of shareholders 2009 12 31	1
Number of shareholders 2010 12 31	4
Number of shareholders 2011 03 31	5
Number of shareholders 2011 06 30	7
Number of shareholders 2011 12 31	6
Number of shareholders 2012 12 31	5
Number of shareholders 2013 09 30	5

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.

Name: **UAB "GLERA"**
Company code: **302576414**
Registry address: **Jogailos g. 4, LT - 01116 Vilnius, Lithuania**
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, 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:

Name, surname: **Andrius Stonkus**
Position: **Chairman of the Board, Fund Manager**
Owns: **1'100 shares and 10% 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	88'625'585,23	85'428'574,41	13,68%	50	965'057,27	961'060,38
RE	LORDS LB OPPORTUNITY FUND I	3'823'199,92	6'314'706,88	19,75%	13	20'721,83	77'492,29
RE	LORDS LB BALTIC FUND II	26'896'671,73	18'711'370,09	7,65%	19	284'721,19	284'459,00
RE	LORDS LB OPPORTUNITY FUND II	2'936'047,27	1'532'722,04	21,87%	17	88'201,83	42'967,27
RE	LORDS LB BALTIC FUND III	96'852'786,42	90'039'405,61	-0,75%	38	624'767,03	250'539,88
PE	LORDS LB PRIVATE EQUITY FUND I	22'762'641,47	22'460'536,23	3,46%	12	420'921,88	351'148,49
PE	LORDS LB PRIVATE EQUITY FUND II						
Total:		241'896'932,04	224'487'315,26		149	2'404'391,03	1'967'667,31

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:

-

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:	Tuskulenu str. 33C, Vilnius, Lithuania
Amount paid:	LTL 10'926,06

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 2'404'391
Amount of NA	LTL 241'896'932,04
Number of clients	7



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:

-

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

Number of employees: **8**
Higher Education: **8**
Average monthly wage: **LTL 6'927**
Changes: **-**

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:								586'104,20	69,39%
SEB bankas	LT	LTL				0,00	6'736,47	6'736,47	0,80%
SEB bankas	LT	EUR				0,00	0,00	0,00	0,00%
Danske bankas	LT	LTL				0,00	578'468,55	578'468,55	68,48%
Danske bankas	LT	EUR				0,00	899,18	899,18	0,11%
DEPOSITS:								0,00	0,00%
-						0,00	0,00	0,00	0,00%
BONDS:								258'565,06	30,61%
regulated markets:								258'565,06	30,61%
Government of the Republic of Lithuania	LT	LTL	LT1000605107	2015-04-29	4,23	250'447,00	258'565,06	258'565,06	30,61%
non-regulated markets:								0,00	0,00%
-						0,00	0,00	0,00	0,00%
Issuer	Country	CNCY	ISIN code	Type		Purchase value, CNCY	Market value, CNCY	Market value, LTL	Share, %
FUND UNITS:								0,00	0,00%
Matching article 61.1 of CIU law of Lithuania								0,00	0,00%
-						0,00	0,00	0,00	0,00%
Total:								844'669,26	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 1 year ago
A.	ASSETS	2'048'182	1'175'976
I.	Cash	586'104	107'308
II.	Treasury bills and other bills bought by Central Banks		
III.	Loans and advances to financial institutions	0	64'517
III.1.	Demand		
III.2.	Other loans and advances		
IV.	Loans and advances to the clients		
V.	Other receivables	1'084'369	652'624
V.1.	Related with the services		
V.2.	Income accrued	935'076	529'232
V.3.	Other receivables	149'293	123'392
VI.	Non-equities	258'565	265'994
VI.1.	Issued by other companies	0	0
VI.1.1.	Bonds		
VI.1.2.	Other non-equities		
VI.2.	Issued by public entities	258'565	265'994
VI.2.1.	Bonds	258'565	265'994
VI.2.2.	Other non-equities		
VII.	Equities	0	0
VII.1.	Shares		
VII.2.	Investment units of CIU		
VII.3.	Other equities		
VIII.	Investments in associated enterprises		
IX.	Investments in subsidiaries		
X.	TANGIBLE ASSETS	34'793	29'313
X.1.	Land		
X.2.	Buildings		
X.3.	Other tangible assets	34'793	29'313
XI.	INTANGIBLE ASSETS	1'830	3'422
XI.1.	Prestige		
XI.2.	Other intangible assets	1'830	3'422
XII.	OTHER ASSETS	82'521	52'798
XII.1.	Deferred tax assets	43'870	30'817
XII.2.	Deferred expenses	38'555	21'834
XII.3.	Other assets	96	147
	TOTAL ASSETS:	2'048'182	1'175'976
No.	EQUITY AND LIABILITIES	Financial year	Financial year 1 year ago
B.	PAYABLES AND LIABILITIES	201'919	228'587
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.	Other payable amounts and liabilities to financial institutions		0
V.	Other payable amounts and liabilities	201'919	228'587
V.1.	Income tax liabilities		
V.2.	Deferred taxes		
V.3.	Employment related obligations	177'115	151'701



V.4.	Accruals and deferred income	10'030	18'183
V.5.	Other payable amounts and liabilities	14'774	58'703
VI.	Deffered taxes		
VII.	Subordinated liabilities		
C.	EQUITY	1'846'263	947'389
I.	Share capital	1'100'000	1'100'000
II.	Subscribed capital unpaid (-)		
III.	Share premium		
IV.	Own shares (-)		
V.	Reserves	0	0
V.1.	Required		
V.2.	Acquisition of own shares		
V.3.	Other reserves		
VI.	Revaluation reserve (results)		
VII.	Retained profit (loss)	746'263	-152'611
VII.1.	Profit (loss) for the previous years	-152'611	-413'221
VII.2.	Profit (loss) for current years	898'874	260'610
	TOTAL OWN CAPITAL AND LIABILITIES:	2'048'182	1'175'976

Off - Balance report:

No.	OFF-BALANCE SHEET ITEMS	Financial year	Financial year 1 year ago
I.	Managed clients assets	241'896'932	127'842'061
I.I.	Client money	26'991'478	1'078'538
1.2.	Securities acquired on behalf of clients	237'913'215	128'600'836
1.3.	Amounts received from clients' undertaking transactions		
1.4.	Asset managed by CIU	-23'007'762	-1'837'313
II.	Accounts receivables and liabilities (-)	440'434	91'470
II.1.	Guarrantees and warranties		
II.2.	Derivatives	0	0
II.2.1.	Receivables		
II.2.2.	Payable amounts		
II.3.	Other off-balance liabilities	440'434	91'470

Income (loss) statement:

No.	Item	Financial year	Financial year 1 year ago
I.	Commission, management and service operating income	2'404'391	1'787'755
II.	Commission, management and service operating costs	344'105	374'250
III.	Income from equity securities	0	0
III.1	Shares and other equity securities		
III.2.	Investments in associated and subsidiary enterprises		
IV.	Interest and similar income	2'774	6'156
IV.1.	Non-equity securities		
IV.2.	Loans given	2'774	6'135
IV.3.	Other	0	21
V.	Interest and similar costs	40	2'592
V.1.	Non-equity securities		
V.2.	Loans received		



V.3.	Other	40	2'592
VI.	Profit (loss) from financial transactions	4'226	2'107
VI.1.	Profit (loss) from securities trading	4'311	2'129
VI.2.	Profit (loss) from foreign currency transactions	-85	-22
VI.3.	Other profit (loss) from financial transactions		
VII.	General administrative expenses	1'194'205	1'178'156
VIII.	Result of loan and advance payment value correction		
IX.	Result of securities value adjustment	0	43'015
IX.1.	Result of securities devaluation and restoration		
IX.2.	Result of securities true value change	0	43'015
X.	Result of tangible and intangible asset adjustment		
XI.	Deferred expenses		
XII.	Other income	12'778	17'000
XIII.	Other expenditure		
XIV.	ORDINARY OPERATING PROFIT (LOSS)	885'819	301'035
XV.	Extraordinary income		
XVI.	Extraordinary expenditure		
XVII.	EXTRAORDINARY OPERATING PROFIT (LOSS)	0	0
XVIII.	Income tax	-13'055	40'425
XIX.	Other charges		
XX.	NET PROFIT (LOSS)	898'874	260'610

Cash flow statement:

No.	Item	Financial year	Financial year 1 year ago
I.	Cash flow from operations	530'569	31'234
I.1.	commissions received	0	0
I.2.	commissions paid	-1'689	-2'607
I.3.	receivables for other services	74'407	18'590
I.4.	payables for other services	-745'768	-617'432
I.5.	stock purchase	0	0
I.6.	stock transfer	0	0
I.7.	dividends received	0	0
I.8.	dividends paid	0	0
I.9.	interest received	0	2'631
I.10.	interest paid	0	0
I.11.	payments to employees	-467'396	-552'877
I.12.	taxes paid	-312'212	-396'099
I.13.	revenue from other major activity	1'983'226	1'580'283
I.14.	payables for other major activity	0	-1'255
II.	Cash flow from investments	-51'773	76'556
II.1.	stock purchase	0	0
II.2.	stock transfer	0	105'587
II.3.	dividends received	0	0
II.4.	interest received	11'740	15'105
II.5.	acquisition of fixed assets	-3'513	-11'636
II.6.	disposal of fixed assets	0	0
II.7.	loans	-60'000	-440'000
II.8.	recovery of loans	0	407'500
II.9.	other investment cash receipts	0	0



II.10.	other investment cash payments	0	0
III.	Cash flow from financing	0	-1'019
III.1.	issue of shares	0	0
III.1.2.	Owners' contributions against the loss	0	0
III.2.	purchase of shares	0	0
III.3.	issue of other shares	0	0
III.4.	purchase of other shares	0	0
III.5.	loans received	0	0
III.6.	loans repaid	0	0
III.7.	payment for the lease (financial lease)	0	0
III.8.	dividends paid	0	0
III.9.	interest paid	0	-11
III.10.	amounts received for the subordinated liabilities	0	0
III.11.	amounts paid for the subordinated liabilities	0	0
III.12.	cash flow from other financing activity	0	-1'008
III.13.	payment from other financing activity	0	0
IV.	Cash flow from extraordinary activities	0	0
IV.1.	increase of cash flow from extraordinary activities	0	0
IV.2.	decrease of cash flow from extraordinary activities	0	0
V.	Leverage of currency exchange on cash balances	0	0
VI.	Increase (decrease) of net cash flow	478'796	106'771
VII.	Cash at the beginning of the period	107'308	537
VIII.	Cash at the end of the period	586'104	107'308

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	0	0	0	0	0	0	0	-413'221	686'779
2. Net income (loss) of the reporting period	0	0	0	0	0	0	0	0	260'610	260'610
3. Year-end balance in financial year 1-year ago	1'100'000	0	0	0	0	0	0	0	-152'611	947'389
4. Net income (loss) of the reporting period	0	0	0	0	0	0	0	0	898'874	898'874
5. Year-end balance of current financial year	1'100'000	0	0	0	0	0	0	0	746'263	1'846'263

22. Company Capital adequacy ratio for the reporting period.

Company Capital adequacy ratio on the 30th of September 2013 was 1,75.

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	10%
Raimondas Rapkevičius	Member of the Board	0%
James Andrew Clarke	Member of the Board	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
Background	Vilnius University, Economics Faculty, Banking
Previous occupation	Prime Investment, UAB – Chief Financial Analyst Prime Investment, UAB – Investment Project Manager Prime Real Estate, UAB – Director
Present occupation	UAB “Cogito Invest” – Director UAB “Resolution Holdings” – Sales project manager UAB “Resolution advisers LT” – Project Manager UAB “Aemulus” – Project manager UAB “Ordeta” - Director UAB “K31” – Director
Domas Kačinskas	Director
Background:	Vilnius University, Business management, Master degree Vilnius University, Banking, Bachelor degree
Previous occupation:	AB “Hansa Bankas” – Corporate banking project manager Behrens Corporate Finance – director, partner Akropolis LT - Director, member of the Board Danske Bank – Manager of Vilnius region
Present occupation:	UAB „LPVP Client-1” – director UAB “LLBOF-1” - director UAB “Klaipėdos 7” - director UAB “K29” - director UAB “SSPC-Pramonė” – director
Eladijus Kirijanovas	Chief Accountant
Background	VGTU, Economics, Bachelor degree VDU, Business Management, Master degree
Previous occupation	BMI, Executive MBA AB “Sanitas” - Financial Manager Jelfa S.A. – Member of the Board
Present occupation	UAB “Sonex Holding” - General Manager 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):

Raimondas Rapkevičius	General Financing, UAB - Member of the Board
James Clarke	BNTP, UAB - Director

- 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
Raimondas Rapkevičius	2012 04 11 – 2015 04 11
James Clarke	2012 04 11 – 2015 04 11

- 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 2013 III quarters the amount accrued in connection with executives' employment – LTL 117'570,48. The number of executives – 1 Managing Director.

- 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:

There was a LTL 60'000 loan allotted to Andrius Stonkus on the 27th of July, 2013. The maturity of the loan is the 10th of October, 2013.

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:

-

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):

Closed-end real estate investment fund Lords LB Baltic Fund I sold the first Fund Portfolio asset - A class office building at Saltoniškių str. 2 in Vilnius (Danske Bank HQ). The property was disposed in September 2013 by selling 100% of UAB "LPVP Client-1 shares".

On the 18th of September, 2013 the SPV owned by closed-end real estate investment fund Lords LB Opportunity Fund II won the auction organized by the State Property Fund and acquired a Holiday Home "Viešnage" in Palanga.

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

The main objectives of the Managing Company in 2013 are:

- to proceed further with the disposals of the LORDS LB BALTIC FUND I investment portfolio.



- To continue investing the funds of the LORDS LB PRIVATE EQUITY FUND I, LORDS LB BALTIC FUND II and LORDS LB OPPORTUNITY FUND II.
- to continue the placement of the investment units of the LORDS LB BALTIC FUND III.
- to start the placement of the investment units of the fund LORDS LB PRIVATE EQUITY FUND 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.: **+3705261 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**

