

LORDS LB ASSET MANAGEMENT

**ACTIVITY REPORT
2018 Q3**



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, 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:

Management Company working under Undertakings in Collective Investment Law License No. VĮK-016, issued on the 23rd of December 2008
Management Company working under Management Companies of Undertakings in Collective Investment for Professional Investors Law License No. 1, issued on the 23rd of June 2015

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, 2018 – September 30, 2018

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

Name: **KPMG Baltics, UAB**
Address: **Konstitucijos ave. 29, Vilnius, Lithuania**
Telephone No.: **+ 370 5 210 2600**
Fax No.: **+ 370 5 210 2659**

4. The beginning and the end of Financial Year:

January 1, 2018 – December 31, 2018

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:

**At the end of the reporting period the amount of authorized capital was EUR 318.560
Since the establishment of the Management Company the authorized capital was
increased once from EUR 202.734,01 to EUR 318.560.**

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.

The Management Company didn't have any loans at the end of the reporting period.

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

**The amount of equity invested in a diversified portfolio of
investments – EUR 1.566.836 of which 1.314.127 EUR is cash.**

9. Shareholders:

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

Number of shareholders 2015 12 31	6
Number of shareholders 2016 12 31	6
Number of shareholders 2017 12 31	6
Number of shareholders 2018 09 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, Vilnius, Lithuania**
Owns: **5'170 shares and 47% votes**

Name: **UAB „Aemulus“**
Company code: **302578408**
Registry address: **Jogailos str. 9, 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 680.000 for 2017 were declared in Q2 2018. Dividends were paid out in April 2018.

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:

-

11. Clients of the Management Company:

11.1. Collective investment undertakings:

Type of CIU	Name	NAV	Average NAV for the reporting period	Net IRR since inception	Number of participants	Calculated Management fee for the reporting period	Paid Management fee during the reporting period
NT	Lords LB Baltic Fund III	61.922.960	61.478.352	13,79%	84	696.397	706.077
NT	Lords LB Baltic Fund IV	73.888.339	68.664.748	9,60%	41	640.366	611.091
NT	Lords LB Baltic Small Cap	13.020.967	12.359.906	8,82%	62	15.626	15.177
NT	Lords LB Opportunity Fund II	32.725	793.514	1,71%	18	5.598	10.682
NT	Lords LB Private Equity Fund I	24.028.461	24.153.123	3,83%	14	225.716	151.180
PK	Lords LB Private Equity Fund III	5.507.787	5.577.834	-0,56%	7	50.513	-
ATII	Lords LB Battery Fund	3.802.736	3.803.387	7,97%	6	34.501	34.052
NT	Lords LB Special Fund I	13.396.320	12.786.694	-0,01%	23	168.943	170.168
NT	Lords LB Special Fund II	10.194.675	8.100.227	7,72%	17	130.758	100.089
NT	Lords LB Special Fund III	10.229.483	10.202.288	-8,37%	8	68.157	-
NT	Lords LB Special Fund IV	10.720.765	10.100.602	-0,54%	32	156.387	156.104
NT	Lords LB Special Fund V	21.662.026	21.034.302	1,11%	25	231.738	226.020
UTII	Energy and Infrastructure SME Fund	32.803.890	26.375.192	-0,96%	53	301.215	132.422
UTPI	Energy and Infrastructure Baltic Fund	-	-	-	-	-	-
Total:		281.211.132	265.430.169		215	2.725.914	2.313.062

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 3.450,86**

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 funds**

	This period	1 year ago	2 years ago
Income:	2.746.935	2.106.186	1.480.098
NAV:	281.211.132	222.388.537	154.080.068
Number of clients:	14	13	12

16. Real estate:

The company does not own real estate.

17. Risk factors, related to the Management Company:

- **Economic and political situation in the Baltics and neighbouring countries**
- **Changes in global equity and real estate markets**
- **Currency exchange rate risk**
- **Changes in taxing environment**
- **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: **20**
With higher Education: **20**
Average monthly wage: **EUR 2.687**
Changes: **A financial analyst was hired in March, 2018.**

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:								1.314.127	83,87%
SEB bankas	LT	EUR				-	809.154	809.154	51,64%
Danske bankas	LT	EUR				-	-	-	0,00%
Swedbank	LT	EUR				-	504.973	504.973	32,23%
DEPOSITS:								-	0,00%
-									
BONDS:								-	0,00%
regulated markets:								-	0,00%
-									
non-regulated markets:								-	0,00%
-									
Issuer	Country	CNCY	ISIN code	Type		Purchase value, CNCY	Market value, CNCY	Market value, EUR	Share, %
FUND UNITS:								252.709	16,13%
Matching article 61.1 of CIU law of Lithuania								-	0,00%
-								-	0,00%
Others:								252.709	16,13%
Lords LB Baltic Fund III units	LT	EUR	LTIF00000075			1.190	1.679	1.679	0,11%
Lords LB Special Fund V units	LT	EUT	I052			125.000	126.713	126.713	8,09%
Energy and Infrastructure SME Fund units	LT	EUR	I053			126.544	124.317	124.317	7,93%
Total:								1.566.836	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.	Items	At the end of the period	At the start of the period
A.	ASSETS		
1.	Cash & cash equivalents	1.314.127	1.617.373
1.1.	Cash	-	-
1.2.	Cash equivalents	-	-
1.3.	Cash in bank	1.314.127	1.617.373
2.	Current assets	-	-
2.1.	Derivatives	-	-
2.2.	Equities	-	-
2.3.	Bonds	-	-
2.4.	Fund units	-	-
2.5.	Other financial assets	-	-
3.	Financial assets at fair value through profit or loss	252.709	1.655
3.1.	Equities	-	-
3.2.	Bonds	-	-
3.3.	Fund units	252.709	1.655
3.4.	Other financial assets	-	-
4.	Available-for-sale financial assets	-	-
4.1.	Equities	-	-
4.2.	Bonds	-	-
4.3.	Fund units	-	-
4.4.	Other financial assets	-	-
5.	Loans and receivables	1.649.694	1.274.264
5.1.	Loans and prepayments	47.783	11.267
5.2.	Other receivables	1.601.911	1.262.997
6.	Held-to-maturity investments	-	-
6.1.	Bonds	-	-
6.2.	Other financial assets	-	-
7.	Derivatives. Hedge accounting	-	-
8.	Changes in fair value of Interest Swap agreements	-	-
9.	Investments in subsidiaries, joint ventures and associates	-	-
10.	Tangible assets	471	897
10.1.	Property, plant and equipment	471	897
10.2.	Investment property	-	-
11.	Intangible assets	-	-
11.1.	Goodwill	-	-
11.2.	Other intangible assets	-	-
12.	Tax assets	-	-
12.1.	Current period deferred tax assets	-	-
12.2.	Deferred tax assets	-	-
13.	Other assets	-	18.394
	ASSETS, TOTAL	3.217.001	2.912.583



No.	Items	At the end of the period	At the start of the period
	EQUITY & LIABILITIES		
B.	LIABILITIES		
1.	Trade payables	-	-
1.1.	Derivatives	-	-
1.2.	Bonds	-	-
1.3.	Other financial liabilities	-	-
2.	Financial liabilities	-	-
2.1.	Bonds	-	-
2.2.	Other financial liabilities	-	-
3.	Financial liabilities at amortized cost	-	-
3.1.	Bonds	-	-
3.2.	Loans	-	-
3.3.	Other financial liabilities	-	-
4.	Derivatives, Hedge accounting	-	-
5.	Changes in Fair Value of a Portfolio Hedge of Interest Rate Risk	-	-
6.	Provisions and contingent liabilities	-	-
7.	Tax liabilities	109.805	30.221
7.1.	Current period tax liabilities	109.805	30.221
7.2.	Deferred tax liabilities	-	-
8.	Other liabilities	203.141	534.291
8.1.	Payroll related liabilities	109.548	177.386
8.2.	Other payables and liabilities	93.593	356.905
9.	LIABILITIES, TOTAL	312.945	564.512
C.	EQUITY		
1.	Share capital	318.560	318.560
1.1.	Share capital	318.560	318.560
1.2.	Shares issued but not fully paid	-	-
2.	Share premium	-	-
3.	Other equity	-	-
4.	Accrued other comprehensive income	-	-
5.	Retained earnings	2.553.637	1.997.653
6.	Revaluation reserves	-	-
7.	Other reserves	31.858	31.858
8.	(-) Own shares	-	-
9.	EQUITY, TOTAL	2.904.055	2.348.071
	EQUITY & LIABILITIES, TOTAL	3.217.001	2.912.583



Off - Balance report:

No.	Items	At the end of the period	At the start of the period
I.	Managed clients assets	300.745.482	253.021.805
I.1.	Client money	-	-
I.2.	Securities acquired on behalf of clients	-	-
I.3.	Amounts received from clients' undertaking transactions	-	-
I.4.	Managed KIS and pension funds' assets	300.745.482	253.021.805
II.	Other off-balance liabilities	194.888	258.420
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	194.888	258.420



Income (loss) statement:

No.	Items	Current period	Previous period
1.	Interest income	-	8.384
2.	Interest expenses	-	-
3.	Dividend income	-	-
4.	Services and commission income	2.746.935	2.097.802
5.	Services and commission expenses	-271.492	-359.889
6.	Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	-	-
6.1.	Financial assets held for sale	-	-
6.2.	Loans and receivables	-	-
6.3.	Investments held to maturity	-	-
6.4.	Financial liabilities measured at amortised cost	-	-
6.5.	Other	-	-
7.	Gains or losses on financial assets and liabilities held for trading, net	-	-
8.	Gains or losses on financial assets and liabilities designated at fair value to profit or loss, net	-11.169	-
9.	Gains or losses from hedge accounting	-	-
10.	Profit (loss) from currency exchange	-338	-410
11.	Gains or losses on derecognition of non-financial assets other than held-for-sale	-	-
12.	Other operating income	-	-
13.	Other operating expense	-	-
14.	TOTAL INCOME	2.463.936	1.745.887
15.	Administrative expenses	-1.006.456	-676.266
15.1.	Staff costs	-293.432	-218.763
15.2.	Other administrative expenses	-713.024	-457.503
16.	Depreciation	-	-
17.	Provisions and reversal of provisions	-	-
18.	Impairment or reversal of impairment of financial assets held at cost	-	-
18.1.	Financial assets held at cost	-	-
18.2.	Financial assets held for sale	-	-
18.3.	Loans and receivables	-	-
18.4.	Investments held to maturity	-	-
19.	Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates	-	-
20.	(Non-financial asset value decrease or value reversal)	-	-
21.	Negative goodwill, accounted in profit and (loss)	-	-
22.	Profit and (loss) from investments in subsidiaries and related companies	-	-
23.	PRE-TAX PROFIT	1.457.480	1.069.621
24.	Tax	-221.496	-161.107
25.	NET PROFIT	1.235.984	908.514
26.	OTHER GROSS INCOME	-	-
26.1.	Financial assets held for sale	-	-
26.2.	Other	-	-



Cash flow statement:

No.	Item	Financial year	Corresponding period in previous year
I.	Cash flow from operations	639.085	768.247
I.1.	commissions received	-	-
I.2.	commissions paid	-628	-1.062
I.3.	receivables for other services	-	-
I.4.	payables for other services	-637.460	-432.070
I.5.	securities purchase	-	-
I.6.	securities transfer	-	-
I.7.	dividends received	-	-
I.8.	dividends paid	-	-
I.9.	interest received	-	-
I.10.	interest paid	-	-
I.11.	payments to employees	-530.975	-367.764
I.12.	taxes paid	-503.324	-523.167
I.13.	revenue from other major activity	2.489.217	3.327.185
I.14.	payables for other major activity	-177.745	-1.234.875
II.	Cash flow from investments	-262.331	-232.224
II.1.	securities purchase	-262.331	-
II.2.	securities transfer	-	-
II.3.	dividends received	-	-
II.4.	interest received	-	5.399
II.5.	acquisition of fixed assets	-	-
II.6.	disposal of fixed assets	-	-
II.7.	loans	-	-250.000
II.8.	recovery of loans	-	12.377
II.9.	other investment cash receipts	-	-
II.10.	other investment cash payments	-	-
III.	Cash flow from financing	-680.000	-400.000
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	-680.000	-400.000
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	-	-345
VI.	Increase (decrease) of net cash flow	-303.246	135.678
VII.	Cash at the beginning of the period	1.617.373	889.793
VIII.	Cash at the end of the period	1.314.127	1.025.471



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)	318.560	-	-	31.858	-	-	-	-	1.309.176	1.659.594
2. Dividends	-	-	-	-	-	-	-	-	-400.000	-400.000
3. Net income (loss) of the reporting period	-	-	-	-	-	-	-	-	-	-
4. Year-end balance in financial year (1 year ago)	318.560	-	-	31.858	-	-	-	-	1.997.653	2.348.071
5. Dividends	-	-	-	-	-	-	-	-	-680.000	-680.000
6. Net income (loss) of the reporting period	-	-	-	-	-	-	-	-	1.235.984	1.235.984
7. Year-end balance of current financial year	318.560	-	-	31.858	-	-	-	-	2.553.637	2.904.055

22. Capital adequacy ratio for the reporting period.

Capital adequacy ratio of the Management Company at the end of the reporting period was 4,81.

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%
Mindaugas Marcinkevičius	Board member	47%
Antanas Vainauskas	Board member	9%
Domas Kačinskas	Board member	0%
Andrius Stonkus	Board member	36%
Eladijus Kirijanovas	Chief accountant	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.

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“ Head of Corporate Clients Department „Akropolis LT“ Director, Board Member „Danske Bank“ Head of Vilnius region
Current positions:	AS „PN Project“ supervisory board member SIA „LC Bergi“ board member SIA „SC Valdeka“ board member SIA „SC Liepaja“ board member SIA „BFIII Latvia“ board member SIA „SC Stirnu“ board member UAB „Gaumista“ board member UAB „Mandarinas“ consultant 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):

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:

Board members:	
Jan Ake Gustaf Litborn	2016 01 15 – 2019 12 18
Domas Kačinskas	2016 01 15 – 2019 12 18
Andrius Stonkus	2016 01 15 – 2019 12 18
Mindaugas Marcinkevičius	2016 01 15 – 2019 12 18
Antanas Vainauskas	2016 01 15 – 2019 12 18

- 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.

Manfredas Dargužis, 1986, Jogailos 4 Vilnius, Higher education, +370 5 261 94 70, Financial brokerage license no. S301
Artūras Šilinis, 1970, Jogailos 4 Vilnius, Higher education, +370 5 261 94 70, Financial brokerage license nr. A173



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:

Board members – EUR 98.819
Executives – EUR 4.113

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:

-

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. 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):

2017 June started the investment of a new real estate investment fund Lords LB Special Fund V.

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

The main objectives of the Managing Company in 2018 are:

- **Close Lords LB Opportunity Fund II.**
- **Start the investment of an energy and infrastructure investment fund Energy and Infrastructure Baltic Fund.**

30. Auditor's report and financial statements:

Provided with annual activity report.



VIII. PERSONS IN CHARGE

31. 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.
32. The persons in charge for the information presented in the Report:
- 32.1. 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**

- 32.2. 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**
E-mail: **eladijus@mfinance.lt**

MANAGEMENT

LORDS LB ASSE