



Prepared by M-Finance

UAB Orkela
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
31 DECEMBER 2021

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Independent Auditor's Report

To the Shareholders of UAB Orkela

Opinion

We have audited the financial statements of UAB Orkela ("the Company"). The Company's financial statements comprise:

- the balance sheet as at 31 December 2021,
- the income statement for the year then ended,
- the statement of changes in equity for the year then ended, and
- the notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance for the year then ended in accordance with Business Accounting Standards of the Republic of Lithuania.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company's annual management report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



In addition, our responsibility is to consider whether information included in the Company's annual management report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's annual management report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's annual management report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Business Accounting Standards of the Republic of Lithuania, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of KPMG Baltics, UAB

Ieva Voverienė
Certified Auditor

A handwritten signature in blue ink, appearing to read 'Ieva Voverienė', written in a cursive style.

Vilnius, the Republic of Lithuania
14 April 2022

UAB Orkela

Company code: 304099538, Jogailos g. 4, LT-01116 Vilnius

INCOME STATEMENT

14 April 2022

(date of the statement)

Financial year ended 31 December 2021

(Reporting period)

EUR

(Currency)

Article No.	Articles	Notes No.	Financial year	Previous financial year
1.	Sales		2 506	3 929
2.	Cost of sales		-	-
3.	Changes in fair value of biological assets		-	-
4.	GROSS PROFIT (LOSS)		2 506	3 929
5.	Selling expenses		-	-
6.	General and administrative expenses	1	(120 035)	(69 506)
7.	Other operating results		-	-
8.	Income from investments in the shares of parent, subsidiaries and associated entities		-	-
9.	Income from other long-term investments and loans		-	-
10.	Other interest and similar income		-	-
11.	The impairment of the financial assets and short-term investments		-	-
12.	Interest and other similar expenses	2	(1 210 278)	(449 727)
13.	PROFIT (LOSS) BEFORE TAXATION		(1 327 807)	(515 304)
14.	Income tax	3	-	-
15.	NET PROFIT (LOSS)		(1 327 807)	(515 304)

Director

Anastasija Pocienė

Representative of a company providing accounting services

Agnė Jasinskienė



The explanatory notes on pages 11 to 20 form an integral part of these financial statements

UAB Orkela

Company code: 304099538, Jogailos g. 4, LT-01116 Vilnius

BALANCE SHEET

14 April 2022

(date of the statement)

Financial year ended 31 December 2021
(Reporting period)

EUR
(Currency)

Article No.	Articles	Notes No.	Financial year	Previous financial year (adjusted)
	ASSETS			
A.	NON-CURRENT ASSETS		9 341 090	7 362 973
1.	INTANGIBLE ASSETS		-	-
1.1.	Assets arising from development		-	-
1.2.	Goodwill		-	-
1.3.	Software		-	-
1.4.	Concessions, patents, licenses, trademarks and similar rights		-	-
1.5.	Other intangible non-current assets		-	-
1.6.	Advance payments		-	-
2.	TANGIBLE ASSETS		9 341 090	7 362 973
2.1.	Land		-	-
2.2.	Buildings and structures		-	-
2.3.	Machinery and plant		-	-
2.4.	Vehicles		-	-
2.5.	Other equipment, fittings and tools		-	-
2.6.	Investment property	4	3 000 412	3 253 561
2.6.1.	Land		3 000 412	3 253 561
2.6.2.	Buildings		-	-
2.7.	Advance payments and tangible assets under construction	4	6 340 678	4 109 412
3.	FINANCIAL ASSETS		-	-
3.1.	Shares in entities of the entities group		-	-
3.2.	Loans to entities of the entities group		-	-
3.3.	Amounts receivable from entities of the entities group		-	-
3.4.	Shares in associated entities		-	-
3.5.	Loans to associated entities		-	-
3.6.	Amounts receivable from the associated entities		-	-
3.7.	Long-term investments		-	-
3.8.	Amounts receivable after one year		-	-
3.9.	Other financial assets		-	-
4.	OTHER NON-CURRENT ASSETS		-	-
4.1.	Deferred tax asset		-	-
4.2.	Biological assets		-	-
4.3.	Other assets		-	-
B.	CURRENT ASSETS		79 175	206 494
1.	INVENTORIES		-	-
1.1.	Raw materials, materials and consumables		-	-
1.2.	Production and work in progress		-	-
1.3.	Finished goods		-	-
1.4.	Goods for resale		-	-
1.5.	Biological assets		-	-
1.6.	Non-current tangible assets held for sale		-	-
1.7.	Advance payments		-	-
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	5	48 395	152 715
2.1.	Trade debtors		-	655
2.2.	Amounts owed by entities of the entities group		-	-
2.3.	Amounts owed by associates entities		-	-
2.4.	Other amounts receivable		48 395	152 060
3.	SHORT-TERM INVESTMENTS		-	-
3.1.	Shares in entities of the entities group		-	-
3.2.	Other investments		-	-
4.	CASH AND CASH EQUIVALENTS		30 780	53 779
C.	DEFERRED COSTS AND ACCRUED INCOME	6	36 094	250
	TOTAL ASSETS		9 456 359	7 569 717

The explanatory notes on pages 11 to 20 form an integral part of these financial statements

UAB Orkela

Company code: 304099538, Jogailos g. 4, LT-01116 Vilnius

BALANCE SHEET (cont'd)

14 April 2022

(date of the statement)

Financial year ended 31 December 2021

(Reporting period)

EUR

(Currency)

Article No.	Articles	Notes No.	Financial year	Previous financial year (adjusted)
	EQUITY AND LIABILITIES			
D.	EQUITY		(6 761 260)	(5 433 453)
1.	CAPITAL		2 500	2 500
1.1.	Authorised (subscribed) or primary capital	7	2 500	2 500
1.2.	Subscribed capital unpaid (-)		-	-
1.3.	Own shares (-)		-	-
2.	SHARE PREMIUM ACCOUNT		-	-
3.	REVALUATION RESERVE		-	-
4.	RESERVES		-	-
4.1.	Compulsory reserve or emergency (reserve) capital		-	-
4.2.	Reserve for acquiring own shares		-	-
4.3.	Other reserves		-	-
5.	RETAINED EARNINGS (LOSS)	8	(6 763 760)	(5 435 953)
5.1.	Profit (loss) for the reporting year		(1 327 807)	(515 304)
5.2.	Profit (loss) brought forward		(5 435 953)	(4 920 649)
E.	GRANTS, SUBSIDIES			
F.	PROVISIONS			
1.	Provisions for pensions and similar obligations		-	-
2.	Provisions for taxation		-	-
3.	Other provisions		-	-
G.	AMOUNTS PAYABLE AND OTHER LIABILITIES		16 214 019	13 000 643
1.	AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER LONG-TERM LIABILITIES		15 290 722	12 948 357
1.1.	Debt obligations		-	-
1.2.	Amounts owed to credit institutions		-	-
1.3.	Advances received		-	-
1.4.	Trade creditors		-	-
1.5.	Amounts payable under the bills and checks		-	-
1.6.	Amounts payable to the entities of the entities group	12	15 290 722	12 948 357
1.7.	Amounts payable to the associated entities		-	-
1.8.	Other amounts payable and long-term liabilities		-	-
2.	AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER SHORT-TERM LIABILITIES		923 297	52 286
2.1.	Debt obligations		-	-
2.2.	Amounts owed to credit institutions		-	-
2.3.	Advances received		-	-
2.4.	Trade creditors		912 481	44 443
2.5.	Amounts payable under the bills and checks		-	-
2.6.	Amounts payable to the entities of the entities group		-	-
2.7.	Amounts payable to the associated entities		-	-
2.8.	Corporate income tax liabilities		-	-
2.9.	Liabilities related to employment relations		1 234	516
2.10.	Other amounts payable and short-term liabilities	10	9 582	7 327
H.	ACCRUALS AND DEFERRED INCOME	11	3 600	2 527
	TOTAL EQUITY AND LIABILITIES		9 456 359	7 569 717

Director

Anastasija Pocienė

Representative of a company providing
accounting services

Agnė Jasinskienė

The explanatory notes on pages 11 to 20 form an integral part of these financial statements

UAB Orkela

Company code: 304099538, Jogailos g. 4, LT-01116 Vilnius

STATEMENT OF CHANGES IN EQUITY

14 April 2022

(date of the statement)

Financial year ended 31 December 2021

(Reporting period)

EUR

(Currency)

	Paid up authorised or primary capital	Share premium account	Own shares (-)	Revaluation reserve		Legal reserve		Other reserves	Retained earnings (losses)	Total
				Non-current tangible assets	Financial assets	Compulsory reserve or emergency (reserve)	Reserve for acquiring own shares			
1. Balance at the end of the reporting (yearly) period before previous	2 500	-	-	-	-	-	-	-	(4 920 649)	(4 918 149)
2. Result of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
3. Result of correcting material errors	-	-	-	-	-	-	-	-	-	-
4. Recalculated balance at the end of the reporting (yearly) period before previous	2 500	-	-	-	-	-	-	-	(4 920 649)	(4 918 149)
5. Increase (decrease) in the value of non-current tangible assets	-	-	-	-	-	-	-	-	-	-
6. Increase (decrease) in the value of effective hedging instruments	-	-	-	-	-	-	-	-	-	-
7. Acquisition (sale) of own shares	-	-	-	-	-	-	-	-	-	-
8. Profit (loss) not recognised in the income statement	-	-	-	-	-	-	-	-	-	-
9. Net profit (loss) of the reporting period	-	-	-	-	-	-	-	-	(515 304)	(515 304)
10. Dividends	-	-	-	-	-	-	-	-	-	-
11. Other payments	-	-	-	-	-	-	-	-	-	-
12. Formed reserves	-	-	-	-	-	-	-	-	-	-
13. Used reserves	-	-	-	-	-	-	-	-	-	-
14. Increase (decrease) of authorised capital or shareholders' contributions (shares)	-	-	-	-	-	-	-	-	-	-
15. Increase (decrease) of other authorised or primary capital	-	-	-	-	-	-	-	-	-	-
16. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
17. Balance at the end of the previous reporting (yearly) period	2 500	-	-	-	-	-	-	-	(5 435 953)	(5 433 453)

The explanatory notes on pages 11 to 20 form an integral part of these financial statements

UAB Orkela

Company code: 304099538, Jogailos g. 4, LT-01116 Vilnius

STATEMENT OF CHANGES IN EQUITY (CONT'D)

14 April 2022

(date of the statement)

Financial year ended 31 December 2020

(Reporting period)

EUR

(Currency)

18. Increase (decrease) in the value of non-current tangible assets	-	-	-	-	-	-	-	-	-	-
19. Increase (decrease) in the value of effective hedging instruments	-	-	-	-	-	-	-	-	-	-
20. Acquisition (sale) of own shares	-	-	-	-	-	-	-	-	-	-
21. Profit (loss) not recognised in the income statement	-	-	-	-	-	-	-	-	-	-
22. Net profit (loss) of the reporting period	-	-	-	-	-	-	-	-	(1 327 807)	(1 327 807)
23. Dividends	-	-	-	-	-	-	-	-	-	-
24. Other payments	-	-	-	-	-	-	-	-	-	-
25. Formed reserves	-	-	-	-	-	-	-	-	-	-
26. Used reserves	-	-	-	-	-	-	-	-	-	-
27. Increase (decrease) of authorised capital or shareholders' contributions (shares')	-	-	-	-	-	-	-	-	-	-
28. Increase (decrease) of other authorised or primary capital	-	-	-	-	-	-	-	-	-	-
29. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
30. Balance at the end of the reporting period	2 500	-	-	-	-	-	-	-	(6 763 760)	(6 761 260)

Director

Anastasija Pocienė



Representative of a company providing accounting services

Agnė Jasinskienė



The explanatory notes on pages 11 to 20 form an integral part of these financial statements

UAB Orkela

Company code: 304099538, Jogailos g. 4, LT-01116 Vilnius

Notes to the financial statements

(all amounts are in EUR, unless otherwise stated)

GENERAL INFORMATION

UAB Orkela, company code 304099538 (hereinafter referred to as the Company) is a private limited liability company registered with the State Enterprise Centre of Registers on 24 September 2015. Registered as the value-added tax payer since 10 March 2016. The Company's data is collected and stored with the Register of Legal Entities of the Republic of Lithuania.

As at 31 December 2021 and 2020, the shareholders of the Company are:
Closed-end investment fund intended for informed investors Lords LB Special Fund IV, managed by UAB Lords LB Asset Management (company code 301849625, registered address Jogailos g. 4, Vilnius), which owns 100% (2 500 units) of shares.

The Company's registered office address is Jogailos g. 4, Vilnius.

The main activity of the Company is real estate development, construction.

As at 31 December 2021 and 2020, the Company had no branches or representative offices.

As at 31 December 2021, the average number of employees was 1 (31 December 2020: 1).

ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the legal acts regulating financial accounting and preparation of financial statements in the Republic of Lithuania and Business Accounting Standards.

The Company's financial year coincides with a calendar year.

The figures in these financial statements are presented in the currency of the Republic of Lithuania - Euro (Eur).

The Company complies with the criteria for a very small company set out in the Law on Financial Statements of Entities when preparing its financial statements; however, it chose to apply the requirements set out for small companies. In addition, the Company chose to prepare the statement of changes in equity.

(a) Investment property

Investment property is real estate held to earn income and / or capital gains.

Acquired investment property is comprised by the purchase price and any directly attributable costs. Directly attributable costs may include legal fees, property transfer fees and other transaction costs. This accounting principle applies for the whole duration of construction of investment property. Investment property being developed is carried at cost less any impairment losses.

Upon completion of investment property, the Company uses the fair value method to account for investment property. The fair value of investment property is determined based on valuation reports of an independent valuer. The valuation by an independent valuer is performed at least once a year (if there are significant changes that could lead to a significant change in the value of the assets, valuations are performed more frequently).

In these financial statements, reclassifications were made to comparative figures in the balance sheet as at 31/12/2020, combining buildings and construction-in-progress to one item "Construction-in-progress" (see Note 4).

UAB Orkela

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(b) Financial assets and financial liabilities

Financial assets include cash and cash equivalents and amounts receivable.

Financial assets are recorded when the Company receives or obtains a contractual right to receive cash or any other financial assets. Amounts receivable are carried at acquisition cost, less impairment loss. Cash and cash equivalents are stated at acquisition cost.

When it is probable that the Company will not be able to recover the amounts receivable, the impairment loss is recognised, which is determined as the difference between the carrying amount of the assets and the present value of future cash flows discounted using the effective interest rate.

Financial liabilities include amounts payable for goods and services received and liabilities under bond agreements issued, loans received.

Financial liabilities are recorded when the Company assumes a commitment to pay cash or any other financial assets. Amounts payable for goods and services are measured at acquisition cost.

Bonds issued are classified as financial liabilities redeemable in one lump sum or in instalments according to a fixed redemption schedule. Bonds issued and loans received are initially recorded at acquisition cost, which is equal to the amount of funds received. Transaction costs are recognised as expenses in financing activities. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method. The Company has issued non-convertible bonds.

(c) Effective interest rate method

Effective interest rate method is a method of calculation of amortised cost of financial assets and liabilities and distribution of interest income and expenses over a certain period. Effective interest rate is an interest rate that discounts the estimated future cash flows (including all paid or received taxes that are an integral part of the effective interest rate, transaction costs and other extras or discounts) to the net carrying amount of the initial recognition within the intended period of financial asset and liabilities or (if applicable) within a certain shorter period.

(d) Foreign currencies

All currency items in the balance sheet are estimated in euros using the exchange rate prevailing at the date of the balance sheet. Assets purchased using foreign currency and accounted for in the balance sheet at the acquisition cost are estimated in euros using the exchange rate prevailing at the acquisition date. Assets whose fair value is measured in a foreign currency are translated into euros in the balance sheet using the exchange rates at the date when the fair value was determined. Foreign currency transactions are stated in euros using the exchange rate prevailing at the date of the transaction. Differences resulting from the settlement of amounts recorded in foreign currencies at different exchange rates are recognised as income or expenses of the reporting period.

(e) Sales

Revenue is recognised on an accrual basis. Revenue is measured at fair value, net of discounts granted and expected and net of returns and rebates.

When a service transaction is completed in the same period as it is initiated, revenue is recognised in the same period and measured at the amount specified in the contract. When services according to the service transaction are provided for more than one reporting period, revenue is allocated to the periods in which the services are rendered.

The Company's typical operating income consists of rental income. Where the Company operates as an intermediary rather than the main service provider, income and expenses are offset.

UAB Orkela

Company code: 304099538, Jogailos g. 4, LT-01116 Vilnius

(f) Cost of sales and operating expenses

Expenses are recognised on an accrual and comparison basis in the accounting period the income related to the costs is generated. Expenses incurred during the reporting period, which cannot be attributed directly to specific revenue earned and will not generate any revenue in subsequent reporting periods, are recognised as expenses when incurred. Expenses are measured at fair value.

(g) Borrowing costs

Interest on loans and bond agreements are recognised in the income statement on an accrual basis.

(h) Income tax

Income tax calculations are based on profit for the year after assessing deferred income tax. Income tax is calculated in accordance with the requirements set forth in the Lithuanian legislation.

In 2021, the corporate income tax rate applied to companies in the Republic of Lithuania was 15% (in 2020 - 15%).

Taxable losses can be carried forward to other reporting periods for unlimited number of periods, except for the losses incurred through transfer of securities and (or) derivative financial instruments. Such carry-forward is cancelled if the Company ceases to carry on the activity giving rise to the loss, unless the Company ceases to carry on the activity for any reasons beyond its control. The losses from disposal of securities and (or) derivative financial instruments can be carried forward for 5 consecutive years and only be reduced by taxable income earned from the transactions of the same nature. With effect from 1 January 2014, tax losses available for carry forward can be used to reduce taxable income of the current tax year by maximum 70%.

Deferred tax is calculated using the balance sheet liability method. Deferred income tax reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered based on tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax asset is recognised in the balance sheet to the extent the management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

(i) Impairment

An impairment loss is recognised whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment is recognised in the income statement. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment loss recognised for the asset no longer exists or has decreased. The reversal is accounted for under the same article of the income statement as the impairment loss.

(j) Recoverable amount

The recoverable amount is the greater of the fair value net of selling expenses and the value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(k) Offsetting

Offsetting of receivables and payables with the same third party shall take place when there is a sufficient legal basis for doing so.

UAB Orkela

Company code: 304099538, Jogailos g. 4, LT-01116 Vilnius

(l) Post-balance sheet events

Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

(m) Contingencies

Contingent liabilities are not recognised in the financial statements. They are described in the financial statements, except those cases when the probability that resources generating economic benefit will be lost is very low.

(n) Going concern

The Company is a special purpose development company that does not earn income on its own in the short-term. The Company's activities are financed by the shareholder's funds, taking into account the progress of the project and the need for working capital; therefore, the financial statements have been prepared on the assumption that the Company will be able to continue as a going concern in the near future.

FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks in the course of its operations. Risk management is performed by management.

The following main financial risk management procedures are applied in the Company's operations:

Credit risk

The Company has no significant concentration of credit risk. Credit risks or the risks of counterparties defaulting, are controlled by the application of credit terms and monitoring procedures.

Foreign exchange risk

The Company has no significant concentration of foreign exchange risk, because the major portion of settlements are conducted in the euro (EUR).

Liquidity risk

The Company is a special purpose development company that does not earn income on its own in the short-term. The Company's activities are financed by the shareholder's funds, taking into account the progress of the project and the need

The Company's policy is to maintain sufficient cash and cash equivalents or to secure funding from the parent fund and credit institutions to meet the obligations set out in its strategic plans.

Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rate. The Company has no significant interest-bearing assets.

The most significant balance sheet items of the Company sensitive to changes in interest rates are issued bonds and received loans. Liabilities are with fixed interest rates, but the fixed interest rate is calculated on the basis of related party pricing, which is as close as possible to the arm's length principle. The Company does not use any financial instruments to manage interest rate risk.

Related parties

The following are considered to be related parties:

Lords LB Special Fund IV, UAB Orkelos valdymas and related natural person.

UAB Orkela

Company code: 304099538, Jogailos g. 4, LT-01116 Vilnius

NOTE 1: GENERAL AND ADMINISTRATIVE EXPENSES

Title of article	Financial year	Previous financial year
Operating taxes	42 050	33 048
Legal expenses	27 698	19 453
Remuneration and related expenses	23 530	8 175
Insurance expenses	10 731	-
Audit expenses	5 000	3 211
Accounting services	2 400	2 400
Notary services	2 305	-
Other	6 321	3 219
Total:	120 035	69 506

NOTE 2: INTEREST AND OTHER SIMILAR EXPENSES

Title of article	Financial year	Previous financial year
Impairment expenses of investment property	707 913	-
Interest on bonds	487 365	449 727
Other expenses from financing and investing activities	15 000	-
Total:	1 210 278	449 727

NOTE 3: INCOME TAX AND DEFERRED INCOME TAX

Deferred income tax is calculated at the rate of 15%.

As at 31 December 2021, the Company had EUR 437 500 (2020: EUR 340 240) of unrecognised deferred tax assets from accumulated tax losses and EUR 576 497 (2020: EUR 470 310) of unrecognised deferred tax assets from impairment of investment property. Deferred tax assets have not been recognised due to future uncertainties related to generation of sufficient taxable profit. Accumulated tax losses are carried forward for an indefinite time.

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NOTE 4: INVESTMENT PROPERTY

	Items	Land	Construction-in-progress	Total
	Carrying amount as at the end of the previous financial year (adjusted*)	3 253 561	4 109 412	7 362 973
a)	Acquisition cost			
	At the end of the previous financial year (adjusted)	4 601 561	5 896 811	10 498 372
	Financial year changes:			
	- acquisitions		2 686 030	2 686 030
	- disposals and written-off assets (-)			
	- transfers from one heading to another +/-(-)			
	At the end of financial year	4 601 561	8 582 841	13 184 402
b)	Revaluation			
	At the end of the previous financial year			
	Financial year changes:			
	- increase (decrease) in value +/-(-)			
	- disposed and written off assets (-)			
	- transfers from one heading to another +/-(-)			
	At the end of financial year	-	-	-
c)	Depreciation			
	At the end of the previous financial year	-	-	-
	Financial year changes:			
	- depreciation in financial			
	- written back (-)			
	- disposed and written off assets (-)			
	- transfers from one heading to another +/-(-)			
	At the end of financial year			
d)	Impairment			
	At the end of the previous financial year (adjusted)	(1 348 000)	(1 787 399)	(3 135 399)
	Financial year changes:			
	- decrease in value in financial year	(253 149)	(454 764)	(707 913)
	- written back (-)			
	- disposed and written off assets (-)			
	- transfers from one heading to another +/-(-)			
	At the end of financial year	(1 601 149)	(2 242 163)	(3 843 312)
e)	Carrying amount at the end of financial year (a)+(b)-(c)-(d)	3 000 412	6 340 678	9 341 090

* In these financial statements, reclassifications were made to comparative figures in the balance sheet as at 31/12/2020, combining buildings and construction-in-progress with respective carrying amounts of EUR 3 109 943 and EUR 61 363 to one item "Construction-in-progress".

As at 31 December 2021, investment property comprises a land plot and buildings under development located at Vasario 16-osios g. 1, Vilnius.

Investment property was acquired in March 2016. On 8 March 2021, the Company received a construction permit and started construction works in September 2021.

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NOTE 4: INVESTMENT PROPERTY (CONT'D)

As at the end of 2021, the recoverable amount of investment property (land with buildings under development) was determined based on the property valuation performed by independent appraiser UAB Newsec valuations as at 31 October 2021. The market value of investment property was determined based on discounted cash flows method using a discount rate of 16% (2020: 18%) and capitalisation rate of 6% (2020: 6%). The cash flows are projected over a 4-year period, assuming an average long-term inoccupancy of 2% and average revenue growth of 2.5-2.0%. Based on the report of independent appraiser, the value of investment property determined using the discounted cash flow method amounted to EUR 8 390 000; therefore, during the year ended 31 December 2021, impairment of investment property of EUR 707 913 was recognised; the impairment was allocated to separate groups of investment property in proportion to their carrying amounts.

Sensitivity analysis of the value of investment property

The recoverable amount of the investment property was determined using a yield rate of 6%. An increase in the yield rate of 0.25% would reduce the recoverable amount of the said investment property by EUR 1 560 000 and a decrease in the yield rate of 0.25% would increase the recoverable amount of the investment property by EUR 1 690 000. Other assumptions remain unchanged as the yield rate changes.

NOTE 5: AMOUNTS RECEIVABLE WITHIN ONE YEAR

Title of article	Financial year	Previous financial year
Receivable VAT	47 375	152 060
Trade debtors	-	655
Other amounts receivable	1 020	-
Total:	48 395	152 715

NOTE 6: DEFERRED COSTS AND ACCRUED INCOME

Title of article	Financial year	Previous financial year
Deferred insurance costs	36 094	250
Total:	36 094	250

NOTE 7: STRUCTURE OF THE AUTHORISED CAPITAL

Items	Number of shares	Amount
Structure of the authorised capital at the end of the financial year		
1. As to type of shares	-	-
1.1. Common shares	100	2 500
1.2. Preferred shares	-	-
1.3. Employees' shares	-	-
1.4. Special shares	-	-
1.5. Other shares	-	-
Total:	100	2 500
Shares owned by the company	-	-
Shares owned by subsidiaries	-	-

The authorised capital of the Company as at 31 December 2021 and 31 December 2020 is equal to EUR 2 500. The nominal value per share is EUR 25. All the shares of Company are fully paid. The Company did not acquire, transfer or hold any treasury shares during the reporting year.

NOTE 8: PROJECT OF PROFIT DISTRIBUTION

At the time of approval of these financial statements, the management has not prepared a profit (loss) distribution project.

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NOTE 9: RIGHTS AND COMMITMENTS NOT DISCLOSED IN THE BALANCE SHEET

Legal processes

1) The Vilnius Regional Administrative Court is considering case No. eI3-166-1047/2020 according to the claim of the Company against the defendants Department of Cultural Heritage under the Ministry of Culture and the Republic of Lithuania. The Company is requesting to (i) annul Order No. Į-179 dated 07/06/2018 of the Department of Cultural Heritage by which the Department of Cultural Heritage voided the approvals of project proposals of the Vilnius Division of the Department of Cultural Heritage, special requirements for heritage protection (temporary protection regulation) and design conditions for management works issued to the project within the territory of St. Jacob's Hospital; and (ii) represents alternative claims for damages, i. y. requests to award EUR 248 000.00 in favour of the Company and EUR 9 675.76 per day for the period from 07/06/2018 until the date of entry into force of the court decision, if the order is revoked, or to award EUR 1 999 149.96 in favour of the Company if the order is not revoked. Third parties, Vilnius City Municipality and UAB Archinova. The case was suspended until 31/12/2019. The Vilnius Regional Administrative Court referred an administrative case No. eI3-166-1047/2020 to judicial mediation. Lawyer of the Supreme Court of Lithuania was appointed as mediator. On 8 March 2021, a construction permit was obtained, the legal dispute was resolved by an agreement that came into force on 22 April 2021.

In the case No. eI-171-821/2020 pending before the Vilnius Regional Administrative Court, according to the Company's claim to the defendants the Department of Cultural Heritage under the Ministry of Culture, Vilnius City Municipality Administration, Vilnius City Municipality and Vilnius Division of the Department of Cultural Heritage under the Ministry of Culture, requesting (i) revocation of objections of Department of Cultural Heritage and Vilnius City Municipality Administration for the construction project of a hotel and administrative buildings within the territory of St. Jacob's Hospital, (ii) to oblige the Vilnius City Municipality Administration to issue a construction permit and (iii) to award EUR 248 000.00 and EUR 9 675.76 per day in favour of the Company for the period from 26/06/2018 to the effective date of the court decision. In addition, the Company requests to: (i) declare unlawful and annul the objection of the Vilnius City Municipality Administration dated 11/09/2018, (ii) oblige the Vilnius City Municipality Administration to issue a construction permit and (iii) award EUR 248 000.00 and EUR 9 675.76 per day in favour of the Company for the period from 26/06/2018 to the effective date of the court decision. Third parties, UAB Archinova and PLH Arkitekt A/S. After the settlement agreement was signed in the administrative case No. eI3-166-1047/2020, case No. eI-171-821/2020 was terminated on 3 May 2021.

The Vilnius Regional Administrative Court is examining administrative case no. eI3-2049-821/2021 according to the claim of the Preachers of the Traditional Religious Community (Dominican) Vilnius St. Apostles Paul and James Monastery requesting the annulment of the defendant's (Department of Cultural Heritage under the Ministry of Culture) response to the letter concerning the possible danger of the planned construction. The Company acts as a third party. On 7 September 2021, the Vilnius Regional Administrative Court issued an order terminating the case regarding the annulment of the letter and the obligation to take action.

The Vilnius Regional Administrative Court is examining administrative Case No. eI3-138-821/2021 according to the Company's claim by which the Company requests to annul the objection of the Department of Cultural Heritage under the Ministry of Culture to the construction project and to compensate the damage. On 21 April 2021, after the settlement agreement was signed in the administrative case No. eI3-166-1047/2020, case No. eI3-166-1047/2020 was closed following the withdrawal of claims by both parties.

Taxes

The Tax Authorities have not performed a full-scope tax investigation at the Company. The Tax Authorities may inspect accounting, transaction and other documents, accounting records and tax returns for the current and previous 3 calendar years at any time, and where appropriate, for the current and previous 5 or 10 calendar years and impose additional taxes and penalties. Management of the Company is not aware of any circumstances which would cause calculation of additional significant liabilities due to unpaid taxes.

NOTE 10: OTHER AMOUNTS PAYABLE AND SHORT-TERM LIABILITIES

Title of article	Financial year	Previous financial year
Real estate tax payable	9 582	7 327
Total:	9 582	7 327

UAB Orkela

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NOTE 11: ACCRUALS AND DEFERRED INCOME

Title of article	Financial year	Previous financial year
Audit expenses accrued	3 000	1 927
Accrued expenses of securities account keeping	600	600
Total:	3 600	2 527

NOTE 12: FINANCIAL RELATIONS WITH THE COMPANY'S MANAGEMENT AND OTHER RELATED PARTIES

The average number of managers during 2021 is 1. The Company's management is considered to be a director with whom there were no transactions other than salaries in 2021 and 2020.

Transactions with other related parties

The following transactions were made with other related parties and their balance at the end of the year:

Title of article	Revenue from intermutual transactions	Intermutual transaction costs	Amounts receivable	Amounts payable
2021	-	487 365	-	15 290 722
Related party 1		487 365		15 290 722
2020	-	449 727	-	12 948 357
Related party 1		449 727		12 948 357

During 2021, the Company had newly issued bonds. As at 31 December 2021, amounts payable to the entities of the entities group for issued bonds and interest amount to EUR 15 290 722. Interest rate is fixed; the bonds mature on 21/04/2024.

During 2020, the Company had newly issued bonds. As at 31 December 2020, amounts payable to the entities of the entities group for issued bonds and interest amount to EUR 12 948 357. Interest rate is fixed; the bonds mature on 21/04/2024.

NOTE 13: GOING CONCERN

The Company is a special purpose development company that does not earn income on its own in the short-term. The Company's activities are financed by the shareholder's funds, taking into account the progress of the project and the need for working capital. As at 31 December 2021 and 2020, the Company's equity was negative and did not meet the requirement set out in the Law on Companies of the Republic of Lithuania (requiring that equity shall not be lower than ½ of the authorised capital specified in the Articles of Association). On 24 February 2022, the Company's shareholder adopted a decision to increase the Company's authorised capital. The total price of the issue of new shares is EUR 7 million. The shares were paid by converting liabilities to shareholder for bonds and accrued interest.

The Company's shareholder Lords LB Special Fund IV has long-term plans for the Company and has confirmed its intention to maintain its solvency. In addition, the Company plans attracting additional external financing by issuing bonds. The Company entered into an agreement with UAB FMĮ Orion Securities regarding the distribution of the Company's bonds and during January 2022 distributed bonds for the value of EUR 5 million.

Considering the above-mentioned circumstances, the Company's management is of the opinion that no significant uncertainty exists with regard to the Company's abilities to continue as a going concern; therefore, these financial statements were prepared on a going concern assumption.

UAB Orkela

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NOTE 14: SUBSEQUENT EVENTS

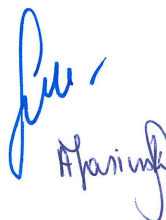
On 12 October 2021, the Company entered into an agreement with UAB FMĮ Orion Securities regarding the distribution of the Company's bonds. On 19 January 2022, the Company issued 5 000 collateralised non-convertible bonds with the nominal value of EUR 1 000 each.

On 24 February 2022, the Company's shareholder adopted a decision to increase the Company's authorised capital by issuing 20 ordinary registered shares with the nominal value of EUR 25 each. The total price of the issue of new shares is EUR 7 million. The shares were paid by converting liabilities to shareholder for bonds and accrued interest.

On 24 February 2022, the Russian Federation started war in Ukraine, which might lead to developments in the Company's business environment. The war might lead to the shortage of building materials and labour as well as future changes in economic conditions; however, the effect of the war on the mentioned factors cannot be currently objectively estimated. This event is treated by the Company as a post-balance sheet event which is not expected to lead to adjustments to the financial statements for the year 2021. The impact of the war on economic conditions and prospects will be assessed in determining the fair value of the Company's assets when preparing the financial statements for 2022.

Director

Anastasija Pocienė



Representative of a company providing accounting services Agnė Jasinskienė

UAB ORKELA ANNUAL MANAGEMENT REPORT FOR THE YEAR 2021

General information about the Company

UAB Orkela (hereinafter referred to as the Company) is a private limited liability company registered with the State Enterprise Centre of Registers on 24 September 2015. The main activity of the Company is real estate development and construction. The Company owns a land plot and buildings complex at Vasario 16-osios g. 1, Vilnius.

Registered address: Jogailos g. 4, Vilnius. The Company has no branches and representative offices.

Company's shareholders:

Closed-end investment fund intended for informed investors Lords LB Special Fund IV (hereinafter referred to as the Shareholder), managed by UAB Lords LB Asset Management (company code 301849625, registered address Jogailos g. 4, Vilnius), which owns 100% of shares.

Shares: As at 31 December 2021, the Company's authorised capital comprised EUR 2 500. It is divided into 2 500 ordinary registered shares with the nominal value of EUR 1 each.

Head of the Company: Anastasija Pocienė

The Company acts in accordance with its Articles of Association and following all legislative requirements of the Civil Code, Law on Companies and other legislation.

The most important events of 2021

- **In March 2021** the Company obtained a construction permit and started construction works in September 2021;
- **In December 2021** the Company signed a bonds issue agreement for the value of EUR 1 million with the Shareholder;
- **In December 2021** the Company signed an agreement with UAB FMĮ Orion Securities on the distribution of bonds (3-year term).

The most important events that occurred after the end of the financial year

- **In January 2022** the Company distributed 5 thousand collateralised non-convertible bonds with the nominal value of EUR 1 thousand each.
- **On 24 February 2022** the Company's shareholder adopted a decision to increase the Company's authorised capital by issuing 20 ordinary registered shares with the nominal value of EUR 25 each. The total price of the issue of new shares is EUR 7 million. The shares were paid by converting liabilities to shareholder for bonds and accrued interest.

Review of the Company's position, activities and development, as well as definition of main risks and uncertainties the Company faces

The main activity of the Company is real estate development and construction. The Company is developing a complex of lyceum and hotel near the Church and Monastery of Apostles St. Philip and St. Jacob in Vilnius. The Company is expected to complete the project in 2023.

The Company is a special purpose development company that does not earn income on its own in the short-term. However, after the completion of project development, the Company plans to generate asset lease income. During the stage of project development, the Company intends to finance activities by external financing; in addition, the Company's Shareholder has long-term plans for the Company and has confirmed its intention to maintain its solvency.

Main risks:

- The general deterioration of the country's economic situation and tense geopolitical situation due to the Russian-induced war in Ukraine, which may lead the shortage of building materials and the rise in their prices, which may further affect the project's profitability and lead to delays;
- Introduction of new taxes related to the Company's activities or increase of existing tax rates;
- Potential negative development of the Lithuanian real estate market, which may have a negative impact on real estate market prices and the volume of transactions.

Development prospects

One of the main goals of the Company is to ensure proper and timely development of the real estate project. Currently, the Company is focusing on the development of its current project, construction works and search for potential tenants.

Analysis of financial and non-financial performance

During 2021, the Company incurred net loss of EUR 1 328 thousand (2020: loss of EUR 515 thousand). The losses of 2021 mainly comprised financing costs and impairment expenses of investment property. During the stage of project development, the Company does not earn revenue independently and consequently incurs net loss.

As at 31 December 2021, the Company's assets amounted to EUR 9 456 (31 December 2020: EUR 7 570 thousand).

Performance indicators

Name	2021	2020
Debt ratio = liabilities/total assets	1.62	1.71
Overall liquidity ratio = current assets/current liabilities	0.09	3.95

In 2021 and 2020, the Company's liabilities comprised Company's bonds acquired by the Shareholder and accrued payable interest.

In 2021, the Company's liquidity dropped significantly due to construction works and increased payables to suppliers. For this reason, the Company has already obtained external financing and is seeking for ways to attract additional external financing.

Information about the Head of the Company

Other managerial positions held by the Director of UAB Orkela Anastasija Pocienė:

Person	Legal form	Position	Code	Address	Position
Anastasija Pocienė	UAB	Orkela	304099538	Jogailos g. 4, Vilnius	Director
Anastasija Pocienė	UAB	Orkelos valdymas	304427020	Jogailos g. 4, Vilnius	Director
Anastasija Pocienė	UAB	Vilniaus miesto projektai	303089021	Jogailos g. 4, Vilnius	Director
Anastasija Pocienė	UAB	NT slėnis	303557107	Jogailos g. 4, Vilnius	Director
Anastasija Pocienė	CIU	Lords LB Special Fund I Subfund B	I066	Jogailos g. 4, Vilnius	Fund manager
Anastasija Pocienė	CIU	Lords LB Special Fund III	I028	Jogailos g. 4, Vilnius	Fund manager
Anastasija Pocienė	CIU	Lords LB Special Fund IV	I032	Jogailos g. 4, Vilnius	Fund manager

In addition to remuneration, no other transactions were carried out with the Head of the Company. Remuneration is set by work agreement and bonuses are allocated based on the decision of the Board of the Management Company.

Environmental protection

The Company's activities are fully compliant with the legislative requirements. The Company has signed a general contract for the project under development. The Company's partner is certified company acting in accordance with the requirements of integrated quality, environmental protection and occupational health and safety management system, accordingly LST EN ISO 9001:2015, LST EN ISO 14001:2015 and LST 1977:2008/OHSAS 18001:2007.

Information on significant events after the end of the financial year

On 24 February 2022, the Russian Federation started war in Ukraine, which might lead to developments in the Company's business environment. The war might lead to the shortage of building materials and labour as well as future changes in economic conditions; however, the effect of the war on the mentioned factors cannot be currently objectively estimated. This event is treated by the Company as a post-balance sheet event which is not expected to lead to adjustments to the financial statements for the year 2021. The impact of the war on economic conditions and prospects will be assessed in determining the fair value of the Company's assets when preparing the financial statements for 2022.

The Company's plans and forecasts

Within the next two years, the Company will be focusing on Project development and construction works. In addition, the Company is searching for potential tenants in its future complex of lyceum and hotel.

Other required information to disclose

The Company does not carry out research and development activities.

As at 31 December 2021 and 2020, the Company had no branches or representative offices.

The Company did not acquire, transfer or hold any treasury shares during the reporting year.

This annual management report has been signed by
Director of UAB Orkela

Anastasija Pocienė

