

**CLOSED-END INVESTMENT UNDERTAKING FOR INFORMED  
INVESTORS CAPITALICA Z114 REAL ESTATE FUND UAB**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023,  
PREPARED IN ACCORDANCE WITH LITHUANIAN FINANCIAL REPORTING STANDARDS  
AND PRESENTED TOGETHER WITH THE ANNUAL REPORT AND  
INDEPENDENT AUDITOR'S REPORT**

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Juridinio asmens kodas 110878442  
PVM mokėtojo kodas LT108784411  
Juridinių asmenų registras

Code of legal entity 110878442  
VAT payer code LT108784411  
Register of Legal Entities

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of UAB “Capitalica Z114 Real Estate Fund”

### Opinion

We have audited the financial statements of “Capitalica Z114 Real Estate Fund” (the Company), which comprise the balance sheet as at 31 December 2023, the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with Lithuanian financial reporting standards.

### 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 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 the 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 included in the Company's Annual Report

Other information consists of the information included in the Company's 2023 Annual Report, other than 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 we do not express any form of assurance conclusion thereon, except as indicated below.

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.

We also have to evaluate, if the financial information included in the Company's Annual Report corresponds to the financial statements for the same financial year and if the Company's Annual Report was prepared in accordance with the relevant legal requirements. In our opinion, based on the work performed in the course of the audit of financial statements, in all material respects:

- ▶ The financial information included in the Company's Annual Report corresponds to the financial information included in the financial statements for the same year; and
- ▶ The Company's Annual Report was prepared in accordance with the requirements of the Law on 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 and fair presentation of the financial statements in accordance with Lithuanian financial reporting standards, 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 skepticism 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.

UAB ERNST & YOUNG BALTIC  
Audit company's licence No. 001335

Darius Vaicekauskas  
Auditor's licence  
No. 000652

27 May 2024

## STATEMENT OF PROFIT (LOSS)

for the year ended 31 December 2023

27 May 2024

(financial statements preparation date)

No	ITEMS	Notes	Financial year	Previous financial year
1.	OPERATING INCOME		<b>636,581</b>	<b>489,960</b>
1.1.	Interest income		-	-
1.2.	Dividends		-	-
1.3.	Lease income	14	104,525	287,744
1.4.	Gain from changes in value and sale of investments	4	447,240	200,000
1.5.	Gain from changes in foreign currency exchange rates		-	-
1.6.	Gain on derivatives		-	-
1.7.	Guarantee contributions		-	-
1.8.	Income related to sale/redemption of the Company's shares		-	-
1.9.	Other operating income	14	84,816	2,216
2.	OPERATING EXPENSES		<b>100,948</b>	<b>150,249</b>
2.1.	Loss from changes in value and sales of investments		-	-
2.2.	Loss from changes in foreign currency exchange rates		-	-
2.3.	Loss from derivatives		-	-
2.4.	Costs of selling the Company's shares		-	-
2.5.	Other operating expenses	15	100,948	150,249
3.	GROSS PROFIT (LOSS)		535,633	339,711
4.	GENERAL AND ADMINISTRATIVE EXPENSES		<b>225,802</b>	<b>139,926</b>
4.1.	Remuneration to Management Company		111,193	35,308
4.2.	Remuneration to depositary		25,000	8,904
4.3.	Remuneration to intermediaries		-	-
4.4.	Audit expenses		14,000	14,500
4.5.	Other general and administrative expenses	16	75,609	81,214
4.6.	Reimbursement of expenses(-)		-	-
5.	RESULTS OF OTHER ACTIVITIES		-	-
6.	INTEREST AND OTHER SIMILAR EXPENSES		<b>1,327</b>	-
7.	PROFIT (LOSS) BEFORE TAX		<b>308,504</b>	<b>199,785</b>
8.	INCOME TAX	2.13	-	-
9.	NET PROFIT (LOSS)		<b>308,504</b>	<b>199,785</b>

Director of Management Company CAPITALICA  
ASSET MANAGEMENT UAB

(Title of the head of the Management Company)

(Signature)

Mindaugas Liaudanskas  
(Full name)

Head of Accounting of SBA Competence and Service  
Center UAB

(Title of a person able to handle accounting)

(Signature)

Milda Kiaušinytė  
(Full name)

**Closed-end investment undertaking intended for informed investors CAPITALICA Z114 REAL ESTATE FUND UAB, 305198076, Žalgirio st. 114, Vilnius**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(In euros, unless otherwise specified)

**BALANCE SHEET**

as at 31 December 2023

27 May 2024

(financial statements preparation date)

No	ITEMS	Notes	Financial year	Previous financial year
	<b>ASSETS</b>			
A.	NON-CURRENT ASSETS		<b>8,031,684</b>	<b>3,456,246</b>
1.	INTANGIBLE ASSETS	3	<b>31,684</b>	-
2.	PROPERTY, PLANT AND EQUIPMENT		<b>8,000,000</b>	<b>3,456,246</b>
2.1.	Investment property	4	8,000,000	3,456,246
2.1.1	Land		-	-
2.1.2	Buildings		-	-
2.2.	Other property, plant and equipment:		-	-
3.	FINANCIAL ASSETS		-	-
3.1.	Investments in group companies		-	-
3.2.	Investments in associates		-	-
3.3.	Other equity securities		-	-
3.4.	Non-equity securities		-	-
3.5.	Other investment units, shares, contributions of other collective investment undertakings		-	-
3.6.	Derivatives		-	-
3.7.	Term deposits		-	-
3.8.	Loans and receivables		-	-
3.8.1	Loans to group companies		-	-
3.8.2	Receivables from group companies		-	-
3.8.3	Loans to associates		-	-
3.8.4	Receivable from associates		-	-
3.8.5	Other receivables after one year		-	-
3.9.	Other non-current financial assets		-	-
4.	OTHER NON-CURRENT ASSETS		-	-
4.1.	Deferred tax assets		-	-
4.2.	Other assets		-	-
B.	CURRENT ASSETS		<b>2,807,126</b>	<b>938,694</b>
1.	INVENTORIES		<b>11,190</b>	<b>11,502</b>
1.1.	Prepayments made	5	11,190	11,502
1.2.	Inventory for internal use		-	-
2.	RECEIVABLES WITHIN ONE YEAR		<b>2,540,693</b>	<b>35,020</b>
2.1.	Receivables from sale of investments		-	-
2.2.	Debts owed by group companies		-	-
2.3.	Debts owed by associates		-	-
2.4.	Other receivables within a year	6	2,540,693	35,020
3.	SHORT-TERM INVESTMENTS		-	-
3.1.	Term deposits		-	-
3.2.	Money-market instruments		-	-
3.3.	Transferable securities		-	-
3.3.1	Non-equity securities		-	-
3.3.2	Equity securities of group companies		-	-
3.3.3	Other equity securities		-	-
3.3.4	Other investment units, shares, contributions of other collective investment undertakings		-	-
3.4	Derivatives		-	-
4.	CASH	7	<b>255,243</b>	<b>892,172</b>
C.	DEFERRED EXPENSES AND ACCRUED INCOME		<b>1,727</b>	-
	<b>TOTAL ASSETS</b>		<b>10,840,537</b>	<b>4,394,940</b>

**Closed-end investment undertaking intended for informed investors CAPITALICA Z114 REAL ESTATE FUND UAB, 305198076, Žalgirio st. 114, Vilnius**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(In euros, unless otherwise specified)

No	ITEMS	Notes	Financial year	Previous financial year
D.	EQUITY	8	<b>7,807,830</b>	<b>4,299,323</b>
1.	CAPITAL	9	<b>5,619,068</b>	<b>3,325,652</b>
1.1.	Subscribed capital		5,619,068	3,325,652
1.2.	Subscribed unpaid capital (-)		-	-
2.	SHARE PREMIUM		<b>1,083,437</b>	<b>176,850</b>
3.	REVALUATION RESERVE (RESULTS)		-	-
4.	RESERVES		-	-
4.1.	Legal reserve		-	-
4.2.	Other reserves		-	-
5.	RETAINED EARNINGS (LOSS)		<b>1,105,325</b>	<b>796,821</b>
5.1.	Profit (loss) of the reporting year		308,504	199,785
5.2.	Profit (loss) of the previous year		796,821	597,036
E.	PROVISIONS		-	-
1.	Provision for pensions and similar liabilities		-	-
2.	Provisions for taxation		-	-
3.	Other provisions		-	-
F.	PAYABLES AND OTHER LIABILITIES		<b>3,015,257</b>	<b>73,844</b>
1.	PAYABLES AFTER ONE YEAR AND OTHER LIABILITIES		<b>2,387,077</b>	-
1.1.	Debt liabilities	11	2,387,077	-
1.2.	Financial amounts owed to credit institutions		-	-
1.3.	Prepayments received		-	-
1.4.	Payables for financial and investment assets		-	-
1.5.	Payables under the bills of exchange and checks		-	-
1.6.	Payable to group companies		-	-
1.7.	Payables to associates		-	-
1.8.	Liabilities under derivative contracts		-	-
2.	PAYABLES WITHIN ONE YEAR AND OTHER LIABILITIES	12	<b>628,180</b>	<b>73,844</b>
2.1.	Debt liabilities		1,327	-
2.2.	Financial amounts owed to credit institutions		-	-
2.3.	Prepayments received		-	30,905
2.4.	Payables for financial and investment assets		-	-
2.5.	Payables under the bills of exchange and checks		-	-
2.6.	Payable to group companies		-	-
2.7.	Payables to associates		-	-
2.8.	Payables to Management Company and depository		15,364	9,679
2.9.	Other payables within one year		611,489	33,260
2.10.	Liabilities under derivative contracts		-	-
2.11.	Liabilities of tax on profit		-	-
2.12.	Employment-related liabilities		-	-
2.13.	Other current liabilities		-	-
G.	ACCRUALS AND DEFERRED INCOME	13	<b>17,450</b>	<b>21,773</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,840,537</b>	<b>4,394,940</b>

Director of Management Company CAPITALICA ASSET  
MANAGEMENT UAB

(Title of the head of the Management Company)

(Signature)

Mindaugas Liaudanskas  
(Full name)

Head of Accounting of SBA Competence and Service  
Center UAB

(Title of a person able to handle accounting)

(Signature)

Milda Kiaušinytė  
(Full name)

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

27 May 2024  
 (financial statements preparation date)

Indicators	Issued capital	Share premium	Legal reserve	Revaluation reserve (results)		Other reserves	Retained earnings (loss)	Total
				Property, plant and equipment	Financial assets			
1. Balance at the end of the financial year before previous	2,702,500	-	-	-	-	-	597,036	3,299,536
2. Results of changes in accounting policies	-	-	-	-	-	-	-	-
3. Results of correcting material errors	-	-	-	-	-	-	-	-
4. Recalculated balance at the end of financial year before last year	2,702,500	-	-	-	-	-	597,036	3,299,536
5. Increase (decrease) in the value of property, plant and equipment	-	-	-	-	-	-	-	-
6. Profit (loss) not recognized in statement of profit (loss)	-	-	-	-	-	-	-	-
7. Net profit (loss) for the year	-	-	-	-	-	-	199,785	199,785
8. Declared dividends and other payments related to profit distribution	-	-	-	-	-	-	-	-
9. Formed reserves	-	-	-	-	-	-	-	-
10. Realised reserves	-	-	-	-	-	-	-	-
11. Capital increase by selling shares, receiving contributions	623,152	176,850	-	-	-	-	-	800,002
12. Capital decrease by redemption of shares, reimbursement of contributions	-	-	-	-	-	-	-	-
13. Contributions to cover losses	-	-	-	-	-	-	-	-
14. Balance at the end of previous financial year	3,325,652	176,850	-	-	-	-	796,821	4,299,323

*(continued on the next page)*



**Closed-end investment undertaking intended for informed investors CAPITALICA Z114 REAL ESTATE  
FUND UAB, 305198076, Žalgirio st. 114, Vilnius  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023  
(In euros, unless otherwise specified)**

Indicators	Issued capital	Share premium	Legal reserve	Revaluation reserve (results)		Other reserves	Retained earnings (loss)	Total
				Property, plant and equipment	Financial assets			
15. Increase (decrease) in the value of property, plant and equipment and financial assets	-	-	-	-	-	-	-	-
16. Profit (loss) not recognized in statement of profit (loss)	-	-	-	-	-	-	-	-
17. Net profit (loss) for the year	-	-	-	-	-	-	308,504	308,504
18. Dividends and other payments related to profit distribution	-	-	-	-	-	-	-	-
19. Formed reserves	-	-	-	-	-	-	-	-
20. Realised reserves	-	-	-	-	-	-	-	-
21. Capital increase by selling shares, receiving contributions	2,293,416	906,587	-	-	-	-	-	3,200,003
22. Capital decrease by redemption of shares, reimbursement of contributions	-	-	-	-	-	-	-	-
23. Contributions to cover losses	-	-	-	-	-	-	-	-
24. <b>Balance at the end of the current financial year</b>	<b>5,619,068</b>	<b>1,083,437</b>	-	-	-	-	<b>1,105,325</b>	<b>7,807,830</b>

Director of Management Company CAPITALICA  
ASSET MANAGEMENT UAB

(Title of the head of the Management Company)

(Signature)

Mindaugas Liaudanskas

(Full name)

Head of Accounting of SBA Competence and Service  
Center UAB

(title of a person able to handle accounting)

(Signature)

Milda Kiaušinytė

(Full name)

## STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

27 May 2024

(financial statements preparation date)

(EUR)

No	Items	Notes	Financial year	Previous financial year
1.	<b>Operating activities</b>			
1.1.	Cash inflows of the reporting period		231,547	342,318
1.1.1	Proceeds from disposal of financial assets and investment property		-	-
1.1.2	Interest received			
1.1.3	Dividends received			
1.1.4	Rental payments received	14	228,547	342,318
1.1.5	Other income		3,000	
1.2.	Cash outflows of the reporting period		(4,068,479)	(385,992)
1.2.1	Payments for acquisition of financial assets and investment property and liabilities settled	4, 4	(3,725,275)	(78,006)
1.2.2	Payments related to general and administrative needs		(206,409)	(144,668)
1.2.3	Other payments	15	(136,795)	(163,318)
	<u>Net cash flows from operating activities</u>		<b>(3,836,932)</b>	<b>(43,674)</b>
2.	<b>Financing activities</b>			
2.1.	Sale of company shares, received contributions	8	3,200,003	800,003
2.2.	Redemption of shares, repayment of contributions		-	-
2.3.	Payments from profit		-	-
2.4.	Loans received		-	-
2.5.	Loans repaid		-	-
2.6.	Interest paid		-	-
2.7.	Cash flows related to other financing sources		-	-
2.8.	Other increases in cash flows from financing activities		-	-
2.9.	Other decreases in cash flows from financing activities		-	-
	<u>Net cash flow from/used in financing activities</u>		3,200,003	800,003
3.	<b>Effects of changes in foreign exchange rates on net cash balances</b>		-	-
4.	<b>Net increase (decrease) in cash flows</b>		<b>(636,929)</b>	<b>756,329</b>
5.	<b>Cash at the beginning of the period</b>		<b>892,172</b>	<b>135,843</b>
6.	<b>Cash at the end of the period</b>		<b>255,243</b>	<b>892,172</b>

Director of Management Company CAPITALICA  
ASSET MANAGEMENT UAB

(Title of the head of the Management Company)

Head of Accounting of SBA Competence and Service  
Center UAB

(Title of a person able to handle accounting)

(Signature)

(Signature)

Mindaugas Liaudanskas  
(Full name)

Milda Kiaušinytė  
(Full name)

## Notes to the financial statements

### 1 General information

The closed-end investment undertaking for informed investors CAPITALICA Z114 REAL ESTATE FUND UAB (hereinafter – the Company, the Investment Undertaking) is a limited liability company registered in the Republic of Lithuania on 5 June 2019. Its registered office address is Žalgirio st. 114, Vilnius.

On 21 July 2022, the Bank of Lithuania issued a licence No V 2022/(1.160.E-9004)441-150 to the Company to operate as an investment undertaking under the Republic of Lithuania Law on Collective Investment Undertakings for Informed Investors. Before the issue of the licence, the Company operated as a private limited liability company and its shareholders had all the rights and obligations determined by the Law on Companies of the Republic of Lithuania.

The main activity of the Company – collective investment of informed investor assets in the real estate market in order to spread risks and earn profit for the Company's shareholders.

The goal of the Company is to ensure a long-term growth of return to the shareholders by investing in the property complex owned by the Company, located on the land plot leased by the Company at the address Žalgirio st. 114, in Vilnius. Investments are carried out by demolishing the existing buildings of the complex and building a new one of up to 8,500 sq. m. general area office building, of which about 8,000 sq. m. office space would be leased, and by leasing it and selling it until the liquidation and deregistration of the Company.

The Company is able to operate not longer than 5 years from the day on which the Bank of Lithuania issued the licence to operate as an investment undertaking. The period of the Company's activity may be extended for an additional 2 years under the conditions and procedure set forth in the Company's Articles of Association. The Company will be liquidated and deregistered before the end of its activity period.

The Company is managed by CAPITALICA ASSET MANAGEMENT UAB (hereinafter the "Management Company"), registered on 4 May 2016, company code 304234719, registered office address Upės st. 21-1, Vilnius. On 17 August 2016, license No 03-118 was issued to the Management Company by the Bank of Lithuania, enabling it to manage collective investment undertakings intended for informed investors operating under the Republic of Lithuania Law on Collective Investment Undertakings for Informed Investors.

As at 31 December 2023 and 2022, the shareholders of the Company were as follows:

Shareholder	Ownership interest as at 31 December 2023, %	Ownership interest as at 31 December 2022, %
LTU Invest, UAB	46.24	81.26
Minority shareholders	53.76	18.74
<b>Total:</b>	<b>100.00</b>	<b>100.00</b>

As at 31 December 2023 and 2022, the issued capital amounted to EUR 5,619,068 and EUR 3,325,562, respectively, and was divided into 5,619,068 and 3,325,562 units, respectively, of ordinary registered shares with the nominal value of EUR 1 each. All the shares were fully paid.

The Investment Undertaking's securities accounts are managed by AB Šiaulių bankas, company code 112025254, registered address Tilžės st. 149, Šiauliai. AB Šiaulių bankas also provide depository services to the Fund.

On 6 December 2023, a bond distribution agreement was concluded between the Company and Šiaulių Bankas AB, on the basis of which 2,400 units of bonds were issued, the nominal value of each was EUR 1,000. These 2.5-year bonds earn 6% + 6M Euribor annual interest paid quarterly.

These financial statements have been approved by the Company's management on 27 May 2024. The Company's shareholders have a statutory right to approve these financial statements, or refuse to approve them and request the management to prepare a new set of financial statements.

## **2 Summary of accounting policies**

### **2.1. Basis for preparing financial statements**

These financial statements have been prepared in accordance with the Republic of Lithuania Financial Accounting Law, Republic of Lithuania Law on Collective Investment Undertakings for Informed Investors, Business Accounting Standard 39 of the Republic of Lithuania and other Business Accounting Standards (Lithuanian Financial Reporting Standards), including standards and methodological recommendations prepared and approved by the Authority of Audit, Accounting, Property Valuation and Insolvency Management.

These financial statements have been prepared in accordance with the Lithuanian Financial Reporting Standards (LFRS), effective for annual reporting periods beginning on or after 1 January 2023. The applied accounting principles are described below.

The Investment Undertaking is principally involved in investing activities, therefore cash flows from investing activities are classified as operating activities in the statement of cash flows.

### **2.2. Presentation currency**

The Company keeps its accounting records and all amounts in these financial statements have been recorded and presented in euros, which is a national currency of the Republic of Lithuania.

### **2.3. Investment policy**

The goal of the Company's investment activities is to ensure a long-term growth of return to the shareholders by investing in the property complex owned by the Company, located on the land plot leased by the Company at the address Žalgirio st. 114, in Vilnius.

The assets of the Company can be invested in the implementation of investments as indicated above and in the implementation of related construction, capital and/or ongoing repairs, when necessary. Assets can also be invested in movable property and equipment necessary for the operation of real estate objects in the Company's investment portfolio.

During the period until the money received from the investors is invested in the above-mentioned real estate-related objects, when the Company has free funds, these assets can be invested in deposits for a period of no longer than 12 months, in a wide range of investment-grade securities issued by any government of any country in the world or company operating in any country, as well as in other collective investment undertakings.

A more detailed investment strategy of the Company is indicated in the approved Prospectus of the Company available at the Company's registered office.

### **2.4. Intangible assets**

Intangible assets are recognised at acquisition cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Fund and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the estimated useful lives.

Other intangible fixed assets	4 years
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Intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

### **2.5. Investment property**

In 2022, the Company changed its accounting policy for accounting of investment property after initial recognition at fair value.

Investment property at initial recognition is accounted for at acquisition cost including transaction costs. Subsequent to initial recognition, investment property is measured at fair value.

The market value of the Company's investment property is derived from reports prepared by independent property appraisers having appropriate recognised professional qualifications and necessary experience in valuation of property at certain location and of certain category, or the value is estimated on the basis of discounted future cash flows or market price of similar assets.

## **2 Summary of accounting policies (continued)**

### **2.5. Investment property (continued)**

Maintenance expenses of investment property are recognized in the statement of profit (loss) during the financial period in which they are incurred. Costs are capitalised only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the property can be reliably measured.

### **2.6. Financial risk management policy**

The Company is managed to reduce all financial risks and taking into account the ruling of the Board of the Bank of Lithuania No 03-43 of 14 February 2019 On the approval of a description of the requirements for investment risk management policies for collective investment undertakings operating in accordance with the Law on Collective Investment Undertakings Intended for Informed Investors. On 26 July 2019, the investment risk policy of collective investment undertakings managed by CAPITALICA ASSET MANAGEMENT UAB was approved. The risks set out below can have an influence on investment value and determine the Company's net asset value (hereinafter – the NAV) and, accordingly, decrease the value of Company's shares per unit.

#### Credit and counterparty risk

This risk includes the possibility of incurring losses due to the inability of a counterparty (including a creditor of a collective investment undertaking) to meet its financial obligations. The credit risk of transactions carried out by the undertakings managed by the Company, as well as counterparty risk is subject to prior assessment through a detailed analysis and assessment of the counterparty. The risk is also reduced by applying delivery versus payment (DVP) principles.

The risk related to the Company's funds in banks is limited by carrying out financial transactions with banks whose settlement risk is assessed as acceptable. Leases also include collateral, such as: a tenancy deposit; a parent's guarantee for lease if a subsidiary is a lessee.

The Company does not engage in lending activities, therefore is not exposed to lending risk.

#### Market risk

Market risk is the likeliness that upon change in market variables (real estate value, interest rate, exchange rate, equity securities, commodity prices, etc.) the Company will incur losses due to the transaction concluded. Market risk consists of:

- Interest rate risk is the probability of incurring a loss as a result of a change in interest rates due to assets held by the Company which are sensitive to interest rate fluctuations. This risk is assessed by analysing the size of the modified financial term and hedging derivatives may be used. The risk of higher interest rates and costs of servicing borrowings, which would result in losses, is managed in strict compliance with the level of debt that can be assumed, as well as by hedging against interest rate risk in the relevant transactions in financial instruments. All loans and bonds issued by the Company bear fixed interest rates.
- Foreign exchange risk is the decrease in the value of an asset due to exchange rate fluctuations, depending on the currency in which the assets and the liabilities are denominated. Exchange rate risk can be mitigated by focusing on investments in euros or by entering into hedging transactions. Also, if the Company's strategy is to invest in higher-risk financial instruments, an open foreign exchange position may be considered part of the investment strategy and exchange rate risk may be deliberately assumed.
- Equity (financial instruments) price risk is the probability of incurring losses due to volatility in the prices of equity securities and related derivatives. This risk is mitigated by proper assessment and continuous analysis of issuers' risk and diversification of the portfolio by investing in line with the requirements for equity risk set out in the Company's documents.

#### Real estate value risk

Risk of incurring losses when deterioration of the global, regional or national economy results in a decrease in rental of real estate and other income. The risks associated with real estate are subject to prior assessment by conducting a thorough investment analysis before investing in a specific object.

## **2 Summary of accounting policies (continued)**

### **2.6. Financial risk management policy (continued)**

Operational risk: the main sources of this risk are poor employee performance, undue processes, inadequate IT support and security, external factors such as robbery, counterfeiting, political decisions, etc. To reduce this risk, an organizational structure is established, which clearly defines the functions and competencies, the implementation of accounting procedures through a regular verification, the use of reliable technological systems, the temporary employee replacement, thus ensuring the going concern.

#### Debt risk

Risk of loss due to failure to meet commitments made in a timely and proper manner. The management of this risk is based on a set maximum level of debt that can be assumed, which does not exceed 80% of total Company's assets. The Company checks compliance with the set indicator before assuming any debt obligations.

#### Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle its current obligations or can settle them on terms that are materially disadvantageous by attracting additional funds or realizing its assets.

Also, it is a risk to suffer losses due to low market liquidity, making it impossible to acquire or sell assets in the investment portfolio at the desired time and desired price. The Company's liquidity risk is managed by continuously assessing, monitoring and comparing future liabilities with expected proceeds.

Liquidity risk is assessed through an assessment of liquidity sources and liquidity needs. The risk can also be assessed in the light of the results of the stress tests.

### **2.7. Principles of recognizing the assets value increase and decrease**

Monetary measurement principle: all the assets of the Company, their decrease and increase are expressed monetarily in the financial statements.

Accrual basis: the increase and decrease of the Company's assets are recorded in the accounts when they occur and presented in the financial statements of those periods, regardless of whether cash is received or disbursed.

Substance over form principle: by reflecting the increase or decrease in assets, the Company pays attention to their content and substance rather than just to the requirements of formal submission. The Company registers economic operations and events and provides in financial statements in terms of their content and economic substance, even if such presentation differs from the legal form.

Cash increase is recognized by registering the monetary increase in a bank account. A decrease in this account is recognized accordingly. Foreign currency transactions are accounted for at the official exchange rate published by the Bank of Lithuania on the date of the transaction.

An increase in securities is recognised when the securities are acquired or the value of the securities has increased. Accordingly, the decrease in securities is recognised after selling them or when their value has decreased.

The moment of recognition of securities is the day of transaction, when the ownership of the securities is transferred.

### **2.8. Rules for accounting of deductions to the Management Company and the depository, and other expenses**

The increase in the receivables item is recognised by making prepayments and/or recording the receivables. Decrease is recognised after receiving goods, services, money or when accounting for the impairment of the assets.

The Company may incur only such expenses that are related to the Company's activities and which are specified in the Company's Articles of Association. All other expenses not specified in the Articles of Association or exceeding the established amounts shall be borne by the Management Company.

## **2 Summary of accounting policies (continued)**

### **2.8. Rules for accounting of deductions to the Management Company and the depository, and other expenses (continued)**

The following expenses are covered using the assets of the Company: depository service fee; remuneration for auditors and financial intermediaries; Management Company's fee; costs of preparing the Company for operation as an investment undertaking and obtaining an activity license; fees for services provided by financial institutions; remuneration for asset and business appraisers, as well as to Committee members; accounting, currency exchange and insurance costs; litigation costs; fees for the management of securities and other accounts; costs of processing, registering and de-registering collateral; forced recovery costs; state and municipal taxes and fees; costs of preparation and presentation of information about the Company; costs of amending the Articles of Association and the Prospectus; costs of consultations; notary costs; costs of registration and legal services; costs of professional liability insurance for persons responsible for the operation of the Company; costs of representation and promotion of the Company related to real estate activities carried out by the Company. Additionally, the costs related to the Company's share offering, including, among other things, travel costs and other justified additional costs, as well as any stamp duties and other taxes related to the transfer of Company shares or assets, or fees related to the issue, sale, distribution and presentation of Company shares, or the acquisition, transfer or development of assets, costs related to loans received on behalf of the Company, permanent investment property maintenance and improvement costs, real estate development maintenance costs, costs related to the sale, acquisition, management of immovable and other investment property, and tenant finding costs, costs of selling the building, as well as other costs related to the activities of the Company.

An annual management fee is paid to the Management Company from the Company's assets. Management fee makes up 2% from the average annual NAV of the Company. The management fee is paid monthly and is paid by the 15th day of following calendar month. Such management fee payable to the Management Company every month is calculated on an accrual basis for each calendar day of the month, with a proportional application of 2% size and taking into account the Company's NAV (net asset value) determined as of the last day of the previous month. After the end of the calendar year and the determination and publication of the Company's NAV as of the last day of December, the Management Company will recalculate the fee payable for the previous calendar year by applying the average annual NAV. If an overpayment or underpayment of the management fee is determined during the recalculation, the management fee payable for the month of December of the previous calendar year will be reduced or increased by the corresponding amount.

The success fee is payable to the Management Company only if the annual investment return of the Company exceeds the minimum threshold of the Company's annual return, i.e. 10% after deducting all the expenses indicated in the Company's Articles of Association. In such case, 20% of the amount by which the minimum Company's investment return exceeds minimum threshold is paid to the Management Company. The Company's annual investment return for the period from day of issuance of the licence to conduct activities of an investment fund until the moment of calculation is determined as follows:

- by using Microsoft Excel formula XIRR, which evaluates when negative (shareholder contributions to the Company (which are included in the formula XIRR when changes in the Company's Articles of Association are registered due to the increase of issued capital)) and positive (Company's payouts to the shareholders, the last positive flow is the value of investments at the time of calculation) Company's flows took place, and what was their extent. For calculation purposes, it is considered that on the day of approval of the Company's Articles of Association by the Bank of Lithuania (21 July 2022), the first negative cash flow occurs in the Company, the amount of which is equal to the Company's NAV, determined by the data of the day of approval by the Bank of Lithuania, which will be determined assuming that the total value of the Company's real estate on that date will be as determined by an independent appraisal, but in any case, and regardless of the value determined by an independent appraisal, not less than EUR 3,200,000;
- If the calculated Company's annual investment return exceeds minimum threshold of the Company's annual investment return, the last positive flow is lowered by trial until the Company's annual investment return, calculated by Microsoft Excel XIRR formula, reaches 10%.
- The amount by which the last positive flow will be reduced will be the amount, by which the minimum Company's investment return exceeds minimum threshold.

The amount of the success fee due to the Management Company is calculated each time the NAV is calculated. If the success fee due to the Management Company is determined when calculating the NAV, this amount is included in the Company's accounting as the Company's non-current liability to the Management Company. The success fee is paid after the life of the Company comes to the end or 50% of accrued success fee can be paid to the Management Company in advance.

## **2 Summary of accounting policies (continued)**

### **2.8. Rules for accounting of deductions to the Management Company and the depository, and other expenses (continued)**

If the success fee calculated in the following year is lower than success fee calculated in the previous year or that it should not be paid to the Management Company at all, the Company's commitment to the Management Company is reduced accordingly and the Management Company refunds to the Company the success fee received in advance so that the total amount paid in advance does not exceed 50% of the calculated success fee.

The Company's assets and liabilities are measured in accordance with the laws of the Republic of Lithuania, LFRS and the Methodology of Calculation of the Net Asset Value approved by the Bank of Lithuania, as well as other regulations.

### **2.9. Methods of measurement of assets and liabilities**

Assets (or part thereof) are written off only when the rights to these assets (or part thereof) are implemented, upon the expiration of rights or when these rights are transferred

Financial assets include cash, cash equivalents and receivables. Receivables are initially recorded at cost.

The impairment of receivables is accounted for when there are indications that the value of receivables could be impaired. In such case the book value of receivables is reduced as to the impairment account. Impaired receivables are written off once they are considered irrecoverable.

Liabilities (or part thereof) are written off only when they are extinguished, i.e. when liabilities indicated in the contract are satisfied, annulled or no longer valid.

Financial liabilities include amounts payable for received goods and services, loans and bonds.

The calculation of assets and liabilities is based on their fair value, which has to reflect the NAV, for which these assets are most likely to be sold.

The fair value of financial instruments traded on regulated markets is determined based on the average market prices published on the measurement date, as well as to the prices of similar financial assets or other fair value measurement techniques established in the financial markets.

Debt securities, monetary market instruments and loans which are not traded in the regulated markets, are measured at amortised cost using the effective interest method.

Real estate is measured at least twice a year: in the middle and at the end of every current year.

Other assets are valued at the most probable selling price determined based on the chosen valuation technique, which is generally applied and recognized in the financial market.

Bank term deposits are measured at amortised cost. Cash and funds in the credit institutions are measured at nominal value.

NAV of the Company is calculated by deducting Company's liabilities (including management and success fees) from the Company's assets. When calculating NAV, the values of the Company's assets and liabilities are calculated separately. The Company's NAV is calculated based on the NAV determination rules set out in the Company's Articles of Association.

The company does not engage in investment in loans. The Company cannot provide property guarantees or warranties for the fulfilment of the obligations of third parties.

The Company has the right to borrow after receiving the approval of the General Meeting of Shareholders. The amount of borrowing will not exceed 80% of Company assets. If at any time during the Company's activity the debt exceeds 80% of the Company's assets, such excess must be reduced to 80% within 6 months from the date of its occurrence. There is no maximum term of borrowing, but the loan agreement must provide for the possibility to return the borrowed funds at the end of the term of the Company's activity, even if the term of the debt is longer.



## **2 Summary of accounting policies (continued)**

### **2.10. Share valuation rules**

The value of the Company's share is determined by dividing NAV by the total number of shares issued by the Company. The value of the Company's share is determined at an accuracy of four decimals and rounded according to mathematical rounding rules. The total value of all shares issued by the Company is always equal to the Company's NAV.

The Company's NAV and the value of the Company's shares is determined each month based on the data of the last day of the previous month. The Company's NAV is also calculated based on the actual data of the day on which a decision was made by the Bank of Lithuania to issue a license to the Company enabling it to operate as an investment undertaking. The Company's NAV shall also be determined when the Company increases or reduces its issued capital (based on data of the date of registration of the amended Articles of Association), receives additional contributions from the Company's shareholders (based on the data of the day the contributions are credited to the Company's account), and pays funds to its shareholders as dividends (based on the data of the day the entire amount of dividends provided is transferred from the Company's account). The Company's share offers and share subscription agreements are concluded and shares are issued at the issue price per share determined based on the Company's last calculated net asset value per share.

### **2.11. Cash and cash equivalents**

Cash includes cash in the bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Such investments mature in less than three months and are subject to insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are considered to be cash in the current bank accounts and deposits the terms of which on the day of signing the contract are no less than three months.

### **2.12. Provisions**

Provisions are recognised only when the Company has a legal obligation or irrevocable commitment as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the most accurate recent assessments. When the impact of time value of money is significant, the amount of provision represents the present value of costs expected to be incurred for the settlement of the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognised as interest expenses.

### **2.13. Income tax**

In 2023 and 2022, the standard rate of income tax at a rate of 15% was applicable to companies of the Republic of Lithuania.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivatives. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for five consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature.

As 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 taxes are calculated using the liability method. Deferred tax is recognized, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at a tax rate which will (as expected) be applied for the period during which the assets will be realized and the liability covered, based on the tax rates which were adopted or essentially adopted on the date of the statement of financial position. Deferred tax assets are recognized in the statement of financial position to the extent that the management expects it to be realized in the near future, based on the taxable profit forecasts. If it is likely that part of the deferred tax is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements. Based on the requirements of Article 12 of the Law on Income Tax of the Republic of Lithuania, the Company is not subject to income tax as of 21 July 2022.

## **2 Summary of accounting policies (continued)**

### **2.14. Revenue and expense recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Revenue from the resale of utility services are recognised as sales revenue.

Expenses are recognised in accordance with the principles of accrual and comparability during the reporting period in which they are incurred, regardless of the moment of cash payments made.

### **2.15. Foreign currencies**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses from these transactions and from the translation of assets and liabilities denominated in foreign currencies at date of the statement of financial position are recognized in the statement of profit (loss). These balances are translated using the closing rate.

### **2.16. Impairment of assets**

#### Financial assets

Financial assets are reviewed for impairment at each balance sheet date.

For financial assets carried at amortised cost, whenever it is probable that the Company will not collect all amounts due under the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in the statement of profit (loss). The reversal of impairment loss previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after impairment recognition. Such reversal is accounted in the statement of profit (loss). However, the increased amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

#### Other assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit (loss). Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased significantly. The reversal is accounted for in the same caption of the statement of profit (loss) as the impairment loss.

### **2.17. Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits is probable.

### **2.18. Events after the reporting period**

Events after the end of the reporting period that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Events after the end of the reporting period that are not adjusting events are disclosed in the notes when material.

### **2.19. Offsetting**

When preparing financial statements, the assets and liabilities, revenue and expenses are not set-off, except the cases when certain standard specifically requires such set-off.

### **2.20. Going concern**

The financial statements of the Company are prepared on a going concern basis. In Q4 2024, the Company plans to finish developing a new business center at Žalgirio st. 114, Vilnius. The development is financed through the shareholders' own funds, the bond issue, as well as a loan agreement will be signed with the bank.

**Closed-end investment undertaking intended for informed investors CAPITALICA Z114 REAL ESTATE FUND UAB, 305198076, Žalgirio st. 114, Vilnius**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**  
(In euros, unless otherwise specified)

### 3 Intangible assets

	Other intangible assets	Total
Balance as at 1 January 2023	-	-
Additions	31,684	31,684
Amortisation	-	-
Balance as at 31 December 2023	31,684	31,684

These were put into operation on 31 December 2023.

### 4 Investment property

	Buildings	Investment property under construction	Total
Balance as at 1 January 2022	3,200,000	-	3,200,000
Additions	-	56,246*	56,246
Change in fair value	200,000	-	200,000
Balance as at 31 December 2022	3,400,000	56,246*	3,456,246
Additions	-	4,096,514	4,096,514
Change in fair value	447,240	-	447,240
Balance as at 31 December 2023	3,847,240	4,152,760	8,000,000

\*advances paid for investment property before construction begins.

The market value of the investment property (administrative building and 0.3426 ha of land lease rights, located at Žalgirio st. 114, Vilnius) was estimated by an independent property appraiser UAB OBER-HAUS at EUR 8,000 thousand as at 31 December 2023 (EUR 3,400 thousand as at 31 December 2022). Asset value as of 31 December 2023 was determined by the comparative method and the income method when evaluating the income received from the concluded lease agreements, assuming 1.46% income growth due to indexation in the first year and 1.98%-2.02% in later years (as at 31 December 2022, 10% and 0.4-2% were assumed, respectively). As at 31 December 2023 and 2022, the weighted occupancy rate used in the assessment was 95%-97% in the first and subsequent years, depending on the type of premises. As at 31 December 2023 and 2022, capitalisation rate used in valuation was 5.5% and 7.5%, respectively, and discount rate – 8%. Evaluating the discount rate, applied to discounted future cash flows, increase by 0.5%, leaving the rest of the assumptions used for estimating discounted cash flows unchanged, as at 31 December 2023 the fair value of the investment property would decrease by EUR 900 thousand (as at 31 December 2022 – decrease by EUR 100 thousand). After evaluating the increase of the discount rate applied to discounted cash flows by 0.5%, and without changing other data, the fair value of the investment property as of 31 December 2023 would be EUR 1,200 thousand lower (as at 31 December 2022, 200 thousand lower).

### 5 Prepayments made

Prepayments made consist of advance payments to suppliers. As at 31 December 2023, the balance of prepayments was 11,190 euros (31 December 2022, EUR 11,502).

### 6 Receivables within one year

Item	As at 31 December 2023	As at 31 December 2022
Other receivables	2,387,048	-
Trade receivables	6,299	34,007
VAT receivable	147,346	1,013
TOTAL:	2,540,693	35,020

Other receivables consist of bonds receivable, issued on 29 December 2023.

Trade receivables are non-interest bearing and are collectible on 30 days term.

## 7 Cash and cash equivalents

As at 31 December 2023 and 2022, cash and cash equivalents comprised cash at the bank.

As at 31 December 2023 and 2022, the Company did not have any restricted cash.

## 8 Net assets, number and value of investment units at the beginning and end of the reporting period, at the start of the investment activities

Indicators	As at 31 December 2023	As at 1 January 2023	As at 21 July 2022
Net assets value (NAV), EUR	7,807,830	4,299,323	3,486,457
Number of investment units (shares) outstanding	5,619,068	3,325,652	2,702,500
Value of an investment unit (share), EUR	1.3895	1.2928	1.2901

Value of net assets is equal to the equity.

In 2023, the issued capital of the Company was increased by issuing 2,293,416 ordinary registered shares with the nominal value of EUR 1.3953 EUR each. In 2022, the issued capital of the Company was increased by issuing 623,152 ordinary registered shares, the value of which was calculated according to NAV as at 2022 August 31 and it was equal to 1.2838 euros each. As at 31 December 2023 and 2022, all shares were fully paid.

In 2023 and 2022, the Company did not hold any of its own shares.

## 9 Capital

In accordance with the Companies Law of the Republic of Lithuania, the equity of a company cannot be less than ½ of the company's issued capital, provided in the Articles of Association. As at 31 December 2023 and 2022, the Company complied with this requirement.

## 10 Reserves

### Legal reserve

The legal reserve is mandatory under the legislation of the Republic of Lithuania. Annual transfers of not less than 5% of net profit are required until the reserve reaches 10% of the issued capital.

In 2023, the Company has earned a profit and transfers to the required reserve will be made after the shareholders have made a decision on the distribution of profits.

### Distributable reserves

Distributable reserves are formed based on the resolution of the General Meeting of Shareholders regarding the profit distribution and are provided for in the Company's Articles of Association. These reserves can be used only for the purposes approved by the General Meeting of Shareholders.

The Company's equity makes up more than ½ of the issued capital provided for in the Articles of Association and the Company has made profit in 2023, the shareholders will be offered to transfer retained earnings into the next year.

## 11 Payables after one year and liabilities

Item	As at 31 December 2023	As at 31 December 2022
Bonds placed	2,387,077	-
<b>TOTAL:</b>	<b>2,387,077</b>	<b>-</b>

On 6 December 2023, a bond distribution agreement was concluded between the Company and Šiaulių Bankas AB, on the basis of which, on 29 December 2023, 2,400 units of bonds were issued with the nominal value of EUR 1,000 each. These 2.5-year bonds earn 6% + 6M Euribor annual interest paid quarterly.

The bonds were placed below the nominal value of EUR 994.60, and are amortised over time, until they reach maturity.

#### 11 Payables after one year and other liabilities (continued)

The Company is committed that the borrowings will not exceed 80%. In 2023, the Company did not have other borrowings and complied with this requirement.

#### 12 Payables within one year and liabilities

Item	As at 31 December 2023	As at 31 December 2022
Rental deposits	-	30,905
Interest payable on bonds	1,327	-
Trade payables	611,489	33,260
Amounts payable to the Management Company	15,364	9,679
<b>TOTAL:</b>	<b>628,180</b>	<b>73,844</b>

Amounts payable within one year, including amounts payable to related parties, are interest-free and are normally settled on 30 day term.

#### 13 Accruals and deferred income

Item	As at 31 December 2023	As at 31 December 2022
Accrued audit expenses	11,200	14,500
Accrued amounts payable to the depository	6,250	6,273
Other accrued expenses	-	1,000
<b>TOTAL:</b>	<b>17,450</b>	<b>21,773</b>

#### 14 Lease income

Item	2023	2022
Lease income	104,525	177,115
Income from resale of utility services	74,241	91,528
Income from parking services	10,473	18,608
Income from other services	102	493
<b>TOTAL:</b>	<b>189,341</b>	<b>287,744</b>

#### 15 Other operating expenses

Item	2023	2022
Utilities	46,029	87,616
Stationery, office equipment and other administrative expenses	19,509	10,382
Tax expenses	18,644	30,105
Security services	11,085	14,766
Assets operating expenses	5,681	7,380
<b>TOTAL:</b>	<b>100,948</b>	<b>150,249</b>

## 16 Other general and administrative expenses

Item	2023	2022
Advertising and representation expenses	17,025	2,388
Expenses of other companies' services	16,739	20,829
Intermediary services	13,000	1,868
Doubtful debt write off	10,094	-
Other taxes	9,611	-
Consultation expenses	5,384	38,373
Insurance expenses	1,600	-
Services of financial institutions	1,325	396
Penalties and default interest	758	-
Operating taxes, other than income tax	73	5,134
Wages and salaries, and other related expenses	-	7,419
Repair and maintenance of premises	-	3,599
Stationery, office equipment and other administrative expenses	-	1,208
<b>TOTAL:</b>	<b>75,609</b>	<b>81,214</b>

## 17 Return on investments

	Reporting period	A year ago	2 years ago	10 years ago
Change in value of an investment unit (share), EUR	0.0994	0.0027	-	-
Annual gross return on investment	4.51%	0.86%	-	-
Annual net return of investments	4.51%	0.86%	-	-

Change in value of an investment unit (share) is calculated from the date of issuance of the license enabling to operate as an investment undertaking, i.e. as from 21 July 2022, when the nominal value of one share was EUR 1.2901.

The Company's annual gross return on investment is calculated by excluding the success fee. The annual net return on investment is calculated after the success fee. Return on investments is calculated using the Microsoft Excel formula XIRR which determines the time of negative and positive flows of the Company occurred, and the size of these flows (for more details see Note 2.8).

## 18 Related party transactions

The parties are considered related when one party has the possibility to control the other or have significant influence over the other party in making financial and operating decisions. The Company's related parties are as follows:

- CAPITALICA ASSET MANAGEMENT UAB (Management Company);
- UAB LTU Invest (the main shareholder)
- SBA Grupė UAB (ultimate controlling shareholder of the Management Company)
- Other SBA Group companies.

Transactions with related parties during 2023 and 2022, and balances as at 31 December 2023 and 2022:

#### 18 Related party transactions (continued)

##### 2023

Related party	Purchases	Sales	Receivables	Payables
CAPITALICA ASSET MANAGEMENT UAB	111,271	-	-	15,364
Other SBA Grupė companies	69,866	-	-	1,089
SBA Grupė UAB	1,140	-	-	48
<b>TOTAL:</b>	<b>182,277</b>	<b>-</b>	<b>-</b>	<b>16,501</b>

##### 2022

Related party	Purchases	Sales	Receivables	Payables
CAPITALICA ASSET MANAGEMENT UAB	52,308	-	-	9,679
Other SBA Grupė companies	7,250	-	-	1,634
SBA Grupė UAB	-	-	-	-
<b>TOTAL:</b>	<b>59,558</b>	<b>-</b>	<b>-</b>	<b>11,313</b>

#### 19 Events after the reporting period

On 26 March 2024, 3,387 units of bonds were placed based on the bond agreement signed previously with AB Šiaulių bankas. The bonds were distributed for less than the nominal (1,000 EUR) value - EUR 998.81.

A profit distribution draft proposal has not yet been prepared by the management of the Company on the day the financial statements.

There were no other significant events after the reporting period in the Company.

## **ANNUAL REPORT FOR 2023 OF CLOSED-END INVESTMENT UNDERTAKING INTENDED FOR INFORMED INVESTORS CAPITALICA Z114 REAL ESTATE FUND UAB**

### **GENERAL INFORMATION ABOUT THE COMPANY**

The closed-end investment undertaking for informed investors CAPITALICA Z114 REAL ESTATE FUND UAB (hereinafter – the Company, the Investment Undertaking) is a limited liability company registered in the Republic of Lithuania on 5 June 2019. Its registered office address is Žalgirio st. 114, Vilnius.

On 21 July 2022, the Bank of Lithuania issued a licence No V 2022/(1.160.E-9004)441-150 to the Company to operate as an investment undertaking under the Republic of Lithuania Law on Collective Investment Undertakings for Informed Investors. Before the issue of the licence, the Company operated as a private limited liability company and its shareholders had all the rights and obligations determined by the Law on Companies of the Republic of Lithuania.

As at 31 December 2023, the issued capital amounted to EUR 5,619,068 and was divided into 5,619,068 units of ordinary registered shares, 46.24% of which is owned by UAB LTU Invest. The remaining shares are controlled by minority shareholders, each holding less than 10% of all shares.

The main activity of the Company – collective investment of informed investor assets in the real estate market in order to spread risks and earn profit for the Company's shareholders.

The Company is managed by CAPITALICA ASSET MANAGEMENT UAB (hereinafter the "Management Company"), which on 17 September 2016 gained a permit to act as a management company of collective investment subjects for informed investors, issued by the Bank of Lithuania.

### **Analysis of the Company's financial and non-financial performance**

In 2023, the Company earned a net profit of EUR 308,504 thousand (2022: EUR 199,785).

As at 31 December 2023, the Company's assets amounted to EUR 10,840,537 (as at 31 December 2022, EUR 4,394,940).

On 21 July 2022, after receiving the licence from the Bank of Lithuania to operate as an investment undertaking, the management of the Company was transferred to the Management Company, for this reason the Company had no employees as at 31 December 2023 and during 2022.

### **Description of main risks**

When performing its activities, the Company is exposed to various risks. The Company's Board is responsible for managing the Company's risks and assessing the adverse effect on its objectives and performance. The identification and management of specific risks is assigned to the relevant functions within the Company. Given the external and internal environment, the risk level is assessed when adopting both strategic and operational decisions. Risk management forms an integral part of the Company's operational processes, therefore potential risks are under permanent monitoring and evaluation.

Environmental risk. The environmental risk is relatively low: office-based operations without using hazardous substances and with minimum waste generation. However, the Fund is committed to reduce environmental impact by saving energy, choosing environmental goods and promoting public transport at work. The data centres managed by the Fund designed to ensure high energy efficiency standards, the Fund continuously invests in technologies for reducing energy consumption and heat release. To reduce pollution, we are constantly renewing our vehicle fleet with greener cars. The Company is nearly paper-free in almost every area, and has switched to digital process and document management. The Fund's declared values highlight the environmental aspect, and its social campaigns are related to environmental issues, e.g. tree planting, dune cleaning.

Corruption risk. The Company complies with international legal norms governing human rights and labour relations, and the highest anti-corruption and environmental standards. SBA Group and its companies are guided by the SBA Group Code of Corporate Culture, which establishes standards and norms for transparent work, business ethics and anti-corruption behaviour for all employees (avoidance of conflict of interests, neutrality in political processes, and prohibition of gifts or services if they are intended to unfairly confer an advantage or a bias on the decisions made). Across all countries where the companies part of the SBA Group operate, we base our business on statutory and regulatory requirements, including but not limited to anti-corruption legislation. Acting in the business interests of the companies part of the SBA Group, we shall not offer bribes or make any other unlawful payments to the representatives of public authorities, including facilitation payments (low value informal payments). Both internal and external reporting channels (pasitikejimolinija@sba.lt) are also in place and available to employees and/or business partners of SBA Group companies to report potentially corrupt practices.



**In 2023, the Company neither acquired, nor transferred its own shares.**

**As at 31 December 2023, the Company had no branches or representative offices.**

**Significant events that took place after the end of the financial year.**

No significant events took place after the end of the financial year, except those, that are described in Note 19 of the explanatory notes.

**Business plans and forecasts of the Company.**

The Company's goal will be to ensure a long-term growth of return to the shareholders by investing in the property complex owned by the Company, located on the land plot leased by the Company at the address Žalgirio st. 114, in Vilnius. Investments are carried out by demolishing the existing buildings of the complex and building a new one of up to 8,500 sq. m. general area office building, by leasing it and selling it until the liquidation and deregistration of the Company.

**The Company does not conduct any research and development activities.**

**As at 31 December 2023, the Company had no derivatives.**

**Information on the other executive positions held by the Management Company's Manager and members of the Board.**

Mr. Mindaugas Liaudanskas, a director of Management Company, also serves as a chair of the Board at SIA Verde Development, company code 40203395348, address Rigas iela 25C, Valmiera. He also serves as a member of the Board of TanaHub OU, company code 164022226, address Harju maakond, Tallinn, Põhja-Tallinna linnaosa, Põhja pst 25 and S911 OU, company code 16219640, address Harju maakond, Tallinn, Põhja-Tallinna linnaosa, Põhja pst 25, Marupe Hub SIA, company code 40203396790, address Audeju iela 15-4, Riga and Dreilini HUB SIA, company code 40203461770, address Audeju iela 15-4, Riga.

Mr. Andrius Barštys, a chair of the Board, also serves as a chair of the Board at SIA Hanza 14, company code 40203157541, address Miera iela 93-27, Ryga, and a chair of the Investment Committee at Koinvesticinis Fondas KŪB, company code 304537659, address Konstitucijos ave. 7, Vilnius. He also holds managerial positions in the following companies: Fox Holdings UAB, company code 303016870, address Šiaulių st. 97, Bajorų village, Vilnius city municipality, PC Luizé UAB, company code 302761548, address Šiaurės ave. 15-1, Klaipėda, Žaliaklanio parkas UAB, company code 304287223, address K. Donelaičio st. 62-1, Kaunas, Verslo Centras 135 UAB, company code 301733282, address: Žalgirio st. 135, Vilnius, Hanza 14, company code 305966736, address Jogailos st. 9, Vilnius, and at Savanorių 18 UAB, company code 304118472, address Upės st. 21-1, Vilnius. He also a member of the Board at SIA Verde Development, company code 40203395348, address 25C Rigas iela, Valmiera.

The member of the Board Jolanta Grašienė is also the member of the Boards of SBA Urban UAB, company code 302675889, address Upės g. 21-1, Vilnius, UAB SBA Modular, company code 305283904, address Upės st. 23, Vilnius, SBA Grupė UAB, company code 132206739, address Upės st. 21-1, Vilnius, SBA Home UAB, company code 242131620, address Joniškės st. 21, Klaipėda and the Chair of Board of SBA Competence and Service Center UAB, company code 304960328, address Upės st. 23, Vilnius. The main position of Jolanta Grašienė is the vice president of SBA Grupė UAB, company code 132206739, address Upės st. 21-1, Vilnius.

The member of the Board Adam Saulius Vaina is also the member of the Board of SBA Grupė UAB, company code 132206739, address Upės st. 21-1, Vilnius, GAUMINA UAB, company code 224497630, address Gedimino ave. 27, Vilnius, Mobilios Aplikacijos UAB, company code 303105746, address Gedimino ave. 27, Vilnius, Mediapark Grupė UAB, company code 304050320, address Gedimino ave. 27, Vilnius, ME Investicija UAB, company code 302489393, address Račių st. 1, Vilnius, OU Civitta International, company code 12241708, address Ria tn 24a, Tartu. Adam Saulius Vaina is also a partner of CIVITTA UAB, company code 302477747, address Gedimino ave. 27, Vilnius, he is also the head of VŠĮ Civitta foundation, company code 303363287, address Gedimino ave. 27, Vilnius, Kavija UAB, company code 303091773, address Gedimino ave. 27, Vilnius, Mediapark Grupė UAB, company code 304050320, address Gedimino ave. 27, Vilnius, Entra holdings UAB, company code 302790286, address Gedimino ave. 27, Vilnius.

Director

Mindaugas Liaudanskas

27 May 2024