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Prepared by M-Finance

**UAB Orkela**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
31 DECEMBER 2020**

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# Independent Auditor's Report

To the shareholders of UAB Orkela

## Opinion

We have audited the Financial Statements of UAB Orkela (hereinafter 'the Company'). The Financial Statements of the Company include:

- Balance Sheet as of 31 December 2020,
- Profit (Loss) Statement for the year then ended,
- Statement of Changes in Equity for the year then ended,
- Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as of 31 December 2020 and of the financial performance and cash flows for the year then ended in accordance with the Lithuanian Business Accounting Standards.

## Basis for the opinion

We conducted our audit in accordance with the International Standards on Auditing (hereinafter 'ISA'). Our responsibilities under these standards are described in detail in the section 'The auditor's responsibility for the audit of financial statements' of this report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (hereinafter 'the IPSASB Code') and the requirements of the Law on Auditing of Financial Statements of the Republic of Lithuania in relation to audits in the Republic of Lithuania. We also comply with other ethical requirements related to the Law on Auditing of Financial Statements of the Republic of Lithuania and the IPSASB Code. We believe that the audit evidence we have gathered is sufficient and appropriate to provide a basis for our opinion.

## Responsibility of management and persons in charge of governance for the financial statements

Management is responsible for the preparation and fair presentation of these Financial Statements that give a true and fair view in accordance with the Lithuanian Business Accounting Standards, and for such internal control as management deems to be 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 required to make an assessment of the Company's ability to continue as a going concern and to disclose, as necessary, matters related to going concern and the application of the going concern basis of accounting, unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Persons in charge of governance must oversee the Company's financial reporting process.

## Auditor's responsibility for the audit of financial statements

Our aim is 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 rather than a guarantee that a material misstatement, if any, can always be detected in an audit carried out in accordance with ISA. Misstatements that may result from fraud or error are considered material if, individually or in aggregate, they can be reasonably expected to have a significant effect on the economic decisions of users of the financial statements.



While conducting an audit under ISA, we make professional judgements throughout the audit and apply the principle of professional scepticism. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, plan and perform procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of a material misstatement due to fraud not being detected is higher than the risk of a material misstatement due to error not being detected, as fraud may include fraud, forgery, deliberate omission, misinterpretation or disregard for internal controls.
- We gain an understanding of internal controls relevant for the audit in order to design audit procedures that are appropriate under particular circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- We assess the appropriateness of the accounting policies used and the reasonableness of management's accounting estimates and related disclosures.
- We conclude on the appropriateness of the going concern basis of accounting and whether, based on the evidence gathered, a material uncertainty exists related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that such a material uncertainty exists, our auditor's report is required to address the related disclosures in the financial statements, or, if those disclosures are insufficient, we are required to modify our opinion. Our conclusions are based on audit evidence we gathered up to the date of the auditor's report. However, future events or conditions may mean that the Company will not be able to continue its operations.
- We assess the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present the underlying transactions and events in a manner consistent with the concept of fair presentation.

We must, among other things, inform persons in charge of governance of the scope and timing of the audit and of significant audit observations, including significant internal control weaknesses that we identify during the audit.

On behalf of KPMG Baltics, UAB

Ieva Voverienė  
Certified Auditor

Vilnius, Republic of Lithuania  
10 May 2021

*Only the Independent Auditor's Report on pages 3 and 4 of this document is signed with the electronic signature of the auditor.*

# UAB Orkela

Company number: 304099538, Jogailos str. 4, LT-01116 Vilnius

## PROFIT (LOSS) STATEMENT

10 May 2021

(date of the statement)

Financial year ended 31 December 2020

(Reporting period)

**EUR**

(Reporting currency)

No.	Items	Note No.	Financial year	Previous financial year
1.	Sales revenue		3 929	-
2.	Cost of sales		-	-
3.	Change in the fair value of biological assets		-	-
<b>4.</b>	<b>GROSS PROFIT (LOSS)</b>		3 929	-
5.	Selling expenses		-	-
6.	General and administrative costs	1	( 69 506)	( 118 824)
7.	Other operating results		-	-
8.	Income from investments in shares of parent companies, subsidiaries and associates		-	-
9.	Income from other non-current investments and loans		-	-
10.	Other interest and similar income	2	-	3 785 504
11.	Impairment of financial assets and current investments		-	-
12.	Interest and other similar expenses	3	( 449 727)	( 429 119)
<b>13.</b>	<b>PROFIT (LOSS) BEFORE TAX</b>		<b>( 515 304)</b>	<b>3 237 561</b>
14.	Corporate income tax	4	-	-
<b>15.</b>	<b>NET PROFIT (LOSS)</b>		<b>( 515 304)</b>	<b>3 237 561</b>

*These Financial Statements are signed with an electronic signature.*

**Director**

(job title of the company's chief executive)

(signature)

**Karolis Tuinyla**

(name and surname)

**Authorised person**

(job title)

(signature)

**Agnė Jasinskienė**

(name and surname)

**The Notes presented on pages 10 to 19 constitute an integral part of these Financial Statements**

# UAB Orkela

Company number: 304099538, Jogailos str. 4, LT-01116, Vilnius

## BALANCE SHEET

10 May 2021  
(date of the statement)

Financial year ended 31 December 2020  
(Reporting period)

**EUR**  
(Reporting currency)

No.	Items	Note No.	Financial year	Previous financial year
	<b>ASSETS</b>			
<b>A.</b>	<b>NON-CURRENT ASSETS</b>	5	7 362 973	6 571 384
1.	INTANGIBLE ASSETS		-	-
1.1.	Development work		-	-
1.2.	Goodwill		-	-
1.3.	Software		-	-
1.4.	Concessions, patents, licences, trademarks and similar rights		-	-
1.5.	Other intangible assets		-	-
1.6.	Prepayments made		-	-
2.	TANGIBLE ASSETS	5	7 362 973	6 571 384
2.1.	Land		-	-
2.2.	Buildings and structures		-	-
2.3.	Plant and machinery		-	-
2.4.	Vehicles		-	-
2.5.	Other equipment, appliances and tools		-	-
2.6.	Investment assets	5	6 363 504	6 363 504
2.6.1.	Land		3 253 561	3 253 561
2.6.2.	Buildings		3 109 943	3 109 943
2.7.	Prepayments made and construction of tangible assets in progress	5	999 469	207 880
3.	FINANCIAL ASSETS		-	-
3.1.	Shares in group companies		-	-
3.2.	Loans to group companies		-	-
3.3.	Amounts receivable from group companies		-	-
3.4.	Shares in associates		-	-
3.5.	Loans to associates		-	-
3.6.	Amounts receivable from associates		-	-
3.7.	Non-current investments		-	-
3.8.	Amounts receivable after one year		-	-
3.9.	Other financial assets		-	-
4.	OTHER NON-CURRENT ASSETS		-	-
4.1.	Deferred tax assets		-	-
4.2.	Biological assets		-	-
4.3.	Other assets		-	-
<b>B.</b>	<b>CURRENT ASSETS</b>		<b>206 494</b>	<b>105 481</b>
1.	INVENTORIES		-	-
1.1.	Raw materials, supplies and components		-	-
1.2.	Unfinished products and work in progress		-	-
1.3.	Production		-	-
1.4.	Goods for resale		-	-
1.5.	Biological assets		-	-
1.6.	Non-current tangible assets for resale		-	-
1.7.	Prepayments made		-	-
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	6	152 715	82 394
2.1.	Trade debtors		655	-
2.2.	Debts of group companies		-	-
2.3.	Debts of associates		-	-
2.4.	Other amounts receivable		152 060	82 394
3.	CURRENT INVESTMENTS		-	-
3.1.	Shares in group companies		-	-
3.2.	Other investments		-	-
4.	CASH AND CASH EQUIVALENTS		53 779	23 087

<b>C.</b>	<b>DEFERRED CHARGES AND ACCRUED INCOME</b>	<b>7</b>	<b>250</b>	<b>289</b>
	<b>TOTAL ASSETS</b>		<b>7 569 717</b>	<b>6 677 154</b>

The Notes presented on pages 10 to 19 constitute an integral part of these Financial Statements

# UAB Orkela

Company number: 304099538, Jogailos str. 4, LT-01116, Vilnius

## BALANCE SHEET (continued)

10 May 2021

(date of the statement)

Financial year ended 31 December 2020

EUR

(Reporting period)			(Reporting currency)	
No.	Items	Note No.	Financial year	Previous financial year
	<b>EQUITY AND LIABILITIES</b>			
<b>D.</b>	<b>EQUITY</b>		<b>( 5 433 453)</b>	<b>( 4 918 149)</b>
1.	<b>CAPITAL</b>		2 500	2 500
1.1.	Authorised (subscribed) or core capital	8	2 500	2 500
1.2.	Subscribed unpaid capital (-)		-	-
1.3.	Own shares, membership shares (-)		-	-
2.	<b>SHARE PREMIUM</b>		-	-
3.	<b>REVALUATION RESERVE</b>		-	-
4.	<b>RESERVES</b>		-	-
4.1.	Legal reserve or reserve capital		-	-
4.2.	For acquiring own shares		-	-
4.3.	Other reserves		-	-
5.	<b>RETAINED EARNINGS (LOSSES)</b>	9	<b>( 5 435 953)</b>	<b>( 4 920 649)</b>
5.1.	Profit (loss) of the reporting year		( 515 304)	3 237 561
5.2.	Profit (loss) of the previous year		( 4 920 649)	( 8 158 210)
<b>E.</b>	<b>GRANTS AND SUBSIDIES</b>		-	-
<b>F.</b>	<b>PROVISIONS</b>		-	-
1.	Provisions for pensions and similar liabilities		-	-
2.	Tax provisions		-	-
3.	Other provisions		-	-
<b>G.</b>	<b>AMOUNTS PAYABLE AND OTHER LIABILITIES</b>	10	<b>13 000 643</b>	<b>11 592 776</b>
1.	<b>AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER NON-CURRENT LIABILITIES</b>		12 948 357	11 548 630
1.1.	Debts		-	-
1.2.	Debts to credit institutions		-	-
1.3.	Prepayments received		-	-
1.4.	Debts to suppliers		-	-
1.5.	Amounts payable under bills of exchange and cheques		-	-
1.6.	Amounts payable to group companies	11	12 948 357	11 548 630
1.7.	Amounts payable to associates		-	-
1.8.	Other amounts payable and non-current liabilities		-	-
2.	<b>AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER CURRENT LIABILITIES</b>		52 286	44 146
2.1.	Debts		-	-
2.2.	Debts to credit institutions		-	-
2.3.	Prepayments received		-	-
2.4.	Debts to suppliers		44 443	35 747
2.5.	Amounts payable under bills of exchange and cheques		-	-
2.6.	Amounts payable to group companies		-	-
2.7.	Amounts payable to associates		-	-
2.8.	Corporate income tax liabilities		-	-
2.9.	Employment-related liabilities		516	1 066
2.10.	Other amounts payable and current liabilities	12	7 327	7 333
<b>H.</b>	<b>ACCRUED EXPENSES AND DEFERRED INCOME</b>	13	2 527	2 527
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7 569 717</b>	<b>6 677 154</b>

These Financial Statements are signed with an electronic signature.

<b>Director</b>	<b>Karolis Tuinvla</b>
(job title of the company's chief executive)	(signature) (name and surname)
<b>Authorised person</b>	<b>Agnė Jasinskienė</b>
(job title)	(signature) (name and surname)



# UAB Orkela

Company number: 304099538, Jogailos str. 4, LT-01116 Vilnius

## STATEMENT OF CHANGES IN EQUITY

10 May 2021

(date of the statement)

Financial year ended 31 December 2020

(Reporting period)

EUR

(Reporting currency)

	Paid-up authorised capital or core capital	Share premium	Own shares (-)	Revaluation reserve		Legal reserves		Other reserves	Retained earnings (losses)	Total
				Non-current tangible assets	Financial assets	Legal or reserve capital	For acquiring own shares			
<b>1. Balance at the end of the reporting (annual) period before previous</b>	<b>2 500</b>	-	-	-	-	-	-	-	<b>( 8 158 210)</b>	<b>( 8 155 710)</b>
2. Result of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
3. Result of correcting material errors	-	-	-	-	-	-	-	-	-	-
<b>4. Recalculated balance at the end of the reporting (annual) period before previous</b>	<b>2 500</b>	-	-	-	-	-	-	-	<b>( 8 158 210)</b>	<b>( 8 155 710)</b>
5. Increase/decrease in the value of capital	-	-	-	-	-	-	-	-	-	-
6. Increase/decrease in the value of effective hedging instruments	-	-	-	-	-	-	-	-	-	-
7. Acquisition/sales of own shares	-	-	-	-	-	-	-	-	-	-
8. Profit/loss not recognised in the Profit (Loss) Statement	-	-	-	-	-	-	-	-	-	-
9. Net profit (loss) of the reporting period	-	-	-	-	-	-	-	-	3 237 561	<b>3 237 561</b>
10. Dividends	-	-	-	-	-	-	-	-	-	-
11. Other payments	-	-	-	-	-	-	-	-	-	-
12. Formed reserves	-	-	-	-	-	-	-	-	-	-
13. Used reserves	-	-	-	-	-	-	-	-	-	-
14. Increase/reduction of authorised capital or member share contributions (return of member shares)	-	-	-	-	-	-	-	-	-	-
15. Other increase/reduction of authorised or capital	-	-	-	-	-	-	-	-	-	-
16. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
<b>17. Balance at the end of the previous reporting (annual) period</b>	<b>2 500</b>	-	-	-	-	-	-	-	<b>( 4 920 649)</b>	<b>( 4 918 149)</b>

The Notes presented on pages 10 to 19 constitute an integral part of these Financial Statements

# UAB Orkela

Company number: 304099538, Jogailos str. 4, LT-01116 Vilnius

## STATEMENT OF CHANGES IN EQUITY (CONTINUED)

10 May 2021

(date of the statement)

Financial year ended 31 December 2020

EUR

(Reporting period)	(Reporting currency)									
18. Increase/decrease in the value of capital	-	-	-	-	-	-	-	-	-	-
19. Increase / decrease in the value of effective hedging instruments	-	-	-	-	-	-	-	-	-	-
20. Acquisition/sales of own shares	-	-	-	-	-	-	-	-	-	-
21. Profit / loss not recognised in the Profit (Loss) Statement	-	-	-	-	-	-	-	-	-	-
22. Net profit / loss of the reporting period	-	-	-	-	-	-	-	-	( 515 304)	( 515 304)
23. Dividends	-	-	-	-	-	-	-	-	-	-
24. Other payments	-	-	-	-	-	-	-	-	-	-
25. Formed reserves	-	-	-	-	-	-	-	-	-	-
26. Used reserves	-	-	-	-	-	-	-	-	-	-
14. Increase/reduction of authorised capital or member share contributions (return of member shares)	-	-	-	-	-	-	-	-	-	-
15. Other increase/reduction of authorised or core capital	-	-	-	-	-	-	-	-	-	-
29. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
<b>30. Balance at the end of the reporting period</b>	<b>2 500</b>	-	-	-	-	-	-	-	<b>( 5 435 953)</b>	<b>( 5 433 453)</b>

*These Financial Statements are signed with an electronic signature.*

**Director**

(job title of the company's chief executive)

(signature)

**Karolis Tuinyla**

(name and surname)

**Authorised person**

(job title)

(signature)

**Agnė Jasinskienė**

(name and surname)

The Notes presented on pages 10 to 19 constitute an integral part of these Financial Statements

## **UAB Orkela**

Company number: 304099538, Jogailos str. 4, LT-01116 Vilnius

### **Notes**

(all amounts in euros unless otherwise stated)

#### **GENERAL INFORMATION**

UAB Orkela, company number 304099538 (hereinafter 'the Company') is a private limited liability company registered with the State Enterprise Centre of Registers on 24 September 2015. The Company is registered for value added tax from 10 March 2016. The Company's data are collected and stored in the Register of Legal Entities of the Republic of Lithuania.

As of 31 December 2019 and 2020, the Company's shareholders were:

Lords LB Special Fund IV, a closed-end investment fund for informed investors, which owns 100% (2 500 units) of the shares.

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

The Company's main activity is real estate development and construction.

As of 31 December 2019 and 2020, the Company had no branches or representative offices.

As of 31 December 2020, the average number of employees of the Company was 1 (1 as of 31 December 2019).

#### **ACCOUNTING PRINCIPLES**

The financial statements are prepared in accordance with the legislation governing financial accounting and the preparation of financial statements in the Republic of Lithuania and the Business Accounting Standards.

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

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

The Company meets the criteria for a small undertaking for the purposes of preparing its financial statements as set out in the Law on Financial Reporting by Undertakings.

##### **(a) Investment assets**

The investment assets are the real property held to earn income and/or profit from an increase in the value of the property. The Company uses the fair value method to account for its investment assets. The fair value of the investment assets is adjusted every time the financial statements are prepared, with the change recognised as profit or loss in the Profit (Loss) Statement.

The cost of the acquired investment assets comprises the acquisition cost and any directly related costs. Directly related costs may include fees for legal services, property transfer fees and other transaction costs. This accounting principle is applied to all construction and development of the investment assets. The investment assets under development are classified by the Company as investment assets on the Balance Sheet and are accounted for based on acquisition cost.

The Company uses the fair value method to account for the investment assets upon completion of construction. The fair value of investment assets is determined on the basis of valuation reports of an independent valuer. An independent valuer's valuation is carried out at least once a year (with more frequent valuations if there are significant changes that could lead to a material change in the value of assets).

## **UAB Orkela**

Company number: 304099538, Jogailos str. 4, LT-01116 Vilnius

### **(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 becomes entitled to receive, cash or any other financial asset under a contract. Amounts receivable are measured at acquisition cost less impairment loss. Cash and cash equivalents are stated at acquisition cost.

If the Company is likely to be unable to collect the receivables, an impairment loss is recognised and is calculated as the difference between the carrying amount of the assets and the present value of the future cash flows discounted at the estimated interest rate.

Financial liabilities include amounts payable for the goods and services received and liabilities under contracts for bonds issued and loans.

Financial liabilities are recorded when the Company incurs a liability to pay cash or to settle with 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 value, which is equal to the amount of funds received. Transaction-related costs are recognised as expenses of financing activities. Subsequently, financial liabilities are measured at amortised cost using the estimated interest rate method. The Company has issued non-convertible bonds.

### **(c) Estimated interest rate method**

The estimated interest rate method is a method of calculating the amortised cost of financial assets and liabilities and allocating interest income and expense over the relevant period. The estimated interest rate is the interest rate that exactly discounts estimated future cash flows (including any fees paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) to the net carrying amount at initial recognition over the expected life of financial assets and liabilities or, if appropriate, over an appropriate shorter period.

### **(d) Foreign currencies**

All currency items in the Balance Sheet are stated in the Euro using the exchange rate on the Balance Sheet date. Assets recorded at acquisition cost that are purchased for foreign currency are valued in Euros on the Balance Sheet at the exchange rate applicable at the time of acquisition. Assets with the fair value measured in a foreign currency are stated in Euros on the Balance Sheet using the exchange rate as of the date of the fair value measurement. Transactions in foreign currencies are stated in the Euro using the exchange rate effective as of the transaction date. Differences that arise from the payment of amounts recorded in foreign currency items at a different exchange rate are recognised as income or expenses in the reporting period.

### **(e) Sales revenue**

Sales revenue is recognised on an accrual basis. Income is measured at fair value, taking into account discounts given and expected to be given and returns and discounts of the goods sold.

When a service transaction is completed in the same period in which it was initiated, income is recognised in the same period and measured at the amount specified in the contract. When services are provided for a period exceeding one reporting period under the service provision transaction, income is apportioned over the periods during which the services are provided.

The Company's typical operating income is lease income. In cases where the Company acts as an intermediary rather than as the main service provider, income and costs are pooled.

## **UAB Orkela**

Company number: 304099538, Jogailos str. 4, LT-01116 Vilnius

### **(f) Cost of sales and operating expenses**

Expenses are recognised on an accrual and comparative basis in the reporting period in which the related income is earned. Expenses incurred during the reporting period that cannot be directly attributed to the generation of specific income and that will not generate income in future periods are recognised as expenses in the period in which they are incurred. Expenses are measured at fair value.

### **(g) Borrowing costs**

Interest on loans and under issued bond contracts is recognised in the Profit (Loss) Statement on an accrual basis.

### **(h) Corporate income tax**

Calculation of the corporate income tax is based on the annual profit for the year, after taking into account the deferred corporate income tax. The corporate income tax is calculated in accordance with Lithuanian tax laws.

The corporate income tax rate applied to companies in the Republic of Lithuania in 2020 was 15% (15% in 2019).

Tax losses can be carried forward indefinitely, except for losses arising from the transfer of securities and/or financial derivatives. Such carry-forward is terminated 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. Losses on the transfer of securities and/or financial derivatives can be carried forward for 5 years and can only be covered by profits from transactions of the same type. From 1 January 2014, tax loss carry-forwards can be used to offset a maximum of 70% of the taxable profit for the current tax year.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax reflects the net tax effect of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period in which the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted on the Balance Sheet date.

Deferred tax assets are recognised in the Balance Sheet to the extent that the Company's management expects that they will be realised in the foreseeable future, taking into account forecasts of taxable profit. If it is probable that part of the deferred tax will not be realised, that part of the deferred tax is not recognised in the financial statements.

### **(i) Impairment**

The Company's assets are assessed for impairment when events or circumstances indicate that the assets may not be recoverable. When the carrying amount exceeds the assets' recoverable amount, an impairment is recorded in the Profit (Loss) Statement. A reversal of the impairment loss recorded in previous periods is accounted for when there is an indication that the recognised impairment loss on the asset no longer exists or has decreased materially. The reversal is accounted for in the Profit (Loss) Statement under the same item under which the impairment loss was recorded.

### **(j) Recoverable amount**

Recoverable amount is calculated as the higher of the two: the fair value less sales costs and the value in use of the asset. The value in use of the asset is calculated by discounting future cash flows to their present value using a pre-tax discount rate that reflects realistic market assumptions about the time value of money and the risks associated with the asset.

### **(k) Offsetting**

Offsets of amounts receivable and amounts payable with the same third party are carried out when there is a sufficient legal basis for doing so.

## **UAB Orkela**

Company number: 304099538, Jogailos str. 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) Uncertainties**

Contingent liabilities are not recognised in the financial statements. They are described in the financial statements except when the probability of loss of sources giving economic benefits is remote.

### **(n) Going concern**

The Company is a special purpose development vehicle which does not generate income on its own in the short term. The Company's activities are financed with the shareholder's funds based on the progress of the project and the need for working capital, and therefore the financial statements are prepared on the basis that the Company will be able to continue operations in the foreseeable future.

## **FINANCIAL RISK MANAGEMENT**

The Company is exposed to various financial risks in the course of its business. Risk management is carried out by the management team.

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

### **Credit risk**

The Company has a significant concentration of credit risk. Credit risk, or the risk that a counterparty will default on its obligations, is controlled through credit conditions and supervisory procedures. Credit risk is controlled by the Company itself and credit risk management companies are engaged where necessary.

### **Exchange rate risk**

The Company does not have a significant concentration of exchange rate risk as the majority of its settlements are in euros.

### **Liquidity risk**

The Company is a special purpose development vehicle which does not generate income on its own in the short term. The Company's activities are financed with the shareholder's funds based on the progress of the project and the need for working capital.

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

### **Interest rate risk**

The Company's income and cash flows from operations are largely independent of changes in market interest rates. The Company has no significant interest-earning assets.

The most significant Company's Balance Sheet item sensitive to changes in interest rates is the bonds issued and loans received. Liabilities are at fixed interest rates, but the fixed interest rate is calculated on the basis of the related party pricing, which is maximally consistent with the arm's length principle. The Company does not use any financial instruments to manage the interest rate fluctuation risk.

### **Related parties**

Related parties are:

Lords LB Special Fund IV, UAB Orkelos valdymas and the Related Natural Person.

## UAB Orkela

Company number: 304099538, Jogailos str. 4, LT-01116 Vilnius

### NOTE 1: GENERAL AND ADMINISTRATIVE COSTS

Item	Financial year	Previous financial year
Costs of operating tax	33 048	33 274
Costs of legal services	19 453	64 594
Wages and other salary-related costs	8 175	8 456
Audit costs	3 211	3 211
Accounting costs	2 400	2 400
Bank charges (commissions, administrative, commitment)	104	139
Costs of notary services	-	4
Other costs	3 115	6 746
<b>Total:</b>	<b>69 506</b>	<b>118 824</b>

### NOTE 2: OTHER INTEREST AND SIMILAR INCOME

Item	Financial year	Previous financial year
Income from the increase in the value of non-current tangible assets	-	3 785 504
Other interest and similar income	-	-
<b>Total:</b>	<b>-</b>	<b>3 785 504</b>

### NOTE 3: INTEREST AND OTHER SIMILAR EXPENSES

Item	Financial year	Previous financial year
Interest on bonds	449 727	429 119
<b>Total:</b>	<b>449 727</b>	<b>429 119</b>

### NOTE 4: CORPORATE INCOME TAX AND DEFERRED CORPORATE INCOME TAX

The corporate income tax rate used to calculate the deferred income tax was 15%.

As of 31 December 2020, The Company had an unrecognised deferred corporate income tax assets of EUR 340 240 (EUR 267 435 in 2019) on accrued tax losses. Deferred corporate income tax assets against tax losses were not recognised due to uncertainties in the future generation of sufficient tax profits. Accrued tax losses may be carried forward indefinitely.

## UAB Orkela

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### NOTE 5: INVESTMENT ASSETS

	Indicators	Land	Buildings and structures	Prepayments made	Construction in progress	Total
	<b>Residual value at</b>	<b>3 253 561</b>	<b>3 109 943</b>	<b>115 718</b>	<b>92 162</b>	<b>6 571 384</b>
a)	<b>Acquisition cost</b>					
	Previous financial year	4 601 561	4 398 439	115 718	591 065	9 706 783
	Changes in the financial year:					
	- acquisition of assets				791 589	791 589
	- assets transferred and written off (-)					
	- transcriptions from one			(54 355)	54 355	-
	<b>At the end of the financial year</b>	<b>4 601 561</b>	<b>4 398 439</b>	<b>61 363</b>	<b>1 437 009</b>	<b>10 498 372</b>
b)	<b>Revaluation</b>					
	Previous financial year					
	Changes in the financial year:					
	- increase in value					
	- transferred to other persons					
	- transcriptions from one					
	<b>At the end of the financial year</b>					
c)	<b>Depreciation</b>					
	Previous financial year	-	-	-	-	-
	Changes in the financial year:					
	- financial year					
	- reversing entries (-)					
	- transferred to other persons and assets written off (-)					
	- transcriptions from one					
	<b>At the end of the financial year</b>					
d)	<b>Impairment</b>					
	Previous financial year	(1 348 000)	(1 288 496)		( 498 903)	(3 135 399)
	Changes in the financial year:					
	- values of the financial year					
	- reversing entries (-)					
	- transferred to other persons					
	- transcriptions from one					
	<b>At the end of the financial year</b>	<b>(1 348 000)</b>	<b>(1 288 496)</b>	<b>-</b>	<b>( 498 903)</b>	<b>(3 135 399)</b>
e)	<b>Residual value at</b>	<b>3 253 561</b>	<b>3 109 943</b>	<b>61 363</b>	<b>938 106</b>	<b>7 362 973</b>

As of 31 December 2020, the investment assets consisted of a land plot and buildings located at Vasario 16-osios str. 1, Vilnius. The investment assets were acquired in March 2016. On 8 March 2021, the Company obtained a building permit.

In 2019, following the receipt of an individual heritage protection regulation from the Department of Cultural Heritage under the Ministry of Culture, which detailed the development possibilities of the property, the depreciation of the value of the property under development was reversed in the accounts to EUR 3 785 504 (based on the valuation carried out by the independent property valuer, UAB Newsec valuations, on 30 September 2019).

The recoverable amount of the investment assets at the end of 2020 is calculated on the basis of the valuation of 30 September 2020 by the independent valuer, UAB Newsec valuations. The market value of the investment assets is estimated using the discounted cash flow method at a discount rate of 18% (18% in 2019) and a capitalisation rate of 6% (6.5% in 2019). The cash flows are projected for a period of 4 years, assuming an average long-term vacancy rate of 2% and an average income growth rate of 1.8% to 2.0%. According to the report of the independent valuer, the value of the investment assets calculated using the discounted cash flow method was EUR 7 930 000.



### **Sensitivity analysis of the value of investment assets**

The recoverable amount of investment assets is determined by using a 6% rate of return. An increase of 0.25% in the rate of return would result in a decrease of EUR 1 340 000 in the value of the property, while a decrease of 0.25% in the rate of return would result in an increase of EUR 1 460 000 in the value of the property. Other assumptions remained unchanged following the change in the rate of return.

## UAB Orkela

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### NOTE 6: AMOUNTS RECEIVABLE WITHIN ONE YEAR

Item	Financial year	Previous financial year
VAT receivables	152 060	82 394
Trade debtors	655	-
<b>Total:</b>	<b>152 715</b>	<b>82 394</b>

### NOTE 7: DEFERRED CHARGES AND ACCRUED INCOME

Item	Financial year	Previous financial year
Deferred charges	250	289
<b>Total:</b>	<b>250</b>	<b>289</b>

### NOTE 8: STRUCTURE OF AUTHORISED CAPITAL

Indicators	Number of shares	Amount
Structure of authorised capital at the end of the financial year		
1. By type of shares	-	-
1.1. Common shares	100	2 500
1.2. Preferred shares	-	-
1.3. Employee shares	-	-
1.4. Special shares	-	-
1.5. Other shares	-	-
<b>Total:</b>	<b>100</b>	<b>2 500</b>
Own shares held by the Company itself	-	-
Shares held by subsidiaries	-	-

The Company's authorised capital equalled EUR 2 500 as of 31 December 2020 and 2019. The nominal value per share is EUR 25. All the Company's shares are paid up. The Company did not acquire, dispose of or hold any of its own shares during the reporting year.

### NOTE 9: DRAFT PROFIT DISTRIBUTION

At the time of approving these Financial Statements, management had not prepared a draft profit / loss distribution.

## UAB Orkela

Company number: 304099538, Jogailos str. 4, LT-01116 Vilnius

### NOTE 10: AMOUNTS PAYABLE AND OTHER LIABILITIES

Indicators	Debts or portions thereof payable		
	Within one financial year	After one year, but no later than within five years	After five years
<b>Breakdown of amounts payable and liabilities by type</b>			
<b>Financial debts:</b>			
1. Lease (finance lease) or similar liabilities	-	-	-
2. To credit institutions	-	-	-
3. Amounts payable to group companies (Note 14)		12 948 357	-
<b>Other debts:</b>			
1. Debts to suppliers	44 443	-	-
2. Prepayments received	-	-	-
3. Corporate income tax liabilities	-	-	-
4. Deferred corporate income tax liabilities	-	-	-
5. Employment-related liabilities	516	-	-
6. Provisions	-	-	-
7. Other amounts payable and current liabilities	7 327	-	-
<b>Total:</b>	<b>52 286</b>	<b>12 948 357</b>	<b>-</b>

The Company issued new bonds during 2020. As of 31 December 2020, amounts payable to group companies under the bonds issued and interest payable constitute EUR 12 948 357.

As of 31 December 2019, the balance of amounts payable to group companies under the bonds issued and interest payable was EUR 11 548 630.

### NOTE 11: COMPANY'S RIGHTS AND LIABILITIES NOT SPECIFIED IN THE BALANCE SHEET

#### *Legal proceedings*

1) Case No eI3-166-1047/2020 pending before the Vilnius Regional Administrative Court on the Company's complaint against the defendants, the Department of Cultural Heritage under the Ministry of Culture and the Republic of Lithuania, requesting (i) to annul Order No Į-179 of the Department of Cultural Heritage of 7 June 2018 by which the Department of Cultural Heritage annulled the approvals of the design proposals of the Vilnius Division of the Department of Cultural Heritage, the special requirements for heritage protection (the temporary protection regulation) and the design conditions for management works, issued for the project in the territory of St. Jacob's Hospital; and, and (ii) make alternative claims for damages, i.e. an award in favour of the Company of EUR 248 000.00 plus EUR 9 675.76 per day for the period from 7 June 2018 until the date of entry into force of the judgment if the Order is annulled, or an award in favour of the Company of EUR 1 999 149.96 if the Order is not annulled. Third parties in the case are V. Karčiauskas, A. Zdanevičienė, Vilnius City Municipality and UAB Archinova. The proceedings were suspended until 31 December 2019. The Vilnius Regional Administrative Court referred Administrative Case No eI3-166-1047/2020 to judicial mediation. The mediator is A. Maciejewski, a judge of the Supreme Court of Lithuania. On 8 March 2021, the building permit was obtained and the legal dispute was resolved by amicable settlement, which entered into force on 22 April 2021.

## UAB Orkela

Company number: 304099538, Jogailos str. 4, LT-01116 Vilnius

### NOTE 11: COMPANY'S RIGHTS AND LIABILITIES NOT SPECIFIED IN THE BALANCE SHEET (CONTINUED)

2) Case No eI-171-821/2020 pending before the Vilnius Regional Administrative Court on the basis of the Company's complaint against the defendants, the Department of Cultural Heritage under the Ministry of Culture, the Vilnius City Municipal Administration, the Vilnius City Municipality and the Vilnius Division of the Department of Cultural Heritage under the Ministry of Culture, requesting to (i) annul the disapprovals of the Department of Cultural Heritage and the Vilnius City Municipal Administration against the project for construction of a hotel and administrative buildings in the territory of St. Jacob's Hospital, and (ii) order the Vilnius City Municipality Administration to issue a building permit, and (iii) grant an award of EUR 248 000.00 in favour of the Company, plus EUR 9 675.76 per day for the period from 26 June 2018 until the date of entry into force of the court judgment. Moreover, the Company requests to: (i) declare unlawful and annul the disapproval of the project by the Vilnius City Municipality Administration of 11 September 2018, (ii) order the Vilnius City Municipality Administration to issue a building permit, and (iii) grant an award of EUR 248 000.00 in favour of the Company, plus EUR 9 675.76 per day for the period from 26 June 2018 to the date of the entry into force of the court judgment. Third parties in the case are A. Zdanevičienė, V. Osadčaja, D. Daunoras, UAB Archinova and PLH Arkitekt A/S. Upon signing of a settlement agreement in Administrative Case No eI3-166-1047/2020, Case No eI-171-821/2020 was terminated on 3 May 2021, with the termination taking effect within 7 calendar days.

The Vilnius Regional Administrative Court is examining Administrative Case No eI3-2049-821/2021 on the basis of a complaint by the Traditional Religious Community Order of Preachers (Dominicans), Vilnius St Philip and Jacob Monastery, by which the latter seeks annulment of the reply of the defendant, the Department of Cultural Heritage under the Ministry of Culture, to the letter concerning the potential risk of the planned construction. The Company intervened as a third party.

The Vilnius Regional Administrative Court is examining Administrative Case No eI3-138-821/2021 on the basis of a complaint by the Company, by which the Company requests the annulment of the disapproval of the design of the building by the Department of Cultural Heritage under the Ministry of Culture and compensation for damages. The case was adjourned pending the signing of a settlement agreement in Administrative Case No eI3-166-1047/2020. Once an amicable settlement in Case No eI3-166-1047/2020 enters into force, the outcome of the case will be determined by the withdrawal of the claims by both parties.

#### *Taxes*

The tax administrator has not carried out a full tax audit of the Company. The tax administrator may at any time inspect the accounting, transaction and other documents, records and tax returns for the current and 3 previous calendar years, and in certain cases for the current and 5 or 10 previous calendar years, and may assess additional taxes and penalties. Management of the Company is not aware of any circumstances that could give rise to a potential material liability for any unpaid taxes.

### NOTE 12: OTHER AMOUNTS PAYABLE AND CURRENT LIABILITIES

Item	Financial year	Previous financial year
Real estate tax payable	7 327	7 333
<b>Total:</b>	<b>7 327</b>	<b>7 333</b>

### NOTE 13: ACCRUED CHARGES AND DEFERRED INCOME

Item	Financial year	Previous financial year
Accrued audit costs	1 927	1 927
Accrued costs of managing securities account	600	600
<b>Total:</b>	<b>2 527</b>	<b>2 527</b>

## UAB Orkela

Company number: 304099538, Jogailos str. 4, LT-01116 Vilnius

### NOTE 14: FINANCIAL RELATIONSHIPS WITH MANAGERS OF THE COMPANY AND OTHER RELATED PARTIES

The average number of managers in 2020 was 1. The director is considered to be management of the Company, and there were no other transactions with him other than remuneration in 2020 and 2019.

#### *Transactions with other related parties*

Transactions with other related parties and their balance at the end of the year were as follows:

Item	Income from intra-group transactions	Costs of intra-group transactions	Amounts receivable	Amounts payable
<b>2020</b>	-	<b>449 727</b>	-	<b>12 948 357</b>
Related party 1		449 727		12 948 357
<b>2019</b>	-	<b>429 119</b>	-	<b>11 548 630</b>
Related party 1		429 119		11 548 630

### NOTE 16: POST BALANCE SHEET EVENTS

On 8 March 2021, a building permit was obtained.

From 1 January 2021 till the date of signing the Financial Statements, UAB ORKELA issued additional non-convertible bonds for EUR 100 000 under an agreement signed on 15 November 2018. The maturity date is by 13 August 2023.

### NOTE 17: GOING CONCERN

As of 31 December 2019 and 2020, the Company's equity was negative and did not comply with the amount of equity laid down in the Law on Companies of the Republic of Lithuania (i.e. equity may not be less than ½ of the amount of the authorised capital specified in the Articles of Association). The Company is a special purpose development vehicle which does not generate income on its own in the short term. The Company's activities are financed with the shareholder's funds based on the progress of the project and the need for working capital. 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, and the financial statements are therefore prepared on the basis that the Company is likely to be able to continue as a going concern in the foreseeable future.

#### *Potential impact of COVID-19 pandemic*

The Company has assessed the potential impact of the COVID-19 pandemic situation, including the effect of the lockdown, on these Financial Statements and on the going concern assumption. Management has considered the fact that this issue will not have a significant negative impact on the Company's ability to continue as a going concern, as the Company to date has not received any written or verbal notification from its suppliers carrying out the development work on the project regarding the suspension of their operations due to the lockdown restrictions. In addition, Lords LB Special Fund IV (hereinafter 'the Fund'), a closed-end real estate investment fund for informed investors, which is developing the project through the special purpose vehicle UAB Orkela, has accumulated sufficient cash reserves. The Company's liquidity during 2021 will be ensured by free cash flows from the Fund's operations, if necessary. The Company estimates that these measures will be sufficient to meet all financial liabilities for at least 12 months after the date of these Financial Statements.

*These Financial Statements are signed with an electronic signature.*

Director  
(job title of the company's chief executive)

(signature)

Karolis Tuinyla  
(name and surname)

Authorised person  
(job title)

(signature)

Agnė Jasinskienė  
(name and surname)