A CLOSED-ENDED INVESTMENT COMPANY INTENDED FOR INFORMED INVESTORS

UAB DEMUS DEVELOPMENT VII

ISSUE FOR THE OFFERING OF BONDS OF A CLOSED-ENDED INVESTMENT COMPANY INTENDED FOR INFORMED INVESTORS UAB DEMUS DEVELOPMENT VII IN THE AMOUNT OF EUR 11,850,000 (BEING A PART OF TOTAL EUR 18,600,000 ISSUE) AND ADMISSION OF BONDS IN THE AMOUNT OF EUR 18,600,000 TO TRADING ON THE FIRST NORTH

This base prospectus (the **Prospectus**) has been drawn up and published by a closed-ended investment company intended for informed investors UAB Demus Development VII, legal entity code 306957882, with its registered address at Konstitucijos ave. 18B, Vilnius, the Republic of Lithuania (the **Company** or **Issuer**) in connection with the public offering (the **Offering**) of up to EUR 11,850,000 bonds with ISIN LT0000137523, being a part of total 18,600,000 bond issue (the **Issue** and/or **Bonds**), and the admission thereof to trading on the alternative market First North (the **First North**), administered by the regulated market operator AB Nasdaq Vilnius (**Nasdaq**), with:

(i) the first part of the Issue in the aggregate amount of EUR 6,750,000 already issued on 28 April 2026 under the exemption provided in Article 1(4(b)) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the **Prospectus Regulation**);

(ii) the second part of the Issue in the amount of up to EUR 11,850,000 to be offered under this Prospectus approved and published in accordance with the Prospectus Regulation.

Under this Prospectus, the Company may from time to time publicly offer and issue up to 11,850 Bonds with the nominal value of EUR 1,000 each to retail and institutional investors of the Republic of Lithuania, Latvia and Estonia (the **Offering**), but the Issuer may also choose to offer the Bonds to investors in any Member State of the European Economic Area (the EEA) under relevant exemptions provided for in Article 1(4) of the Prospectus Regulation. All Bonds of the Issue offered, issued, listed and admitted to trading under this Prospectus (including the first part of the Issue before the Prospectus) from time to time by way of all separate series (the **Tranche**) under respective final terms (the **Final Terms**) will form one and the same Issue and have the same ISIN code LT0000137523.

The function of this Prospectus is to give information about the Company, the Issue and the Bonds. Each Final Terms of the respective Tranche will be decided and announced separately.

The Bank of Lithuania in its capacity as the competent authority in the Republic of Lithuania under the Prospectus Regulation has approved this document as a Prospectus and has notified the approval of this Prospectus to the Estonian Financial Supervision Authority (in Estonian: *Finantsinspektsioon*; the **EFSA**) and to the Bank of Latvia (in Latvian: *Latvijas Banka*). All the Bonds of the Company (when issued) will be dematerialized registered bonds and will be registered with Lithuanian branch of Nasdaq CSD, SE (the merged central securities depository of the Republic of Lithuania, Latvia and Estonia, the **Nasdaq CSD**) that operates a central security depository in the Republic of Lithuania (the **Register**).

The approval by the Bank of Lithuania of this Prospectus only means that it is meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, but does not concern the accuracy of the information given in the Prospectus. Investing into the Bonds involves risks and may not be suitable for all investors. Each prospective investor in the Bonds must determine, based on its own independent review and, if applicable, professional advice (as the appropriateness of the Bonds will be determined by the financial intermediary through which the investor subscribes to the Bonds, if required by applicable laws) that the investment in the Bonds is suitable in light of its financial circumstances and objectives. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the material risks related to the Company, its operations and to the Bonds, the value of any investment in the Bonds may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in this Prospectus. Each decision to invest in the Bonds must be based on this Prospectus in its entirety. Therefore, we suggest you familiarise yourselves with this Prospectus thoroughly.

NOTICE TO ALL INVESTORS

Neither this Prospectus nor any Final Terms constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire the Bonds offered by any person in any jurisdiction in which such an offer or solicitation is unlawful, in particular this Prospectus and any Final Terms may not be distributed or published in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Lithuanian laws, including the United States of America (the **United States** or **U.S**), Australia, Canada, Hong Kong and Japan.

Moreover, neither this Prospectus nor any Final Terms should be considered as a recommendation by the Issuer or the Lead Manager (as defined below) or any other person engaged by the Issuer in connection with the Offering that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Bonds. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Company and the Bonds.

The Bonds have not been and will not be registered under the relevant laws of any state, province or territory other than the Republic of Lithuania, Estonia and Latvia and may not be offered, sold, transferred or delivered, directly or indirectly, within any other jurisdiction than the Republic of Lithuania, Estonia and Latvia, except pursuant to an applicable exemption. Notwithstanding anything to the contrary contained in this Prospectus, the Bonds shall not be offered, sold, transferred or delivered, directly or indirectly, to (i) any Russian or Belarusian national or natural person residing in Russia or Belarus, or (ii) any legal person, entity or body established in Russia or Belarus, and (iii) regardless of nationality, residence or establishment, to any person to whom such offering, sale, transfer or delivery of the Bonds is restricted or prohibited by international sanctions, national transaction restrictions or other similar measures established by an international organisation or any country (including the European Union (the **EU**), the United Nations or the United States. For the avoidance of doubt, the Issuer and/or entities involved in the Offering shall have the right to request any investor who is a Russian or Belarusian national (either directly or through their financial intermediary) to provide documents evidencing the investor's residency in the Republic of Lithuania, Latvia, or Estonia. A refusal to provide such information within the time established by the respective entity engaged by the Issuer in connection with the Offering shall be a legal ground to declare that the investor is not eligible for the allocation of the Bonds offered under this Prospectus.

Distribution of copies of this Prospectus or any related documents, including any Final Terms, are not allowed in those countries where such distribution or participation in the Offering of the Bonds requires any extra measures or is in conflict with the laws and regulations of these countries. Persons who receive this Prospectus or any related document, including any Final Terms, should inform themselves about any restrictions and limitations on distribution of the information contained in this Prospectus and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. No action has been taken by the Company in relation to the Bonds or rights thereto or possession or distribution of this Prospectus or any Final Terms in any jurisdiction where action is required, other than in the Republic of Lithuania, Estonia and Latvia. The Company is not liable in cases where persons or entities take measures that are in contradiction with the restrictions mentioned in this paragraph.

INFORMATION FOR UNITED STATES INVESTORS

The Bonds have not been approved or disapproved by any United States' regulatory authority. The Bonds will not be, and are not required to be, registered with the U.S. Securities and Exchange Commission under the U.S Securities Act of 1933, as amended (the **Securities Act**) or on a United States securities exchange. The Company does not intend to take any action to facilitate a market for the Bonds in the United States. The Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

VALIDITY OF PROSPECTUS

The Prospectus is valid for 12 months after the date of its approval by the Bank of Lithuania on 7 August 2026, provided that this Prospectus is supplemented in case new factors, material mistakes or material inaccuracies occur, and such an obligation does not apply after the end of the validity period of this Prospectus.

LEAD MANAGER

UAB FMĮ Evernord, legal entity code 303198227, with its registered address at Konstitucijos ave. 15-98, Vilnius, the Republic of Lithuania, which is assigned by the Issuer for the purposes of arranging the Issue, Offering in the Republic of Lithuania, Latvia and Estonia (the **Lead Manager**), and/or for any other purposes and services as provided for in this Prospectus.

EVERNORD

CERTIFIED ADVISER

Law firm Ellex Valiunas, legal entity code 307513485, with its registered address at J. Jasinskio st. 2, Vilnius, the Republic of Lithuania is the certified adviser (the **Certified Adviser**) in the Republic of Lithuania for the purposes of listing and admission of the Bonds to trading on the First North.

Ellex Valiunas

The date of this Prospectus is 7 August 2026

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1. GENERAL DESCRIPTION OF THE OFFERING

The following overview does not purport to be complete and is taken from and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of the Bonds, the applicable Final Terms. Terms and expressions used herein and throughout this Prospectus are defined in Section 3.4 "*Definitions*" of this Prospectus, unless otherwise specified. This overview must be read as an introduction to this Prospectus and any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole and, in relation to the terms and conditions of any particular Tranche of the Bonds, the applicable Final Terms.

The below overview constitutes a general description of the Issue for the purposes of Article 25(1)(b) of the Delegated Regulation[1].

Issuer	A closed-ended investment company for informed investors UAB Demus Development VII, legal entity code 306957882, with its registered address at Konstitucijos ave. 18B, Vilnius, the Republic of Lithuania.
Legal Entity Identifier (LEI) of the Issuer	6488006H8SD61N4OXA50
Issue Approval	The Issue has been approved by the Decision of the Sole Shareholder dated 26 March 2026.
Remaining Issue Amount	Up to 11,850,000 EUR (being part of the total Issue of up to EUR 18,600,000), i.e., up to 11,850 Bonds can be issued under this Prospectus.
Description	Bond Issue is secured with a Collateral.
ISIN code	LT0000137523
Method of Issue	The Bonds will be issued in Tranches under the same ISIN code. Each Tranche will be issued on different Issue Dates. The Bonds of each Tranche will all be subject to identical terms as provided in this Prospectus, except that the Final Terms of different Tranches may (or will) establish different Issue Dates, Issue Prices, Yield.
Final Terms	The Bonds will be issued pursuant to this Prospectus and the applicable Final Terms. The terms and conditions applicable to any particular Tranche of the Bonds will be those set out in this Prospectus, as completed by the relevant Final Terms.
Currency	The Bonds will be denominated in euros.
Denomination	The Nominal Value (denomination) of each Bond is EUR 1,000, unless it is reduced pursuant to Section 10.9 (b) "*Early optional redemption of Bonds by the Issuer*" of this Prospectus.
Maturity	29 April 2028
Status of Bonds	The Bonds of the Issue will be issued as secured fixed-term Bonds only. The Bonds constitute secured, unsubordinated, direct, and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves. The payment obligations of the Issuer under the Bonds

[1] Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Commission Regulation (EC) No 809/2004, as amended (the **Delegated Regulation**), taking into account the expected amendments to the Delegated Regulation set out in the draft Commission Delegated Regulation (EU) …/… of 7 May 2026 amending the Delegated Regulation.

	together with interest thereon, in as much as such payment obligations have not been settled in due time and from the value of the established Collateral shall rank at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Form of Bonds	The Bonds shall be issued in dematerialized form and book-entered with Nasdaq CSD. According to the Law on Markets in Financial Instruments of the Republic of Lithuania the book-entry and accounting of the dematerialized securities in the Republic of Lithuania, which will be listed and admitted to trading on the First North, shall be made by Nasdaq CSD. The Bonds shall be valid from the date of their registration with Nasdaq CSD until the date of their redemption. No physical certificates will be issued to the Bondholders. Principal and interest accrued will be credited to the Bondholders' Securities Accounts through Nasdaq CSD.
Collateral	The whole Issue will be secured by the mortgage over Property and the pledge over the SPV Shares, created in favour of the Trustee acting on behalf of the Bondholders. Please see Section 10.17 "*Collateral*" of this Prospectus for more information in respect to the Collateral.
Rights attached to Bonds	The rights attached to the Bonds have been established in this Prospectus under Section 10.6 "*Rights attached to the Bonds*" of this Prospectus. The main rights of the Bondholders arising from the Bonds are the right to the redemption of the Bonds and the right to receive payment of interest. The rights arising from the Bonds can be exercised by the Bondholders in accordance with this Prospectus and the applicable law. According to this Prospectus, any dispute between the Company and a Bondholder shall be solved by amicable negotiations and if the amicable negotiations have no outcome during a reasonable period of time, the dispute shall be settled by the Vilnius Court of Commercial Arbitration in accordance with its Rules of Arbitration (the number of arbitrators shall be three; the place of arbitration shall be Vilnius; the language of arbitration shall be English). Claims arising from the Bonds shall expire in accordance with the statutory terms arising from applicable law. After the contemplated admission of the Bonds to trading on the First North, all material information in relation to the Company, Issue and Bonds will be disclosed on Nasdaq's website at www.nasdaqbaltic.com.
Issue Price	The Bonds may be issued at any price (at a Nominal Value or at a discount or at a premium or adding to the price the interest accrued on the Bonds from the last Interest Payment Date (in case the last Interest Payment Date was before the Issue Date of the relevant Tranche)). The Issue Price and amount of each Tranche of the Bonds to be issued will be determined by the Company in accordance with prevailing market conditions and established in the relevant Final Terms.
Interest	The Bonds will bear annual fixed interest of 8%, as provided and calculated in accordance with Section 10.7 "*Interest*" of this Prospectus and the respective Final Terms, also subject to any increase under the circumstances defined therein. The accrued interest for the Bonds will be computed using the ACT/365 day count convention, as per the formula

	detailed in this Prospectus.
Redemption	The Bonds shall be redeemed, i.e. the Redemption Price shall be paid to the Bondholders on the Final Maturity Date or, if applicable, on the relevant Early Redemption Date, Early Maturity Date or the De-listing Event Put Date. The Redemption Price paid to the Bondholder on the Final Maturity Date equals the full outstanding principal (i.e. Nominal Value) together with the unpaid interest accrued up to the Final Maturity Date (exclusive) (unless early redeemed, as indicated below).
Early Redemption	Except for cases specified in Section 10.9 (d) "*De-listing Event (put option)*" and Section 10.9 (e) "*Extraordinary Early Redemption*" of this Prospectus, there are no other cases where the Bondholders have a right to demand redemption of the Bonds prior the Final Maturity Date.
De-listing Event (put option)	If at any time while any Bond remains outstanding, there occurs a De-listing Event, each Bondholder will have the option to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Bonds on the De-listing Event Put Date, as determined in accordance with this Prospectus, paying to the Bondholder full Nominal Value of the redeemable Bonds together with the unpaid interest accrued up to the relevant De-listing Event Put Date (exclusive). More details in Section 10.9 (d) "*De-listing Event (put option)*" of this Prospectus.
Early Optional Redemption of Bonds by the Company	The Bonds shall be redeemable wholly or partially at the option of the Issuer prior to the Final Maturity Date on the following conditions: (a) the Bondholders and Trustee shall be notified at least 14 calendar days in advance on the anticipated early redemption of the Bonds; (b) in the case of a partial redemption, the redeemed portion of the Nominal Value shall be allocated among all Investors pro rata to their holdings. If necessary, rounding may be applied to the nearest whole Bond in order to ensure practical settlement; (c) on the Early Redemption Date the Issuer shall pay to the Investors (1) the redeemed portion of the Nominal Value of each Bond, (2) the unpaid interest accrued on such redeemed portion up to (but excluding) the Early Redemption Date; and (3) a premium, if applicable, in the following amounts: (i) 1% (to be calculated from the relevant Issue Price of the redeemed portion) if Early Redemption Date occurs between 29 April 2026 and 28 February 2027 (inclusive); (ii) 0,5% (to be calculated from the relevant Issue Price of the redeemed portion) if Early Redemption Date occurs after 1 March 2027 but on or before 29 July 2027 (inclusive); (iii) no premium shall be paid if the Early Redemption Date is after 30 July 2027, (d) following a partial redemption of the Bonds, the Nominal Value of each Bond shall be reduced by the redeemed portion, and the reduced Nominal Value shall be recorded in the Register. Such

	reduced Nominal Value shall be used for the purposes of all subsequent calculations of interest and any future early redemptions on the relevant Early Redemption Date/redemption at the Final Maturity Date, Early Maturity Date or De-listing Event Put Date. More details about early redemption of the Bonds are provided for in Section 10.9 (b) "*Early optional redemption of Bonds by the Issuer*" of this Prospectus.
Listing and Trading	An application will be submitted for the Bonds issued under (i) the exemption provided in Article 1(4(b)) of the Prospectus Regulation and (ii) this Prospectus, to be listed and admitted to trading on the First North. Trading in the Bonds of the relevant Tranche on Nasdaq First North shall commence no later than the Issue Date of the relevant Tranche.
Covenants	(i) LTC ratio; (ii) Negative borrowing; (iii) Negative pledge; (iv) Negative pay-outs; (v) Change of Control; (vi) Subordination; (vii) Collateral; (viii) Disposal of the Property; (ix) Decisions; (x) Reporting obligations. Full descriptions on the above listed covenants are provided for in Section 10.16 "*Covenants of the Issuer*" of this Prospectus.
Transfer Restrictions	There are no restrictions on transfer of the Bonds as they are described in the applicable Lithuanian laws. However, the Bonds cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Lithuanian laws, including the United States, except for the exceptions to registration obligation allowed by the securities laws of the United States and its states, Australia, Canada, Hong Kong and Japan. Any person into whose possession this Prospectus or any part of it and/or any Final Terms comes to shall observe all such restrictions.
Taxation	All payments to be made in connection with the Bonds shall be calculated and paid taking into account any taxes and other deductions mandatory under applicable laws respectively in the Republic of Lithuania, Latvia and Estonia. Please see Schedule 2 "*Taxation*" of this Prospectus for more information in respect to taxation in each jurisdiction.
Risk Factors	Investing in the Company's Bonds involves certain risks. The principal risk factors that may affect the ability of the Company to fulfil its respective obligations under the Bonds are discussed under Section 2 "*Risk Factors*"

	of this Prospectus.
Governing Law and Dispute Resolution	This Prospectus has been drawn up in accordance with the Prospectus Regulation and the Delegated Regulation and the Law on Securities, as amended, and the rules promulgated thereunder. This Prospectus comprises of a registration document of the Company drawn up in accordance with Annex 7 of the Delegated Regulation and of securities note of the Bonds drawn up in accordance with Annex 14 of the Delegated Regulation. This Prospectus is governed by Lithuanian law. Any disputes, relating to or arising in relation to the Bonds shall be finally settled solely by the Vilnius Court of Commercial Arbitration in accordance with its Rules of Arbitration which is granted with exclusive jurisdiction to hear, settle and/or determine any dispute, controversy, or claim (including any non-contractual dispute, controversy or claim) arising out of or in connection with this Prospectus or the Bonds. The investor may be required under national law to bear the costs of translating this Prospectus before being able to bring a request/claim to the state court in relation to this Prospectus, Bonds and arbitration award.
Ratings	Neither the Issuer nor the Bonds have been rated by any credit rating agencies.
Waiver of Set-Off	No holder of the Bonds shall be entitled to exercise any right of set off or counterclaim against moneys owed by the Company in respect of the Bonds.
Estimated Expenses charged to Investor	No expenses will be charged to the investors by the Issuer in respect to the Offering, transfer of the Bonds to the Securities Account of an investor upon Bonds' issuance and admission of the Bonds to trading on the First North. However, investors may be responsible for covering expenses related to the opening of Securities Accounts with credit institutions or investment brokerage firms, as well as commissions charged by these institutions or firms for executing purchase or sale orders, holding the Bonds, or performing any other operations related to the Bonds. The Issuer will not compensate investors for any such expenses.
Use of Proceeds	The proceeds from the issuance of the Bonds under this Prospectus will be applied as follows: (i) for the construction and development of the Project (including the coverage of financing costs related to the Project) and any other Project related costs, if needed; (ii) for supporting the Company's working capital, including servicing of interest (coupon) payments on the Bonds.
Lead Manager	UAB FMĮ Evernord
Trustee	UAB „AUDIFINA“
Certified Adviser	Law firm Ellex Valiunas

2. RISK FACTORS

Investing into the Bonds issued by the Company entails various risks. Each prospective investor in the Bonds should thoroughly consider all the information in this Prospectus, including the risk factors described below. Any of the risk factors described below, or additional risks not currently known to the Management or not considered significant by the Management, could have a material adverse effect on the business, financial condition, operations or prospects of the Company and result in a corresponding decline in the value of the Bonds or the ability of the Company to redeem the Bonds. As a result, investors could lose a part or all of the value of their investments. The Management believes that the factors described below present the principal risks inherent in investing into the Bonds. The risk factors are presented in categories and where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor. The risk factors in a category are presented considering the materiality and probability of occurrence of a particular risk, i.e., the risk factors within each category are presented in descending order, with the most material risks listed first.

This Prospectus is not, and does not purport to be, investment advice or an investment recommendation to acquire the Bonds. Each prospective investor must determine, based on its own independent review and analysis and such professional advice as it deems necessary and appropriate, whether an investment into the Bonds is consistent with its financial needs and investment objectives and whether such investment is consistent with any rules, requirements and restrictions as may be applicable to that investor, such as investment policies and guidelines, laws and regulations of the relevant authorities, etc.

2.1. Risks related to the Company

2.1.1. Financial Risks

Construction cost and Project's success risk

The Company was established for the purpose of developing the "Artì" residential and guest house complex in Vilnius, the Republic of Lithuania. Consequently, in May 2026, the Company acquired the SPV Shares, which is the owner of the Property subject to development and is expected to be merged into the Company. Following the Merger, the Company will become the direct owner of the Property and the SPV will cease to exist.

A construction permit for the Project was obtained in April 2026 and the construction launched in May 2026. Construction of the first stage of the Project is expected to be completed by Q2/Q3 2027, with the subsequent stage expected to be completed by Q1 2029. The estimated total Project cost until the redemption of the Bonds amounts to approximately EUR 27.7 million. The subsequent stage of the Project falls outside the scope of this Prospectus and will be financed separately, whether by a new bond issue or alternative financing, following completion and sale of the first stage.

Considering that the Project is still in its initial development phase, the Project is exposed to a number of development-related risks. In particular, construction costs may increase due to factors beyond the Company's control, including but not limited to rising prices of construction materials, shortages of labour, increased contractor costs, changes in technical specifications, unforeseen ground or structural conditions, inflationary pressures, or changes in applicable construction standards or regulatory requirements. Any such circumstances could result in delays to the construction schedule, increased financing and operating costs, or the need to secure additional funding on unfavourable terms.

Although the Project's budget has been prepared on a prudent basis, it is based on assumptions, estimates and information available at the time of planning and may contain inaccuracies. There can be no assurance that no mistakes, omissions or errors were made in budgeting, design, technical solutions, quantities or procurement assumptions, and any such inaccuracies may result in additional costs, change orders or delays.

Delays in construction or cost overruns may also postpone the completion of the Project and, consequently, the commencement or completion of sales to end-buyers. As the Company's ability to generate cash flow is closely linked to the corporate reorganisation, as well as successful and timely completion and sale of the Project's units, any material delay, or failure to complete the corporate reorganisation, or any material deviation from the planned construction budget or timeline could adversely affect the Project's overall profitability.

If any of the aforementioned risks materialise, the Company's business operations, financial condition, liquidity position and ability to service and redeem the Bonds may be materially and adversely affected. The Company assesses this risk as high.

Credit, default and liquidity risk of the Company

The Company's business is focused on the development of a single residential real estate Project. At the current stage of development, the SPV or Company does not generate recurring operating revenues from the Project, and therefore, the Company's ability to service and redeem the Bonds depends primarily on the successful completion of the Merger and the Project and the generation of cash proceeds from apartment sales.

As noted in the 2025 Audited Financial Statements, the Company has historically operated at a loss and did not hold sufficient liquid current assets to cover its current liabilities. As at 31 December 2025, the Company's equity was less than 50% of its authorised capital and therefore did not comply with the capital adequacy requirements set out in Article 38(3) of the Law on Companies. The auditor's report on the 2025 Audited Financial Statements included an emphasis of matter in respect of such non-compliance with capital requirements.

The capital adequacy issues arose in 2025 due to the nature of the Company's activities, as the Company did not generate revenue while it continued to incur operating costs, including costs related to the Acquisition of the SPV, design and evaluation of the Project, and its future revenue depends on the successful completion of the Merger and development of the Project. However, these capital adequacy issues have been addressed as new investors in the Company were attracted and registered, with total equity contributions by shareholders amounting to EUR 5,011,568 (please see Section 7.1 "*Major Shareholders*" of this Prospectus for further details on the Company's shareholder structure and equity contributions), as a result of which the Company's equity became positive (as at 30 April 2026, the Company's equity amounted to EUR 4,801,680, on a standalone basis for the Company only and pre-dating completion of the Acquisition on 7 May 2026). While these issues have been addressed for the time being, such change is not reflected in the Company's latest audited financial statements and has not been audited yet. The relevant information is currently reflected in the unaudited summary balance sheet and income statement as at 30 April 2026, as set out in Tables 4 and 5 of Section 6.1 "*Historical Financial Information*" of this Prospectus (which have been included for informational purposes and have not been audited or reviewed by an independent auditor). For further information on the impact of the Acquisition on the Company's financial position, please see Section 6.3 "*Significant Change in the Company's Financial Position*" of this Prospectus. Moreover, there is a risk that a negative equity situation may repeat or re-emerge until the day the Project starts generating income. For further information on the Company's financial position, liquidity and capital adequacy, please see Section 6.1 "*Historical Financial Information*" of this Prospectus.

Notwithstanding the foregoing, there can be no assurance that the Company will not experience liquidity or capital adequacy difficulties in the future, particularly if the Project encounters delays, cost overruns, or lower-than-anticipated sales. Any recurrence of negative equity or non-compliance with statutory capital requirements could adversely affect the Company's ability to obtain financing, enter into commercial arrangements, or continue operations in the ordinary course.

During the Project's development and construction phase, the Company's activities are anticipated to be financed mainly through shareholder funding, external financing through the Bonds, and funds from pre-sales. As construction progresses, the Company's liabilities are expected to increase. However, the timing of cash inflows from pre-sales and final Property units' transfers may not match the Company's payment schedule, particularly if the construction timetable shifts, costs exceed expectations, sales volumes weaken, or the availability of financing declines, which may result in liquidity shortfalls.

Moreover, market conditions may change between the signing of pre-sale agreements and the final notarial transfer (and receipt of the remaining purchase price). Apartments and guest house premises pre-sold during the development phase may therefore be delivered and transferred at pre-agreed prices that effectively cap the sale price, which may be below prevailing market prices at or near completion. This could reduce the Company's revenues, profitability and cash flows and adversely affect its ability to meet its obligations under the Bonds.

If cash flows generated from pre-sales and/or final Property units' sales are insufficient to meet the Company's obligations, including redemption of the Bonds at maturity, the Company may be required to obtain additional external financing or refinance. There can be no assurance that such financing will be available on acceptable terms, or at all, depending on prevailing market conditions, and the Company may also be exposed to the solvency and performance of its financial counterparties.

The Company does not generate diversified or recurring operating revenues and does not have material income-producing assets other than those expected to arise from the Project. Accordingly, the Company's ability to meet its obligations under the Bonds, including payment of interest and redemption of principal, is materially dependent on cash flows generated from the development and sale of the Project's apartments and guest house premises. Bondholders therefore have no recourse to alternative projects, assets or business activities of the Company to mitigate adverse developments affecting the Project.

The Company cannot guarantee that a default will not occur prior to the Final Maturity Date of the Bonds. Investors should independently assess the Company's creditworthiness and the risks associated with the Bonds before making an investment decision. Although the Management actively monitors and manages these risks and considers their likelihood to be manageable, if any of them materialise they could have a material adverse effect on the Company's business, financial position and its ability to service and redeem the Bonds when due. The Company assesses this risk as high.

Acquisition and Merger related risks

In May 2026, the Company acquired the shares in the SPV, which currently owns the Property to be developed. Prior to the Acquisition, due diligence was carried out in respect of the SPV and the Property owned by it. However, there can be no assurance that all risks, liabilities, deficiencies, inaccuracies or misstatements relating to the SPV, its financial standing, operations, liabilities or the Property were identified during the due diligence process.

In particular, the SPV may be subject to undisclosed liabilities, claims, tax obligations, contractual obligations, defects in title, encumbrances, technical or environmental issues, or other circumstances affecting the Property or the SPV's financial position, which were not identified or fully assessed prior to the Acquisition. If any such risks materialise, the Company may incur additional costs, losses or liabilities, which could adversely affect the implementation, costs and profitability of the Project.

To the best of the Company's knowledge, as at 30 April 2026, the SPV's equity was negative and amounted to EUR 628,584, and therefore did not comply with the applicable statutory capital adequacy requirements. Following the Acquisition, the Company, as the sole shareholder of the SPV, intends to rectify this situation in accordance with applicable legal requirements, either by injecting additional capital into the SPV or by rectifying the situation through completion of the Merger.

It is intended that the SPV will be merged into the Company, with the Company surviving the Merger and becoming the direct owner of the Property. The completion of the Merger is expected by October 2026. However, as the Merger is subject to applicable corporate, legal and registration procedures, it may be delayed or not completed within the expected timeframe. Any delay in the Merger may result in the Property remaining held by the SPV for longer than expected, creating additional administrative, legal or operational complexity and potentially delaying certain Project-related actions or financing arrangements. In addition, as the mortgage over the Property is expected to be created only after completion of the Merger, any delay in the Merger may also delay the creation of such mortgage. As a result, until the mortgage over the Property is duly created and registered, Bondholders may have insufficient Collateral securing the Company's obligations under the Bonds.

Any of the above circumstances could have a material adverse effect on the Company's business, financial condition, results of operations, the development of the Project and the Company's ability to meet its obligations under the Bonds. The Company assesses this risk as medium.

Pre-sale strategy and sales execution risk

The Company's financial projections and liquidity planning assume a phased pre-sale strategy for the Project's apartments and guest house premises, with indicative pre-sale targets to be achieved at defined milestones during the development period. Although the current pre-sale ratio is 3.77%, the remaining targets are indicative only and remain subject to market conditions, buyer demand, pricing dynamics, and the timely progress of construction.

There can be no assurance that the Company will achieve the planned pre-sale ratios or the targeted number of pre-sold units within the anticipated timeframes, or at all. Failure to meet these pre-sale milestones may occur due to factors such as weaker-than-expected demand for residential or guest house type property, increased competition, changes in buyer preferences, adverse macroeconomic or geopolitical developments, interest rate volatility, or delays in construction that negatively affect buyer confidence.

If the Company does not achieve the projected pre-sale levels, the timing and amount of cash inflows from advance payments and final settlements may be adversely affected. This could result in liquidity shortfalls, increased reliance on external financing, or the need to revise pricing or sales strategies, potentially on unfavourable terms.

Moreover, pre-sale agreements entered into by the Issuer prior to completion of the Project shall remain subject to various contractual conditions and may, in certain very limited circumstances, be terminated, delayed or renegotiated by purchasers, including due to financing difficulties, changes in personal circumstances or delays in construction.

There can be no assurance that all pre-sale agreements will be completed on their original terms or within the anticipated timeframe. Any increase in cancellations, renegotiations or delays may reduce or postpone expected cash inflows, adversely affect liquidity planning and increase the Issuer's reliance on alternative sources of financing.

Consequently, the Company's financial position, profitability and ability to service and redeem the Bonds as scheduled may be materially adversely affected. The Company assesses this risk as medium.

2.1.2. Business activities and industry risks

Residential property risk

The Company's performance and its ability to service and redeem the Bonds are closely linked to conditions in the Vilnius residential real estate market, in which the Project is being developed. As at the date of this Prospectus, there is no material slowdown observed in the Vilnius residential market, and residential sales activities remain relatively strong. However, demand for residential property, achievable sale prices, sales volumes and absorption rates are influenced by a range of factors beyond the Company's control, including general economic conditions, inflation, interest rate levels, household income growth, demographic trends, buyer sentiment and competition from other residential developments in Vilnius.

Adverse changes in market conditions, including cyclical fluctuations driven by macroeconomic or geopolitical developments, changes in monetary policy and borrowing costs, may reduce buyers' purchasing power and demand, prolong selling periods, necessitate increased incentives or price reductions, and lead to shifts in buyer preferences (including apartment size, layout or location), thereby adversely affecting both pre-sales and final sales performance.

Any slowdown or deterioration in the Vilnius residential market could negatively affect the Company's revenues, profitability and cash flow. In such circumstances, the Company may be required to revise its sales strategy, adjust pricing, extend sales periods and/or rely more heavily on external financing. Any such developments could have a material adverse effect on the Company's financial position, liquidity and its ability to meet its obligations under the Bonds. The Company assesses this risk as medium.

Guest house premises risk

Some of the units within the Project will be guest house type premises. The Company expects that demand for such premises will be supported by the generally strong investor interest in real estate in Vilnius and the potential attractiveness of such units as income-generating and investment assets.

However, there can be no assurance that sufficient demand for guest house type premises will develop or that such premises will be sold within the expected timeframe or at the expected prices. Demand for such premises may be affected by factors beyond the Company's control, including investor sentiment, availability and cost of financing, expected rental yields, taxation, regulatory requirements applicable to such premises, competition from other investment products and general macroeconomic conditions. In addition, as guest house type premises are typically associated with short-term accommodation use, their attractiveness as investment assets may depend on developments in the hospitality sector and tourism market, which are affected, among other things, by the general economic environment, consumer spending, travel trends and the geopolitical situation. Accordingly, in the event of negative developments in these sectors or in the broader macroeconomic or geopolitical environment during the sale stage of the Project, investor interest in such guest house type premises may decrease.

If demand for guest house type premises is weaker than expected, the Company may need to prolong the sales period, adjust its pricing strategy, offer additional incentives or rely more heavily on external financing. Any such developments could adversely affect the Company's revenues, profitability and cash flow and may have a material adverse effect on the Company's financial position, liquidity and ability to meet its obligations under the Bonds. The Company assesses this risk as medium.

Competition risk

The Company operates in a competitive residential real estate market in Vilnius, where several developers are simultaneously developing and marketing residential projects aimed at similar buyer segments. Potential buyers may therefore choose among multiple newly built or planned residential developments that compete on factors such as price, location, design, apartment layouts, amenities, energy efficiency and overall value.

In addition, certain units within the Project will be guest house type premises, which are expected to be marketed primarily as investment assets and may be associated with short-term accommodation use. Although there are currently not many comparable projects in Vilnius combining both residential apartments and guest house type premises, the attractiveness of such guest house type premises may be affected by competition in the broader short-term accommodation and hospitality market, including hotels, serviced apartments and accommodation offered through platforms such as Airbnb and similar platforms.

Competitive pressure may adversely affect the Company's sales performance by limiting pricing flexibility, slowing absorption rates or requiring the Company to offer incentives, discounts or more flexible payment terms. Developers with greater financial resources, stronger market presence or more aggressive pricing strategies may be able to attract buyers more effectively or complete sales on more favourable terms. Similarly, if prospective buyers consider that alternative investment products or short-term accommodation opportunities offer better expected returns, lower risk or greater flexibility, demand for the guest house type premises within the Project may decrease.

If competition intensifies or buyer demand shifts towards alternative developments, the Company may be required to adjust its sales and pricing strategy, extend sales periods or increase reliance on external financing. Any such circumstances could have a material adverse effect on the Company's financial position, liquidity and its ability to service and redeem the Bonds when due. The Company assesses this risk as medium.

Risk of limited investment diversification

The Company's activities and investments are concentrated on a single real estate Project. This concentration increases the Company's exposure to project-specific risks, as it does not expect to have other material alternative assets, projects or revenue-generating operations to offset adverse developments affecting the Project.

Accordingly, any negative events relating to the Project, such as construction delays, cost overruns, contractor underperformance, permitting issues, weaker-than-expected sales, pricing pressure or adverse changes in the Vilnius real estate market, could have a disproportionate impact on the Company's business, financial condition, liquidity and cash flows.

If such risks materialise, the Company may be unable to generate sufficient proceeds from the sale of apartments and guest house premises or secure additional financing on acceptable terms, which could adversely affect its ability to redeem the Bonds at maturity. The Company therefore assesses this risk as medium, however, if it materialises, it could have a material adverse effect on the Company and Bondholders.

2.1.3. Legal risks

Risk of legal disputes

Although the Company is not currently involved in any legal proceedings, disputes may arise in the future in the ordinary course of the Project's development and sale. In particular, disputes with purchasers of apartments or guest house premises in the Project may arise in connection with pre-sale agreements already concluded, including, inter alia, (i) delays in completion compared to indicative construction timelines, (ii) discrepancies between the final constructed unit and technical specifications or marketing materials, (iii) quality defects identified during handover, (iv) application of contractual penalties, or (v) adjustments to the final purchase price or ancillary rights (e.g., parking or storage units). In addition, disputes may arise with contractors or other service providers in relation to the performance, scope, timing or cost of work and services related to the Project.

Given that the Issuer's activities are concentrated in a single development Project and it does not generate diversified operating income, any material dispute may have a disproportionate impact on its financial position. Furthermore, as sale proceeds (net of VAT), excluding the advance payments (if any), are intended to be channelled through the Escrow Account mechanism for the purpose of redeeming the Bonds, any dispute that delays notarial transfers of apartments or release of funds from the Escrow Account may directly affect the Issuer's liquidity and timing of cash flows available for servicing or redeeming the Bonds.

The outcome of any legal dispute is inherently uncertain. If any dispute were to be resolved unfavourably for the Company, it could result in financial losses, including the obligation to pay damages, contractual penalties and legal costs, as well as reputational harm. Legal disputes may also cause delays to the construction schedule, disrupt sales activities or result in the termination or renegotiation of key project-related agreements.

Any such developments could adversely affect the Company's operations, financial condition, liquidity and cash flows and may impair its ability to service and redeem the Bonds when due. In addition, disputes could reduce investor confidence and the attractiveness and liquidity of the Bonds. The Company assesses this risk as medium.

Risk related to changes in permitting, zoning or regulatory requirements

The Project is subject to various permits, approvals and regulatory requirements under Lithuanian law, including those relating to construction, environmental protection, zoning, fire safety, energy efficiency and occupancy. The Project is developed on the Land Plot located at Panerių st. 49, Vilnius, which is leased from the State, and is subject to Lithuanian legal requirements relating to construction, land use, environmental protection, fire safety, energy efficiency, utility connections and occupancy approvals. Although the permits required to commence construction have been obtained as of the date of this Prospectus, further approvals, inspections and completion documentation will be required as the Project progresses, including documentation necessary for notarial transfer of units to purchasers.

Changes in laws, regulations, technical standards or administrative practices, or delays in obtaining, renewing or amending required permits or approvals, may result in additional costs, construction delays or limitations on the use, sale or occupancy of the Project's units. Any challenge to the validity of issued construction permits, changes in zoning interpretation by competent authorities, amendments to detailed planning documents, or modifications to applicable technical or energy efficiency standards may require redesign, additional compliance costs or construction adjustments.

As the Issuer's ability to generate revenue and redeem the Bonds is directly linked to the timely completion and transfer of units of the Project, any delay in obtaining required completion or occupancy documentation may postpone notarial transfers and consequently delay the inflow of sales proceeds into the Escrow Account. Any such developments could have a material adverse effect on the Project's timeline, the Issuer's cash flows and its ability to service and redeem the Bonds. The Company assesses this risk as medium.

2.2. Risks related to the Bonds

2.2.1. <u>General risks</u>

Risk of insufficient value of the Collateral

As at the date of this Prospectus, the Bonds are secured by a first-ranking pledge over the SPV Shares. Please note that the pledge over the SPV Shares will remain valid only until completion of the Merger, following which the SPV will cease to exist and no additional pledge over the Issuer's shares is expected to be created for the purpose of securing the Issuer's obligations towards the Bondholders. Accordingly, this Collateral is of a temporary nature and would be relevant only if, prior to completion of the Merger, the Issuer breaches its obligations under the Bonds in circumstances giving rise to early redemption of the Bonds and enforcement the pledge over the SPV Shares. No external valuation of the SPV Shares has been conducted prior to the date of this Prospectus, and no such valuation is expected to be conducted before completion of the Merger.

Following completion of the Merger, the Issuer will create a mortgage over the Property to secure its obligations towards the Bondholders. As at the date of this Prospectus, the Property consists of seven buildings located on the Land Plot, with a value of EUR 9,440,000 as at 26 February 2026, according to the real estate valuation report prepared by UAB "Centro kubas – Nekilnojamasis turtas", dated 3 March 2026. However, these buildings are planned to be demolished as part of the Project and are not expected to be mortgaged. The mortgage is expected to be created only over the newly constructed building(s) once they are formed and registered. Therefore, the Collateral will change over time as the Project progresses, and for the avoidance of doubt, construction permits and other administrative authorisations relating to the Project will not form part of the Collateral or independently create realisable value for enforcement purposes.

Although it is expected that the newly constructed building(s) will be registered with the Real Estate Register upon reaching a minimum level of completion, expected to be approximately 3–5%, by 29 October 2026, there can be no assurance that such registration will occur within the expected timeframe, as construction and registration are subject to various risks outlined in this Prospectus. If the mortgage over the Property existing as at the relevant date is not created and does not become effective by 29

October 2026, the Issuer undertakes to pay increased interest on the Bonds, as further described in Section 10.7 "*Interest*" of this Prospectus, until the date on which the mortgage is created and becomes effective. Following the creation of the initial mortgage over the Property existing as at the date of execution of the respective Collateral Agreement, each newly registered building will also be mortgaged in favour of the Bondholders under a separate Collateral Agreement within 20 Business Days of its registration. However, there can be no assurance that such registrations and mortgages will be completed within the anticipated timeframes, and any delays may extend the period during which the newly constructed buildings do not form part of the Collateral.

Prospective investors should note that the Issuer does not guarantee that the value of any Collateral will at any time be equal to or exceed the nominal value of the Bonds (together with accrued interest and other amounts payable), nor that such value will be maintained throughout the term of the Bonds. Moreover, it shall be noted that any Collateral created secures the entire Bond Issue (including all Tranches), and not a specific Tranche separately. All Bondholders will share in the same security package on a *pari passu* basis in accordance with this Prospectus.

Although valuations of the Property will be conducted annually and the value of the Property may be expected to increase as construction progresses and the Project approaches completion, a default occurring prior to completion may result in the relevant Collateral being insufficient to satisfy all amounts due to the Trustee and the Bondholders. Accordingly, the aggregate value of the mortgaged Property during the construction phase may be substantially below the outstanding nominal amount of the Bonds. In addition, a downturn in the Lithuanian real estate market could reduce the Property's realisable value and thereby adversely affect recoveries in an enforcement scenario. The Property's value is subject to fluctuations over time and will depend on market conditions at the time of realisation, while the amount that may be recovered from the enforcement of the pledged Shares is also uncertain, and may not be sufficient to satisfy a substantial portion of the amounts due under the Bonds.

In the event of enforcement, recoveries will be determined by the relevant Collateral's value at the time of sale, and the enforcement process will be conducted in accordance with the Code of Civil Procedure. Investors should also be aware that foreclosure and sale of the respective Collateral may be time-consuming and may be affected by the availability of purchasers and broader market conditions.

Any proceeds received from the realisation of the relevant Collateral will first be applied to cover enforcement-related costs and expenses incurred by the Trustee (including applicable fees, state duties and notarial costs), and only the remaining amounts (if any) will be available for distribution to Bondholders. Investors should note that the value of the Collateral may be insufficient to cover not only the principal amount of the Bonds, but also accrued interest, early redemption premiums (if any), default interest, and enforcement-related costs and expenses. Accordingly, in an enforcement scenario, Bondholders may suffer losses even if the Collateral is realised and enforcement proceeds are distributed.

The Company has assessed this risk as high.

Refinancing risk

The Company may need to refinance some or all of its outstanding debts, including the Bonds.

The Issuer expects to redeem the Bonds primarily from cash proceeds generated by the sale of apartments and guest house premises forming the Project. Accordingly, the Issuer's ability to repay the Bonds is materially dependent on (i) the timely completion of the Merger and subsequently, the Project and (ii) the successful sale of a sufficient number of units on terms and within a timeframe that enables the Issuer to generate adequate cash for redemption.

There can be no assurance that the anticipated sales will be completed as planned, within the expected timeframe, or at prices sufficient to cover the Issuer's obligations under the Bonds. Slower sales, delays in notarial transfers, purchaser cancellations or defaults, increased incentives or price reductions, or adverse changes in the Vilnius real estate market may reduce or postpone the cash proceeds available for redemption and may increase the Issuer's liquidity and funding needs.

If the Issuer is unable to generate sufficient cash proceeds from sales to redeem the Bonds when due, it may be required to refinance all or part of its outstanding liabilities, including through additional bond issuances, bank financing, or other forms of external funding. The availability, timing and terms of any refinancing will depend on, among other things, prevailing market conditions, interest rates, lender/investor risk appetite, and the Issuer's financial condition at the relevant time. There can be no assurance that refinancing will be available on acceptable terms, or at all.

Any inability to obtain refinancing when required, or any refinancing obtained on materially less favourable terms, could adversely affect the Issuer's liquidity and its ability to redeem the Bonds in full and on time, which could have a material adverse effect on Bondholders. The Company assesses this risk as medium.

Risk related to partial early redemption and reduction of Nominal Value

In certain circumstances and subject to this Prospectus, the Issuer may redeem the Bonds partially prior to the Final Maturity Date. In the case of a partial early redemption, the redeemed portion of the Nominal Value is allocated pro rata among all Bondholders and, following such redemption, the Nominal Value of each Bond is reduced accordingly and recorded in the Register.

As a result, after a partial early redemption, Bondholders will continue to hold Bonds with a reduced Nominal Value, and future interest payments and any subsequent redemption amounts will be calculated on the reduced Nominal Value only. Although Bondholders receive the redeemed portion of principal together with accrued interest and, where applicable, an early redemption premium, partial early redemption may reduce the total amount of future interest payable and may result in lower overall returns than initially expected.

In addition, Bondholders may be exposed to reinvestment risk, as amounts received upon partial early redemption may need to be reinvested at prevailing market rates, which may be lower than the interest rate applicable to the Bonds.

The Company assesses this risk as medium.

Transaction costs/charges

Investors should be aware that transactions in the Bonds may involve costs in addition to the relevant subscription, purchase or sale price. Such costs may include, among others, brokerage and dealer fees, commissions, custody, clearing and settlement charges and other administrative expenses. Where investors transact through intermediaries, including in foreign markets, additional fees or charges may apply which may not be foreseeable for the Issuer and, accordingly, are not reflected in this Prospectus.

Investors may also be affected by changes in the legal, regulatory or tax framework in Lithuania and/or in their jurisdiction of residence. New or amended rules may introduce additional taxes, duties, reporting obligations or other costs, which could reduce the investor's net return.

Lithuanian tax resident natural persons should note that if the Issue Price of a Bond of a particular Tranche is higher than its Nominal Value, the repayment of the Nominal Value upon redemption is generally not treated as taxable income. However, for personal income tax purposes, the difference between the Issue Price and the Nominal Value (i.e., a loss) cannot be used to reduce taxable interest income or other taxable income.

The Company assesses this risk as low.

No ownership and voting rights in General Meeting

The Bonds are not equity securities, they do not confer any legal or beneficial ownership interest to the Bondholders and do not carry any rights similar to those arising out of equity securities. The Bondholders are not entitled to receive dividends. The Bonds are debt instruments and grant the Bondholders, as creditors, the claim rights only to the outstanding payments arising from the Bonds in accordance with this Prospectus and Final Terms. Bondholders may vote only at Bondholders' Meetings convened solely in connection with matters relating to the Bonds. Bondholders should be aware that resolutions at such meetings may be adopted by the requisite majority of Bondholders and will be binding on all Bondholders, regardless of how any individual Bondholder voted, and therefore, there is a high likelihood that an individual Bondholder may be outvoted at a Bondholders' Meeting. Therefore, by investing in the Bonds, the Bondholders shall not become shareholders and/or acquire voting rights in the General Meetings of the Issuer and will not be able to participate in any way in the decision-making of the shareholders of the Issuer or to influence such decisions in any way. The Bondholder should be aware that the General Meeting may take decisions that may negatively affect the market price or liquidity of the Bonds.

Considering that the completion of the Project and the redemption of the Bonds are in the interests of the shareholders, the Company assesses this risk as low. However, while the overall impact of this risk is considered limited, there is a high likelihood that resolutions adopted at a Bondholders' Meeting may not align with the preferences of a particular individual Bondholder, as decisions are taken by the requisite majority and are binding on all Bondholders irrespective of how they voted.

2.2.2. <u>Offering and admission to trading on the First North related risks</u>

There is no active trading market for the Bonds / Risk of De-listing Event (put option)

The Bonds to be issued under this Prospectus in Tranches as well as Bonds issued under the exemption of this Prospectus Regulation before approval of this Prospectus will be applied for admission to trading on the First North, but there is no assurance that an active trading market will develop or the Bonds will not be subject to a De-listing Event.

The Issuer cannot assure investors that an active secondary market for the Bonds will emerge or, if it does, that it will continue. As First North is a smaller market that typically features lower trading volumes, liquidity in the Bonds may be limited and Bondholders may have fewer opportunities to buy or sell. As a result, investors may find it difficult to dispose of their Bonds or may be required to sell them at a price below their purchase price.

Moreover, the liquidity and market price of the Bonds may fluctuate due to changes in market and economic conditions, the financial position and prospects of the Issuer, and other factors that generally influence the pricing of securities. As a result, Bondholders may be unable to sell their Bonds or may only be able to sell them at an unfavourable price, thereby incurring a loss.

The Company assesses that the risk of active trading market not developing is high, while the risk of De-listing Event (put option) is remote.

Bonds may not be appropriate to some Investors

The Bonds may not be suitable for all investors. Potential investors should carefully assess whether the Bonds are appropriate for their personal circumstances, ensuring they have adequate financial resources and liquidity to withstand the risks, including the possibility of losing all or a substantial part of their investment. This assessment is crucial unless the Bonds are subscribed through market participants who are responsible for initially evaluating the Bonds' appropriateness for the investor, if required by applicable laws.

In particular, potential investors should: (i) possess sufficient knowledge and experience to evaluate the Bonds and the associated risks; (ii) have access to and understanding of analytical tools to assess the investment's impact on their overall portfolio; (iii) have the financial resources to bear the risks, especially if the Bonds' currency differs from their own; (iv) thoroughly understand the Bonds' terms and relevant market behavior; and (v) be able to consider various economic and interest rate scenarios that could affect their investment.

Investors should note that the Issuer will not assess whether the Bonds are appropriate financial instruments for them, as this responsibility lies with the Lead Manager or Managers (if any), if they are required to conduct such assessments by applicable laws. Therefore, subscribing directly through the Issuer without proper knowledge or assessment could result in an inappropriate investment decision.

The Issuer evaluates this risk as low.

Cancelation of the Offering

This Offering is entirely at the discretion of the Issuer. The Issuer reserves the right to cancel the Offering of any Tranche under the relevant Final Terms at any time before the Issue Date, for any reason, and without the consent of investors or the Trustee. Potential investors should be aware that the decision to cancel a Tranche Offering may be influenced by factors such as market conditions, regulatory issues, or other unforeseen circumstances. If a Tranche Offering is cancelled, any Subscription Orders placed will be disregarded, and any payments made will be refunded without interest or compensation. Additionally, the Issuer will not be liable for any costs, damages, or losses incurred by prospective investors, including due diligence, legal, or other professional fees.

Considering that the Issuer carefully plans the Offering and each Tranche, the Issuer considers the risk remote.

3. PERSONS RESPONSIBLE, PRESENTATION OF INFORMATION, COMPETENT AUTHORITY APPROVAL AND DEFINITIONS

3.1. Persons Responsible

The person responsible for the information given in this Prospectus is the Company. The Company accepts responsibility for the fullness and correctness of the information contained in this Prospectus as of the date hereof. Having taken all reasonable care to ensure that such is the case, the Company believes that the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the facts, and contains no omission likely to affect its import.

[*signed digitally]*

The manager of the Company

acting under the Power of Attorney issued by the Management Company

Mr. Vilius Pažereckas

Without prejudice to the above, no responsibility is accepted by the person responsible for the information given in this Prospectus solely on the basis of the summary of any Tranche issued under this Prospectus and respective Final Terms, including any translation thereof, unless such summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.

3.2. Presentation of Information

Final Terms and Reading the Prospectus. The Bonds are issued in Tranches on the terms set out in Section 10 "*Terms and Conditions of the Bonds*" and Section 11 "*Details of the Offering*" of this Prospectus, as completed by a document specific to each such Tranche called the final terms (the **Final Terms**) as described under Schedule 1 "*Form of Final Terms of the Bonds*". This Prospectus should be read together with all supplements and in respect of each Tranche of Bonds with the Final Terms of such Tranche. The Final Terms of each individual Tranche will be published together with the summary drawn up for such Tranche on the website of the Company at www.demus.lt/fondai/demus-development-vii and after the Bonds are listed and admitted to trading on the First North, these documents will also be published on Nasdaq's website at www.nasdaqbaltic.com. The Final Terms and summary of the separate Tranches will not be approved by the Bank of Lithuania or any other supervisory authority but will be filed with the Bank of Lithuania.

Approximation of Numbers. Numerical and quantitative values in this Prospectus (e.g., monetary values, percentage values, etc.) are presented with such precision which is deemed by the Company to be sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of approximation. Exact numbers may be derived from the Financial Statements to the extent that the relevant information is reflected therein.

Currencies. In this Prospectus, financial information is presented in euro (EUR), the official currency of the European Union Member States in the Eurozone.

Date of Information. This Prospectus is drawn up based on information which was valid as of the date of this Prospectus. Where not expressly indicated otherwise, all information presented in this Prospectus (including the financial information of the Company, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than the date of this Prospectus, this is identified by specifying the relevant date.

Third Party Information and Market Information. For portions of this Prospectus, certain information may have been sourced from third parties. Such information is accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information has been sourced from third parties, a reference to the respective source has been provided together with such information were presented in this Prospectus. Certain information with respect to the markets in which the Company operates is based on the best assessment made by the Management. Nevertheless, investors should take into consideration that the Company has not verified the information published by third parties and while every reasonable care was taken to provide best possible assessments of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Therefore, the Company does not guarantee the accuracy of such data, estimates or other information sourced from third parties. Investors are encouraged to conduct their own investigation of the relevant markets or employ a professional consultant.

Updates. The Company will update the information contained in this Prospectus only to such extent and at such intervals and by such means as required by the applicable law or considered necessary and appropriate by the Management. The Company is under no obligation to update or modify forward-looking statements included in this Prospectus (please see "*Forward-looking Statements*" below).

Hyperlinks to Websites. This Prospectus contains hyperlinks to websites. The information on the websites does not form part of this Prospectus and has not been scrutinised or approved by the Bank of Lithuania, except for hyperlinks to information that is incorporated by reference in this Prospectus.

Language. The language of this Prospectus is English. Certain legislative references and technical terms may have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Forward-looking statements. This Prospectus includes forward-looking statements (notably under Section 2 “*Risk Factors*”, Section 4.2 “*Business Overview*” and Section 9 “*Reasons for the Offer, use of Proceeds and Expenses*”). Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management. Certain statements are based on the beliefs of the Management as well as assumptions made by and information currently available to the Management. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Company, the macro-economic environment and other similar factors.

In particular, such forward-looking statements may be identified by use of words such as “strategy”, “expect”, “plan”, “anticipate”, “believe”, “will”, “continue”, “estimate”, “intend”, “project”, “goals”, “targets” and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Prospectus whether as a result of such changes, new information, subsequent events or otherwise.

The validity and accuracy of any forward-looking statements is affected by the fact that the Company operates in a highly competitive business. This business is affected by changes in domestic and foreign laws and regulations (including those of the EU), taxes, developments in competition, economic, strategic, political and social conditions, clients’ response to new and existing products and technological developments and other factors. The Company’s actual results may differ materially from the Management’s expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Company (please see Section 2 “*Risk Factors*” for a discussion of the risks which are identifiable and deemed material at the date hereof).

3.3. Approval of Prospectus

This Prospectus has been approved by the Bank of Lithuania. The Bank of Lithuania only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and therefore the approval should not be considered as an endorsement of the Company and the quality of the Bonds that are the subject of this Prospectus.

Each prospective investor in the Bonds must determine, based on its own independent review and, if applicable, professional advice (as the appropriateness of the Bonds will be determined by the financial intermediary through which the investor subscribes to the Bonds, if required by applicable laws) that the investment in the Bonds is suitable in light of its financial circumstances and objectives.

3.4. Definitions

In this Prospectus, the definitions will have the meaning indicated below, unless the context of this Prospectus requires otherwise. Definitions are listed in alphabetical order and the list is limited to the definitions which are considered to be of most importance. Other definitions may be defined and used elsewhere in this Prospectus.

Term	**Definition**
2025 Audited Financial Statements	shall mean the audited financial statements of the Company for the year ended 31 December 2025, prepared in accordance with the LFRS, including the independent auditor's report on the financial statements. The 2025 Audited Financial Statements are incorporated into this Prospectus by way of reference as disclosed in Section 12 "*Information incorporated by Reference*".
Acquisition	shall mean the acquisition of 100% of the shares in the SPV by the Issuer, completed on 7 May 2026 and financed using a portion of the proceeds from the first part of the Issue.
AML/CTF	means anti-money laundering / counter-terrorist financing.
Articles of Association	shall mean the Articles of Association of the Company effective as at the date of this Prospectus.
Bank of Lithuania	shall mean the Bank of Lithuania (in Lithuanian: *Lietuvos bankas*) which is the Lithuanian financial supervisory authority.
Bond(s)	shall mean a fixed-term non-equity non-convertible (debt) security instrument of the Company with ISIN LT0000137523 and that is issued by the Issuer as approved by the Decision on approval of Issue, and represents the Issuer's secured debt obligation in the amount of the Nominal Value of the Bond and the interest payable on the Bond, that is issued and is redeemable in accordance with this Prospectus and the Final Terms.
Bondholder	shall mean a holder of a Bond as registered with the Register (and, where Bonds are held through an omnibus account operated by the authorised entities, including the Lead Manager, the Register will reflect the omnibus account holder rather than the underlying end-investors).
Bondholders' Meeting	shall mean a meeting of the Bondholders of the Issuer convened following the requirements and procedure set forth in Law on Protection of Interests of Bondholders and this Prospectus

Business Day	shall mean any day, except Saturday, Sunday, a national or a public holiday of the Republic of Lithuania.
Civil Code	shall mean the Civil Code of the Republic of Lithuania, as amended.
Code of Civil Procedure	shall mean the Code of Civil Procedure of the Republic of Lithuania, as amended.
Collateral	shall mean, jointly or separately: (i) the Property mortgaged in favour of the Trustee and/or (ii) the SPV Shares pledged in favour of the Trustee. For the avoidance of doubt, the term "Collateral" refers to both the mortgage over the Property and the pledge over the Shares; enforcement and priority rules applicable to each are set out in Section 10.17 "*Collateral*" of this Prospectus.
Collateral Agreement	shall mean jointly or separately, (i) a Lithuanian law governed maximum mortgage agreement creating a first-ranking mortgage over the Property existing as at the relevant date, to be entered into between the Trustee, acting on behalf and in the interests of the Bondholders, and the Issuer, provided that such mortgage shall be created on the terms specified in Section 10.17 "*Collateral*" of this Prospectus and/or (ii) a Lithuanian law governed maximum pledge agreement between the Trustee, acting on behalf and in the interests of the Bondholders, and the Issuer, dated 20 May 2026 creating a first-ranking pledge over 100% of the shares of the SPV owned by the Issuer (the **SPV Shares**), notarial register No. 1291, pledge identification code 30000163214120.
Company or Issuer	shall mean a closed-ended investment company for informed investors UAB Demus Development VII, legal entity code 306957882, with its registered address at Konstitucijos ave. 18B, Vilnius, the Republic of Lithuania. The Company is being managed by the Management Company. The Company's data is collected and stored with the Register of Legal Entities.
Decision on approval of Issue	shall mean the decision of UAB Demus Asset Management, the Issuer's sole shareholder as at the date of such decision, dated 26 March 2026, approving the main terms of the Issue.
De-listing Event	shall be deemed to have occurred if, at any time following the listing and admission of the Bonds to trading on the First North (whether conditional or not), as applicable, (a) trading in the Bonds has not commenced on the Issue Date of the respective Tranche due to reasons attributable to the Issuer, or (b) trading in the Bonds on the First North is suspended for 15 consecutive Business Days (during which Nasdaq is open for trading), or Nasdaq's decision to remove the Bonds from trading on the First North becomes effective, or the listing and admission of the Bonds to trading on the First North otherwise terminates on any grounds.
De-listing Event Put Date	shall mean a date when the Bonds are to be redeemed in case of a De-listing Event, as determined in accordance with Section 10.9 (d) "*De-listing Event (put option)*" of this Prospectus.
Early Maturity Date	shall mean a Business Day before the Final Maturity Date when the Issuer must redeem all or part of the Bonds in case of any of the Extraordinary Early Redemption Event as it is set forth in Section 10.9 (e) "*Extraordinary Early Redemption*" of this Prospectus.

Early Redemption Date	shall mean date(s) on which the Issuer has the right to redeem all or part of the Bonds before the Final Maturity Date as it is set forth in Section 10.9 (b) "*Early optional redemption of Bonds by the Issuer*" of this Prospectus.
EEA	shall mean the European Economic Area.
EU	shall mean the European Union.
EUR, €, euro	shall mean the official currency of Eurozone countries, including the Republic of Lithuania, Latvia, Estonia, the euro.
Escrow Account	shall mean the escrow account held by the Escrow Agent and used in connection with the sale of the relevant Property and redemption of the Bonds through Nasdaq CSD, as disclosed in Section 10.16 (h) (ii) "*Disposal of Property*" of this Prospectus.
Escrow Agent	shall mean either (i) a Lithuanian notary public selected to certify the sale and purchase transactions of the relevant Property or (ii) any financial institution authorised to open and operate an Escrow Account. The Issuer shall have the exclusive right to select and appoint the Escrow Agent without the need to obtain any consent, approval, or confirmation from the Trustee or the Bondholders.
Extraordinary Early Redemption Event	shall mean any event as set forth in Section 10.9 (e) "*Extraordinary Early Redemption*" of this Prospectus.
Financial Indebtedness	shall mean any indebtedness for or in respect of (i) moneys borrowed; (ii) any acceptance under any acceptance credit facility (including any dematerialised equivalent); (iii) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; (iv) receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis); (v) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price; (vi) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (vii) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in items (i) to (vi) above.
Final Maturity Date	shall mean a final date on which the Bonds of the Issue within all Tranches must be redeemed by the Issuer from the Bondholders, which is 29 April 2028.
Final Terms	shall mean the final terms of each respective Tranche of the Bonds, where the form of the Final Terms is provided in Schedule 1 "*Form of Final Terms of the Bonds*" to this Prospectus. All Final Terms constitute an inseparable part of this Prospectus.
First North	shall mean a multilateral trading facility (alternative market) administered by Nasdaq.
General Meeting	shall mean the general meeting of shareholders the Issuer as the supreme decision-making body of the company.
Interest Payment Date	shall mean a date on which the quarterly interest (coupon) is paid to the Bondholders in accordance with this Prospectus, or, if applicable, Early Redemption Date, Early Maturity Date or De-listing Event Put Date. Each

	Final Terms shall specify the remaining Interest Payment Dates until the Final Maturity Date.
Issue	shall mean the aggregate of the Bonds to be issued under ISIN LT0000137523 by way of all Tranches in the total amount of up to EUR 18,600,000, including the first part of the Bonds in the amount of EUR 6,750,000 already issued under the exemption provided in Article 1(4(b)) of the Prospectus Regulation, and the second part of the Bonds in the amount of up to EUR 11,850,000 to be issued under this Prospectus.
Issue Date	shall mean a Business Day indicated in the relevant Final Terms, on which the settlement for the Bonds is made and the Bonds are registered with the Register.
Issue Price	shall mean a price of a Bond indicated in the relevant Final Terms payable by an investor for acquisition of the Bonds, determined considering the Nominal Value of the Bonds, the Yield and the interest accrued on the Bonds (on the basis of the day-count convention specified in Section 10.7 (c) "*Interest calculation formula*" of this Prospectus) from the last Interest Payment Date (in case the last Interest Payment Date was before the Issue Date of the relevant Tranche). The Issue Price of the Bonds may vary from Tranche to Tranche.
Key Executives or Management	shall mean the following persons (separately or collectively) within the Management Company's organization structure, as applicable: the Chief Executive Officer (the **CEO**), the Chief Financial Officer, the Chief Risk Officer, the members of the Management Board of the Management Company, and/or the Company's Investment Committee members and/or manager acting under the power of attorney issued by the Management Company.
Land Plot	shall mean a state-owned land plot at Panerių st. 49, Vilnius, the Republic of Lithuania, unique No. 0101-0055-0091, which is currently leased to the SPV. Following the Merger, the lease agreement in respect of the Land Plot shall be re-signed in the name of the Issuer. The Land Plot is used for the development of the Project.
Law on Companies	shall mean the Law on Companies of the Republic of Lithuania, as amended.
Law on Protection of Interests of Bondholders	shall mean the Law of the Republic of Lithuania on Protection of Interests of Bondholders of Public Limited Liability Companies and Private Limited Liability Companies, as amended.
Law on Securities	shall mean the Law on Securities of the Republic of Lithuania, as amended.
Lead Manager	shall mean UAB FMĮ Evernord, legal entity code 303198227, with its registered address at Konstitucijos ave. 15-98, Vilnius, the Republic of Lithuania.
LFRS	shall mean the Lithuanian Financial Reporting Standards as adopted by the Republic of Lithuania.
Manager	shall mean the manager assigned by the Issuer from time to time for the purpose of Offering the Bonds under this Prospectus, and which is indicated in the respective Final Terms, if any.

Management Company	shall mean UAB Demus Asset Management, legal entity code 304411219, registered address at Konstitucijos ave. 18B, Vilnius, the Republic of Lithuania, a licensed investment management company supervised by the Bank of Lithuania.
Mandate Letter	shall mean the agreement (whether titled as a mandate letter or otherwise) for provision of Issue related services concluded between the Issuer and the Lead Manager on 16 March 2026, as amended and/or supplemented.
Maximum Aggregate Nominal Value of the Issue	shall mean the maximum aggregate Nominal Value of the Bonds to be issued by way of all Tranches, which amounts to EUR 18,600,000.
Maximum Aggregate Nominal Value of the Tranche	shall mean the maximum aggregate Nominal Value of the Bonds to be issued under the respective Tranche as indicated in the respective Final Terms.
Merger	shall mean a reorganisation by way of merger of the SPV into the Issuer, which is intended to be implemented within five (5) months following the Acquisition, as a result of which the Issuer shall be the surviving entity and shall assume all rights and obligations of the SPV, and the SPV shall cease to exist.
Minimum Investment Amount	shall mean a minimum investment amount in Bonds of the respective Tranche indicated in the relevant Final Terms.
Nasdaq	shall mean AB Nasdaq Vilnius – Vilnius Stock Exchange, a public limited liability company organized and existing under the laws of the Republic of Lithuania, legal entity code 110057488, with its registered address at Konstitucijos ave. 29, Vilnius, the Republic Lithuania.
Nasdaq CSD	shall mean Nasdaq CSD SE Lithuanian branch (register code 304602060).
Nominal Value	shall mean denomination of each Bond, EUR 1,000, as of the date of this Prospectus, unless it is reduced pursuant to Section 10.9 (b) *"Early optional redemption of Bonds by the Issuer"* of this Prospectus.
Offering	shall mean the offering of the Bonds under this Prospectus to institutional and retail investors of the Republic of Lithuania, Latvia and Estonia, which is a public offering of securities within the meaning of the Law on Securities and the Prospectus Regulation.
Payment Date	shall mean a Business Day indicated in the relevant Final Terms, latest on which the payment of the Issue Price must be credited to the bank account of the Issuer indicated in respective Final Terms and the Subscription Order.
Project	shall mean a real estate development project undertaken by the Issuer with regard to the Property. More information about the Project is provided in Section 4.2.5. "*Development of Residential and Guest House Complex Artì"* of this Prospectus.
Property	shall mean jointly or separately, (i) as of the date of this Prospectus, all existing real estate situated on the Land Plot , comprising 7 buildings, which are planned to be demolished as part of the Project and do not form part of the Collateral and/or (ii) any new real estate to be constructed on the Land Plot after the date of this Prospectus, which will be subject to the relevant Collateral Agreement to be executed on the terms specified in Section

	10.17 "*Collateral*" of this Prospectus.
Prospectus	shall mean this document, including the registration document of the Company and the securities notes of the Bonds.
Prospectus Regulation	shall mean Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.
Real Estate Register	shall mean the Real Estate Register of the Republic of Lithuania, as maintained by VĮ Registrų centras.
Record Date	shall mean the 3rd Business Day before each Interest Payment Date and 1 Business Day before the Final Maturity Date, Early Redemption Date, Early Maturity Date or De-listing Event Put Date, whichever is relevant. For the avoidance of doubt, the Record Date refers to the date on which the list of the Bondholders who are eligible to receive interest payments or other distributions is determined.
Redemption Price	shall mean the amount payable by the Issuer to the investors upon the regular redemption (i.e. on the Final Maturity Date) or early redemption (i.e. on the Early Redemption Date or Early Maturity Date) of the Bonds, calculated in accordance with Section 10.9 (a) "*Redemption Price*" of this Prospectus, or the amount payable by the Issuer to the investors upon the De-listing Event (i.e. on the De-listing Event Put Date), calculated in accordance with Section 10.9 (d) "*De-listing Event (put option)*" of this Prospectus.
Register	shall mean the Lithuanian central securities depository operated by Nasdaq CSD.
Register of Contracts and Liens	shall mean the Register of Contracts and Liens of the Republic of Lithuania, as maintained by VĮ Registrų centras.
Register of Legal Entities	shall mean the Register of Legal Entities of the Republic of Lithuania, as maintained by VĮ Registrų centras.
Rejection	shall mean the rejection of the occurrence of the Extraordinary Early Redemption Event by the Issuer pursuant to Section 10.9 (e) "*Extraordinary Early Redemption*" of this Prospectus.
Related Parties	shall mean the third party, as defined in the International Accounting Standard, 24 *Related Party Disclosures*.
Security	shall mean a mortgage, pledge, guarantee, surety or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.
Securities Account	shall mean an account for dematerialized securities opened in the name of Bondholder with credit institution or investment brokerage firm which is licensed to provide such services within the territory of the Republic of Lithuania or Latvia, or Estonia, including without limitation the Lead Manager.
Secured Obligations	shall mean any and all present and future payment obligations and liabilities (whether actual or contingent or whether owed jointly and severally or in any other capacity) of the Issuer towards the Bondholders from time to time

	under the Issue.
SPV	shall mean UAB "BALGRA", legal entity code 125482687, with its registered address at Panerių st. 49, Vilnius, the Republic of Lithuania, which is a wholly owned subsidiary of the Issuer and, following the Merger, will be fully merged into the Issuer.
Subscription Order	shall mean a document provided by the Issuer or the Lead Manager, or Manager, if any, to the investor, which is submitted by the investor to the Issuer or the Lead Manager, or Manager, if any, for the subscription of the Bonds. In the case of subscription through the Issuer, the Subscription Order form will be available on the Issuer's website at www.demus.lt/fondai/demus-development-vii. Alternatively, for subscriptions through the Lead Manager or Manager, if any, the Subscription Order form will be provided by the respective entity.
Tranche	shall mean a portion of the Bonds of the Issue issued from time to time, including during the validity term of this Prospectus under the respective Final Terms.
Trustee	shall mean Bondholders' trustee, UAB "Audifina", legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, Vilnius, the Republic of Lithuania, acting on behalf and in the interest of the Bondholders in accordance with the Trustee Agreement, or any replacement trustee appointed in accordance therewith.
Trustee Agreement	shall mean the Agreement on the Protection of Bondholders' Interests No. OSP-26-12, entered into on 2 April 2026 between the Issuer and the Trustee, as amended and/or supplemented, or any replacement Trustee agreement entered into during the validity term of the Bonds.
Yield	shall mean a return measure for an investment over a set period of time, expressed as a percentage and determined taking into account the credit risk of the Issuer, interest payment and redemption structure of the Bonds and considering current yields of alternative debt instruments present in the Lithuanian capital market. The Yield may vary from Tranche to Tranche and will be indicated in the relevant Final Terms.

4. STRATEGY, PERFORMANCE AND BUSINESS ENVIRONMENT

4.1. General corporate information and Articles of Association

The legal and commercial name of the Company is a closed-ended investment company for informed investors UAB Demus Development VII, legal entity code 306957882. Legal entity identifier (LEI) code is 6488006H8SD61N4OXA50.

The Company was registered in the Register of Legal Entities on 22 July 2024 and has been established and is operating since then under the laws of the Republic of Lithuania in the form of a private limited company (in Lithuanian: *uždaroji akcinė bendrovė*).

The operational term of the Company is limited. The Company will operate for 5 years from the date on which the Bank of Lithuania approved the Company's Articles of Association, being 31 March 2025, i.e. until 31 March 2030. The operational term of the Company may be extended for an additional 2 years in accordance with the Articles of Association.

Upon receiving authorization as a collective investment undertaking from the Bank of Lithuania and transferring management to the Management Company, the Company conducts its activities in accordance with the Law on Collective Investment Undertakings Intended for Informed Investors of the Republic of Lithuania (the **Law on Collective Investment Undertakings Intended for Informed Investors**) and, in the cases specified therein, *inter alia*, in accordance with the Law on Companies, the Law on Collective Investment Undertakings of the Republic of Lithuania and the Civil Code.

The latest Articles of Association of the Company have been registered in the Register of Legal Entities on 3 December 2025.

The Company has not been assigned with the credit rating nor such a process have been initiated.

On 7 May 2026, the Issuer completed the acquisition of 100% of the shares in the SPV, financed using a portion of the proceeds from the first part of the Issue. This acquisition constitutes a recent event particular to the Issuer which is material to the evaluation of the Issuer's solvency and also constitutes a significant change in the Company's financial position since 31 December 2025, as further disclosed in Section 6.3 "*Significant Change in the Company's Financial Position*" of this Prospectus. Save for the above and the information disclosed in Section 4.3 "*Trend Information*" and Section 6.3 "*Significant Change in the Company's Financial Position*" of this Prospectus, there are no other recent events particular to the Issuer which are, to a material extent, relevant to the evaluation of the Issuer's solvency.

The contact details of the Company are the following:

Registered address	Konstitucijos ave. 18B, Vilnius, Lithuania
Country of registration	Republic of Lithuania
Phone number	+370 644 44358
E-mail	info@demus.lt
Website	www.demus.lt/fondai/demus-development-vii where all Bonds related information and documents are uploaded or will be uploaded by the Company. The information on the website does not form part of this Prospectus, unless certain of this information is incorporated by reference into this Prospectus (please see Schedule 1 "*Information incorporated by Reference*").

4.2. Business Overview

4.2.1. History and development of Company; Principal Activities

Following authorisation from the Bank of Lithuania on 31 March 2025, the Company operates as a collective investment undertaking established for the development of the Project. The Company invests assets contributed by its shareholders exclusively in real estate assets related to the Project, including for the Acquisition of the SPV owning the Property, with the objective of generating returns for shareholders through the sale of units forming the Property. The Company does not intend to make any investments other than those directly related to the Project.

The Company's operations are limited to the Republic of Lithuania and its real estate portfolio consists solely of the Property under development, held through the SPV until completion of the Merger. The Company estimates that the total investment cost of the Project upon full completion will amount to EUR 44.3 million. For further details on the Project, please refer to Section 4.2.5 "*Development of Residential and Guest House Complex Arti*" below.

In 2026, the Company is expected to undergo a reorganisation by way of Merger with the SPV, with the Company surviving the Merger. Following completion of the Merger, the SPV will cease to exist, and all assets, rights and obligations of the SPV will be transferred to the Company by operation of law. As a result, the Company will become the direct owner of the Property currently held by the SPV.

4.2.2. Financing of Activities

The Company uses a combination of equity injections, debt financing and pre-sales of the Project's units to fund its activities and the development of the Project.

The total Project cost until redemption of the Bonds is estimated to be EUR 27.7 million. The Company is planning to use the proceeds of up to EUR 18.6 million in total from the Bond Issue to finance the development and construction of the Project (as of the date of this Prospectus, the Company has issued Bonds with an aggregate Nominal Value of EUR 6.75 million under the exemption provided in Article 1(4(b)) of the Prospectus Regulation and has applied the proceeds *inter alia* towards the Acquisition of the SPV). The remaining amount of the Project cost will be financed from equity and pre-sales of the Project's units.

The shareholders of the Company provide equity injections through an increase in the Company's share capital. The Company's share capital consists of different classes of shares, including ordinary shares, Class A shares and Class I shares. As of the date of this Prospectus, the total equity contributed by the shareholders amounts to EUR 5,011,568. Please note that during the development and construction phase of the Project, the Company may, if required, borrow from its shareholders or other Related Parties, and any such loans will be fully subordinated to the Bonds. Accordingly, the Issuer will not be permitted to make payments to such Related Parties until all amounts due and payable to the Bondholders have been paid in full.

As of the date of this Prospectus, the Company (through the SPV) has generated around EUR 52K in pre-sales proceeds for the Project and expects that total pre-sales proceeds until redemption of the Bonds will amount to EUR 4.1 million in total.

The Bonds mature on 29 April 2028. The Company plans to redeem the Bonds primarily from proceeds generated by the sale of the Project's units. However, if sales are not completed as scheduled or other unforeseen circumstances adversely affect sales, the Company may seek alternative sources of funding, such as issuing new bonds to refinance the Bonds or obtaining bank refinancing.

4.2.3. Competitive Position and Competitive Strengths

The Issuer and the Management Company operate in a competitive business environment. Competition arises from the existing supply of residential property in Vilnius, as well as from other similar developments that are under construction and are scheduled to be completed around the same time as the Project. Their operations may also be affected by changes in Lithuanian and foreign laws and regulations, taxation, competitive dynamics, and broader economic, strategic, political and social conditions, as well as other factors beyond their control. Further information regarding the competitive environment is provided in Section 4.2.5.2 "*Project's Competition Analysis*" of this Prospectus.

Experienced Management Company

The Management Company has been operating since 2018 and has accumulated substantial experience in the development of residential real estate projects in the Republic of Lithuania. The Management Company's completed and ongoing projects comprise residential developments that have accommodated, and are expected to accommodate, more than 5,000 residents in total.

The following projects have been developed or are under development by collective investment undertakings managed by the Management Company: (i) "Mūnai" in Vilnius (431 apartments; sales revenue of EUR 81.2 million), (ii) "Ežero takais" in Vilnius (78 apartments; sales revenue of EUR 10 million), (iii) "Radio City" in Kaunas (384 apartments; sales revenue of EUR 39 million), (iv) "Senamiesčio Link" in Vilnius (45 apartments; sales revenue of EUR 6 million), (v) "Kaip Niujorke" in Vilnius (174 apartments; sales revenue of EUR 25 million), (vi) "Sava" in Vilnius (213 apartments; sales revenue of EUR 31 million), (vii) "Miesto Akordai" in Vilnius (54 apartments; sales revenue of EUR 9 million), (viii) "Tyzenhauz" in Vilnius (153 apartments; sales revenue of EUR 33 million)

Key Project partners

The Company relies on the CITUS group, including Citus Construction, for the development of the Project, including project management, marketing and sales, as well as construction procurement and construction management (including quality control and warranty maintenance). The CITUS group is one of the leading real estate development and project management groups in Lithuania and the Vilnius market. CITUS has completed over thirty projects and project stages, encompassing more than 3,000 housing units and other premises.

Project's location

The Project benefits from a strategic location in Naujamiestis, one of Vilnius' most attractive and well-connected urban areas, offering convenient access to other districts of Vilnius and surrounding suburbs in all directions.

4.2.4. Market Overview

The information presented in this Section is a brief overview of the residential real estate market analysis conducted internally by CITUS analytics, the Company's partner in the development of the Project. It provides a high-level overview of selected macroeconomic indicators and key real estate market indicators in Vilnius, including residential supply and demand, residential property prices, and expected market trends in 2026.

It is worth starting with an overview of key macroeconomic indicators and prevailing market trends.

Wage Growth

The average gross salary in Vilnius continued its upward trajectory, reaching EUR 2,866 per month in February 2026 — an 8% year-on-year increase, or EUR 188 in absolute terms. Over the December–February period alone, wages in the capital grew by 2%. Wage growth is expected to continue outpacing price growth, although the gap between the two is projected to narrow.

6-Month Euribor

After the rate-cutting cycle ended in 2025 with Eurozone inflation reaching the 2% target, the trend reversed in early 2026. Following the outbreak of war in Iran and growing expectations that the ECB would begin raising base interest rates, interbank EURIBOR rates started to climb. At the end of 2025, the 6-month EURIBOR stood at 2.1%, but by March 2026 it had risen by 0.4 percentage points to 2.5%.

Markets currently expect the ECB to raise the base rate up to three times by year-end, potentially reaching 2.75%.

Housing Affordability (sqm)

Housing affordability declined in 2023–2024. In 2025, following the decrease in Euribor rates, housing affordability increased by an average of 7 square meters in Vilnius compared to 2024. However, due to rising housing prices, affordability is likely to have reached its peak.

The following Section analyses the residential real estate market, including supply and demand, prices, and expected trends.

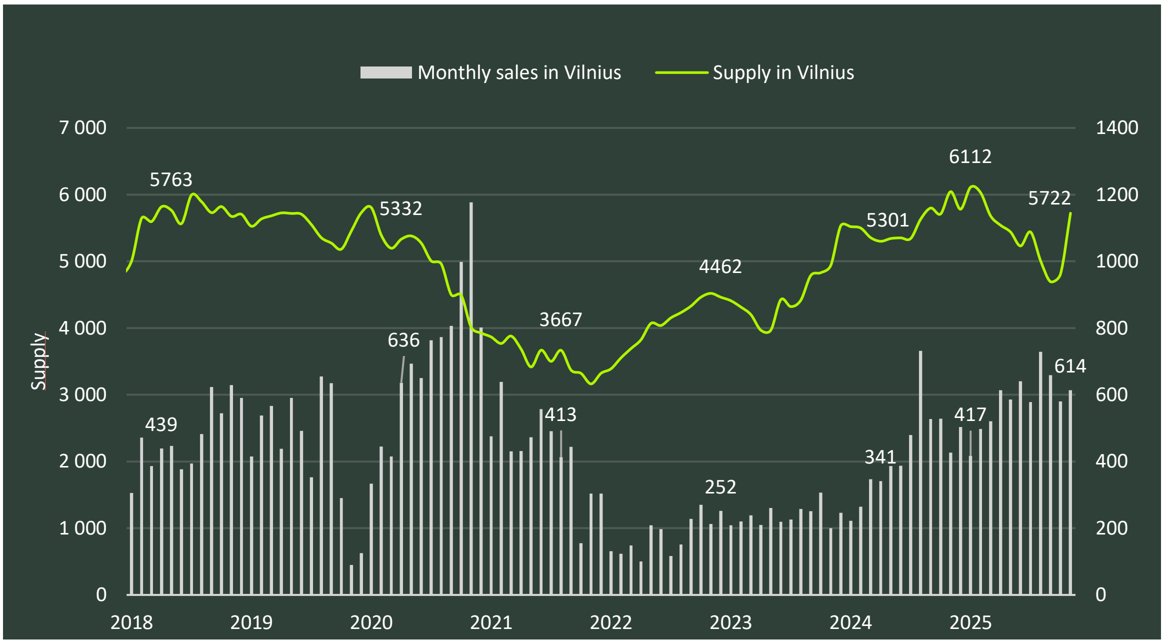
Residential Supply and Demand

The primary residential market in Vilnius remains active: housing transactions continue to grow and the supply pipeline is being replenished. However, inflationary pressure and ongoing geopolitical uncertainty are weighing on household sentiment. Despite this, the imminent inflow of second pillar pension funds into the economy and the reduced minimum down payment requirement taking effect in autumn should continue to support buyer activity — provided the geopolitical situation and its economic impact do not escalate further.

In Q1 2026, a total of 1,968 apartments and townhouses were sold in Vilnius — a 10% increase compared to Q1 2025, when 1,787 primary market transactions were concluded. A notable shift in the demand structure is evident this year: the share of economy-class housing in sales rose by 12 percentage points, while the share of mid-class sales declined by 9 percentage points.

At the end of March 2026, new housing supply in Vilnius stood at 4,810 units — 16% less than a year earlier. During Q1, supply was replenished with 1,321 new units, as developers attempted to keep pace with the strong demand (though this remains 645 units short of what was sold during the quarter). Economy-class housing dominates the supply pipeline, accounting for 60% of all available new units in the capital.

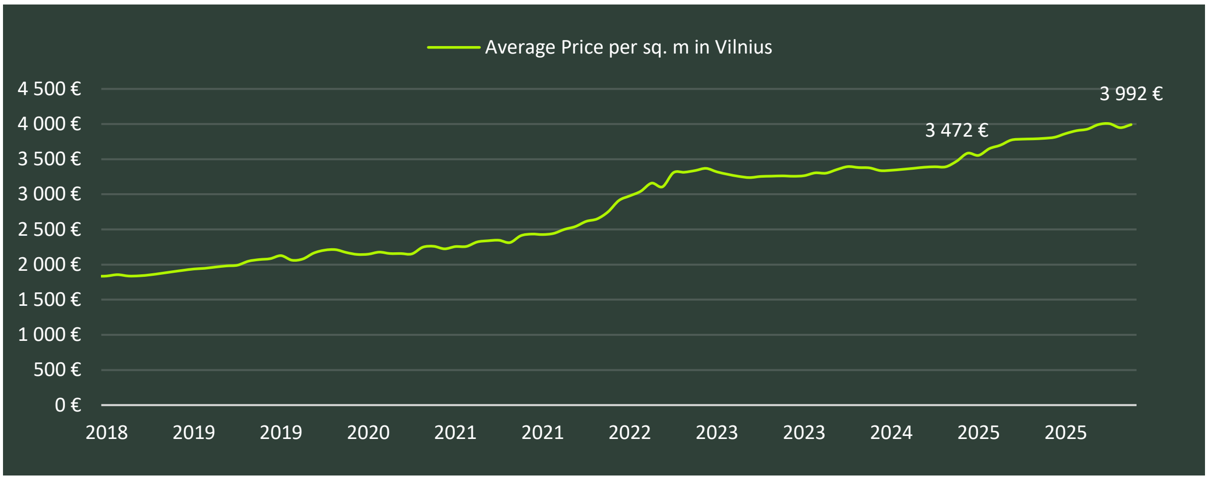
Looking ahead to 2026, another active year is expected. The opportunity to withdraw funds from the second pension pillar and changes to responsible lending regulations may allow easier market entry for both first-time homebuyers and households upgrading their housing. However, with EURIBOR now trending upward rather than holding steady around 2.1–2.3% as previously expected, financing conditions may become a more meaningful factor in purchasing decisions later in the year. A key factor will be how quickly developers are able to replenish supply and how increased demand will affect prices.



Source: CITUS analytics

Residential Property Prices

In Q1 2026, the average price in Vilnius rose by just 0.5%, reaching EUR 3,949 per square meter. The modest quarterly increase was largely the result of a significant expansion in economy-class supply in March: as more affordable units entered the assortment, the statistical average dipped — the average apartment price in Vilnius actually fell by 1.4%, although developers did not lower prices within individual projects. On an annual basis, housing in Vilnius is 8.2% more expensive than a year ago.



Source: CITUS analytics

Expected Trends in 2026

Pension system reform allowing residents to withdraw accumulated funds is expected to stimulate both consumption and the housing market.

The Bank of Lithuania's decision to reduce the minimum down payment for first-time homebuyers from 15% to 10% will further encourage household participation in the housing market.

Demographic trends in Lithuania's major cities are expected to remain positive, sustaining housing demand in Vilnius, Kaunas, and Klaipėda.

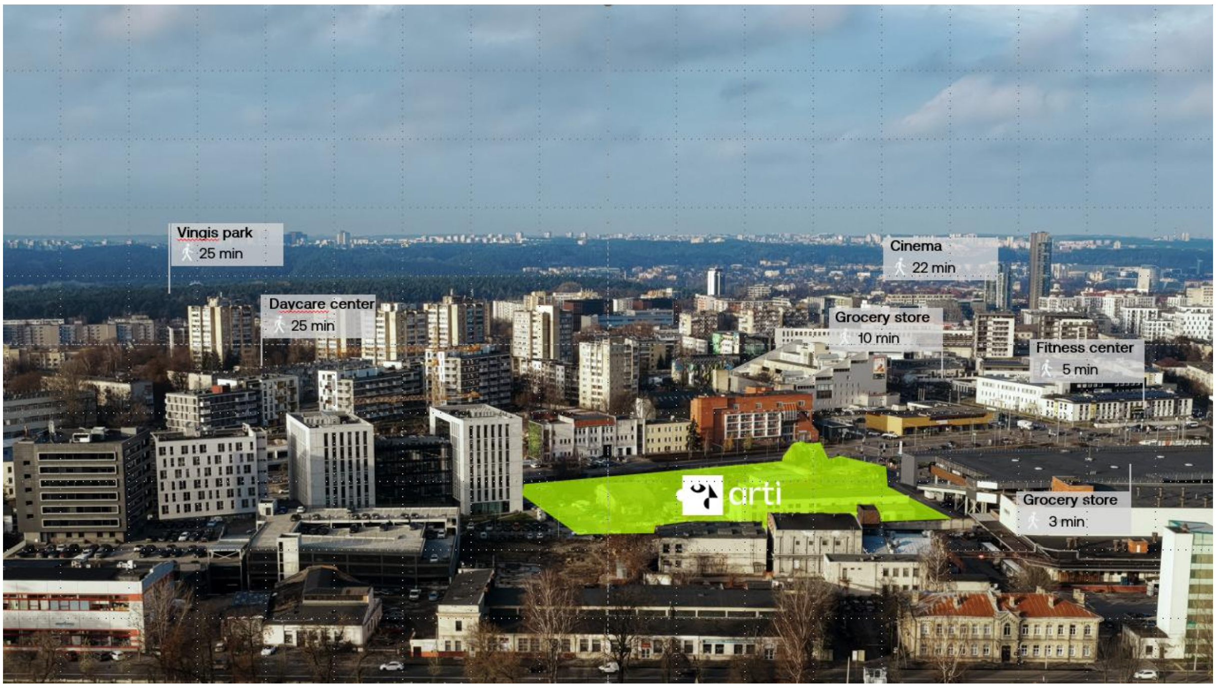
4.2.5. <u>Development of Residential and Guest House Complex Artì</u>

4.2.5.1. <u>Location</u>

The Issuer is developing the Project on the land plot at Panerių st. 49, Vilnius, the Republic of Lithuania. The Project benefits from a strategic location in Naujamiestis, one of Vilnius' well-connected and rapidly developing urban areas. Artì is being developed in the area between Panerių and Naugarduko streets and the station district in Vilnius. According to the project description, the territory is transforming from a former industrial area into new residential quarters and public spaces, and the Project forms part of this transformation.

The location provides convenient access to other districts of Vilnius and surrounding suburbs in all directions, while Vilnius Old Town, with a wide range of cultural, entertainment and urban amenities, is accessible within approximately 30 minutes on foot. The surrounding area also offers good access to daily services and infrastructure, including shops, fitness center and other amenities, as well as proximity to some of Lithuania's largest technology employers, many of which can be reached within approximately 20 minutes on foot.

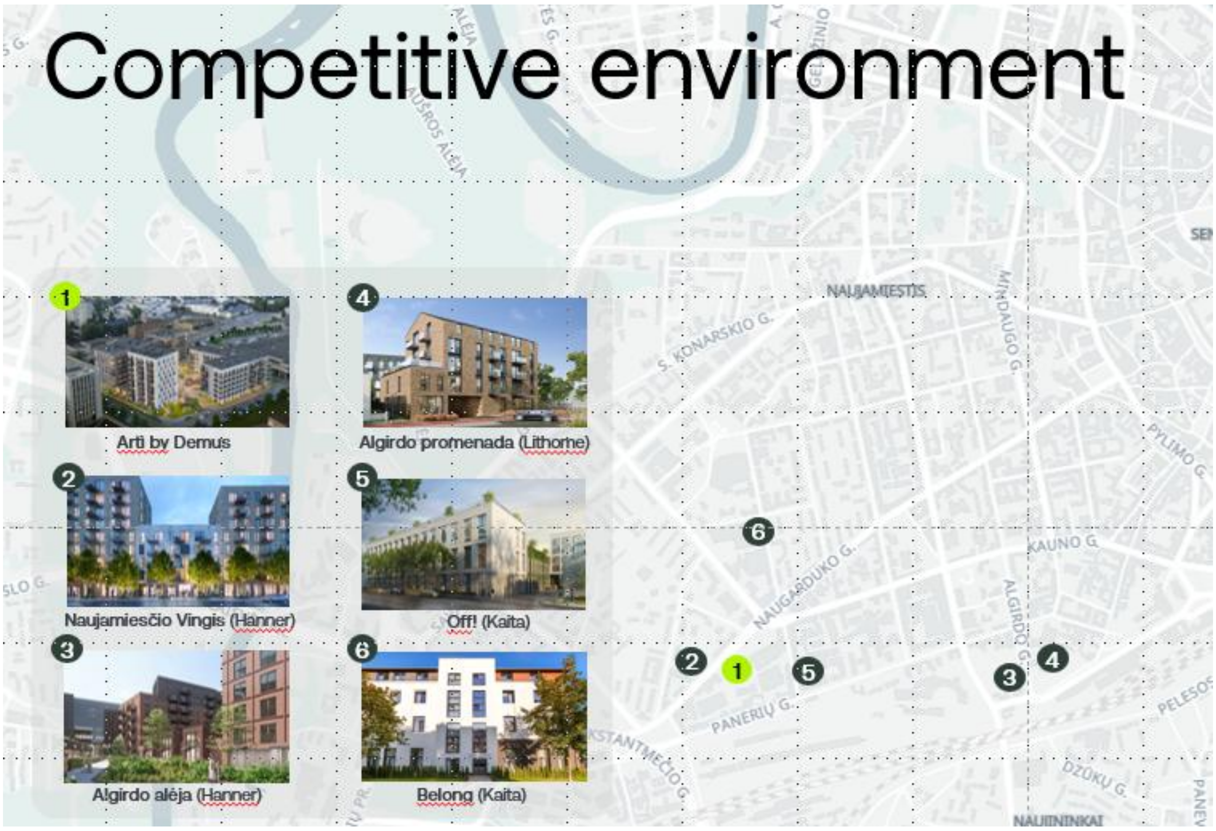
The location of the Project is presented below:



Source: the Company

4.2.5.2. Project's Competition analysis

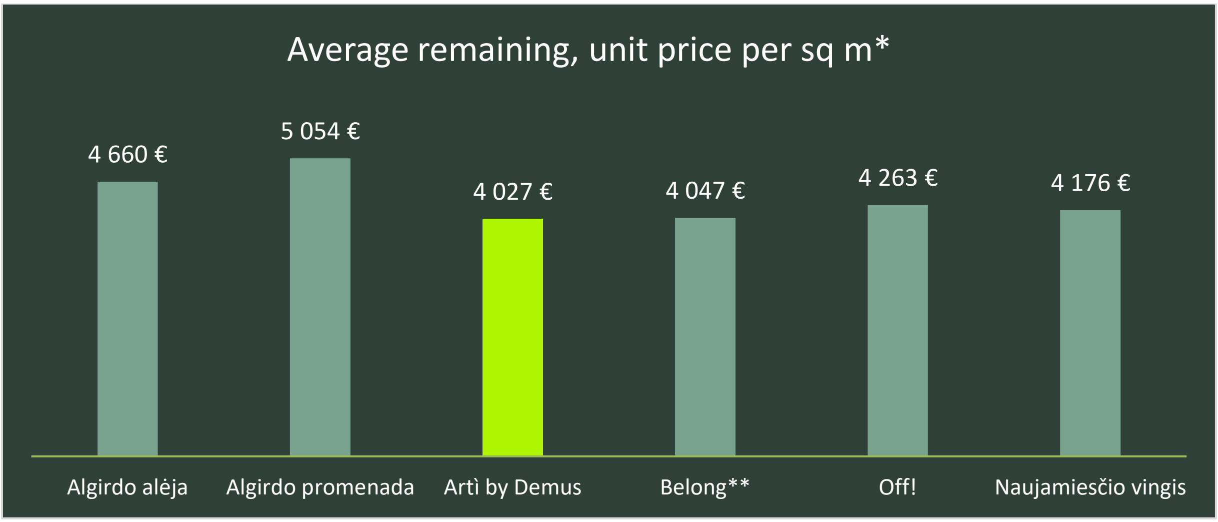
The Company has benchmarked the Project against five comparable residential developments concentrated in Vilnius (the Naujamiestis area and its immediate surroundings), which the Company considers to be the Project's primary competitive set: (2) Naujamiesčio Vingis (developer: Hanner), (3) Algirdo alėja (developer: Hanner), (4) Algirdo promenada (developer: Lithome), (5) Off! (developer: Kaita) and (6) Belong (developer: Kaita). The Project itself is shown as (1) on the map below. Belong is included specifically as a comparable for the guest house component of the Project, as it consists of fully furnished secondary-market lofts.



Source: the Company

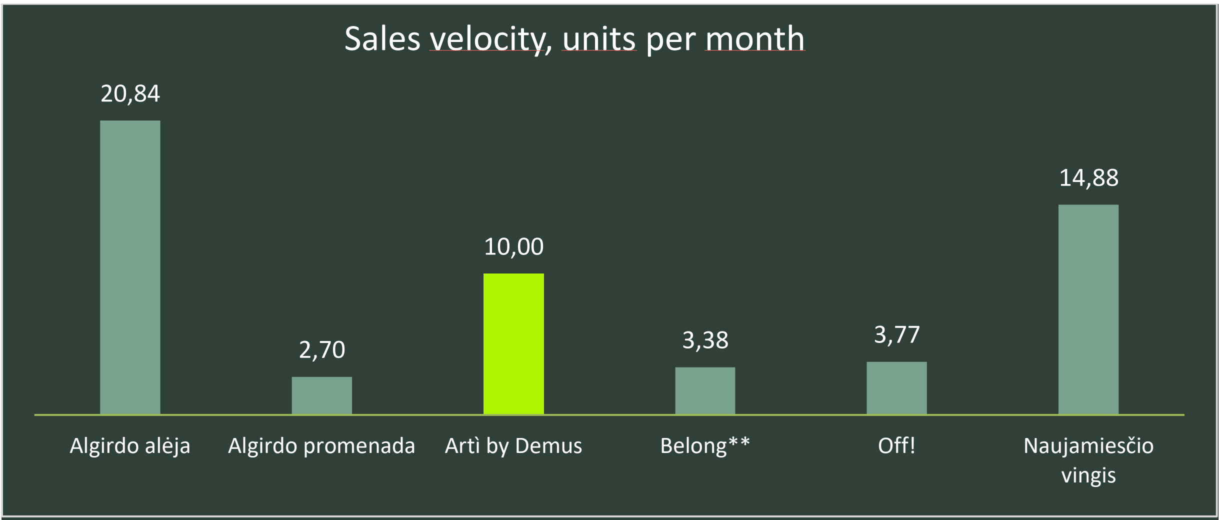
The comparison is based on three key indicators – the average remaining unit price per square metre, the sales velocity (units sold per month) and the demand and supply balance (units sold vs. units remaining) – derived from data prepared by CITUS analysts as at March 2026.

In terms of pricing, the Project is positioned at the most competitive level within the peer group. The average remaining unit price of Artì by Demus is EUR 4,027 per sq. m., which is the lowest in the comparison set. The corresponding prices of the competing developments are: Belong – EUR 4,047 per sq. m.; Naujamiesčio Vingis – EUR 4,176 per sq. m.; Off! – EUR 4,263 per sq. m.; Algirdo alėja – EUR 4,660 per sq. m.; and Algirdo promenada – EUR 5,054 per sq. m. The Company believes that this pricing positions the Project attractively for end-buyers.



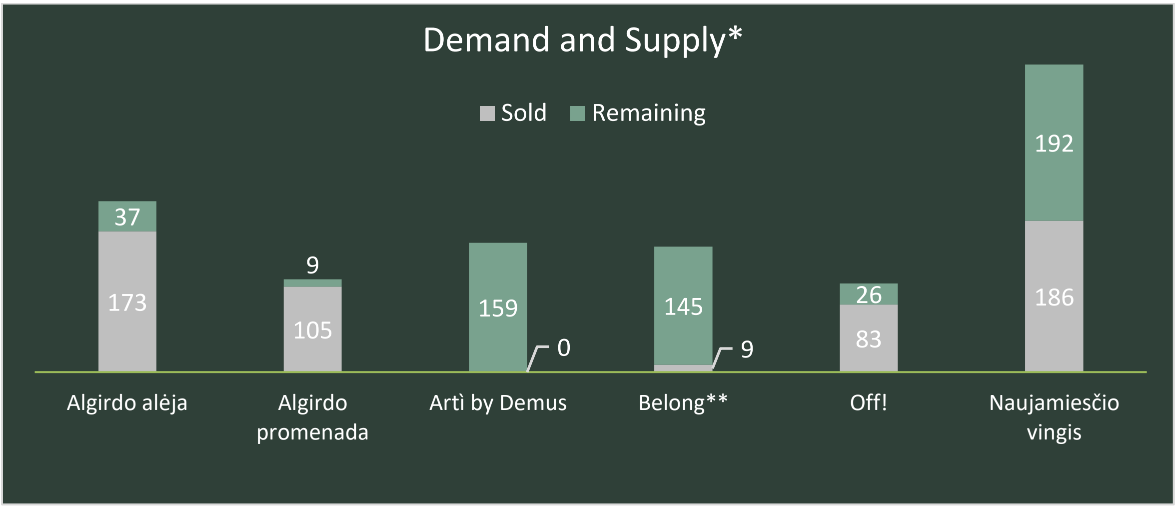
Source: CITUS analytics, March 2026

In terms of sales velocity, the implied pace of sales of the Project of 10.00 units per month compares favourably with the launched peers and ranks third in the peer set, after Algirdo alėja (20.84 units per month) and Naujamiesčio Vingis (14.88 units per month), and ahead of Off! (3.77 units per month), Belong (3.38 units per month) and Algirdo promenada (2.70 units per month).



Source: CITUS analytics, March 2026

In terms of demand and supply, as at March 2026 the Project had not yet been launched, while the peers had already been on the market and had accumulated the following sales (sold / total units): Naujamiesčio Vingis – 186 / 378; Algirdo alėja – 173 / 210; Algirdo promenada – 105 / 114; Off! – 83 / 109; and Belong – 9 / 154.



Source: CITUS analytics, March 2026

The source of all figures referred to in this Section is data prepared by Citus analysts as at March 2026.

As of the date of this Prospectus, a total of 6 Project’s units have been reserved (presold), while 153 units remain available for sale.

Based on the above-mentioned indicators, it can be concluded that the Arti Project maintains a strong competitive position within its market segment and demonstrates effective performance in managing competitive market dynamics.

4.2.5.3. Complex

The Project is a multi-stage development to be developed on a Land Plot of 9,827 sq. m.

The Project in total will comprise of 130 residential units and 161 guest house premises, with a total saleable residential area of 6,839 sq. m and a saleable guest house premises area of 7,216 sq m. The development includes 183 parking spaces, from which 148 are underground.

During the first stage of the Project, the planned buildable area will amount to approximately 8,462 sq. m, comprising approximately 6,839 sq. m of saleable residential area and approximately 1,166 sq. m of saleable guest house premises. The first stage of the Project is expected to include 130 apartments, 29 guest house premises and 108 parking spaces, from which 81 are underground.

The visualisations of the Project are presented below:


Source: the Company

4.2.5.4. Sustainability of the project

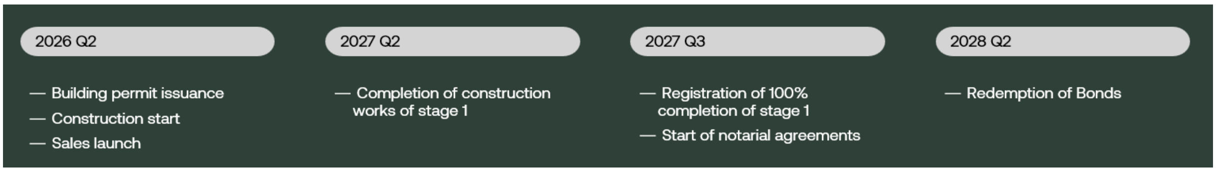
This Section describes the sustainability characteristics of the Project and does not constitute a disclosure under Regulation (EU) 2019/2088 (the **SFDR**) or the EU Green Bond Regulation. The Issuer is not classified as a financial product under Article 8 or Article 9 of SFDR, and the Bonds are not marketed as green bonds or sustainability-linked bonds. The Issuer does not currently apply any voluntary ESG reporting framework in respect of the Bonds.

The Artì Project has been designed with a focus on environmental efficiency and resident comfort. The development will consist of approximately 290 residential units with an A++ energy efficiency class. The buildings will feature underfloor heating and three-layer reinforced concrete structures, ensuring even heat distribution, lower energy consumption and sound insulation.

The Project Schedule and Cost

Construction of the first stage of the Project commenced in May 2026 following receipt of the construction permit in April 2026. Construction of the first stage is expected to be completed by Q2/Q3 2027, with the subsequent stage expected to be completed by Q1 2029. Notarial sale transactions for the Project's units are expected to follow completion of each respective stage. The subsequent stage of the Project falls outside the scope of this Prospectus and will be financed separately, whether by a new bond issue or alternative financing, following completion and sale of the first stage.

The construction works timeline is presented below:



Source: the Company

The Issuer estimates that the total costs of the Project until the redemption of the Bonds will amount to EUR 27.7 million, which will be financed as disclosed under Section 4.2.2 "*Financing of Activities*" of this Prospectus.

The Issuer undertakes that the residential units forming the Project will be sold at a price not lower than EUR 2,500 per sq. m. (including VAT). It is projected that the Project's gross sales proceeds across all stages will amount to approximately EUR 64.8 million in total (including VAT). The signing of the notarial agreements is expected to commence in Q3/Q4 2027.

The Project's pre-sale strategy is based on a gradual increase in the pre-sale ratio in line with construction progress and expected market absorption. The Issuer's pre-sale ratio at the end of June 2026 was 8% (12 units). The Issuer projects that the pre-sale ratio will reach approximately 21% (33 units) by the end of August 2026, 35% (55 units) by September 2026, 42% (66 units), measured by the number of units covered by pre-sale agreements. By December 2026, the pre-sale ratio is projected to reach approximately 54%, corresponding to 79 units secured under pre-sales agreements. This phased approach is intended to support cash flows during the construction period.

4.3. Trend Information

There has been no significant or material adverse change in the Company's financial position since the last reporting year, except for: (i) the issuance on 28 April 2026 of Bonds with an aggregate nominal amount of EUR 6.75 million under the exemption provided in Article 1(4)(b) of the Prospectus Regulation, as part of a total Bond Issue of up to EUR 18,600,000; (ii) the equity contributions made by the shareholders following the date of the latest published audited financial statements of the Company, as disclosed in Section 4.2.2 "*Financing of Activities*" above (which are not yet reflected in the most recent 2025 Audited Financial Statements incorporated by reference into this Prospectus but are reflected in the unaudited summary financial information as at 30 April 2026 set out in Tables 4 and 5 of Section 6.1 "*Historical Financial Information*" of this Prospectus); and (iii) the Acquisition of 100% of the SPV Shares completed on 7 May 2026, as further disclosed in Section 6.3 "*Significant Change in the Company's Financial Position*" of this Prospectus. The management is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year, other than in the ordinary course of its business.

4.4. Profit Forecasts or Estimates

The Company is not providing financial forecasts or estimates.

5. CORPORATE GOVERNANCE

This Section profiles of key decision-makers, whose collective expertise and leadership contribute to the overall success of the Project and Issuer's ability to redeem the Bonds.

5.1. Management Structure

The Company is a collective investment undertaking the management of which is delegated to the Management Company – UAB Demus Asset Management, legal entity code 304411219, registered address at Konstitucijos ave. 18B, Vilnius, the Republic of Lithuania

The Company does not have management bodies and the rights and duties of the Management Board and General Manager prescribed in the Law on Companies are performed by the Management Company.

The Management Company carries out the duties stipulated in the applicable laws and is responsible for: (i) management, use and disposal of the Company's assets in the right of asset trust; (ii) risk management of the Company; (iii) other functions that according to legal acts are required for proper management of the Company

5.2. Management Company

UAB Demus Asset Management is a licensed investment management company supervised by the Bank of Lithuania, adhering strictly to the highest standards of professional conduct and regulatory compliance.

The Management Company is authorized and licensed to manage real estate collective investment undertakings and collective investment undertakings established in accordance with the Law on Collective Investment Undertakings Intended for Informed Investors.

The Management Company manages collective investment undertakings focused on residential and commercial property projects, with the objective of generating stable returns and long-term portfolio value. The Management Company currently manages these collective investment undertakings: 1 fund and 11 investment companies. Developed and ongoing projects exceed EUR 450 million in value.

In the Management Company, decisions related to the Company are made within their competence by:

- The fund manager of the Company appointed by the Management Company;
- The Investment Committee of the Company formed and appointed by the Management Company;
- The CEO of the Management Company;
- The Management Board of the Management Company.

The right to initiate the consideration of a relevant Company related decision lies with the Management Company, the Investment Committee and the fund manager. The relevant decision is adopted by the Investment Committee, and its implementation is assigned to the fund manager. The implementation of the decision is controlled and supervised by the Management Company.

Appointment of decision-making bodies:

- The Company's fund manager is appointed by the CEO of the Management Company and approved by the Management Board of the Management Company;
- The Company's Investment Committee is formed from members proposed by the CEO of the Management Company. The candidacies of these members are approved by the Management Board of the Management Company.

5.3. Management Board of the Management Company

Mindaugas Vanagas – Chairman of the Management Board and Investment Committee member of the Company

An entrepreneur, businessman, and investor who founded one of the largest and most prominent real estate companies, “CITUS,” more than ten years ago, and is now building and strengthening a successful real estate and investment business group. Mr. Mindaugas Vanagas is also a board member of the Lithuanian Real Estate Development Association (LNTPA).

Raimundas Lukoševičius – member of the Management Board

Currently serving as CFO of Vanagas Asset Management and Vanagas Group (since 2025). Previously served as CFO of Sirin Development (2023–2025), CFO of Modus Mobility, part of Modus Group, operating the car-sharing business CityBee (2020–2023), and CFO of Aventus Group, specializing in consumer lending, car leasing and P2P lending solutions (2016–2020). Earlier held the position of Deputy CFO at Palink (2014–2015). More than 10 years of experience in corporate finance and financial management across the real estate, mobility, retail and financial services sectors.

Mantas Šukevičius – member of the Management Board

A professional board member with over 20 years of international experience in banking, strategic planning, corporate governance, and business transformation. Also held executive positions in companies and banks in Lithuania, Ukraine, and Kazakhstan, and serves on their collegial management bodies.

Vilius Pažereckas – member of the Management Board, fund manager at the Management Company and Investment Committee member of the Company

10 years of experience in real estate sales, management, and development. Acquired and directly managed investment real estate portfolios and related financial instruments worth over EUR 1 billion. Extensive geographic experience in the real estate sector: Baltic States, Poland, France, Portugal, Italy, and more. Has participated or is still involved in the development of residential projects such as "Jogailos Rezidencija" and "Visi Savi" in Vilnius, being responsible for the entire project implementation from land acquisition to development and sales control.

5.4. Other Key Executives of the Management Company

Mindaugas Liaudanskas – CEO of the Management Company and Investment Committee member of the Company

More than 10 years of experience in alternative investment fund analysis, investment portfolio construction and assessing corporate finance. Previous positions at UAB “CAPITALICA ASSET MANAGEMENT“, MC Wealth Management, Ūkio bankas, AB. Successfully executed over EUR 40 million in logistics acquisitions across the Baltics and managed EUR 150 million worth office development projects from inception to completion. Proven leader of high-performing, results-driven teams, with a strong track record in establishing and launching new investment strategies. Combines deep market insight with strategic execution to deliver consistent value and growth across diverse asset classes.

6. FINANCIAL INFORMATION

6.1. Historical Financial Information

The presentation of financial information in accordance with the LFRS requires the Management to make various estimates and assumptions which may impact the values shown in the financial statements and notes thereto. The actual values may differ from such assumptions.

The Company's financial year starts on 1 January and ends on 31 December, the amounts are presented in thousand euros unless otherwise indicated.

The following tables are a summary of the Issuer's financial information for the financial year ended 31 December 2025 (audited), together with unaudited comparative information for the financial year ended 31 December 2024.

The information set out in the table below has been extracted (without any material adjustment) from and is qualified by reference to and should be read in conjunction with the Issuer's 2025 Audited Financial Statements, that are incorporated by reference to this Prospectus and form an integral part hereof (please see Schedule 1 "*Information incorporated by Reference*"). The 2025 Audited Financial Statements have been prepared in accordance with the LFRS.

Table 1: balance sheet summary of the Company as at 31 December 2025 with unaudited comparative information as at 31 December 2024

		2025-12-31 (audited)	2024-12-31 (unaudited)
A.	**NON-CURRENT ASSETS**		
1.	INTANGIBLE ASSETS		
2.	TANGIBLE ASSETS		
3.	FINANCIAL ASSETS		
4	OTHER LONG-TERM ASSETS		
B.	**SHORT-TERM ASSETS**	**2 686**	**2 931**
1.	INVENTORIES	**1 162**	-
2.	RECEIVABLES DUE WITHIN ONE YEAR	**42**	-
3.	SHORT-TERM INVESTMENTS		
4	CASH	**1 482**	**2 931**
C.	**PREPAID EXPENSES AND ACCRUED INCOME**		
	TOTAL ASSETS	**2 686**	**2 931**
D.	**EQUITY**	**(14 147)**	**47**
1.	CAPITAL	10 000	10 000
2.	SHARE PREMIUM		
3.	REVALUATION RESERVE (RESULTS)		
4.	RESERVES		
5.	RETAINED EARNINGS (LOSSES)	**(24 147)**	**(9 953)**
E.	**PROVISIONS**		
F.	**PAYABLES AND OTHER LIABILITIES**	**12 961**	**2 884**
1.	AMOUNTS PAYABLE AND OTHER LIABILITIES AFTER ONE YEAR	-	-
2.	AMOUNTS PAYABLE AND OTHER LIABILITIES WITHIN ONE YEAR	**12 961**	**2 884**
G.	**ACCRUED EXPENSES AND DEFERRED INCOME**	**3 872**	**-**
	TOTAL EQUITY AND LIABILITIES	**2 686**	**2 931**

Source: the 2025 Audited Financial Statements

Table 2: income statement summary of the Company for the year ended 31 December 2025 with unaudited comparative information for the year ended 31 December 2024

		2025-12-31 (audited)	2024-12-31 (unaudited)
1.	REVENUE FROM CORE OPERATIONS		
2.	CORE OPERATING EXPENSES		
3.	GROSS PROFIT (LOSS)		
4.	GENERAL AND ADMINISTRATIVE EXPENSES	**(14 132)**	**(9 953)**
5.	RESULTS FROM OTHER ACTIVITIES		
6.	INTEREST AND OTHER SIMILAR EXPENSES	**(62)**	-
7.	PROFIT (LOSS) BEFORE TAX	**(14 194)**	**(9 953)**
8.	CORPORATE INCOME TAX		
9.	NET PROFIT (LOSS)	**(14 194)**	**(9 953)**

Source: the 2025 Audited Financial Statements

Table 3: cash flow statement summary of the Company for the year ended 31 December 2025 with unaudited comparative information for the year ended 31 December 2024

	2025-12-31 (audited)	2024-12-31 (unaudited)
Net Cash flows from operating activities	**(6 449)**	**(7 069)**
Net Cash flows from (to) investing activities*	N/A	N/A
Net Cash flows from financing activities	**5 000**	**10 000**

***** *Please note that the Company's cash flow statements, which form part of the Financial Statements, are prepared under the accounting framework applicable to the Company as a Lithuanian collective investment undertaking applying the LFRS. Under this framework, the cash flow statement comprises only two sections: cash flows from operating activities and cash flows from financing activities. Accordingly, cash flows from investing activities are not presented. This approach is also consistent with the Company's asset structure, as the Company does not hold any long-term assets*.

Source: the 2025 Audited Financial Statements

Other notable events

The 2025 Audited Financial Statements had the following auditor's emphasis of matter:

"Emphasis of Matter – Non-compliance with Capital Requirements

We draw attention to Note 15 to these financial statements, which discloses non-compliance with the minimum statutory capital requirements, as the Company's equity was negative as at 31 December 2025. Pursuant to the Law on Companies of the Republic of Lithuania, shareholders' equity must be not less than 50% of the company's authorised capital. In the event of non-compliance, the shareholders are required to convene an extraordinary general meeting of shareholders in order to remedy the breach. Our opinion is not modified in respect of this matter."

The Company explains that, during 2025, it incurred losses which resulted in capital adequacy issues due to the nature of the Company's activities. The Company does not currently generate revenue while it continues to incur operating costs, including costs related to the Acquisition of the SPV Shares, as well as the design and evaluation of the Project. Its future revenue depends on the successful completion of the Merger and development of the Project. In addition, as at 31 December 2025, the

Company's liquidity position was constrained, with cash amounting to EUR 1,482 thousand against amounts payable and other current liabilities of EUR 12,961 thousand and accrued expenses and deferred income of EUR 3,872 thousand. However, these capital adequacy and liquidity issues have been addressed following the attraction and registration of new investors in the Company and the proceeds from the first part of the Issue, as a result of which the Company's equity became positive and its liquidity position improved significantly. As at 30 April 2026, the Company's equity amounted to EUR 4,801,680 and cash amounted to EUR 11,412,708, while amounts payable and other current liabilities decreased to EUR 358,111. These 30 April 2026 figures are presented on a standalone basis for the Company only and, since they pre-date completion of the Acquisition on 7 May 2026, do not reflect the SPV's assets, liabilities, financial position or results of operations. For further information on the impact of the Acquisition on the Company's financial position, please see Section 6.3 "*Significant Change in the Company's Financial Position*" of this Prospectus.

Below are the unaudited summary balance sheet of the Company as at 30 April 2026 and the unaudited summary income statement of the Company for the period ended 30 April 2026, in each case presented on a standalone basis for the Company only and, since they pre-date completion of the Acquisition on 7 May 2026, not reflecting the SPV's assets, liabilities, financial position or results of operations. The balance sheet and income statement set out in Tables 4 and 5 below have been included in this Prospectus for informational purposes. This financial information has not been audited or reviewed by an independent auditor and is not incorporated by reference into this Prospectus within the meaning of Article 19 of the Prospectus Regulation. The underlying financial statements may be made available to investors upon request submitted to the Issuer by e-mail at info@demus.lt.

Table 4: balance sheet summary of the Company as at 30 April 2026 (unaudited, on a standalone basis for the Company only, pre-Acquisition) with audited comparative information as at 31 December 2025

		2026-04-30 (unaudited)	2025-12-31 (audited)
A.	**NON-CURRENT ASSETS**		
1.	INTANGIBLE ASSETS		
2.	TANGIBLE ASSETS		
3.	FINANCIAL ASSETS		
4	OTHER LONG-TERM ASSETS		
B.	**SHORT-TERM ASSETS**	**11 912 750**	**2 686**
1.	INVENTORIES	**500 000**	**1 162**
2.	RECEIVABLES DUE WITHIN ONE YEAR	**42**	**42**
3.	SHORT-TERM INVESTMENTS		
4	CASH	**11 412 708**	**1 482**
C.	**PREPAID EXPENSES AND ACCRUED INCOME**	-	-
	TOTAL ASSETS	**11 912 750**	**2 686**
D.	**EQUITY**	**4 801 680**	**(14 147)**
1.	CAPITAL	5 011 568	10 000
2.	SHARE PREMIUM		
3.	REVALUATION RESERVE (RESULTS)		
4.	RESERVES		
5.	RETAINED EARNINGS (LOSSES)	**(209 888)**	**(24 147)**
E.	**PROVISIONS**		
F.	**PAYABLES AND OTHER LIABILITIES**	**7 111 070**	**12 961**
1.	AMOUNTS PAYABLE AND OTHER LIABILITIES AFTER ONE YEAR	**6 752 959**	-
2.	AMOUNTS PAYABLE AND OTHER LIABILITIES WITHIN ONE YEAR	**358 111**	**12 961**
G.	**ACCRUED EXPENSES AND DEFERRED INCOME**	-	**3 872**

	TOTAL EQUITY AND LIABILITIES	**11 912 750**	**2 686**

Source: the Company's balance sheet as at 30 April 2026

Table 5: income statement summary of the Company for the period ended 30 April 2026 (unaudited, on a standalone basis for the Company only, pre-Acquisition) with audited comparative information for the year ended 31 December 2025

		For the period ended 2026-04-30 (unaudited)	2025-12-31 (audited)
1.	REVENUE FROM CORE OPERATIONS		
2.	CORE OPERATING EXPENSES		
3.	GROSS PROFIT (LOSS)	**730**	**-**
4.	GENERAL AND ADMINISTRATIVE EXPENSES	**(60 383)**	**(14 132)**
5.	RESULTS FROM OTHER ACTIVITIES		
6.	INTEREST AND OTHER SIMILAR EXPENSES	**(126 088)**	**(62)**
7.	PROFIT (LOSS) BEFORE TAX	**(185 741)**	**(14 194)**
8.	CORPORATE INCOME TAX		
9.	NET PROFIT (LOSS)	**(185 741)**	**(14 194)**

Source: the Company's income statement for the period ended 30 April 2026

6.2. Auditing of historical annual financial information

The 2025 Audited Financial Statements were prepared in accordance with the LFRS and audited by the audit company UAB „ROSK Consulting", legal entity code 302692397, registered address at Laisvės ave. 10A, Vilnius, the Republic of Lithuania, company audit certificate No. 001514. The 2025 Audited Financial Statements are incorporated into this Prospectus by reference.

The auditor Lukas Andriušis (certificate No 000653) is the independent auditor of the 2025 Audited Financial Statements. The audit company issued an unmodified auditor's opinion on the 2025 Audited Financial Statements, with an emphasis of matter in respect of the Company's non-compliance with statutory capital requirements as at 31 December 2025, as disclosed and commented in Section 6.1 "*Historical Financial Information*" above.

If appointed in accordance with the Law on Legal Entities, the Company's future financial statements may be audited by UAB Forvis Mazars Lithuania Audit, legal entity code 303150218, with its registered address at Konstitucijos Ave. 18B, Vilnius, the Republic of Lithuania.

All other information concerning the Company within this Prospectus has not been subject to audit.

6.3. Significant Change in the Company's Financial Position

This Section describes the significant change in the Company's financial position which has occurred since the end of the last financial period for which audited financial statements have been published (i.e., 31 December 2025). For the avoidance of doubt, the unaudited summary financial information of the Company as at, and for the period ended, 30 April 2026 set out in Tables 4 and 5 of Section 6.1 "*Historical Financial Information*" of this Prospectus is presented on a standalone basis for the Company only and, since it pre-dates completion of the Acquisition on 7 May 2026, does not reflect the SPV's assets, liabilities, financial position or results of operations. The impact of the Acquisition on the Company's financial position is reflected in the leverage figures set out below and will be reflected in full accounting terms in the Company's unaudited semi-annual interim financial statements as at, and for the period ended, 30 June 2026, which the Company undertakes to publish on Nasdaq's website at www.nasdaqbaltic.com within 45 calendar days after the end of the reporting period in accordance with Section 10.16 (j) "*Reporting obligations*" of this Prospectus.

On 7 May 2026, the Company completed the acquisition of 100% of the shares in the SPV (UAB "BALGRA"), which is the direct owner of the Property, for the purpose of implementing the Project. The Acquisition was financed using a portion of the proceeds from the first part of the Issue in the aggregate amount of EUR 6,750,000 issued on 28 April 2026 under the exemption provided in Article 1(4)(b) of the Prospectus Regulation. The Acquisition constitutes a recent event particular to the Issuer which is material to the evaluation of the Issuer's solvency and represents a significant change in the Company's financial position since 31 December 2025.

In connection with the Acquisition, on 20 May 2026 the Issuer, acting as pledgor, and the Trustee, acting on behalf and in the interests of the Bondholders, entered into a Lithuanian law governed maximum pledge agreement (notarial register No. 1291, pledge identification code 30000163214120) creating a first-ranking pledge over the SPV Shares. The pledge over the SPV Shares constitutes the current Collateral securing the Company's obligations under the Bonds and is of a temporary nature (please see Section 10.17 "*Collateral*" of this Prospectus for further details).

The substance of the Acquisition is the indirect acquisition by the Company of the Property, which is held by the SPV and constitutes the SPV's sole material asset. As at 30 April 2026 (i.e., shortly before completion of the Acquisition on 7 May 2026), the SPV's equity was negative and amounted to EUR (628,584), as disclosed in the risk factor "*Acquisition and Merger related risks*" in Section 2.1.1 "*Financial Risks*" of this Prospectus. The Property comprises seven buildings located on the Land Plot and was valued at EUR 9,440,000 as at 26 February 2026 in the real estate valuation report prepared by UAB "Centro kubas – Nekilnojamasis turtas", dated 3 March 2026 (please see Section 10.17 "*Collateral*" of this Prospectus for further details on the Property, including its intended demolition as part of the Project). The consideration for the Acquisition was funded exclusively from the proceeds of the first part of the Issue in the aggregate amount of EUR 6,750,000 issued on 28 April 2026, and the Company did not incur any additional Financial Indebtedness in connection with the Acquisition.

The SPV is a non-operating special purpose vehicle established and used solely to hold the Land Plot lease and title to the Property forming the basis of the Project. The SPV has no employees, does not carry on any independent operating activity, generates no operating revenues and, prior to the Acquisition, had no material trading history capable of being combined with that of the Company. Following completion of the Merger expected by October 2026, the SPV will cease to exist and its assets, rights and obligations (including the Property) will pass to the Company by universal succession under Lithuanian law. Accordingly, the effect of the Acquisition on the Company's financial position is, in substance, an increase in the Company's asset base by the value of the Property (net of the SPV's other assets and liabilities as at completion of the Merger), which will be reflected on the Company's balance sheet once the Merger is completed and, on an interim basis, in the Company's unaudited semi-annual interim financial statements as at, and for the period ended, 30 June 2026.

The Company's financial position has changed materially compared to the position reflected in the 2025 Audited Financial Statements as a result of: (i) equity contributions made by the shareholders (amounting in aggregate to EUR 5,011,568 as at the date of this Prospectus, as further disclosed in Section 4.2.2 "*Financing of Activities*" and Section 7.1 "*Major Shareholders*" of this Prospectus); (ii) the issuance on 28 April 2026 of the first part of the Issue in the aggregate amount of EUR 6,750,000 under the exemption provided in Article 1(4)(b) of the Prospectus Regulation; and (iii) the Acquisition of 100% of the SPV Shares completed on 7 May 2026. As at 30 April 2026, the Company's equity had turned positive and amounted to EUR 4,801,680 (compared to negative equity of EUR 14,147 thousand as at 31 December 2025), cash amounted to EUR 11,412,708 (compared to EUR 1,482 thousand as at 31 December 2025) and amounts payable and other current liabilities decreased to EUR 358,111 (compared to EUR 12,961 thousand as at 31 December 2025). These 30 April 2026 figures are presented on a standalone basis for the Company only and do not include the SPV's assets, liabilities, financial position or results of operations, as the Acquisition was completed only on 7 May 2026 (i.e., after 30 April 2026). Accordingly, the changes shown between 31 December 2025 and 30 April 2026 reflect the equity contributions and the proceeds from the first part of the Issue described above, and not the effects of the Acquisition. The unaudited summary balance sheet and income statement of the Company as at, and for the period ended, 30 April 2026 are set out in Tables 4 and 5 of Section 6.1 "*Historical Financial Information*" of this Prospectus.

The financial effect of the Acquisition on the Company is reflected in the Company's leverage. As at 30 June 2026 (i.e., following completion of the Acquisition on 7 May 2026 and taking into account the SPV's financial position), the Company's leverage, calculated in accordance with the gross method set out in Article 7 of Commission Delegated Regulation (EU) No 231/2013, was 2.39. On a pro forma basis, taking into account the issuance of the Bonds in the aggregate principal amount of EUR 18.6 million and based on the forecasted net asset value (NAV) according to the updated business plan, the Company's projected leverage is expected to be 4.99. Further information on the calculation and interpretation of the Company's leverage is provided in footnote 2 to Section 10.16 (a) "*LTC ratio*" of this Prospectus.

It is intended that the SPV will be merged into the Company, with the Company surviving the Merger and becoming the direct owner of the Property. The completion of the Merger is expected by October 2026. Following completion of the Merger, the SPV will cease to exist and all assets, rights and obligations of the SPV will be transferred to the Company by operation of law (please see Section 4.2.1 "*History and development of Company; Principal Activities*" and Section 10.16 (g) "*Collateral*" of this Prospectus for further details on the Merger and the creation of the mortgage over the Property following its completion).

Save for the Acquisition described above, the equity contributions disclosed in Section 4.2.2 "*Financing of Activities*" of this Prospectus and the matters disclosed in Section 4.3 "*Trend Information*" of this Prospectus, there has been no significant change in the financial position of the Company which has occurred since 31 December 2025, being the end of the last financial period for which audited financial statements have been published.

7. SHAREHOLDER INFORMATION

7.1. Major Shareholders

The registered share capital of the Company, as recorded in the Register of Legal Entities, consists of 10,000 ordinary shares with a nominal value of EUR 1 each, resulting in a registered share capital of EUR 10,000. According to its Articles of Association, the Company has the right to issue additional shares up to a total authorised amount of EUR 8,000,000. In addition to the ordinary shares, the Company has issued Class A shares and Class I shares. The total paid-in capital across all share classes, as at the date of this Prospectus, amounts to EUR 5,011,568, reflecting equity contributions made by shareholders pursuant to the director's resolution on capital increase dated 23 April 2026. The shares of the Company are not admitted to trading on any regulated or alternative market.

All shares issued by the Company are dematerialized ordinary registered shares. They are recorded in the personal securities accounts of the shareholders of the Company. These accounts are managed in accordance with the procedure established by legal acts regulating the market of financial instruments.

As at the date of this Prospectus, the shareholders holding directly over 5% of all shares in the Company are the following:

Table 6: shareholders of the Company

Name of shareholder	Number of shares	Proportion (rounded)
Aleksandras Baniulis	500,000	10%
Irmantas Kubilius	500,000	10%
UAB "Palatinas"	280,278	6%

Source: the Company

Detailed information on the shareholders of the Company is publicly available from the public registers of the Republic of Lithuania.

7.2. Legal and Arbitration Proceedings

The Company is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months which may have or have had in the recent past significant effects on the Company's financial position or profitability.

7.3. Internal Conflicts of Interests

The Management Company is also a minor shareholder of the Issuer, holding 10,000 shares, representing 0,20% of the Issuer's share capital. This may give rise to potential conflicts of interest, including the possibility that, in certain circumstances, the Management Company could prioritise its own interests as a shareholder over the interests of the Issuer.

However, the Management Company's strategic objective is the successful performance of the Company and, therefore, the interests of the Company and the Management Company are generally aligned, making conflicts of interest unlikely to arise in practice. In addition, as the Management Company is a licensed entity supervised by the Bank of Lithuania, it maintains and applies conflicts of interest policies and procedures to identify, monitor and manage potential conflicts, and to ensure transparency in investment decisions and investment supervision.

7.4. Material Contracts

The Company has not entered into other than contracts entered into in the ordinary course of business, contracts for development of the Project, as reflected below, and/or contracts entered for the purposes of the Offering and admission to trading on the First North as indicated in this Prospectus, which could result in the Company being under an obligation or an entitlement that is material to the Company's ability to meet its obligations to the Bondholders in respect of the Bonds being issued.

Material Project related agreements

For the successful development and sale of the Project, the following agreements have been concluded and are under ongoing performance. Information about these agreements is presented in the table below.

Table 7: material contracts

Contracting Parties	Scope	Term	Signing date
UAB ,,Citus Construction"	*Construction Management Contract*	Until the 1 stage construction completion (2027 Q4)	2026-05-29
UAB ,,Citus"	*Marketing Services Contract*	Until 2027 Q3	2026-05-29
UAB ,,Citus"	*Sales Services Contract*	Until the end of 1 stage sales (2027 Q3)	2026-05-29
UAB ,,Citus"	*Investment and Analysis Services Contract*	Until the end of 1 stage 2027 Q3	2026-05-29

Source: the Company

Related Party transactions

As at the date of this Prospectus, the Company has no financing transactions with Related Parties. However, if, during the development and construction phase of the Project, the Company borrows from its shareholders or other Related Parties, any such loans will be fully subordinated to the Bonds, in accordance with the covenant set out in Section 10.16 (f) "*Subordination*" of this Prospectus. Accordingly, the Company will not be permitted to make any payments to such Related Parties until all amounts due and payable to the Bondholders have been paid in full.

Please note that material Project related agreements disclosed in this Section 7.4 "*Material Contracts*" are executed with the Related Parties on an arm's length basis and, in the Company's assessment, do not give rise to any conflicts of interest.

8. DOCUMENTS AVAILABLE

This Prospectus is available in an electronic format on the website of the Company (www.demus.lt/fondai/demus-development-vii).

This Prospectus (or the documents incorporated herein by reference as disclosed in Schedule 1 "*Information incorporated by Reference*") also the relevant Final Terms attached with the summary of the relevant Tranche can be obtained free of charge in electronic format by any investor upon requesting the Company by e-mail info@demus.lt or the Trustee by e-mail emisijos@audifina.lt.

In addition to the information incorporated herein by reference, as disclosed in Schedule 1 "*Information Incorporated by Reference"*, the following information, together with any subsequent versions or documents amending, supplementing, updating, restating or replacing any of the documents listed below after the date of this Prospectus, is not incorporated by reference and may be obtained free of charge upon request from the Company by e-mail at info@demus.lt or from the Trustee by e-mail at emisijos@audifina.lt:

- the Articles of Association;
- the real estate valuation report prepared by UAB "Centro kubas – Nekilnojamasis turtas", dated 3 March 2026.

Moreover, please note that all information presented on the Company's website which has not been incorporated by reference into this Prospectus under Schedule 1 "*Information incorporated by Reference*" does not form part of this Prospectus.

9. REASONS FOR THE OFFER, USE OF PROCEEDS AND EXPENSES

The proceeds of the Offering under this Prospectus will be applied towards: (i) the construction and fit-out of the Project developed by the Issuer at Panerių st. 49, Vilnius, the Republic of Lithuania (and for covering the financing costs related to this Project) and any other Project related costs if needed; and (ii) supporting the Issuer's working capital, including the servicing of interest (coupon) payments on the Bonds. For further details regarding the financing of the Company's activities and the Project's cost structure, please refer to Sections 4.2.2 "*Financing of Activities*" and 4.2.5.5 "*The Project Schedule and Cost*" of this Prospectus.

Provided that all the Bonds subject to the Offering under this Prospectus are subscribed for and issued by the Company, the expected amount of gross proceeds, calculated on the basis of the Nominal Value of the Bonds, would be up to EUR 11,850,000, less the amounts of costs and expenses incurred in connection with the Offering, as prescribed below.

The Company will bear approximately up to EUR 370,000 of fees and expenses in connection with the Offering of the Bonds under this Prospectus (including the maximum amount of any discretionary commission, admission to trading on the First North related costs, legal costs, etc.). These costs will be covered from the proceeds of the Offering and/or from prepayments received in respect of the Project related sales.

10. TERMS AND CONDITIONS OF THE BONDS

The following is the text of the terms and conditions of the Bonds which, as completed by the relevant Final Terms and subject to Section 11 "Details of the Offering", will constitute terms and conditions of each Bond issued under this Prospectus. Subject to this, to the extent permitted by applicable laws, the Final Terms in respect of any Tranche of Bonds may supplement, amend, or replace any information in these Terms and Condition

10.1. Type, Class, ISIN of the Bonds and Credit Ratings

(a) The Bonds are secured fixed-term, fixed-rate, dematerialised, book-entry debt securities denominated in EUR. The Nominal Value of each Bond is EUR 1,000, as may be reduced pursuant to Section 10.9 (b) "*Early optional redemption of Bonds by the Issuer*" below. The Bonds constitute secured, unsubordinated, direct and unconditional obligations of the Issuer and shall at all times rank pari passu among themselves.

(b) The Bonds will be issued in Tranches under the same ISIN code. The Bonds of each Tranche will be subject to identical terms and conditions, except that the Final Terms of different Tranches may establish different Issue Dates, Issue Prices and Yields.

(c) The ISIN code of the Bonds is LT0000137523.

(d) No credit ratings have been assigned to the Bonds at the request of, or with the cooperation of, the Issuer in the rating process.

10.2. Governing Law and Dispute Resolution

(a) Governing law: The Bonds, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of the Republic of Lithuania.

(b) Dispute Resolution: Any disputes related to the Bonds shall be resolved through negotiations. If the parties fail to reach an agreement, any dispute, controversy or claim, including any non-contractual dispute, controversy or claim, arising out of or in connection with the Bonds shall be finally settled by the Vilnius Court of Commercial Arbitration in accordance with its Rules of Arbitration. The Vilnius Court of Commercial Arbitration shall have exclusive jurisdiction to hear, settle and/or determine such disputes. All procedural documents shall be served via the parties' e-mails indicated in this Prospectus or the Subscription Order. The number of arbitrators shall be three. The place of arbitration shall be Vilnius. The language of arbitration shall be English.

10.3. Bonds in Book-Entry Form

(a) The Bonds shall be issued in dematerialized form and book-entered with Nasdaq CSD. According to the Law on Markets in Financial Instruments of the Republic of Lithuania the book-entry and accounting of the dematerialized securities in the Republic of Lithuania, which will be listed and admitted to trading on the First North, shall be made by Nasdaq CSD.

(b) The Bonds shall be valid from the date of their registration until the date of their redemption. No physical certificates will be issued to the Bondholders. Principal and interest accrued will be transferred to the Bondholders through Nasdaq CSD.

10.4. Currency

The Bonds are denominated in euros (EUR). All payments of principal, interest and any other amounts payable in respect of the Bonds shall be made in euros.

10.5. Seniority of the Bonds

The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer which will at all times rank *pari passu* among themselves and the payment obligations of the Issuer under the Bonds together with interest thereon, in as much as such payment obligations have not been settled in due time and from the value of the established Collateral shall rank at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

10.6. Rights attached to the Bonds

Bondholders shall have the rights provided in the Law on Protection of Interests of Bondholders, the Civil Code, the Law on Companies and other laws regulating the rights of Bondholders and the Trustee Agreement.

The Bondholders shall have the following main rights:

(i) to receive the interest accrued;

(ii) to receive the Nominal Value and the interest accrued on the Final Maturity Date, or if applicable, on the Early Redemption Date, the Early Maturity Date or De-listing Event Put Date, and a premium, if appliable under this Prospectus;

(iii) to sell or transfer otherwise all or part of the Bonds only strictly following this Prospectus and applicable laws;

(iv) to bequeath all or part of owned Bonds to the ownership of other persons (applicable only towards natural persons);

(v) to pledge all or part of the Bonds owned;

(vi) to participate in the Bondholders' Meetings;

(vii) to vote in the Bondholders' Meetings;

(viii) to initiate the convocation of the Bondholders' Meetings following the procedure and in cases provided for in the Law on Protection of Interests of Bondholders;

(ix) to adopt a decision to convene the Bondholders' Meeting following the procedure and in cases provided for in the Law on Protection of Interests of Bondholders;

(x) to obtain (request) the information about the Issuer, the Issue of Bonds or other information related to the protection of his/her/its interests from the Trustee;

(xi) to receive a copy of the Trustee Agreement and each Collateral Agreement (once concluded);

(xii) other rights, established in the applicable laws, the Trustee Agreement or in the constitutional documents of the Issuer.

No Bondholder shall be entitled to exercise any right of set-off against moneys owed by the Issuer in respect of the Bonds. The rights of Bondholders shall be executed during the term of validity of Bonds as indicated in this Prospectus and applicable Lithuanian laws.

More detailed rights of the Bondholders, rights and obligations of the Trustee being a representative of Bondholders is provided in the Trustee's Agreement.

10.7. Interest

(a) **<u>Interest rate:</u>** the Issuer shall pay annual fixed interest of 8% on the Nominal Value of a Bond. Coupon of the Bonds will be paid in 4 equal quarterly instalments on the Interest Payment Dates and will be calculated on the aggregate outstanding Nominal Value of each Bond, as may be reduced pursuant to Section 10.9 (b) "*Early optional redemption of Bonds by the Issuer*" below. Please note that if the Collateral Agreement creating a first-ranking mortgage over the Property is not entered into and the mortgage is not registered with the Register of Contracts and Liens by 29 October 2026 (inclusive), whether due to a delay in the completion of the Merger, the absence of any newly constructed Property registered with the Real Estate Register as a result of the minimum level of completion required for such registration not having been reached, or otherwise, the annual interest rate payable on the Bonds shall be automatically increased by 1 percentage point, i.e. from 8% to 9% per annum, with effect from the day immediately following 29 October 2026. The increased interest rate shall continue to apply until the date on which the first-ranking mortgage over the Property is duly created and registered with the Register of Contracts and Liens, whereupon the interest rate shall revert to 8% per annum.

(b) **Interest periods:** interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period. The interest period begins on the previous Interest Payment Date (inclusive) and ends on the following Interest Payment Date (excluding), or, if applicable, or if applicable, on the Early Redemption Date (excluding), Early Maturity Date (excluding) or De-listing Event Put Date (excluding). For avoidance of doubts, the Bondholders are entitled to interest accrued during the whole interest period, irrespectively of when the Bonds were acquired by the Bondholder (on the day of start of the interest period or after).

(c) **Interest calculation formula:** accrued interest in respect of the Bonds will be calculated using ACT/365 day count convention, calculated according to the formula below:

CPN = F × C × (n/365), where:
CPN – value of interest in EUR;
F – outstanding Nominal Value of one Bond on the relevant Interest Payment Date;
C – annual interest rate (%) payable on the Bonds under this Prospectus and the respective Final Terms;
n – the number of days elapsed from the previous Interest Payment Date or Issue Date, calculated using the ACT/365 day-count convention.

Accrued interest between the Interest Payment Dates is calculated as follows:

AI = F x C x (n / 365):
AI – accrued interest;
F – Nominal Value of the Bonds;
C – annual interest rate (%) payable on the Bonds under this Prospectus;
n – the number of days from the previous Interest Payment Date or Issue Date, if the first interest payment has not yet been made, calculated using the ACT/365 day calculation method.

The amount of interest to be received by a Bondholder for one Bond shall be multiplied by the number of Bonds held by the respective Bondholder and rounded to two decimal places.

(d) **Calculation agent:** the Issuer shall calculate the interest payments and any other payable amounts to the Bondholders under this Prospectus. After consultation with the Lead Manager, the Issuer is responsible for transferring all amounts payable to the Bondholders under this Prospectus to Nasdaq CSD, which will then distribute the payments to the Bondholders.

10.8. Final Maturity Date

The Final Maturity Date of the Bonds is 29 April 2028, unless redeemed earlier as provided for in Section 10.9 "*Redemption Price, Early Redemption and Payments to the Bondholders*" below.

10.9. Redemption Price, Redemption and Payments to the Bondholders

Bonds shall be redeemed, i.e. the Redemption Price shall be paid to the investors on the Final Maturity Date or, if applicable, on the Early Redemption Date, Early Maturity Date or De-listing Event Put Date.

(a) **Redemption Price:** The Redemption Price paid to the investor on the Final Maturity Date or, if applicable, on the Early Redemption Date, Early Maturity Date or De-listing Event Put Date, equals the full outstanding principal (i.e. Nominal Value) together with the unpaid interest accrued up to the Final Maturity Date (excluding) or the Early Maturity Date (excluding), Early Redemption Date (excluding) or De-listing Event Put Date (excluding), and an early redemption premium, if applicable pursuant to this Prospectus.

(b) **Early optional redemption of Bonds by the Issuer:** The Bonds shall be redeemable wholly or partially at the option of the Issuer prior to their maturity on the following conditions:

(i) early redemption may occur at the sole discretion of the Issuer on the Early Redemption Date, which will be designated in a written notice sent to the Bondholders and the Trustee at least 14 calendar days in advance.

(ii) the Issuer's written notice on early redemption (i) on the Issuer's website at www.demus.lt/fondai/demus-development-vii (and after the Bonds' admission to trading on the First North, on Nasdaq's website at www.nasdaqbaltic.com) and (ii) may be sent to investors via email, but only to those Bondholders whose email addresses are known to the Issuer and/or Lead Manager or Manager (if applicable according to their internal procedures);

(iii) the Issuer reserves the right to cancel the early redemption of the Bonds or increase (decrease) the redeemable amount at any time prior to the anticipated Early Redemption Date (including) by notifying the Trustee and Bondholders until the Early Redemption Date (including) in a manner prescribed in point above;

(iv) in the case of a partial redemption, the redeemed portion of the Nominal Value shall be allocated among all Investors pro rata to their holdings. If necessary, rounding may be applied to the nearest whole Bond in order to ensure practical settlement. Additionally, where the Bonds are subject to early redemption pursuant to Section 10.16 (h) "*Disposal of Property*" below, the minimum nominal amount for such early redemption shall not be less than EUR 1,000,000;

(v) on the Early Redemption Date the Issuer shall pay to the Investors (1) the redeemed portion of the Nominal Value of each Bond, (2) the unpaid interest accrued on such redeemed portion up to (but excluding) the Early Redemption Date; and (3) a premium, if applicable, in the following amounts:

(a) 1% (to be calculated from the relevant Issue Price of the redeemed portion) if Early Redemption Date occurs between 29 April 2026 and 28 February 2027 (inclusive);

(b) 0,5% (to be calculated from the relevant Issue Price of the redeemed portion) if Early Redemption Date occurs after 1 March 2027 but on or before 29 July 2027 (inclusive);

(c) no premium shall be paid if the Early Redemption Date is after 30 July 2027;

(vi) following a partial redemption of the Bonds, the Nominal Value of each Bond shall be reduced by the redeemed portion, and the reduced Nominal Value shall be recorded in the Register. Such reduced Nominal Value shall be used for the purposes of all subsequent calculations of interest and any future early redemptions on the relevant Early Redemption Date/redemption at the Final Maturity Date, Early Maturity Date or De-listing Event Put Date. No consent of the Trustee or the Bondholders shall be required for the reduction of the Nominal Value resulting from a partial redemption carried out in accordance with this point (b);

(vii) following any partial redemption carried out pursuant to this Prospectus, interest shall accrue only on the outstanding (i.e., reduced) Nominal Value of each Bond as recorded in the Register after such partial redemption. No interest shall accrue on the redeemed portion for any period following the Early Redemption Date;

(viii) notwithstanding the pro rata principles above, the Issuer shall have the right to redeem the Bonds in whole or, if necessary to apply selective (targeted) redemption of Bonds held by a specific Bondholder, before the Final Maturity Date, in case the Bondholder breaches or there is a reasonable concern that the Bondholder might breach AML/CTF or sanction regulations and continuing the relationship with any Bondholder would, in the Issuer's, Lead Manager's or Manager's reasonable opinion, violate applicable laws or expose the Issuer or any relevant party to regulatory or sanctions risk. The Issuer or the Lead Manager, Manager at any time is entitled to request any of the Bondholders directly or through the Trustee to provide necessary documents to perform sanction screening or other verification checks so as to implement sanctions and/or AML/CTF requirements. The Bondholders undertake to submit the requested documents or information within the time period set by the requesting party. Any redemption carried out under this paragraph shall constitute an early redemption for the purposes of this Prospectus. The Redemption Price (including any applicable accrued interest but excluding any premium under point (b)(v) above) shall be determined in accordance with this Prospectus. The Redemption Price shall be paid to the relevant Bondholder only to the extent that such payment is permitted under applicable sanctions and/or AML/CTF legislation.

(c) **No early redemption of Bonds under the request of the Bondholders:** Except for cases specified in points (d) "*De-listing Event (put option)*" and (e) "*Extraordinary Early Redemption"* below, there are no other cases where the Bondholders have a right to demand redemption of the Bonds prior the Final Maturity Date.

(d) **De-listing Event (put option)**: If at any time while any Bond remains outstanding, there occurs a De-listing Event, each Bondholder will have the option (unless, prior to the giving of the De-listing Event notice, the Issuer makes use of its right to optional early redemption of the Bonds under point (b) "*Early optional redemption of Bonds by the Issuer*" above) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Bonds, on the De-listing Event Put Date paying to the Bondholder full Nominal Value of the redeemable Bonds together with the unpaid interest accrued up to the relevant De-listing Event Put Date (exclusive).

Promptly upon the Issuer becoming aware that a De-listing Event has occurred, the Issuer shall give notice to the Bondholders specifying the nature of the De-listing Event and the circumstances giving rise to it and the procedure for exercising the De-listing Event put option, indicating as well the De-listing Event Put Date, which cannot occur earlier than 30 calendar days starting from the date of the Issuer's notice and no later than the 5th Business Day following the expiration of 30 calendar days after the De-listing Event notice is given. The Issuer's notice on the De-listing Event (i) if possible, will be announced on Nasdaq's website at www.nasdaqbaltic.com or if not possible, on the Issuer's website at www.demus.lt/fondai/demus-development-vii and (ii) may be sent to Bondholders via email, but only to those Bondholders whose email addresses are known to the Issuer and/or Lead Manager or Manager (if applicable according to their internal procedures).

To exercise the De-listing Event put option, the Bondholder must notify the Issuer by e-mail info@demus.lt not later than 3 Business Days (i.e., Record Date) before the De-listing Event Put Date. Payment in respect of any Bonds subject to the put option shall be carried out on the designated De-listing Event Put Date through the Register by Nasdaq CSD. The notice by a Bondholder to exercise the put option, once given, shall be irrevocable.

(e) **Extraordinary Early Redemption:** The Bondholders' Meeting shall have the right but not the obligation to demand immediate redemption of the Bonds held by the investors upon occurrence of any of the following events (the **Extraordinary Early Redemption Event**):

(i) **Non-Payment**. The Issuer fails to make any payments under this Prospectus and the Issue within 20 Business Days from the relevant due payment date, except for cases when the failure to pay is caused by a reason of *Force Majeure*.

(ii) **Breach of covenants**. The Issuer breaches any of the covenants set forth in Section 10.16 "*Covenants of the Issuer*" below and the Issuer has not remedied the breach in 20 Business Days as of receipt of the breach notice or has not remedied the breach within other term approved by a decision of the Bondholders' Meeting adopted by majority of Bondholders participating in the Bondholders' Meeting and having voting rights (other than the Related Parties).

(iii) **Invalidity of the Collateral Agreement or Guarantee**. Any Collateral Agreement is terminated, becomes unenforceable, or is declared invalid by a final decision of the Vilnius Court of Commercial Arbitration.

(iv) **Liquidation**. An effective resolution is passed for the liquidation of the Issuer.

(v) **Insolvency**. An effective resolution is passed for the initiation of bankruptcy or restructuring proceedings in respect of the Issuer.

(vi) **Cessation of Business**. The Issuer ceases to carry on its business or a substantial part thereof; provided that a cessation shall not constitute an Extraordinary Early Redemption Event if it occurs (i) exclusively as a result of any sale, disposal, demerger, amalgamation, reorganization or restructuring carried out on a solvent basis and in accordance with this Prospectus (including Section 10.16 (h) "*Disposal of Property*"), or (ii) for the purposes of, or pursuant to, terms approved by the Bondholders' Meeting.

In case of the Issuer's liquidation or insolvency, the Investors shall have a right to receive payment of the outstanding principal amount of the Bonds and the interest accrued on the Bonds according to the relevant Lithuanian laws governing liquidation or insolvency of the Issuer, taking into account the rights of the Bondholders arising from the Collateral.

The Issuer shall immediately but not later than within 3 Business Days notify the Trustee of the occurrence of an Extraordinary Early Redemption Event. In the absence of such notice, the Trustee shall be entitled to proceed on the basis that no such Extraordinary Early Redemption Event has occurred or is expected to occur.

If the Trustee receives information about occurrence of a possible Extraordinary Early Redemption Event from other sources than the Issuer, then the Trustee is entitled to ask the Issuer by submitting a letter to the Issuer to confirm or reject this information. The Issuer shall reply to the Trustee in writing (i.e. Rejection). If the Issuer does not send the Rejection to the Trustee within 5 Business Days from the receipt of the Trustee's inquiry, then the Extraordinary Early Redemption Event based on the Trustee's inquiry is deemed to have occurred on the day the period of 5 Business Days referred above expires.

In case the Issuer in a reasoned manner (i.e. providing for the reasons why the Extraordinary Early Redemption Event has not occurred are supported with documentary evidence) and acting in good faith within 5 Business Days from the date of the inquiry sent by the Trustee to the Issuer submits a Rejection to the Trustee, the Extraordinary Early Redemption Event is considered not to have occurred until relevant decision of the Bondholders' Meeting stating otherwise is adopted as specified below.

Upon the occurrence of any of the circumstances specified above and if the Issuer has not sent the Rejection to the Trustee or the Bondholders' Meeting does not approve the Rejection and due to this the Bondholders' Meeting, in accordance with the procedure established by the law, adopts a decision (which shall be adopted by a qualified majority of no less than ¾ of Bondholders, participating in the Bondholders' Meeting and having a voting right, excluding any Related Parties) to demand extraordinary early redemption of all outstanding Bonds, the Issuer within 30 Business

Days upon receiving the respective Bondholders' Meeting decision from the Trustee shall redeem all outstanding Bonds from all Bondholders holding Bonds on the Record Date by paying the Redemption Price. The Redemption Price payable to the Bondholders on the relevant Early Maturity Date shall be determined by the Issuer following the rules set forth in point (a) "*Redemption Price*" above. The 30th Business Day calculated from the day following the day of submission of the Trustee's inquiry to the Issuer or the day the Issuer received the abovementioned Bondholders' Meeting decision to demand extraordinary early redemption of the Bonds from the Trustee, whichever is relevant, shall be the Early Maturity Date.

If the Bondholders' Meeting has not passed a decision as prescribed above within 3 months after the occurrence of any of the Extraordinary Early Redemption Event, the Bondholders shall lose the right to demand early redemption of the Bonds under this Section.

(f) **<u>Payment to the Bondholders:</u>**

(i) **Payments:** payments of amounts (whether principal, interest or otherwise, including on the final redemption) due on the Bonds will be made to the Bondholders thereof, as appearing in Nasdaq CSD on the relevant Record Date. For payments of interest, the Record Date shall be the 3rd Business Day preceding the relevant Interest Payment Date. For payments of principal or other amounts due upon final or early redemption of the Bonds, including where the Bonds are redeemed due to a De-listing Event, the Record Date shall be 1 Business Day preceding the Final Maturity Date, Early Redemption Date, Early Maturity Date or De-listing Event Put Date, as applicable. Payment of amounts due on the final or early redemption of the Bonds, including cases when the Bonds are redeemed in full due to a De-listing Event, will be made simultaneously with deletion (i.e., deregistration and cancellation) of the Bonds from the Register. The Bondholders shall not be required to provide any requests to redeem the Bonds, as upon the Final Maturity Date, Early Redemption Date, Early Maturity Date or the De-listing Event Put Date, payable amounts to the Bondholders shall be transferred to the Bondholders through Nasdaq CSD. All payments shall be made in euros in accordance with Section 10.4 "*Currency*" of this Prospectus.

(ii) **Payments on Business Days**: if the due date for any payment in relation to the Bonds is not a Business Day, the Bondholder thereof will not be entitled to payment thereof until the next following Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with this Prospectus.

10.10. Yield

(a) The Yield of each Tranche may vary from Tranche to Tranche and will be indicated in the relevant Final Terms. The Yield will be calculated as of the relevant Issue Date on an annual basis using the relevant Issue Price and taking into account the credit risk of the Issuer, the interest payment and redemption structure of the Bonds and current yields of alternative debt instruments present in the Lithuanian capital market.

(b) For the purposes of such calculation, the interest, the scheduled Interest Payment Dates and the Redemption Price payable on the Final Maturity Date will be taken into account, assuming that the Bonds are held until the Final Maturity Date and are not redeemed prior to the Final Maturity Date.

(c) The Yield of the relevant Tranche is not an indication of future Yield.

10.11. Representation of Bondholders and Bondholders' Meetings

(a) **<u>Trustee Agreement</u>.** On 2 April 2026 the Issuer has concluded the Trustee Agreement with UAB "Audifina", a private limited liability company established and existing under the laws of the

Republic of Lithuania, legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, Vilnius, the Republic of Lithuania.

Under the Trustee Agreement the Trustee has undertaken to safeguard the interests of all Bondholders under the Issue and the Issuer has undertaken to pay renumeration to the Trustee indicated therein and the fee shall be paid until full execution of the obligations, indicated in the respective decision to issue the Bonds, except for the cases when the Trustee Agreement ceases earlier.

The Trustee, acting on behalf of and for the benefit of the Bondholders shall also act as Collateral agent (pledgee/mortgagee) under each concluded Collateral Agreement.

The CEO of the Issuer has the right to terminate the Trustee Agreement pursuant to its provisions.

(b) **Contact data of the Trustee.**

E-mail: emisijos@audifina.lt

Website: www.audifina.lt/en/

Each Bondholder is entitled to receive a copy of the Trustee Agreement concluded between the Issuer and the Trustee, applying via an e-mail of the Trustee indicated above.

(c) **Trustee Agreement expires:**

(i) once the Issuer fulfils all its obligations to the Bondholders;

(ii) upon redemption of the Bonds by the Issuer on the Final Maturity Date or earlier, as provided and to the extent permitted by this Prospectus;

(iii) if the Trustee ceases to meet the requirements established for a Trustee in the Law on Protection of Interests of Bondholders, including but not limited to when the Trustee acquires a status of "bankrupt" or "in liquidation";

(iv) if other conditions established in the Law on Protection of Interests of Bondholders, the Civil Code, the Law on Insolvency of Legal Entities of the Republic of Lithuania and the Trustee Agreement exist.

(d) **Main rights of the Trustee:**

(i) to receive a list of Bondholders from the Issuer;

(ii) to receive a copy of the Decision on approval of Issue;

(iii) to get acquainted with the documents and information which are necessary to fulfil its functions and to receive the copies of such documents;

(iv) after having obtained the consent of the Bondholders' Meeting, to conclude contracts with third parties when it is necessary to ensure the protection of the interests of the Bondholders;

(v) to bring an action to the Vilnius Court of Arbitration for the purpose of safeguarding the rights of the Bondholders.

(e) **Main obligations of the Trustee:**

(i) to take actions in order that the Issuer fulfilled its obligations towards the Bondholders;

(ii) to convene the Bondholders' Meetings;

(iii) to publish information regarding the Bondholders' Meetings being convened under procedure of the Law on Protection of Interests of Bondholders;

(iv) to provide the Bondholders' Meetings with all relevant documents and information;

(v) to provide the Bondholders' Meeting, in which the question is being addressed regarding approval of the enforcement measures in respect of Issuer's outstanding commitments to Bondholders, the recommendatory opinion, whereby the reasoned opinion to approve or reject the enforcement measures suggested by the Issuer is provided;

(vi) to execute the decisions of the Bondholders' Meetings;

(vii) no later than within 5 Business Days as from the day of receipt of a request of the Bondholder to provide information, to gratuitously present all the information about the Issuer, the Issue or other information related to the protection of his/her/its/their interests;

(viii) no later than within 3 Business Days from the receipt date of the Bondholder's request to provide a copy of the Trustee Agreement and each concluded Collateral Agreement free of charge;

(ix) to provide the Bondholders with all other information related to the protection of their interests;

(x) no later than on the next Business Day to inform the Issuer that the Trustee has lost the right to provide audit services (in this particular case) or acquired legal status "in bankruptcy" or "in liquidation".

(f) **Bondholders' Meeting**. The right to convene the Bondholders' Meeting shall be vested in the Trustee, the Bondholders who hold no less than one-tenth of the Bonds of the Issue, providing voting right in the Bondholders' Meeting and the Issuer. As a general rule, the Bondholders' Meetings are convened by a decision of the Trustee. The Bondholders and Trustee shall have the right to attend the Bondholders' Meetings. The Trustee must attend the Bondholders' Meeting in cases when the Bondholders who hold no less than one-tenth of the Bonds of the Issue providing voting right in the Bondholders' Meeting approve such a need. The CEO of the Management Company as legal representative of the Issuer or other authorised person may also attend the Bondholders' Meeting, unless the Bondholders who hold no less than one-tenth of the Bonds of the Issue providing voting right in the Bondholders' Meeting contradict thereto.

All expenses in relation to the convening and holding the Bondholders' Meeting shall be covered by the Issuer.

A notice of convocation of the Bondholders' Meeting no later than 15 Business Days before the date of the Bondholders' Meeting shall be sent to each Bondholder via e-mails, if requested by the Bondholders and indicated in the Subscription Order, and shall be published on the website of the Trustee, and if specifically required by the Trustee – on the website of the Issuer. The notice of convocation of the Bondholders' Meeting shall specify the details of the Issuer, the ISIN of the Bonds, time, place and agenda of the meeting.

The Trustee is obliged to ensure proper announcement on the convocation of the Bondholders' Meetings.

The Bondholders' Meeting may be convened without observing the above terms, if all the Bondholders of the Issue, the Bonds held by which carry voting right in the Bondholders' Meeting, consent thereto in writing.

A Bondholders' Meeting may take decisions and shall be held valid if attended by the Bondholders who hold more than ½ of Bonds of the Issue (excluding the Bonds held by or for the account of the Related Parties), providing voting right in the Bondholders' Meeting. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the

Bondholders’ Meeting. If the quorum is not present, the Bondholders’ Meeting shall be considered invalid and a repeated Bondholders’ Meeting shall be convened.

A repeated Bondholders’ Meeting shall be convened after the lapse of at least 5 Business Days and not later than after the lapse of 10 Business Days following the day of the Bondholders’ Meeting which was not held. The Bondholders must be notified of the repeated Bondholders’ Meeting not later than 5 Business Days before the repeated Bondholders’ Meeting following the order, indicated above. A repeated Bondholders' Meeting shall be valid regardless of the number of Bondholders attending and the aggregate Nominal Value of the Bonds represented thereat, and no quorum requirement shall apply. Voting ballots submitted by Bondholders in connection with the Bondholders' Meeting which was not held shall remain valid and may be taken into account at the repeated Bondholders' Meeting, unless a Bondholder has withdrawn or amended its ballot prior to the repeated Bondholders' Meeting.

One Bond carries one vote. A decision of the Bondholders’ Meeting shall be considered taken if more votes of the Bondholders, participating in the Bondholders’ Meeting and having a voting right have been cast for it than against it, unless the Law on Protection of Interests of Bondholders requires a larger majority.

The Trustee shall chair the Bondholders’ Meetings, unless that meeting decides otherwise. The meeting must also elect the secretary thereof. Minutes of the Bondholders’ Meeting shall be taken. The minutes shall be signed in 2 copies (to the Issuer and to the Trustee) by the chairman and the secretary of the Bondholders’ Meeting, unless signed digitally.

The decisions of the Bondholders’ Meeting shall be published on the website of the Trustee after the Bondholders’ Meeting as soon as possible and without any delay, except parts of the decisions, which include confidential information.

The Bondholders’ Meeting shall take the following decisions, which bind all the Bondholders:

- to remove the Trustee from its position and appoint a new trustee, which meets the requirements of the applicable laws and to also oblige the Issuer to terminate the contract with the existing Trustee and to conclude the contract with the new appointed trustee;
- to indicate to the Trustee that the violation committed by the Issuer is minor, thus, there is no necessity to take action regarding protection of rights of Bondholders;
- to approve the enforcement measures in respect of the Issuer’s failed commitments to Bondholders, suggested by the Issuer. This decision shall be adopted by a qualified majority of no less than ¾ of Bondholders, participating in the Bondholders’ Meeting and having a voting right;
- to determine, which information the Trustee will have to provide to the Bondholders’ Meetings periodically or at the request of the Bondholders and to establish the procedure of provision such information;
- to adopt other decisions which according to the provisions of Law on Protection of Interests of Bondholders are assigned to the competence of the Bondholders’ Meeting.

Resolutions passed at the Bondholders’ Meeting shall be binding on all Bondholders of the Issue, except for the cases, when in the decision of the Bondholders‘ Meeting the instructions to the Trustee are provided to execute certain actions.

Disputes regarding the decisions, adopted in the Bondholders‘ Meetings shall be settled in the Vilnius Court of Commercial Arbitration in accordance with its Rules of Arbitration. The number of arbitrators shall be three. The place of arbitration shall be Vilnius. The language of arbitration shall be English. The claim may be brought to the Vilnius Court of Commercial Arbitration by the Trustee, the Issuer or any Bondholder, if there are suspicions, that the content of the decision and/or its form, and/or its adoption procedure contradict to the laws regulating these issues or infringes the legitimate interests of the Bondholders. The term of 20 Business Days is established for provision of such claims as from the date on which the claimant found out or had to find out the respective decision.

10.12. Approval of the Issue

The main terms of the Issue has been approved by the Decision of the Sole Shareholder dated 26 March 2026. Such approval covers the Issue as a whole, including the issuance of the Bonds in Tranches under this Prospectus and the applicable Final Terms. Accordingly, no separate corporate resolutions of the Issuer will be adopted in respect of each individual Tranche or the relevant Final Terms.

10.13. The Issue Date

The Bonds will be issued in Tranches. The Issue Date of each respective Tranche shall be determined by the Issuer and specified in the applicable Final Terms.

10.14. Transfer of the Bonds

The Bonds are freely transferrable. The Bonds subscribed and paid for shall be entered to the respective book-entry Securities Accounts of the investors on a date set out in the Final Terms in accordance with the Lithuanian legislation governing the book-entry system and book-entry accounts as well as the Nasdaq CSD rules.

10.15. Taxation

Prospective investors should be aware that the tax legislation of the investor's Member State and of the Republic of Lithuania, being the country of incorporation of the Issuer, may have an impact on the income received from the Bonds.

All payments to be made in connection with the Bonds shall be calculated and paid taking into account any taxes and other deductions mandatory under applicable laws respectively in the Republic of Lithuania, Latvia and Estonia.

In general, Lithuanian resident Bondholders will pay the taxes from the amounts received in connection with the Bonds themselves. For all individual Bondholders who are not Lithuanian residents, the Issuer shall make payments after the withholding or deduction has been made and shall account to the relevant authorities in accordance with the applicable laws for the amounts so required to be withheld or deducted. The Issuer will not be obliged to make any additional compensation to the Bondholders in respect of such withholding or deduction.

Please see Schedule 2 "*Taxation*" of this Prospectus for more information about the applicable taxes and other mandatory deductions in each the Republic of Lithuania, Latvia and Estonia.

10.16. Covenants of the Issuer

The Issuer shall be obliged to comply with the following covenants until the Bonds are fully redeemed:

(a) **LTC ratio.** The Issuer undertakes to ensure that until full redemption of the Bonds the Issuer's LTC ratio does not exceed 75 %. The LTC shall be calculated based on the following formula:

$$\mathrm{LTC} = \frac{Net\ Issue\ Size}{Costs\ of\ the\ Project} \times 100\%$$

LTC shall mean loan (debt) to cost ratio. A lower LTC ratio indicates less risk for the Bondholders, as the Issuer has a larger equity stake in the Project. The higher LTC ratio implies a greater Issuer's reliance on borrowed funds[2].

Net Issue Size shall mean the aggregate outstanding principal amount of the Bonds and any Financial Indebtedness incurred for the development of the Project on the day when the LTC ratio is being calculated, less the amounts in the bank accounts of the Issuer (if any) and excluding all Related Parties' loans and any other subordinated debt instruments permitted under this Prospectus. For the avoidance of doubt, trade payables (including amounts under unpaid construction invoices), customer advances and any other non-financing operational liabilities shall not constitute Financial Indebtedness for LTC purposes.

Costs of the Project shall mean (without double-counting) all costs and expenses incurred by the Issuer that are directly related to the design, construction, development, financing, marketing, management and delivery of the Project, including (for illustration only and not by limitation) construction costs, design and engineering costs, professional fees, project management fees, financing costs, insurance, sales and marketing expenses, fund management fees, registrar and registry fees, including Nasdaq CSD, infrastructure and permitting fees, interest payments and agency/brokerage fees. Costs of the Project shall not include VAT (except non-recoverable VAT), shareholder expenses or distributions.

In the event that any premises/apartments forming part of the Project are sold prior to calculation of the LTC ratio, the Costs of the Project shall be reduced proportionally to exclude the portion of the Costs attributable to the sold premises, calculated on a pro-rata basis by reference to their gross saleable area (or, where more appropriate due to differing specifications, by reference to the construction budget allocation attributable to such premises). The remaining Costs of the Project shall represent only the costs attributable to the unsold part of the Project.

Based on the costs incurred to date and the debt drawn, the current loan-to-cost (LTC) ratio as at 30 June 2026 (following completion of the Acquisition of the SPV Shares on 7 May 2026 and payment of the National Land Service fee) amounts to 45.4%.

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[2] Leverage is not a covenant under the Bonds and is disclosed on an informational basis in line with the disclosure practice. The Company does not have any derivative financial instruments, repurchase transactions, securities lending arrangements or other structured financing positions. Accordingly, the leverage is calculated in accordance with Article 7 of Commission Delegated Regulation (EU) No 231/2013 as the ratio of the Company's exposure to its net asset value (NAV). The gross method is equal to the leverage calculated under the commitment method. For this purpose, the Company's exposure comprises, in substance, the outstanding principal amount of the Bonds and any other Financial Indebtedness incurred for the development of the Project. As at 30 June 2026, following completion of the Acquisition of 100% of the SPV Shares on 7 May 2026 (and taking into account the SPV's financial position), the Company's leverage, calculated in accordance with the gross method set out in Article 7 of Commission Delegated Regulation (EU) No 231/2013, was 2.39. On a pro forma basis, taking into account the issuance of the Bonds in the aggregate principal amount of EUR 18.6 million, and based on the forecasted net asset value (NAV) according to the updated business plan, the Company's projected leverage is expected to be 4.99. The pro forma figure assumes full deployment of the Bond proceeds into the Project (with the entire borrowed amount treated as exposure) and NAV held constant at the level projected in the updated business plan. A ratio of 1.0 means that no leverage is employed, as exposure equals NAV; a ratio below 1.0 indicates that part of the NAV is held in cash and has not yet been deployed into investments; a ratio above 1.0 indicates that exposure exceeds NAV as a result of borrowing.

Pursuant to Article 12.10 of the Company's Articles of Association, the Company may not borrow more than 90 % of the value of its assets. No separate maximum leverage limit has been established for the Company; the effective maximum leverage is therefore approximately 10,0, being the level implied by the 90 % borrowing limit under Article 12.10 of the Articles of Association. Investors should note that the LTC covenant of 75 % applicable under the Bonds is more conservative than the 90 % borrowing limit under Article 12.10 of the Articles of Association and, in practice, will result in a lower effective maximum leverage than that implied by Article 12.10 alone. The Company considers that compliance with the LTC covenant, together with the quarterly monitoring and reporting obligations described herein, will ensure that the borrowing limit under Article 12.10 is observed at all times during the Project's development.

(b) **Negative borrowing.** The Issuer shall not assume any Financial Indebtedness. The respective restriction does not apply to:

(i) issue of the Bonds in the Maximum Aggregate Nominal Value of the Issue;

(ii) Financial Indebtedness not exceeding EUR 50,000 in aggregate during the year, provided such indebtedness is unsecured, unsubordinated and incurred in the ordinary course of the Issuer's operations;

(iii) non-interest bearing Financial Indebtedness incurred in the ordinary course of business of the Issuer;

(iv) subject to the level of presales having reached such a level that the Project revenues (excluding VAT), less the amounts already received from presales, exceed the outstanding principal amount of the Bonds together with all interest accrued and projected to accrue thereon until the Final Maturity Date, the Issuer may incur additional subordinated (junior) indebtedness, provided that all of the following conditions are met:

a) such additional indebtedness: (i) is fully subordinated to the Bonds; (ii) does not exceed EUR 2,300,000 in aggregate principal amount; and (iii) bears interest (including any fees and costs related to its placement or issue) not exceeding 15% per annum; and

b) for the avoidance of doubt, such subordinated indebtedness may be secured by a second-ranking mortgage over the Property for so long as the Bonds remain outstanding. Upon full redemption of the Bonds, such second-ranking mortgage shall automatically convert into a first-ranking mortgage until new senior financing is obtained by the Issuer; and

c) such additional indebtedness may be used solely for (i) payment of dividends to the shareholders of the Issuer and/or (ii) refinancing of the Bonds.

(v) fully subordinated debt from the direct and/or indirect shareholders of the Issuer and/or other Related Parties, including the Management Company or any entities controlled by the Management Company or the Issuer's shareholders, including any subscription of the Bonds under this Prospectus by these entities. For the avoidance of doubt, the Bonds subscribed under this Prospectus by any of the aforementioned persons starting from the date of their subscription shall be deemed as fully subordinated and ranking below other Bonds of the Issue (including all payments under this Prospectus and Final Terms); or

(vi) short-term bridge financing provided by persons referred to in point (v) above, required to cover emergency financing needs of the Issuer for the development of the Project, but only if the offering of the Bonds is unsuccessful in the relevant Tranche, provided that such bridge financing is repaid from subsequent Bond proceeds;

(vii) financing provided to the Issuer by a third party to fund redemption of the Bonds issued under this Prospectus and Final Terms (i.e., refinancing of the Bonds).

(c) **Negative Pledge.** Until full redemption of the Bonds the Issuer shall ensure that the Issuer will not create or permit to subsist any Security over any of its assets, except for (i) the Collateral created in connection with this Prospectus or as expressly permitted under the Collateral Agreement and (ii) a second-ranking mortgage permitted under point (b)(vi) above.

(d) **Negative pay-outs**. The Issuer shall not adopt or propose to adopt decisions to pay dividends, royalties, repay loans, make shareholder distributions or provide any other financial support to its shareholders or Related Parties until the Bonds issued under this Prospectus have been fully redeemed. This restriction shall not apply to the repayment of permissible bridge financing under point (b)(vi) above;

(e) **Change of Control.** Until full redemption of the Bonds, the Issuer undertakes to ensure that no change of control shall occur as defined further. A Change of Control shall be deemed to have occurred if: (i) UAB Demus Asset Management (or any successor entity thereto) ceases to act as the Management Company of the Issuer for any reason; or (ii) Mindaugas Vanagas ceases to be a direct or indirect shareholder of the Issuer, whether through the Issuer's shareholders or otherwise, or disposes of all or any part of his shareholding interest in the Issuer;

(f) **Subordination.** The Issuer shall ensure that until full redemption of the Bonds, any financing provided by the direct and/or indirect shareholders of the Issuer and/or other Related Parties (including the Management Company or any entities controlled by the Management Company) shall be fully subordinated to the Bonds. The subordination obligation shall not apply to any short-term bridge financing as indicated in Section point (b)(vi) above;

(g) **Collateral.** The Issuer undertakes to ensure the validity of the pledge over the SPV Shares, which is effective and registered with the Register of Contracts and Liens. For the avoidance of doubt, the pledge over the SPV Shares is of a temporary nature and will cease to exist upon completion of the Merger, following which the SPV will cease to exist. Moreover, the Issuer undertakes to create a first-ranking mortgage over the Property in favour of the Trustee, acting in the interests of the Bondholders, and register such mortgage with the Real Estate Register no later than 29 October 2026 (inclusive). If such first-ranking mortgage over the Property is not created and registered by 29 October 2026 (inclusive), whether due to a delay in the completion of the Merger, the absence of any newly constructed Property registered with the Real Estate Register as a result of the minimum level of completion required for such registration not having been reached, or otherwise, the annual interest rate payable on the Bonds shall be subject to increase as specified in Section 10.7 "*Interest*" of this Prospectus.

For the avoidance of doubt, this covenant shall not be considered breached where the Issuer undertakes actions in respect of the Property as set out in Section 10.17 "*Collateral*" of this Prospectus. Any new Property registered on the Land Plot in the name of the Issuer after the conclusion of the Collateral Agreement referred above shall be mortgaged within 20 Business Days from its registration;

(h) **Disposal of Property.** Until full redemption of the Bonds, the Issuer shall ensure that neither the SPV (prior to the Merger) nor the Issuer (following the Merger, as universal successor to the SPV) shall dispose of the Property except as expressly permitted below:

(i) creating Collateral as established in this Prospectus;

(ii) selling the premises/apartments forming the part of the Property and the Project subject to (a) preliminary agreements on sale purchase of such premises with third parties and (b) outstanding price for sale purchase of such premises (net of VAT) is transferred into the Escrow Account and will be used for payment of the Redemption Price to the Bondholders for the Bonds (whether on the Final Maturity Date or an Early Redemption Date) through Nasdaq CSD, to which all payments from the Escrow Account shall be directed. For the avoidance of doubt, any advance payment (deposit) made by the buyer under a preliminary sale-purchase agreement shall be paid directly to the Issuer's bank account and shall not be subject to the Escrow Account requirement. Only the remaining portion of the purchase price (exclusive of VAT) payable upon execution of the notarial sale-purchase agreement shall be credited to the Escrow Account in accordance with this Prospectus, from which it shall be released directly to Nasdaq CSD for the redemption of the Bonds. In respect of any notarial sale of units of the Project, the portion of the purchase price corresponding to the applicable VAT shall be transferred directly to the Issuer's bank account;

(iii) in conjunction with point (h)(ii) above, the Issuer undertakes to ensure that the residential or guest house type units forming the Project, excluding parking spaces, garage units and any other ancillary units, are not sold by the SPV (prior to the Merger) or the Issuer (following the Merger) at a price lower than EUR 2,500 per sq. m. (including VAT).

However, the Issuer reserves the right to sell such units below this price, provided that the aggregate value of such discounts from the standard sale price per sq. m. does not exceed EUR 700,000 for the entire Project, taking into account the market situation and, *inter alia*, the Issuer's need to facilitate the sale of the Project's units in order to meet its obligations under this Prospectus;

(iv) offering garage spaces and/or storages as gifts (with a fractional purchase price) to buyers of premises/apartments as part of promotional campaigns customary in the real estate development market, up to a limit of EUR 750,000 in aggregate with all discounts for units' sale for the entire Project;

(v) selling the Property and/or the Project as a whole subject to redemption of the Bonds under the conditions for early redemption set forth in this Prospectus.

(i) **Decisions.** To the extent it is compliant with Lithuanian laws, the Issuer undertakes not to resolve on reorganisation, except for reorganisation by way of Merger between the Issuer and the SPV, liquidation, bankruptcy or restructuring during the term of the Bonds without the prior approval of the Bondholders' Meeting adopted by a qualified majority.

(j) **Reporting obligations.**

(i) Following the admission of the Bonds to trading on the First North, the Issuer shall publish the following on Nasdaq's website at www.nasdaqbaltic.com:

(a) its annual audited financial statements – (i) prior to the completion of the Merger, the standalone financial statements of the SPV and the standalone (or, if applicable, consolidated) financial statements of the Issuer, and (ii) following the completion of the Merger, the standalone financial statements of the Issuer (as universal successor to the SPV) – in each case within 4 months after the end of the reporting year, or, where permitted under the Law on Companies of the Republic of Lithuania (the **Law on Companies**), within 5 months after the end of the relevant reporting year;

(b) its unaudited semi-annual interim financial statements – (i) prior to the completion of the Merger, in respect of both the SPV (on a standalone basis) and the Issuer, and (ii) following the completion of the Merger, in respect of the Issuer (as universal successor to the SPV) – in each case within 45 calendar days after the end of the reporting period of 6 months;

(c) quarterly report on performance of the LTC ratio – within 45 calendar days after the end of each calendar quarter.

(ii) The Issuer shall also provide any information reasonably requested by the Trustee for monitoring compliance with these Terms, including any material non-public information (subject to a confidentiality undertaking by the Trustee) relevant to the assessment of the Issuer's financial condition and compliance with the covenants set forth herein, or otherwise relevant to the protection of the Bondholders' interests. In case the investors through the Trustee request additional documents evidencing Costs of the Project, the Issuer within 30 calendar days as of receipt of such request of the Trustee, shall provide invoices received and accounted within the last reporting period. Please note that the Issuer will not publish documents under this point on the Nasdaq's website at www.nasdaqbaltic.com and these documents shall be available only through the Trustee.

(iii) In case the Trustee, based on reliable information obtained from sources other than the Issuer, becomes aware that (a) the Issuer's financial situation has materially deteriorated compared to the latest available financial statements, and/or (b) the LTC covenant may be breached, the Trustee may submit a reasoned written request to the Issuer for the documents referred to in point (j) above prior to the end of the relevant reporting period. Upon receipt of such request, the Issuer shall, within 30 calendar days, provide the Trustee with (a) a written explanation of the situation and (b) the documents requested by the Trustee.

The Issuer may deviate from the covenants set forth in this Section upon the consent provided in the decision of the Bondholders' Meeting which shall be adopted by a qualified majority of no less than ¾ of Bondholders, participating in the Bondholders' Meeting and having voting rights. Upon granting such consent, the Bondholders shall be deemed to have waived the right to declare an Extraordinary Early Redemption Event for breach of the specific covenant so waived.

10.17. Collateral

(a) **<u>Establishment, valuation, release and enforcement of the Collateral</u>**

<u>Share Collateral</u>

(i) As at the date of this Prospectus, the Issue is secured only by a first-ranking pledge over the SPV Shares.

(ii) The Collateral Agreement, creating a first-ranking pledge over the SPV Shares was concluded on 20 May 2026 and is registered with the Register of Contracts and Liens, notarial register No. 1291, pledge identification code 30000163214120. This Collateral secures all Bonds of the Issue (including any previously issued non-public Tranche and any future public or non-public Tranches), and ranks for the benefit of all Bondholders *pari passu* and without preference between different Tranches.

(iii) In respect to the SPV Shares pledged in favour of the Bondholders, no external valuation of the SPV Shares was conducted before the creation of the pledge over the SPV Shares, nor such valuation is anticipated to be conducted until the Merger is completed.

(iv) Please note that the pledge over the SPV Shares will remain valid only until completion of the Merger, following which the SPV will cease to exist and no additional pledge over the Issuer's shares is expected to be created for the purpose of securing the Issuer's obligations towards the Bondholders. Accordingly, if the pledge over the SPV Shares is enforced before completion of the Merger, the value of the SPV Shares will be determined, and any realisation of the SPV Shares will be carried out in accordance with the Code of Civil Procedure.

(v) Nevertheless, until the Merger is completed and the SPV ceases to exist, the Issuer is prohibited from encumbering or disposing of the SPV Shares in breach of the Collateral Agreement creating the pledge over the SPV Shares.

<u>Real estate Collateral</u>

(i) Current status of the Property:

(a) as at the date of this Prospectus, the Property consists of seven buildings located on the Land Plot. According to the real estate valuation report prepared by UAB "Centro kubas – Nekilnojamasis turtas", dated 3 March 2026, the value of the Property as at 26 February 2026 was EUR 9,440,000;

(b) these existing buildings are planned to be demolished as part of the Project and are not expected to be mortgaged. The mortgage is expected to be created only over the newly constructed building(s), once they are formed and registered with the Real Estate Register, as outlined in point (ii) below.

(ii) Creation of the initial mortgage:

(a) following completion of the Merger, the Issuer undertakes to create a first-ranking mortgage over the Property existing as at the relevant date in favour of the Trustee, acting in the interests of the Bondholders. The creation of the mortgage is permitted under the Company's Articles of Association, which allow the Company's assets to be encumbered for the purpose of obtaining financing. Investors should note that, as the Bondholders are creditors of the Company, their claims under the Bonds (including claims arising from enforcement of the Collateral) will rank ahead of the claims of the Company's shareholders (being the participants of the collective investment undertaking) in insolvency or liquidation proceedings. This is consistent with the general principle that creditor claims take priority over shareholder claims under applicable Lithuanian law;

(b) it is expected that the newly constructed building(s) will be registered with the Real Estate Register upon reaching a minimum level of completion, currently expected to be approximately 3–5%, by 29 October 2026. If the mortgage over the Property existing as at the relevant date is not created and does not become effective by 29 October 2026, whether due to a delay in completion of the Merger, the newly constructed Property not having reached the minimum level of completion required for registration with the Real Estate Register, or otherwise, the Issuer undertakes to pay increased interest on the Bonds, as further described in Section 10.7 "*Interest*" of this Prospectus, until the date on which the mortgage is created and becomes effective.

(c) for the avoidance of doubt, construction permits and other administrative authorisations relating to the Project will not at any time form part of the Collateral and will not independently create realisable value for enforcement purposes.

(iii) Mortgage over subsequently registered buildings:

(a) the Issuer intends to register newly constructed buildings in the Real Estate Register upon reaching a minimal level of completion (approximately 3–5%) and to update such registrations periodically as construction progresses. Registration of new buildings may occur individually or in stages, depending on the progress of construction;

(b) any new real estate or separate premises registered on the Land Plot shall automatically become part of the Collateral without the need for further consent of the Bondholders and shall be mortgaged within 20 Business Days of registration under new Collateral Agreement(s). Such new Collateral Agreement(s) shall secure all outstanding Bonds of the Issue on an equal basis and shall not be limited to a specific Tranche. However, there can be no assurance that such registrations and mortgages will be completed within the anticipated timeframes, and any delays may extend the period during which the newly constructed buildings do not form part of the Collateral;

(c) accordingly, the composition of the Collateral will change over time as the Project progresses.

(iv) Collateral valuations:

(a) the Collateral will be valued at least once per year. The Issuer will provide each valuation report to the Trustee after the relevant report has been prepared and the Issuer has obtained all necessary consents for its disclosure, if any are required. The Trustee shall make such valuation report available to the Bondholders upon their request, subject to any applicable confidentiality or disclosure restrictions.

(b) the investors shall acknowledge that the value of the real estate Collateral may vary and in case of the enforcement against the Collateral, subject to the extent and priority noted under Section (b) below, the claims of the Trustee and Bondholders shall be fulfilled from all value of the Collateral existing at the moment of the Collateral realization that is determined and carried out in accordance with the Code of Civil Procedure of the Republic of Lithuania.

(v) Permitted actions in respect of the Property:

The Bondholders acknowledge that the Issuer may undertake the following actions without the consent of the Bondholders or the Trustee (i.e., the Bondholders and the Trustee grant their full and irrevocable consent to the Issuer to take actions listed below):

(a) reconstruct and/or repair the buildings existing on Land Plot and comprising the Property, and take all related (de)registration actions with the Register of Real Estate;

(b) demolish the buildings existing on Land Plot and comprising the Property, and take all related (de)registration actions with the Real Estate Register;

(c) construct new buildings on the Land Plot and register any such new buildings (and the separate premises/apartments) with the Real Estate Register and/or the changes in the level of completion in the name of the SPV (prior to the Merger) or the Issuer (following the Merger); and

(d) to change the purpose of the real estate mortgaged (or a part of it), to adjust the technical design or technical detail design, to implement the new procedure for design proposals, to apply for a new or update the current construction permit, to make cadastral measurements and to implement the procedure of the division of the mortgaged real estate (or part of it) in parts and/or separate premises, including but not limited to submit applications/requests to the Real Estate Register or any other state or private entity, in each case by the SPV (prior to the Merger) or the Issuer (following the Merger);

(e) enter into construction or other relevant service agreements with third parties in accordance with applicable laws, provided that such agreements are concluded on terms and conditions that enable the SPV (prior to the Merger) or the Issuer (following the Merger) to complete the Project and fulfil its obligations under the Bonds.

(vi) Restricted actions in respect of the Property:

The restrictions for the Issuer on the disposal of the Property (Collateral) without a prior written consent of the Trustee will be established in the Collateral Agreements and/or Escrow Account agreement and shall include at least the following restrictions (as applicable):

(a) to dispose the funds credited on the Escrow Account otherwise than in accordance with this Prospectus, the Escrow Account agreement and Collateral Agreements for redemption of the Bonds (whether on the Final Maturity Date or an Early Redemption Date). In the event that an Extraordinary Early Redemption Event occurs prior to the scheduled redemption of the Bonds, the Trustee shall have the exclusive right to request and receive all moneys standing to the credit of the Escrow Account, and upon receipt of the Trustee’s written instruction, the Escrow Agent shall transfer such moneys directly to the Trustee for application in accordance with Section (b) below;

(b) to encumber or dispose of the Property, except for sale of the premises forming the Property to the third persons in the course of normal commercial activities of the SPV (prior to the Merger) or the Issuer (following the Merger), on a condition that the remaining sale price of such part of the Property and the Project, would be transferred to the Escrow Account.

The Trustee obliges to release the Collateral from the premises forming part of the Property within 5 Business Days from the receipt of the Issuer's respective request subject to existence of the following conditions:

(a) Project construction completion has been registered at min. 80% and the Property is divided into separate real estate objects;

(b) the preliminary sale-purchase agreement on sale of respective premises forming a part of the Property has been executed and is valid;

(c) the outstanding price for sale purchase of such premises excluding VAT will be transferred into the Escrow Account.

In conjunction with the above, in case the Issuer and the buyer of the premises do not sign the notarial agreement within 2 months from the release of the respective part of the Collateral and (ii) the Bonds are not fully redeemed, the Issuer is obliged to re-establish the released Collateral over the premises forming part of the Property not sold within 10 Business Days from the receipt of the Trustee's respective request, except if the value of part of the Property over which the Collateral has to be re-established does not exceed 10 percent of the value of the released Collateral (to be calculated according to the price for the premises indicated in the preliminary agreement(s)) or if the Trustee, the Lead Manager and the Issuer agree otherwise.

Enforcement of the Collateral

(i) The Bondholders shall not have any independent power to enforce the relevant Collateral or to exercise any rights or powers arising under any Collateral Agreement. Bondholders shall exercise their rights in relation to the Collateral only through the Trustee pursuant to this Prospectus and Trustee Agreement. The decision as to whether enforcement shall be pursued against the mortgage over the Property, the pledge over the SPV Shares, or both remedies in parallel, shall be made by the Trustee in accordance with this Prospectus, the Trustee Agreement and applicable law, and, where required, based on a Bondholders' Meeting decision.

(ii) The Trustee shall take all actions that the Trustee is required or permitted to take as mortgagee under the respective Collateral Agreement with the purpose to enforce the rights over the relevant Collateral according to the procedure provided for in the Collateral Agreement and applicable laws in case:

(a) an Extraordinary Early Redemption Event has occurred and has not been validly remedied or rejected in accordance with Section 10.9 (e) "*Extraordinary Early Redemption*" of this Prospectus;

(b) the Bondholders' Meeting has adopted an enforcement decision in accordance with Lithuanian law and this Prospectus.

(iii) The Trustee shall initiate enforcement no later than 10 Business Days after receiving (i) a final enforceable Bondholders' Meeting decision and (ii) if applicable, all documents necessary to commence enforcement under applicable law.

(iv) The Trustee shall be entitled but not obliged to request instructions, or clarification of any direction, from the Bondholders as to whether, and in what manner, the Trustee should exercise or refrain from exercising any rights, powers and discretions with regard to the enforcement of the relevant Collateral. Bondholders' instructions shall be adopted through a Bondholders' Meeting and the Trustee may refrain from acting unless and until the Bondholders' Meeting has provided the Trustee with requested instructions or clarifications.

(v) The Trustee is obligated to comply with these instructions submitted under point (iv) above, unless such instructions, in reasonable opinion of the Trustee, may be contrary to this Prospectus, respective Collateral Agreement, Trustee Agreement or applicable laws. Any such instruction from the Bondholders' Meeting will be binding on all Bondholders. The Trustee shall not be liable towards the Bondholders for acting (or refraining from acting) provided it acts in good faith, with due care and within the limits of the instructions duly approved by the Bondholders' Meeting.

(b) **Application of the proceeds from enforcement of the Collateral**

(i) The proceeds from the enforcement of the Collateral shall be applied in the following order of priority:

(a) as a first priority – to the satisfaction and payment of all costs and expenses (including, without limitation, state duties, notary fees and valuation costs and fees) related to or arising from enforcement of the relevant Collateral by the Trustee within the limits set forth in the Trustee Agreement;

(b) as a second priority (after the full satisfaction, payment and deduction of all claims and amounts set forth in point (a) above) – payment of the claims of the Bondholders (other than the Related Parties) arising from the Bonds;

(c) as a third priority (after the full satisfaction, payment and deduction of all claims and amounts set forth in point (b) above) – payment of the claims of the Bondholders which are the Related Parties.

(ii) The Trustee shall withhold the proceeds necessary for satisfying the costs, expenses specified in point (b)(i)(a) above and transfer the remaining proceeds to the Bondholders for satisfying their claims under points (b)(i)(b) and (b)(i)(c) above as further specified respectively below. The Trustee shall return the residual proceeds from the enforcement of the Collateral remaining after satisfying all claims under the order of priority established above to the Issuer.

(iii) In case the proceeds remaining after satisfying the fees, costs, expenses, damages and claims under point (b)(i)(a) above do not cover the claims under point (b)(i)(b) above in full, the claims arising from the Bonds shall be satisfied *pro rata*.

(iv) In case the proceeds remaining after satisfying the claims of the Bondholders which are other than the Related Parties under point (b)(i)(b) above do not cover the claims under point (b)(i)(c) above in full, the claims arising from the Bonds subscribed by the Related Parties shall be satisfied *pro rata*.

(v) The Trustee is not obliged to pay to the Bondholders or any other person any interest on the proceeds from the enforcement of the relevant Collateral (whether deposited or not).

(vi) In case the Trustee is required, under applicable laws, to withhold or pay any taxes in connection with payments to be made by the Trustee hereunder, the amount to be paid by the Trustee shall be reduced by the amount of respective taxes and only the net amount shall be paid by the Trustee.

10.18. Notices

Bondholders shall be advised on matters relating to the Bonds by a notice published in English and Lithuanian on the Issuer's website at www.demus.lt/fondai/demus-development-vii and after the Bonds' admission to trading on the First North, on Nasdaq's website at www.nasdaqbaltic.com. Any such notice shall be deemed to have been received by the Bondholders when published in the manner specified in this Section.

10.19. Other Matters

(a) **Purchases:** The Issuer, any Related Party may at any time purchase the Bonds in any manner and at any price on the secondary market. Bonds held by or for the account of the Issuer and/or Related Parties will not carry the right to vote at the Bondholders' Meetings and will not be taken into account in determining how many Bonds are outstanding for the purposes of the Issue.

(b) **Force Majeure:** The Issuer, the Lead Manager, Manager, if any, and/or Nasdaq CSD, and/or any other party involved in the Offering (the **Affected Party**) shall be entitled to postpone the fulfilment of their obligations hereunder, in case the performance is not possible due to continuous existence of any of the following circumstances:

(i) action of any authorities, war or threat of war, rebellion or civil unrest;

(ii) disturbances in postal, telephone or electronic communications which are due to circumstances beyond the reasonable control of Affected Party, and that materially affect operations of any of the Affected Party;

(iii) any interruption of or delay in any functions or measures of the Affected Party as a result of fire or other similar disaster;

(iv) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of Affected Party even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or

(v) any other similar Force Majeure which makes it unreasonably difficult to carry on the activities of the Affected Party.

In such case the fulfilment of the obligations may be postponed for the period of the existence of the respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Affected Party shall put all best efforts to limit the effect of the above referred circumstances and to resume the fulfilment of their obligations, as soon as possible.

11. DETAILS OF THE OFFERING

11.1. Offering Statistics: Total Amount, Offer Period, Application Process

The Bonds shall be offered to the investors up to the Maximum Aggregate Nominal Value of the Issue (up to EUR 18,600,000 in total Issue size, whereas the remaining part of the Issue subject to the Offering under this Prospectus is EUR 11,850,000) under the respective Final Terms and in the Maximum Amount of the respective Tranche as indicated in the Final Terms. However, if the demand for the Bonds of the respective Tranche exceeds the Maximum Aggregate Nominal Value of the Tranche indicated in the Final Terms, the Issuer may decide to increase the Maximum Aggregate Nominal Value of the respective Tranche by publishing an updated Final Terms on the Issuer's website at www.demus.lt/fondai/demus-development-vii (and after the Bonds' admission to trading on the First North, on Nasdaq's website at www.nasdaqbaltic.com), on or before the relevant Issue Date (inclusive).

Only such prospective investors will be eligible to participate in the Offering who at or by the time of placing their Subscription Orders (before the end of the Subscription Period) have opened Securities Accounts (or have the Securities Accounts opened by their nominee) with entities of their choice which are licensed to provide such services within the territory of the Republic of Lithuania and/or Estonia and/or Latvia.

Thus, according to the information provided above, the Offering shall be structured in the following order:

(i) the Subscription Orders as to acquisition of the Bonds shall be submitted by the investors (considering the risks related to each of the below listed possibilities):

  a. to the Lead Manager or Manager (if any),

  b. to the Issuer directly, but the investors shall pay specific attention to the fact, that the Issuer will not conclude an assessment of appropriateness of the Bonds to the respective investor, as indicated in Section 2.2.2. *Offering and admission to trading on the First North related risks* of this Prospectus.

(ii) the Issuer in consultation with the Lead Manager shall decide on which investors, which have provided their Subscription Orders, shall be allotted with the Bonds and to what amount, and which Investors shall not be allotted with the Bonds (i.e., allocation procedure as regulated under Section 11.4 "*Distribution and Allotment of the Bonds to the Investors*") below;

(iii) the Bonds shall be registered with Nasdaq CSD and distributed to the investors.

11.2. Subscription Process

(a) **Subscription Orders and general information regarding the subscription procedure.** The Subscription Period for each respective Tranche (as indicated above) will be indicated in the Final Terms of each Tranche. For the avoidance of doubt, the procedure of accepting Subscription Orders described herein are applicable to all investors irrespectively of the investor's place of residence. Also, the treatment of Subscription Orders in the allocation is not determined on the basis of which institution or person they are made through.

An investor will be allowed to submit a Subscription Order either personally or via a representative whom the investor has authorized (in the form required by law) to submit the Subscription Order. More detailed information concerning the identification of investors, including requirements concerning documents submitted and the rules for acting through authorized representatives, can be obtained by investors from the entities accepting the Subscription Orders.

Entities acting in accordance with applicable law by placing the Subscription Orders on behalf of the investors and on their account shall submit the Subscription Orders along with a list of the investors on whose behalf the Subscription Order is placed. The list must include details required to be included in the Subscription Order form with respect to each investor listed and must be signed by persons authorised to represent the entity. The Issuer or other entities involved in the Offering shall not be liable for any consequences if requirement under this Section is not satisfied and the entity placing the Subscription Order will be treated as the investor placing the Subscription Order on its own account.

By placing Subscription Orders all investors shall make irrevocable instruction for transferring the Bonds to the Securities Accounts, if the Subscription Order has not been withdrawn until the end of the Subscription Period.

By placing a Subscription Order each investor will be deemed to have read this Prospectus, the Issuer's Articles of Association, also the Financial Statements. The investor may also familiarize with other documents of the Bonds, including the Decision on approval of Issue, relevant Collateral Agreement (once concluded) and Trustee Agreement before or after placing a Subscription Order by requesting the Trustee via e-mail emisijos@audifina.lt.

By placing a Subscription Order the investors shall be considered as have consented to being allotted a lower number of Bonds than the number specified in such investor's Subscription Order, or to not being allotted any Bonds at all, pursuant to this Prospectus.

An investor must ensure that all information contained in the Subscription Order is correct, complete and legible. The Issuer reserves the right to reject any Subscription Orders that are incomplete, incorrect, unclear or ineligible, or that have not been completed and submitted and/or have not been supported by the necessary additional documents, requested by the entities accepting the Subscription Orders.

Any consequences of a form of Subscription Order for the Bonds being incorrectly filled out will be borne by the investor.

If an investor decides to decrease or increase number of Bonds being subscribed, such investor shall provide a new Subscription Order to the entity that accepted the first Subscription Order and previously submitted Subscription Order shall be considered as terminated, or if the entity accepting Subscription Orders makes it possible to modify previously submitted Subscription Orders (e.g., via the internet banking system or by any other available means) without terminating it, an investor shall follow the rules of such entity and modify the Subscription Order until the end of the Subscription Period.

Each investor can review the Subscription Order submitted by her/him/it by requesting the Issuer via e-mail info@demus.lt. When the Subscription Order is placed through the Lead Manager or Manager, each investor can request the respective entity to provide the Subscription Order that was submitted by the investor, if the respective entity provides such a possibility.

Subscription through the Issuer

If the Final Terms indicate that the Offering is conducted by the Issuer, the Subscription Order form for the respective Tranche, will be published on the Issuer's website at www.demus.lt/fondai/demus-development-vii (and after the Bonds' admission to trading on the First North, on Nasdaq's website at www.nasdaqbaltic.com), before the opening of the respective Subscription Period. Alternatively, the Issuer will provide the Subscription Order form upon the investor's request after notifying the investor of the Offering for the respective Tranche. Subscription Orders for Estonian and Latvian investors will be available in English, while those for Lithuanian investors will be available in either English or Lithuanian.

In case of subscription through the Issuer, the investors shall submit their Subscription Orders at any time during the Subscription Period at the office of the Issuer, at the address Konstitucijos ave. 18B, Vilnius, the Republic of Lithuania, or by e-mail of the Issuer info@demus.lt, if signed with a qualified e-signature.

Where the Bonds are subscribed directly through the Issuer, investors acknowledge that no suitability or appropriateness assessment will be carried out and that they are solely responsible for assessing whether the Bonds are appropriate for them.

Subscription through the Lead Manager or Manager

If the Final Terms indicate that the Offering is conducted by the Lead Manager and/or Manager, the Subscription Order form for the respective Tranche will be provided by the Lead Manager and/or Manager and shall be submitted by the investor to the Lead Manager and/or Manager by any means accepted and used by the Lead Manager and/or Manager (e.g., physically, via the internet banking system or by any other available means).

Please note that where the Subscription Orders are submitted to the Lead Manager and/or Manager, new investors will be required to complete the relevant procedures (e.g., suitability and/or appropriateness tests (if required by applicable laws), procedures related to the AML/CTF or sanction screening) required and performed by the relevant entity, that the Subscription Orders would be accepted.

(b) **Validity of the Subscription Order.**

The Subscription Order shall not be considered valid and shall not be processed in the following cases:

(i) the purchase amount indicated in the Subscription Order is less than the Minimum Investment Amount; or

(ii) the Subscription Order was received after the Subscription Period, unless the Issuer decides otherwise; or

(iii) the Issue Price for the Bonds has not been fully paid by the relevant Payment Date by the investor, unless the Issuer, Lead Manager or Manager (as applicable) decides otherwise;

(iv) the Issuer, the Lead Manager or Manager rejects the Subscription Order due to violation of legal acts governing AMLC/CTF and/or sanctions and/or because the investor has not provided additionally requested information and/or documents, for example documents evidencing country of residency (either directly or through a financial intermediary through which it subscribed to the Bonds). The Issuer, Lead Manager and/or Manager, if any, shall not be liable for any losses of the investor arising from the investor's failure to comply with legal acts governing AML/CTF and/or sanctions or to provide information reasonably requested for such purposes, including (i) failure to complete settlement of the Bonds, as regulated under this Prospectus, or (ii) the Issuer's refusal or inability to allot the Bonds to such investor or to record and maintain such investor as the holder of the Bonds.

In case of subscription through the Issuer, the Issuer shall inform investors of any rejected Subscription Orders. In case of subscription through the Lead Manager or Manager, the respective entity acting in accordance with internal rules and applicable laws shall inform the investors on rejection of the provided Subscription Orders.

(c) **Withdrawal of the Subscription Orders**. Subscription Orders for the Bonds of the respective Tranche may be withdrawn at any time until the end of the relevant Subscription Period, including when a supplement is made public concerning an event or circumstances occurring before the end of the relevant Subscription Period. The supplement to this Prospectus will be published on the Issuer's website at www.demus.lt/fondai/demus-development-vii (and after the Bonds' admission to trading on the First North, on Nasdaq's website at www.nasdaqbaltic.com). The investor who has made a Subscription Order before the publication of the supplement may withdraw such Subscription Order by notifying (e.g., via the internet banking system or by any other available and acceptable means) the institution through which the Subscription Order was placed within 3 Business Days after the publication of the supplement.

Where the Bonds are purchased or subscribed through a financial intermediary (e.g. Lead Manager, Manager or other firms providing investment services to the investor), that financial intermediary shall inform investors of (i) the possibility of a supplement being published, (ii) investors who agree to be contacted by electronic means will be informed by the end of the first working day following that on which the supplement to this Prospectus is published on the website of the Issuer at www.demus.lt/fondai/demus-development-vii (and after the Bonds' admission to trading on the First North, on Nasdaq's website at www.nasdaqbaltic.com), and financial intermediary's website, (iii) those investors that do not agree to be contacted by electronic means and refuse the opt-in for electronic contact solely for the purpose of receiving the notification of the publication of a supplement to this Prospectus shall monitor the Issuer's, Nasdaq's or the financial intermediary's website, to check whether a supplement is published and (iv) assure that the financial intermediary would assist them in exercising their right to withdraw Subscription Orders in such case.

Where the Bonds are purchased or subscribed through the Issuer itself, the Issuer will inform investors of (i) the possibility of a supplement being published, (ii) investors will be informed on the day the supplement to this Prospectus is published on the website of the Issuer at www.demus.lt/fondai/demus-development-vii (and after the Bonds' admission to trading on the First North, on Nasdaq's website at www.nasdaqbaltic.com) and (iii) the Issuer would ensure the investors can exercise their right to withdraw Subscription Orders as described in this Prospectus.

The above right of investors to withdraw their Subscription Order shall only apply to the relevant Tranche and not to any other Tranches of Bonds under the Issue.

The repayments will be made by the Issuer in accordance with the Subscription Order within 5 Business Days after making the statement on the subscription cancellation or where applicable, the blocked funds will be released in accordance with the rules of the financial intermediary through which the Subscription Order was placed and the Issuer shall not be responsible for any relationships between the investor and its financial intermediary. An investor will be liable for the payment of all fees charged by the intermediary, used by the investor for the subscription of Bonds in connection with the withdrawal of the Subscription Order.

(d) **Cancellation or suspension of the Offering.** The Issuer may update the dates of opening and closing of the primary distribution by updating the Final Terms. The provided Subscription Orders shall remain valid and executable pursuant to the updated terms, unless the investor withdraws placed Subscription Order under point (c) "*Withdrawal of the Subscription Orders*" above.

The Issuer, at its own discretion, may cancel the primary distribution of the respective Tranche at any time prior to the relevant Issue Date without disclosing any reason for doing so. Moreover, any decision that the primary distribution of the respective Tranche will be suspended (postponed) and that new dates of the primary distribution of the respective Tranche will be provided by the Issuer later are subject to updating the Final Terms. In such events, Subscription Orders for the Bonds that have been made will be disregarded, and any payments made in respect of the submitted Subscription Orders will be returned without interest or any other compensation to the investors, except as provided below.

If the primary distribution of the respective Tranche is suspended (postponed), the Issuer shall notify the investors on suspension (postponement) of the primary distribution indicating whether the Subscription Orders made, and payments made will be deemed to remain valid after publishment of updated Final Terms on the Issuer's website at www.demus.lt/fondai/demus-development-vii (and after the Bonds' admission to trading on the First North, on Nasdaq's website at www.nasdaqbaltic.com). In such case, the investors will be allowed to withdraw the Subscription Orders made by submitting a relevant statement to that effect within 3 Business Days after the updated Final Terms of the Tranche have been published. For the avoidance of doubt, if the investor does not provide a withdrawal statement, the Issuer will continue primary distribution of the respective Tranche on changed terms in accordance with published updated Final Terms of the respective Tranche and relying on previously submitted Subscription Order.

Any decision on cancellation, suspension (postponement) and changes of dates of the primary distribution or other material information will be published on the Issuer's website at www.demus.lt/fondai/demus-development-vii (and after the Bonds' admission to trading on the First North, on Nasdaq's website at www.nasdaqbaltic.com). Investors may also be notified by the Issuer or the entity that accepted the Subscription Order (if applicable according to its internal procedures) about cancellations, suspensions (postponements), changes in primary distribution dates, or other information via e-mail.

If the primary distribution of the relevant Tranche is cancelled, suspended or postponed, as applicable, the blocked funds will be released in accordance with the rules of the financial intermediary through which the Subscription Order was placed or investors who have submitted Subscription Orders and paid the Issue Price to the Issuer's bank account will have their payments refunded without interest and without any compensation.

(i) if the primary distribution is cancelled – within 5 Business Days after the Issuer announces to the investors about the Primary Distribution's cancellation;

(ii) if the primary distribution is suspended (postponed) – within 5 Business Days after the date on which the investor has made a statement cancelling placed Subscription Order or 5 Business Days after the date that the Issuer announces that the placed Subscription Orders are not valid.

11.3. Payment, Delivery and Offering Results

(a) **Procedure and dates for payment for the Bonds.** Where the Tranche is subject to subscription through the Issuer, investors shall transfer the Issue Price, which is payable for the Bonds, to the Issuer's bank account specified in the Final Terms and Subscription Order on the relevant Payment Date (settlement on a free-of-payment (the **FoP**) basis on the Issue Date of the relevant Tranche).

Where a Tranche is subscribed through the Lead Manager or the Manager, the relevant entity may, at its sole discretion, determine the applicable settlement method. Settlement may be either (i) on a delivery-versus-payment (the **DvP**) basis, where the Bonds are delivered and the corresponding Issue Price amount is transferred simultaneously on the Issue Date (the account to which the subscription proceeds shall be transferred by the financial intermediaries shall be specified in the Final Terms and in the Subscription Order), or (ii) on a FoP basis, where payment of the Issue Price shall be made not later than on the relevant Payment Date (the details of the bank account to which investors shall make payment for the Bonds subscribed shall be specified in the Final Terms and in the Subscription Order).

Therefore, where relevant, by submitting a Subscription Order, the investor irrevocably authorises and instructs its financial intermediary (including the Lead Manager or Manager) to block the full subscription amount and to ensure settlement in accordance with the settlement method determined by the Lead Manager or the Manager.

Investors who are not allotted any Bonds, or whose Subscription Orders are reduced, shall be reimbursed, as applicable, either (i) through their financial intermediary (i.e. the block on the relevant funds shall be released), in which case the Issuer shall not be responsible for the contractual or operational relationship between an investor and its financial intermediary, including any actions taken in connection with the cash account linked to the investor's Securities Account; or (ii) by the Issuer, which shall reimburse the relevant investors who paid the Issue Price directly to the Issuer's bank account within 5 Business Days after the Issue Date. Such reimbursement shall be made without interest and without compensation for any costs incurred by investors in connection with the subscription for the Bonds, and shall be net of any transfer expense.

Where the Lead Manager or Manager collects the subscription proceeds of the respective Tranche, such proceeds shall be transferred to the Issuer's bank account upon the Issuer's written request on or after the Issue Date, provided that the Issuer has complied with the covenants and conditions set out in this Prospectus.

(b) **Delivery.** Subject to payment for the Bonds and allotment of the Bonds in accordance with Section 11.4 "*Distribution and Allotment of the Bonds to the Investors*", title to the Bonds will pass to the relevant investors when the respective entries regarding the ownership of the Bonds are made in their Securities Accounts on the relevant Issue Date.

(c) **Offering results.** The Issuer will not make a separate public announcement of the results of the Offering of the relevant Tranche. On the relevant Issue Date, information on the Bonds issued under the respective Tranche will be publicly available on Nasdaq CSD's website at www.nasdaqcsd.com.

11.4. Distribution and Allotment of the Bonds to the Investors

(a) **Distribution.** The Offering is a public offering of the Bonds to retail investors and institutional investors in the Republic of Lithuania, Estonia and Latvia under this Prospectus Regulation and the Law on Securities. The Issuer may also choose to offer the Bonds to investors in any Member State of the EEA under relevant exemptions provided for in Article 1(4) of this Prospectus Regulation.

(b) **Allotment of the Bonds to the investors.** After the relevant Payment Date but within the reasonable time prior to the Issue Date, the Lead Manager and Managers, if any, shall provide to the Issuer all gathered data on received Subscription Orders and comment if all Subscription Orders are recognized as valid pursuant to Section 11.2 (b) "*Validity of the Subscription Order*". The Issuer in consultation with the Lead Manager and following the allocation rules provided herein shall decide on which investors, which have provided their Subscription Orders, shall be allotted with the Bonds and to what amount, and which investors shall not be allotted with the Bonds. Investors waive any right to complaint on any decision of the Issuer on the Bonds' allotment as disclosed in this Prospectus.

The Issuer shall accept all Subscription Orders of the investors that are considered valid pursuant to point 11.2(b) "*Invalidity of the Subscription Orders*" and each investor shall be allocated with the amount of Bonds requested in the respective Subscription Order.

In case the Maximum Aggregate Nominal Value of the Tranche is exceeded (including where (i) the Issuer exercised its right under the respective Final Terms to increase the Maximum Aggregate Nominal Value of the respective Tranche and published an updated Final Terms on the Issuer's website at www.demus.lt/fondai/demus-development-vii (and after the Bonds' admission to trading on the First North, on Nasdaq's website at www.nasdaqbaltic.com), and/or (ii) the Maximum Aggregate Nominal Value of the Issue is reached) (i.e., oversubscription), the Issuer shall allocate Bonds to the investors pursuant to the applicable allocation rule for a Tranche specified in the respective Final Terms and following recommendation of the Lead Manager.

The following allocation rules may be applied: (A) pro rata reduction of Subscription Orders proportionally to the number of Bonds requested in each Subscription Order; (B) first-come-first-served allocation based on the chronological order in which valid Subscription Orders were received; or (C) allocation at the discretion of the Issuer in consultation with the Lead Manager, taking into account the investor base diversification and other relevant factors. Notwithstanding the foregoing, in the event that the oversubscription arises in connection with the last Tranche of the Issue (i.e., where the allocation of Bonds would result in the Maximum Aggregate Nominal Value of the Issue being reached or exceeded), the allocation shall be carried out exclusively on a pro rata basis in accordance with allocation rule (A) above.

When the Maximum Aggregate Nominal Value of the Tranche is reached (including where (i) the

Issuer exercised its right under the respective Final Terms to increase the Maximum Aggregate Nominal Value of the respective Tranche and published an updated Final Terms on the Issuer's website at www.demus.lt/fondai/demus-development-vii (and after the Bonds' admission to trading on the First North, on Nasdaq website at www.nasdaqbaltic.com) and/or (ii) the Maximum Aggregate Nominal Value of the Issue is reached), no more Bonds shall be allotted to the investors.

If an investor makes a Subscription Order after the expiry of the relevant Subscription Period (but prior to the Issue Date), the Issuer may decide on additional allotment of Bonds to such investor if the Maximum Aggregate Nominal Value of the Tranche is not yet exceeded (as may be increased as described above) and the Maximum Aggregate Nominal Value of the Issue is not yet exceeded and where applicable, the investor pays the Issue Price prior to the Issue Date (or in case of settlement on a DvP basis, the funds are blocked in advance by the financial intermediary to be settled on the Issue Date as described in this Prospectus).

The Issuer will not individually or separately notify investors of the results of the allotment. Each investor will be notified of the amount of Bonds allotted to it by the Lead Manager, the Manager, if any, or the relevant financial intermediary through which such investor submitted its Subscription Order.

Dealing in the Bonds may not begin before the relevant investor has been notified of the amount of Bonds allotted to it and before title to the Bonds has passed to such investor in accordance with Section 11.3 (b) "*Delivery*".

11.5. Pricing of the Bonds

(a) **Issue Price.** The Bonds may be issued at any price (at a Nominal Value or at a discount or adding to the price the interest accrued on the Bonds from the last Interest Payment Date (in case the last Interest Payment Date was before the Issue Date of the relevant Tranche)). The Issue Price shall be determined by the Issuer and specified in the applicable Final Terms.

(b) **No charge.** No expenses will be charged to the investors by the Issuer in respect to the Offering, transfer of the Bonds to the Securities Account of an investor upon Bonds' issuance and admission of the Bonds to trading on the First North. However, investors may be responsible for covering expenses related to the opening of Securities Accounts with credit institutions or investment brokerage firms, as well as commissions charged by these institutions or firms for executing purchase or sale orders, holding the Bonds, or performing any other operations related to the Bonds. The Issuer will not compensate investors for any such expenses.

11.6. Placing and Underwriting

(a) **Placing.** The Offering will be coordinated by UAB FMĮ Evernord, acting as the Lead Manager, with its registered address at Konstitucijos ave. 15-98, Vilnius, the Republic of Lithuania. The Bonds may also be placed by other Managers, if any, appointed by the Issuer in respect of the relevant Tranche. The name and contacts of any such Manager will be specified in the relevant Final Terms, to the extent known to the Issuer as at the date of the relevant Final Terms.

(b) **Paying agents and depository agents.** No paying agents or depository agents have been appointed in any country. The Bonds will be issued in dematerialised form and book-entered with Nasdaq CSD, which acts as the central securities depository in respect of the Bonds. Payments of principal, interest and any other amounts payable in respect of the Bonds will be credited to the Bondholders' Securities Accounts through Nasdaq CSD and the relevant account managers.

(c) **Underwriting.** No underwriting agreement has been or will be entered into in respect of the Issue or any Tranche.

11.7. Admission to trading on the First North

(a) **Admission to trading.** The Issuer shall submit application(s) regarding admission of the Bonds of the Issue to trading on First North, a multilateral trading facility operated by Nasdaq Vilnius AB. The decision on admission of the Bonds to trading on First North shall be adopted by Nasdaq Vilnius AB in accordance with the applicable Nasdaq rules and procedures.

The Issuer shall take all actions required under the Nasdaq rules to ensure that trading in the Bonds of the relevant Tranche on First North commences no later than the Issue Date of the relevant Tranche.

(b) **Total amount of Bonds admitted to trading.** Application will be made for the admission to trading on First North of the Bonds issued under the Issue up to the Maximum Aggregate Nominal Value of the Issue (i.e., EUR 18,600,000). The Bonds issued under each relevant Tranche will be admitted to trading in the amount actually issued under such Tranche, as specified in the relevant Final Terms and reflected in the records of Nasdaq CSD.

(c) **Costs.** The costs related to the admission of the Bonds to trading on First North will be covered by the Issuer.

(d) **Other trading venues.** The Issuer does not intend to apply for admission of the Bonds to trading on any regulated market, equivalent third-country market, SME Growth Market or any other multilateral trading facility, other than First North.

(e) **Paying agents and depository agents.** No paying agents have been appointed in any country. The information on the book-entry form of the Bonds, Nasdaq CSD SE and the crediting of payments to the Bondholders' Securities Accounts set out in Section 11.6 (b) *"Paying agents and depository agents"* shall apply mutatis mutandis.

(f) **Price, secondary trading and liquidity.** The price of the Bonds in secondary trading on First North will be determined by market participants on the basis of supply and demand, prevailing market conditions, the interest rate environment, the financial condition and prospects of the Issuer, liquidity of the Bonds and other relevant circumstances. The Issuer does not guarantee that the Bondholders will be able to sell the Bonds or sell them at a favourable price. For further information, see the risk factor "*There is no active trading market for the Bonds / Risk of De-listing Event (put option)*" under Section 2.2.2 "*Offering and admission to trading on the First North related risks*" of this Prospectus. No intermediary has been or will be appointed to provide liquidity through bid and offer rates in respect of the Bonds in secondary trading.

11.8. Conflicts of Interest in the Issue/Offering

The Lead Manager, Evernord UAB FMĮ, is appointed by the Issuer as responsible person in the Republic of Lithuania, Latvia and Estonia for the purposes of arranging the Issue, Offering in the Republic of Lithuania, Latvia and Estonia and/or for any other purposes and services as provided for in this Prospectus. The Company is paying fees (commissions) established in the Mandate Letter for the services provided to the Company.

The law firm Ellex Valiunas is appointed by the Issuer as legal adviser for the purposes of this Document related matters. Ellex Valiunas is also the Issuer's Certified Adviser in the First North, as governed by the Certified Adviser's Agreement dated 4 June 2026. The Issuer is paying fees for the services provided by Ellex Valiunas.

The Trustee, UAB "AUDIFINA", is appointed by the Issuer as Bondholders' trustee as required under the Law on Protection of Interests of Bondholders. The Issuer is paying fees established in the Trustee Agreement for the services provided by the Trustee.

There are no other persons appointed by the Issuer in connection with this Prospectus, Offering and admission of the Bonds to trading on the First North as of the date of this Prospectus.

To the best knowledge of the Issuer neither the Lead Manager nor the legal adviser (Certified Adviser), law firm Ellex Valiunas, or the Trustee has any conflict of interest pertaining to the responsibilities assigned to them by the Issuer.

12. INFORMATION INCORPORATED BY REFERENCE

The information set out below available at www.demus.lt/fondai/demus-development-vii in Lithuanian and English shall be deemed to be incorporated in, and to form part of, this Prospectus:

- 2025 Audited Financial Statements.

The document set out below that is incorporated by reference in this Prospectus is provided both in English (translation from the original language of the documents) and Lithuanian languages (original language of the documents). To the extent that there are any inconsistencies between the original language versions and the translations, the original language versions shall prevail.

Any future annual and interim financial statements of the Issuer, together with the related audit reports (where applicable), published during the validity period of this Prospectus, shall be made available electronically on the Issuer's website at the same location and shall be deemed incorporated by reference into this Prospectus in accordance with Article 19(1b) of this Prospectus Regulation, without the requirement to publish a supplement, unless the Issuer decides to do so voluntarily.

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus and for the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on the website does not form part of this Prospectus.

SCHEDULE 1. FORM OF FINAL TERMS OF THE BONDS

Set out below is the form of Final Terms which will be completed for each Tranche of Bonds issued under this Prospectus.

FINAL TERMS OF THE BONDS

[Date]

A CLOSED-ENDED INVESTMENT COMPANY INTENDED FOR INFORMED INVESTORS

UAB DEMUS DEVELOPMENT VII

Issue of EUR *[Aggregate Nominal Value of the Tranche]* Bonds

under the EUR 18,600,000 Bond Issue

MiFID II Product Governance / Eligible Counterparties, Professional Clients and Retail Clients Target Market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"), and (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate: investment advice, and portfolio management, and non-advised services, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Bonds (a "**Distributor**") should take into consideration the manufacturer's target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

General Provisions

This document constitutes the Final Terms for the Bonds described herein and must be read in conjunction with the Company's base prospectus drawn up by the Company, dated 7 August 2026 (the **Prospectus**). Full information on the Company and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus (including all its supplements (if any)) is and will be available for acquaintance at the Company's website at www.demus.lt/fondai/demus-development-vii. Terms used herein shall have the meanings ascribed to them in the Prospectus.

Before making a decision to invest in the Bonds each prospective investor shall read the Prospectus, taking into account the risks outlined therein.

A summary of this Tranche of Bonds has been appended to these Final Terms. The Final Terms have been approved by a Decision. The Final Terms have been filed with the Bank of Lithuania but are not subject to approval proceedings.

1.	Issuer	Closed-ended investment company for informed investors UAB Demus Development VII
2.	Number of Tranche	[number]
3.	Maximum Aggregate Nominal Value of the	EUR 18,600,000 As of this date, Bonds with an aggregate Nominal Value of

	Issue	EUR [*amount*] have been issued [and admitted to trading on the First North].
4.	Maximum Aggregate Nominal Value of the Tranche	EUR [*amount*][3].
5.	Issue currency	EUR
6.	Nominal Value	EUR 1,000 Following any partial redemption, the Nominal Value of each Bond shall be automatically reduced and recorded in the Register, and all future calculations (including interest) shall be based on the reduced Nominal Value, as disclosed in Section 10.9 (b) "*Early optional redemption of Bonds by the Issuer*" of the Prospectus.
7.	Issue Price	Issue Price without accrued interest: EUR [amount] ([ ]% per Nominal Amount). Issue Price with accrued interest: EUR [amount] ([ ]% per Nominal Amount).
8.	Minimum Investment Amount	At least [ ] Bond[s] for the Issue Price indicated in point 7 above.
9.	Issue Date	[date]
10.	Final Maturity Date	29 April 2028 Please note that the Bonds may be redeemed, either wholly or partially, at the option of the Issuer prior to the Final Maturity Date on the following conditions: (i) the Bondholders and Trustee shall be notified at least 14 calendar days in advance on the anticipated early redemption of the Bonds; (ii) on the Early Redemption Date, the Issuer shall pay the Redemption Price determined in accordance with these Final Terms and Section 10 of the Prospectus, including any applicable premium (calculated on the redeemed portion) as follows: (a) 1% (calculated from the Issue Price of the redeemed portion) if Early Redemption Date occurs between 29 April 2026 and 28 February 2027 (inclusive); (b) 0,5% (calculated from the Issue Price of the redeemed portion) if Early Redemption Date occurs after 1 March 2027 but on or before 29

[3] The aggregate Nominal Value of the Tranche may be increased by the Issuer before or on the Issue Date. The Issuer shall amend the Final Terms and publish the updated Final Terms on the Company's website at www.demus.lt/fondai/demus-development-vii and following the admission to trading on the First North, on the Nasdaq website at www.nasdaqbaltic.com, before or on the Issue Date.

July 2027 (inclusive);

(c) no premium shall be paid if the Early Redemption Date is after 30 July 2027;

(iii) For avoidance of doubt, premiums shall be payable only in voluntary early redemption under Section 10.9 (b) “*Early optional redemption of Bonds by the Issuer*” of the Prospectus provided for in the Prospectus. They do not apply to AML/CTF or sanctions related redemptions under Section 10.9 (b) (viii) or extraordinary early redemption under Section 10.9 (e) “*Extraordinary Early Redemption*” of the Prospectus.

11.	Redemption/Payment Basis	Redemption at par. If a partial redemption occurs, the outstanding Nominal Value shall be adjusted accordingly in the Register.
12.	Interest	
	(i) Interest Payment Dates	[dates], the Final Maturity Date, or, if applicable, Early Redemption Date, Early Maturity Date or De-Listing Event Put Date. If an Interest Payment Date is not a Business Day, the interest shall be paid on the next Business Day, without recalculation of payable amounts.
	(ii) Interest Rate	8% (fixed) annually
	(iii) Interest calculation method	ACT/365 day count convention
13.	Yield	[number]% per annum. Yield is calculated based on the Nominal Amount and on the Issue Date. Actual yield may differ depending on the price paid for a specific bond by an investor.
14.	Record Date	3rd Business Day before each Interest Payment Date and 1 Business Day before the Final Maturity Date, Early Redemption Date, Early Maturity Date or De-listing Event Put Date, whichever is relevant.
15.	Offering jurisdictions	The Republic of Lithuania, Estonia and Latvia
16.	Subscription Period	[beginning and end times of period]
17.	Payment Date	[if applicable, date]
18.	Bank account No. to which the Issue Price shall be paid/settled:	[account owner, account number]
19.	ISIN code	LT0000137523
20.	Placing and underwriting	[Not applicable/description of entities agreeing to underwrite the Issue on a firm commitment basis and/or agreeing to place the issue without a firm commitment or on a “best efforts” basis and respective arrangements]

21.	Subscription channels	[description]
22.	Allocation rule (in case of oversubscription)	[Pro rata reduction / First-come-first-served / Discretionary allocation by the Issuer in consultation with the Lead Manager] (as defined in Section 11.4 "*Distribution and Allotment of the Bonds to the Investors*" of the Prospectus).
23.	Settlement method	[DvP/FoP]
24.	Collateral	The Collateral Agreement, creating a first-ranking pledge over the SPV Shares was concluded on 20 May 2026 and is registered with the Register of Contracts and Liens, notarial register No. 1291, pledge identification code 30000163214120. This Collateral secures all Bonds of the Issue (with an aggregate nominal amount of up to EUR 18,600,000 as specified in this Prospectus) and is created for the benefit of all Bondholders equally, irrespective of the Tranche under which the Bonds were issued. This Collateral does not secure only the Bondholders of this specific Tranche. [The mortgage over the Property will be created on the terms specified in Section 10.17 "*Collateral*" of the Prospectus. / [The Collateral Agreement, creating a first-ranking mortgage over the Property ([ ] Collateral objects) was concluded on [ ] and is registered with the Real Estate Register, notarial register No. [ ], mortgage identification code [ ]. [if available as of the date of these Final Terms, information about Property's subject to mortgage valuation]. Please note that the any created Collateral secures all Bonds of the Issue (with an aggregate nominal amount of up to EUR 18,600,000 as specified in this Prospectus) and is created for the benefit of all Bondholders equally, irrespective of the Tranche under which the Bonds were issued. Any Collateral does not secure only the Bondholders of this specific Tranche. Trustee holds the Collateral for the benefit of all present and future Bondholders of the Issue on a *pari passu* basis.
25.	Trustee:	UAB „AUDIFINA", a private limited liability company established and existing under the laws of the Republic of Lithuania, legal entity code 125921757. Address: A. Juozapavičiaus st. 6, Vilnius, the Republic of Lithuania E-mail: emisijos@audifina.lt
26.	Lead Manager:	UAB FMĮ Evernord Address: Konstitucijos ave. 15-98, Vilnius, the Republic of Lithuania E-mail: info@evernord.com

27.	Manager	[name, contact details/ N/A]

Signed on behalf of UAB Demus Development VII

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[signatory's full name, position]

SCHEDULE 2. TAXATION

Introductory remarks. The purpose of this Section is to give an overview of the tax regime applicable to the Bondholders and the Issuer. The below summary is in no way exhaustive and is not meant to constitute professional advice to any person. Tax legislation of the Bondholder's member state and of the Issuer's country of incorporation may have an impact on the income received from the Bonds. In order to establish particular tax consequences of the Offering or the ownership of the Bonds, each Bondholder is advised and strongly encouraged to seek specialist assistance.

The tax consequences listed below are described in accordance with respective Lithuanian, Latvian and Estonian laws and provisions of tax treaties that are applicable on the date of this Prospectus, subject to any change in law that may take effect after such date.

Transfers of the Bonds will not be subject to any registration or stamp duties in Lithuania, Latvia, Estonia. Therefore, the information contained in this Section will only cover withholding and income tax issues as applicable to resident and non-resident entities as well as individuals under respective Lithuanian, Latvia and Estonian tax legislation.

Terms and definitions used for the purposes of this Section

A "**resident individual"** means a natural person who is deemed to be a resident of Lithuania / Latvia / Estonia under the national provisions of respectively Lithuanian / Latvian / Estonian Law on personal income tax (**PIT**) if: he / she has permanent place of residence in Lithuania / Latvia / Estonia during the tax period, or his / her personal, social or economic interests during the tax period are located in Lithuania / Latvia / Estonia, or he/she is present in Lithuania / Latvia / Estonia / continuously or intermittently for at least 183 days in the relevant tax period or in case of Lithuania - at least 280 days in two consecutive tax periods and at least 90 days in one of these tax periods. In addition, Lithuanian / Latvian / Estonian citizen employed abroad by the government of the Lithuania / Latvia / Estonia is also considered as resident individual.

All income of a resident of Lithuania / Latvia / Estonia sourced in and outside Lithuania / Latvia / Estonia is subject to tax in respectively Lithuania / Latvia / Estonia.

A "**non-resident individual**" means a natural person who is not deemed to be a resident of Lithuania / Latvia / Estonia under the above-mentioned national provisions.

Income of a non-resident individuals sourced in Lithuania / Latvia / Estonia is subject to the respective country's income tax.

A "**resident entity**" means a legal person (except for limited partnership fund) registered in accordance with the legal acts of respectively Lithuania / Latvia / Estonia. In case of Lithuania, a collective investment undertaking established in Lithuania without a status of a legal person is also considered as resident entity.

All income of a resident entity earned in Lithuania / Latvia / Estonia and foreign states is subject to respectively Lithuanian / Latvian / Estonian corporate income tax (**CIT**) rules.

A "**non-resident entity**" means a legal person which is not established in Lithuania / Latvia / Estonia. In case of Estonia, provisions concerning non-residents also apply to a foreign association of persons or pool of assets (excluding contractual investment fund) without the status of a legal person, which pursuant to the law of the state of the incorporation or establishment thereof is regarded as a legal person for income tax purposes.

Income of non-resident entities sourced in Lithuania / Latvia / Estonia is subject to the Lithuanian / Latvian / Estonian CIT. A non-resident entity shall be considered to be operating through a permanent establishment (**PE**) in the territory of Lithuania / Latvia / Estonia, where: it permanently carries out activities in the respective country, or carries out its activities in the respective country through a dependent representative (agent), or uses a building site, a construction, assembly or installation object in the respective country, or makes use of installations or structures in the respective country for extraction of natural resources, including wells or vessels used for that purpose. Taxation of non-resident entities acting through a PE in the respective country is the same as that of resident entities, if such a non-resident entity earns interest income through its PE in the respective country, thus, it is not separately described.

For the purposes of **capital gains taxation, gains** derived from the sale of securities (including the Bonds) is the difference between the acquisition cost and the sales price of such securities. Gains derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as the result of the exchange. The expenses directly related to the sale or exchange of securities may be deducted from the gains but are generally rather limited.

Lithuanian Tax Considerations

The following is a general overview of the Lithuanian tax regime applicable in Lithuania to interest received and capital gains earned upon transfer of Bonds.

Capital Gains from Sale or Exchange of Bonds.

Gains received upon disposal of the Bonds by a **Lithuanian resident individual** are taxable on a cash-basis at progressive PIT rates, as follows:

- 20% – applicable to the amount of annual income received by an individual during a calendar year not exceeding the sum of 36 Lithuanian gross average salaries, used to calculate the base of state social insurance contributions for insured persons,
- 25% – applicable to the amount of annual income exceeding 36 but not exceeding 60 Lithuanian gross average salaries, used to calculate the base of state social insurance contributions for insured persons, and
- 32% – applicable to the amount of annual income exceeding the sum of 60 Lithuanian gross average salaries, used to calculate the base of state social insurance contributions for insured persons.

Notwithstanding the above progressive rates, the total amount of non-employment income (including income from the disposal of Bonds) not exceeding 12 Lithuanian gross average salaries used to calculate the base of state social insurance contributions for insured persons is subject to a flat rate of 15%.

Capital gains up to EUR 500 received by resident individuals from the sale or exchange of Bonds (including other securities) during a calendar year are tax exempt. However, such tax relief is not applicable if the capital gains are received from entities established or individuals permanently residing in a tax haven included in the List of Target Territories approved by the Minister of Finance of Lithuania.

Capital gains derived upon the disposal of the Bonds by **Lithuanian non-resident individuals** will not be subject to Lithuanian PIT.

Capital gains on disposal of Bonds earned by **Lithuanian resident entity** are included in its taxable profit and are subject to 17% CIT rate or in certain cases a reduced tax rate may apply. Capital gains received from / by collective investment undertaking shall not be taxed with Lithuanian CIT. Banks and credit unions, including branches of foreign banks in Lithuania shall pay additional 5% CIT on profits, subject to special calculation rules, exceeding EUR 2 million.

Any capital gains on alienation of Bonds received by **Lithuanian non-resident entities** will not be subject to Lithuanian CIT.

Taxation of Interest. **Lithuanian resident individuals** are subject to paying the progressive PIT (15%/20%/25%/32%, as in case of taxation of capital gains) on the interest received from loans, securities (including the Bonds) and other debt obligations. Therefore, interest (coupon payments) received by Lithuanian resident individuals from the Bonds is subject to PIT in Lithuania. Tax is paid by a resident individual himself/herself, however the total amount of interest received by resident individuals during a calendar year not exceeding EUR 500 will be tax exempt. Additionally, natural persons who are Lithuanian tax residents shall consider that if the Issue Price of the Bond of certain Tranche would be higher than the Nominal Value of the Bond, the Nominal Value received after the Bond is redeemed by the Issuer should not be treated as income of the natural person. However, for personal income tax purposes, the difference between the Issue Price and the Nominal Value, i.e., loss, will not reduce the interest received or any other taxable income of the natural person.

When interest is earned by a Lithuanian **non-resident individual**, the Company withholds 15% PIT and if it turns out at the end of the year that a part of the amount was actually subject to the 20%/25%/32% rate, the individual has to pay the difference himself/herself. Separate Double Tax Treaty (DTT) concluded and brought into effect with Lithuania may establish a lower tax rate for non-resident individuals.

The Bond interest received by a **Lithuanian resident entity** is included in its taxable profit and is subject to 17% CIT rate or in certain cases a reduced tax rate may apply. Bond interest received from / by collective investment undertaking shall not be taxed with Lithuanian CIT. Banks and credit unions, including branches of foreign banks in Lithuania shall pay additional 5% CIT on profits, subject to special calculation rules, exceeding EUR 2 million.

Bond interest received by **Lithuanian non-resident legal entity**, which is registered or otherwise organized in a state of the European Economic Area (the **EEA**) or in a state with which Lithuania has concluded and brought into effect a DTT, will not be subject to the withholding tax in Lithuania. Other Lithuanian non-resident entities will be subject to the 10% withholding tax on Bond interest in Lithuania.

In case the Issuer cannot identify the Bondholder in order to determine its eligibility for a lower tax rate or exemption from the withholding tax, payments of Bond interest to any such Bondholder will be subject to the standard 17% CIT rate to be withheld in Lithuania.

In order to enjoy DTT benefits for Bond interest **Lithuanian non-resident individuals or entities** shall apply either (i) **a reduced rate of PIT / CIT procedure** (by completing and submitting DAS-1 form to the Company before the pay-out for each calendar year) or (ii) **a special claim for a PIT / CIT refund** (by completing and submitting DAS-2 form to the Lithuanian Tax Authorities).

<u>Investment Account.</u> Effective January 1, 2025, Lithuania has implemented an investment account regime applicable only to individuals - Lithuanian tax residents. Under this regime, investment income (incl. interest from bonds and capital gains from bond sales) within the investment account (when bonds qualify for investment account) are taxed only upon withdrawal of funds . Bondholders (Lithuanian tax residents) must notify the State Tax Inspectorate of their investment account by the end of the reporting period (which is May 1, 2026, for the 2025 tax year). If the bondholder opts for this investment account regime, the standard tax regime described above in respect of taxation of interest and capital gain will not apply. Income from investments through the investment account is taxed only when withdrawals exceed the deposited funds (no tax reliefs apply). Income received through the investment account will be subject to a flat PIT rate of 15%.

Latvian Tax Considerations

The following is a general overview of the Latvian tax regime applicable to interest received and capital gains realised in Latvia as well as to acquisition and transfer of Bonds.

Capital Gains from Sale or Exchange of Bonds. Capital gains on alienation of the Bonds received by Latvian resident individuals will be subject to Latvian PIT at a rate of 25.5% and an additional PIT of 3% will apply to annual income (including income from Bonds) above EUR 200,000. The expenses of acquisition and holding of the Bonds are also included in the acquisition value of the Bonds. The respective resident individuals are liable for paying the applicable Latvian PIT. Income tax paid from the capital gains in a foreign state may be deducted from PIT payable in Latvia only if the taxpayer submits a certificate issued by the foreign tax administrator or withholding agent certifying the payment of income tax or another tax equivalent to income tax. The capital gains on exchange of the Bonds received by Latvian resident individuals will be subject to Latvian PIT only on the day when Latvian resident individuals receive the money (if Bonds are exchanged for other type of financial instrument, then taxation is postponed till the received financial instrument is sold).

Capital gains earned in Latvia and foreign states (i.e., sourced inside and outside of Latvia) on alienation of the Bonds received by Latvian resident entities will not be included in resident entity's taxable profit, yet profit distributions will be subject to Latvian CIT at a rate of 20% (tax base is divided by 0.8 and then the tax is applied at the rate of 20% resulting in the effective rate of 25%).

Taxation of Interest. Payments of the Bond interest received by a Latvian resident individual will be subject to Latvian PIT at the rate of 25.5% and an additional PIT of 3% will apply to annual income (including interest income) above EUR 200,000. Income tax withheld abroad can be credited from the Latvian income tax obligation based on the tax certificate showing the withheld amount, as issued by the relevant foreign withholder or tax authority. Payments of Bond interest received by:

- a **resident entity** is not subject to the Latvian CIT, yet profit distributions are subject to Latvian CIT at a rate of 20% (effective CIT rate – 25%);
- **a non-resident entity** is not subject to Latvian CIT.

In Latvia corporate profits are not taxed until they are distributed. Latvian CIT is imposed at the level of the company making the distributions at the time when such profit distributions are made. Profit distributions are taxed at the rate of 20% of the gross amount of the distribution (effective CIT rate – 25%). Latvia further does not levy any withholding tax on dividends, interest or royalties, except where payable to persons resident in a statutory low or no tax country.

Investment Account. Latvian resident individual may use an investment account (in Latvian: *Ieguldījumu konts*). An individual may carry out the transactions with the funds (including the Bonds) of the investment account and accounts associated with it within the framework of the investment account and accounts associated with it. The investment account has to be opened in a credit institution, its branch or a branch of a foreign credit institution, or a merchant which is in conformity with the Financial Instrument Market Law or regulation of the country of residence of the service provider equal thereto has obtained a license for the provision of the investment services, of Latvia or another Member State of the European Union, EEA state or Member State of the OECD, or the resident of such country with which Latvia has entered into a DTT. Payments of income, which is withdrawn from the investment account (i.e., the amount withdrawn from the account exceeds the amount which had been previously paid into the account) will be subject to Latvian PIT at the rate of 25.5%, to be withheld by the credit institution. Therefore, financial income held in the investment account may be reinvested tax-free until it is withdrawn from the account. An additional PIT of 3% will apply to annual income (including income from the Investment Account) above EUR 200,000. This addition rate will be applied after the submission of the annual tax return.

Estonian Tax Considerations

The following is a general overview of the Estonian tax regime applicable to interest received and capital gains realised in Estonia as well as to acquisition and transfer of Bonds.

<u>Capital Gains from Sale or Exchange of Bonds</u>. Gains realised by an Estonian resident individual are taxable on a cash-basis. Upon the sale or exchange of securities (including the Bonds) gains are subject to income tax at the rate of 22%. Since all earnings of resident legal persons, including capital gains, are taxed only upon distribution of profits, capital gains realised by resident legal persons are not subject to immediate taxation. As a rule, capital gains received by non-residents from the sale or exchange of securities are not taxed in Estonia (except for certain securities related to Estonian real estate). The non-resident bondholders receiving capital gains from the sale or exchange of the Bonds may be subject to declaring and paying income tax in their respective countries of residence. For the purposes of capital

gains taxation, the gain derived from the sale of securities (including the Bonds) is the difference between the acquisition cost and the sales price of such securities. The gain derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as the result of the exchange. The expenses directly related to the sale or exchange of shares may be deducted from the gains but are generally rather limited.

Taxation of Interest. Estonian resident individuals are subject to paying income tax (22%) on the interest received from loans, securities (including the Bonds) and other debt obligations. Therefore, interest (coupon payments) received by Estonian resident individuals from the Bonds is subject to income tax in Estonia. Income tax is withheld by the payor unless the resident individual notifies the Company that Bonds were acquired from funds held in the Investment Account or the Pension Investment Account. Since all earnings of resident legal persons are taxed only upon distribution (as described below), interest received by Estonian resident legal persons is not subject to immediate taxation. As a rule, interest payments received by non-residents are exempt in Estonia (i.e. no withholdings are made). Note, however, that non-resident bondholders receiving interest from the Bonds may be subject to declaring and paying income tax in their respective countries of residence.

Investment Account. Individuals may defer the taxation of their investment income by using an investment account (in Estonian: *investeerimiskonto*) for the purposes of making transactions with financial assets (including the Bonds). An investment account is a monetary account opened with an European Economic Area or the Organisation for Economic Co-operation and Development (OECD) member state credit institution, through which the transactions with the financial assets, taxation of income from which (e.g. capital gains, interest, etc.) a person wants to defer, shall be made. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e. the amount withdrawn from the account exceeds the amount which had been previously paid into the account). Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

Pension Investment Account. Estonian resident individuals who have decided to grow their Estonian mandatory funded pension (II Pillar) via pension investment account (PIA, in Estonian: *pensioni investeerimiskonto*), can also acquire the Bonds through PIA. Pension investment account is a separate bank account opened with an Estonian credit institution, which, on the one hand, is part of the mandatory funded pension system (incl. relevant benefits, such as additional contributions from the state), but on the other hand allows the person to make their own investment decisions. Like the ordinary investment account, PIA allows making of transactions with financial assets, whereas taxation of income from such assets (e.g., capital gain or interest from the Bonds) is deferred until income is withdrawn from PIA. Monetary means withdrawn from PIA are, generally, taxed at a 22% income tax rate, unless withdrawn after reaching the retirement age, in which case a 10% income tax rate or a tax exemption (depending on the method of payment) applies.

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