

UAB "Orkela"

(a private limited liability company established and existing under the laws of the Republic of Lithuania, legal entity code 304099538)

PROSPECTUS FOR THE PUBLIC OFFERING OF BONDS OF UAB "ORKELA" IN THE AMOUNT OF EUR 18,000,000 (BEING A PART OF TOTAL EUR 40,000,000 ISSUE) AND ADMISSION OF BONDS IN THE AMOUNT OF UP TO EUR 23,000,000 TO TRADING ON THE BOND LIST OF NASDAQ VILNIUS AB

This prospectus (the **Prospectus**) was prepared for the public offering of bonds of UAB "Orkela", a private limited liability company established and existing under the laws of the Republic of Lithuania, legal entity code 304099538, registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania (the **Company** or **Issuer**) (the **Bonds**) in the amount of up to EUR 18,000,000 (being a part of total EUR 40,000,000 issue (the **Issue**) with the first part of the Issue in the amount of EUR 5,000,000 already issued under exemption provided in Article 1(4(b)) of the Prospectus Regulation (as described below), second part of the Issue in the amount of up to EUR 18,000,000 (the **Offering**) to be offered under this Prospectus and third part of the Issue in the amount of up to EUR 17,000,000 to be offered under new prospectus approved and published in accordance with the Prospectus Regulation (as described below) after expiry of this Prospectus (i.e. 12 months after its approval by the Bank of Lithuania) and admission of the first and second parts of the Issue (the **Admission**) thereof to trading on the Bond List of Nasdaq Vilnius AB (the **Bond List of Nasdaq** or **Nasdaq**), a regulated market in the Republic of Lithuania.

This Prospectus was prepared following the Issuer's decision to change the way of offering of the Bonds under the Terms of Issuer's Bond Issue dated 13 December 2021 (the **Terms of Issue**) whereas the Bonds were offered under 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 (the **Prospectus Regulation**) to Offering under this Prospectus. As of the date of this Prospectus the Issuer has issued Bonds in the amount of EUR 5,000,000 under exemption provided in Article 1(4(b)) of the Prospectus Regulation. These Bonds together with the Bonds issued under this Prospectus shall constitute one and the same Issue subject to Admission. The approval of the Prospectus by the Lithuanian competent authority, the Bank of Lithuania (in Lithuanian: *Lietuvos bankas*, the **Bank of Lithuania**) and the change of the offering of the Bonds under the Terms of Issue to the Offering under this Prospectus does not affect the enforceability of the Terms of Issue and validity of the Bonds issued under the Terms of Issue until the day of this Prospectus.

This Prospectus should be read and constructed together with any supplements hereto (if any) and any other documents attached herein, in relation to any tranche of Bonds issue (the **Tranche**), with the relevant conditions of the respective Tranche provided for in Section 1.7.6 *Terms and Conditions of the Offer* of this Prospectus and published (with updates, if any, as disclosed in the Prospectus) in accordance with this Prospectus before opening of the Subscription Period (as defined in the Prospectus) of the respective Tranche, as applicable. The Offering-specific summary (the **Summary**) is provided in Section I of the Prospectus and the relevant translations of the Summary shall be annexed to this Prospectus and shall be announced in the same order as the Prospectus and provided to the Bank of Lithuania together with the Prospectus.

Neither this Prospectus, nor any publication of the conditions of the respective Tranche constitute an offer to sell or a solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Furthermore, the distribution of this Prospectus in certain jurisdictions may be restricted by law. Thus, persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Bonds referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or under any securities laws of any state or other jurisdiction of the United States and are not being offered or sold within the United States or to, or for the account or benefit of, US persons (for more information please see Section 3.2 *Notice to Prospective Investors* in Section III of this Prospectus).

The Bonds shall be offered, as specified in the Prospectus, subject to possible cancellation or modification of the Offering and subject to certain other conditions as disclosed in the Prospectus.

This Prospectus has been prepared by the Company in accordance with the Prospectus Regulation, 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 (the **Delegated Regulation 2019/980**) and in particular its Annexes VI and XIV, Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301 (the **Delegated Regulation 2019/979**) and the Law of the Republic of Lithuania on Securities, as may be amended from time to time (the **Law on Securities**), and the rules promulgated thereunder.

The Bank of Lithuania in its capacity as the competent authority in the Republic of Lithuania under the Prospectus Regulation on 24 May 2022 has approved this document as a Prospectus and has notified the approval of the Prospectus to the Estonian Financial Supervision Authority (in Estonian: *Finantsinspeksioon*; the **EFSA**) and to the Financial and Capital Market Commission (in Latvian: *Finanšu un kapitāla tirgus komisija*, the **FCMC**).

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. Such approval should not be considered as an endorsement of the quality of the Bonds that are the subject of this Prospectus. The investors have to make their own assessment as to the suitability of investing in the Bonds.

The information contained herein is current as of the date of this Prospectus. Neither the delivery of this Prospectus, nor the offer, sale or delivery of the Bonds shall, under any circumstances, create any implication that no adverse changes have occurred, nor events have happened, which may or could result in an adverse effect on the Company's business, financial condition or results of operations and/or the market price of the Bonds. Nothing contained in this Prospectus constitutes, or shall be relied upon as, a promise or representation by the Issuer or the Lead Manager (as defined below) as to the future.

Although the whole text of this Prospectus, including the conditions of each respective Tranche should be read, the attention of persons receiving this document is drawn, in particular, to the Section headed Risk Factors contained in Section IV of the Prospectus. All statements regarding the Company's business, financial position and prospects as well as the Offering should be viewed in light of the risk factors set out in Section IV of this Prospectus.

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 or Registrar**) that operates a central security depository in the Republic of Lithuania (the **Register**).

Nasdaq CSD when registering the Bonds of different Tranches in the Register will provide the same international securities identifier number (the **ISIN**) to the Bonds of different Tranches, since they all will constitute one and the same Issue. Bondholders will be able to hold the Bonds through Nasdaq CSD participants, such as investment firms and custodian banks operating in any of the Baltic states.

UAB FMJ "Orion Securities", legal entity code 122033915, with its registered address at Antano Tumėno st. 4, Vilnius, the Republic of Lithuania is the lead manager (the **Lead Manager**) in the Republic of Lithuania, the Republic of Estonia and the Republic of Latvia for the purposes of Offering and Admission of the Bonds to trading on the Bond List of Nasdaq.

Lead Manager



The date of this Prospectus
24 May 2022

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I. SUMMARY

1. INTRODUCTION AND WARNINGS

1.1. Name and ISIN of the Bonds

Orkela bonds 19.01.2025 with ISIN LT0000405961.

1.2. Identity and contact details of the Issuer, including its LEI

UAB "Orkela" is a private limited liability company established and existing under the laws of the Republic of Lithuania (including, but not limited to the Law on Companies, Civil Code, etc.), legal entity code 304099538, registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania.

Contact details: tel. No +370 5 261 9470, e-mail info@lordslb.lt.

Issuer's LEI is 9845002F4D0B3BB3CA85.

1.3. Identity and contact details of the competent authority approving the Prospectus

The Prospectus has been approved by the Bank of Lithuania, as competent authority under the Prospectus Regulation, with its head office at Gedimino ave. 6, LT-01103 Vilnius, the Republic of Lithuania and telephone number: +370 800 50 500.

1.4. Date of approval of the Prospectus

This Prospectus was approved on 24 May 2022.

1.5. Warning

- (i) This Summary has been prepared in accordance with Article 7 of the Prospectus Regulation and should be read as an introduction to the Prospectus.
- (ii) Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the Investor.
- (iii) Any Investor could lose all or part of their invested capital or incur other costs, related to disputes with regard to this Prospectus or Bonds.
- (iv) Civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in the Bonds.

2. KEY INFORMATION ON THE ISSUER

2.1. Who is the issuer of the securities?

2.1.1. *Domicile, legal form, LEI, jurisdiction of incorporation and country of operation*

The Issuer is incorporated in the Republic of Lithuania with its registered office at Jogailos st. 4, LT-01116, Vilnius and its LEI is 9845002F4D0B3BB3CA85. The Issuer is incorporated and registered as a private limited liability company in the Register of Legal Entities of the Republic of Lithuania with legal entity code 304099538. The information about the Issuer and the Offering can be found under https://lordslb.lt/orkela_bonds/.

2.1.2. *Principal activities*

UAB "Orkela" is a real estate development company that is owned by the closed-end real estate investment fund intended for informed investors Lords LB Special Fund IV (fund code No 1032, registered by the Director of the Supervision Service of the Bank of Lithuania on 20 June 2016) (the **Fund**). From 8 March 2021 (when the construction permit was granted) the Issuer is developing and constructing the educational and hospitality real estate complex in the centre of Vilnius at Vasario 16 st. 1 (the **Project**). The complex preliminary will consist of three parts: hotel and other hospitality facilities (Gross floor area: 17,612 m²), educational facilities (Gross floor area: 6,290 m²) and parking space (Gross floor area: 2,891 m²). The completion of the Project is estimated around the Q4 of 2023. The Project will be financed from the proceeds of the Issue, including the proceeds generated from the Offering under this Prospectus. The estimated value of the Project at its completion shall amount up to EUR 75,000,000. After the Project is completed and rented out to tenants, the Issuer plans to apply for the long-term bank loan – proceeds from the bank loan would be used to redeem the Bonds.

Core business of the companies owned by the funds managed by the Management Company (as defined below) is focused on real estate development and private equity strategies. The companies indirectly managed by the Management Company (as defined below) operate in their home market – the Republic of Lithuania, the Republic of Estonia, the Republic of Latvia and the Republic of Poland.

2.1.3. Major shareholders

On the date of this Prospectus, the authorised capital of the Company is EUR 3,000 and is divided into 120 ordinary registered shares with a par value of EUR 25 each (the **Shares**), all of which are fully paid-up. The Company's sole shareholder owning 100% of the authorized capital of the Company is the Fund.

The Fund (and indirectly the Company) is being managed by one of the largest investment management companies in the Republic of Lithuania – UAB "Lords LB Asset Management" (legal entity code 301849625, registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania) (the **Management Company**).

The major shareholders of the Management Company (holding more than 5% of the authorized capital of the Management Company) are the following persons:

- UAB "Glera", legal entity code 302576414, registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania – owning 47 % of the authorized capital of the Management Company. The sole shareholder of UAB "Glera" is Mr. Mindaugas Marcinkevičius.
- UAB "Aemulus", legal entity code 302578408, registered address at Jogailos st. 9, Vilnius, the Republic of Lithuania – owning 26 % of the authorized capital of the Management Company. The sole shareholder of UAB "Aemulus" is Mr. Andrius Stonkus.
- UAB „Patralis", legal entity code 302831587, registered address at Jogailos st. 9, Vilnius, the Republic of Lithuania – owning 9,9 % of the authorized capital of the Management Company. The sole shareholder of UAB „Patralis" is Stichting Administratiekantoor Property Partners, fund code 72326182, registered address at Konstitucijos av. 21C Quadrum North, Vilnius, the Republic of Lithuania that is ultimately and solely controlled by Mrs. Dorota Stonkė.
- UAB „Serenus", legal entity code 300612833, registered address at Jogailos st. 9, Vilnius, the Republic of Lithuania – owning 9% of the authorized capital of the Management Company. The sole shareholder of UAB „Serenus" is Mr. Antanas Vainauskas.
- Mr. Jonas Stonkus – owning 8% of the authorized capital of the Management Company.

2.1.4. Key managing directors

The General Manager of the Company is Mrs. Anastasija Pocienė. The Company does not have other management bodies.

2.1.5. Identity of the independent auditor

UAB "KPMG Baltics", legal entity code 111494971, having its registered address at Lvovo st. 101, LT-08104 Vilnius, the Republic of Lithuania, is the independent auditor of the Issuer's financial statements for the years 31 December 2020 and 31 December 2021.

2.2. What is the key financial information regarding the Issuer?

The Issuer is a limited liability company aimed at the Project development, and as the Project is at its early development and construction stage, at the moment of the approval of this Prospectus the Company does not have any revenue generated from the Project. The Company and its financials use its debt and equity financing exclusively strictly for the development and construction of the real estate Project. The assets in the balance sheets account mostly for the purchased land and buildings. While the liabilities account for the shareholder loans that were supplied by the Fund.

The Company's audited financial statements for the years ended 31 December 2020 and 31 December 2021 (the **BAS Financial Statements**) were prepared in accordance with the Lithuanian Business Accounting Standards (the **BAS**) as adopted by the Republic of Lithuania. The reports of the auditors in respect to the BAS Financial Statements are unconditional.

| EUR in thousands | 2020 (audited) | 2021 (audited) |
|--|---------------------------|---------------------------|
| Sales revenues | 4 | 2.5 |
| Gross profit | 4 | 2.5 |
| Operating profit | -66 | -118 |
| Interest and other similar expenses | -450 | -1 210 |
| Profit (Loss) before tax | -515 | -1 328 |
| Net profit (loss) | -515 | -1 328 |
| Total Assets | 7 570 | 9 456 |
| Non-current assets | 7 363 | 9 341 |
| Current assets | 206 | 79 |
| Cash and cash equivalents | 54 | 31 |
| Amounts payable and other liabilities | 13 001 | 16 214 |

| | | |
|--|---------------|---------------|
| Amounts payable after one year and other long-term liabilities | 12 948 | 15 291 |
| Amounts payable to the entities of the entities group | 12 948 | 15 291 |
| Amounts payable within one year and other short-term liabilities | 52 | 923 |
| Equity | -5 433 | -6 761 |
| Net financial debt | 12 894 | 15 260 |
| Working capital ratio | 3.96 | 0.09 |
| Debt/Equity ratio | -2.39 | -2.40 |
| Interest coverage ratio | -0.15 | -0.10 |

Source: the BAS Financial Statements

Optional information – indicators from the balance sheet:

1. Net financial debt – *Long term debt* + *short term debt* – *cash and cash equivalents*
2. Working capital ratio – $\frac{\text{Current assets}}{\text{Amounts payable within one year and other short-term liabilities}}$
3. Debt-to-equity ratio – $\frac{\text{Amounts payable and other liabilities}}{\text{Equity}}$
4. Interest coverage ratio – $\frac{\text{Operating profit}}{\text{Interest and other similar expenses}}$

Long term financial debt comprises of interest-bearing liabilities that include amounts payable to the entities of the entities group.

* Long term financial debt - Amounts payable to the entities of the entities group

** Company has no short-term financial debt.

Source: the BAS Financial Statements

2.3. What are the key risks that are specific to the Issuer?

Financial risks

- (i) **Construction costs and Project's success risk.** The Issuer's and the Management Company's employees invoked all available information and analytic resources when planning the Project, however, there is no guarantee, that all information on which the investments in the Project planned were based was true and exhaustive. Furthermore, the outbreak of coronavirus (the **COVID-19**) together with increased geopolitical tension because of the war between Russia and Ukraine which started in February 2022 caused high pressure on the global building materials supply chain and rise of materials and local labor costs. The Project's construction costs were planned considering various scenarios, including negative ones and many materials necessary for the constructions were bought in advance. However, as the situation in global markets and building materials supply chain is changing frequently, by the time of completion of the Project the key variables regarding which investments assumptions have been made, could significantly change and adjustments to the initial calculations might be required in the later stages of the Project due to reasons indicated above. An unexpected increase in construction costs or inability to secure construction material required to complete the Project may reduce the overall profitability of the Project, delay the completion of the Project and as a result adversely affect the Issuer's activities, financial situation, and ability to redeem the Bonds. Even if the economic and geopolitical situation would stabilize until completion of the Project, there is no guarantee the investments made will generate anticipated or planned return on the Project. Moreover, the Company cannot provide any assurance that there will not be any disputes with its suppliers or that it will be able to maintain business relationships with its existing suppliers. Any disruption to the Company's supply chain as a result of an issue with a supplier, or any damage to such supplier's integrity could cause the Company significant time and expense in remediation of any deficiencies and could impact its reputation, which could adversely affect its reputation and profitability.
- (ii) **Economic environment (both domestic and international) and insolvency risk.** The Issuer's activities and results depend on the economic processes in Lithuania and internationally. Since the beginning of the COVID-19 pandemic the businesses across the globe are facing economic disruptions, supply-demand imbalances, and high uncertainty about the prospects of the business development. The war between Russia and Ukraine is also contributing to already existing economic tension, however currently it is hard to estimate what impact the war will have on Lithuanian economy. Even if currently, there is no material economic downturn both domestically and internationally, in the event of its occurrence, the demand for the Issuer's services may decrease, the risk of insolvency of the Company's tenants and/or other contractors may increase, which may have a negative impact on the implementation and results of the Issuer's business strategy and the Project may not generate expected positive returns. These factors individually, or in combination might cause the insolvency of the Issuer. The Issuer is

subject to the Law on Insolvency on Legal Entities of the Republic of Lithuania and Issuer's insolvency may affect the Investors' ability to recover their anticipated earnings and/or investments.

- (iii) **Negative equity risk.** According to the BAS Financial Statements for the year ended 31 December 2021, the Issuer had a negative equity amounting to -EUR 6,761,260 during the financial year 2021, i.e. the Issuer's liabilities exceeded the amount of the Issuer's equity. The negative equity situation has been rectified partially on 24 February 2022 by issuing and subscribing by the Fund 20 new Shares of the Issuer with EUR 25 par value each. The subscription price of new Shares was EUR 7,000,000, which has been paid by the Fund by setting of the obligations for partial redemption of bonds issued under the Bond subscription agreement of 15 November 2018 and payment of subscription price for new Shares. On 2 May 2022 the shareholder (i.e. the Fund) decided to cover the negative equity by additional shareholder's injection of EUR 203,727. As of 2 May 2022, the Issuer's equity is positive and reaches EUR 100,000. Since the Issuer had no income from the Project until approval of this Prospectus, the shareholder's investments into the Project caused the fact of Issuer's equity being negative. Although solved, such change is not reflected in the available financial statements of the Issuer and has not been audited yet. Moreover, there is a risk that negative equity situation may repeat or emerge again until the day the Projects starts generating income. The described situation may negatively impact the Issuer's ability to get financing/refinancing for the Project's development and/or to redeem the Bonds in a timely manner.

Business activities and industry risks

- (i) **Hospitality market risk.** A large part of the Project is dedicated to the development of the hotel complex. The Lithuanian and global hotel sector has been highly affected by the COVID-19 pandemic, which has led to a sharp drop in occupancy rates and room prices. If the negative impact of COVID-19 persists until the opening of the planned hotel as a part of the Project, it may lead to worse-than-expected financial results of the hotel assets, which in turn may adversely affect the Issuer's ability to redeem the Bonds. In addition to that Russia's war in Ukraine, still ongoing on the date of this Prospectus, could have a negative effect on the Lithuania's attractiveness as a destination for foreign tourists. A resulting drop in demand could have a negative effect on the financial results of the hotel assets of the Project. As the value of the hotel part of the Project is determined mainly by the profitability of hotel operations, such decrease in demand would adversely affect Issuer's ability to redeem the Bonds.
- (ii) **Real estate market risk.** Potential negative development of Lithuanian real estate market could have a negative impact on both real estate market prices and market transaction volume. At the date of this Prospectus increase in geopolitical risks caused by the Russia's war in Ukraine is considered as a one factor which could have a negative effect on the Lithuanian real estate market. Decreases in prices and volumes could have an adverse effect on the Company's financial position and could degrade the value and liquidity of real estate mortgaged in favour of the Bondholders as a Collateral (please see Section 3.1.3 of the Summary) which in turn could have adverse effect on the Bondholders' ability to fully satisfy their claims against the Issuer under the Bonds.

Legal risks

- (i) **Risk of legal disputes.** The Issuer may be involved in legal disputes due to its activities (as plaintiff or defendant), the outcome of which cannot be predicted in advance. If a dispute is resolved in the manner unfavourable to the Issuer, this could adversely affect its operations, financial condition, and reputation as the Issuer may be required to pay damages awarded, including the legal costs of the opponent (the Issuer itself would also incur legal costs). All of this can have an impact on the Issuer's ability to properly perform its obligations to the Bondholders, and on the attractiveness and liquidity of the Bonds.

Governance and internal control risks

- (i) **Ownership risk.** The Issuer is a company 100% owned by the Fund that is controlled by the Management Company, having prominent expertise, management team, professional staff and resources to outsource professional advisers. The Fund shall be closed after 5 years from its establishment in 2016, with the possibility to prolong its term for additional 2 years. Change in ownership of the Issuer (in case of the closure of the Fund at its maturity or sale of the Issuer's Shares before Fund's maturity) could result in reduction of attractiveness and liquidity of the Bonds, as well as early redemption of Bonds.

3. KEY INFORMATION ON THE SECURITIES

3.1. What are the main features of the securities?

3.1.1. *Type, class and ISIN*

A fixed-term non-equity non-convertible non-subordinated (debt) security instrument with ISIN LT0000405961.

3.1.2. *Currency, denomination, par value, number of securities issued and duration*

The currency of the Bonds is euros. The Nominal Value of Bond is EUR 1,000. The Maximum Aggregate Nominal Value of the Offering under this Prospectus amounts to EUR 18,000,000. The Final Maturity Date of the Bonds is 19 January 2025.

3.1.3. *The rights attached to the securities*

The Bonds grant the Bondholders the following main rights (i) 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 Maturity Date or Early Redemption Date; (iii) to participate in the Bondholders' Meetings; (iv) to vote in the Bondholders' Meetings.

On 8 December 2021 the Issuer has concluded the Agreement on Bondholders' Protection with UAB „AUDIFINA“, a private limited liability company, legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, LT-09310 Vilnius, the Republic of Lithuania (the **Trustee**).

The Issue, including the Offering is secured by a first ranking mortgage over the real estate (the **Collateral**) under the Collateral Agreement concluded between the Issuer and Trustee on 17 December 2021.

3.1.4. *Rank of securities in the Issuer's capital structure in the event of insolvency*

In case of the Issuer's 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 laws of the Republic of Lithuania governing the insolvency of the Issuer.

3.1.5. *Restrictions on the free transferability of the securities*

The Bonds are freely transferable, subject to certain transfer restrictions under the relevant laws in certain jurisdictions, as may be applicable to the transferor or the transferee.

3.2. Where will the securities be traded?

The Issuer will seek Admission of the Bonds to trading on the Bond List of Nasdaq Vilnius AB (the **Bond List of Nasdaq or Nasdaq**). The Bonds will be publicly offered in the Republic of Lithuania, the Republic of Estonia and the Republic of Latvia.

3.3. What are the key risks that are specific to the securities?

General Bonds' risks

- (i) **Interest rate risk.** The Bonds bear interest on their outstanding Nominal Value at a fixed interest rate. Investors are exposed to the risk that the value of the Bonds decreases as the results of changes in the market interest rates. While nominal interest rate of the Bond is fixed until its redemption, the prevailing capital market rates change on a daily basis. If the market interest rate increases, the market value of the Bond may fall.
- (ii) **Inflation risk.** Inflation reduces the purchasing power of a Bond's future coupons and principal. Inflation may lead to higher interest rates which could negatively affect the Bond price in the secondary market. In addition to that, at the time of this Prospectus high inflation is viewed globally as one of the main macroeconomic factors posing significant risk to global economic growth and consequentially to the value of both equity and debt securities.
- (iii) **Refinancing risk.** The Issuer plans to use bank loan as the main source for the redemption of the Bonds. The Issuer's ability to successfully refinance its debt is dependent on the conditions of the debt capital markets and its financial condition at such time. Even if the debt capital markets improve, the Issuer's access to financing sources at a particular time may not be available on favourable terms, or at all. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a negative impact on the Issuer's operations, financial condition, earnings and on the Bondholders' recovery under the Bonds. The Issuer's preventative actions and/or anticipated plans on refinancing of the Bonds described above does not guarantee that the Issuer will be able to redeem the Bonds as anticipated on the day of the Prospectus and that Bondholders will recover their planned investments.

Offering and Admission to trading on the Bond List of Nasdaq related risks

- (i) **Liquidity risk.** The Bonds constitute a new issue of securities by the Issuer. Prior to Admission to trading on the Bond List of Nasdaq, there is no public market for the Bonds and other securities of the Issuer. The liquidity of the Bonds cannot be guaranteed. Bondholders might bear a loss due to not being able to sell the Bond or having to sell them at an unfavourable price.
- (ii) **Continuous Offering.** Offering under this Prospectus is a second part of total EUR 40,000,000 Issue. Although the Issuer plans to proceed with the public Issue up to total EUR 40,000,000 amount, it may happen, that the Issuer will not issue anticipated units of Bonds under this Prospectus and will not raise estimated proceeds required for successful development of the Project. Notwithstanding previous concern regarding success of the Offering under this Prospectus, there is a risk that the third part of the Issue in the amount of up to EUR 17,000,000 (or increased amount due to unsuccessful Offering under this Prospectus) to be offered under new prospectus won't be approved by the Bank of Lithuania (or won't be approved under the same rules) and therefore new prospectus won't be published (or will be published with material changes). Both situations would have significant influence on the amount of total proceeds from the Bonds, development of the Project, financial stability of the Issuer and the amount of Bonds available in the market.

- (iii) **Not suitability of the Bonds to some Investors.** The Bonds may be not suitable investment to some Investors. Each potential Investor into the Bonds should assess suitability of the investment taking into account all relevant personal circumstances. Prospective Investor should not invest into the Bonds unless he/she has sufficient personal experience himself/herself or with the advice of professional financial advisors, can evaluate the impact on the value of the Bonds upon changes in market and economic conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential Investor's overall investment portfolio.

Collateral related risks

- (i) **Risk of insufficient value of the Collateral.** The Issue is secured by a first ranking mortgage over the Collateral under the Collateral Agreement. Apart from the Collateral, there are no other securities of third parties securing the Issue under this Prospectus. Collateral consists of real estate property currently developed and constructed by the Issuer as a part of the Project. As a result, the value of the Collateral directly depends on the construction progress and successful completion of the Project and in case of Issuer's default before the end of construction stage the value of the Collateral could be not high enough to cover Issuer's obligations to the Bondholders. In addition to that, in case of negative development of Lithuanian real estate market and resulting significant drop in the value of the Collateral even after completion of the Project, the value of Collateral could be not high enough that all claims of the Bondholders could be satisfied.

4. KEY INFORMATION ON THE OFFERING AND ADMISSION TO TRADING ON A REGULATED MARKET

4.1. Under which conditions and timetable can I invest in this security?

The Issue in the amount of up to EUR 40,000,000 with a Nominal Value of each Bond EUR 1,000 has been registered with Nasdaq CSD under ISIN LT0000405961. The Bonds of the Issue will be offered and issued in Tranches. Please note that the Bonds with the total Nominal Value of EUR 5,000,000 have been already issued and registered with Nasdaq CSD before approval of this Prospectus under exemption provided in Article 1(4(b)) of the Prospectus Regulation.

Within 12 months from approval of this Prospectus the Issuer plans to issue Bonds up to EUR 18,000,000 (in Tranches as specified in the Summary below). The conditions of each Tranche will be reconfirmed on the website of the Issuer at https://lordslb.lt/orkela_bonds/ before opening the Subscription Period for each subsequent Tranche.

The Bonds will be offered for Subscription for a minimum investment amount of EUR 1,000 under all Tranches (the **Minimum Investment Amount**). The Issuer shall pay annual interest on the Nominal Value of Bond equal to 6% (fixed). Coupon of Bonds will be paid semi-annually on the Interest Payment Dates.

In order to participate in the Offering and place Subscription Orders, the Investors shall have 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 the Republic of Estonia and/or the Republic of Latvia).

The Offering in the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia shall be structured in the following and same order:

- (i) the Subscription Orders as to acquisition of the Bonds shall be submitted by the Investors to the Issuer, Lead Manager and/or Manager at their offices or via e-mail;
- (ii) based on the decision of the Issuer together with the Lead Manager the Bonds shall be finally allocated to the Investors;
- (iii) the Investors shall pay the Issue Price for the Bonds;
- (iv) the Bonds shall be registered with Nasdaq CSD and distributed to the Investors;
- (v) the Bonds will be introduced to trading on Nasdaq Vilnius.

The Issuer expects that the Bonds of the respective Tranche shall be admitted to trading on the Bond List of Nasdaq within 6 months as from placement thereof to the Investors the latest. Disregarding this, the Issuer will put best efforts so that this term would be as short as practically possible.

After the expiry of this Prospectus (i.e. 12 months after its approval by the Bank of Lithuania), the Issuer plans to proceed with further part of the Issue of Bonds in the amount of up to EUR 17,000,000 under the same terms, as described herein, but subject to approval of a new prospectus by the Bank of Lithuania as required under the Prospectus Regulation.

4.1.1. Expected Timeline and Principal Events of the Offering under this Prospectus

| | Tranche | First (completed) Tranche | Second Tranche | Third Tranche | Fourth Tranche |
|-------|---------|---------------------------|----------------|---------------|----------------|
| Event | | | | | |

| | | | | |
|--|--|--|--|------------------------------------|
| Issued under | Terms of Issue (exemption provided in Article 1(4(b)) of the Prospectus Regulation) | Prospectus approved by the Bank of Lithuania and published on 24 May 2022. | | |
| Maximum Aggregate Nominal Value of the Tranche | EUR 5,000,000 | EUR 6,500,000 | EUR 5,500,000 | EUR 6,000,000 |
| Subscription Period | 13 December 2021 - 14 January 2022 | 25 May 2022 - 20 June 2022 | 8 August 2022 - 29 August 2022 | 6 February 2023 - 27 February 2023 |
| Payment Date | 18 January 2022 | 22 June 2022 | 31 August 2022 | 1 March 2023 |
| Issue Date (registration with Nasdaq CSD) | 19 January 2022 | 23 June 2022 | 1 September 2022 | 2 March 2023 |
| Issue Price and Yield | EUR 1,000, 6% | EUR 1,025,691, 6% | To be determined before opening of the Subscription Period and published on the Issuer's website | |
| First Interest Payment Date | 19 July 2022 | | | |
| Second Interest Payment Date | 19 January 2023 | | | |
| Third Interest Payment Date | 19 July 2023 | | | |
| Fourth Interest Payment Date | 19 January 2024 | | | |
| Fifth Interest Payment Date | 19 July 2024 | | | |
| Sixth Interest Payment Date (Final Maturity Date) | 19 January 2025 | | | |
| Admission and commencement of the Bonds on the Bond List of Nasdaq: | Within 6 months as from placement of the Bonds of the respective Tranche to the Investors at the latest. | | | |

The Bonds will be offered and issued in Tranches under this Prospectus, therefore all details about the respective Tranche (Issue Price and Yield, inclusion of a Manager, if any, and updated above conditions, if any) will be disclosed to the Investors by publishing the conditions of the respective Tranche on the website of the Issuer at https://lordslb.lt/orkela_bonds/ before opening of the Subscription Period of each Tranche. Due to developments in macroeconomical and geopolitical situation, including the interest in the previous Tranches, the Issue Price and Yield of the Bonds of third and fourth Tranches will be determined before opening of the respective Subscription Period and published on the Issuer's website. Nevertheless, all the other terms of the Bonds issued under this Prospectus irrespective in which Tranche they were/are issued will remain unaffected and unchanged. Any changes to the conditions described above will be subject to publication of supplement to the Prospectus.

4.2. Why is this Prospectus being produced?

This Prospectus has been prepared in connection with the (i) Offering in the Republic of Lithuania, the Republic of Estonia and the Republic of Latvia and (ii) Admission to trading on the Bond List of Nasdaq.

Assuming 18,000 Bonds are sold in the Offering, it is expected that the Issuer will raise proceeds of around EUR 18,000,000. The Company will bear approximately up to EUR 272,500 of fees and expenses in connection with the Offering (including the maximum amount of any discretionary commission): up to EUR 250,000 payable for the Bonds placement services, and up to EUR 15,000 for the legal services, expenses up to EUR 5,000 for the Admission of the Bonds to the Bond List of Nasdaq and fees payable to the Trustee up to EUR 2,500 (within the validity of the Prospectus). These costs of the Offering will be covered from proceeds of the Offering.

The Issuer intends to use the proceeds raised from the Offering to (i) finance construction and fit-out of the Project in the amount of up to EUR 15,000,000; (ii) repayment of the outstanding subordinated debt to the direct shareholder of the Issuer (i.e. Fund) arising out of the separate bond subscription agreements concluded by the Issuer and the Fund dated respectively 15 November 2018, 18 August 2020 and 10 December 2021, but not more than EUR 1,500,000; and (iii) to finance working capital of the Issuer in the amount of up to EUR 457,500; (iv) coupon payments up to EUR 770,000; (v) payment of the fees and expenses incurred in connection with the Offering in the amount of up to EUR 272,500 as indicated above.

To the best knowledge of the Issuer there is no conflicts of interest pertaining to the Offering and/or the Admission to trading on the Bond List of Nasdaq.

Please note that after the expiry of this Prospectus (i.e. 12 months after its approval by the Bank of Lithuania), the Issuer plans to proceed with the Issue of Bonds under the same terms, as described herein, but subject to approval of a new prospectus by the Bank of Lithuania as required under the Prospectus Regulation.



II. BACKGROUND TO THE OFFERING AND USE OF PROCEEDS / ESSENTIAL INFORMATION

A. Interest of natural and legal persons involved in the Offering

The Lead Manager is appointed by the Issuer as responsible person in the Republic of Lithuania, the Republic of Estonia and the Republic of Latvia for the purposes of Offering and Admission of the Bonds to trading on the Bond List of Nasdaq. The Issuer is paying fees (commissions) established in the Placement Agreement for the services provided by the Lead Manager.

The law firm Ellex Valiūnas ir partneriai is appointed by the Issuer as legal adviser for the purposes of the Prospectus related matters and Issuer's representation at the Bank of Lithuania. The Issuer is paying fees established in the representation agreement dated 18 February 2021 for the services provided by the legal advisers.

The Trustee 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 Agreement on Bondholders' Protection for the services provided by the Trustee.

There are no other persons appointed by the Issuer in connection with the Prospectus, Offering and Admission of the Bonds to trading on the Bond List of Nasdaq as of the date of this Prospectus.

To the best knowledge of the Issuer neither the Lead Manager nor the legal advisers or the Trustee has any conflict of interest pertaining to the responsibilities assigned to them by the Issuer.

B. Reasons for the Offering and the Use of Proceeds

This Prospectus was developed in connection with the Offering in the Republic of Lithuania, the Republic of Estonia and the Republic of Latvia and Admission to trading on the Bond List of Nasdaq. If all 18,000 Bonds are sold in the Offering, the Issuer is estimated to raise approximately EUR 18,000,000 in proceeds. The Issuer intends to utilize the proceeds of the Offering to (i) fund the construction and fit-out of the Project in the amount of up to EUR 15,000,000; (ii) repay the existing subordinated debt to the Issuer's direct shareholder (i.e. Fund) arising out of the separate bond subscription agreements concluded by the Issuer and the Fund dated respectively 15 November 2018, 18 August 2020 and 10 December 2021, but not more than EUR 1,500,000; and (iii) finance the Issuer's working capital in the amount of up to EUR 457,500; (iv) coupon payments up to EUR 770,000; (v) payment of the fees and expenses incurred in connection with the Offering in the amount of up to EUR 272,500.

Fees and expenses associated with the Offering will be borne by the Company up to EUR 272,500 in total (including the maximum amount of any discretionary commission): up to EUR 250,000 payable for the Bonds placement services, and up to EUR 15,000 for the legal services, expenses up to EUR 5,000 for the Admission of the Bonds to the Bond List of Nasdaq and fees payable to the Trustee up to EUR 2,500 (within the validity term of the Prospectus). These costs of the Offering will be covered from proceeds of the Offering and shall be borne by the Investors indirectly.

C. Terms and Conditions of the Offering

Please see Section VII *Description of Bonds Offering and Admission to Trading* for more information about the Offering and Admission to trading on the Bond List of Nasdaq, including the offer statistics and expected timeline of the Offering and principal events of the Offering.



III. IMPORTANT INFORMATION

Prospectus. This Prospectus has been prepared by the Company in connection with the Offering and the Admission, solely for the purpose of enabling any prospective Investor to consider an investment in the Bonds. This Prospectus is a prospectus in the form of a single document within the meaning of Article 6(3) of the Prospectus Regulation.

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

This Prospectus should be read and construed together with any supplement hereto (if any) and with any other documents attached herein and, in relation to any Tranche of Bonds, with the conditions of the relevant Tranche provided for in Section 1.7.6 *Terms and Conditions of the Offer* of this Prospectus and published (with updates, if any, as disclosed in the Prospectus) on the website of the Issuer before opening the Subscription Period of such new Tranche.

The validity of the Prospectus will expire 12 months after approval hereof (i.e. on 24 May 2023). In case of expiry of this Prospectus, new Tranches of the same Issue can be publicly offered only after new prospectus has been approved by the Bank of Lithuania and published in accordance with the Prospectus Regulation. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when a Prospectus is no longer valid.

Taking into consideration that this Prospectus contains several hyperlinks to websites, it is also noted that the information on such websites does not form part of the Prospectus and has not been scrutinised or approved by the Bank of Lithuania. This shall not apply to hyperlinks to information that is incorporated by reference to this Prospectus (please see Section 3.5 *Information Incorporated by Reference* below).

3.1. Responsibility for this Prospectus

Persons Responsible. The person responsible for the information provided in this Prospectus is UAB "Orkela", legal entity code 304099538, registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania. To the best of the knowledge of the Company and its General Manager Mrs. Anastasija Pocienė the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

Anastasija Pocienė
General Manager

Limitations of Liability. Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in this Prospectus solely on the basis of the Summary of this Prospectus, unless such Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Furthermore, the Lead Manager and the legal advisors to the Company and to the Lead Manager expressly disclaim any liability based on the information contained in this Prospectus, the Summary or individual parts hereof and will not accept any responsibility for the correctness, completeness or import of such information. No information contained in this Prospectus or disseminated by the Company in connection with the Offering and Admission may be construed to constitute a warranty or representation, whether express or implied, made by the Lead Manager or the legal advisors to any party.

Neither the Company nor the Lead Manager or the legal advisors to the Company and to the Lead Manager will accept any responsibility for the information pertaining to the Offering and Admission, the Fund, the Management Company or its operations, where such information is disseminated or otherwise made public by third parties either in connection with the Offering and Admission or otherwise.

By participating in the Offering, Investors agree that they are relying on their own examination and analysis of this Prospectus (including the financial statements of the Company which form an indispensable part of this Prospectus) and any information on the Company and on the Fund and the Management Company

that is available in the public domain. Investors must also acknowledge the risk factors that may affect the outcome of such investment decision (as presented in Section IV *Risk Factors*).

Any persons in possession of this Prospectus should not assume that the information in this Prospectus is accurate as of any other date than the date of this Prospectus, if not expressly indicated otherwise. The delivery of this Prospectus at any time after the conclusion of it will not, under any circumstances, create any implication that there has been no change in the Company's (Fund's or Management Company's) affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date. In case material changes in operations of the Issuer occur until the term of validity of this Prospectus or until Admission, they will be reflected in supplements to the Prospectus, which will be subject to an approval by the Bank of Lithuania and notification to the EFSA and FCMC. The supplement (if any) will be published in the same manner as the Prospectus.

Prior to making any decision as to whether to subscribe for the Bonds, prospective investors should read this Prospectus in its entirety and should not just rely on key information or information summarised within it.

3.2. Notice to Prospective Investors

The distribution of this Prospectus, conditions of the respective Tranche and the Offering of the Bonds in certain jurisdictions may be restricted by law. Any person residing outside the Republic of Lithuania, the Republic of Estonia and the Republic of Latvia may receive this Prospectus only within limits of applicable special provisions or restrictions.

The Issuer requires persons into whose possession this Prospectus or any part of it comes to inform themselves of and observe all such restrictions. This Prospectus and conditions of the respective Tranche 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, Australia, Canada, Hong Kong and Japan. Neither this Prospectus nor any conditions of the respective Tranche constitute an offer to sell or a solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The Issuer, the Lead Manager or their representatives and/or legal advisers do not accept any legal responsibility whatsoever for any such violations, whether or not a prospective investor is aware of such restrictions.

In addition to that neither this Prospectus nor the conditions of the relevant Tranche may be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Bonds offered hereby in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions, including those set out in this Section. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

As a condition for the subscription/purchase of any Bonds in the Offering, each subscriber/purchaser will be deemed to have made, or in some cases be required to make, certain representations and warranties, which will be relied upon by the Company, the Lead Manager and others involved in the Offering. The Company reserves the right, at its sole and absolute discretion, to reject any subscription/purchase of Bonds that the Company, the Lead Manager or any agents believe may give rise to a breach or a violation of any law, rule or regulation.

The Bonds have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States of America or any other US regulatory authority, nor have any of the foregoing passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States of America.

The Bonds have not been and will not be registered in accordance with the U.S. Securities Act of 1933 (the **U.S. Securities Act**) or under the securities laws of any state of the United States of America and accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, transferred or renounced, directly or indirectly, in or into the United States of America, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any securities laws of any state of the United States of America.

Unless specifically otherwise stated in this Prospectus, the Bonds may not be, directly or indirectly, 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 of America, except for the exceptions to registration obligation allowed by the securities

laws of the United States of America and its states, Australia, Canada, Hong Kong and Japan. The Issuer and the Lead Manager require persons into whose possession this Prospectus or any part of it comes to inform them of and observe all such restrictions.

This Prospectus constitutes a prospectus within the meaning of the Prospectus Regulation, for the purpose of giving the information with regard to the Company and the Bonds it intends to offer pursuant to this Prospectus, which is necessary to enable prospective Investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company. This Prospectus has been prepared by the Company for use in connection with the Offering in the Republic of Lithuania, the Republic of Estonia and the Republic of Latvia only and for the Admission. The Company and the Lead Manager reserve the right to reject any offer to purchase/subscribe the Bonds, in whole or in part, for any reason.

This document constitutes a Prospectus in the form of a single document within the meaning of Article 6(3) of the Prospectus Regulation. This Prospectus has been filed with, and was approved by the Bank of Lithuania, which is the competent authority in the Republic of Lithuania to approve this document as a Prospectus. However, in relation to each Member State of the EEA (except Republic of Lithuania, the Republic of Estonia and the Republic of Latvia), the Lead Manager has represented and agreed that it has not made and will not make any public offer of Bonds in any Member State of the EEA prior to that Member State's competent authority receiving a certificate of approval of the Bank of Lithuania attesting that the Prospectus has been drawn up in accordance with the Prospectus Regulation together with a copy of the Prospectus, and the due publication of the Prospectus in accordance with that Member State's applicable rules.

Accordingly, any person making or intending to make an offer within the EEA of Bonds which are the subject of an Offering contemplated by the conditions of the relevant Tranche of Bonds (other than the offer of Bonds in the Republic of Lithuania, the Republic of Estonia and the Republic of Latvia) may only do so in circumstances in which no obligation arises for the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

3.3. Presentation of Financial and Other Information

Financial Statements. The Prospectus contains incorporated by reference the Company's BAS Financial statements for the years ended 31 December 2020 and 31 December 2021 prepared in accordance with the BAS as adopted by the Republic of Lithuania.

The presentation of financial information in accordance with the BAS requires 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 BAS Financial Statements for the years ended 31 December 2020 and 31 December 2021 were audited by "KPMG Baltics" UAB, legal entity code 111494971, having its registered address at Lvovo st. 101, LT-08104 Vilnius, the Republic 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 the Company deems 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 of the Company to the extent that the relevant information is reflected therein.

Dating of Information. This Prospectus is drawn up based on information which was valid on 24 May 2022. Where not expressly indicated otherwise, all information presented in this Prospectus (including the financial information of the Company, the facts concerning Fund's and Management Company's operations and any information on the markets in which they operate) 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 24 May 2022, this is identified by either specifying the relevant date or by the use of expressions as "the date of this Prospectus", "to date", "until the date hereof" and other similar expressions, which must all be construed to mean the date of this Prospectus (24 May 2022).

Currencies. In this Prospectus, financial information is presented in euro (EUR), i.e. the official currency of the EU Member States participating in the Economic and Monetary Union, including the Republic of

Lithuania (as from 1 January 2015). Amounts originally available in other currencies have been converted to euro as of the date for which such information is expressed to be valid.

Updates. The Company will update the information contained in this Prospectus only by approving and announcing the supplements to the Prospectus, as is mandatory under applicable law. The Company is under no obligation to update or modify forward-looking statements included in this Prospectus.

Third Party Information and Market Information. The information contained in the Prospectus has been provided by the Issuer and/or received from other sources identified herein. Thus, with respect to certain portions of this Prospectus, some information may have been sourced from third parties. Such information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such other third parties, no facts have been omitted, which would render the reproduced information inaccurate or misleading. Certain information with respect to the markets in which the Fund and the Management Company is operating is based on the best assessment made by the Issuer. With respect to the industry in which the Fund and the Management Company are active, and certain jurisdictions, in which their operations are being conducted, reliable market information might be unavailable or incomplete. Whilst every reasonable care was taken to provide the best possible estimate of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Investors are encouraged to conduct their own investigation into the relevant markets or seek professional advice. Information on estimated market shares within certain industries and/or sectors represents the Issuer's views, unless specifically indicated otherwise.

3.4. Forward-Looking Statements

This Prospectus includes forward-looking statements. 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 Issuer. Certain statements are based on the belief of the Issuer as well as assumptions made by and information currently available to the Issuer as at the date of this Prospectus. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Company, the Fund and the Management Company, the macroeconomic environment and other similar factors.

In particular, such forward-looking statements may be identified by use of words such as *strategy, expect, forecast, 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 Issuer, the Fund and the Management Company operate in a competitive business environment. The operations are affected by changes in domestic and foreign laws and regulations, taxes, developments in competition, economic, strategic, political and social conditions and other factors. The Issuer's, the Fund's and the Management Company's actual results may differ materially from the Issuer's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Issuer, the Fund and the Management Company (please see *Section IV Risk Factors* for a discussion of the risks which are identifiable and deemed material at the date hereof).

3.5. Information incorporated by Reference

The following information is incorporated in this Prospectus by reference in accordance with Article 19 of the Prospectus Regulation:

- Company's Articles of Association (may be accessed through the following hyperlink: may be accessed through the following hyperlinks: (LT) <https://lordslb.lt/wp-content/uploads/2022/04/Orkela-Istatai-2022-04-15.pdf>, (EN) <https://lordslb.lt/wp-content/uploads/2022/05/Orkela-AOA-EN.pdf>);
- Company's BAS Financial Statements for the year ended 31 December 2020 together with the annual reports and independent auditor's reports on the financial statements and on the annual reports (may be accessed through the following hyperlinks: (LT) https://lordslb.lt/wp-content/uploads/2022/04/UAB-Orkela-BAS-FS_2020.pdf, (EN) https://lordslb.lt/wp-content/uploads/2022/05/UAB_Orkela_FA_2020_EN.pdf);
- Company's BAS Financial Statements for the year ended 31 December 2021 together with the annual reports and independent auditor's reports on the financial statements and on the annual

reports (may be accessed through the following hyperlinks: (LT) https://lordslb.lt/wp-content/uploads/2022/05/Orkela_FA_2021_LT_signed.pdf, (EN) https://lordslb.lt/wp-content/uploads/2022/05/Orkela_FA_2021_EN.pdf.

It is possible to get acquainted with the aforementioned documents on the website of the Company at https://lordslb.lt/orkela_bonds/.

Documents on Display. Throughout the period of validity of this Prospectus, the aforementioned BAS Financial Statements and Articles of Association of the Company shall be available at the Issuer, Lead Manager or Trustee, upon sending a request by the e-mail of the Issuer info@lordslb.lt and/or e-mail of the Lead Manager info@orion.lt or the Trustee info@audifina.lt. Any interested party may obtain a copy of these documents without a charge.

Reference to the Company's website in this Prospectus should not be deemed to incorporate the information on the Company's website by reference.

3.6. Definitions used in the Prospectus

In this Prospectus, the definitions will have the meaning indicated below, unless the context of the 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 used elsewhere in the Prospectus.

| | |
|---|--|
| Admission | The admission of the Bonds to trading on the Bond List of Nasdaq. |
| Agreement on Bondholders' Protection | An agreement on protection of interests of Bondholders and collateral agency concluded on 8 December 2021 between the Issuer and Trustee under which the Trustee represents rights and interests of Bondholders and performs the task of the Collateral Agent for the benefit of the Bondholders. |
| Articles of Association | Articles of Association of the Company, as available on the Issuer's website under https://lordslb.lt/orkela_bonds/ . |
| Bank of Lithuania | The Bank of Lithuania (in Lithuanian: Lietuvos bankas) with its registered office in Vilnius, the Republic Lithuania. The Lithuanian financial supervision authority. |
| BAS | The Lithuanian Business Accounting Standards. |
| BAS Financial Statements | The Company's audited financial statements for the years ended 31 December 2020 and 31 December 2021 prepared in accordance with the BAS together with the annual reports and independent auditor's reports on the financial statements and on the annual reports. |
| Bond | A fixed-term non-equity non-convertible (debt) security instrument with ISIN LT0000405961 and that is issued by the Issuer in accordance with the Prospectus and conditions of the respective Tranche and approved by the decision of the sole shareholder of the Issuer (i.e. the Fund) dated 2 December 2021, with clarifying decisions of the sole shareholder (i.e. the Fund) adopted on 7 December 2021 and on 13 December 2021, 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 the Prospectus. |
| Bond List of Nasdaq | The regulated bond market operated by Nasdaq Vilnius. |
| Bondholders' Meeting | A meeting of the Bondholders of the Issuer convened following the requirements and procedure set forth in applicable laws and this Prospectus. |
| Building | The following buildings/constructions with unique No 094-0425-8024; 1094-0425-8013; 1094-0425-8057; 1094-0425-8079; 1094-0425-8080; 1094-0425-8102; 1094-0425-8135; 1094-0425-8157 situated on the Land Plot which at the later stages of the Project can be divided into separate premises. |
| Business Day | Any day, except Saturday, Sunday, a national or a public holiday of the Republic of Lithuania. |
| Civil Code | Civil Code of the Republic of Lithuania. |
| CIT | Corporate income tax. |
| Collateral Agreement | The Lithuanian law governed maximum joint mortgage agreement creating a first ranking mortgage over the Property entered into on 17 |

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| | | December 2021 by the Trustee and the Issuer to secure Secured Obligations for the benefit of the Investors. |
| Collateral | | The Property mortgaged under the Collateral Agreement. |
| Company or Issuer | | UAB "Orkela", a private limited liability company, legal entity code 304099538, with its registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania. The Company's data is collected and stored with the Register of Legal Entities of the Republic of Lithuania. |
| Confirmation | | The confirmation sent to Investor by the Issuer evidencing the extent of satisfaction or rejection of the Subscription Order submitted by the Investor, the number of Bonds allotted to the Investor. |
| Completion of the Project | | The final commissioning of the Building under the procedures set forth in the applicable laws and 100% completion of the constructions of the Building with the Register of Real Estate of the Republic of Lithuania. |
| Delegated Regulation 2019/980 | | 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. |
| Delegated Regulation 2019/979 | | Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301. |
| DTT | | Any of the Double Taxation Avoidance Treaties concluded by the Republic of Lithuania, the Republic of Latvia, the Republic of Estonia and other countries, as may be applicable. |
| Early Maturity Date | | 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 7.3.2.1 of the Prospectus. |
| Early Redemption Date | | Date(s) on which the Issuer has the right or obligation to redeem all or part of the Bonds before the Final Maturity Date in accordance with the Prospectus. |
| EEA | | European Economic Area. |
| EU | | European Union. |
| EUR, €, euro | | The lawful currency of the EU Member States that have adopted the single currency, including the Republic of Lithuania. |
| Extraordinary Redemption Event | Early | Any event as set forth in Section 7.3.2.1 of the Prospectus. |
| Final Maturity Date | | A final date on which the Bonds issued under this Prospectus within all Tranches must be redeemed by the Issuer from the Investors and which is 19 January 2025. |
| Financial Indebtedness | | 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. |
| Fund | | Lords LB Special Fund IV, closed-end real estate investment fund intended for informed investors (fund code No I032, registered by the Director of the Supervision Service of the Bank of Lithuania on 20 June 2016), managed by the Management Company. |
| General Manager | | The General Manager of the Company. |
| General Meeting | | General Meeting of Shareholders of the Company, the supreme body of the Company. |

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| i.e. | A Latin term that is defined as meaning in other words or that is. |
| Interest Payment Date | A date on which the coupon is paid to the Investors, i.e. 19 July 2022, 19 January 2023, 19 July 2023, 19 January 2024, 19 July 2024, 19 January 2025, or, if applicable, Early Redemption Date or Early Maturity Date. |
| Investors or Bondholders | A holder of a Bond as registered with the Register or, where relevant, a person who has placed a Subscription Order. |
| Issue Date | The Business Day set out as "Issue Date" in the conditions of the respective Tranche, on which Bonds are registered with the Register. |
| Issue Price | The price indicated in the conditions of the respective Tranche payable by an Investor latest on the relevant Payment Date for acquisition of Bond(s), determined considering the Nominal Value of the Bonds, the Yield and adding the interest accrued on the Bonds from the last Interest Payment Date (in case it was before the Issue Date of the relevant Tranche). The Issue Price for the second Tranche is disclosed in the Prospectus, but the Issue Price for third and fourth Tranches may vary and will be indicated in the announcement of the conditions of the respective Tranche before opening of the Subscription Period as disclosed in the Prospectus. |
| Issue | The aggregate of the Bonds issued or to be issued under ISIN LT0000405961 by way of all Tranches in the amount of up to EUR 40,000,000, including the first part of the Bonds in the amount of EUR 5,000,000 issued under exemption provided in Article 1(4(b)) of the Prospectus Regulation, the second part of the Bonds to be issued under this Prospectus in the amount of up to EUR 18,000,000, and the third part of the Bonds to be issued under new prospectus approved by the Bank of Lithuania and published in accordance with the Prospectus Regulation after expiry of this Prospectus in the amount of up to EUR 17,000,000 as described in this Prospectus. |
| Yield | 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 Bonds and considering current yields of alternative debt instruments present in the Lithuanian capital market. The Yield for the second Tranche is disclosed in the Prospectus, but the Yield for third and fourth Tranches may vary and will be indicated in the announcement of the conditions of the respective Tranche before opening of the Subscription Period as disclosed in the Prospectus. |
| Key Executives or Management | The Chief Executive Officer (the CEO), the Chief Financial Officer (the CFO), the Chief Risk Officer (the CRO), the members of the Management Board of the Management Company collectively. |
| Law on Companies | Law on Companies of the Republic of Lithuania. |
| Law on CIT | Law on CIT of the Republic of Lithuania, Law on CIT of the Republic of Latvia, Law on CID of the Republic of Estonia, whichever is applicable. |
| Law on Markets in Financial Instruments | Law on Markets in Financial Instruments of the Republic of Lithuania. |
| Law on PIT | The Law on PIT of the Republic of Lithuania, the Law on PIT of the Republic of Latvia or the Law on PIT of the Republic of Estonia, whichever is applicable. |
| Law on Protection of Interests of Bondholders | Law of the Republic of Lithuania on Protection of Interests of Bondholders of Public Limited Liability Companies and Private Limited Liability Companies. |
| Law on Securities | Law on Securities of the Republic of Lithuania. |
| Land Plot | The land plot with unique number 4400-1845-7359 located at Vasario 16 st. 1, Vilnius, the Republic of Lithuania. |
| Lead Manager | UAB FMĮ "Orion Securities", legal entity code 122033915, with its registered address at Antano Tumėno st. 4, Vilnius, the Republic of Lithuania, which is assigned by the Issuer for the purpose of Offering the Bonds under the Prospectus. |
| LTC | Loan to cost ratio, calculated under the rules set in Section 7.3.1.6 of the Prospectus, expressed as percentage of the Net Issue Size divided by the costs of the Project. |
| Management Company | UAB "Lords LB Asset Management", legal entity code 301849625, registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania, and AIFM licensed fund management company, which is supervised by the Bank of Lithuania. |

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| Manager | The manager assigned by the Issuer from time to time for the purpose of Offering of the Bonds under the Prospectus and which is indicated in the conditions of the respective Tranche published on the Issuer's website in accordance with the Prospectus, if any. |
| Maximum Aggregate Nominal Value of the Offering | The maximum aggregate Nominal Value of the Bonds to be offered and issued in Tranches jointly under this Prospectus which amounts to EUR 18,000,000. |
| Major Shareholders | The Company's shareholders holding directly or indirectly more than 5% of the authorised capital of the Company. Details of the major shareholders on the Prospectus date are provided in Section 5.9 <i>Major Shareholders</i> . |
| Market Abuse Regulation | Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse. |
| Member State | A member state of the EU or EEA, as applicable. |
| Minimum Investment Amount | A minimum investment amount in Bonds under all Tranches, EUR 1,000. |
| Nasdaq Vilnius or Nasdaq | Nasdaq Vilnius AB – Vilnius Stock Exchange, a public limited liability company organized and existing under the laws of the Republic of Lithuania, legal entity code 110057488, registered at the address Konstitucijos ave. 29, Vilnius, the Republic Lithuania. The company's data is collected and stored with the Register of Legal Entities of the Republic of Lithuania. |
| Nasdaq CSD or Registrar | Lithuanian branch of Nasdaq CSD SE (<i>Societas Europaea</i>), the merged central securities depository of the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia, the clearing and settlement institution of these Baltic countries, legal entity code 304602060, registered at the address Konstitucijos ave. 29-1, Vilnius, the Republic of Lithuania. |
| Net Issue Size | A total amount of outstanding Bonds (Nominal Value of Bonds) on the day when the LTC ratio is being calculated as described in Section 7.3.1.6 of the Prospectus, excluding amounts in the Securities Account. |
| Nominal Value | The stated value of a Bond, whereas on the Issue Date the Nominal Value is the value in which a Bond is denominated and following the repayment of principal of the Bonds, the Nominal Value is equal to the outstanding principal value of the Bond. The Nominal Value of Bonds is EUR 1,000. |
| OECD | Organisation for Economic Co-operation and Development. |
| Offering | The offering of the Bonds based on this Prospectus and conditions of respective Tranche, prepared and reconfirmed by the Issuer in compliance with this Prospectus. |
| Payment Date | A Business Day on or before the Issue Date designated in the conditions of respective Tranche latest on which the payment of the Issue Price must be credited to the Settlement Account indicated in the Confirmation sent to the Investor. |
| PIT | Personal Income Tax. |
| Placement Agreement | The agreement concluded on 12 October 2021 between the Company and the Lead Manager related to the Offering and Admission. |
| Primary Distribution | The Subscription and sale of the Bonds to the Investors in accordance with this Prospectus and the conditions of respective Tranche (for avoidance of doubts, the previous may also include the Subscription and sale of the Bonds to the Investors during the Additional Subscription Period, if any). |
| Project | A real estate development project undertaken by the Issuer with regard to the Property as described in Section VI of this Prospectus. |
| Property | The Building and Land Plot. |
| Prospectus | This document, prepared for the purpose of the Offering and the Admission. |
| Prospectus Regulation | 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. |
| Record Date | The third Business Day before the Interest Payment Date, Final Maturity Date, Early Redemption Date or Early Maturity Date, whichever is relevant. |
| Redemption Price | 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 |

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| | the Early Redemption Date or Early Maturity Date) of the Bonds, calculated in accordance with this Prospectus. |
| Register | The Lithuanian central securities depository operated by the Registrar. |
| Regulation S | Regulation S under the U.S. Securities Act. |
| Rejection | The rejection of the occurrence of the Extraordinary Early Redemption Event by the Issuer pursuant to Section 7.3.2. of this Prospectus. |
| Related Parties | As defined in International Accounting Standard, 24 <i>Related Party Disclosures</i> . |
| Related Entities | Jointly the Management Company, its subsidiaries where the Management Company indirectly or directly holds at least 10% shares or voting rights, the Issuer and all other entities where the Issuer directly or indirectly holds at least 10% shares or voting rights. |
| Section | A section of this Prospectus. |
| Secured Obligation | 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 Investors from time to time under the Terms, Prospectus and conditions of each respective Tranche, including but not limited to the obligations arising from the Bonds. |
| Security | 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 | The securities account and a cash account linked to such securities account indicated in the Prospectus and conditions of respective Tranche opened in the name of the Issuer at the Lead Manager and which is designated to record transactions made on behalf of the Issuer by the Lead Manager in respect to the Offering, the disposal thereof is restricted in a manner described in this Prospectus and the Security Account Agreement. |
| Securities Account Agreement | The agreement for opening and maintenance of the Securities Account and provision of securities accounting services, concluded by and between the Issuer and Lead Manager on 24 November 2021. |
| Settlement Account | Any client cash account of the Lead Manager opened with credit institution operating in the Republic of Lithuania which is indicated in the Confirmation sent to the Investor and to which the Issue Price for the Bonds shall be paid by the Investor on the Payment Date of the respective Tranche. For the avoidance of doubt, the Lead Manager shall make respective records in the Securities Account when the funds are credited to the Settlement Account or released from it. |
| Shares | Any ordinary registered shares of the Company with the nominal value of EUR 25 each issued and outstanding at any time. |
| Subscription Orders | A document, which is submitted by the Investor to the Issuer, Lead Manager and/or Manager, if any, for subscription of Bonds. |
| Subscription Period | A period during which the Investors will be allowed to submit the Subscription Orders for the subscription of the Bonds in accordance with the terms and conditions of the Prospectus and the conditions of the respective Tranche of Bonds. The Subscription Periods for each Tranche under this Prospectus is provided in Section VII <i>Description of Bonds Offering and Admission to Trading</i> and to be reconfirmed by the Issuer's announcement about the conditions of the respective Tranche at the Issuer's website at https://lordslb.lt/orkela_bonds/ before opening of the respective Subscription Period. |
| Subscription | The Subscription Orders which have been submitted according to the Prospectus by the Investors to the Issuer, Lead Manager and/or Manager, if any, and which are decided by the Issuer to be satisfied either wholly or partially in accordance with the Prospectus. |
| Summary | The summary of this Prospectus provided in Section I <i>Summary</i> . |
| Terms of Issue | Terms of Issuer's Bond Issue dated 13 December 2021 whereas the Bonds were offered under exemption provided in Article 1(4(b)) of the Prospectus Regulation. |
| Terms and Conditions | Terms and conditions, applicable to all the Bonds to be issued in each of the respective Tranches, as indicated in Section VII <i>Description of Bonds Offering and Admission to Trading</i> and in the Subscription Order, signed by the Investors, when subscribing the Bonds. |

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| Tranche | Portion of Bonds of the Issue, issued under this Prospectus and bearing specific conditions of Bonds. |
| Trustee or Collateral Agent | UAB „AUDIFINA“, a private limited liability company, legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, LT-09310 Vilnius, the Republic of Lithuania (i) with which the Issuer has concluded the Agreement on Bondholders' Protection, (ii) which shall be the Collateral agent under the Collateral Agreement on behalf and for the benefit of the Bondholders, and (iii) which executes other orders specified in the Agreement on Bondholders' Protection. |
| U.S. Securities Act | The United States Securities Act of 1933, as amended. |
| VAT | The value added tax applicable in the Republic of Lithuania. |

3.7. Use of this Prospectus

This Prospectus is prepared solely for the purposes of the Offering and the Admission; it may not be construed as a warranty or a representation to any person not participating or not eligible to participate in the Offering or trade in the Bonds. No Offering of the Bonds is conducted in any jurisdiction other than Republic of Lithuania, the Republic of Estonia and the Republic of Latvia and consequently the dissemination of this Prospectus in other countries may be restricted or prohibited by law. The Prospectus cannot be used for any purpose other than for informational. Prior to making a decision to participate or refrain from participating in the Offering or to conduct any trading activities with the Bonds on Nasdaq Vilnius the prospective Investors should read this document. In making an investment decision, prospective Investors must rely upon their own examination of the Company and the terms of this document, including the risks involved. It is forbidden to copy, reproduce (other than for private and non-commercial use) or disseminate this Prospectus without express written permission from the Company.

IV. RISK FACTORS

The following is a disclosure of certain risk factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the risks associated with the Bonds are described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to the Issuer or which it may not currently be able to anticipate. Prospective Investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Before deciding to purchase/subscribe the Bonds, Investors should carefully review and consider the following risk factors and other information contained in this Prospectus. Should one or more of the risks described below materialise, this may have a material adverse effect on the business, prospects, shareholders' equity, net assets, financial position and financial performance of the Issuer. Moreover, if any of these risks occur, the market value of the Bonds and the likelihood that the Issuer will be in a position to fulfil its payment obligations under the Bonds may decrease, in which case the Bondholders could lose all or part of their investments. Additional risks and uncertainties, which are not currently known to the Issuer or which the Issuer currently believes are immaterial, could likewise impair the business operations of the Issuer and have a material adverse effect on their cashflows, financial performance and financial condition. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the cash flows, financial performance and financial condition of the Issuer.

This part provides information on the risk factors related to the Issuer and the offered Bonds. This information should not be considered as comprehensive description covering all possible aspects of risk factors related with the Issuer and the Bonds. The following risks might have adverse effect on the Issuer and on extreme circumstances might cause insolvency of the Issuer and breach in performing obligations arising under the Bonds.

4.1. Risks related to the Issuer

4.1.1. Financial risks

Construction cost and Project's success risk

The Issuer's and the Management Company's employees invoked all available information and analytic resources when planning the Project, however, there is no guarantee, that all information on which the investments in the Project planned were based was true and exhaustive. Furthermore, the outbreak of COVID-19 together with increased geopolitical tension because of the war between Russia and Ukraine which started in February 2022 caused high pressure on the global building materials supply chain and rise of materials and local labor costs.

The Project's construction costs were planned considering various scenarios, including negative ones and many materials necessary for the constructions were bought in advance. However, as the situation in global markets and building materials supply chain is changing frequently, by the time of completion of the Project the key variables regarding which investments assumptions have been made, could significantly change and adjustments to the initial calculations might be required in the later stages of the Project due to reasons indicated above.

An unexpected increase in construction costs or inability to secure construction material required to complete the Project may reduce the overall profitability of the Project, delay the completion of the Project and as a result adversely affect the Issuer's activities, financial situation, and ability to redeem the Bonds. Even if the economic and geopolitical situation would stabilize until completion of the Project, there is no guarantee the investments made will generate anticipated or planned return on the Project.

Moreover, the Company cannot provide any assurance that there will not be any disputes with its suppliers or that it will be able to maintain business relationships with its existing suppliers. Any disruption to the Company's supply chain as a result of an issue with a supplier, or any damage to such supplier's integrity could cause the Company significant time and expense in remediation of any deficiencies and could impact its reputation, which could adversely affect its reputation and profitability.

Economic environment (both domestic and international) and insolvency risk

The Issuer's activities and results depend on the economic processes in Lithuania and internationally. Since the beginning of the COVID-19 pandemic the businesses across the globe are facing economic disruptions, supply-demand imbalances, and high uncertainty about the prospects of the business development. The war between Russia and Ukraine is also contributing to already existing economic tension, however currently it is hard to estimate what impact the war will have on Lithuanian economy.

Even if currently there is no material economic downturn both domestically and internationally, in the event of its occurrence, the demand for the Issuer's services may decrease, the risk of insolvency of the Company's tenants and/or other contractors may increase, which may have a negative impact on the implementation and results of the Issuer's business strategy and the Project may not generate expected positive returns. These factors individually, or in combination might cause the insolvency of the Issuer. The Issuer is subject to the Law on Insolvency on Legal Entities of the Republic of Lithuania and Issuer's insolvency may affect the Investors' ability to recover their investments.

Negative equity risk

According to the BAS Financial Statements for the year ended 31 December 2021, the Issuer had a negative equity amounting to -EUR 6,761,260 during the financial year 2021, i.e. the Issuer's liabilities exceeded the amount of the Issuer's equity. The negative equity situation has been rectified partially on 24 February 2022 by issuing and subscribing by the Fund 20 new Shares of the Issuer with EUR 25 par value each. The subscription price of new Shares was EUR 7,000,000, which has been paid by the Fund by setting of the obligations for partial redemption of bonds issued under the Bond subscription agreement of 15 November 2018 (disclosed under Section 5.14 *Material Contracts*) and payment of subscription price for new Shares. On 2 May 2022 the shareholder (i.e. the Fund) decided to cover the negative equity by additional shareholder's injection of EUR 203,727, which has been paid by the Fund by setting of the obligations for partial redemption of bonds issued under the Bond subscription agreement of 15 November 2018 against the obligation to pay in the injection. As of 2 May 2022, the Issuer's equity is positive and reaches EUR 100,000. Although solved, such change is not reflected in the available financial statements of the Issuer and has not been audited yet. Moreover, there is a risk that negative equity situation may repeat or reemerge until the day the Projects starts generating income. The described situation may negatively impact the Issuer's ability to get financing/refinancing for the Project's development and/or to redeem the Bonds in a timely manner.

Liquidity risk

Liquidity risk is the risk that the Issuer is unable to maintain a sufficient reserve of cash and other liquid financial assets that can be used to meet its payment obligations as they fall due and to redeem the Bonds. The availability of liquidity for business activities and the ability to access long-term financing are necessary to enable the Issuer to meet its payment obligations in cash, whether scheduled or unscheduled. The Fund is ensuring the needed capital availability to the Issuer. Although the Issuer and the Fund monitors its liquidity position and follows procedures to manage liquidity risk, a reduction in the Issuer's or the Fund's liquidity position could have a material adverse effect on the Issuer's and the Fund's business, financial condition, results of operations or prospects, as well as ability to redeem the Bonds at their maturity.

4.1.2. Business activities and industry risks

Hospitality market risk

A large part of the Project is dedicated to the development of the hotel complex. The Lithuanian and global hotel sector has been highly affected by the COVID-19 pandemic, which according to the statistical data has led to a sharp drop in number of incoming tourists (approx. 1.7 million in 2019 and 0.5 million in 2020, according to the information from the Official Statistics Portal), and of almost 50% in occupancy rates. If the negative impact of COVID-19 persists until the opening of the planned hotel as a part of the Project, it may lead to worse-than-expected financial results of the hotel assets, which in turn may adversely affect the Issuer's ability to redeem the Bonds. In addition to that Russia's war in Ukraine, still ongoing on the date of this Prospectus, could have a negative effect on the Lithuania's attractiveness as a destination for foreign tourists. A resulting drop in demand could have a negative effect on the financial results of the hotel assets of the Project which in turn would adversely affect Issuer's ability to redeem the Bonds.

Real estate market risk

Potential negative development of Lithuanian real estate market could have a negative impact on both real estate market prices and market transaction volume. At the date of this Prospectus increase in geopolitical

risks caused by the Russia's war in Ukraine is considered as a one factor which could have a negative effect on the Lithuanian real estate market. Decreases in prices and volumes could have an adverse effect on the Company's financial position and could degrade the value and liquidity of real estate mortgaged in favour of the Bondholders as a Collateral which in turn could have adverse effect on the Bondholders' ability to fully satisfy their claims against the Issuer under the Bonds.

Counterparty risk

Counterparty risk is inherent to all business activities the Company is engaged in. In case of the Issuer the most significant counterparty risk stems from the Issuer's business partners engaged in the development and construction of the Project. Realisation of the counterparty risk may result in financial losses. Default of the Company's counterparty may affect the completion of the Company's commenced investment projects, the quality of services provided by the Company or harm the Company's, Fund's and Management Company's reputation. Although the Company and the Management Company monitor the counterparty risk, the occurrence of any of the mentioned counterparty risks may have an adverse impact on the Company's business and financial position.

Competition risk

The key business of the Issuer is the development of the Project. It is possible that by the time of completion of the Project alternative properties with comparable functionality could be developed or reconstructed from existing properties, therefore the competitors could target tenants of the Company offering discounts and/or other favorable terms.

In such a case occurrence of competing properties would increase competition that might affect the Issuer's profitability as the Company would have to make concessions to retain tenants. Moreover, the Issuer's improper reaction to the actions of competitors or changes in the environment could decrease demand for the Project's property which in turn could affect the Project's profitability and result in worse financial performance of the Issuer.

4.1.3. Legal risks

Risk of legal disputes

Even though the Issuer is not involved in any legal proceedings at the moment, it is possible that the Issuer may be involved in legal disputes due to its activities (as plaintiff or defendant) in the future, the outcome of which cannot be predicted in advance. The issuer is developing the Project within historical central area of the Vilnius, which leads to high public interest and regulatory scrutiny. As the Project is in the historical site, there are multiple local communities and stakeholders, which have various expectations for the Project being developed, what leads to the moderate legal dispute risk level. The Issuer has already obtained building permits and approvals from authorities and is following all the technical and legal requirements and takes into consideration expectation of local communities. However, in unlikely situation where dispute is resolved in the manner unfavourable to the Issuer, this could adversely affect its operations, financial condition, and reputation as the Issuer may be required to pay damages awarded, including the legal costs of the opponent (the Issuer itself would also incur legal costs). All of this can have an impact on the Issuer's ability to properly perform its obligations to the Bondholders, and on the attractiveness and liquidity of the Bonds.

4.1.4. Governance and internal control risks

Ownership risk

The Issuer is a company 100% owned by the Fund that is controlled by the Management Company, having prominent expertise, management team, professional staff and resources to outsource professional advisers. The Fund shall be closed after 5 years from its establishment in 2016, with the possibility to prolong its term for additional 2 years. Change in ownership of the Issuer (in case of the closure of the Fund at its maturity or sale of the Issuer's Shares before Fund's maturity) could result in reduction of attractiveness and liquidity of the Bonds, as well as early redemption of Bonds. To mitigate this risk the Change of Control covenant is assumed by the Issuer (please see Section 7.3.1.3 *Change of Control*), breach of which shall be considered as one of the Extraordinary Early Redemption Events.

Management and human resources risk

The Issuer's results largely depend on the Issuer's and Management Company's employees' teams and their decisions, and on the competence and experience of the team members.



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The Management Company's success and its ability to manage growth initiatives depend on qualified executives and employees, certain executive officers of the Issuer and Management Company, and employees with special expertise in the development, financing, engineering, construction, operation and maintenance of projects. Given their expertise in the industry, their knowledge of the Management Company's business processes and their relationships with the Management Company's local partners, the loss of the services of one or more of these individuals could have a material adverse effect on the Management company's business, financial condition, results of operations or prospects.

Additionally, from time to time, executives, and other employees with technical or industry expertise may leave the Management Company. The Management Company's failure to promptly appoint qualified and effective successors for such individuals or inability to effectively manage temporary gaps in expertise or other disruption created by such departures, could have a material adverse effect on the Issuer and Management Company's business, financial condition, results of operations or prospects.

4.2. Risk factors related to the Bonds

4.2.1. General Bonds' risks

Inflation risk

Inflation reduces the purchasing power of a Bond's future coupons and principal. Inflation may lead to higher interest rates which could negatively affect the Bond price in the secondary market. In addition to that, at the time of this Prospectus high inflation is viewed globally as one of the main macroeconomic factors posing significant risk to global economic growth and consequentially to the value of both equity and debt securities.

Interest rate risk

The Bonds bear interest on their outstanding Nominal Value at a fixed interest rate. Investor is exposed to the risk that the value of the Bonds decreases as the results of changes in the market interest rates. While nominal interest rate of the Bond is fixed until its redemption, the prevailing capital market rates change on a daily basis. If the market interest rate increases, the market value of the Bond may fall.

Refinancing risk

The Issuer after completion of the constructions may be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt is dependent on the conditions of the debt capital markets and its financial condition at such time. In unfavourable debt capital market situation, the Issuer's access to financing sources at a particular time may not be available on favourable terms, or at all. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a negative impact on the Issuer's operations, financial condition, earnings and on the Bondholders' recovery under the Bonds. The Issuer is actively monitoring debt capital market conditions and analysing feasibility of the alternative refinancing options, including selling the Project after construction will be finished. The Issuer plans as well to use bank loan as the main source for the redemption of the Bonds. The Issuer's preventative actions and/or anticipated plans on refinancing of the Bonds described above does not guarantee that the Issuer will be able to redeem the Bonds as anticipated on the day of the Prospectus and that Bondholders will recover their planned investments.

Credit and default risk

Bondholders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Bonds. The worse the creditworthiness of the Issuer, the higher the risk of loss. A materialization of the credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments.

The Issuer is not guaranteeing that no default under this Prospectus will occur until the Final Maturity Date of the Bonds, therefore the Investors shall independently assess the Issuer's creditworthiness before investing into the Bonds.

Early redemption risk

According to the terms of the Offering established in this Prospectus, the Bonds may be redeemed prematurely on the initiative of the Issuer. If the early redemption right is exercised by the Issuer, the rate of return from an investment into the Bonds may be lower than initially anticipated by the Investor.

Moreover, there is no guarantee by the Issuer that Extraordinary Early Redemption Event (including the Change of Control in general whether due to the end of the Fund or sale of Issuer's Shares) will not occur, therefore in case of the occurrence of the Extraordinary Early Redemption Event the Bonds will have to be redeemed by the Issuer in accordance with the procedure established in this Prospectus and the rate of return from an investment into the Bonds may be lower than initially anticipated by the Investor.

Transaction costs/charges

When the Bonds are purchased/subscribed or sold, several types of incidental costs are incurred in addition to the purchase/issue or sale price of the Bonds. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Bondholders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties and/or there might be other charges that could not be foreseen by the Issuer and disclosed in this Prospectus.

Moreover, changes to the laws and legal acts applicable in the Republic of Lithuania and/or the Bondholder's domicile, or the implementation of any new laws or other legal acts may cause additional expenses or taxes for the Bondholder and/or reduce the return on investment for the Bondholder.

4.2.2. Offering and Admission to trading on the Bond List of Nasdaq related risks

Liquidity risk

The Bonds constitute a new issue of securities by the Issuer. Prior to Admission to trading on Bond List of Nasdaq, there is no public market for the Bonds and other securities of the Issuer. The liquidity of the Bonds cannot be guaranteed. In addition to that, the Bond List of Nasdaq, compared to other international debt securities markets, is characterised by relatively low liquidity and limited secondary trading. As a result, the Bondholders might bear a loss due to not being able to sell the Bond or having to sell them at an unfavourable price.

Continuous Offering

Offering under this Prospectus is a second part of total EUR 40,000,000 Issue. Although the Issuer plans to proceed with the public Issue up to total EUR 40,000,000 amount, it may happen, that the Issuer will not issue anticipated units of Bonds under this Prospectus and will not raise estimated proceeds required for successful development of the Project. Notwithstanding previous concern regarding success of the Offering under this Prospectus, there is a risk that the third part of the Issue in the amount of up to EUR 17,000,000 (or increased amount due to unsuccessful Offering under this Prospectus) to be offered under new prospectus won't be approved by the Bank of Lithuania (or won't be approved under the same rules) and therefore new prospectus won't be published (or will be published with material changes). Both situations would have significant influence on the amount of total proceeds from the Bonds, development of the Project, financial stability of the Issuer and the amount of Bonds available in the market.

Not suitability of the Bonds to some Investors

Bonds may be attractive for Investors who desire a source of regular income or are looking to diversify their portfolio of investment assets. Nevertheless, the Bonds may be not suitable investment to some Investors. Each potential Investor into the Bonds should assess suitability of the investment taking into account all relevant personal circumstances, reserve of sufficient financial resources and liquidity to bear all the risks of investing in the Bonds or holding the Bonds to maturity, including losing all or a substantial amount of the capital invested. The assessment of suitability is one of the key requirements for Investor protection. Prospective Investor should not invest into the Bonds unless he/she has sufficient personal experience himself/herself or with the advice of professional financial advisors, can evaluate the impact on the value of the Bonds upon changes in market and economic conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential Investor's overall investment portfolio.

4.2.3. Collateral related risks

Risk of insufficient value of the Collateral

The Issue is secured by a first ranking mortgage over the Collateral under the Collateral Agreement. Apart from the Collateral, there are no other securities of third parties securing the Issue under this Prospectus. Collateral consists of real estate property currently developed and constructed by the Issuer as a part of the Project. As a result, the value of the Collateral directly depends on the construction progress and

successful completion of the Project and in case of Issuer's default before the end of construction stage the value of the Collateral could be not high enough to cover Issuer's obligations to the Bondholders. In addition to that, in case of negative development of Lithuanian real estate market and resulting significant drop in the value of the Collateral even after completion of the Project, the value of Collateral could be not high enough that all claims of the Bondholders could be satisfied.

V. INFORMATION ABOUT THE ISSUER

5.1. Statutory Auditors

The BAS Financial Statements for the years ended 31 December 2020 and 31 December 2021 were prepared in accordance with the BAS and audited by UAB "KPMG Baltics", legal entity code 111494971, having its registered address at Lvovo st. 101, LT-08104 Vilnius, the Republic of Lithuania. The audit for the years 2020 and 2021 was executed by auditor Mrs. Ieva Voverenė, auditor's licence No. 000329.

5.2. Information about the Issuer

Table 1: Key information about the Issuer

| | |
|---|---|
| Legal and commercial name of the Issuer | UAB "Orkela" |
| Legal form | Private limited liability company |
| Registered address | Jogailos st. 4, Vilnius, the Republic of Lithuania |
| Country of registration | Republic of Lithuania |
| LEI | 9845002F4D0B3BB3CA85 |
| Legal entity code | 304099538 |
| Legislation under which it operates | Law on Companies, Civil Code and other relevant laws of the Republic of Lithuania |
| Date of incorporation | 24 September 2015 |
| Operating period | Indefinite |
| Phone number | +370 5 261 9470 |
| E-mail | info@lordslb.lt |
| Website | www.lordslb.lt and in particular https://lordslb.lt/orkela_bonds/ where all Bonds related information and documents are uploaded or will be uploaded by the Issuer. The information on the website does not form part of the Prospectus, unless certain of this information is incorporated by reference into the Prospectus (please see Section 3.5 <i>Information Incorporated by Reference</i>) |

Source: the Company

The purpose for which the Issuer was established is the development of the real estate Project, as described in Section 5.3 *Business Overview and Principal Activities* and Section VI *Project Description* of this Prospectus.

The sole shareholder of the Issuer is the Fund – a close-end real estate investment fund intended for informed investors. The Fund specializes in the development of commercial real estate in the Baltic States. It is managed by one of the largest investment management companies in the Republic of Lithuania – UAB "Lords LB Asset Management. More details about Issuer's and Management Company's organizational structure are available under Section 5.7. *Organisational Structure of the Issuer*.

There have been no recent events which would be to a material extent relevant to an evaluation of Issuer's solvency. According to the BAS Financial Statements for the year ended 31 December 2021, the Issuer had a negative equity amounting to -EUR 6,761,260 during the financial year 2021, i.e. the Issuer's liabilities exceeded the amount of the Issuer's equity. The negative equity situation has been rectified partially on 24 February 2022 by issuing and subscribing by the Fund 20 new Shares of the Issuer with EUR 25 par value each. The subscription price of new Shares was EUR 7,000,000, which has been paid by the Fund by setting of the obligations for partial redemption of bonds issued under the Bond subscription agreement of 15 November 2018 (disclosed under Section 5.14 *Material Contracts*) and payment of subscription price for new Shares. On 2 May 2022 the shareholder (i.e. the Fund) decided to cover the negative equity by additional shareholder's injection of EUR 203,727. As of 2 May 2022, the Issuer's equity is positive and reaches EUR 100,000, although is not reflected in the available financial statements.

More financial data about the Issuer is provided in Sections 5.10 *Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses* and 5.12 *Significant Change in the Issuer's Financial Position*.

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

Information on the Issuer's borrowing and funding structure can be found in Section 5.10 *Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses*.

5.3. Business Overview and Principal Activities

The Issuer is a real estate development company established in 2015 and owned by the Fund. The Issuer being a real estate development company engages in the following activities: project initiation (concept and initial set of goals), market research and business analysis, requirements, estimates, planning, procurement, architecture and design, project implementation and construction, testing, market launch and closing sale/rent of the premises and buildings.

The purpose for which the Issuer was established is the development of the real estate Project which does not generate any income as of the date of this Prospectus.

Since 8 March 2021 when the construction permit was granted the Issuer is constructing the educational and hospitality real estate complex in the centre of Vilnius at Vasario 16-osios g. 1. The complex preliminary will consist of three parts: hotel and other hospitality facilities (Gross floor area: 17,612 m²), educational facilities (Gross floor area: 6,290 m²) and parking space (Gross floor area: 2,891 m²). The completion of the Project is estimated around the Q4 of 2023. The estimated value of the Project at its completion shall amount up to EUR 75,000,000.

The hotel will feature a landscaped courtyard, a conference centre and a 2-level underground car park.

Hotel buildings are 5 storeys high, with 272 rooms, shops, restaurants, cafes on the ground floors, a bicycle path along the street, trees and shrubs. UAB "Orkelos valdymas", a subsidiary of the Fund has entered into the Franchise Agreement with the Clarion Hotel brand whereas the Issuer entered into the Lease Agreement with UAB "Orkelos valdymas" in respect to lease of the Hotel Property (for more details please refer to Section 5.14 *Material Contracts*).

The historic building of educational complex would provide classrooms and workspaces, while the courtyard wing would house a library.

In addition, the complex includes an amphitheater lounge with a café overlooking the river.

The third income generating unit is parking which will be situated underground and will have 240 parking spaces, it will be operated by the leading parking company in the Republic of Lithuania – Unipark.

For more details about the Project please see Section VI *Project Description*.

The Issuer performs no other principal activities and provides no other services, neither creates new products.

5.4. Trend Information

The real estate Project that is being developed by the Issuer will consist of educational and hospitality complex, therefore the trends in the hospitality market and private education market have an important role on the financial performance and risk of Issuer's activities.

Hotel part of the Project is the major segment of the Project, which is impacted heavily by the change of the hospitality and COVID-19. Hence, the trends in these market segments are crucial for the well-being of this major part of the Project.

Global Travel Market

The World Tourism Organization data shows that the number of international tourist arrivals decreased by 74% (i.e., 1 billion) in 2020 compared to 2019.

Tourism sector historically has proven its resilience to demand shocks and capacity to create jobs after crisis situations (graph below).

Hotel industry experts STR, Inc. recovery predictions show hotel occupancies by the end of 2021 should have been 30-40 percentage points lower than in 2019, while occupancy by the end of 2022 will be 10-15 percentage points lower than in 2019.

Markets with more domestic demand may expect recovery by the end of 2023, markets with more international demand – later than 2023.

Budget and selected service hotels will recover faster as well as regional markets.

COVID's impact on hotel performance varied greatly by region

Absolute Rolling 7 days Occ % to 3 January 2021



Source: STR webinars

Other travelers' bookings may suffer as a result of a loss of trust following the Russian invasion, however the entire impact will not be known until after the end of Spring. According to travel companies, European reservations from the United States have stalled after rising in early 2022 despite covid-related travel restrictions. According to OAG, an airline data source, some scheduled flights to nations such as Finland and Sweden, as well as most of eastern Europe, have been canceled due to the war's closeness.

Meanwhile, Russia will lose foreign tourist visits, which used to total 25 million each year, the majority of which came from Ukraine. In turn, Ukraine would lose around 14 million tourists each year, the most of them will be Russian. The majority of the well-traveled roads connecting the two nations are currently blocked by tanks and rockets and are unlikely to reopen anytime soon. The majority of other travelers will do the same.

Hospitality market in Lithuania

The hotel market is not sufficiently filled, especially with hotels of international chains. The good performance of hotels in recent pre-Covid years and the relatively high occupancy rate nationwide also create favorable conditions for development.

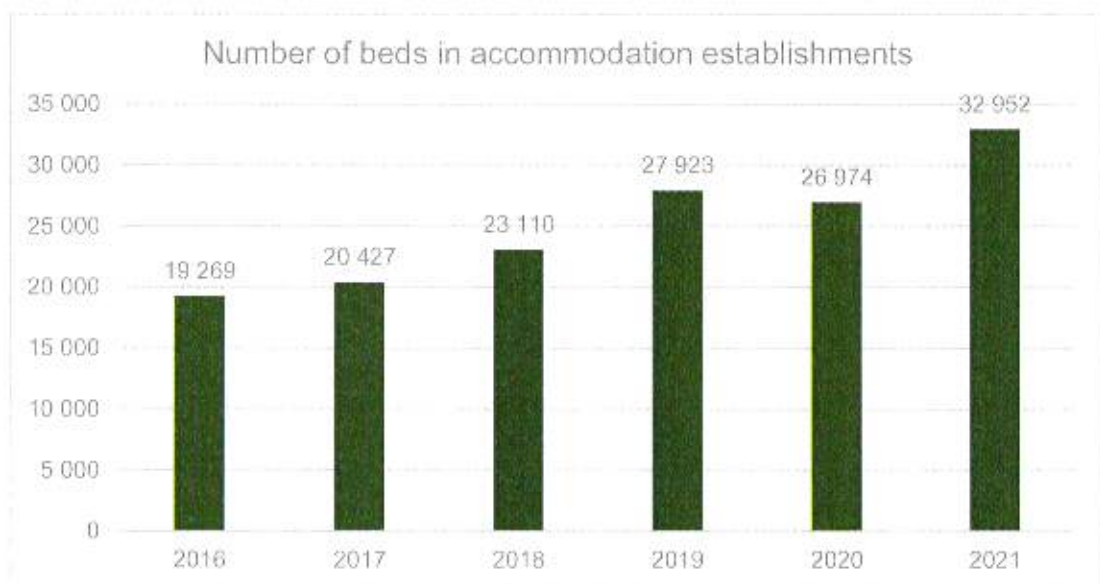
Even though hospitality businesses have been severely affected by Covid-19, the industry is expected rebound quickly in 2022-2023 and surpass the numbers of 2019.

In 2021, 3.5% more tourists stayed in hotels in Lithuania than in the 2020. The small increase could be explained by the lengthy lock-down period which was in place for the first 6 months of 2021.

The largest number of tourists in hotels came from Poland – 25,500, which accounted for 13.4% of the total number of tourists from abroad. The number of tourists from EU countries grew by 19.1% compared to the Q3 of 2020 and amounted to 171,500. The number of foreign tourists increased by 32.2% in 2021.



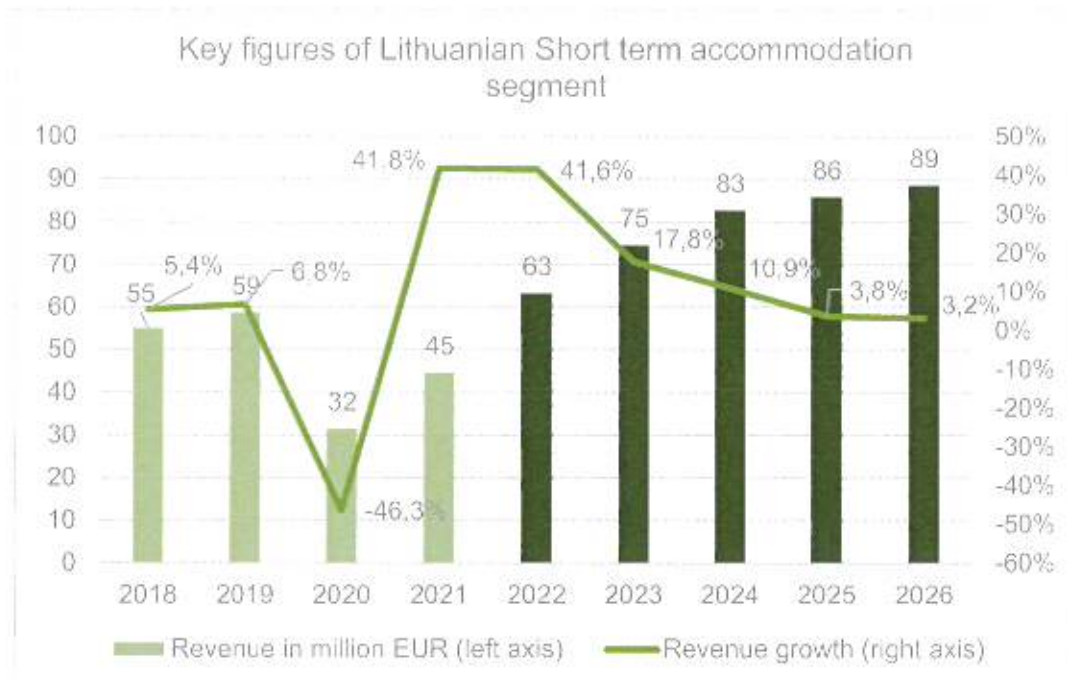
Source: Statistic Lithuania



Source: Statistic Lithuania

Revenue in the vacation and short term rentals segment in the Republic of Lithuania is projected to reach EUR 63 million in 2022. Revenue is expected to show an annual growth rate (Compound Annual Growth Rate 2022-2026) of 8,76%, resulting in a projected market volume of EUR 89 million by 2026. Market revenue in 2022 is expected to reach the pre-pandemic level.

In the vacation rentals segment, the number of users is expected to amount to 0.8m users by 2026. User penetration is 22.8% in 2022 and is expected to hit 29.4% by 2026.



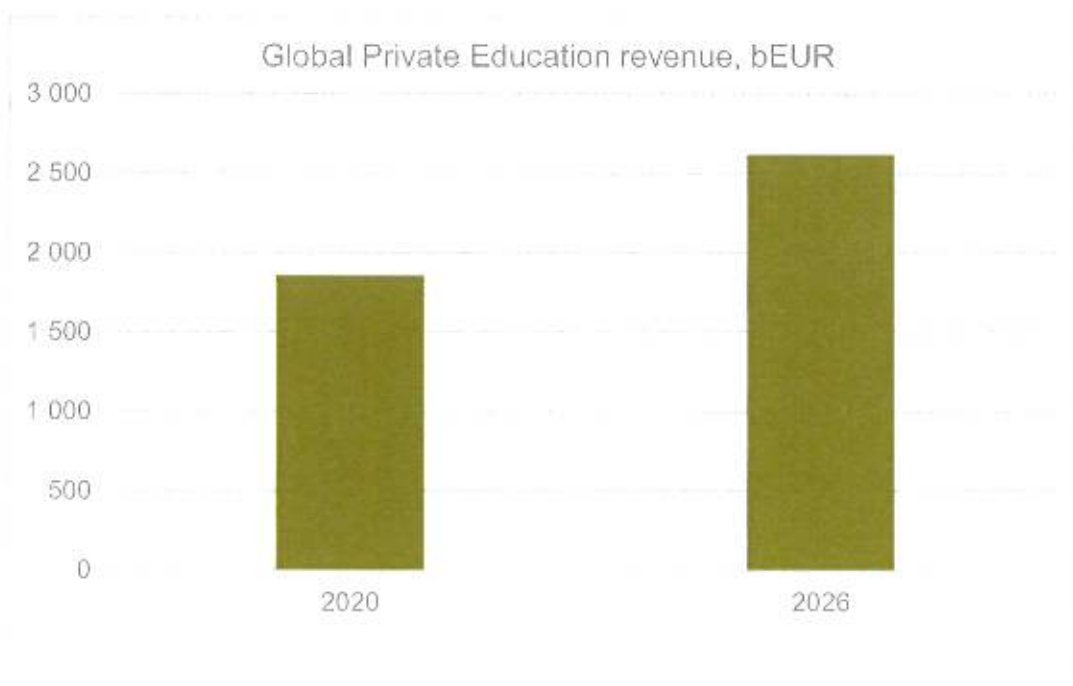
Source: Statista (German company specializing in market and consumer data)

Global Private Education segment

In today's world, with a steady increase in understanding of the need for primary training among parents, educational institutions and investors, there is a great need for high-quality schooling to boost private schools' tuition fees.

However, the education services on the market are insufficient. One of the main obstacles for the education sector is the small availability and lack of funding available for the students.

Several steps were taken in the last few years to increase quality in education, such as the establishment of quality insurance bodies and promoting technology-driven education, among others, which combined to demonstrate changes in education quality.



Source: Facts and Factors Research

With the evolving technology environment, companies are continually searching for people who will be at the forefront of this transition and quickly respond to those changes.

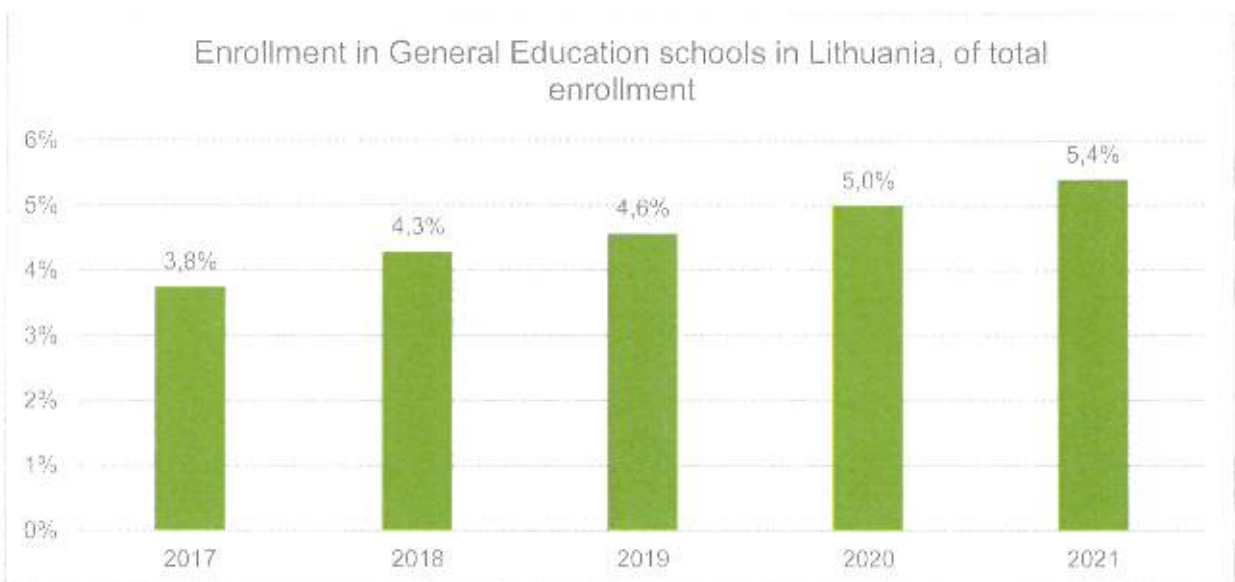
The shortage of qualified employees has been one of the biggest obstacles for companies, leading individuals to advanced high school classes that can be beneficial to students on a long-term basis.

Lithuanian Private Education sector

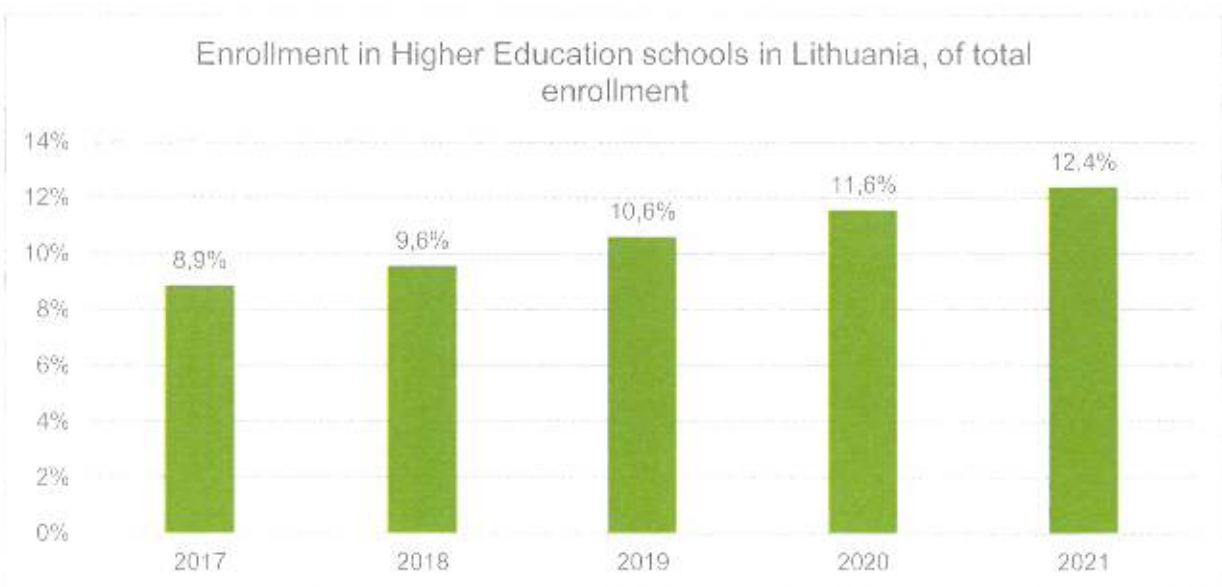
The sector of private (non-state) education is not large in Lithuania but it has been gradually expanding in recent years.

In 2015, there were 40 private schools in Lithuania, at the end of 2021 there were 57, which means 17 new non-state educational institutions were established in the last six years. In addition, a number of schools have grown from primary schools to junior high schools or primary high schools, and from junior high schools to gymnasiums.

Taking into account the latest publicly available statistics data, from 2017 to 2021 the enrollment in private general education schools have increased by more than 7% each year. While enrollment in private higher education during the same period have risen by almost 4% each year.



Source: Statistic Lithuania



Source: Statistic Lithuania

5.5. Profit Forecasts or Estimates

The Issuer is not providing financial forecasts or estimates in the Prospectus.

5.6. Management of the Issuer

The Company has no Supervisory Board or Management Board, and its General Manager is Mrs. Anastasija Pocienė.

General Manager is in charge of daily management of the Company and has authority to represent the Company. More detailed information about the competences of the General Manager of the Company may be found in the Articles of Association which are incorporated by reference into this Prospectus (please see Section 3.5 *Information Incorporated by Reference*).

The General Manager does not have any conflict of interest in respect to the Issuer. More information about the General Manager of the Company is provided in Section 1.5.7.1 Management of the Management Company.

There are no conflicting obligations between the General Manager and the Issuer.

5.7. Organizational Structure of the Issuer

The Issuer belongs to the Fund, which is a development fund that invests in development of real estate projects, established in 2016 for an 5-year term with the possibility to extend it for additional 2 years and managed by one of the largest investment management companies in the Republic of Lithuania – UAB "Lords LB Asset Management". Although the Fund is closed-ended, the Issuer will continue its operation even after the closure of the Fund; the change in the shareholder structure of the Issuer is therefore inevitable.

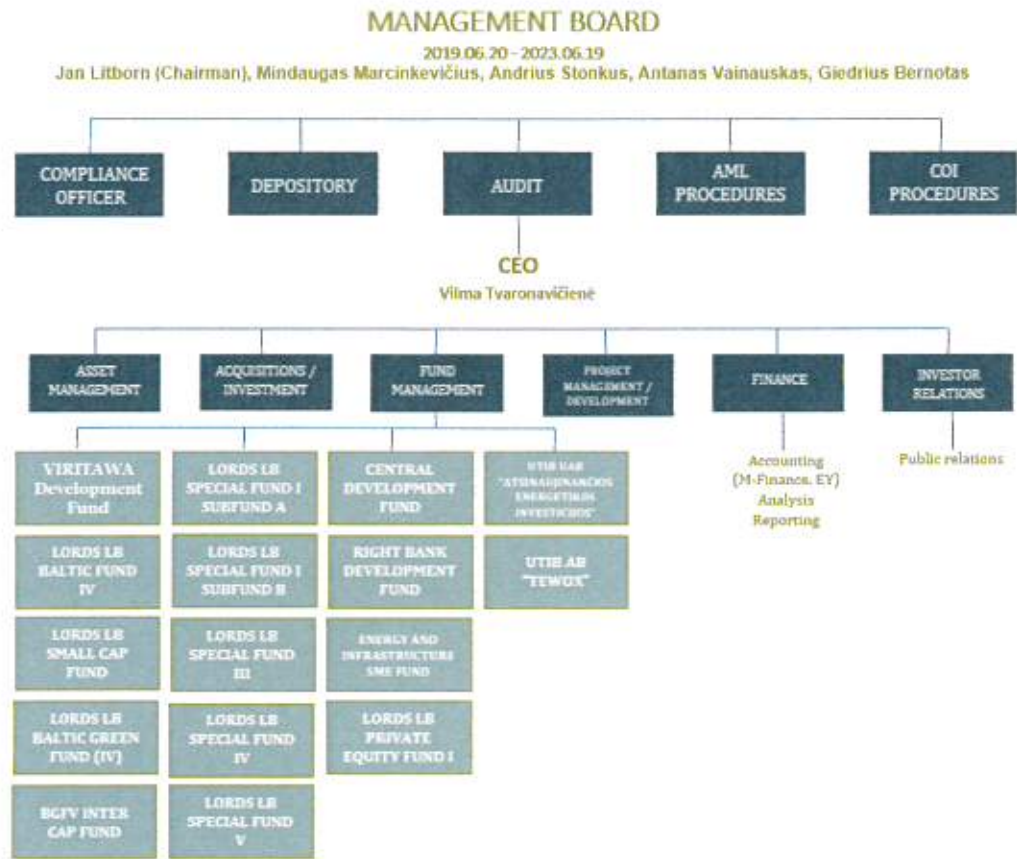
The brand "Lords LB" is one of the most well-known commercial real estate brands in the Republic of Lithuania. The history of the Management Company, focusing today mostly on real estate and private equity strategies, dates back 13 years.

UAB "Lords LB Asset Management" is licensed and supervised by the Bank of Lithuania. The Management Company is authorized to manage real estate and private equity collective investment undertakings (licence), collective investment undertakings established in accordance with the Law on Collective Investment Undertakings of the Republic of Lithuania for Informed Investors (license), collective investment undertakings for professional investors (license).

The Management Company currently manages these collective investment undertakings: 12 real estate funds, 1 private capital fund, 1 energy and infrastructure fund and 2 investment companies. There is one fund, LORDS LB BALTIC FUND III that ceased to operate, but is currently under liquidation procedure, therefore this fund is not included in Figure 1 below. The total value of assets managed by the collective investment undertakings reached more than EUR 730,000,000 at the end of December 2021.

The Management Company's organisation structure, legal structure of the Fund and management team of the Management Company are presented in figures below. For the avoidance of doubt, the Figure 3 representing the management team of the Management Company is provided in order to create a full picture of the professionals contributing to the success of the Project. The Issuer strongly relies on the experience and competence of these persons both individually and jointly when developing the Project and as prescribed in Section IV *Risk Factors* the loss of Management Company's team members, their possible employment with the Issuer's competitors, and the inability to attract other qualified professionals may have a material adverse effect on the Issuer's management, operations, results and financial condition.

Figure 1: Organizational Structure of the Management Company



Source: the Management Company

Figure 2: Legal Structure of the Fund



Source: the Company

Figure 3: Management Team of the Management Company

| Directors | | | | | | | |
|---------------------------------|--|--|--|-------------------------------|---------------------------|--|------------------------|
| | | | | | | | |
| Vilma Tvaronavičienė | Giedrius Žemaitis | Rasa Bartusevičienė | Jelena Šamenko | Giedrius Žilinskas | | | |
| Position & Career highlight | | | | | | | |
| CEO | CFD | Investor relations manager | Investor relations manager | CRO | | | |
| Acherna group | Deloitte | Swedbank | Danske Bank | Danske Bank | | | |
| Fund managers | | | | | | | |
| | | | | | | | |
| Rytis Zaloga | Marius Junda | Marius Žemaitis | Anastasija Pocienė | Artūras Šalinis | Giedrius Bernotas | Grėtė Bukauskaitė | Efm Hiterer |
| Fund managed & Career highlight | | | | | | | |
| Baltic Fund IV, Small Cap Fund | Baltic Green Fund V, BGFV Inter Cap Fund | Special Fund I Subfund A, Central Development Fund | Special Fund I Subfund B, Special Fund IV Special Fund III | Private Equity Fund I | Special Fund V | Energy & Infrastructure SME Fund (Assistant Manager) | Baltic Fund III |
| Hanner | Ermi Group | Newsec, McKinsey & Company | Hanner, SBA Group | Kapitalo srautai, Ūkio bankas | Hanner, Lietuvos Energija | Ludwig-Maximilian University Munich | Colliers International |

Source: the Management Company

5.7.1. Management of the Management Company

The members of the Management Board of the Management Company:

Andrius Stonkus – member of the Management Board, founder and shareholder of the Management Company

Mr. Stonkus is the founder of the leading real estate advisory and asset management company in the Baltic States Re&Solution, which was later partly acquired by Newsec and became Newsec / Re&Solution.

Mr. Stonkus founded UAB "Lords LB Asset Management" in 2008 where he is responsible for raising funds and acquisitions. Before Re&Solution, during 2001 – 2004, Mr. Stonkus was the Director of real estate investment company Prime Real Estate and held several financial and management positions at Prime Investment. During his career, Mr. Stonkus was managing and participating in real estate transactions totalling EUR one billion.

Mr. Stonkus holds a bachelor's degree in banking from Vilnius University and has taken various courses in finance and analysis.

Mindaugas Marcinkevičius – member of the Management Board, shareholder of the Management Company

Mr. Marcinkevičius has over 21 years of experience in real estate development within Vilniaus prekyba group, the largest business consortium in the Baltics. In the Lords LB Management Company, Mr. Marcinkevičius is responsible for real estate development and project management.

For ten years, he was a Chairman of Akropolis, the largest and most successful shopping centre developer in the Baltics with operations in the Republic of Lithuania, Latvia, Estonia, and Bulgaria. Under Mr. Marcinkevičius' management, Akropolis developed over 250,000 m² of flagship retail and office space, which was recognized as the most valuable commercial real estate asset in the Republic of Lithuania.

Mr. Marcinkevičius holds a master's degree in real estate valuation and management from Vilnius Gediminas Technical University.

Jan Ake Gustaf Litborn – member of the Management Board, Chairman of the Management Board of the Management Company

Mr. Jan Ake Gustaf Litborn is a partner and honorary chairman of Glimstedt Law Firm. Jan Litborn is also founder of the Baltic offices of Glimstedt law firm. He is a member of the Swedish and International Bar Associations, and has been practising law as such since 1982. Jan Litborn has extensive experience representing several of the largest Swedish property and private equity companies, in matters regarding primarily merger and acquisitions, financing, and securitization.

Mr. Litborn has also been involved in several large cross-border transactions. He is a graduate from the University of Stockholm and Stockholm School of Economics.

Antanas Vainauskas – member of the Management Board, shareholder of the Management Company

Mr. Vainauskas is a co-founder of leading oil exploration and production companies in the Republic of Lithuania TAN Oil (indirectly controlled by Tethys Oil) and LL Investicijos, which was later partly acquired by an American multinational energy corporation Chevron. In the Lords LB Management Company Mr. Vainauskas is responsible for energy and infrastructure projects.

Mr. Vainauskas has been a board member of various companies in one of the largest business groups in the Republic of Lithuania, SBA Concern, whose activities concentrate on four business areas – furniture, apparel, business centres and energy.

Mr. Vainauskas holds master's degree in European Law from Stockholm University and a bachelor's degree with specialization in law from Vilnius University.

Giedrius Bernotas – member of the Management Board of the Management Company

Giedrius Bernotas is an experienced fund manager with a demonstrated history of working in the financial services industry. Mr Bernotas is skilled in real estate, private equity, business development, management, business planning and public-private partnerships.

His prior experience includes Lietuvos Energija and Hanner Company.

In the Management Company, Mr. Bernotas is responsible for managing Lords LB Special Fund V and business development strategy.

Mr. Bernotas holds a bachelor's degree in Economics from the University of Southampton and a master's degree in Finance from University of St. Andrews.

Other Key Executives of the Management Company:

Vilma Tvaronavičienė – CEO of the Management Company

Mrs. Vilma Tvaronavičienė has been a part of UAB "Lords LB Asset Management" since 2011, starting from the investors relations manager position, she became the CEO in 2019. Her role consists of supervision of the Management Company and activities of the funds under management of the Management Company, she contributes to the development of funds investment strategies, establishment and maintaining of the relationships with the investors of the investment funds.

Mrs. Tvaronavičienė holds a degree of mechanical engineering from Kaunas University of Technology, has an international certificate "Foundation Award in Management principles" from Institute of Leadership and Management. Mrs. Tvaronavičienė is also studying at Kaunas University of Technology in master's program "Business management".

Anastasija Pocienė – fund manager in the Management Company

Mrs. Pocienė has fifteen years of experience in real estate funds management, real estate development, property management.

Her prior experience includes Hanner and SBA group companies.

In the Lords LB Management Company, Mrs. Pocienė is responsible for managing Lords LB Special Fund IV, Lords LB Special Fund III and Lords LB Special Fund I Subfund B.

Mrs. Pocienė holds a bachelor's degree in Communication and Business Administration from the Vilnius University

Giedrius Žemaitis – CFO of the Management Company

Mr. Žemaitis has more than 13 years of experience in finance working in the Management Company, Deloitte and other companies in the Republic of Lithuania, Luxembourg and USA.

Mr. Žemaitis has a master's degree in Management and Business administration from Vilnius university, and is a Fellow Member of Association of Chartered Certified Accountants (FCCA) and Certified Public Accountant (CPA).

Giedrius Žilinskas – CRO of the Management Company

Mr. Žilinskas has 5 years of experience working with regulatory, risk and compliance change and implementation projects. Before joining the Management Company, Mr. Žilinskas have been working in business advisory filed as a consultant and freelance consultant.

Mr. Žilinskas hold a master 's degree in International business and Management from Groningen university, Netherlands.

5.7.2. Shares Held by the Management of the Management Company

Information on the Shares held in the Company indirectly by the Management of the Management Company as of the date of this Prospectus is indicated in the Table below (the persons not indicated below do not hold any Shares in the Company, whether directly or indirectly):

Table 3: Shares Held by the Management of the Management Company

| <i>Name, surname</i> | <i>Position in the Management Company</i> | <i>Indirectly owned Shares in the Company, %</i> | <i>Clarifying comments</i> |
|---------------------------------|---|--|--|
| Andrius Stonkus | Member of the Management Board | 26,01 | Mr. Andrius Stonkus is the sole shareholder of UAB "Aemulus", legal entity code 302578408, registered address at Jogailos st. 9, Vilnius, the Republic of Lithuania that directly owns 26% of the authorized capital of the Management Company. Andrius Stonkus directly owns 0,1% of the authorized capital of the Management Company. |
| Mindaugas Marcinkevičius | Member of the Management Board | 47 | Mr. Mindaugas Marcinkevičius is the sole shareholder of UAB "Glera", legal entity code 302576414, registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania that directly owns 47% of the authorized capital of the Management Company. |
| Antanas Vainauskas | Member of the Management Board | 9 | Mr. Antanas Vainauskas is the sole shareholder of UAB „Serenus“, legal entity code 300612833, registered address at Jogailos st. 9, Vilnius, the Republic of Lithuania that directly owns 9% of the authorized capital |

| Name, surname | Position in the Management Company | Indirectly owned Shares in the Company, % | Clarifying comments |
|---------------|------------------------------------|---|----------------------------|
| | | | of the Management Company. |

Source: the Company

5.8. Conflicts of Interest

As indicated in the Section 5.7.2 *Shares Held by the Management of the Management Company*, the Management Company's members of the Management Board Mr. Andrius Stonkus, Mr. Mindaugas Marcinkevičius and Mr. Antanas Vainauskas are direct and/or indirect shareholders of the Management Company (and the Issuer) through entities indicated in Table 3 of Section 5.7.2.

Thus, it is possible that these shareholders may favour any of their own interests rather than those of the Management Company. However, it shall be noted that the Management Company being a licensed entity supervised by the Bank of Lithuania implements conflicts of interest procedures in the Management Company in order to monitor and control conflicts of interest risk.

Furthermore, none of the members of the Management Board of the Management Board is related to any other member of this body as well as to any of the Key Executives by blood or marriage.

5.9. Major Shareholders

On the date of this Prospectus, the authorised capital of the Company is EUR 3,000 and is divided into 120 ordinary registered Shares with a par value of EUR 25 each, all of which are fully paid. One Share carries one vote in the General Meeting.

The holdings of Major Shareholders of the Issuer as on the date of this Prospectus are provided below:

Table 4: Major Shareholders directly or indirectly holding more than 5% of the Issuer as of the date of this Prospectus

| Name, surname / name of the company | Company / fund code | Address | Shares held by shareholder | Shares held by shareholder, % |
|--|---------------------|--|---|---|
| Lords LB Special Fund IV, closed-end real estate investment fund intended for informed investors | I032 | N/A | 120 | 100 |
| UAB "Lords LB Asset Management" | 301849625 | Jogailos st. 4, Vilnius, the Republic of Lithuania | Management Company controlling the Fund | |
| UAB "Aemulus" | 302578408 | Jogailos st. 9, Vilnius, the Republic of Lithuania | N/A | 26 (indirectly through the Management Company where UAB "Aemulus" directly holds 26% of shares) |
| Andrius Stonkus | - | - | N/A | 26 (indirectly through UAB "Aemulus" where Andrius Stonkus directly holds 100% of shares and UAB "Aemulus" directly holds 26% of shares in the Management Company) 0,1 (indirectly through the Management Company where Mr. Andrius Stonkus directly holds 0,1% of shares) |
| UAB "Glera" | 302576414 | Jogailos st. 4, Vilnius, the | N/A | 47 (indirectly through the Management Company |

| Name, surname / name of the company | Company / fund code | Address | Shares held by shareholder | Shares held by shareholder, % |
|--|------------------------|---|-------------------------------|--|
| | | Republic of Lithuania | | where UAB "Glera" directly holds 47 % of shares) |
| Mindaugas Marcinkevičius | - | | N/A | 47 (indirectly through UAB "Glera" where Mr. Mindaugas Marcinkevičius directly holds 100% of shares and UAB "Glera" directly holds 47% of shares in the Management Company) |
| UAB "Patralis" | 302831587 | Jogailos st. 9, Vilnius, the Republic of Lithuania | N/A | 9,9 (indirectly through the Management Company where UAB "Patralis" directly holds 9,9% of shares) |
| Stichting Administratiekantoor Property Partners | 72326182 | Konstitucijos av. 21C Quadrum North, Vilnius, the Republic of Lithuania | N/A | 9,9 (indirectly through UAB "Patralis" B where Stichting Administratiekantoor Property Partners directly holds 100% of shares and UAB "Patralis" directly holds 9,9% of shares in the Management Company) |
| Dorota Stonké | - | - | N/A | 9,9 (indirectly through Stichting Administratiekantoor Property Partners where Mrs. Dorota Stonké directly holds 100 depository receipts of the fund under which Mrs. Dorota Stonké manages and administrates UAB "Patralis" that is 100% owned by Stichting Administratiekantoor Property Partners and UAB "Patralis" directly holds 9,9% of shares in the Management Company) |
| UAB "Serenus" | 300612833 | Jogailos st. 9, Vilnius, the Republic of Lithuania | N/A | 9 (indirectly through the Management Company where UAB "Serenus" directly holds 9% of shares) |
| Antanas Vainauskas | - | - | N/A | 9 (indirectly through UAB "Serenus" where Mr. Antanas Vainauskas directly holds 100% of shares and UAB "Serenus" directly holds 9% of shares in the Management Company) |
| Jonas Stonkus | - | - | N/A | 8 (indirectly through the Management Company where Mr. Jonas Stonkus directly holds 8% of shares) |
| Total | | | 120 | 100 |

Source: the Company



The control of the Issuer is exercised by the Issuer's shareholders (i.e. at the date of this Prospectus the sole shareholder of the Issuer is the Fund). The Issuer is not aware of any direct or indirect control links, except that the Management Company's members of the Management Board Mr. Andrius Stonkus, Mr. Mindaugas Marcinkevičius and Mr. Antanas Vainauskas are direct and/or indirect shareholders of the Management Company (and the Issuer) through entities indicated in Table 4 above. It shall be noted that the Management Company being a licensed entity supervised by the Bank of Lithuania implements conflicts of interest procedures in the Management Company in order to monitor and control conflicts of interest risk.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company, the Fund or the Management Company.

The Company is not aware of any common control agreements between the shareholders of the Management Company. As of the date of the Prospectus, the Company is not aware of any existing agreements between the shareholders of the Management Company on the use of voting rights in effect.

5.10. Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

5.10.1. Audited Financial Statements

Please refer to the Section 5.1 *Statutory Auditors* regarding the information, related to audit of the BAS Financial Statements and other information of the Prospectus, including information presented below in respect to the BAS Financial Statements. BAS Financial Statements for the years ended 31 December 2020 and 31 December 2021 can be found as documents included into this Prospectus by reference as indicated in Section 3.5 *Information incorporated by Reference* under https://lordslb.lt/orkela_bonds/. As reflected in the BAS Financial Statements for the year ended 31 December 2021, the Company complies with the criteria for a very small company set out in the Law on Financial Statements of Entities of the Republic of Lithuania when preparing its financial statements; however, it chose to apply the requirements set out for small companies. In addition, the Company chose to prepare the statement of changes in equity.

5.10.2. Qualifications and emphasis of matter

There was no qualification or emphasis of the matter in the auditor's report on the Company's BAS Financial Statements for the years ended 31 December 2020 and 31 December 2021.

5.11. Legal and Arbitration Proceedings

The Company was not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer 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, except as indicated below.

Disputes related to the decisions of the Department of Cultural Heritage under the Ministry of Culture of the Republic of Lithuania

During the year of 2021 there were several administrative cases examined by the courts of the Republic of Lithuania where the decisions of the Department of Cultural Heritage under the Ministry of Culture of the Republic of Lithuania (the **Department of Cultural Heritage**) in respect to the complex of Vilnius St. Apostles Jacob and Philip Church, Dominican Monastery Ensemble and St. Jacob Hospital Buildings (in *Lithuanian*: Vilniaus Šv. apaštalu Jokūbo ir Pilypo bažnyčios, dominikonų vienuolyno ansamblio ir Šv. Jokūbo ligoninės statinių kompleksas) (the **Complex**) were disputed by the Company and other third parties.

The Company carries out the Project in the Complex, therefore the decisions of the Department of Cultural Heritage if not disputed may have had a material adverse effect on the Project and Company's financial position and profitability.

Nevertheless, all cases were closed due the settlement agreements between the parties of the respective cases. The settlement agreements did have not a material adverse effect on the Project and the Company and have been entered into on favourable terms for the Company allowing to successfully progress with the Project.

The Project is described in detail in Section VI *Project Description* of this Prospectus.

5.12. Significant Change in the Issuer's Financial Position

There has been no significant, material adverse change in the Issuer's financial position since the last reporting year. The General Manager is aware of no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year outside the course of its regular business activities.

5.13. Regulatory Disclosures

The Issuer has been established on 24 September 2015. The latest Articles of Association of the Issuer have been registered the Register of Legal Entities on 15 April 2022 (please see Section 3.5 *Information Incorporated by Reference*). Article 2 of the Company's Articles of Association provides a description of the Company's objects and purposes. Basic information on the Issuer is provided in Section 5.2. All activities of the Issuer are concentrated on the development of the Project, described in Section VI *Project Description*.

There are no other regulatory disclosures by the Issuer under the Market Abuse Regulation as of the date of this Prospectus.

5.14. Material Contracts

The Company has not entered into material contracts other than contracts entered into in the ordinary course of business (as defined below) and/or contracts entered for the purposes of the Offering and Admission to trading on the Bond List of Nasdaq as indicated in Section 7.9 *Additional Information* and/or Collateral Agreement securing the Issue, 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.

Below are the described material contracts (material financial agreements and other contracts) entered into in the ordinary course of business which are valid as at the date of the Prospectus.

Financial agreements

Financial agreements with external parties

The Company has not concluded any financing agreements (credits, syndicated loans, credit lines, overdrafts, financial leasing) with external parties, except that on 19 January 2022 the Company has issued Bonds of the Issue to the Bondholders in the amount of EUR 5,000,000 under exemption provided in Article 1(4(b)) of the Prospectus Regulation as disclosed in this Prospectus.

Intragroup bond subscription agreements

The Company has entered into several bond subscription agreements with Related Party (i.e the Fund) under which the Company has issued bonds to the Fund (not the Bonds of the Issue) on the following terms and conditions:

| | Agreement | | |
|---|--|--|--|
| | Bond subscription agreement dated 15 November 2018 | Bond subscription agreement dated 18 August 2020 | Bond subscription agreement dated 10 December 2021 |
| Investor | Lords LB Special Fund IV, closed-end real estate investment fund intended for informed investors | Lords LB Special Fund IV, closed-end real estate investment fund intended for informed investors | Lords LB Special Fund IV, closed-end real estate investment fund intended for informed investors |
| Issuer | Company | Company | Company |
| Purpose | Financing of working capital of the Company | Financing of working capital of the Company | Financing of working capital of the Company |
| Amount of issue (EUR) | 11,000,000 | 1,500,000 | 1,000,000 |
| Aggregate issue prices of the bonds subscribed (EUR) | 11,000,000 | 1,500,000 | 1,000,000 |

| | | | |
|--|------------------------|------------------------|---------------------|
| Outstanding amount of the bonds (EUR) | 4,934,075 | 1,500,000 | 1,000,000 |
| Interest rate | Fixed 4.02% (annually) | Fixed 3.16% (annually) | Fixed 6% (annually) |
| Maturity term | 21 May 2024 | 21 April 2024 | 21 April 2024 |
| Security | Not applicable | Not applicable | Not applicable |

Other material contracts

*Franchise agreement concluded by UAB "Orkelos valdymas" and Nordic Choice Commercial Services AS on 23 February 2017 (the **Franchise Agreement**)*

- Subject matter of the Franchise Agreement: grant of non-exclusive and non-transferable license to utilise the system of the franchisor for the operation of the Clarion Hotel Vilnius, located at Vasario 16 st. 1, Vilnius (the **Hotel Property**), Lithuania and to use the trademark "Clarion".
- Commencement date of the Franchise Agreement: to be agreed with the franchisor by concluding an amendment agreement to the Franchise Agreement before start of construction of the above-ground part of the Hotel Property.
- Term of the Franchise Agreement: the Franchise Agreement shall terminate on the 20th anniversary of the commencement date.
- Applicable law and dispute resolution: the Franchise Agreement is governed by Swedish law. The disputes arising out of or in connection with the Franchise Agreement shall be settled by arbitration in accordance with Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce.

*Lease agreement concluded by the Issuer and UAB "Orkelos valdymas" on 27 April 2018 (the **Lease Agreement**)*

- Subject matter of the Lease Agreement: lease of the Clarion Hotel Vilnius, located at Vasario 16 st. 1, Vilnius, Lithuania to UAB "Orkelos valdymas" (the **Tenant**).
- Handover of the Hotel Property: the handover of the Hotel Property to the Tenant shall take place within one month after the receipt of the construction completion deed of the Hotel Property and registration of the completed Hotel Property with the Real Estate Register of the Republic of Lithuania.
- Term of the Lease Agreement: 20 years from the commencement date of the Franchise Agreement.
- Applicable law and dispute resolution: the Lease Agreement is governed by Lithuanian law. The disputes arising out of or in connection with the Lease Agreement shall be settled by Vilnius Court of Commercial Arbitration.

*General Works Agreement concluded by the Issuer and UAB „Naresta“ on 31 August 2021 (the **General Works Agreement**)*

- Subject matter of the General Works Agreement: constructions works, and other works provided in the General Works Agreement.
- Price of the General Works Agreement (exl. VAT): 44,827,639.
- Start of construction works: 9 September 2021 (the **Deed on Transfer of the Construction Site**).
- End of construction works: 27 months following the Deed on Transfer of the Construction Site.
- Applicable law and dispute resolution: the General Works Agreement is governed by Lithuanian law. The disputes arising out of or in connection with the General Works Agreement shall be settled by Vilnius Court of Commercial Arbitration.

Please note that before the conclusion of the General Works Agreement the foundation construction works at Vasario 16 st. 1, Vilnius, the Republic of Lithuania were carried out by UAB "Projektana" under the Works Agreement dated 24 May 2021 concluded by the Issuer and UAB "Projektana" (the **Works Agreement**). The Works Agreement expired after the conclusion of the General Works Agreement.

*Design Work Agreement concluded by the Issuer, UAB "DO Architects" and UAB "Archinova" on 19 May 2020 (the **Design Work Agreement**)*

- Subject matter of the Design Work Agreement: design works of the building complex located at Vasario 16 st. 1, Vilnius, the Republic of Lithuania and preparation of technical project and management project, other documents as provided in the Design Work Agreement and it's annexes, amendments or supplements.

- Term of the Design Work Agreement: shall remain in force until all obligations of the Parties under it proper performance or termination of the Design Work Agreement in accordance with the procedure established therein.
- Applicable law and dispute resolution: the Design Work Agreement is governed by Lithuanian law. The disputes arising out of or in connection with the General Works Agreement shall be settled by Vilnius Court of Commercial Arbitration.

*Building Maintenance Agreement concluded by the Issuer and UAB "Contestus" on 1 April 2021 (the **Building Maintenance Agreement**)*

- Subject matter of the Building Maintenance Agreement: construction maintenance and other related construction consultancy services to ensure the timely and proper completion of the construction of the building complex located at Vasario 16 st. 1, Vilnius, the Republic of Lithuania.
- Start of construction maintenance: 15 April 2021.
- End of construction maintenance: on the day the building complex is declared fit for use in accordance with applicable laws.
- Applicable law and dispute resolution: the Building Maintenance Agreement is governed by Lithuanian law. The disputes arising out of or in connection with the General Works Agreement shall be settled by competent courts of the Republic of Lithuania.



VI. PROJECT DESCRIPTION

The Issuer is developing and constructing the Project (i.e. educational and hospitality real estate complex in the centre of Vilnius at Vasario 16 st. 1). The complex will preliminarily consist of three parts. The Project is located in the city centre, between the Neris river and Lukiškių square. The urban tradition of the place will be developed, and a coherent and vibrant quarter will be formed, which will be attractive to citizens and tourists alike.

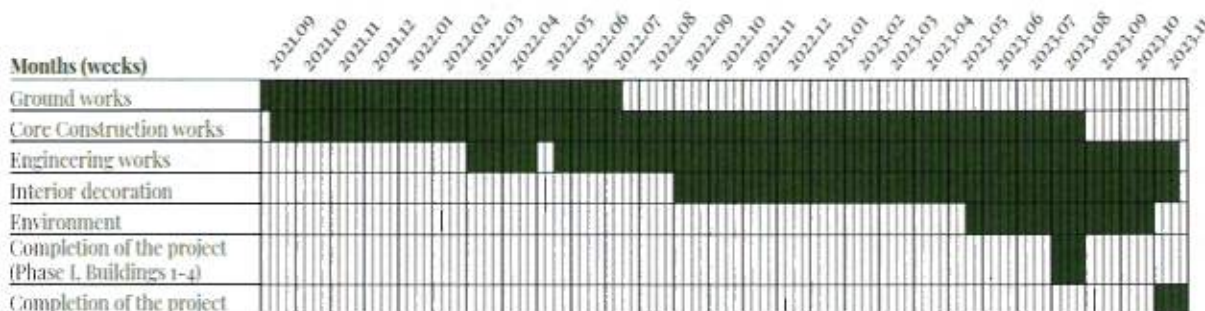
The location of the Project is visually presented below in the picture:



Source: the Company

The Company has started the preparatory works in September of 2021. The completion of the Project is projected around the end of Q4 of 2023.

The development timeline is presented below:



Source: the Company

The building site was acquired by the Management Company in 2016. However, the construction permit was granted on 8 March 2021. The full development and construction of the Project will be financed in four stages. During the first stage the first part of the Bonds of the Issue in the amount of EUR 5,000,000 were issued under exemption provided in Article 1(4(b)) of the Prospectus Regulation. The second stage would be the second part of the Bond Issue in Tranches under this Prospectus in the amount of up to EUR 18,000,000 which would be raised in 2022/2023 (until the expiry of the Prospectus). The third stage of the financing would be the equity raise of EUR 11,000,000 which would be implemented by the Issuer in the second half of 2022 (i.e. equity raise by way of shareholder loans or issue of new Shares of the Issuer and not by issue of the Bonds or other debt instruments of the Issuer). The last stage of the financing would be the third part of the Bond Issue in Tranches in the amount of up to EUR 17,000,000 which would be raised in 2023 under new prospectus approved by the Bank of Lithuania and published in accordance with the Prospectus Regulation. The financing is estimated to cover the budgeted full development and construction costs.

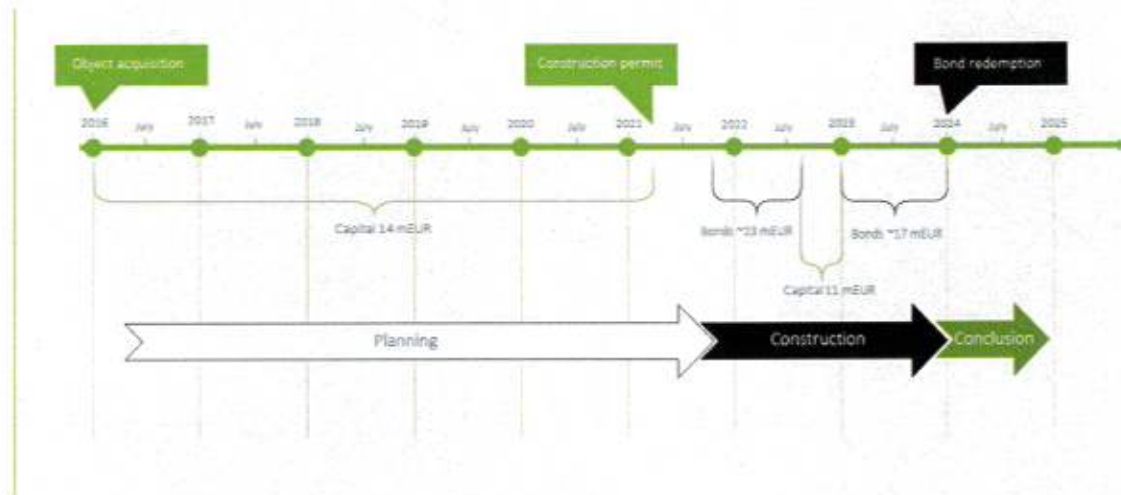
The agreement with UAB "Naresta" as a general contractor is concluded with respect to the construction and development of the Project (for more details please refer to Section 5.14 *Material Contracts*)

Under current market conditions the developed Project would generate annually EUR 4,150,000 of net operating income as the hotel part of the business would bring EUR 2,820,000, educational complex – EUR 1,030,000 and parking would generate EUR 300,000.

Below is the visual presentation of the financing structure:

Financing structure

Two stages of bond issuance



ORION

Source: the Company

Hotel part of the Project

Hotel and other hospitality facilities will have a gross floor area of 17,612 m². The hotel will feature a landscaped courtyard, a conference centre with a capacity of 400 guests and a 2-level underground car park. Hotel buildings are 5 storeys high, with 272 rooms, shops, restaurants, cafes on the ground floors, a bicycle path along the street, trees and shrubs. A lobby lounge bar and a restaurant located at the main entrance would provide accessibility for hotel guests as well as for city residents. Cosy SPA area with a gym would be designed for visitors to enjoy amazing views of the towers of St Jacob and Philip church.

UAB "Orkelos valdymas", a subsidiary of the Fund has entered into the Franchise Agreement with the Clarion Hotel brand whereas the Issuer entered into the Lease Agreement with UAB "Orkelos valdymas" in respect to lease of the Hotel Property (for more details please refer to Section 5.14 *Material Contracts*). Clarion Hotel brand is a part of Nordic Choice Hotels. Nordic Choice Hotels were chosen as a franchise provider to the hotel part of the Project. Nordic Choice Hotels has more than 200 hotels in Sweden, Norway, Denmark, Finland and the Baltics. Clarion Hotel properties are mostly located in city centers and airports. Currently the brand has 28 hotels under the Clarion Hotel brand.

The concept pictures of the hotel part of the Project are presented below:



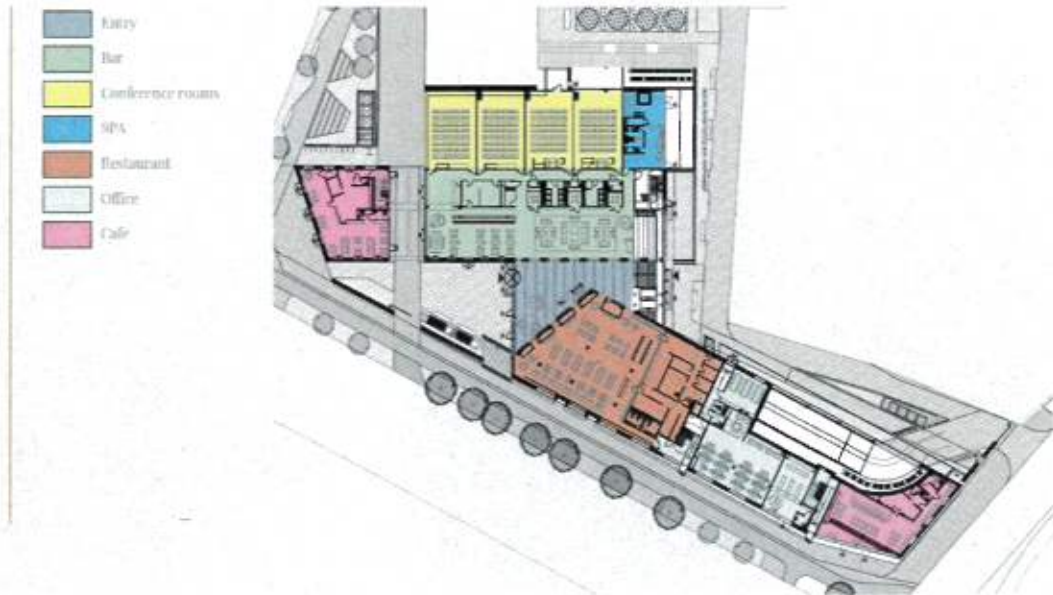
Source: the Company



Source: the Company

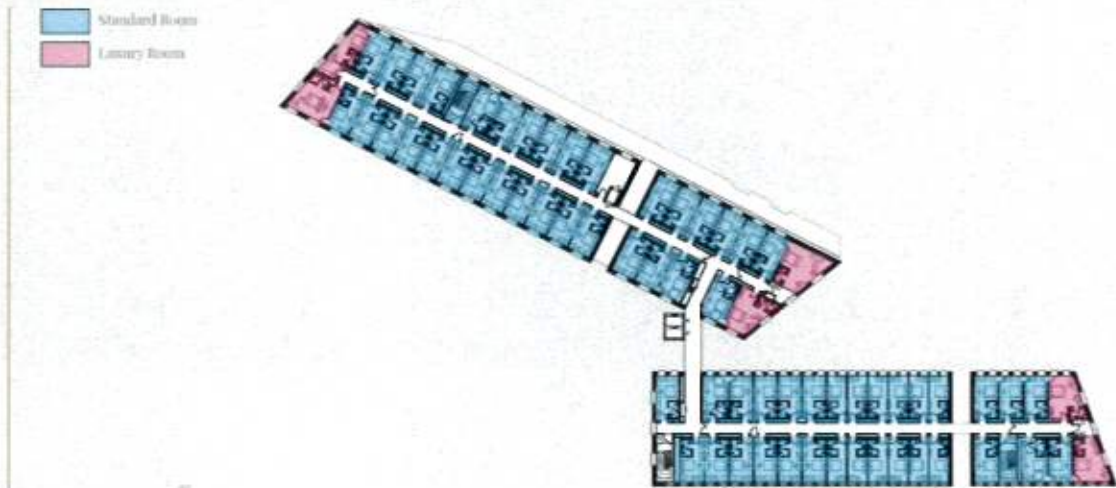
Layout pictures of the hotel part of the Project:

Layout of the hotel property (Ground Floor)



Source: the Company

Layout of the hotel property (Rooms)



Source: the Company

Alternative development scenarios of the hotel part of the Project

Though at the date of the Prospectus the primary plan is to develop hotel in the part of the Project's property, however, the Issuer considers options to develop short term accommodation type of premises instead of the hotel if it is seen as a more profitable alternative. In case the Issuer decides to change the hotel part of the Project to another short term accommodation type of premises, the Issuer will publish a supplement to the Prospectus in accordance with the requirements established in the applicable laws.

Educational part of the Project

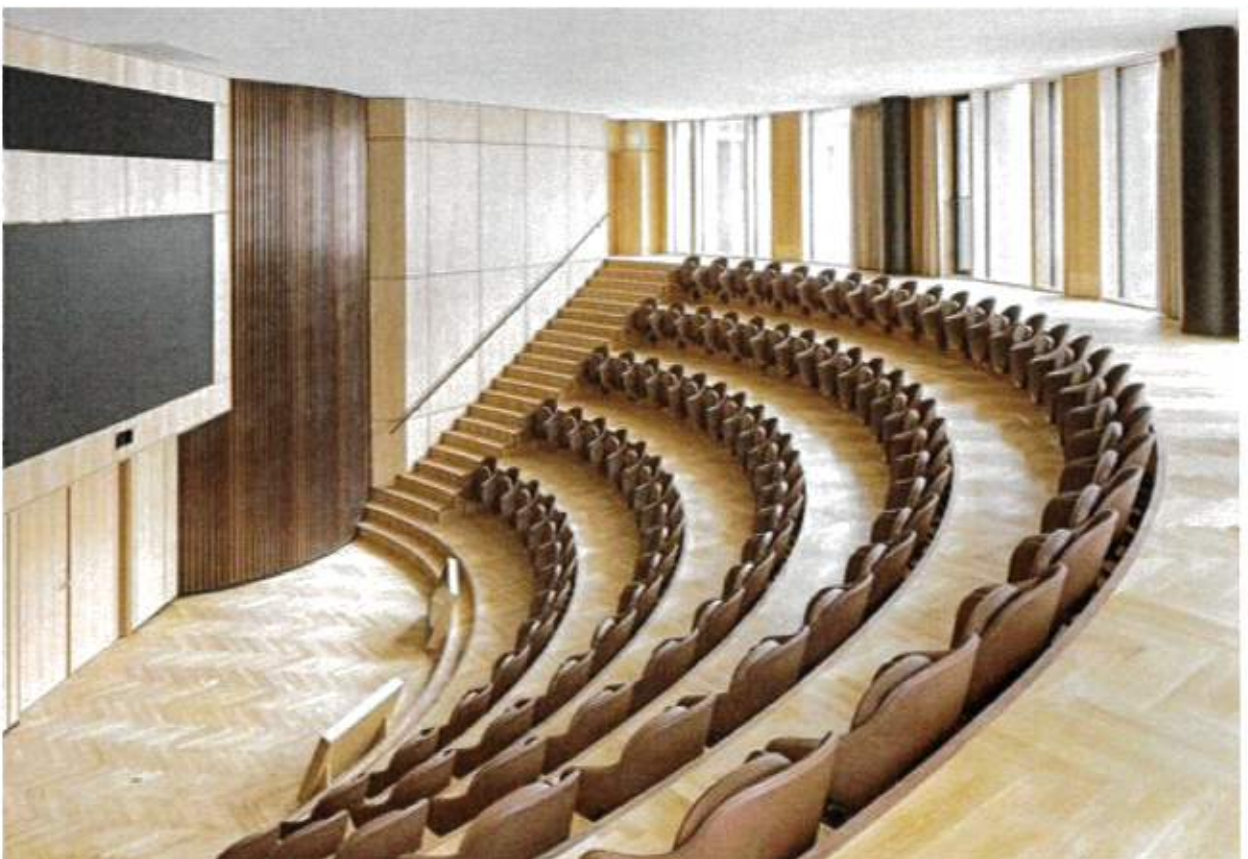
Educational facilities will have a gross floor area of 6 290 m². The historic building of educational complex would provide classrooms and workspaces, while the courtyard wing would house a library. In addition, the

complex includes an amphitheater lounge with a café overlooking the river, 21 auditoriums, 3 conference room facilities and 470 m² sports hall.

The concept pictures of the educational part of the Project are presented below:



Source: the Company



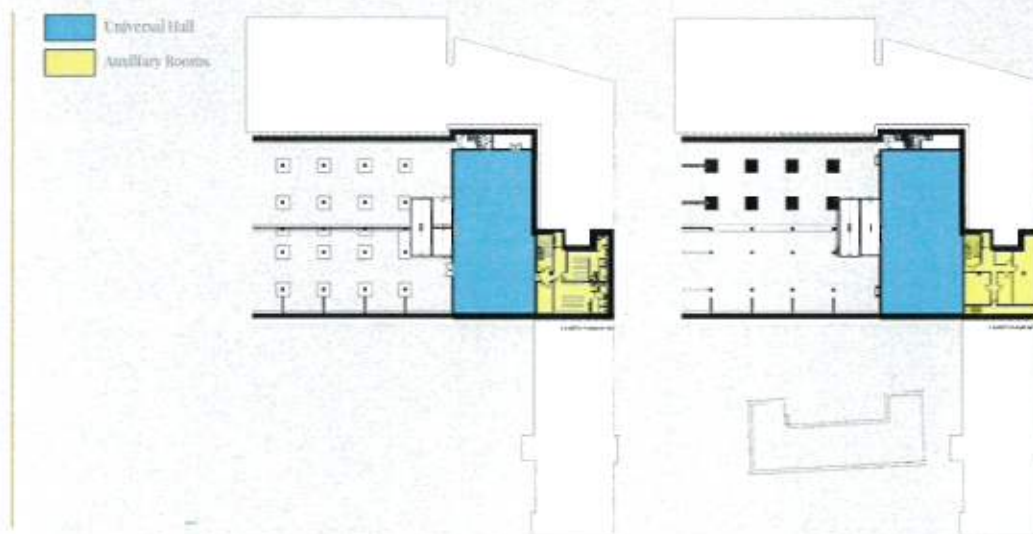
Source: the Company



Source: the Company

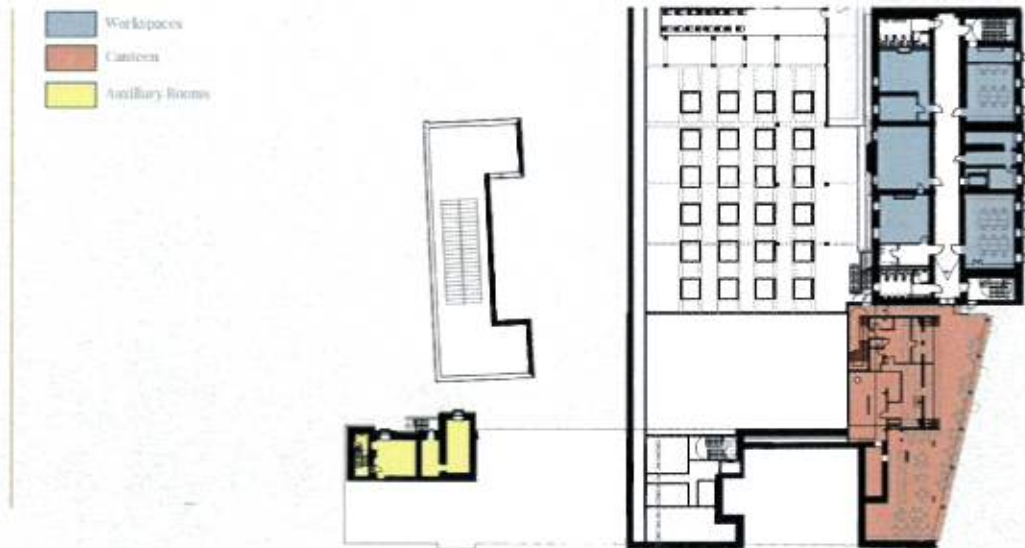
Layout pictures of the educational part of the Project:

Layout of the school property (-2 and -1 floor)



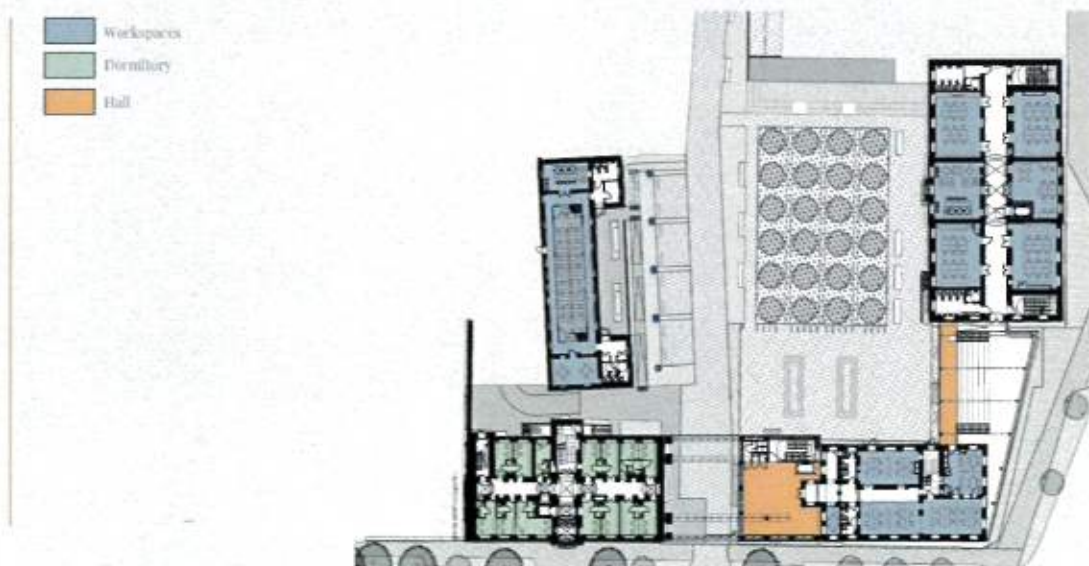
Source: the Company

Layout of the school property (Ground floor)



Source: the Company

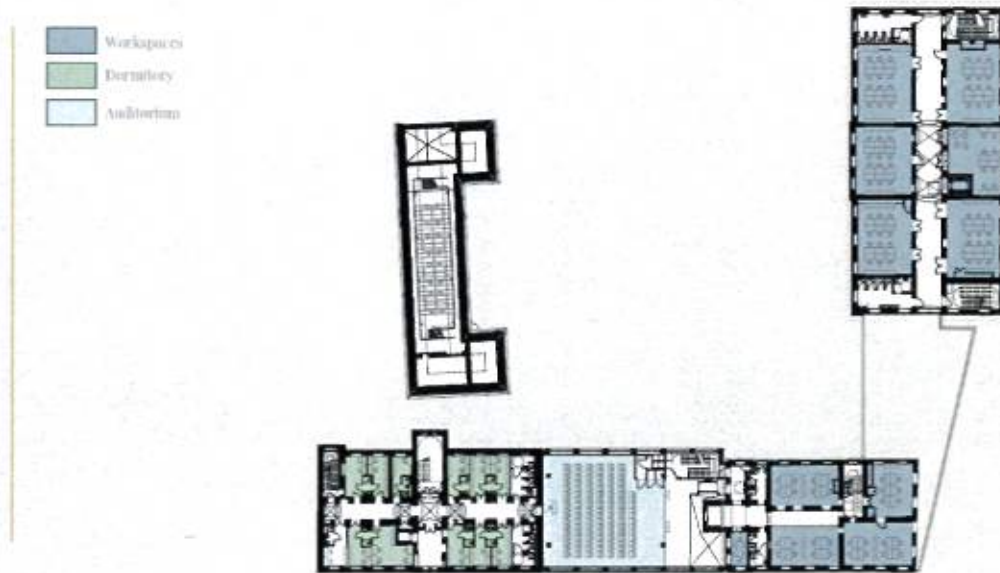
Layout of the school property (First floor)



Source: the Company

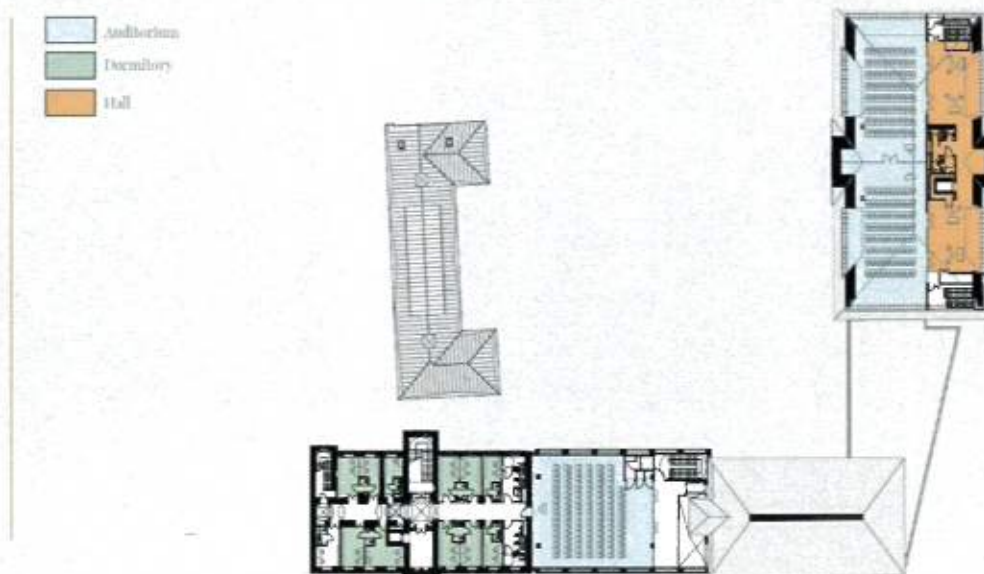
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Layout of the school property (Second floor)



Source: the Company

Layout of the school property (Third floor)



Source: the Company

The rest part of the Project

The third income generating unit is parking which will be situated underground and will have 240 parking spaces, it will be operated by the leading parking company in Lithuania Unipark. Parking space will have a gross floor area of 2,891 m². A two-level underground car park will provide parking for the hotel and the administrative buildings. Access to the storage facility would be provided via the designed entrance from Lukiškių St. via a two-sided ramp with 1 metre separating lane.

The concept pictures of the parking space are presented below:



Source: the Company

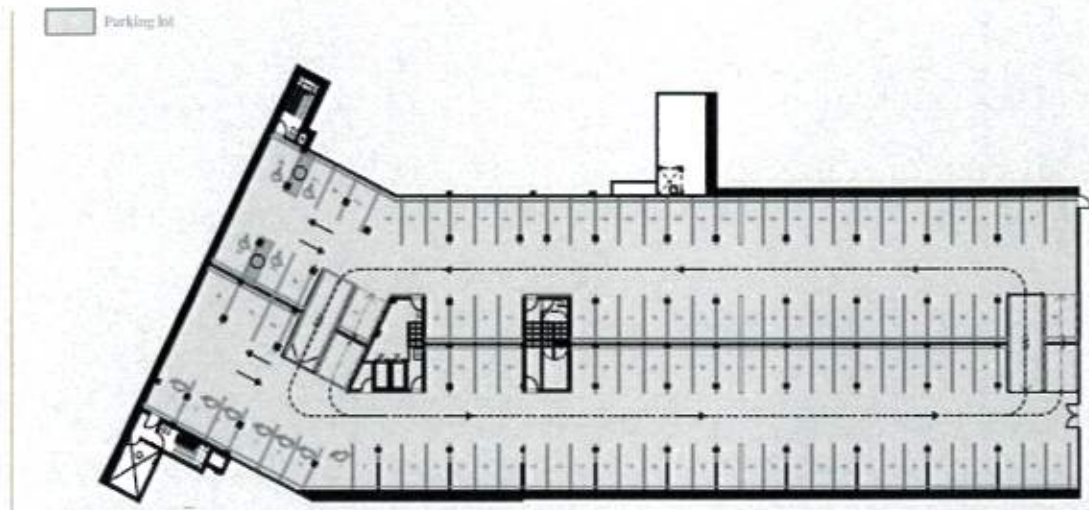


Source: the Company

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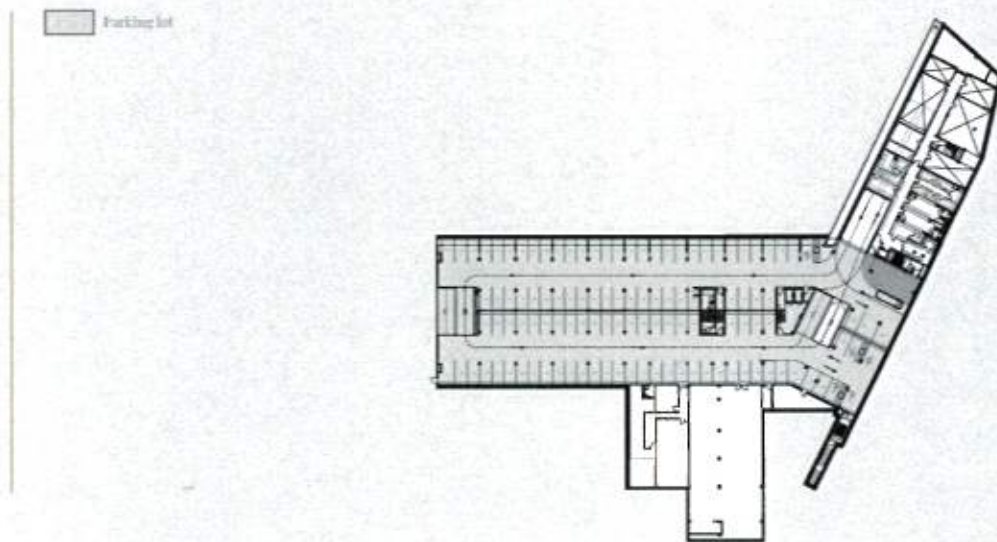
Layout pictures of the parking spaces:

Layout of the parking lot (-2 floor)



Source: the Company

Layout of the parking lot (-1 floor)



Source: the Company

Handwritten signature

VII. DESCRIPTION OF BONDS OFFERING AND ADMISSION TO TRADING

7.1. Interest of Natural and Legal Persons Involved in the Offering

Save for commissions to be paid to the Lead Manager, or Managers, if any, so far as the Issuer is aware, no person involved in the Offering of the Bonds has an interest material to the Issue/Offering, nor any conflicting interests.

Please note that one part of the proceeds generated from the Offering will be used for repayment of outstanding subordinated debt to the Fund (as described in Section below).

More information about the interest of natural and legal persons in connection with the Prospectus, Offering and/or Admission to trading on the Bond List of Nasdaq is presented in Section II *Background of the Offering and Use of Proceeds*.

7.2. Grounds and Reasons for the Offering and Use of Proceeds

This Prospectus is designated to (i) Offering of the Bonds of the Company in the amount of up to EUR 18,000,000 and (ii) Admission of the first part of the Issue in the amount of EUR 5,000,000 issued under exemption provided in Article 1(4(b)) of the Prospectus Regulation and the Bonds of the Offering thereof to trading on the Bond List of Nasdaq.

The Bonds are issued based on decision of the sole shareholder of the Issuer (i.e. the Fund) dated 2 December 2021, with clarifying decisions of the sole shareholder (i.e. the Fund) adopted on 7 December 2021 and on 13 December 2021.

The Issuer intends to attract debt financing up to EUR 18,000,000 under this Prospectus to be issued in Tranches required for the following purposes:

- (i) to finance construction and fit-out of the Project in the amount of up to EUR 15,000,000;
- (ii) repayment of the outstanding subordinated debt to the direct shareholder of the Issuer (i.e. Fund) arising out of the separate bond subscription agreements concluded by the Issuer and the Fund dated respectively 15 November 2018, 18 August 2020 and 10 December 2021, but not more than EUR 1,500,000. For the avoidance of doubt, the Issuer has a full discretion to select the outstanding debt under the particular bond subscription agreement identified herein to be repaid; and
- (iii) to finance working capital of the Issuer in the amount of up to EUR 457,500;
- (iv) coupon payments up to EUR 770,000;
- (v) payment of the fees and expenses incurred in connection with the Offering in the amount of up to EUR 272,500.

The expenses of the Offering of the Bonds mainly consist of the commission to be paid in connection with the Offering of the Bonds to the Lead Manager and/or Managers, if any and fees paid to the Trustee, legal adviser. For more information on this issue please see Section II *Background of the Offering and Use of Proceeds*.

After the end of validity term of this Prospectus, the Issuer plans to proceed with the issuance of Bonds under the same terms, as described herein, but subject to approval of a new Prospectus by the Bank of Lithuania.

7.3. Information Concerning the Securities to be Offered and Admitted to Trading

Description of the Bonds of the Company to be Offered and Admitted to Trading on the Bond List of Nasdaq

| | |
|--|--|
| Securities to be offered and admitted to trading on the Bond List of Nasdaq | 18,000 Bonds with a nominal value of EUR 1,000 each (with EUR 18,000,000 Maximum Aggregate Nominal Value of the Offering). For the avoidance of doubt, the Bonds of the first part of the Issue in the amount of EUR 5,000,000 issued under exemption provided in Article 1(4(b)) of the Prospectus Regulation is also subject to Admission to trading on the Bond List of Nasdaq. |
| Type of securities | Secured non-convertible non-subordinated bonds of the Company – debt bonds with a fixed-term, non-equity (debt) securities under which the Company shall become the debtor of the Bondholders and shall assume obligations for the benefit of the Bondholders. The Bonds may not be |

| | |
|--|--|
| | converted into ordinary Shares or other instruments of ownership of the Issuer. |
| Decision by which the Bonds are issued | The Bonds are issued based on decision of the sole shareholder of the Issuer (i.e. the Fund) dated 2 December 2021, with clarifying decisions of the sole shareholder (i.e. the Fund) adopted on 7 December 2021 and on 13 December 2021. |
| Issue Date of the Bonds | The Issue Date of the respective Tranche shall be specified in the conditions of each such Tranche to be reconfirmed by the Issuer publicly on the website of the Issuer. The Issue Dates are the following: Second Tranche – 23 June 2022; Third Tranche – 1 September 2022; Fourth Tranche – 2 March 2023. |
| Issue Price of the Bonds | The Issue Price of the respective Tranche shall be specified in the conditions of each such Tranche to be reconfirmed by the Issuer publicly on the website of the Issuer. The Issue Price of the Bonds of the second Tranche is EUR 1,025.691. The Issue Price of third and fourth Tranches of Bonds to be determined before opening of the Subscription Period of the respective Tranche, considering the Nominal Value per Bond, Yield and the interest accrued from the last Interest Payment Date. The Issue Price is planned to increase with every subsequent Tranche following the second Tranche if the macroeconomical and geopolitical situation remains unchanged. |
| Subscription Period | To be reconfirmed in the conditions of the respective Tranche to be published on the Issuer's website before opening of the respective Subscription Period: Second Tranche – 25 May 2022 – 20 June 2022; Third Tranche – 8 August 2022 – 29 August 2022; Fourth Tranche – 6 February 2023 – 27 February 2023. |
| Payment Dates | To be reconfirmed in the conditions of the respective Tranche to be published on the Issuer's website before opening of the respective Subscription Period: Second Tranche – 22 June 2022; Third Tranche – 31 August 2022; Fourth Tranche – 1 March 2023. |
| Minimum Investment Amount | Minimum Investment Amount under all Tranches is EUR 1,000. |
| ISIN | LT0000405961 |
| Total number of Bonds to be issued under the Prospectus | 18,000 |
| Nominal Value per Bond | The stated value of a Bond, whereas on the Issue Date the Nominal Value is the value in which a Bond is denominated and following the repayment of principal of the Bonds, the Nominal Value is equal to the outstanding principal value of the Bond. The Nominal Value of Bonds is EUR 1,000. |
| Maximum Aggregate Nominal Value of the Offering | The maximum aggregate Nominal Value of the Bonds to be issued under this Prospectus which amounts to EUR 18,000,000. |
| Currency of Bonds | EUR |
| Legislation under which the Bonds shall be created | The Civil Code, the Law on Companies, the Law on Securities and other related legal acts. All the relations of the Company and the Investors in connection with the Bonds shall be determined in accordance with the laws of the Republic of Lithuania, including without limitation, the Law on Companies and the Law on Protection of Interests of Bondholders. Only the shareholders of the Issuer have voting rights in the General Meetings (as of the date of this Prospectus the Fund is the sole shareholder of the Issuer). The Bonds carry no such voting rights. Consequently, the Bondholders cannot influence any decisions by the Issuer's shareholders concerning, for instance, the capital structure of the Issuer. The rights conferred by the Bonds are described in detail in Section 7.4 <i>Rights Conferred by Securities to be Offered and Admitted to Trading</i> . |



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| | <p>The status of the Bonds in the Issuer's capital structure in case of the Issuer's insolvency is defined in this table below under <i>Credit ratings assigned to the Issuer or the Bonds and status thereof</i>.</p> <p>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 the Prospectus or the Bonds.</p> |
| Form of Bonds | <p>The Bonds shall be issued in non-material registered form. According to the Law on Markets in Financial Instruments the book-entry and accounting of the dematerialized securities in the Republic of Lithuania, which will be admitted to trading on the regulated market (Bond List of Nasdaq), shall be made by Nasdaq CSD. Entity to be in charge of keeping the records will be the Lead Manager.</p> <p>The Bonds of the respective Tranche shall be valid from the date of their registration until the date of their redemption and deletion from the Register. No physical certificates will be issued to the investors. Principal and interest accrued will be credited to the Bondholders' accounts through the Register by the Registrar.</p> |
| Credit ratings assigned to the Issuer or the Bonds and status thereof | <p>Neither the Issuer, nor the Bonds shall be assigned with the credit ratings as a result of the Offering.</p> <p>The Bondholders' interest shall be secured with the first ranking maximum mortgage over the Property. The Bonds and coupons relating to them shall constitute senior secured obligations of the Issuer and shall rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under such Bonds and coupons relating to them, in as much as such payment obligations have not been settled in due time and from the value of the established Collateral, shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer.</p> |
| Interest rate and Interest Payment Dates | <p>Annual interest rate per Bonds is 6% (fixed).</p> <p>Interest Payment dates shall be 19 July 2022, 19 January 2023, 19 July 2023, 19 January 2024, 19 July 2024, 19 January 2025, or, if applicable, Early Redemption Date or Early Maturity Date.</p> <p>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 first interest period commences on the Issue Date determined in the conditions of the Tranche and ends on the first Interest Payment Date (excluding) indicated above. Each consecutive interest period begins on the previous Interest Payment Date (inclusive) and ends on the following Interest Payment Date (excluding). The last interest period ends on the Final Maturity Date (inclusive) or on the relevant Early Redemption Date (inclusive), or Early Maturity Date (inclusive), if any.</p> <p>Accrued interest in respect of the Bonds will be calculated on the basis of the actual number of days elapsed in the relevant interest period divided by actual length in days of the relevant interest period multiplied by frequency factor of 2, i.e. a day count convention Act/Act (ICMA) will be used.</p> <p>The interest payment on all Interest Payment Dates is determined according to the following formula:</p> <p>CPN= F x C/2 where: F– Nominal Value of the Bonds; C – annual interest rate (%) payable on the Bonds under the Prospectus; CPN – amount of the interest to be paid on the Interest Payment Date.</p> |



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| | <p>Should any Interest Payment Date fall on a date which is not a Business Day, the payment of the interest due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.</p> |
| Yield | <p>The Yield of the respective Tranche shall be specified in the conditions of each such Tranche to be reconfirmed by the Issuer publicly on the website of the Issuer.</p> <p>The Yield of the Bonds of the second Tranche is 6%. The Yield of third and fourth Tranches of Bonds to be determined before opening of the Subscription Period of the respective Tranche after taking into account the credit risk of the Issuer, interest payment and redemption structure of Bonds and considering current yields of alternative debt instruments present in the Lithuanian capital market.</p> |
| Final Maturity Date and principal payment | <p>19 January 2025.</p> <p>The term for provision of the requests/applications to redeem the Bonds shall not be applicable, as upon the Final Maturity Date of Bonds, the nominal value thereof with the cumulative interest accrued shall be transferred to the bank accounts indicated by the Bondholders when purchasing the Bonds without separate request/application of the Bondholders.</p> <p>If the Final Maturity Date is not a Business Day, the Issuer shall make redemption payment through the Register on the first following Business Day observing the terms and conditions stated in this clause. The postponement of the payment date of the redemption payment in such case shall not have an impact on the amount payable.</p> <p>Following the receipt of the complete Redemption Price payments in the Bondholders' current accounts (disregarding the fact, whether the Bondholder accepts the transferred funds), the Bonds shall be considered redeemed to the relevant extent and the Bonds shall be removed from the Register and Nasdaq Vilnius. The Bondholders are obligated to co-operate with the Issuer and do all actions reasonably required for deleting the Bonds from the Register and Nasdaq Vilnius.</p> <p>The Redemption Price shall be paid to the Investors, who according to the Register's information, on the Record Date hold the Bonds. Payment of the Redemption Price shall be carried out through the Register by the Registrar.</p> <p>If the mentioned amounts are not transferred to the accounts indicated by the Bondholders, the Bondholders shall have a right to claim for redemption of the Bonds within 3 years after the Final Maturity Date, or in case of an early redemption after the Early Redemption Date or Early Maturity Date. If the Bondholder does not claim for the redemption of the Bonds within the 3 years term, the Bondholder shall be deprived from a right of claim for redemption.</p> |
| Redemption Price of the Bond | <p>The 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 relevant Early Redemption Date or Early Maturity Date.</p> <p>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 (unless early redeemed, as indicated below).</p> |
| Early optional redemption of Bonds by the Issuer | <p>The Bonds shall be redeemable wholly or partially at the option of the Issuer prior to their maturity on the following conditions:</p> <p>(i) early redemption may occur at the sole discretion of the Issuer taking into account the progress of development of the Project (or separate stages of it, including but not limited to the situation prescribed in Section 7.3.1.4.2 of the Prospectus) on the Early Redemption Date, designated in a 20 (twenty) day prior written notice to the Investors and the Trustee;</p> |

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| | <p>(ii) in case of a partial redemption of the Bonds, the Bonds have to be redeemed from the Bondholders proportionally, if necessary, by rounding up the redeemable number of Bonds from an individual Bondholder to the nearest whole number. In the respective case, the Redemption Price shall be equal to the Nominal Value of the redeemable bonds (the Redeemable Bonds) and interest accrued on the Redeemable Bonds together with the premium if such is applied and as described below</p> <p>(iii) on the Early Redemption Date the Issuer shall pay to the Investors full Nominal Value of the Redeemable Bonds as indicated in the respective notification sent to the Bondholders in accordance with the point (i) above together with the unpaid interest accrued up to the relevant Early Redemption Date (inclusive) and premium equal to:</p> <p>a. 0.75% if Early Redemption Date occurs from 19 January 2022 (inclusive) and 19 July 2023 (inclusive), the Redemption Price to be paid to the Bondholder on the Early Redemption Date equals the full or part of the Nominal Value as indicated in the respective notification sent to the Bondholders in accordance with the point (i) above together with the unpaid interest accrued up to the relevant Early Redemption Date (inclusive) and premium of 0,75%; and</p> <p>b. if Early Redemption Date occurs from 19 July 2023 (exclusive) and 19 January 2024 (inclusive), the Redemption Price to be paid to the Bondholder on the Early Redemption Date equals the full or part of the Nominal Value as indicated in the respective notification sent to the Bondholders in accordance with the point (i) above together with the unpaid interest accrued up to the relevant Early Redemption Date (inclusive) and premium of 0.5%.</p> <p>For sake of clarity, no premium shall be paid if the Early Redemption Date is after 19 January 2024.</p> <p>Premium and interest shall be calculated from the amount of the Nominal Value of the Bonds early redeemable from the respective Investor.</p> <p>The Issuer will have the right to redeem the Bonds before the Final Maturity Date without a premium established above in case the Investor breaches or there is a reasonable concern that the Investor might breach anti-money laundering or sanction regulations. The Issuer or the Lead Manager or the Manager, if any, at any time is entitled to request any of the Investors directly or through the Trustee to provide necessary documents for the Issuer or the Lead Manager or the Manager, if any, to perform sanction screening or other verification checks so as to implement sanction and/or anti-money laundering requirements. The Investors undertake to submit the requested documents or information within the time period set by the Issuer or the Lead Manager or the Manager.</p> |
| <p>No early redemption of Bonds under the request of the Bondholders</p> | <p>Except for cases specified in Section 7.3.2 <i>Extraordinary Early Redemption</i> below, there are no other cases where the Bondholders have a right to demand redemption of the Bonds prior the Final Maturity Date.</p> |
| <p>Offering and listing of Bonds</p> | <p>The Bonds shall be offered to the Investors in Tranches with the relevant conditions of the respective Tranche established in Section 1.7.6 <i>Terms and Conditions of the Offer</i> of this Prospectus and published (with updates, if any, as disclosed in the Prospectus) in accordance with this Prospectus before opening of the Subscription Period of the respective Tranche. The Bonds shall be applied for introduction to trading on a Bond List of Nasdaq once the Bonds shall be subscribed and fully paid by the Investors and registered with the Register.</p> <p>The Issuer expects that the Bonds of the respective Tranche shall be admitted to trading on the Bond List of Nasdaq within 6 months as from placement of the Bonds of the respective Tranche the latest. Disregarding</p> |



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| | <p>this, the Issuer will put its best endeavours so that this term would be as short as practicable possible.</p> <p>The Issuer shall also put its best efforts to ensure that the Bonds remain listed on the Bond List of Nasdaq Vilnius. The Issuer shall, following an Admission to trading, take all reasonable actions on its part required as a result of such trading of Bonds.</p> |
| Collateral | <p>The Issue, including the Bonds to be issued under this Prospectus, is secured by a first ranking mortgage over the Property constituting a Collateral in favour of the Trustee (acting on behalf and for the benefit of all Bondholders) under the Collateral Agreement.</p> <p>The value of the Collateral is established in the Collateral Agreement. The value of the Collateral may vary during validity of the Collateral Agreement, however it does not influence rights of the Trustee which is a creditor under the Collateral Agreement to fulfil Secured Obligation from all value of the Collateral, existing at the moment of Collateral realization. In case of enforcement, to the extent it is not otherwise regulated under the Civil Code, the value of the Collateral shall be determined under the procedures established in the Collateral Agreement.</p> <p>Information about the protection of interests of Bondholders, including information about the Trustee as a representative of the Bondholders is provided in Section 7.4 <i>Rights Conferred by Securities to be Offered and Admitted to Trading</i></p> |
| Transfer restrictions | <p>There are no restrictions on transfer of 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, without limitation, in the United States of America, Australia, Canada, Hong Kong and Japan. For more information on this issue please see Section 3.2 <i>Notice to Prospective Investors</i> in Section III of this Prospectus.</p> |
| Taxation | <p>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, the Republic of Latvia and the Republic of Estonia. Please see Section 7.5 <i>Taxation</i> for more information in respect to each jurisdiction.</p> <p>Republic of Lithuania</p> <p>Lithuanian Investors will pay the taxes from the amounts received in connection with the Bonds themselves. For all individual Investors who are not Lithuanian residents, the Issuer shall make such payment 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 Investors in respect of such withholding or deduction.</p> <p>The Lithuanian tax non-resident Investors (individuals) seeking to reduce income tax by the amount of income tax withheld in the Republic of Lithuania must provide supporting documents and information as set forth in Section 7.5.1.1. <i>Taxation of Bond Interest received by Lithuanian Tax Non-Resident Individuals</i>.</p> <p>Republic of Latvia</p> <p>For all Latvian resident individual Investors, the Issuer shall make interest payment 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 Investors in respect of such withholding or deduction. For Latvian Investors – Latvian resident</p> |



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| | <p>entities capital gains and Bond interest income is not subject to taxation in Latvia until the moment of profit distribution.</p> <p>For Latvian resident Investors (individuals and entities) taxes will be payable in the country of residence. Latvian resident Investors (individuals) seeking to reduce income tax by the amount of income tax withheld in the Republic of Lithuania must provide supporting documents and information as may be required by applicable law as set forth in Section 7.5.1.1. <i>Taxation of Bond Interest received by Lithuanian Tax Non-Resident Individuals.</i></p> <p>Republic of Estonia</p> <p>For all Estonian resident individual Investors, the Issuer shall make income 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 Investors in respect of such withholding or deduction.</p> <p>Estonian resident Investors (individuals) seeking to reduce income tax by the amount of income tax withheld in the Republic of Lithuania must provide supporting documents and information as may be required by applicable law as set forth in Section 7.5.1.1. <i>Taxation of Bond Interest received by Lithuanian Tax Non-Resident Individuals.</i></p> |
| Estimated Expenses Charged to the Investor | No expenses or taxes will be charged to the Investors by the Issuer in respect to the Offering and Admission of the Bonds. However, the Investors may be obliged to cover expenses which are related to the opening of securities accounts with credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the Investor's purchase or selling orders of the Bonds, the holding of the Bonds or any other operations in relation to the Bonds. The Issuer will not compensate the Bondholders for any such expenses. |
| Lead Manager | UAB FMJ "Orion Securities", legal entity code 122033915, with its registered address at Antano Tumėno st. 4, Vilnius, the Republic of Lithuania. |
| Trustee | UAB „AUDIFINA“, a private limited liability company, legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, LT-09310 Vilnius, the Republic of Lithuania. |

7.3.1. Covenants of the Issuer

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

- 7.3.1.1. **Negative borrowing.** The Issuer shall not assume any Financial Indebtedness. The respective restriction does not apply to the Issuer in the following cases:
- 7.3.1.1.1. non-interest bearing Financial Indebtedness incurred in the ordinary course of business of the Issuer; or
 - 7.3.1.1.2. fully subordinated debt, from the direct and indirect shareholders of the Issuer and/or within the Related Entities, including Subscription of Bonds under the Terms and/or Prospectus by the Related Entities. For avoidance of doubts, the Bonds subscribed under the Terms and/or Prospectus by the Related Entities starting from the date of their Subscription shall be deemed as fully subordinated and ranking below other Bonds of the Issue; or
 - 7.3.1.1.3. financing provided to the Issuer by a third party to fund redemption of the Bonds (i.e. refinancing of the Bonds).
- 7.3.1.2. **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, including the Property, except for the Collateral Agreement executed under this Prospectus; Security securing Financial Indebtedness that is allowed under Section 7.3.1.1. above and other encumbrances that might be needed and that are required by third parties (except for financiers) for the purpose to dispose of the infrastructure and/or suprastructure related to or needed for the Project.
- 7.3.1.3. **Change of Control.** Until Completion of the Project the Issuer undertakes to ensure that no change of control shall occur as defined further. A Change of Control shall be deemed occurred if direct shareholders of the Issuer as of the date of this Prospectus cease jointly to own more than 50% of the ordinary issued Shares and voting rights of the Issuer or may not exercise the control of the Issuer due to other legal restrictions (the **Change of Control**). Change of Control

- does not occur in case of restructuring within the structure of the companies under the Management Company (i.e. if the new shareholders of the Issuer are the Related Entities).
- 7.3.1.4. **Disposal of the Property.** Until full or partial redemption of the Bonds (respectively on Final Maturity Date, Early Maturity Date or Early Redemption Date) the Issuer shall not, either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily dispose and or/transfer the ownership of the Property to any third person nor conclude any agreements for such transfer of ownership, except that:
- 7.3.1.4.1. the Issuer has the right to conclude constructions' or other relevant services' agreements under the applicable laws with third persons, provided that such agreements are concluded on terms and conditions that enable the Issuer to complete the Project and fulfil its obligations under Bonds and the Terms.
- 7.3.1.4.2. in respect of the Building, subject to LTC ratio provided in Section 7.3.1.6 below, the Issuer upon completing particular stages of the Project has a right to divide the Building in separate premises and sell or lease those premises to third parties and release relevant part of the Property from the Collateral Agreement upon conducting partial early redemption of Bonds in accordance with the terms and conditions provided in the beginning of Section 7.3 of the Prospectus, but in any case only 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 a voting right; or
- 7.3.1.4.3. upon Completion of the Project, the Issuer shall have a right to sell the Project to a third party and refinance outstanding Bonds.
For avoidance of doubts, this clause does not restrict the Issuer from starting or participating in negotiations on the transfer of ownership of the Property (or part of it) before the Final Maturity Date and/or full redemption of Bonds, or Early Redemption Date under Section 7.3.1.4.2, but the transfer of ownership of the Property (or part of it) in any case shall not occur before the Final Maturity Date and/or the full redemption of Bonds, or Early Redemption Date under Section 7.3.1.4.2.
- 7.3.1.5. **Securities Account.** Pursuant to the Securities Account Agreement the Issuer undertakes to use (instruct the Lead Manager to make respective transactions on the Settlement Account) any amount standing to the credit on the Securities Account only for the following payments:
- 7.3.1.5.1. payments to the Issuer's bank account after the Bonds of the respective Tranche are issued and registered with the Register;
- 7.3.1.5.2. reimbursement to the Investors if the Issue of Bonds has been suspended or cancelled as set forth in this Prospectus; or
- 7.3.1.5.3. reimbursement to the Investors who were not allotted with the Bonds in full or partially.
- 7.3.1.6. **LTC ratio.** The Issuer undertakes to ensure that until full redemption of the Bonds the Issuer's LTC ratio does not exceed 70%. The LTC shall be calculated based on the following formula:

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

LTC shall mean loan to cost ratio.

Costs of the Project shall mean (without double-counting) expenditure by the Issuer in carrying out the Project, including each of the following:

- (a) costs incurred by the Issuer with respect to the Project by 28 February 2022 (inclusive) in the amount of EUR 16,234,986.52 (sixteen million two hundred thirty-four thousand nine hundred eighty-six euros fifty-two cents);
- (b) all sums paid from 1 March 2022 (inclusively) under the design, construction and other contracts with respect to the development of the Project;
- (c) the aggregate of the invoices issued to the Issuer from 1 March 2022 (inclusively) for other costs such as legal, accounting, notarial, project management, and other professional fees, costs and expenses (including the costs of registries and any related taxes) incurred by the Issuer in connection with the Project; operating costs;
- (d) the premium paid in respect of the insurances (other than insurances to be effected and paid for by any construction contractor);
- (e) debt financing costs which become due and payable with respect to the Project.

Costs of the Project shall not include VAT.

- 7.3.1.7. **Mortgage over the Collateral.** The Issuer undertakes to ensure that during the Offering the mortgage created under the Collateral Agreement is effective and registered with the Real

Estate Register of the Republic of Lithuania (formerly the Mortgage Register of the Republic of Lithuania).

7.3.1.8. **Reporting obligations.**

7.3.1.8.1. The Issuer shall provide the Trustee with a copy of its:

- (i) annual audited financial statements;
- (ii) semi-annual balance sheet and income statement;
- (iii) semi-annual report on performance of the financial ratio LTC set forth in Section 7.3.1.6 signed by the General Manager of the Issuer together with the report on total amount of construction costs of the Project incurred till date of the respective report, and reconciliation of such costs against the construction budget set forth in Section VI *Project Description* of this Prospectus.

7.3.1.8.2. The Issuer shall supply all the information set out in Section 7.3.1.8.1 above as soon as it becomes available and:

- (i) in the case of the audited financial statements within 120 calendar days after the end of the reporting year;
- (ii) in the case of the semi-annual balance sheet and income statement, within 45 calendar days after the end of reporting period of 6 months;
- (iii) in case of the semi-annual report on performance of financial ratio LTC set forth in Section 7.3.1.8.1 (iii) above, within 45 calendar days after the end of the reporting period of 6 months.

In case the Investors through the Trustee request additional documents evidencing Costs of the Project detailed in Section 7.3.1.6 of this Prospectus, the Issuer within 30 calendar days as of receipt of such request of the Trustee, shall provide the following:

- (i) invoices received and accounted within the last reporting period set forth in Section 7.3.1.8.1 (iii); and
- (ii) accounting documents with respect to other Costs of the Project that are the costs other than stipulated in paragraph (i) above incurred by the Issuer.

The Issuer may deviate from the covenants set forth in this Section 7.3.1 upon the consent provided in the decision of the Bondholders' Meeting which shall be adopted by a qualified majority of no less than $\frac{3}{4}$ of Bondholders, participating in the Bondholders' Meeting and having voting rights. Upon receiving the consent of the Bondholders in respect of particular covenant it shall be deemed that Bondholders waive their rights in respect of the Extraordinary Early Redemption Event provided in Section 7.3.2.1 (ii) below.

7.3.2. Extraordinary Early Redemption

7.3.2.1. 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 within 10 Business Days from the relevant due payment date, except for cases when the failure to pay is caused by a reason of *Force Majeure* as indicated in Section 7.3.3 of the Prospectus.
- (ii) **Breach of covenants.** The Issuer breaches any of the covenants set forth in Section 7.3.1 of this Prospectus 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 Entities).
- (iii) **Invalidity of the Collateral Agreement.** The Collateral Agreement terminates or is regarded 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.** (i) The Issuer is declared bankrupt by a final decision of a court or admits inability to pay its debts; (ii) the Issuer enters into any arrangement with majority of its creditors by value in relation to restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or (iii) an application to initiate insolvency, restructuring or administration of the Issuer, or any other proceedings for the settlement of the debt of the Issuer is submitted to the court by the Issuer.

7.3.2.2. 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 laws governing liquidation or insolvency of the Issuer.

- 7.3.2.3. 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.
- 7.3.2.4. 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.
- 7.3.2.5. In case the Issuer in a reasoned manner (i.e. providing for the reasons why the Extraordinary Early Redemption Event has not occurred 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 pursuant to Section 7.3.2.4 of this Prospectus 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 in Section 7.3.2.6 below.
- 7.3.2.6. Upon the occurrence of any of the circumstances specified in Sections 7.3.2.1 above and if the Issuer has not sent the Rejection to the Trustee in accordance with Sections 7.3.2.4 and 7.3.2.5 above 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 $\frac{3}{4}$ of Bondholders, participating in the Bondholders' Meeting and having a voting right) to demand extraordinary early redemption of the Bonds, the Issuer within 10 calendar 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 Section *Early optional redemption of Bonds by the Issuer* in the table provided in the beginning of Section 7.3. The 10th Business Day calculated from the day following the day of submission of the Trustee's inquiry to the Issuer as set forth in Section 7.3.2.4 of this Prospectus 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.
- 7.3.2.7. If the Bondholders' Meeting has not passed a decision as prescribed in Section above within 3 months after the occurrence of any of the Extraordinary Early Redemption Event specified in Section 7.3.2.1 above, the Bondholders shall lose the right to demand early redemption of the Bonds under this Section 7.3.2.

7.3.3. Other Matters

Purchases

The Issuer, any Related Entity 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 any Related Entity 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 Prospectus.

Force Majeure

The Issuer, the Lead Manager and/or Nasdaq CSD 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 the Issuer, the Lead Manager and/or Nasdaq CSD, and that materially affect operations of any of the Issuer, the Lead Manager and/or Nasdaq CSD;
- (iii) any interruption of or delay in any functions or measures of the Issuer, the Lead Manager and/or Nasdaq CSD 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 the Issuer, the Lead Manager and/or Nasdaq CSD 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 Issuer, the Lead Manager and/or Nasdaq CSD.

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 Issuer, the Lead Manager and/or Nasdaq CSD 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.

Further issues

The Issuer may from time to time, without the consent of and notice to the Bondholders, create and issue further bonds subordinated to payment of Bondholders' claims on terms and in a form acceptable to the Trustee acting on behalf and for the benefit of the Bondholders. For the avoidance of doubt, this Section shall not limit the Issuer's right to issue any other bonds subordinated as described in the preceding sentence.

7.4. Rights Conferred by Securities to be Offered and Admitted to Trading

A Bond is a fixed-term non-equity non-subordinated (debt) security under which the Company which is the Issuer of the Bond becomes the debtor of the Bondholder and assumes obligations for the benefit of the Bondholder. The Bonds are incorporeal and shall be fixed by entries in the securities accounts of their holders. The Bonds of the Issue shall grant the Bondholders equal rights. Issuing Bonds in Tranches will not affect the rights of the Bondholders in any way and will not create any difference between the rights the Bondholders of each Tranche.

As from the maturity date of the Bonds, Bondholders shall have a right to receive from the Company the Nominal Value of the Bonds and the interest accrued and unpaid to dates, as indicated above, i.e. he/she/it shall have a right to require, that the Bonds would be redeemed for their Redemption Price. If the Company does not redeem the Bonds on their maturity, all settlements with the Bondholders shall be made through the account of the Trustee.

The Bondholders shall have the rights provided in Law on Protection of Interests of Bondholders, the Civil Code, the Law on Companies and other laws regulating the rights of Bondholders, as well as the rights specified in the decision to issue Bonds. 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 Maturity Date or Early Redemption Date;
- (iii) to sell or transfer otherwise all or part of the Bonds;
- (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 under this Prospectus or other information related to the protection of his/her/its interests from the Trustee, except for cases established in the Prospectus when Bondholder has a right to request the Issuer, Lead Manager or Manager, if any, to provide his/her/its Subscription Order and Confirmation addressed to him/her/it;
- (xi) to receive a copy of the Agreement on Bondholders' Protection concluded between the Issuer and the Trustee and the Collateral Agreement from the Trustee;
- (xii) other rights, established in the applicable laws, the Agreement on Bondholders' Protection 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 Agreement on Bondholders' Protection and in Sections below.

Regulation on Bondholders' Meeting is provided in Section *Bondholders Meetings* below.

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 https://lordslb.lt/orkela_bonds/ and, after the Bonds are admitted to the Bond List of Nasdaq, also on Nasdaq 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.

Representation of Bondholders

Law on Protection of Interests of Bondholders foresees that before issuing Bonds offered for public trading, a company must conclude a civil contract with an agent (trustee) of the bondholders (i.e. **Trustee**) for representation of bondholder's interest. Under this contract, the Trustee shall undertake to safeguard the interests of the holders of a certain bonds issues in their relations with the Issuer and the Issuer shall undertake to pay remuneration thereto.

The General Manager of the Company has the right to conclude and to terminate the contract with the Trustee.

On 8 December 2021 the Issuer has concluded the Agreement on Bondholders' Protection with UAB „AUDIFINA“, a private limited liability company, legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, LT-09310 Vilnius, the Republic of Lithuania.

Contact data of the Trustee

E-mail: info@audifina.lt
Representative: Jolanta Ruzgienė
Website: <https://www.audifina.lt/>.

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

Trustee fees

The Company shall pay to the Trustee the fee, indicated in the Agreement on Bondholders' Protection. 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 contract ceases earlier.

The Agreement on Bondholders' Protection expires:

- (i) the Issuer fulfils all its obligations to the Bondholders and the Collateral Agreement is deregistered from the Real Estate Register of the Republic of Lithuania (formerly the Mortgage Register of the Republic of Lithuania);
- (ii) upon redemption of the Bonds by the Issuer on the Redemption Date or earlier, as provided and to the extent permitted by the Prospectus;
- (iii) 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 Agreement on Bondholders' Protection exist.

Below please find a brief description of certain provisions of the Agreement on Bondholders' Protection as well as of the applicable Lithuanian laws, related to rights and obligations of the Trustee.

Main rights of the Trustee

- (i) to receive the list of Bondholders from the Issuer;
- (ii) to receive the copy of the decision of the sole shareholder of the Issuer (i.e. the Fund) to issue the Bonds;

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

The Trustee, acting on behalf of and for the benefit of the Bondholders shall also act as mortgagee under the Collateral Agreement.

Main obligations of the Trustee

- (i) to take actions in order that the Company fulfilled its obligations towards the Bondholders;
- (ii) to convene 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 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(s) to provide information, to gratuitously present all the information about the Issuer, the Issue of Bonds 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 Agreement on Bondholders' Protection and/or the Collateral Agreement free of charge;
- (ix) to provide the Bondholder(s) with all other information related to the protection of his/her/its/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".

Bondholders' Meetings

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 director of the Issuer or its 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 parties' e-mails, if 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. If any of the Bondholders expressed his / hers / its request to get notifications on the convocation of the Bondholders' Meetings via e-mail and provided the e-mail address, the notice of convocation of the Bondholders' Meeting no later than 15 Business Days before the date of the Bondholders' Meeting shall also be send via the indicated e-mail through Trustee. 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 Fund or any legal entity controlled by the Fund), 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.

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.

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 (for the avoidance of doubt, including those Bondholders who were allotted with Bonds under this Prospectus), 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.

Establishment, release and enforcement of the Collateral

The Issue, including the Bonds to be issued under this Prospectus, is secured by a first ranking mortgage over the Collateral under the Collateral Agreement.

The Investors acknowledge that the Project has several development and completion stages following which the Building mortgaged under the Collateral Agreement will be divided in separate premises with assigned unique numbers. The Issuer upon fulfilment of conditions prescribed in Section 7.3.1.4.2 and partial redemption of Bonds on Early Redemption Date and following the terms and conditions of the Collateral Agreement shall release from the Collateral Agreement particular premises of the Building and

deregister the mortgage over those premises from the Real Estate Register of the Republic of Lithuania (formerly the Mortgage Register of the Republic of Lithuania).

The Trustee shall take all actions that the Trustee as the holder of the Collateral may reasonably take with the purpose to enforce mortgage over the Collateral according to the procedure provided for in the Collateral Agreement and applicable laws in case:

- (i) the Secured Obligation is not performed in accordance with its respective terms; and
- (ii) Bondholders' Meeting has adopted a decision to enforce mortgage over the Collateral.

The Bondholders' Meeting has the right to instruct the Trustee to take specific actions to enforce mortgage over the Collateral according to the procedure provided for in the Collateral Agreement. The Investors shall not have any independent power to enforce the Collateral or to exercise any rights or powers arising under the Collateral Agreement. Investors can exercise their rights in relation to the Collateral only through the Trustee pursuant to the Agreement on Bondholders' Protection.

The Trustee shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction, from the Investors 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 Collateral. Upon such request, the Investors shall give their instructions or clarifications to the Trustee within the time period specified in the Trustee's request for instructions or clarifications. The Trustee may refrain from acting unless and until the Bondholders' Meeting has provided the Trustee with requested instructions or clarifications.

The Trustee is obligated to comply with these instructions submitted under this Section unless such instructions, in reasonable opinion of the Trustee, may be contrary to the Prospectus, Collateral Agreement, Agreement on Bondholders' Protection, or applicable laws. Any such instruction from the Bondholders' Meeting will be binding on all Investors. The Trustee shall not be liable in front of Investors for acting (or refraining from acting) as described in this Section.

Application of the proceeds from enforcement of the Collateral

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

- (i) 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 Collateral by the Trustee within the limits set forth in the Agreement on Bondholders' Protection;
- (ii) as a second priority (after the full satisfaction, payment and deduction of all claims and amounts set forth in point (i) above) – payment of the claims of the Investors (other than the Related Entities) arising under this Prospectus;
- (iii) as a third priority (after the full satisfaction, payment and deduction of all claims and amounts set forth in point (ii) above) – payment of the claims of the Investors which are the Related Entities.

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

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

In case the proceeds remaining after satisfying the claims of the Investors which are other than the Related Entities under point (ii) above do not cover the claims under point (iii) above in full, the claims arising from the Bonds subscribed by the Related Entities shall be satisfied *pro rata*.

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

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.

7.5. Taxation

This Section gives a general overview of taxation in the Republic of Lithuania, the Republic of Latvia, the Republic of Estonia in relation to the Bonds and should not be relied upon as being either complete or conclusive. It should be noted that Investor's individual circumstances (e.g., tax residence status, possibility to prove it, etc.) might have an impact on the tax consequences described above. For more specific personal advice, it is recommended to consult your tax adviser. The tax consequences listed below are described in accordance with respective Lithuanian, Latvian and Estonian laws and provisions of DTT that are applicable on the date of this Prospectus, subject to any change in law that may take effect after such date, provided that such changes could apply also retroactively.

Transfers of the Bonds will not be subject to any registration or stamp duties in Lithuania, Latvia, or 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, Latvian 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 under the national provisions of respectively Lithuanian / Latvian / Estonian Law on PIT if: he/she has permanent place of residence in the Republic of Lithuania / Latvia / Estonia during the tax period, or his/her personal, social or economic interests during the tax period are located in the Republic of Lithuania, or he/she is present in the Republic of Lithuania / Latvia / Estonia continuously or intermittently for at least 183 days in the relevant tax period or in case of the Republic 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 Republic of Lithuania / Latvia / Estonia is also considered as resident individual.

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

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

Income of a non-resident individuals sourced in the Republic of 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 the Republic of Lithuania / Latvia / Estonia. In case of the Republic of Lithuania, a collective investment undertaking established in the Republic of Lithuania without a status of a legal person is also considered as resident entity.

All income of a resident entity earned in the Republic of Lithuania / Latvia / Estonia and foreign states is subject to respectively Lithuanian / Latvian / Estonian CIT rules.

A **"non-resident entity"** means a legal person which is not established in the Republic of Lithuania / Latvia / Estonia. In case of the Republic 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 the Republic of 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 the Republic 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.

7.5.1. Republic of Lithuania

Taxation of Bond Interest



(i) Received by Entities

According to Lithuanian Law on CIT, payments of Bond interest (including other applicable payments received as the difference between Bonds' redemption and issue price) received by:

- a resident entity will be included in its taxable profit and will be subject to the 15 % CIT rate or incentive CIT rate (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).
- a non-resident entity, which is registered or otherwise organized in a state of 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.
- a non-resident entity other than those described above will be subject to the 10% withholding tax.

In case person paying Bond interest cannot identify the Bond holder in order to determine its eligibility for a lower tax rate or exemption from the withholding tax, payments of Bond interest to any such holder of Bonds will be subject to the standard 15% CIT rate to be withheld in Lithuania. Since the same provisions concerning relevant forms to be filled in to claim DTT benefits apply as in case of Lithuanian tax non-resident individuals, please see Section 7.5.1.1. *Taxation of Bond Interest Received by Lithuanian Tax Non-Resident Individuals.*

(ii) Received by Individuals

Payments of Bond interest (including other applicable payments received as the difference between Bonds' redemption and Issue Price) received by a resident or non-resident individual will be subject to Lithuanian PIT at the following progressive tax rates of:

- 15%, if the total amount of income received by an individual during a calendar year does not exceed the sum of 120 Lithuanian gross average salaries, which is determined on the basis of quarterly gross average salaries as published by the Lithuanian Department of Statistics (this figure in 2022 is EUR 180,492), and
- 20%, which apply to any income by an individual received during a calendar year exceeding the above-mentioned threshold.

For resident individuals, such income will exclude income from employment, self-employment, dividends, remuneration of board members and certain other types of income. PIT 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.

For non-resident individuals, such income will include Lithuanian-sourced interest, royalties, income from sports and entertainment activities, capital gains and rent from real estate located in Lithuania and capital gains from movable property registerable in Lithuania.

When interest is earned by a non-resident individual, the interest-paying Lithuanian entity or a PE of a foreign entity withhold 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% rate, the individual has to pay the difference himself/herself. Separate DTT concluded and brought into effect with Lithuania may establish a lower tax rate for non-residents. Please see more information on taxation of Bond interest received by Lithuanian tax non-resident individuals in the Section 7.5.1.1. below.

Taxation on Income from the Alienation of Bonds

(i) Received by Entities

Capital gains (i. e. the difference between Bonds' sale price and acquisition costs) on alienation of the Bonds received by a resident entity will be included in entity's taxable profit and will be subject to the 15% CIT rate or in certain cases incentive CIT rate. 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 the Bonds received by non-resident entities will not be subject to Lithuanian CIT.

(ii) Received by Individuals



Capital gains (i. e. the difference between Bonds' sale price and acquisition costs) on disposal of the Bonds received by a resident individual will be subject to progressive PIT rates as in case of taxation of Bond interest.

Capital gains up to EUR 500 received by resident individuals from the alienation of Bonds during a calendar year will be 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 Lithuanian Target Territories List approved by the Minister of Finance of the Republic of Lithuania.

The disposal of the Bonds by non-resident individuals will not be subject to Lithuanian PIT.

7.5.1.1. Taxation of Bond Interest received by Lithuanian Tax Non-Resident Individuals

Under the Lithuanian Law on PIT, if interest is paid out to the tax non-resident individuals by the Lithuanian company, PIT should be withheld at source, i.e., in the Republic of Lithuania. The applicable PIT rate can be reduced if the Lithuanian tax non-resident is a tax resident in the country with which the Republic of Lithuania has a valid DTT. Taking into account that the DDT provisions prevail over national laws, tax rates that are indicated in the DTT should be applicable. For your convenience, the applicable PIT rates on interest for each country's tax residents may be found here.

Interest received by a tax resident of the country, with which no DTT is concluded, is subject to PIT at rates of 15% or 20%.

A reduced rate of PIT

The reduced PIT rate can apply to Bond interest income receivable from the Company if a completed **form DAS-1** (*Claim for reduction or exemption from the anticipatory tax withheld at source*) is submitted to the Company before the pay-out for each calendar year, i.e., the same form is valid only for one year. The tax residency status should be confirmed by the foreign Tax Authorities in the said form.

The Company has to keep DAS-1 form in its internal records, and it should be provided to the Tax Authorities upon a request. Lithuanian Tax Authorities prefer to receive DAS-1 form filled in the Lithuanian language.

The detailed steps of the DAS-1 completion are provided below:

- The *preamble* of the form should indicate the name of the country of tax residence of a Lithuanian tax non-resident.
- The *preamble* and *Sections I-III* should either be completed by the Company or by the non-resident individual. The type of income - "*Palūkanos už ne nuosavybės vertybinius popierius*" (interest on Bonds) – should be indicated in the box "*Pajamų rūšis/Type of income*" (*Section III*).
- *Section IV* should indicate only the name, surname of the tax non-resident individual, his/her signature, and date.
- *Section V* should be completed and confirmed by the tax residence country's Tax Authorities (by the signature of the representative, stamp). If, according to the national laws, the Tax Authorities are not allowed to confirm such forms, the tax residency certificate (confirmed by the respective Tax Authorities) can be provided to the Company. The original copy of the tax residency certificate should be attached to DAS-1 form. If so, the information that the tax residency certificate is attached should be indicated in the field "*Priedama*", i.e. "*Priedama rezidavimo vietą patvirtinanti pažyma*". The original name of the document, the date of issue, its number (if any), and the number of pages should be indicated as well.
- When the above-mentioned Sections of DAS-1 form are completed and required tax residence confirmations are obtained, it is necessary to submit the original DAS-1 form to the Company. It can be mailed at:

UAB "Orkela"
Jogailos st. 4,
LT-01116 Vilnius
the Republic of Lithuania

When the Company receives DAS-1 form, it will have a right to apply the reduced PIT rate on interest received by the Lithuanian tax non-resident who is indicated in DAS-1 form. The Company completes *Section VI* by indicating the gross amounts of interest paid and PIT withheld during the calendar year. This document should be kept by the Company for its records.



A special claim for a PIT refund in the Republic of Lithuania

If the standard PIT rate has already been withheld at source by the Company, the tax non-resident of the Republic of Lithuania has a right to claim for a tax refund. In order to receive a tax refund, **DAS-2 form** (*Claim for a refund of the tax withheld at source*) should be submitted to the Lithuanian Tax Authorities.

It is necessary to complete two copies of DAS-2 form, i.e., one should be provided to the Lithuanian Tax Authorities and another should remain for the records of the individual. Lithuanian Tax Authorities prefer to receive DAS-2 form filled in the Lithuanian language.

Despite the fact that no official timing is set in the legislation for the submission of this form, it is recommended to submit it to the Tax Authorities not earlier than 15 February of the year following the calendar year of interest receipt. This is recommended since the Company is obliged to report the annual payments made to individuals to the Tax Authorities until this date. The claim for refund should be filed within 5 calendar years following the year of interest receipt.

The certificate in which the amounts of interest paid and tax withheld are identified by the Company might not be sufficient if a claim for the tax refund is submitted in the same calendar year during which the interest income was received.

The detailed steps of DAS-2 completion are provided below:

- The *preamble* of the form should indicate the name of the country of tax residence of a tax non-resident of the Republic of Lithuania.
- Sections *I and V* should be completed by the individual and sent to the Company. PIT overpayment will be refunded to the bank account indicated in *Section I*. The said bank account can be opened either in a bank that operates in the Republic of Lithuania or in a foreign country.
- *Sections II, III, and IV* should be completed by the Company and returned to the individual.
- *Section VI* should be completed and confirmed by the tax residence country's Tax Authorities (by the signature of the representative, stamp). If according to the national laws, the Tax Authorities are not allowed to confirm such forms, the tax residency certificate (that is confirmed by the respective Tax Authorities) can be provided. The original copy of the tax residency certificate should then be attached to DAS-2 form. If so, the information that the tax residency certificate is attached should be indicated in the field "Priedama", i.e. "*Priedama rezidavimo vietą patvirtinanti pažyma*". The original name of the document, the date of issue, its number (if any), and the number of pages should be indicated as well. The tax/calendar year, for which the tax residence status is confirmed, should be stated on the document, otherwise, it may be impossible to receive the tax refund that is claimed by the Lithuanian tax non-resident.
- The last section of the form "*Lietuvos Resublikos mokesčių administratoriaus sprendimas/Decision of the Tax Authority of the Republic of Lithuania*" should remain empty, since it should be completed by the Lithuanian Tax Authorities.
- It is necessary to submit (e.g., by mail) one copy of DAS-2 form to the Lithuanian Tax Authorities at the below-indicated address (or any other territorial department of the Lithuanian Tax Authorities). The copy of the individual's personal document (passport or ID card) which is signed by the individual should be enclosed to the completed DAS-2 form as well:

Vilniaus apskrities valstybinė mokesčių inspekcija
Ulonų st. 2
LT- 08245 Vilnius
the Republic of Lithuania

The Lithuanian Tax Authorities should make the decision regarding the PIT refund within 30 calendar days after the completed DAS-2 form is received. If the decision is in favor, money should be transferred to the bank account indicated in DAS-2 form within the same 30 days. The confirmed copy of DAS-2 will be mailed back to the individual's address.

7.5.2. Republic of Latvia

Taxation of Bond Interest

(i) Received by Entities

According to the Latvian Law on CIT, payments of Bond interest received by:

- a resident entity and a non-resident entity operating in Latvia through a PE 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;

Latvian CIT is charged on direct profit distributions, such as dividends, as well as on implicit (hidden) distributions, including non-business expenses, interest payments made in excess of defined thresholds, loans made to related parties (subject to specific criteria), transfer pricing adjustments and other hidden distributions. 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 (tax base is divided by 0.8 and then tax applied at the rate of 20% resulting in the effective rate of 25%). Republic of 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.

(ii) Received by Individuals

Payments of Bond interest received by a resident individual will be subject to Latvian PIT at the rate of 20%, to be withheld by the Issuer. Income tax paid on interest in a foreign state may be deducted from income tax payable in the Republic of 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.

Bond interest income of a non-resident individual earned in the Republic of Latvia is not subject to Latvian PIT where the Bonds are publicly traded on a regulated market.

Taxation on Income from the Alienation of Bonds

(i) Received by Entities

Capital gains (i.e., the difference between Bonds' sale price and acquisition costs) earned in the Republic of Latvia and foreign states (i.e., sourced inside and outside of the Republic of Latvia) on alienation of the Bonds received by 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% (effective CIT rate – 25%).

(ii) Received by Individuals

Capital gains earned in the Republic of Latvia on alienation of the Bonds received by resident individuals or non-resident individuals will be taxed identically as in case of taxation of Bond interest.

7.5.3. Republic of Estonia

Taxation of Bond Interest

(i) Received by Entities

Payments of Bond interest received by an Estonian resident entity are not subject to immediate taxation with Estonian CIT. All earnings of Estonian resident entities are included in their profits and are taxed only upon distribution (e.g., in the form of dividends). If the Bond interest was sourced and taxed abroad, then the income tax paid or withheld abroad can be deducted by the Estonian resident entity upon distribution of dividends, provided this is proven by a certificate issued by the foreign tax administrator or withholding agent certifying the payment of income tax or another tax equivalent to income tax.

(ii) Received by Individuals

Payments of Bond interest received by an Estonian resident individual are subject to PIT at a rate of 20%. Income tax on interest payments to Estonian resident individuals is to be withheld by the payor (Issuer). However, income tax liability arising from Estonian-sourced interest can be postponed by way of acquiring the investment via Investment Account (in Estonian: *investeerimiskonto*) or Pension Investment Account (in Estonian: *pensionini investeerimiskonto*) (for more details please see below under "Tax Deferral – Investment Account"). In such event, income tax will not be withheld, provided the Estonian resident Bond holder notifies the payor that the Bonds were acquired from funds held in the Investment Account or Pension Investment Account (such tax deferral applies only to Estonian-sourced interest income).

Income tax paid or withheld from the payment of interest in a foreign state (from foreign source) may be deducted from income tax payable in the Republic of Estonia 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.

Taxation on Income from the Alienation of Bonds

(i) Received by Entities

Generally, capital gains earned from the sale or exchange of the Bonds (i.e., difference between the acquisition cost and the sale or exchange price of the Bonds) by Estonian resident entities are not subject to immediate taxation with CIT in the Republic of Estonia. All earnings of Estonian resident entities are included in their profits and are subject to taxation only upon the distribution of profit.

Estonian-sourced capital gains from the sale or exchange of the Bonds by a non-resident entity will not be subject to Estonian CIT.

(ii) Received by Individuals

Income earned by Estonian resident individual from the sale or exchange of the Bonds is taxed as capital gains from the transfer of property at the rate of 20 %. Earnings realised by an Estonian resident individual are taxable on a cash-basis: income tax from capital gains is not withheld by the Issuer and the Estonian resident individual has an obligation to declare the income and pay the income tax (self-assessment tax). The income tax obligation can be postponed if the Bonds are acquired via the Investment Account or the Pension Investment Account.

Income tax paid from the capital gains in a foreign state may be deducted from income tax payable in the Republic of Estonia 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.

Estonian-sourced gains from the sale or exchange of the Bonds by a non-resident individual will not be subject to Estonian income tax.

Tax Deferral – Investment Account

Estonian resident individuals may defer the taxation of their investment income (including interest, provided it is sourced in the Republic of Estonia, and capital gains) by using an Investment Account for the purposes of making transactions with financial assets (including Bonds). Investment Account is a monetary account opened with a credit institution based in a member state of the EEA or the Organisation for Economic Co-operation and Development (OECD) for acquiring financial assets. The moment of taxation of the financial income accrued on an Investment Account is deferred until such income is withdrawn from the Investment Account (i.e., the funds withdrawn exceed the amount previously contributed to the Investment Account). Hence, financial income accrued on the Investment Account can be reinvested tax-free until it is withdrawn from the Investment Account.

7.6. Terms and Conditions of the Offer

General information

As indicated in this Prospectus, it is designated to (i) offer of Bonds of the Company in the amount of up to EUR 18,000,000 and (ii) Admission of the first part of the Issue in the amount of EUR 5,000,000 issued under exemption provided in Article 1(4(b)) of the Prospectus Regulation and the Bonds of the Offering thereof to trading on the Bond List of Nasdaq Vilnius.

This Prospectus will be valid for 12 months from its approval by the Bank of Lithuania. The Issuer may issue Bonds up to an aggregate principal amount of EUR 18,000,000. The Bonds shall be issued and offered in Tranches. In case of expiry of this Prospectus, new Tranches of the Bonds can be publicly offered to Investors only after new prospectus has been approved by the Bank of Lithuania and published in accordance with the Prospectus Regulation.

The conditions of each Tranche will be reconfirmed on the Issuer's website before opening the Subscription Period for each subsequent Tranche. Thus, all Bonds of each of the Tranches will generally be subject to same terms as described in this Prospectus, except that the following will be specified in the respective conditions of third and fourth Tranches:

- (a) the Issue Price of the Bonds;
- (b) the Yield.



The schedule on the upcoming Tranches is and other conditions are as follows:

| Tranche | Maximum Aggregate Nominal Value | Subscription Period | Payment Date | Issue Date | Issue Price and Yield |
|----------------|---------------------------------|------------------------------------|----------------|------------------|---|
| Second Tranche | EUR 6,500,000 | 25 May 2022 – 20 June 2022 | 22 June 2022 | 23 June 2022 | EUR 1,025.691, 6% |
| Third Tranche | EUR 5,500,000 | 8 August 2022 – 29 August 2022 | 31 August 2022 | 1 September 2022 | To be determined before opening of the respective Subscription Period and published on the Issuer's website |
| Fourth Tranche | EUR 6,000,000 | 6 February 2023 – 27 February 2023 | 1 March 2023 | 2 March 2023 | |

Each Tranche's conditions will be reconfirmed by the Issuer's announcement made publicly available on the website of the Issuer at https://lordslb.lt/orkela_bonds/ before the opening of the respective Subscription Period. Updates to the above schedule and/or other conditions of the Offering are subject to supplements to the Prospectus approved and published in accordance with the Prospectus Regulation.

Offer statistics

The Maximum Aggregate Nominal Value of second part of the Issue under the Prospectus and following conditions: EUR 18,000,000

Nominal Value: EUR 1,000
 Units of Bonds: Up to 18,000
 Interest rate: 6% (fixed) per annum
 Estimated gross proceeds of the Offering receivable by the Company EUR 18,000,000

Estimated expenses to be incurred by the Company in connection with the Offering and Admission to trading on the Bond List of Nasdaq EUR 272,500

The subscription procedure for Bonds, refunds of amounts in excess application details, method and time for paying up the securities, the procedure of making the results of the Offering public is described in Sections below.

General structure of the Offering

This Offering consists of public Offering of Bonds to retail Investors and institutional Investors in the Republic of Lithuania, the Republic of Estonia and the Republic of Latvia under the Prospectus Regulation and the Law on Securities.

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 the Republic of Estonia and/or the Republic of 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 to the Issuer, Lead Manager and/or Manager, if any;
- (ii) based on the decision of the Issuer together with the Lead Manager the Bonds shall be finally allocated to the Investors (i.e. sending Confirmations);



- (iii) the Issue Price shall be paid by the Investors according to the order described further in this Prospectus and received Confirmations;
- (iv) the Bonds shall be registered with Nasdaq CSD and distributed to the Investors;
- (v) the Bonds will be introduced to trading on Nasdaq Vilnius.

Subscription procedure. Invalidity of the Subscription Orders

The Subscription Period for each respective Tranche (as indicated above) will be reconfirmed by the Issuer on the Issuer's website at https://lordslb.lt/orkela_bonds/ before opening of the respective Subscription Period. The Investors wishing to subscribe/purchase the Bonds shall submit their Subscription Orders to acquire the Bonds at any time during the Subscription Period to the Issuer, Lead Manager or Manager, if any.

The Subscription Order form relevant for the respective Tranche will be published on the website of the Issuer at: https://lordslb.lt/orkela_bonds/ before opening of the respective Subscription Period, or shall be provided by the Lead Manager on request of the Investor. The Subscription Order shall be submitted during the indicated Subscription Period and, if confirmed, paid not later than on the Payment Date. The conditions of each Tranche, including but not limited to the Issue Price of a Bond under respective Tranche will be reconfirmed on the Issuer's website before opening of the respective Subscription Period.

Filled-in Subscription Order forms will be accepted at the office of (i) the Issuer, at the address Jogailos st. 4, Vilnius, the Republic of Lithuania, or by e-mail of the Issuer info@lordslb.lt, if signed with a qualified e-signature (with certified electronic signature), or (ii) at the office of the Lead Manager at Antano Tumėno st. 4, Vilnius, the Republic of Lithuania, or by e-mail of the Lead Manager info@orion.lt, if signed with a qualified e-signature (with certified electronic signature), or (ii) at the office of the Manager or by e-mail of the Manager, if signed with a qualified e-signature (with certified electronic signature), in cases when a Manager is appointed by the Issuer for the purposes of the Offering and respective addresses of the Manager are provided in the conditions of the respective Tranche published on the Issuer's website before opening of the respective Subscription Period. 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.

Subscription Orders from Estonian or Latvian Investors will be accepted on a Subscription Order form in English whereas Subscription Orders from Lithuanian Investors will be accepted on a Subscription Order form in English or Lithuanian. The Investors are encouraged to provide electronically signed (with certified electronic signature) Subscription Order forms via e-mail as prescribed in paragraph above. If electronic signing is unacceptable, the Investors are allowed to submit a copy of a signed Subscription Order form to the Issuer, Lead Manager, or Manager by their respective e-mail as indicated in paragraph above prior to submitting an original document to the respective office of the Issuer, Lead Manager, or Manager as indicated in paragraph above.

The treatment of Subscription Orders in the allocation is not determined on the basis of which institution or person they are made through.

Total amount of the Bonds to be acquired and indicated in each Subscription Order shall be for at least Minimum Investment Amount – EUR 1,000.

All Subscription Orders shall be binding and irrevocable commitment to acquire the allotted Bonds, with the exceptions stated below.

Subscription Orders will be accepted if Investors have a brokerage account agreement with the Lead Manager or other entities of their choice, which are licensed to provide such services within the territory of the Republic of Lithuania, the Republic of Estonia, the Republic of Latvia.

Firms managing securities portfolios on a discretionary basis will have to place Subscription Orders for the Bonds by submitting the Subscription Order form along with a list of 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 firm.

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) Subscription for the Bonds by the Investor has not been fully paid by the relevant Payment Date in accordance with the Confirmation, unless the Issuer decides otherwise; or
- (iv) the Issuer rejects the Subscription Order due to any other reasons as set forth in the Prospectus and the Subscription Order.

The Issuer has no obligation to inform the Investor about the fact that Subscription Order is invalid and reason of invalidity, but the Issuer, or Lead Manager and/or Manager, if any, on the Issuer's behalf will notify the Investor about the rejection to allot Bonds as prescribed below.

General information regarding the Subscription procedure

By placing a Subscription Order all Investors, shall make irrevocable instruction for transferring the Bonds to securities accounts opened with the entities licensed to provide such services within the territory of the Republic of Lithuania and/or the Republic of Estonia and/or the Republic of Latvia, 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 constitutional documents, BAS Financial Statements. The Investor may also familiarize with other documents of the Bonds, including the Collateral Agreement, the Agreement on Bondholders' Protection, the excerpt from the Securities Agreement, the excerpt from the Placement Agreement before or after placing a Subscription Order by requesting the Trustee via e-mail info@audifina.lt. Each Investor can review the Subscription Order submitted by her/him/it and/or the Confirmation received by her/him/it by requesting the Issuer, Lead Manager via addresses indicated above.

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 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.

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 Issuer or the Lead Manager, or Manager, if any, during the Subscription Period and in accordance with all requirements set out in the terms and conditions of the Offering. If the Issuer rejects any Subscription Order, the Investor will receive a Confirmation like all other Investors whose Subscription Orders were accepted that will state that the Subscription Order was rejected (please note that the Confirmation will not indicate the reasons of rejection of the Subscription Order).

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

Additional provisions in respect to Institutional Investors' Subscription procedure

The institutional Investors will also be entitled to place multiple Subscription Orders.

The institutional Investors should contact the Lead Manager, or Manager, if any, for information on detailed rules governing the placement of Subscription Orders, in particular the documents required if an order is placed by a statutory representative, proxy or any other person acting on behalf of an Investor.

Institutional Investors that manage assets on behalf of third parties will be allowed to submit a combined order in favour of their customers, attaching a list of such customers.

In respect to the institutional Investors, the Lead Manager and/or Manager, if any, acting on behalf of the Issuer may allow to pay for the Bonds subscribed by delivery versus payment method. If coordinated with the Lead Manager and/or Manager, if any, in advance, by submitting a Subscription Order, the Institutional Investors shall authorize and instruct the broker operating the respective Institutional Investor's cash account connected to its securities account to block the whole transaction amount on the Institutional Investor's cash account until the allotment of Bonds and registration with the Register is completed on the Issue Date. The transaction amount to be blocked will be equal to the Issue Price multiplied by the number

of Bonds which the respective Institutional Investor wishes to acquire. An Institutional Investor must ensure, that no later than on the last day of the Subscription Period, but not later than on the Issue Date, there are sufficient funds on its cash account connected to securities account with the broker to cover the whole transaction amount, as indicated above.

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 the Prospectus will be published on the Issuer's website at https://lordslb.lt/orkela_bonds/. The Investor who has made a Subscription Order before the publication of the supplement may withdraw such Subscription Order by submitting a written statement to the institution where the Subscription Order was made.

Where the Bonds are purchased or subscribed through a financial intermediary (either the 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' will be informed the same day as when supplement to the Prospectus is published on the website of the Issuer, and (iii) assure that the financial intermediary would assist them in exercising their right to withdraw Subscription Orders in such case.

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 this Prospectus.

The repayments will be made (or the blocked funds will be released) in accordance with the Subscription Order within 3 Business Days after making the statement on the Subscription cancellation. An Investor will be liable for the payment of all fees charged by the intermediary, used by the Investor for Subscription of Bonds in connection with the withdrawal of the Subscription Order.

Pricing

The Nominal Value of the Bond is EUR 1,000.

The Issue Price of the second Tranche of Bonds is provided in the Prospectus and will be reconfirmed in the conditions of the Tranche published on the Issuer's website before opening the Subscription Period of the second Tranche. The Issue Price for the third and fourth Tranches will be determined taking into account the Nominal Value per Bond, Yield and the interest accrued from the last Interest Payment Date and published on the Issuer's website before opening of the respective Subscription Period. The Issue Price is planned to increase with every subsequent Tranche following the second Tranche if the macroeconomical and geopolitical situation remains unchanged.

Placing and Underwriting

UAB FMJ "Orion Securities", legal entity code 122033915, with its registered address at Antano Tumėno st. 4, Vilnius, the Republic of Lithuania and appointed as the Lead Manager acting on behalf the Issuer for the purposes of the Offering in the Republic of Lithuania, the Republic of Estonia, the Republic of Latvia and Admission of the Bonds to trading on the Bond List of Nasdaq.

The Lead Manager is also acting as a paying agent on behalf of the Issuer in relation to Nasdaq CSD.

The placing commission to be paid to the Lead Manager under the Placement Agreement amount up to EUR 250,000.

No underwriting agreement has been signed neither with the Lead Manager, nor with any other persons for the purposes of this Offering.

No assignment or transfer

Rights arising out of this Prospectus in relation to the subscription for the Bonds (including, without limitation, rights arising from any Subscription Orders or any acceptance thereof) are not assignable, tradable or transferable in any way and any assigned or transferred rights will not be recognised by the Company and will not be binding on the Company.

Procedure and dates for payment for the Bonds



Investors whose Subscription Orders were partially or completely satisfied are obliged to transfer the Issue Price which has been indicated in the Confirmation and which is payable for the Bonds, to the Settlement Account on the relevant Payment Date of the respective Tranche specified in this Prospectus and reconfirmed in the conditions of the respective Tranche published on the Issuer's website, unless otherwise indicated in the Confirmation. The Issuer has the right (but not an obligation) to accept also payments made with delay, but not later than until the Issue Date. The details of the Settlement Account shall be provided in the Confirmation. The Bonds shall be registered with the Register by the Registrar on the Issue Date if the Investor submitted the Subscription Order and paid the Issue Price before or on the Issue Date.

The funds received from the Subscription and payment of the Bonds by the Investors, shall be deposited in the Settlement Account and recorded in the Securities Account. The money of the Investors who paid for the Bonds offered and subscribed for under this Prospectus and held within the Settlement Account (and recorded in the Securities Account) will be used only for the following payments: (i) payments to the Issuer's bank account after the Issue of Bonds and submission of the documents to the Lead Manager as set forth in the Securities Account Agreement, (ii) reimbursement to the Investors if the Offering has been suspended or cancelled as set forth in this Prospectus; or (iii) reimbursement to the Investors who were not allotted with the Bonds in full or partially. The funds shall be released under point (i) above from the Settlement Account only after the Bonds of the respective Tranche are issued and registered with the Register.

The Investors who have not been allotted any Bonds or whose Subscriptions Orders have been reduced will receive reimbursements of the payment made upon placing the Subscription Order. The reimbursement will take place within 10 Business Days as from the end of the Subscription Period of the respective Tranche. The payments shall be returned without any reimbursement for costs incurred by the Investors in the course of subscribing for the Bonds, and shall be net of all transfer expenses and without interest.

Payments for the Bonds are interest free.

Allotment of the Bonds to the Investors

After expiry of the relevant Subscription Period, the Issuer shall decide according to the time priority principle (first come-first served) 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. For the establishment of the time priority principle, each duly signed Subscription Order will be registered on the Bond subscription journal, which will be managed by a dedicated employee of the Lead Manager. If an Investor decides to decrease or increase number of Bonds being subscribed, previously submitted Subscription Order will be terminated, the Investor will lose its previous entry in the Bond subscription journal and its priority to be allotted with Bonds will be determined by a newly submitted Subscription Order within the Subscription Period, if any. When the aggregate amount of the respective Tranche of the Issue is reached, no more Bonds of this Tranche shall be allotted to the Investors. Therefore, there can be the case that the number of the Bonds requested in the Subscription Order of any Investor in case of oversubscription will be reduced accordingly, so that the Maximum Aggregate Nominal Value of the respective Tranche is not exceeded, and Investor waives any right to complaint on any such decision of the Issuer. 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.

Confirmations

At the latest by 16:30 on the last Business Day before the relevant Payment Date of the respective Tranche the Issuer (or Lead Manager and/or Manager, if any, on the Issuer's behalf) shall submit the Confirmation to each Investor stating whether the Subscription Order was accepted, partially accepted or rejected. If the latter is not possible, because the Issuer has treated as valid also Subscription Orders submitted after the relevant Subscription Period, the Issuer (or Lead Manager and/or Manager, if any, on the Issuer's behalf) shall submit the Confirmation to the relevant Investor latest by 16:30 on the last Business Day before the Issue Date of the relevant Tranche.

The procedure of sending Confirmations shall apply to all Tranches of Bonds.

Cancellation or suspension of the Offering

The Issuer, at its own discretion, may cancel the Primary Distribution at any time prior to the Issue Date without disclosing any reason for doing so. Any updates to the dates of opening and closing of the Primary Distribution or decision that the Primary Distribution will be suspended and that new dates of the Primary Distribution will be provided by the Issuer later are subject to supplement to this Prospectus. 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.

If the Primary Distribution is suspended, the Issuer shall notify the Investors on suspension of the Primary Distribution indicating whether the Subscription Orders made and payments made will be deemed to remain valid after publication of supplement to the Prospectus on the Issuer's website. 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 supplement to the Prospectus has been published on the Issuer's website. For the avoidance of doubt, if the Investor does not provide a withdrawal statement, the Issuer will continue Primary Distribution on changed terms in accordance with published supplement to the Prospectus and relying on previously submitted Subscription Order.

Any decision on cancellation, suspension and changes of dates of the Primary Distribution or other information will be published on the Issuer's website at https://lordslb.lt/orkela_bonds/ and/or sent to the Investors via e-mail indicated by each Investor in its Subscription Order.

If the Primary Distribution is cancelled, suspended, or postponed, Investors that placed Subscription Orders and paid for the Bonds will get their payments back:

- (i) if the Primary Distribution is cancelled – within 3 Business Days after the Issuer announces to the Investors about the Primary Distribution's cancellation;
- (ii) if the Primary Distribution is suspended – within 3 Business Days after the date on which the Investor has made a statement cancelling placed Subscription Order or 3 Business Days after the date that the Issuer announces that the placed Subscription Orders are not valid.

The timely repayment of money paid will be without any interest or compensation.

7.7. Admission to Trading

The Issuer shall submit an application regarding Admission of each Tranche of the Bonds to trading on the Bond List of Nasdaq Vilnius.

The decision as to admission of Bonds to trading on Nasdaq Vilnius shall be adopted by the Board of Nasdaq Vilnius. The Company shall take all the measures, established in Nasdaq rules, needed that the Bonds would be admitted to trading on Nasdaq Vilnius as soon as practicably possible.

The Issuer expects that the Bonds of the respective Tranche shall be admitted to trading on the Bond List of Nasdaq within 6 months as from placement thereof to the Investors the latest. Disregarding this, the Issuer will put its best endeavours so that these terms would be as short as practicable possible.

The Issuer shall also put its best efforts to ensure that the Bonds remain listed on the Bond List of Nasdaq Vilnius. The Issuer shall, following a listing or Admission to trading, take all reasonable actions on its part required as a result of such listing or trading of the Bonds.

The costs which are related to the Admission of the Bonds to the Bond List of Nasdaq Vilnius will be covered by Investors indirectly as described in the Prospectus.

The Issuer does not intend to apply for admission of the Bonds (or part thereof) to trading on other regulated markets or equivalent markets.

The Issuer does not intend to appoint any firm to act as intermediary in secondary trading on the Nasdaq Vilnius, providing liquidity through bid and offer rates.

7.8. Additional Information

Lead Manager

The issuer under the Placement Agreement (described below) has appointed UAB FMJ "Orion Securities", legal entity code 122033915, with its registered address at Antano Tumėno st. 4, Vilnius, the Republic of Lithuania, as the Lead Manager acting on behalf the Issuer for the purposes of the Offering and Admission of the Bonds to trading on the Bond List of Nasdaq.

Placement Agreement



On 12 October 2021 the Issuer and the Lead Manager have concluded a Placement Agreement in respect of the Offering and Admission.

The Issuer and the Lead Manager do not expect to enter into an underwriting agreement.

Based on this agreement and following the preliminary calculations, the Issuer's expenses, related to this Offering and Admission, shall comprise of up to 2% from the gross proceeds from the placement of the Bonds (including the fees for the Lead Manager, the legal counsel, fees to Nasdaq CSD and Nasdaq).

The Issuer has agreed to pay all commissions and expenses in connection with the Offering. However, the Investors will bear their own costs related with the evaluation and participation in the Offering, e.g. standard brokerage fees charged by the broker. Investors may incur currency exchange costs, which will depend on applicable transaction fee and applied exchange rate by their bank or brokerage company.

Securities Account Agreement

On 24 November 2021 the Issuer and the Lead Manager have concluded a Securities Account Agreement, according to which the Lead Manager shall (i) open Bonds Issue registration accounts with Nasdaq CSD, (ii) represent the Issuer with Nasdaq CSD in relation to accounting of the Bonds on Nasdaq CSD, (shall act as the Issuer's representative with Nasdaq CSD), (iii) pay interest under the Bonds through the Nasdaq CSD to the Bondholders from the interest amount transferred to the Lead Manager by the Issuer, (iv) prepare a list of Bondholders eligible to Interest, calculate the Interest payable to the Bondholders, provide the Issuer with the information on the Interest amount to be paid to the Bondholders and, upon receipt of the total Interest amount to transfer this amount to Nasdaq CSD, which transfers the Interest to each public trading intermediary crediting to each Bondholder's cash account.

Moreover, the Securities Account is opened under and maintained in accordance with the Securities Account Agreement.

Agreement on Protection of Interests of Bondholders

On 8 December 2021 the Issuer and the Trustee have concluded an agreement on protection of interests of Bondholders and collateral agency, according to which the Trustee acts as the representative of the Bondholders in accordance with the Law on Protection of Interests of Bondholders and acts as the mortgagor (Collateral Agent) under the Collateral Agreements on behalf and for the benefit of the Bondholders.

No agreements with Managers

At the date of this Prospectus, the Company has not concluded any placement (distribution) agreements with Managers in respect to the Offering and Admission.

However, in case the Company concludes such placement agreement with any Manager, such Manager's details will be disclosed in the respective Final Terms.

Representation Agreement

The law firm Ellex Valiūnas ir partneriai, with its registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania is appointed by the Issuer as legal adviser acting on behalf the Issuer for the purposes of the Prospectus related matters and Issuer's representation at the Bank of Lithuania under the representation agreement dated 18 February 2022.

Audited information

The BAS Financial Statements for the years ended 31 December 2020 and 31 December 2021 (incorporated by reference in the Prospectus) were prepared in accordance with the BAS and audited by UAB "KPMG Baltics", legal entity code 111494971, having its registered address at Lvovo st. 101, LT-08104 Vilnius, the Republic of Lithuania. The audit for the years 2020 and 2021 was executed by auditor Mrs. Ieva Voverenė, auditor's licence No. 000329.

No other information contained in the Prospectus was audited.



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