

UAB Sostinės bokštai

(a private limited liability company incorporated in the Republic of Lithuania, legal entity code 304849153, address Ozo g. 12A-1, Vilnius, Lithuania)

PROGRAMME FOR THE OFFERING OF NOTES OF UAB SOSTINĖS BOKŠTAI IN THE AMOUNT OF UP TO EUR 53,500,000 (BEING A PART OF TOTAL EUR 67,000,000 ISSUE) AND ADMISSION OF THE ISSUED NOTES TO TRADING ON THE FIRST NORTH BOND LIST

This Base Prospectus (the “**Base Prospectus**” or the “**Prospectus**”) was prepared for the programme (the “**Programme**”) for the offering of notes (the “**Notes**”) of UAB Sostinės bokštai (the “**Company**” or the “**Issuer**”) in the amount of up to EUR 53,500,000 (being a part of total EUR 67,000,000 issue (the “**Issue**”) with the first Tranche (the term “**Tranche**” is used herein to refer to the issue of any tranche of Notes) of the Issue in the amount of EUR 7,500,000 and the second Tranche of the Issue in the amount of EUR 6,000,000 already issued under the exemption provided in Article 1(4)(b) of the Prospectus Regulation (as defined below), subsequent parts of the Issue in the amount of up to EUR 53,500,000 (the “**Offering**”) to be offered in Lithuania, Latvia and Estonia under this Prospectus and admission of the issued Notes of the Issue (the “**Admission**”) to trading on the First North Bond List of the multilateral trading facility First North Baltic administered by Nasdaq Vilnius AB (“**Nasdaq Vilnius First North**”).

This Prospectus was prepared following the Issuer’s decision to offer publicly the Notes issued under the Terms of Issuer’s Note Issue dated 27 April 2023 (the “**Terms of Issue**”). The Terms of Issue as approved by the shareholders of the Issuer established that the Notes shall be issued in a non-public way, however the Issuer had a right to decide to issue the Notes publicly. The first Tranche of the Issue in the amount of EUR 7,500,000 and the second Tranche of the Issue in the amount of EUR 6,000,000 were issued under the exemptions provided in Articles 1(4)(a) and 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, as may be amended from time to time (the “**Prospectus Regulation**”). The Notes of the first Tranche of the Issue and the second Tranche of the Issue together with the Notes issued under this Prospectus shall constitute one and the same Issue subject to Admission. The approval of the Prospectus by Lithuanian competent authority, the Bank of Lithuania (in Lithuanian: *Lietuvos bankas*, the “**Bank of Lithuania**”) and the change of the offering of the Notes 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 Notes issued under the Terms of Issue until the day of this Prospectus.

This Base Prospectus should be read and constructed together with any supplements hereto (if any) and any other documents attached herein and, in relation to any Tranche of Notes issue, with the Final Terms of the relevant Tranche (the “**Final Terms**”), as applicable. The issue-specific summary shall be annexed to the Final Terms of each of the Tranche and shall be announced in the same order as the Prospectus and provided to the Bank of Lithuania together with the Final Terms.

Neither this Base Prospectus, nor any Final Terms constitute an offer to sell or a solicitation of an offer to buy the Notes 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 Base Prospectus and/or any Final Terms in certain jurisdictions may be restricted by law. Thus, persons in possession of

this Base Prospectus and/or any Final Terms 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 Notes 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 1.2 *Notice to Prospective Investors*).

The Notes shall be offered, as specified in the Base Prospectus and the Final Terms, subject to possible cancellation or modification of the Offering and subject to certain other conditions.

This Base Prospectus has been prepared and the Final Terms will be 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 may be amended from time to time (the “**Delegated Regulation**”), the Law of the Republic of Lithuania on Securities, as may be amended from time to time (the “**Law on Securities**”) and other applicable legal acts. The Bank of Lithuania in its capacity as the competent authority in Lithuania under the Prospectus Regulation on 12 March 2024 has approved this document as a Base Prospectus and has notified the approval of the Prospectus to the Latvian Financial Supervisory Authority (in Latvian: *Latvijas Banka*) (the “**Latvijas Banka**”) and the Estonian Financial Supervision and Resolution Authority (in Estonian: *Finantsinspeksioon*) (the “**EFSA**”).

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 Issuer or the quality of the Notes that are the subject of this Prospectus. The investors have to make their own assessment as to the suitability of investing in the Notes. Application is planned to be made to Nasdaq Vilnius First North for Notes issued under the Programme to be included for trading on the First North Bond List of the multilateral trading facility Nasdaq Vilnius First North.

The information contained herein is current as of the date of this Base Prospectus. Neither the delivery of this Base Prospectus, nor the offer, sale or delivery of the Notes 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 Notes. Nothing contained in this Base Prospectus constitutes, or shall be relied upon as, a promise or representation by the Issuer or the Issuing Agent or the Arranger as to the future.

Although the whole text of this document as well as of the Final Terms should be read, the attention of persons receiving this document is drawn, in particular, to the Section III of this document headed *RISK FACTORS*. 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 III of this document. The Notes are complex securities due to the floating interest rate and the Issuer’s call option structure.



All the Notes of the Company (when issued) will be dematerialized registered notes and will be registered with Lithuanian branch of Nasdaq CSD, SE (“**Nasdaq CSD**”). When registering the Notes of different Tranches, all Tranches will be registered with the same ISIN LT0000407629. Noteholders will be able to hold the Notes through Nasdaq CSD participants, such as investment firms and custodian banks operating in any of the Baltic states.

Redgate Capital AS (the “**Arranger**”) is the lead manager in Lithuania, Latvia and Estonia for the purposes of the Offering. Šiaulių bankas, AB is the issuing agent of the Offering (the “**Issuing Agent**”). Sorainen Lithuania is the Certified Adviser for Admission of the Notes to Nasdaq Vilnius First North.

The date of this Prospectus

12-03-2024

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I. IMPORTANT INFORMATION

This Base Prospectus has been prepared by the Issuer in connection with the Offering and Admission of the Notes, solely for the purpose of enabling any prospective investor to consider an investment in the Notes. This Base Prospectus is a prospectus in the form of a single document within the meaning of the Prospectus Regulation and the Delegated Regulation. This Base Prospectus has been prepared in accordance with Annex 6 (Registration document for retail non-equity securities) and Annex 14 (Securities note for retail non-equity securities) of the Delegated Regulation. The summary of the Base Prospectus shall contain the key information set out in Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council, as may be amended from time to time.

This Base Prospectus has been approved by the Bank of Lithuania, as competent authority under the Prospectus Regulation. The Bank of Lithuania only approves this Base 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 the quality of the Notes that are the subject of this Base Prospectus.

This Base 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 Notes, with the Final Terms of the relevant Tranche.

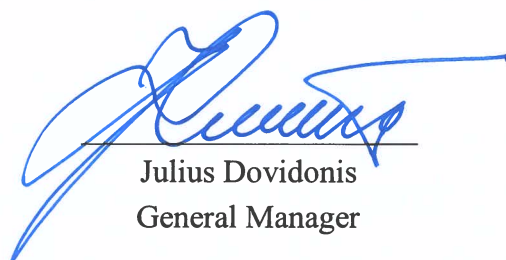
The validity of the Prospectus will expire 12 months after approval hereof (i.e. on 12 March 2025). The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.

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 1.5 *Information Incorporated by Reference*).

1.1. Responsibility for this Prospectus

Persons Responsible

The person responsible for the information provided in this Prospectus is UAB Sostinės bokštai, legal entity code 304849153, registered office at Ozo g. 12A-1, Vilnius, Lithuania. To the best of the knowledge of the Company and its General Manager Mr. Julius Dovidonis, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

A handwritten signature in blue ink, appearing to read "Julius Dovidonis", written over a horizontal line. Below the line, the name and title are printed in a black sans-serif font.

Julius Dovidonis
General Manager

Limitations of Liability

Without prejudice to the above, no responsibility is accepted by the persons responsible for the information provided in this Prospectus solely on the basis of the summary of this Prospectus, which will be annexed to the Final Terms of each of the Tranche, 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.

Further, the Arranger, the Issuing Agent and the legal advisors to the Company and to the Arranger expressly disclaim any liability based on the information contained in this Prospectus, the summary of this Prospectus 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 Arranger, the Issuing Agent or legal advisors to any party.

Neither the Company nor the Issuing Agent, nor the Arranger or the legal advisors to the Company, to the Issuing Agent or to the Arranger will accept any responsibility for the information pertaining to the Offering and Admission, the Company or its operations, where such information is disseminated or otherwise made public by third parties either in connection with this 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 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 III *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 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 (depending on which of these events will happen earlier), 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 Latvijas Banka and the EFSA. The supplement (if any) will be published in the same manner as the Prospectus.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

1.2. Notice to Prospective Investors

The distribution of this Base Prospectus, any Final Terms and the Offering of the Notes in certain jurisdictions may be restricted by law. Any person residing outside the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia may receive this Base Prospectus only within limits of applicable special provisions or restrictions.

The Issuer requires persons into whose possession this Base Prospectus or any Final Terms comes to inform themselves of and observe all such restrictions. This Base Prospectus and any Final Terms may not be distributed or published in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Lithuanian laws, including the United States of America, Australia, Canada, Hong Kong and Japan. Neither this Base Prospectus nor any Final Terms constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The Issuer, the Issuing Agent, the Arranger 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 Base Prospectus nor any Final Terms may be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Notes offered hereby in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this Base 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 Notes 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 Issuing Agent, the Arranger, and others. The Company reserves the right, at its sole and absolute discretion, to reject any subscription/purchase of Notes that the Company, the Issuing Agent, the Arranger, or any agents believe may give rise to a breach or a violation of any law, rule or regulation.

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

The Notes have not been and will not be registered in accordance with the United States' Securities Act of 1933 (the "**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 Securities Act and any securities laws of any state of the United States of America.

Unless specifically otherwise stated in this Base Prospectus, the Notes 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 Arranger require persons into whose possession this Base Prospectus or any Final Terms comes to inform them of and observe all such restrictions.

This Base 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 Notes it intends to offer pursuant to this Base 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 Base Prospectus has been prepared by the Company for use in connection

with the Offering in the Republic of Lithuania, in the Republic of Latvia and in the Republic of Estonia only and for the admission to trading on Nasdaq Vilnius First North. The Company, the Issuing Agent and the Arranger reserve the right to reject any offer to purchase/subscribe the Notes, in whole or in part, for any reason.

This Base Prospectus constitutes a Prospectus in the form of a single document within the meaning of Article 8(6) of the Prospectus Regulation. This Base Prospectus has been filed with, and was approved by the Bank of Lithuania, which is the competent authority in Lithuania to approve this document as a Base Prospectus. However, in relation to each member state of the European Economic Area (except the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia) the Arranger has represented and agreed that they have not made and will not make any public offer of Notes or admission thereof to trading on a regulated market in that relevant Member State (only on the First North Bond List of the multilateral trading facility Nasdaq Vilnius First North) prior to that relevant Member State's competent authority receiving a certificate of approval of the Bank of Lithuania attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation together with a copy of the Base Prospectus, and the due publication of the Base Prospectus in accordance with that relevant Member State's applicable rules.

Accordingly, any person making or intending to make an offer within the European Economic Area of Notes which are the subject of an Offering contemplated by the relevant Final Terms (other than the offer of Notes in the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia) may only do so in circumstances in which no obligation arises for the Issuer, the Issuing Agent or the Arranger 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.

1.3. Presentation of Financial and Other Information

1.3.1. Financial Information

This Prospectus contains incorporated by reference financial statements of, and financial information relating to the Issuer.

The Prospectus contains incorporated by reference the Company's audited financial statements for the years ended 31 December 2022 and 31 December 2021 prepared in accordance with International Financial Reporting Standards (the "IFRS") as adopted by the European Union, as well as the Company's unaudited interim financial statements for the twelve months period ended 31 December 2023 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

The presentation of financial information in accordance with IFRS requires the Issuer to make various estimates and assumptions which may impact the values shown in the financial statements and notes thereto.

The audited financial statements were audited by Grant Thornton Baltic, UAB (see Section 4.1 *Statutory Auditors*). The interim financial statements were neither audited nor subject to a review by the auditors.

1.3.2. 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.

1.3.3. Dating of Information

This Prospectus is drawn up based on information which was valid on the date of this Prospectus. In this Prospectus the use of expressions such as “the date of this Prospectus”, “to date”, “until the date hereof” and other similar expressions must all be construed to mean the date of this Prospectus (12 March 2024). Where not expressly indicated otherwise, all information presented in this Prospectus (including the financial information of the Company, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than the date of this Prospectus, this is identified by specifying the relevant date.

1.3.4. 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 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.

1.3.5. 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.

1.3.6. Third Party Information and Market Information.

The information contained in the Base 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 Company is operating is based on the best assessment made by the Issuer. With respect to the industry in which the Company is active, and certain jurisdictions, in which its 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.

1.4. 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 Issuer, 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 Issuer 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 operates 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 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 (please see Section III *RISK FACTORS* for a discussion of the risks which are identifiable and deemed material at the date hereof).

1.5. Information Incorporated by Reference

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

- Issuer's up-to-date Articles of Association (may be accessed through the following hyperlink: <https://bc-hero.lt/wp-content/uploads/2024/01/UAB-Sostines-bokstai-istatai.pdf>);
- Issuer's audited annual financial statements for the year ended 31 December 2021 together with the annual report and the independent auditor's report (may be accessed through the following hyperlink: https://bc-hero.lt/wp-content/uploads/2024/01/SB_2021_Finansiniu-ataskaitu-rinkinys-su-auditoriaus-isvada-signed.pdf);
- Issuer's audited annual financial statements for the year ended 31 December 2022 together with the annual report and the independent auditor's report (may be accessed through the following hyperlink: <https://bc-hero.lt/wp-content/uploads/2024/02/Audituos-2022-m.-UAB-Sostines-bokstai-finansines-ataskaitos-su-audito-isvada-.pdf>);
- Issuer's unaudited financial statements for the twelve months period ended 31 December 2023 (may be accessed through the following hyperlink: https://bc-hero.lt/wp-content/uploads/2024/02/Sostines-bokstai_Finansines-ataskaitos-sutrupintos-neaudituos_2023-12-31-1.pdf).

These documents can be inspected at the offices of the Issuer at Ozo g. 12A-1, Vilnius on Business Days 9 am to 5 pm upon appointment via email info@realco.lt. Any interested party may obtain a copy of these documents without charge.

To the extent that documents other than those mentioned above (i.e. reports, letters, valuations, statements) are not reflected in this Prospectus with reasonable fullness and do not at the sole discretion of the Issuer constitute business secrets or inside information of the Issuer, requiring market disclosure, physical inspection of such documents will be arranged at the office of the Issuer at the request of any interested party and subject to an agreement between the Issuer and such interested party regarding the means of inspection of the relevant documents. Reference to the Issuer's website in this Prospectus should not be deemed to incorporate the information on the Issuer's website by reference.

1.6. 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**” means the admission of Notes to trading on the First North Bond List of Nasdaq Vilnius First North.

“**Appraisal Report**” means a valuation report of the Project by the independent valuator Uždaroji akcinė bendrovė “Ober-haus” nekilnojamas turtas, legal entity code 111645042, dated 11 April 2023, available for review at https://bc-hero.lt/wp-content/uploads/2024/01/Vertinimo-ataskaita_Kalvariju-g.-24A-Lvivo-g.-21B-ir-Kalvariju-g.-24_2023-04-11.pdf.

“**Associated Company**” means, in relation to the Issuer, any legal entity (corporation, partnership, limited liability company, joint venture, association, unincorporated organisation or contractual fund thereof, or any other entity, whether or not having a separate legal personality), (i) in respect of which the Issuer, directly or indirectly, holds shares or ownership rights or votes representing 50 (fifty) per cent. or more of the total number of votes or (iii) which directly or indirectly holds shares or ownership rights or votes representing 50 (fifty) per cent. or more of the total number of votes of the Issuer.

“**Business Day**” means a day other than a Saturday, a Sunday, a national or a public holiday in Lithuania.

“**Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day.

“**Collateral Agent**” means the Trustee, acting as a collateral agent of the Noteholders as specified in the Final Terms, holding the collateral for the benefit of the Noteholders and representing the Noteholders.

“**Collateral Agreement**” means the mortgage agreement concluded on 6 June 2023 between the Issuer as the debtor and mortgagor and the Collateral Agent as the creditor for establishing the Collateral, identification No. 30000127854464, the terms of which are further described in Section 6.3.2.1 of the Prospectus.

“**Confirmation**” means a document which is sent to Investor by the Issuer or by the Arranger, acting on behalf of the Issuer, evidencing the extent of satisfaction or rejection of the Subscription Order submitted by the Investor, the number of Notes allotted to the Investor.

“**Certificate on Asset Price**” means a certificate on the value of the Project as on 31 December 2023, dated 29 January 2024, issued by the independent valuator Uždaroji akcinė bendrovė “Oberhaus” nekilnojamas turtas, legal entity code 111645042, named “Consultation on Possible Asset Price”, available at https://bc-hero.lt/wp-content/uploads/2024/02/Konsultacija_Kalvariju-g.-24_2023-12-31_su-parasu.pdf.

“**Developer**” means UAB Realco, legal entity code 300588072, address Ozo g. 12A, Vilnius, Lithuania, providing services to the Issuer on the basis of Project Coordination Agreement as described in item (ii) of Section 4.10.4 *Material Contracts*.

“**EUR**” means Euro.

“**Event of Default**” means an event or circumstance specified in Section 6.3.3(v).

“**Final Redemption Amount**” means, in respect of any outstanding Note, its principal amount as specified in the Final Terms, payable at the Maturity Date.

“**Financial Report**” means the audited annual financial statements of the Issuer and the quarterly interim statements of the Issuer prepared in accordance with the IFRS, the applicable law and Section 6.3.2.2.

“**First Issue Date**” means 18 May 2023.

“**General Contractor**” means UAB Realco statyba, legal entity code 302242635, address Ozo g. 12A-1, Vilnius, providing services to the Issuer on the basis of Construction Works Contract as described in item (i) of Section 4.10.4 *Material Contracts*.

“**IFRS**” means International Financial Reporting Standards as adopted by the European Union.

“**Institutional Investors**” means qualified investors as defined in Article 2(e) of the Prospectus Regulation.

“**Interest**” means the interest on the Notes calculated in accordance with Section 6.3, item *Interest rate and dates of payment thereof*.

“**Interest Commencement Date**” means the beginning of the Interest Period, which is the previous Interest Payment Date.

“**Interest Payment Date**” means 18 May and 18 November, subject to Business Day Convention.

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or previous Interest Payment Date and ending on (but excluding) the Maturity Date or relevant Interest Payment Date, or determined in accordance with the provisions of the Final Terms and to the extent such day is not a Business Day, adjusted in accordance with the relevant Business Day Convention.

“**Interest Rate**” means an interest base rate of 6-month EURIBOR plus a margin of 6% per annum as set forth in Section 6.3, item *Interest rate and dates of payment thereof*.

“**Investors**” means individuals, corporate entities (legal persons) and non-corporate entities, being either Retail or Institutional Investors, who intend to subscribe/purchase Notes in the Offering.

“**Issue Date**” has the meaning given in the relevant Final Terms.

“**Issue Documents**” means the following:

- (a) this Base Prospectus;
- (b) the Final Terms;
- (c) the Collateral Agreement;
- (d) the Trustee Agreement;
- (e) the Appraisal Report.

“**Issuer**” means UAB Sostinės bokštai, a private limited liability company registered in Lithuania, legal entity code 304849153 and registered address at Ozo st. 12A-1, Vilnius, Lithuania.

“**Law on Protection of Interests of Bondholders**” means the Law on the Protection of Interests of Bondholders issued by Public and Private Limited Liability Companies of the Republic of Lithuania (in Lithuanian: *Lietuvos Respublikos akcinių bendrovių ir uždarytųjų akcinių bendrovių obligacijų savininkų interesų gynimo įstatymas*).

“**LTC Ratio**” has the meaning set forth in Section 6.3.2.4.

“**Maturity Date**” means the date on which the principal amount of the outstanding Notes and accrued but unpaid Interest must be repaid.

“**Minimum Investment Amount**” means the minimum investment amount in Notes under all Tranches, EUR 1,000.

“**Nasdaq CSD**” means the Issuer’s central securities depository and registrar in respect of the Notes from time to time; the Lithuanian branch of Nasdaq CSD SE, reg. no. 304602060, address Konstitucijos pr. 29-1, Vilnius, Lithuania.

“**Nominal Amount**” means the amount of EUR 1,000.

“**Noteholder**” means the Person on whose Securities Account the Notes are recorded or the person whose Notes are recorded on a nominee account.

“**Noteholders’ Meeting**” means a meeting among the Noteholders held in accordance with Section 6.3.6 (*Noteholders’ Meeting*).

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, unincorporated organisation, contractual fund, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

“**Project**” means the development of a business centre HERO, to be built on a land plot (unique No 4400-6123-4635) in two buildings (unique Nos 1099-4035-8012 and 4400-5858-8104) as specified in Section 4.3 *History and Development of the Company*.

“**Redemption Date**” means the date on which the Notes are to be redeemed or repurchased in accordance with Section 6.3 item *Maturity (redemption) date and principal repayment*.

“**Retail Investors**” means individuals, corporate entities (legal persons) and non-corporate entities, not being the Institutional Investors, who intend to subscribe/purchase Notes in the Offering

“**Securities Account**” means the account for dematerialised securities opened in the name of Noteholder (or its nominee) with a financial institution.

“**Settlement Date**” has the meaning set forth in the Final Terms.

“**Subscription**” means submitting and receiving of Subscription Orders for the Notes.

“**Subscription Order**” means a document, which is submitted by the Investor through any credit institution or an investment firm that is licensed to provide such services within the territory of the Republic of Lithuania, the Republic of Latvia or the Republic of Estonia or to the Issuer or Arranger for subscription of the Notes.

“**Subscription Period**” means a period of time, stipulated in the Final Terms for placing the Subscription Orders.

“**Trustee**” means the Noteholders’ trustee appointed by the Issuer under this Prospectus from time to time; initially UAB „AUDIFINA“, legal entity code 125921757, address A. Juozapavičiaus st. 6, Vilnius, Lithuania.

“**Trustee Agreement**” means the Agreement on Bondholder Interest Protection No. OSP-23-11 dated 28 April 2023 between the Issuer and the Trustee under which, among other things, the Trustee is appointed as a Collateral Agent, or any replacement Trustee Agreement entered into after the Issue Date between the Issuer and the Trustee, information on which shall at all times be available on the Issuer’s website or on the Trustee’s website.

Interpretation

In this Prospectus:

- (i) any reference to principal shall be deemed to include the Final Redemption Amount, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to this Prospectus, subject to Section 6.3.8 (*Taxation*);
- (ii) any reference to interest shall be deemed to include any other amount in the nature of interest payable pursuant to this Prospectus, subject to Section 6.3.8 (*Taxation*);
- (iii) if an expression is stated in Section 1.4 (*Definitions Used in the Prospectus*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms give no such meaning or specify that such expression is “**not applicable**” then such expression is not applicable to the Notes;
- (iv) Unless a contrary indication appears, any reference in this Prospectus to:
 - “assets” includes present and future properties, revenues and rights of every description;
 - any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - a “regulation” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
 - a provision of law is a reference to that provision as amended or re-enacted; and
 - a time of day is a reference to Lithuanian local time.
- (v) An Event of Default is continuing if it has not been remedied or waived.
- (vi) No delay or omission of the Trustee or of any Noteholder to exercise any right or remedy under this Prospectus shall impair or operate as a waiver of any such right or remedy.

1.7. Use of this Base Prospectus

This Base 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 Notes. No public offering of the Notes is conducted in any jurisdiction other than the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia and consequently the dissemination of this Base Prospectus in other countries may be restricted or prohibited by law. The Base 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 Notes on First North Bond List 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 Base Prospectus without express written permission from the Company.

II. GENERAL DESCRIPTION OF THE NOTES PROGRAMME

As indicated in this Base Prospectus, it is designated to (i) Notes issue Programme for the Offering of Notes of the Issuer in the amount of up to EUR 53,500,000 (being a part of total EUR 67,000,000 issue) and (ii) Admission of the issued Notes to trading on the First North Bond List at Nasdaq Vilnius First North.

Following requirements of the applicable law and the Articles of Association, the Programme shall be executed based on the decision of all shareholders of the Issuer dated 27 April 2023. The decisions of the shareholders by which each Tranche of the Notes shall be issued shall be specified in the Final Terms.

Under the Programme, the Issuer may issue Notes up to an aggregate principal amount of EUR 53,500,000 (being a part of total EUR 67,000,000 issue).

The Notes shall be issued and offered in tranches (the “**Tranches**”, individually the “**Tranche**”). The terms and conditions of each Tranche shall consist of (i) the General Terms and Conditions of Notes which are identified in Section VI *SECURITIES NOTE* and which shall apply to each Tranche and (ii) the Final Terms.

Thus, the Notes of each of the Tranches will generally be subject to similar main terms, except that the following may differ, as specified in the respective Final Terms of the respective Tranche: the Issue Dates, Issue Prices of Notes, Maturity Dates and annual interest rates.

The aggregate principal amount of Notes of each of the Tranches shall be specified in the Final Terms. The Issuer may decrease the aggregate principal amount of a Tranche as set out in the Final Terms during the Subscription Period of that Tranche or immediately after the Subscription Period but before the Settlement Date of that Tranche.

The Notes under the Programme may be issued during the term of validity of the Base Prospectus, i.e. 12 months after approval of the Base Prospectus. When this term adjourns and if there is a need to issue any additional notes by the Issuer, the respective corporate decisions will be taken and the new prospectus will be drafted and provided for approval to the Bank of Lithuania.

Each Tranche of Notes under the Programme will be of fixed term with a Maturity Date falling on 18 May 2026. The annual interest rate of the Notes shall be calculated as the sum of the margin of 6% and the 6 months EURIBOR rate.

The Notes under the Programme shall be issued in dematerialized registered form, the accounting of the Notes shall be performed by Nasdaq CSD.

The Notes of the respective Tranche shall be valid from the date of their registration until the date of their redemption and deletion from Nasdaq CSD. No physical certificates will be issued to the investors. Principal and interest accrued will be credited to the Noteholders' accounts through Nasdaq CSD.

Neither the Issuer, nor the Notes shall be assigned with the credit ratings as a result of the Offering under the Programme.

For more information regarding the Notes to be issued under the Programme please see Section VI *SECURITIES NOTE*. For more information regarding the use of proceeds, received from issue of Notes under the Programme please see Section 6.2 *Reasons for the Offering and Use of Proceeds*.

III. RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective Investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industries in which the Issuer operates together with all other information contained in this Prospectus, including, in particular, the risk factors described below. Words and expressions defined below or elsewhere in this Prospectus have the same meanings in this section.

Prospective investors should note that the risks relating to the Issuer, the industries in which the Issuer operates and the Notes are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that either currently deemed immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.

3.1. Risk Factors Associated with the Issuer

3.1.1. *Risks Related to the Issuer's Financial Situation*

Changes in Issuer's financial standing

The Issuer is a limited liability company established for the purposes of development of the Project, with the minimum share capital of EUR 2,500. Based on the Issuer's unaudited interim financial statements for the twelve months period ended 31 December 2023, the own capital of Issuer is EUR 13,492,509, which is composed of the share capital of EUR 2,500 and undistributed profit of EUR 13,490,009. The undistributed profit was accumulated due to re-evaluation of the assets owned by the Issuer. The real estate assets owned by the Issuer were acquired from the funds lent to the Issuer by its shareholders. Any adverse change in the Issuer's financial condition or prospects may have a material adverse effect on the liquidity of the Notes, which may lead to a significant decrease in the market price of the Notes, or may render the Issuer unable to fully redeem the Notes, which may lead to investors losing part or all of their invested funds. The Issuer deems this risk factor to be of high relevance.

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 Notes. The liquidity indicator of the Issuer (all short term assets divided by all short term liabilities) on 31 December 2022 was 0.07 and on 31 December 2023 was 3.73. 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. Although the Issuer monitors its liquidity position and follows procedures to manage liquidity risk, a reduction in the Issuer's liquidity position could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects, as well as ability to redeem the Notes at their maturity. The Issuer deems this risk factor to be of high relevance.

Construction cost and Project's success risk

The Issuer's employee and persons contracted by the Issuer invoked all available information and analytical resources when planning the Project, however there is no guarantee, that all information on which the planned investments in the Project 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 labour 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 and 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 Notes. Even if 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.

The Issuer deems this risk factor to be of medium relevance.

Economic environment 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 of Legal Entities of the Republic of Lithuania and Issuer's insolvency may affect the Investors' ability to recover their investments. The Issuer deems this risk factor to be of medium relevance.

Risk of increase of Project costs due to inflation

Lithuania and other European economies have faced an excessive inflation in the year 2022. Though expected to subside in the upcoming years, in 2023 inflation still could be significantly higher than historic average levels. Relevant expenses of the Issuer, e. g., investment to equipment and workforce, are closely related to the general price level. Though the Issuer has succeeded to hold the estimated cost of the Project under control (so far no changes were needed to the initial cost estimate of the Project that was approved on 11 April 2023), growing inflation in the future may prevent the Issuer from changing the prices of its services respectively to preserve the existing profit margin or may lead to higher losses. Thus, the Issuer's expenditures would increase considerably due to inflation and the Issuer would have to cover its increased costs from internal resources, unless the Issuer manages to increase its prices. Thus, strong inflation may have a considerable adverse influence on the Issuer's financial situation and business results. The Issuer deems this risk factor to be of medium relevance.

Interest rate risk

The operations of the Issuer are inherently exposed to interest rate risk. Considerable increases in interest rates (including EURIBOR) at which funding is available to the Issuer may negatively impact the profitability of the Issuer. Interest rates are affected by numerous factors beyond the control of the Issuer, which may not be estimated adequately. Such factors include the changes in the overall economic environment, level of inflation, monetary policies of the central banks, etc. Further, the ongoing war in Ukraine may also further increase the inflationary pressure and market volatility and therefore also contribute to rising interest rate levels. Therefore, interest rate risk may have a material adverse effect on the Issuer's business, financial condition, and results of operations. The Issuer deems this risk factor to be of low relevance.

Exposure and conduct of other market participants

The Issuer's access to financing may be adversely affected by the market practices of other market participants. The markets are interrelated, so defaults and failures to conduct sound business by the other market players could lead to market-wide liquidity problems or other market-wide issues, which could adversely affect the Issuer's access to capital resources. In addition, the Issuer has exposure to many counterparties arising from trading, clearing, funding or other relationships with them. A failure of such market participants to meet their obligations may result in the default of the Issuer before other counterparties and clients, which in turn may have a material adverse effect on the Issuer's operations and financial position. The Issuer deems this risk factor to be of low relevance.

3.1.2. Risks Related to the Issuer's Business Activities and Industry

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 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 Issuer's financial position and could degrade the value and liquidity of real estate mortgaged in favour of the Noteholders as a Collateral which in turn could have adverse effect on the Noteholders' ability to fully satisfy their claims against the Issuer under the Notes.

The Covid-19 pandemic, and the associated lockdown restrictions, has led to widespread agile and homeworking for some of the Lithuania's office-based workforce. As a result, the future role of offices has been subject to considerable discussion among both landlords and occupiers, and more widely in the media. There is a risk that if agile and/or homeworking continues at high levels, and is sustained in the long-term, it could lead to occupiers requiring less space, increased vacant space and downward pressure on rental levels. Office space which has fewer desks, more collaboration space, meeting rooms, video conference facilities and other amenities is likely to be more desirable to occupiers. Buildings that are unable to meet these objectives may suffer in value unless they can be redeveloped or repurposed. If the Issuer fails to develop or update its properties to meet these objectives, this would likely have a material adverse effect on the Issuer's performance. The Issuer deems this risk factor to be of medium relevance.

Real estate development risk

Real estate development usually poses a higher risk than investing in completed objects, because they have no operating income (e.g. leasing). At the same time, high costs are incurred, including construction and development costs, real estate taxes and insurance. Real estate development also faces the risk that significant financial resources will be invested in projects that can be terminated for legal and regulatory reasons, or be severely delayed, or incur higher than planned costs. This may have a significant negative impact on the Issuer's financial state and limit the ability to settle properly with the Noteholders. The Issuer deems this risk factor to be of medium relevance.

Counterparty risk

A counterparty risk is inherent to all business activities that the Issuer is engaged in. Such a counterparty risk may result in financial losses (including, but not limited to, revenue not being received from customers, funds deposited in banks, partners in long-term projects failing to perform their obligations, etc.) to the Issuer. A default of the Issuer's counterparty may affect the completion of the Issuer's commenced investment projects, the quality of the services provided by the Issuer or may harm the Issuer's reputation. Although the Issuer monitors and manages the counterparty risk, the occurrence of any of the mentioned counterparty risks may have an adverse impact on the Issuer's business and financial position. The Issuer deems this risk factor to be of medium relevance.

Competition risk

Commercial real estate is a competitive industry. To maintain the attractiveness of its properties, the Issuer has to be quick to react to changes in the competitive environment. Possible responses to competitors' actions include upgrading properties with new features (for instance, smart technologies and environmental solutions), refurbishment, rent discounts, and greater promotion and marketing activities. These could all result in unforeseen substantial expenses that could adversely affect the Issuer's financial position and cash flow. The Issuer deems this risk factor to be of low relevance.

3.1.3. Governance Risks

Project management risk

The General Contractor has implemented investment projects on a large scope. Although the General Contractor invokes all available information and analytical resources when planning investments, there is no guarantee that all the information on which the planned investments were based was true and exhaustive. Furthermore, there is no guarantee that the Issuer's investment plans, and the investments made, will generate the anticipated or planned return on investment; also, there is no guarantee that the Issuer's investment in the Project will not cost more than was anticipated.

A failure of the anticipated investment projects, where the return on investment from these projects is lower than was expected or the prices of such investments are higher than was planned, may have a significant adverse effect on the Issuer's activities, its financial situation and its business results. The Issuer deems this risk factor to be of medium relevance.

3.2. Risk Factors Associated with the Notes

3.2.1. Risks Related to the Nature of the Notes

Refinancing risk

At the maturity of the Notes, the Issuer might be required to refinance its debt. The Issuer's ability to successfully refinance such a debt is dependent on the conditions of the financial markets in general at such a time. As a result, 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 could have a material adverse effect on the Issuer's business, financial condition and results of operations, as well as on the investor's recovery under the Notes. The Issuer deems this risk factor to be of high relevance.

Price risk

The issue price of the Notes with a fixed interest rate may be lower or higher than their nominal value. Moreover, in the secondary market, the price of the Notes may decrease due to the market situation or events related to the Issuer. Besides the activities of the Issuer, the value of the Notes may be affected by developments in the financial markets; e.g. when the interest rates are rising, the value of the existing Notes may fall. The Issuer deems this risk factor to be of high relevance.

Credit and default risk

Any person who purchases the Notes is relying on the financial status of the Issuer, but the respective persons shall have no rights against any other person. Noteholders are subject to the risk of a partial or total failure of the Issuer to make the interest and/or redemption payments that the Issuer is obliged to make under the Notes. The worse the creditworthiness of the Issuer, the higher the risk of loss. A materialisation of the credit risk may result in a partial or total failure of the Issuer to make the interest and/or redemption payments.

In addition, even if the likelihood that the Issuer will be able to fully perform all of its obligations under the Notes when they fall due has not decreased, the market participants could nevertheless be of that opinion. In particular, the market participants may be of such an opinion if the market participants' assessment of the creditworthiness of the corporate debtors in general, or debtors operating in the industries sector, changes in an adverse manner. If any of these risks occur, the third parties would only be willing to purchase the Notes for a lower price than before the materialisation of the aforesaid risk. The market value of the Notes may therefore decrease. The Issuer deems this risk factor to be of medium relevance.

Inflation risk

Inflation reduces the purchasing power of a Notes' future coupons and principal. Inflation may lead to higher interest rates which could negatively affect the Note 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. The Issuer deems this risk factor to be of low relevance.

Early redemption risk

According to the terms of the issuance, the Notes 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 Notes may be lower than initially anticipated. Also, the Noteholders might not have the option to invest in financial instruments offering similar risk/return characteristics at the time of the early redemption, or could face additional costs in selecting a new investment. The Issuer deems this risk factor to be of low relevance.

3.2.2. *Offering and Admission Related Risks*

Liquidity, listing and inactive secondary market risk

The Notes constitute a new issue of securities by the Issuer. There is no public market for the Notes and other securities of the Issuer. The liquidity of the Notes cannot be guaranteed even if the Notes are admitted to trading on Nasdaq Vilnius First North. The Noteholders might bear a loss due to not being able to sell the Notes or having to sell them at an unfavourable price. The Issuer deems this risk factor to be of high relevance.

Continuous offering

Offering under this Prospectus is in the amount of up to EUR 53,500,000 (being a part of total EUR 67,000,000 Issue). Although the Issuer plans to proceed with the public issue of up to the amount of EUR 53,500,000, it may happen that the Issuer will not issue all anticipated units of Notes under

this Prospectus and will not raise the estimated funds required for successful development of the Project. Such situation would have a significant influence on the amount of total proceeds from the Notes, development of the Project, financial stability of the Issuer and the amount of Notes available on the market. Should this happen, the Issuer will look for alternative sources of funding, including drawing the additional amounts under the signed loan agreements. The Issuer deems this risk factor to be of medium relevance.

3.2.3. 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. According to the Appraisal Report dated 11 April 2023 the value of the Collateral was EUR 28,900,000. The Certificate on Asset Price stated that as on 31 December 2023 the most likely price of the Project was EUR 39,000,000. 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 Noteholders, taking into account that in such case the expenses of the Trustee will have to be settled in priority to the claims of the Noteholders. 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 to satisfy all claims of the Noteholders. Furthermore, in case of enforcement on the Collateral, the costs of enforcement will have to be covered from the proceeds of the sale of the Collateral before distribution of remaining proceeds to cover the obligations of the Issuer for the Notes. The procedure of enforcement on Collateral may also delay settlement with the Noteholders. The Issuer deems this risk factor to be of medium relevance.

IV. INFORMATION ABOUT THE ISSUER

4.1. Statutory Auditors

The annual financial statements for the years ended 31 December 2022 and 31 December 2021 were prepared in accordance with the IFRS and audited by Grant Thornton Baltic UAB, legal entity code 300056169, address at Upės str. 21-1, Vilnius, Lithuania, tel. +37052127856, audit license number 001513. The audit for the year 2022 and 2021 was executed by auditor Darius Gliubicas, auditor's licence No 000594.

4.2. Information about the Company

| | |
|---|---|
| Legal and commercial name | UAB Sostinės bokštai |
| Legal form | Private limited liability company |
| Registration number | 104849153 |
| Place of registration, domicile | Ozo g. 12A-1, Vilnius, Lithuania |
| Legislation under which the issuer operates, country of incorporation | Republic of Lithuania |
| Legal entity identifier (LEI) | 9845009C3QBB08EFB768 |
| Date of incorporation | 28 May 2018 |
| Length of life | indefinite |
| Telephone number | +370 659 17111 |
| Website | www.bc-hero.lt The information on the website does not form part of the Base Prospectus or Final Terms unless that information is incorporated by reference into the Base Prospectus or Final Terms. |

4.3. History and Development of the Company

The Issuer was established on 28 May 2018 for the purpose of the development, construction and management of the Project, as described in Section V *PROJECT DESCRIPTION* of this Base Prospectus, as well as for the lease of premises in the Project. On 31 August 2018 the Issuer has acquired two plots of land and buildings for the development of the Project. The two plots of land were merged into one. Obsolete buildings were demolished. Instead of them projects were made to build two connected office buildings.

Currently, the Issuer owns:

- (i) a land plot, total size 0,6979 ha, unique No. 4400-6123-4635, address Kalvarijų st. 24, Vilnius, Lithuania, cadastral No. 0101/0032:1181 (merged according to the detailed plan on 8 August 2023);

- (ii) the building – office building, unique No. 1099-4035-8012, address: Kalvarijų st. 24A, Vilnius, Lithuania (registered on 1 June 2023); and
- (iii) the building – office building, unique No. 4400-5858-8104, address: Kalvarijų st. 24, Vilnius, Lithuania (registered on 1 June 2023).

On 5 September 2018 the Company has concluded Project Coordination Agreement (the “**Project Coordination Agreement**”) with UAB Realco, legal entity code 300588072, address Ozo g. 12A, Vilnius, Lithuania (the “**Developer**”). According to the Project Coordination Agreement the Developer is responsible for design, construction coordination and management, sales, warranty maintenance, legal, marketing, and facilities management of the Project.

On 25 August 2022 the Company has concluded Construction Works Contract with UAB Realco statyba, legal entity code 302242635, address Ozo g. 12A-1, Vilnius, Lithuania (the “**General Contractor**”) regarding construction works of the Project.

The Project construction process was started on 21 June 2022 and is scheduled to be finished in the third quarter of year 2025.

4.4. Business Overview

The Issuer is a real estate development company that was established for the development of the Project on 28 May 2018. The Issuer engages in the following activities: development, construction and management of real estate projects. The Issuer currently employs 1 employee.

After its establishment in 2018 the Issuer has started preparations for construction of the Project (please see Section V of this Prospectus for a detail description of the Project), with the construction starting in 2022. The property is being developed on a land plot at Kalvarijų st. 24, which is located in the central business district of Vilnius, the capital of Lithuania. It is projected that the office building will have 44,639 sqm of gross building area, out of which 32,010 sqm will be above ground and 12,629 sqm underground. The net leasing area will be 31,606 sqm and the building will have 15 floors.

The Developer is the main developer of the Project due to the Project Coordination Agreement concluded with the Issuer. It started its activity in 2006 and today is one of the largest and most successful real estate project developers in Lithuania. The Developer currently employs 18 permanent employees, who are responsible for project development and construction management, sales and warranty maintenance, marketing, communications, legal support.

Today, the Developer is proud of having implemented 15 public, commercial, and residential projects in Vilnius and Palanga. The Developer has also acquired two plots of land on Spain's Costa del Sol, one of the most expensive areas of Marbella, where it will develop two luxury villa projects. The company's portfolio includes 5,526 apartments and around 277,000 sqm of residential projects already developed and being under development in Lithuania. The list of completed and under-construction commercial buildings of the Developer includes 5 business centres with a total area of almost 87,000 sqm. The company has previously developed business centres such as Alfa, Beta, Gama and Pentagon, and is currently working intensively on the Project to develop a modern business centre HERO in the central business district of Vilnius.

The General Contractor is the general contractor for all projects managed by the Developer, including the Project. The General Contractor started its operations in 2008 and currently has a team

of 15 permanent employees. The team consists of professional project and construction managers, engineering specialists.

4.5. Organisational Structure

Mr. Julius Dovidonis is the General Manager of the Issuer. He is the only person employed by the Issuer.

4.6. Trend Information

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

Office market in Lithuania

According to Baltic Office Outlook 2023 Q2 report and Vilnius Office Outlook 2023 H1 report, both prepared by Newsec (the "**Reports**"), as at the first half of 2023, there was a promising pipeline of office area under construction, totalling 122,000 square meters, with over 50% expected to be completed in 2023. Pre-leasing at these projects has reached nearly 60%. At the onset of the year 2023, property owners adjusted rents in accordance with contractually mandated indexation.

Reports show that while there has been a marginal uptick in the overall vacancy rate from 6.5% to 7.9%, it is notable that class A vacancies decreased to 5.9%, whereas class B experienced an increase, resulting in a 9.5% rate. Market stabilization at an average vacancy of 6-7% was anticipated by year-end of 2023.

As per the Reports, in the second quarter of 2023, the take-up of office spaces amounted to 14,300 square meters, slightly below the first quarter's 19,400 square meters. This has led to a modest adjustment in the annual projection to 80,000 square meters. It is noteworthy that tenants were approaching relocation decisions more thoughtfully and responsibly, resulting in increased activity in the A class property segment during the second quarter of 2023.

There has been a significant increase in activity in the sublease market, characterized by expedited move-in terms and high-quality, fully-equipped spaces. This alternative mitigates risks associated with fit-out work and provides the convenience of renting furniture and equipment. It aligns with the evolving preferences of tenants seeking flexible and ready-to-use office solutions.

Material Changes

After the date of preparation of the Issuer's financial statements for the year 2022, the Issuer has issued Notes in the total amount of EUR 13,5 mln. During 2023 additional amount invested in the Project amounts to EUR 9,802 mln (of these EUR 8,011 mln was financed from proceeds of the Notes and EUR 1,791 mln was financed from the funds borrowed under the loan agreements).

There have been no material adverse changes concerning the Issuer since the date of its last published audited financial statements. There has been no significant change in the financial performance of the Issuer since the end of the last financial period for which financial information has been published to the date of the Prospectus. Also, there have been no known 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.

4.7. Profit Forecasts or Estimates

The Issuer is not providing financial forecasts or estimates.

4.8. Administrative, Management, and Supervisory Bodies

The Issuer



Julius Dovidonis is the General Manager of the Issuer. Julius Dovidonis has been working in the real estate market for 20 years, including 17 years as the manager of one of the largest real estate development companies in Lithuania, UAB Realco (the Developer). Julius is currently also the General Manager of UAB Realco. At UAB Realco he manages all the company's real estate development projects. By actively participating in all stages of development of the company's projects, he has accumulated extensive experience in developing both residential projects, business centres and public facilities. In developing the HERO Business Centre, Julius is responsible for strategic and financial decisions.

The Issuer does not have a Management Board and/or a Supervisory Board. The General Manager is the only person employed by the Issuer. The Issuer outsources accounting services on the basis of Agreement on Provision of Accounting Services dated 2 January 2019 between the Issuer and UAB ICOR.

Though Julius Dovidonis is both the General Manager of the Issuer and the General Manager of the Developer (see next Section), his discretion in adopting significant decisions is limited, because according to the Articles of Association of both companies any transactions regarding transfer, investment, pledge/mortgage, rent and the like of long-term assets exceeding the value of 1/20 of the share capital of the entity require approval of the other bodies (in the Issuer the approval of the shareholders meeting is required and in the Developer the approval of the Management Board is required). We have not identified any other conflicts of interests of Julius Dovidonis.

The Developer (UAB Realco)

Julius Dovidonis is the General Manager of the Developer. The Management Board of the Developer is composed of **Andrius Janukonis** and **Gintautas Jaugielavičius**.



Gintarė Žemaitė is the Head of Commercial Property Development at UAB Realco and is one of the key persons overseeing the development of the Project. Gintarė is an expert of commercial real estate, with almost 20 years of executive experience and proven track record in the fields of asset management and lease. She has supervised a portfolio of 300,000 sq. m with a combined value of over EUR 400 million for the largest institutional and private investors cross-Baltic during 2009-2019. For the past 3 years she has worked as Head of Commercial Lease at EIKA UAB and was responsible for supervision of 80,000 sq. m portfolio, including the newly developed A class business centre FLOW in Vilnius.

The General Contractor (UAB Realco statyba)



Vyngantas Laucius is the General Manager of UAB Realco statyba (the General Contractor – the construction company engaged for the Project by the Developer). Vyngantas is one of the key persons in charge of construction works on the Project. Vyngantas has been working in the construction sector for over two decades, and has been managing UAB Realco statyba for more than 15 years.



Tadas Černauskas is a project manager at UAB Realco statyba (the General Contractor). Tadas is one of the key persons in charge of construction works on the Project. Tadas has many years of experience in managing the construction processes of residential and commercial real estate projects. He has been with UAB Realco statyba for 4 years, but his total experience as a project manager in different construction companies is more than 15 years.

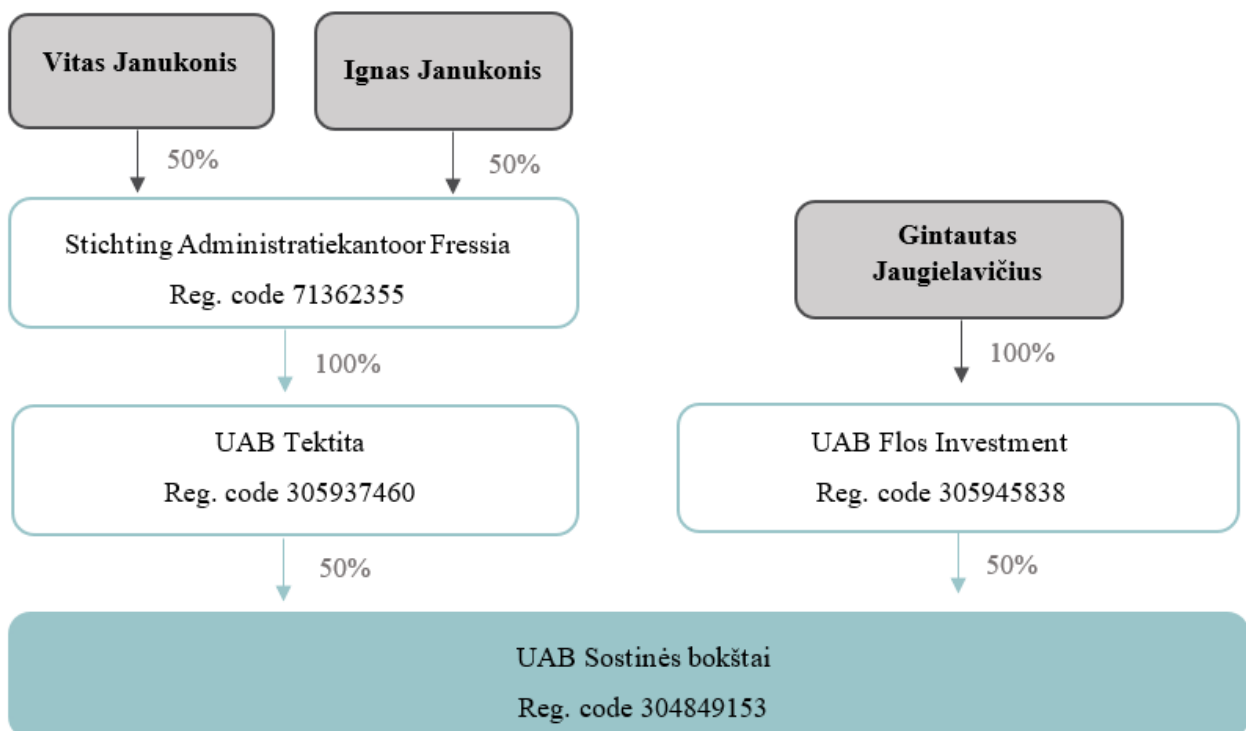
4.9. Major Shareholders

On the date of this Base Prospectus the authorised capital of the Issuer is EUR 2,500 and is divided into 2,500 ordinary registered shares with a par value of EUR 1 each, all of which are fully paid-up. One share carries one vote in the general meeting of the shareholders of the Issuer.

The shares of the Issuer are owned by:

- 1) **UAB Flos investment**, legal entity code 305945838, address Ozo g. 12A-1, Vilnius, which owns 1,250 shares of the Issuer constituting 50% of authorised share capital and voting rights of the Issuer; and
- 2) **UAB Tektita**, legal entity code 305937460, address Ozo g. 12A-1, Vilnius, which owns 1,250 shares of the Issuer constituting 50% of authorised share capital and voting rights of the Issuer.

The Complete ownership structure is presented in the graph below:



All Issuer's Shares provide the same voting rights for all the shareholders.

The control of the Issuer is exercised by the Issuer's shareholders. The two shareholders of Stichting Administratiekantoor Fressia (which is the sole shareholder of UAB Tektita, which holds 50% of the shares in the Issuer): Vitas Janukonis and Ignas Janukonis are brothers. Other than that, the Issuer is not aware of any direct or indirect control links between the shareholders.

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

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

4.10.1. Financial Statements

Financial information of the Company (balance sheet, profit and loss statements, cash flow statements) is provided in the tables below. Audited Annual Financial Statements and unaudited Interim Financial Statements are incorporated by reference into this Prospectus (they maybe found on the Issuer's website www.bc-hero.lt). Unless stated otherwise, the information of this Section below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.

| Balance sheet, in EUR | 2021 (audited) | 2022 (audited) | 2023 (interim 12 months, unaudited) |
|-----------------------------|-------------------|-------------------|---|
| Tangible assets | 195 | - | - |
| Investment property | 27,000,000 | 28,900,000 | 39,000,000 |
| Intangible assets | 5,080 | 1,693 | - |
| Non-current assets | 27,005,275 | 28,901,693 | 39,000,000 |
| Prepayments | 2,300 | 162,966 | 133,766 |
| Trade and other receivables | 56,973 | 22,001 | 13,719 |
| Cash and cash equivalents | 3,289 | 15,874 | 5,108,134 |
| Current assets | 62,562 | 200,841 | 5,255,619 |
| TOTAL ASSETS | 27,067,837 | 29,102,534 | 44,255,619 |
| Share capital | 2,500 | 2,500 | 2,500 |
| Retained earnings | 15,379,903 | 13,441,433 | 13,490,009 |
| TOTAL EQUITY | 15,382,403 | 13,443,933 | 13,492,509 |
| Loans from related parties | 7,736,183 | 9,371,662 | 12,009,212 |
| Payables | - | - | 26,371 |

| | | | |
|-------------------------------------|-------------------|-------------------|-------------------|
| Other non-current liabilities | - | - | 13,500,000 |
| Deferred tax liabilities | 3,657,688 | 3,536,788 | 3,820,105 |
| Non-current liabilities | 11,393,871 | 12,908,450 | 29,355,688 |
| Loans | 96,137 | 1,970,367 | - |
| Payables | 195,409 | 12,481 | 99,705 |
| Loans from related parties | - | 766,622 | 1,143,451 |
| Other current liabilities | 17 | 681 | 164,266 |
| Current liabilities | 291,563 | 2,750,151 | 1,407,422 |
| TOTAL LIABILITIES | 11,685,434 | 15,658,601 | 30,763,110 |
| | | | |
| TOTAL EQUITY AND LIABILITIES | 27,067,837 | 29,102,534 | 44,255,619 |

| Profit and loss statement, in EUR | 2021 (audited) | 2022 (audited) | 2023 (interim 12 months, unaudited) |
|--|-------------------|--------------------|---|
| Increase/decrease in the value of assets and investments | 24,384,588 | (1,997,123) | 703,553 |
| Impairment losses | (4,397,065) | - | - |
| Other income | 14,469 | 9,537 | - |
| Administrative costs | (130,783) | (72,380) | (143,709) |
| Depreciation and amortisation | (523) | (1,887) | (1,693) |
| Operating profit | 19,870,686 | (2,061,853) | 558,151 |
| Results of other activities | - | 2,488 | 363 |
| Financial income | - | - | 33,896 |
| Financial expenses | (18,877) | (5) | (260,517) |
| Profit (loss) before tax | 19,851,809 | (2,059,370) | 331,893 |
| Income tax | (3,657,688) | 120,900 | (283,317) |
| Net profit (loss) | 16,194,121 | (1,938,470) | 48,576 |

| Cash flow statement, in EUR | 2021 (audited) | 2022 (audited) | 2023 (interim 12 months, unaudited) |
|-----------------------------|-------------------|-------------------|---|
|-----------------------------|-------------------|-------------------|---|



| | | | |
|--|------------------|--------------------|--------------------|
| Net profit (loss) | 16,194,121 | (1,938,470) | 48,576 |
| Adjustments for non-cash items and non-core activities: | | | - |
| Depreciation and amortization | 523 | 1,887 | 1,693 |
| Net gain from fair value adjustment of investment property | (24,384,588) | 1,997,123 | (703,553) |
| Impairment loss on investment property | 4,397,065 | - | - |
| Interest income | - | - | (33,896) |
| Interest expenses | 18,877 | - | - |
| Other non-cash transactions | - | 1,693 | - |
| Other financial expenses | - | - | 260,517 |
| Increase / decrease in deferred income tax liabilities | 3,657,688 | (120,900) | 283,317 |
| Changes in working capital: | | | |
| Increase / decrease in trade payables, advances, and other receivables | (7,152) | (125,694) | 892,939 |
| Increase / decrease in trade payables | 126,406 | - | - |
| Increase / decrease in other short-term liabilities | (8,744) | 664 | 132,086 |
| Net operating cash flows | (5,804) | (183,697) | 881,679 |
| Disposal of long-term assets (excl. investments) | (20) | 2 | 0 |
| Acquisition of investment property | (440,091) | (1,063,011) | (9,000,893) |
| Interest received | - | - | 33,896 |
| Net investing cash flows | (440,111) | (1,063,009) | (8,966,997) |
| Loans received | 449,036 | 1,259,291 | 15,512,000 |
| Loan repayments | - | - | (1,938,868) |
| Interest paid | - | - | (395,554) |
| Net financing cash flows | 449,036 | 1,259,291 | 13,177,578 |
| NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS | 3,121 | 12,585 | 5,092,260 |
| Cash and cash equivalents at the beginning of the period | 168 | 3,289 | 15,874 |

| | | | |
|---|--------------|---------------|------------------|
| Cash and cash equivalents at the end of the period | 3,289 | 15,874 | 5,108,134 |
|---|--------------|---------------|------------------|

4.10.2. Audited Financial Statements

Please refer to Section 4.1 *Statutory Auditors* regarding the information, related to audit of the Annual Financial Statements and other information of the Prospectus.

4.10.3. Qualifications and Emphasis of Matter

There were no qualifications in the auditor's report on the Company's Annual Financial Statements for the years ended 31 December 2021 and 31 December 2022. There were certain emphasis of matter paragraphs in the auditor's report on the Company's Annual Financial Statements for the years ended 31 December 2021 and 31 December 2022.

Grant Thornton Baltic UAB included the following emphasis of matter paragraphs in its auditor's report on the Company's Annual Financial Statements for the year ended 31 December 2021:

“Emphasis of the Matter – the Ground of Accounting

We draw attention to Note 2.1 of the Explanatory Letter to financial statements, which specifies the ground for preparation of financial statements. These financial statements are prepared in order to help the Company to satisfy the requirements of a third party – AS Redgate capital, distributor of the issue of bonds. Therefore these financial statements may be not suitable to be used for other purposes.

On the basis of the laws and other legal acts regulating the preparation of financial statements in Lithuania, the Company has prepared separate financial statements of general use for the years ended 31 December 2021 according to the Lithuanian financial accounting standards. The shareholder of the Company has approved those financial statements on 29 April 2022.

Our opinion is not qualified in respect of this matter.

Emphasis of the Matter – the Ground for Establishment of True Value of Investment Assets

We draw attention to Note 9 of the Explanatory Letter to financial statements, which describes the assumptions for establishment of true value of investment assets. Qualified evaluator UAB “OBER-HAUS” nekilnojamosis turtas has established the value of the assets under valuation based on the income method, calculations of the value were performed based on the assumption that a new complex of business buildings is built and equipped in accordance with the coordinated construction project and the construction permit received based on it; then, after registration of the finishing of 100% in the Register of Real Estate, the new complex of business buildings is transferred to tenants and is realized in the market with long term rent agreements for the market price. It is foreseen that the duration of construction of investment project will cover the period of 2 years.

Our opinion is not qualified in respect of this matter.

Other Matters

Financial statements of the Company for the years ended 31 December 2020 were not audited.

Our opinion is not qualified in respect of this matter.”

Grant Thornton Baltic UAB included the following emphasis of matter paragraphs in its auditor's report on the Company's Annual Financial Statements for the year ended 31 December 2022:

“Emphasis of the Matter – the Ground for Establishment of True Value of Investment Assets

We draw attention to Note 9 of the Explanatory Letter to financial statements, which describes the assumptions for establishment of true value of investment assets. Qualified evaluator UAB “OBER-HAUS” nekilnojamosis turtas has established the value of investment assets based on the income method, calculations of the value were performed based on the assumption that a new complex of business buildings will be built and transferred to tenants under long term rent agreements after 2 years. Our opinion is not qualified in respect of this matter.”

4.10.4. Legal and Arbitration Proceedings

The Issuer is 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 Issuer's financial position or profitability.

4.10.5. Significant Change in the Issuer's Financial Position

Since the end of the last period for which the Issuer's unaudited financial information exists (31 December 2023), there have been no significant change in the financial position of the Issuer.

4.11. Material Contracts

The Issuer has entered into the following material contracts:

- (i) Construction Works Contract, dated 25 August 2022, concluded with the General Contractor regarding construction works of the Project;
- (ii) Project Coordination Agreement, dated 5 September 2018, concluded with the Developer for project coordination, design coordination, construction coordination and management services for the Project;
- (iii) Design Contract, dated 16 November 2018, concluded with UAB Cloud architektai for design works of the Project;
- (iv) Loan Agreement, dated 30 August 2018, concluded with UAB Populus Invest, which is also a group company of the Developer, regarding the credit line to finance the expenses of the Project that may not be financed from the proceeds of the Notes. As of 30 November 2023 the amounts drawn were EUR 2,985,900;
- (v) Loan Agreement, dated 28 September 2022, concluded with UAB Tektita, which is the shareholder of the Issuer. The loan issued under the Loan Agreement as of 30 November 2023 amounts to EUR 3,653,949. The repayment of this amount of the loan is subordinated to payment obligations under the Notes;
- (vi) Loan Agreement, dated 28 September 2022, concluded with UAB Flos investment, which is the shareholder of the Issuer. The loan issued under the Loan Agreement as of 30 November

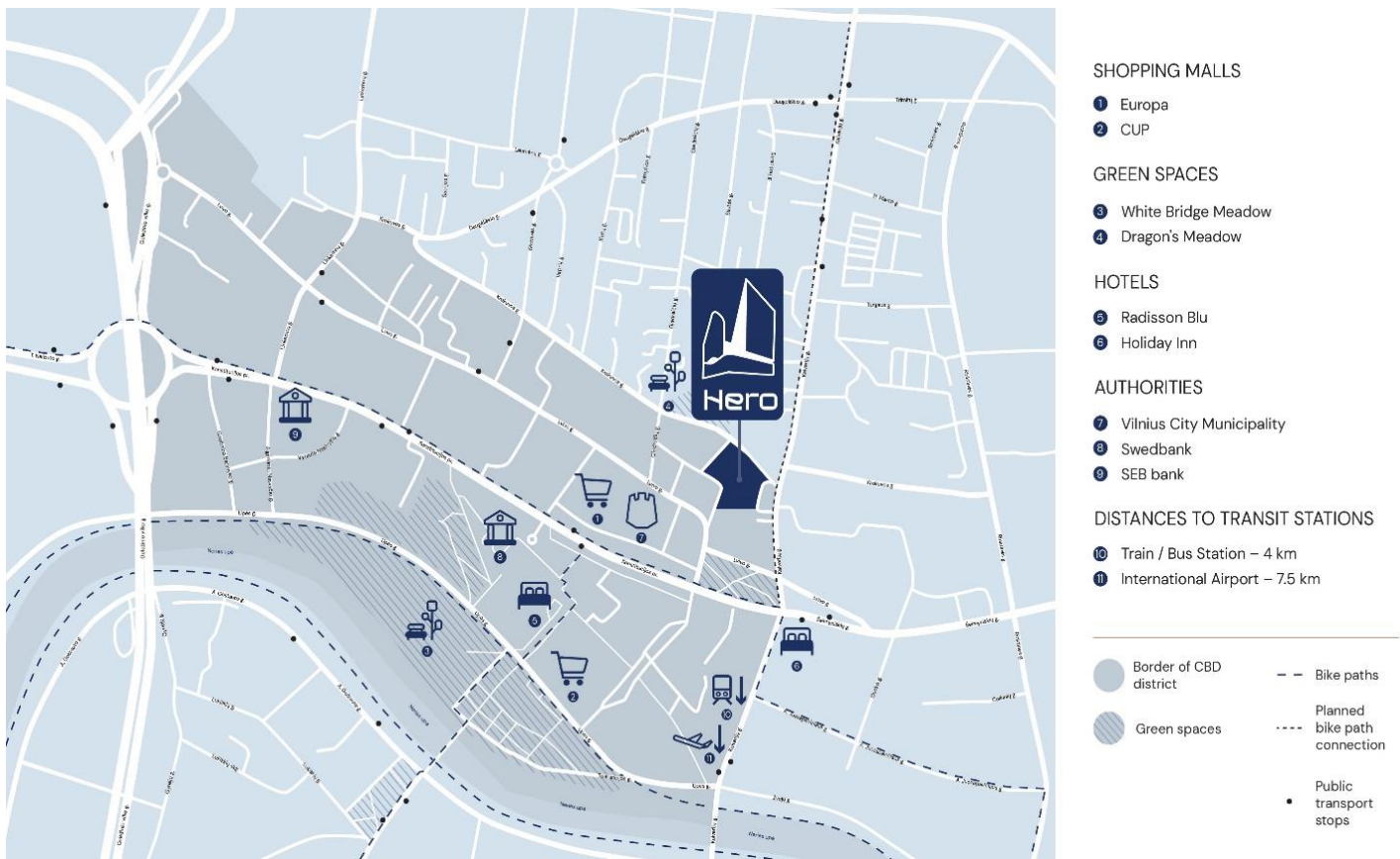


2023 amounts to EUR 3,653,949. The repayment of this amount of the loan is subordinated to payment obligations under the Notes.

V. DESCRIPTION OF THE PROJECT

The Project is being developed on a land plot at Kalvarijų st. 24, which is located in the central business district of Vilnius, the capital of Lithuania. This ensures a well-developed infrastructure and easy access to any kind of transport, both public and private, as well as more sustainable alternatives like riding bikes or scooters, or simply walking. The HERO Business Centre is being developed in one of the most important and modern parts of the capital city, adjacent to new modern business centres and the capital’s major skyscrapers. The location is home to private businesses as well as institutions providing various services; the site is full of highly-qualified professionals. The wide range of services available in the area makes it an attractive location for work and also caters to other needs, including cultural and leisure activities.

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



Source: the Company

It is projected that the HERO Business Centre will have 44,639 sqm of gross building area, out of which 32,010 sqm will be above the ground and 12,629 sqm will be under the ground. The net rental area will be 31,606 sqm and the building will have 15 floors.

The visualizations of the Project are presented below:



Source: the Company



Source: the Company

The healthy working environment and sustainable building lifecycle of HERO Business Centre are designed according to world class standards. The offices of HERO Business Centre will be among the most modern in Lithuania and will include new architectural designs, great aesthetics, multifunctional spaces, integrated technology and recreation areas. The building will use environmentally friendly materials to create a green and healthy interior. A modern ventilation system will ensure fresh air at all times, while the architectural solutions will provide plenty of daylight. Modern lighting solutions will not only accentuate the dynamic building spaces but also guarantee energy efficiency. Smart solutions will contribute to maximum comfort for staff and guests, while healthy food and building infrastructure for healthy lifestyle activities will lead to better well-being.

The HERO Business Centre offices will seek to obtain WELL Gold (<https://www.wellcertified.com/>) and BREEAM Excellent certifications (<https://bregroup.com/products/breeam/>). The WELL Gold certification confirms that the office has been designed with people’s well-being and health in mind. BREEAM Excellent, on the other hand, is one of the highest certifications in the assessment system relating to sustainable buildings. Fairly new to the Lithuanian office segment, WELL certificate confirms that the best practice solutions adopted by the international community have been implemented, allowing employees to feel comfortable in the building. The provisions of this certificate are scientifically based and require laboratory tests of drinking water, indoor air and other qualitative measurements of indoor environmental parameters to meet the criteria of the certificate. Once certified, the quality must continue to be checked on a regular basis, at least annually, by sending data to the supervising organisation, with recertification every 3 years.

The HERO Business Centre has been designed by UAB Cloud architektai with prof. Edmundas Stasiulis.

Territory and technical parameters

| | | | |
|---------------------------|--------|---------------------------|-----|
| Building density | 74 | Amount of greenery | 10% |
| Building intensity | 4.59 | Underground floors | 3 |
| Height | 54.8 m | | |

Source: the Company

Main information about the HERO Business Centre

| | |
|--|--------------------------------------|
| Property type | A class office building |
| Address | Kalvarijų st. 24, Vilnius, Lithuania |
| Gross building area (GBA) | 44,639 sqm |
| Gross leasable area (GLA) | 31,606 sqm |
| Territory | 6,979 sqm |
| Parking spaces | 438 |
| Floors | 15 |
| Start of construction / Commissioning | Q2 2022 / 2025 |

| | |
|-------------------------------|-----------------------|
| Total development cost | EUR 112 m |
| Developer | UAB Realco |
| Architectural bureau | UAB Cloud architektai |

Source: the Company

The layout of the plot can be seen in the visuals below:



Source: the Company

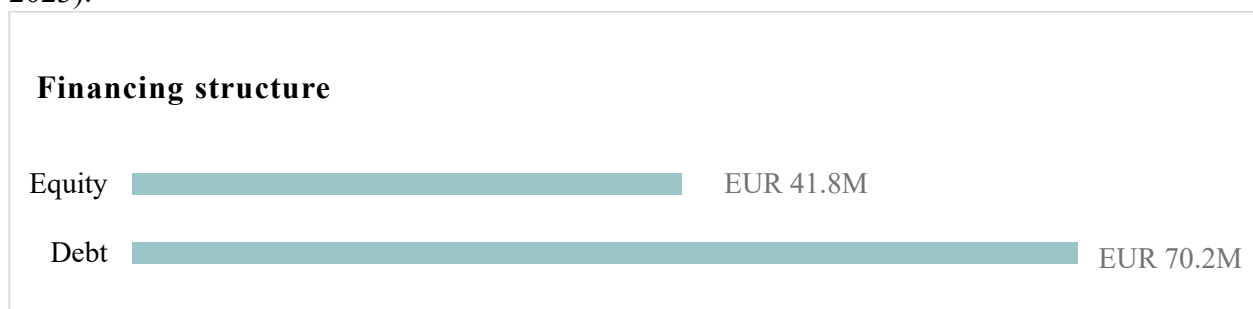
Project key assumptions

The total investment in the Project will amount to EUR 112,000,000. The full development and construction of the Project will be financed from debt, equity and rent.

Up to EUR 67,000,000 or 60% of the Project's estimated investment is planned to be borrowed on the market. The successful distribution of the first Tranche of the Issue of Notes in the amount of EUR 7,500,000 in May 2023 and the second Tranche of the Issue of Notes in the amount of EUR 6,000,000 in November 2023 fulfilled 20% of the plan.

It is estimated that to finance the Project the shareholders will invest into equity up to EUR 41,800,000. By 31 December 2023 the shareholders have invested EUR 30,861,000 into the Project. The remaining amounts are scheduled to be invested in such sequence: EUR 4,800,000 during the year 2024 and EUR 6,139,000 during the year 2025.

The financing structure of the Project (as per the estimate of the costs of the Project dated 11 April 2023):



Source: the Company

The estimated development costs of the Project (reflecting also the costs actually incurred so far):

| Total development costs (excl. financing costs) | | | |
|---|--------------------|---------------------------------|----------------|
| Type | Total cost (EUR k) | Per m ² of GLA (EUR) | % of the total |
| Land (Kalvarijų st. 24) | 25,940 | 821 | 26.1% |
| Construction costs | 70,812 | 2,240 | 71.1% |
| Management costs | 2,899 | 92 | 2.8% |

Source: the Company

The estimated use of proceeds from the issue of Notes:

Use of proceeds from Notes issues



Source: the Company

Building phases

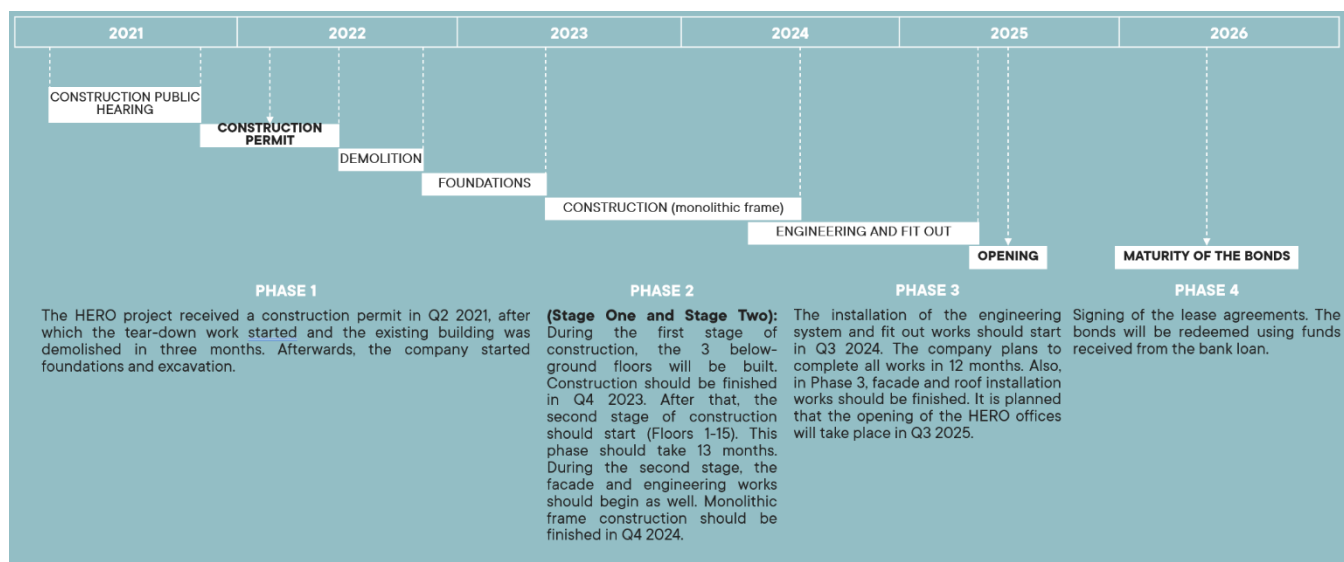
The building site (the plot with previous shopping mall Ibrahim) was acquired by the Issuer in 2018. The company has started the preparatory works in 2021 and the construction permit was obtained in 2022. Demolition of the previous building and site clearance started shortly afterwards.



DEVELOPMENT AS OF MARCH 2024

Source: the Company

The completion of the Project is projected in Q3 2025. The development timeline in details is presented below:



Source: the Company

Experience of the Developer

Since 2006, the Developer has completed 7 residential projects — Ozo parkas, Linkmenų ežerai, Žvėryno panoramos, Šventosios vartai, Prie Vilnelės, 7 Vakarai and GO Life. The company has made 3,745 flats and 185,374 sqm available to the market. The Developer is currently developing 5 new residential projects in exclusive locations of the city: Vileišio 27, Algirdo 3, Baltupis, as well as Justiniškių St. and Parodų St., where it will build almost 1,500 flats in projects covering 86,637 sqm.

The Developer has also acquired two plots of land on Spain's Costa del Sol, one of the most expensive areas of Marbella, where it will develop two luxury villa projects.

The Developer has extensive experience in developing commercial and public buildings. The projects developed by the Developer include the Ozas shopping and entertainment centre, Delfi sports centre, as well as the Pentagon, Alfa, Beta and Gama commercial projects. In total, the Developer has developed more than 55,170 sqm of commercial space.

VI. SECURITIES NOTE

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

Save for commissions to be paid to the Arranger, so far as the Issuer is aware, no person involved in the Offering of the Notes has an interest material to the issue/offer, nor any conflicting interests.

6.2. Reasons for the Offering and Use of Proceeds

This Base Prospectus is designated to (i) Offering of the Notes of the Company in the amount of up to EUR 53,500,000 (being a part of total EUR 67,000,000 Issue) and (ii) Admission of the issued Notes of the Issue to trading on the First North Bond List of Nasdaq Vilnius First North.

The Notes are issued based on the decision of all shareholders of the Issuer dated 27 April 2023. The decisions of the shareholders by which each Tranche of the Notes shall be issued shall be specified in the Final Terms.

The proceeds from the first Tranche (in the amount of EUR 7,500,000) of the Notes were used:

- (i) to repay the loans to the shareholders of the Issuer in the amount of EUR 760,000 (without requesting for supporting invoices) that were borrowed from the shareholders to finance construction expenses borne by the Issuer prior to the Issue of the Notes;
- (ii) to finance construction works that were performed until 11 April 2023 (i.e., before the decision of the shareholders of the Company on the Issue of the Notes was adopted) but were not yet paid (in accordance with the submitted invoices) in the amount of EUR 2,200,000; and
- (iii) to finance the development of the Project.

The proceeds of the second Tranche and all subsequent Tranches of the Notes will be used solely to finance the development of the Project.

For the avoidance of doubt, the costs experienced in the process of acquisition of the land plot owned by the Company (unique No. 4400-6123-4635, address Kalvariju st. 24, Vilnius, Lithuania, cadastral No. 0101/0032:1181) shall not be considered as Project development costs.

The expenses of the Offering of the Notes mainly consist of the commission to be paid in connection with the Offering of the Notes to the Arranger, if any, the fees payable to the Trustee and legal adviser, fees payable to the Bank of Lithuania for approval of the Prospectus, fees payable to Nasdaq Vilnius First North for Admission of the Notes as well as the fees payable to Nasdaq CSD for accounting of the Notes. The Issuer estimates that these expenses should not exceed the amount of EUR 1 mln.

6.3. Information Concerning the Securities to be Offered to the Public and Admitted to Trading

6.3.1. Information on the Structure of the Notes

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| Securities to be offered and admitted to trading on Nasdaq Vilnius First North under the Programme | <p>Up to 53,500 units of Notes with a nominal value of EUR 1,000 each, with an aggregate principal amount of up to EUR 53,500,000 (being a part of total EUR 67,000,000 Issue).</p> |
| Type of securities | <p>Secured non-convertible non-subordinated Notes of the Company – debt securities with a fixed-term under which the Company shall become the debtor of the Noteholders and shall assume obligations for the benefit of the Noteholders. The Notes may not be converted into ordinary shares or other instruments of ownership of the Issuer.</p> |
| ISIN | <p>LT0000407629</p> |
| Legislation under which the Notes have been created | <p>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 Notes 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.</p> <p>Any disputes, relating to or arising in relation to the Notes shall be finally settled solely by the competent courts of the Republic of Lithuania.</p> |
| Number of Notes, nominal value per Note, total nominal value, issue price per Note of each of the respective Tranche | <p>To be established in the Final Terms of each Tranche of the Notes.</p> |
| Currency of the Notes | <p>EUR</p> |
| Form of Notes | <p>The Notes shall be issued in dematerialized registered form. The book-entry and accounting of the Notes shall be made by Nasdaq CSD.</p> <p>The Notes of the respective Tranche shall be valid from the date of their registration until the date of their redemption and deletion from Nasdaq CSD.</p> |

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| | No physical certificates will be issued to the investors. Principal and interest accrued will be credited to the Noteholders' accounts through Nasdaq CSD. |
| Credit ratings assigned to the Issuer or the Notes and status thereof | Neither the Issuer, nor the Notes shall be assigned with the credit ratings as a result of the Offering. |
| Redemption price of the Notes | On the day of redemption, the Notes shall be repaid in full at their nominal value, with the cumulative interest accrued and unpaid to date. |
| Interest rate and dates of payment thereof | <p>Annual interest rate per Notes is the sum of the interest base rate and margin specified herein. The interest base rate shall be equal to 6 months EURIBOR. A margin shall be equal to 6% (six per cent) per annum. The interest base rate is determined using 6-month EURIBOR value published on https://www.euribor-rates.eu/en/.</p> <p>The interest base rate will be changed on each Interest Commencement Date. The interest base rate value for the first Interest Period of the first Tranche of the Issue was determined taking a 6-month EURIBOR value of 5 (five) Business Days before the First Issue Date, and for subsequent Interest Periods the interest base rate value will be established by taking a 6-month EURIBOR value of 5 (five) Business Days before the commencement of a respective Interest Period.</p> <p>If the published EURIBOR value is below 0 (zero), EURIBOR value of 0 (zero) will be used for interest calculation.</p> <p>The interest on the Notes will be paid on the dates specified in the Final Terms (the Interest Payment Date) until the Maturity Date and will be calculated on the aggregate outstanding principal amount of all outstanding Notes (of all issued Tranches).</p> <p>Notes bear interest from the Interest Commencement Date at the Interest Rate payable in arrears on each Interest Payment Date.</p> <p>Each Note will cease to bear interest from the Redemption Date unless, upon due presentation, payment of the Final Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest (as well after as before judgment) until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.</p> <p>Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made semi-annually in arrears to the Noteholders on each Interest Payment Date for the preceding Interest Period.</p> <p>Interest in respect of the Notes will be calculated on the basis of a day count convention act/365. As stated in Section 6.3.8 <i>Payments to Noteholders</i>, payments of interest due on the Notes will be made to the Noteholders</p> |

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| | thereof, as appearing in Nasdaq CSD on the fifth (5th) Business Day preceding the due date for such payment (the “ Record Date ”). |
| Yield | The Yield of the respective Tranche of the Notes shall be determined and established in the Final Terms. It will be determined by taking into account market demand for the Notes of the respective Tranche and general market conditions at the time of the respective Tranche. |
| Maturity (redemption) date and principal repayment | <p>The Notes shall have the maturity of three years starting from the date of issue of the first Tranche of the Issue, being 18 May 2023. Therefore, the Maturity Date of all Tranches shall be 18 May 2026.</p> <p>The term for provision of the requests/requirements to redeem the Notes shall not be applicable, as upon Maturity Date of Notes, the nominal value thereof with the cumulative interest accrued shall be transferred to the accounts indicated by the Noteholders without separate requests/requirements of the Noteholders. As from this moment the Issuer shall be deemed to have fully executed the obligations, related to the Notes and their redemption, disregarding the fact, whether the Noteholder actually accepts the funds. In case requisites of the account of the Noteholder changes, he/she/it shall have an obligation to inform the Company thereof.</p> <p>Should the Maturity Date fall on a date which is not a Business Day, the payment of the amount 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> <p>Following the transfer of the redemption price to the investor’s accounts as indicated above, the Notes shall be removed from Nasdaq CSD and First North Bond List.</p> <p>If the mentioned amounts are not transferred to the account indicated by the Noteholders, the Noteholders shall have a right to claim for redemption of the Notes within 3 (three) years after the Maturity Date. If the Noteholders shall not claim redemption of the Notes within the indicated 3 (three) years term, the respective Noteholders shall forfeit their right of claim.</p> |
| Early redemption of the Notes for tax reasons | <p>The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 (thirty) but no more than 60 (sixty) calendar days’ irrevocable notice to the Noteholders at an amount equal to 100 (one hundred) per-cent of their Nominal Amount together with any accrued but unpaid Interest to, but excluding, the date of redemption, if:</p> <p>(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Section 6.3.9 <i>Taxation</i> as a result of any change in, or amendment to, the laws or regulations of the Republic of Lithuania or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the First Issue Date; and</p> |

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| | <p>(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,</p> <p>provided, however, that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.</p> <p>Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee (1) a certificate signed by the director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.</p> |
| <p>Early redemption of the Notes at the option of the Issuer (call option)</p> | <p>Notes may be redeemed at the option and sole discretion of the Issuer in whole or in part on any Business Day:</p> <p>(i) falling earlier than 12 (twelve) months after First Issue Date (last day included), at a price equal to 100.00 (one hundred) per cent of Nominal Amount together with Interest (accrued to but excluding the date of redemption) plus a premium of 1 % from Nominal Amount of redeemed Notes.</p> <p>(ii) falling on or after 12 (twelve) months (last day excluded) but earlier than 24 (twenty four) months after First Issue Date (last day excluded), at a price equal to 100.00 (one hundred) per cent of Nominal Amount together with Interest (accrued to but excluding the date of redemption) plus a premium of 0.5 % from Nominal Amount of redeemed Notes.</p> <p>(iii) falling on or after 24 (twenty four) months after First Issue Date (last day included), at a price equal to 100.00 (one hundred) per cent of Nominal Amount together with Interest (accrued to but excluding the date of redemption), i.e., without any additional charges.</p> <p>Redemption in accordance with this paragraph shall be made by the Issuer giving not less than 30 (thirty) but no more than 60 (sixty) calendar days' notice to the Noteholders and the Trustee (which notice shall be irrevocable and shall specify the date fixed for redemption).</p> |
| <p>The right of the Issuer to purchase Notes on open market</p> | <p>The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Such Notes may be held by the Issuer or resold. Notes held by or for the account of the Issuer will not carry the right to vote at the Noteholders' Meetings and will not be taken into account in determining how many Notes are outstanding for the purposes of this Base Prospectus.</p> |

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| <p>Offering and listing of the Notes</p> | <p>The Arranger shall offer the Notes to the Investors under the terms and conditions, indicated in the Final Terms of each of the respective Tranches. The Notes shall be applied for introduction to trading on a First North Bond List at Nasdaq Vilnius First North once the Notes are subscribed and fully paid by the Investors and registered with Nasdaq CSD. In case not all the Notes of the respective Tranche are subscribed and/or fully paid by the Investors, the General Manager of the Issuer may decide to issue and introduce to trading on First North Bond List any lesser number of Notes.</p> <p>The Issuer expects that the Notes shall be admitted to trading on First North Bond List within 6 (six) months as from placement of the Notes of the respective Tranche the latest. Disregarding this, the Issuer will put its best endeavours so that this term would be as short as practicably possible.</p> <p>The Issuer shall also put its best efforts to ensure that the Notes remain listed on First North Bond List. 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 Notes.</p> <p>The Issuer will cover all costs which are related to the Admission of the Notes to First North Bond List.</p> |
| <p>Collateral</p> | <p>The Notes to be issued under this Base Prospectus are secured under the Collateral Agreement by a first ranking mortgage (mortgage ID code 30000127854464) over the following assets of the Issuer (the Collateral):</p> <ul style="list-style-type: none"> (i) the land plot, total size 0.6979 ha, unique No. 4400-6123-4635, address Kalvarijų st. 24, Vilnius, Lithuania, cadastral No. 0101/0032:1181; (ii) the building – office building, unique No. 1099-4035-8012, address: Kalvarijų st. 24A, Vilnius, Lithuania; (iii) the building – office building, unique No. 4400-5858-8104, address: Kalvarijų st. 24, Vilnius, Lithuania.¹ <p>Notes and coupons relating to them shall constitute senior secured obligations of the Issuer and shall rank pari passu and without any preference among themselves. The payment obligations of the Issuer under such Notes 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> |

¹ The Collateral Agreement was concluded on 6 June 2023. At the time of conclusion of the Collateral Agreement it established a mortgage over 4 assets: a part of a land plot (unique No. 4400-5503-1359), a land plot (unique No. 4400-5502-6538) and two office buildings. The part of a land plot and a separate land plot later were merged into one new land plot (unique No. 4400-6123-4635). After this merger the mortgage established by the Collateral Agreement covers the new land plot and the same two office buildings.

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| Decision by which the Notes are issued | <p>The programme shall be executed based on the decision of all shareholders of the Issuer dated 27 April 2023. The decisions of the shareholders by which each Tranche of the Notes shall be issued shall be specified in the Final Terms.</p> |
| Issue Date of the Notes | <p>The Issue Date of the respective Tranche shall be specified in the Final Terms.</p> |
| Transfer restrictions | <p>There are no restrictions on transfer of Notes as they are described in the applicable Lithuanian laws. However, the Notes 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.</p> <p>For more information on this issue please see Section 1.2 <i>Notice to Prospective Investors</i>.</p> |
| Taxation | <p>The tax legislation of the Investor’s Member State and of the Issuer’s country of incorporation (Lithuania) may have an impact on the income, received from the Notes. All payments in respect of the Notes by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (the “Taxes”), unless the withholding or deduction of the Taxes is required by laws of the Republic of Lithuania. In such case, 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 amount so required to be withheld or deducted. The Issuer will not be obliged to make any additional compensation to the Noteholders in respect of such withholding or deduction.</p> <p>For more information, related to taxation of the Notes, please see Section 6.3.9 <i>Taxation</i> below.</p> |
| Publication of the Final Terms | <p>The Final Terms of each Tranche will be approved by the shareholders of the Issuer. Before the offering of the respective Tranche commences, the Final Terms will be (i) submitted to the Bank of Lithuania; and published (ii) on the website of the Issuer, and (iii) on www.nasdaqbaltic.com.</p> |
| Estimated expenses charged to the Investors | <p>No expenses or taxes will be charged to the investors by the Issuer in respect to the Offering of the Notes. 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 Notes, the holding of the Notes or any other operations in relation to the Notes. The Issuer and or the Issuing Agent will not compensate the Noteholders for any such expenses.</p> |

6.3.2. Special Undertakings of the Issuer

So long as any Notes remain outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Section. The Issuer shall notify the Noteholders and the Trustee about any breach of the Special Undertakings set forth in this Section.

6.3.2.1. Collateral

Establishment, release and realisation of the Collateral

The Notes to be issued under this Base Prospectus are secured by a first ranking mortgage over the Collateral under the Collateral Agreement.

The Collateral Agreement secures all present and future obligations and liabilities of the Issuer to any Noteholders and the Collateral Agent that are due at any time under the General Terms and Conditions for the issuance of up to EUR 67,000,000 in aggregate principal amount of notes dated 28 April 2023, including but not limited to the Final Terms (as defined therein), as it may be amended, supplemented or otherwise modified or acceded to from time to time, as approved by the General Meeting of the Shareholders of the Issuer as of 27 April 2023 in the amount of up to EUR 67,000,000 and additional amount of EUR 20,100,000 securing payment of penalties and compensation of the Noteholders' and/or Collateral Agent's losses incurred due to the Issuer's failure to perform the abovementioned secured obligation and/or improper performance thereof.

Asset valuation certificate for the Collateral will be ordered annually and will be made available for Investors at www.bc-hero.lt.

The Trustee shall take all actions that the Trustee as the Collateral Agent may reasonably take with the purpose to enforce the 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 the Issue Documents, and
- (ii) Noteholders' Meeting has adopted a decision to enforce the mortgage over the Collateral.

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

Application of the proceeds from realisation of the Collateral

In case the Issuer fails to timely redeem the Notes and/or pay interest on the Notes and enforcement on the Collateral is initiated, the proceeds from the Collateral shall be applied in the following order of priority:

- (i) as a first priority - to the satisfaction and payment of all fees, costs and expenses and damages (including, without limitation, state duties, notary fees, bailiff fees and valuation costs and fees, costs and expenses of third parties engaged in by the Collateral Agent) related to performance of its duties by, or otherwise payable to, the Collateral Agent under the Issue

Documents, including but not limited to the establishment, amendment, termination and realisation of the Collateral incurred by the Collateral Agent or any of the third parties engaged by the Collateral Agent, subject to approval of the Noteholders' Meeting and the rules and limitations provided in the Trustee Agreement;

- (ii) as a second priority (after the full satisfaction, payment and deduction of all claims and amounts that are satisfied with the first priority as set forth in Section above) - in payment of the claims of the Noteholders arising under the Prospectus and the Final Terms of which the Issuer has informed the Collateral Agent in writing, other than the Noteholders described in item iii. below;
- (iii) as a third priority (after full satisfaction, payment and deduction of all claims and amounts specified in items i. and ii. above) to discharge obligations towards the Noteholders that are Associated Companies.

The Trustee shall withhold the proceeds necessary for satisfying the costs, expenses specified in point (i) above and transfer the remaining proceeds to the Noteholders for satisfying their claims under point (ii) 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 Notes shall be satisfied pro rata.

The Trustee is not obliged to pay to the Noteholders 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 paid by the Trustee shall be reduced by amount of respective taxes and only the net amount shall be paid by the Trustee.

6.3.2.2. Financial reporting

The Issuer shall:

- (i) prepare and make available the annual audited Financial Reports of the Issuer (i) to the Trustee and (ii) on the Issuer's website and on the website of Nasdaq Vilnius First North not later than 4 (four) months after the expiry of each financial year;
- (ii) prepare and make available the quarterly interim unaudited Financial Reports (containing at least a balance sheet, income statement, cash flow statement, shareholder's equity statement) of the Issuer (i) to the Trustee and (ii) on the Issuer's website and on the website of Nasdaq Vilnius First North not later than 2 (two) months after the expiry of each relevant interim period;
- (iii) not later than 2 (two) months after the expiry of the quarter of the financial year of the Issuer shall prepare and make available to the Trustee information on LTC Ratio calculations (as described in Section 6.3.2.4 below).

6.3.2.3. General warranties and undertakings

The Issuer warrants to the Noteholders and the Trustee at the date of this Base Prospectus and for as long as any of the Notes are outstanding that:

- (i) The Issuer is a duly registered private limited liability company operating in compliance with the laws of Lithuania;
- (ii) All the Issuer's obligations assumed under the Issue Documents are valid and legally binding to the Issuer and performance of these obligations is not contrary to law;
- (iii) The Issuer has all the rights and sufficient authorizations and the Issuer has performed all the formalities required for issuing the Notes, the performance by the Issuer of the Issue Documents has been duly authorised and duly executed by the Issuer, and the Issuer has taken all necessary corporate actions, to execute and deliver its obligations under the Issue Documents;
- (iv) To the best of its knowledge, all information that is provided by the Issuer to the Trustee or the Noteholders in the Issue Documents is true, accurate, complete and correct as of the date of presenting the respective information and is not misleading in any respect;
- (v) The Issuer is solvent, able to pay its debts as they fall due, there are no liquidation or insolvency proceedings pending or initiated against the Issuer;
- (vi) To the best of its knowledge, there are no legal or arbitration proceedings pending or initiated against the Issuer which may have, or have had significant effects on the Issuer's financial position or profitability; and
- (vii) To the best of its knowledge, there are no criminal or misdemeanour proceedings pending or initiated against the Issuer.

6.3.2.4. Loan to Cost (LTC) Ratio

During the term of the Notes the Issuer's LTC Ratio shall not be higher than 80 %. The consequences of the breach of this undertaking are covered in Section 6.3.3 (v)(b) of this Prospectus. Based on Issuer's unaudited interim financial statements for the twelve months period ended 31 December 2023, the Issuer's LTC Ratio was 35%.

The LTC Ratio shall be calculated according to the below formula:

$$\text{LTC Ratio} = \text{Total Financial Obligations} / \text{Cost of the Project} \times 100\%$$

In this provision Total Financial Obligations means all the Issuer's financial obligations towards the Noteholders hereunder at a certain time. For the avoidance of doubt, the Total Financial Obligations shall not include the amounts in the bank accounts (if any), any shareholder loans and any other subordinated debt instruments.

As of 11 April 2023 (being the date of the Appraisal Report of the Project) the Cost of the Project means the sum of the market value of the Project of EUR 28,900,000 (twenty-eight million nine hundred thousand euro) established in the Appraisal Report. This sum will be subsequently re-estimated based on the respective Project development costs (excluding VAT) incurred at the date

of each subsequent appraisal report. The Costs of the Project shall only include direct costs related to the construction and development of the Project, including without limitation, invoices issued to the Issuer by any company acting as general contractor and for performing construction works and services in the Project; invoices issued by any company performing architecture and design works in the Project; invoices issued to the Issuer for other costs incurred by the Issuer in connection with the Project, such as notarial, registry, insurance premium costs and expenses.

The Trustee shall monitor the LTC ratio on:

- (i) each reporting date as established in Section 6.3.2.2(iii); and
- (ii) before releasing any payments to the Issuer after the issue of every Tranche of Notes (with the exceptions as provided in Section 6.2 *Reasons for the Offering and Use of Proceeds*),

in the manner provided in the Trustee Agreement.

6.3.2.5. Subordinated Debt

The Issuer undertakes to ensure that until full redemption of the Notes the Issuer will not directly or indirectly make any interest, principal or any other payments on or with respect to debt (granted in any form) by the direct and indirect shareholders of the Issuer and/or Associated Companies.

For the avoidance of doubt, this restriction shall not apply to any future debt (granted in any form) by the direct and indirect shareholders of the Issuer and/or Associated Companies, provided that the interest bearing on such debt is no higher than the Interest Rate under the Notes at a time of granting such debt. The Issuer may receive or repay (interest, principal or any other payment) such debt without any subordination to the Notes.

6.3.3. Events of Default

- (i) The Issuer shall notify the Noteholders and the Trustee about the occurrence of an Event of Default (and the steps, if any, taken to remedy it) in accordance with Section 6.3.7 *Notices* promptly upon becoming aware of its occurrence.
- (ii) If an Event of Default (as defined below) occurs, the Trustee shall request instructions from the Noteholders. By decision of the Noteholder's Meeting, the Event of Default notice (the "**Early Repayment Notice**") shall be given to the Issuer upon which the Notes and the Interest accrued on such Notes shall be prematurely due and payable, provided that an Event of Default is continuing on the date of decision of the Noteholder's Meeting. Payment in respect of such Notes will be made on the date which is the 20th (twentieth) Business Day following the receipt of the Early Repayment Notice.
- (iii) The Trustee shall request instructions from the Noteholders in what manner the Trustee should exercise or refrain from exercising any rights, powers and discretions with regard to the enforcement against the Issuer and enforcement of the Collateral. Upon such request, the Noteholders via the Noteholders' Meeting shall give their instructions or clarifications to the Trustee. The Trustee may refrain from acting unless and until the Noteholders' Meeting has provided the Trustee with requested instructions or clarifications.

- (iv) The Trustee shall be entitled to receive from the Issuer all information about the Noteholders required to execute its obligations hereunder.
- (v) Each of the following events shall constitute an event of default (an “**Event of Default**”):
 - a. **Non-payment:** The Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of Interest on the due date for payment thereof and the default continues for a period of 10 (ten) Business Days.
 - b. **Breach of other obligations:** (i) The Issuer is in material breach of the provisions of the Collateral Agreement or of the obligations established in the Section 6.3.2.2 of this Prospectus or is in breach of undertakings and warranties provided in Section 6.3.2.3 Items (i) and (iii) and Section 6.3.2.4 of this Prospectus and (ii) such breach is not rectified within 20 (twenty) Business Days from the Issuer becoming aware of such breach.
 - c. **Insolvency:**
 - i. The Issuer is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or the value of the assets of the Issuer is less than its liabilities;
 - ii. winding-up, dissolution, administration or reorganisation (in Lithuanian: *nemokumas, lividavimas, bankrotas, restruktūrizavimas*) (by way of voluntary agreement, scheme of arrangement or otherwise) of the Issuer;
 - iii. appointment of a liquidator, receiver, administrator, administrative receiver or other similar officer in respect of the Issuer or its assets.
- (vi) If the Issuer is declared insolvent, the agreement with the Trustee shall terminate. The Issuer shall notify the Trustee about being declared insolvent in accordance with Section 6.3.7 *Notices* promptly upon becoming aware of its occurrence.

6.3.4. Rights of the Noteholders

A Note is a fixed-term non-equity (debt) security under which the Company which is the Issuer of the Note becomes the debtor of the Noteholder and assumes obligations for the benefit of the Noteholder. The Notes are incorporeal and shall be fixed by entries in the securities accounts of their holders. The Notes of each respective Tranche shall grant their holders equal rights.

As from the Maturity Date of the Notes, Noteholders shall have a right to receive from the Company the nominal value of the Notes and the interest accrued and unpaid to dates, as indicated above, i.e. he/she/it shall have a right to require, that the Notes would be redeemed for their redemption price.

Noteholders 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 Noteholders, as well as the rights specified in the respective decision to issue Notes. The Noteholders shall have the following main rights:

- (i) to receive the cumulative interest accrued semi-annually;
- (ii) to receive the nominal value of Notes and the cumulative interest accrued and not yet paid on the Maturity Date of the Notes;
- (iii) to sell or transfer otherwise all or part of the Notes;
- (iv) to bequeath all or part of owned Notes to the ownership of other persons (applicable only towards natural persons);
- (v) to participate in the Noteholders' Meetings;
- (vi) to vote in the Noteholders' Meetings;
- (vii) to initiate the convocation of the Noteholders' Meetings following the procedure and in cases provided for in the Law on Protection of Interests of Bondholders;
- (viii) to adopt a decision to convene the Noteholders' Meeting following the procedure and in cases provided for in the Law on Protection of Interests of Bondholders;
- (ix) to obtain the information about the Issuer, the respective issue of Notes or other information related to the protection of his/her/its interests;
- (x) to receive from the Trustee a copy of the contract concluded between the Issuer and the Trustee;
- (xi) other rights, established in the applicable laws.

The rights of the Noteholders shall be executed during the term of validity of the respective Notes (from the Issue Date until the Maturity Date) according to the order, indicated in this Base Prospectus, Final Terms and the applicable Lithuanian laws.

6.3.5. Appointment of the Trustee

Pursuant to the Law on Protection of Interests of Bondholders the Trustee is appointed by the Issuer. By subscribing for Notes, each initial Noteholder authorises the Trustee to act as its agent in all matters relating to the Notes, this Base Prospectus and the Final Terms.

Duties of the Trustee:

- (i) to take actions in order that the Issuer fulfilled its obligations towards the Noteholders, including without limitation, Financial Reporting obligations set forth hereunder;
- (ii) to convene the Noteholders' Meetings;
- (iii) to publish information regarding the Noteholders' Meetings being convened under procedure of the Law on Protection of Interests of Bondholders;
- (iv) to provide the Noteholders' Meetings with all relevant documents and information;

- (v) to provide Noteholders' Meeting, in which the question is being addressed regarding approval of the enforcement measures in respect of Issuer's outstanding commitments to Noteholders, 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 Noteholders' Meetings;
- (vii) no later than within 5 Business Days as from the day of receipt of a request of the Noteholder's to provide information, to gratuitously present all the information about the Issuer, the issue of Notes or other information related to the protection of Noteholder's interests;
- (viii) no later than within 3 Business Days from the receipt date of the Noteholder's request to provide a copy of Trustee Agreement free of charge;
- (ix) to provide the Noteholders with all other information related to the protection of Noteholder's interests;
- (x) no later than on the next Business Day to inform the Issuer that the Trustee has lost the right to provide its services, or acquired legal status "in bankruptcy" or "in liquidation";
- (xi) Other duties established in the Trustee Agreement.

Main rights of the Trustee:

- (i) to receive the list of Noteholders from the Issuer;
- (ii) to receive the copy of the relevant corporate approvals of the Issuer to issue the Notes;
- (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 Noteholders' Meeting, to conclude contracts with third parties when it is necessary to ensure the protection of the interests of Noteholders;
- (v) to bring legal action for the purpose of safeguarding the rights of the Noteholders. The litigation costs shall be allocated as described in the Trustee Agreement;
- (vi) Receive payments on behalf of the Noteholders and distribute them to the Noteholders, as established in the Trustee Agreement.
- (vii) other rights established in the Trustee Agreement.

The Trustee is acting on behalf of and for the benefit of the Noteholders also acts as Collateral Agent under the Collateral Agreement.

6.3.6. Noteholders' Meeting

The Meetings of Noteholders, the Trustee's rights and obligations and other respective provisions in connection therewith, are described by the Law on Protection of Interests of Bondholders, Trustee Agreement, this Base Prospectus and the Final Terms.

The right to convene the Noteholders' Meeting shall be vested in (i) the Trustee, (ii) the Noteholders who hold no less than one-tenth of the Notes of the Issue, providing voting rights in the Noteholders' Meeting and (iii) the Issuer. As a general rule, the Noteholders' Meetings are convened by a decision of the Trustee. The Noteholders and Trustee shall have the right to attend the Noteholders' Meetings. The Trustee must attend the Noteholders' Meeting in cases when the Noteholders who hold no less than 1/10 of the Notes of the Issue providing voting rights in the Noteholders' Meeting approve such a need. The manager of the Issuer or its authorised person may also attend the Noteholders' Meeting, unless the Noteholders who hold no less than one-tenth of the Notes of the Issue providing voting rights in the Noteholders' Meeting oppose to it.

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

A notice of convening of the Noteholders' Meeting no later than 15 (fifteen) Business Days before the date of the Noteholders' Meeting shall be sent to each Noteholder via e-mail, 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. The notice of convening of the Noteholders' Meeting shall specify the details of the Issuer, the ISIN of the Notes, time, place and the agenda of the meeting.

The Trustee is obliged to ensure proper announcement on the convening of the Noteholders' Meetings.

The Noteholders' Meeting may be convened without observing the above terms, if all the Noteholders having voting rights in the Noteholder's Meeting consent to it in writing.

A Noteholders' Meeting may make decisions and shall be held valid if attended by the Noteholders who hold more than ½ of Notes providing voting right in the Noteholders' Meeting. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the Noteholders' Meeting. If the quorum is not present, the Noteholders' Meeting shall be considered invalid and a repeated Noteholders' Meeting shall be convened. A repeated Noteholders' 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 Noteholders' Meeting which was not held. The Noteholders must be notified of the repeated Noteholders' Meeting not later than 5 Business Days before the repeated Noteholders' Meeting following the order, indicated above.

One Note carries one vote, except for the Notes held by the Issuer and by the Associated Companies, which shall not carry the right to vote at the Noteholders' Meetings (or any Noteholders' decision made in writing). A decision of the Noteholders' Meeting shall be considered made if more votes of the Noteholders, participating in the Noteholders' 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 Noteholders' Meetings, unless that meeting decides otherwise. The meeting must also elect the secretary thereof. Minutes of the Noteholders' Meeting shall be taken. The minutes shall be signed in 2 copies (one to the Issuer and one to the Trustee) by the chairman and the secretary of the Noteholders' Meeting.

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

The Noteholders' Meeting shall take the following decisions which shall bind all the Noteholders:

- (i) to remove the Trustee from its position and appoint a new Trustee (which shall meet the requirements of the applicable laws), and to oblige the Issuer to terminate the contract with the existing Trustee and to conclude the contract with the new appointed Trustee;
- (ii) 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 Noteholders;
- (iii) to approve measures suggested by the Issuer in respect of the failed obligations of the Issuer to the Noteholders. This decision shall be adopted by a qualified majority of no less than $\frac{3}{4}$ of Noteholders, participating in the Noteholders' Meeting and having a voting right;
- (iv) to determine, which information the Trustee will have to provide to the Noteholders' Meetings periodically or at the request of the Noteholders and to establish the procedure of provision such information;
- (v) to adopt other decisions which according to the provisions of Law on Protection of Interests of Bondholders are assigned to the competence of the Noteholders' Meeting.

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

Minor modification: The Notes, this Base Prospectus and the Final Terms may be amended by the Issuer without the consent of the Noteholders to correct a manifest error or is to comply with mandatory provision of the applicable law. In addition, the Issuer shall have a right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, if such amendments are not prejudicial to the interests of the Noteholders.

6.3.7. Notices

Noteholders shall be advised of matters relating to the Notes by a notice published in English and Lithuanian on the Issuer's website at www.bc-hero.lt, and after Admission to trading on www.nasdaqbaltic.com. Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified in this Section.

6.3.8. Payments to Noteholders

Payments of amounts (whether principal, interest or otherwise, including on the Redemption Date) due on the Notes will be made to the Noteholders thereof, as appearing in Nasdaq CSD on the fifth (5th) Business Day preceding the due date for such payment (the "**Record Date**"). Payment of amounts due on the final redemption of the Notes will be made simultaneously with deletion of the Notes. The Noteholders shall not be required to provide any requests to redeem the Notes, as upon Maturity Date of the Notes, the nominal value thereof with the cumulative interest accrued shall be

transferred to the accounts indicated by the Noteholders without separate requests/requirements of the Noteholders. As of that moment the Issuer shall be deemed to have fully executed the obligations, related to the Notes and their redemption, disregarding the fact, whether the Noteholder actually accepts the funds or not. In case requisites of the account of the Noteholder changes, he/she/it shall have an obligation to promptly inform the Issuer thereof.

6.3.9. Taxation

The section gives a general overview of taxation in the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia in relation to the Notes 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 below. 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 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 Notes 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 or Estonian tax legislation.

6.3.9.1. Republic of Lithuania

A “**resident individual**” means an individual whose permanent place of residence is in Lithuania, or whose personal, social or economic interests are located in Lithuania or who is present in Lithuania continuously or intermittently for at least 183 days in the relevant tax period or at least 280 days in two consecutive tax periods and at least 90 days in one of these tax periods, and a “**resident entity**” means an entity which is legally established in Lithuania.

A “**non-resident individual**” means an individual whose permanent place of residence is outside Lithuania and whose personal, social or economic interests are located outside Lithuania and who is present in Lithuania for less than 183 days in the relevant tax period and less than 280 days in two consecutive tax periods and less than 90 days in one of these tax periods, and a “**non-resident entity**” means an entity which is not legally established in Lithuania.

Taxation of non-resident entities acting through a permanent establishment in Lithuania is the same as that of resident entities defined above, if such a non-resident entity earns interest income through its permanent establishment in Lithuania. Therefore, it is not separately outlined in the further sections of this Base Prospectus. For relevant details on the taxation of Lithuanian permanent establishments as Noteholders, please refer to the taxation of resident entities.

Taxation of non-resident individuals acting through a fixed base in Lithuania is the same as that of resident individuals defined above, if such a non-resident individual earns interest income performing activity through a fixed base in Lithuania.

Taxation of interest

Payments to individuals

Payments in respect of interest on the Notes (including, to the extent applicable, the difference between the redemption price and the issue price of the Notes) to a resident or non-resident individual will be subject to personal income tax at progressive tax rates of (i) 15%, if the total amount of income (excluding income from employment, self-employment, dividends, remuneration of board members and certain other types 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 Statistics Lithuania (in 2023, this figure would be EUR 202,188 and in 2024 this figure would be EUR 228,324) and (ii) 20%, which will apply to any income (excluding income from employment, self-employment, dividends, remuneration of board members and certain other types of income) received by an individual during a calendar year, exceeding the aforementioned threshold. Separate double taxation treaties with the Republic of Lithuania can provide for a lower tax rate for non-residents.

The total amount of interest (including interest on the Notes) received during a calendar year not exceeding EUR 500 will not be subject to the personal income tax. The personal income tax is to be paid by a resident individual himself/herself. When interest is earned by a non-resident individual, the interest-paying Lithuanian entity or a permanent establishment of a foreign entity is to withhold the 15% tax and if it turns out at the end of the year that a part of the amount was subject to the 20% rate, the individual is to pay the difference himself/herself.

Payments to entities

Payments in respect of interest on the Notes (including, to the extent applicable, the difference between the redemption price and the issue price of the Notes):

- (i) to a resident entity will be included into calculation of its taxable profit. Taxable profit will be subject to the 15% corporate income tax (5% for small-sized entities).
- (ii) to a non-resident entity, which is registered or otherwise organized in a state of the European Economic Area or in a state with which the Republic of Lithuania has concluded and brought into effect a double tax treaty, will not be subject to the withholding tax in Lithuania.
- (iii) to a non-resident entity other than those listed above will be subject to the 10% withholding tax.

If an interest-paying person is unable to identify the Holder of the Notes and determine such Holder's eligibility for a lower tax rate or exemption from the withholding tax, payments of interest in respect of the Notes to any such Holder of Notes (including, to the extent applicable, the difference between the redemption price and the issue price of the Notes) will be subject to the 15% withholding tax to be withheld.

Taxation on Disposition of Notes

Payments to individuals

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident individual will be subject to progressive tax rates of (i) 15%, if the total amount of income (excluding income from employment, self-employment, dividends, remuneration of board members and certain other types of income) received by a resident individual during a calendar year does not exceed the sum of 120 Lithuanian gross average salaries (in 2023, this figure would be EUR 202,188 and in 2024 this figure would be EUR 228,324) and (ii) 20%, which will be applied to any income (excluding income from employment, self-employment, dividends, remuneration of board members and certain other types of income) received by a resident individual during a calendar year, exceeding the aforementioned threshold. Any capital gains received from the sale of securities (including the Notes) during a calendar year not exceeding EUR 500 will not be subject to the personal income tax. The tax relief will not apply if the sale proceeds are received from entities established in a tax haven or from individuals whose permanent place of residence is in a tax haven.

The disposition of the Notes by non-resident individuals will not be subject to any Lithuanian income or capital gains tax.

Payments to entities

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident entity will be included into calculation of its taxable profit. Taxable profit will be subject to the 15% corporate income tax (5% for small-sized entities).

The disposition of the Notes by non-resident entities will not be subject to any Lithuanian income or capital gains tax.

6.3.9.2. Republic of Estonia

A “**resident individual**” means an individual residing in Estonia or who stays in Estonia for at least 183 days over the course of a period of 12 consecutive calendar months. A person shall be deemed to be a resident as of the date of his or her arrival in Estonia. Estonian diplomats who are in foreign service are also considered residents.

A “**resident legal person**” means a person established pursuant to Estonian law.

A “**non-resident**” means an individual or a legal person who is not deemed to be a resident as it is defined above. The provisions concerning non-residents also apply to a foreign association of persons or pool of assets (excluding contractual investment funds) 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.

A non-resident shall pay income tax imposed on certain types of incomes derived from Estonian sources (limited tax liability). Generally, the income of a non-resident legal person shall be declared, and income tax shall be imposed, withheld and paid pursuant on the same conditions and procedures as in the case of a non-resident natural person.

A non-resident legal person who has a permanent establishment in Estonia shall pay income tax pursuant according to the procedure provided for taxation of permanent establishments, which is similar to taxation of resident legal entities. Therefore, it is not separately outlined in the further sections of this Prospectus. For relevant details on the taxation of Estonian permanent establishments as Noteholders, please refer to the taxation of resident entities.

A non-resident natural person who is acting through a permanent establishment in Estonia shall pay income tax pursuant to the procedure provided for the taxation of business income. Taxation is the same as that of residents defined above, if such a non-resident's interest income is considered a business profit.

Taxation of interest income derived from a non-resident company

Interest payments to individuals

Payments in respect of interest on the Notes payable by the non-resident issuer of Notes to an Estonian tax resident natural person will be subject to Estonian personal income tax at a tax rate of 20%. The tax rate will increase to 22% from 1 January 2025. Estonian natural person taxpayers can defer income tax liability by purchasing the Notes through an investment account regime. Should the issuer of Notes pay or withhold income tax on the interest payments at source, Estonian natural person taxpayer may be deducted from income tax payable in 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.

Taxable income of natural persons who are not Estonian tax residents consists only of certain income from Estonian sources. Income tax is generally not charged on interest received by an Estonian tax non-resident. Withholding income tax at a rate of 20% (22% from 1 January 2025) is charged only on interest received from a holding in a contractual investment fund or other pool of assets of whose property, at the time of the transfer or during a period within two years before transfer, more than 50 per cent was directly or indirectly made up of immovables or structures as movables located in Estonia and in which the non-resident had a holding of at least 10 per cent at the time of transfer. We understand such taxable event is not relevant in the current case.

Interest payments to entities

Payments in respect of interest on the Notes to an Estonian tax resident legal persons are not subject to income tax upon receipt by such legal entity. The system of corporate earnings taxation in Estonia shifts from the moment of earning the profits to the moment of their distribution.

Generally, payments by non-resident issuer in respect of interest on the Notes to a Estonian non-resident legal person are not subject to income tax. Interest earned on income by a non-resident (not acting through a permanent establishment) from an Estonian source will be subject to withholding income tax at a rate of 20%, 22% from 1 January 2025, only in case it is derived from a holding in a contractual investment fund or other pool of assets of whose property, at the time of the transfer or during a period within two years before transfer, more than 50 per cent was directly or indirectly made up of immovables or structures as movables located in Estonia and in which the non-resident had a holding of at least 10 per cent at the time of transfer. We understand this is not relevant in this transaction.

Taxation on Disposition of Notes

Payments to individuals

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident will be subject to a personal income tax at a rate of 20%, 22% from 1 January 2025. Estonian natural person taxpayers can defer income tax liability by purchasing the Notes through an investment account regime. Should the seller pay or withhold income tax on the capital gains source, Estonian natural person taxpayer may be able to deduct from income tax payable in 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.

The disposition of the Notes by non-residents will not be subject to Estonian income tax on capital gains.

Payments to entities

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident legal person are not subject to income tax upon receipt. The system of corporate earnings taxation in Estonia shifts the moment of corporate taxation from the moment of earning the profits to the moment of their distribution.

The disposition of the Notes by a non-resident legal person will not be subject to Estonian income tax on capital gains. Should the non-resident sell the Notes that are attributed to its Estonian permanent establishment, the Estonian tax treatment is similar to the taxation of capital gains received by Estonian tax resident corporate entities.

6.3.9.3. Republic of Latvia

A “**resident individual**” means an individual (i) whose declared place of residence is in the Republic of Latvia or (ii) who stays in the Republic of Latvia 183 days or more within any 12-month period, starting or ending in the taxation year, or (iii) who is a citizen of the Republic of Latvia employed abroad by the government of the Republic of Latvia. A “**non-resident individual**” means an individual who is not a resident individual of the Republic of Latvia (as defined above).

A “**resident entity**” means an entity that is or should have been established and registered in the Republic of Latvia in accordance with the legislative acts of the Republic of Latvia. A “**non-resident entity**” means an entity which is not a resident entity of the Republic of Latvia (as defined above).

Permanent establishments of foreign entities are assimilated to resident entities for corporate income tax purposes with respect to income derived through this permanent establishment. Non-resident individuals acting through a fixed base in Latvia are assimilated to resident individuals for personal income tax purposes with respect to income derived through this fixed base.

Taxation of interest

Payments to individuals

The payments in respect of interest on Notes to resident individuals are subject to 20 percent personal income tax. The personal income tax is payable by self-assessment if resident individuals

receive income from a non-residency entity not having a permanent establishment in Latvia. Non-resident individuals are not subject to personal income on interest income from Notes unless they have derived income in Latvia (e.g. through a fixed base in Latvia).

If the investment in the Notes is made through an eligible investment account held with a licensed credit institution or an investment service provider which is a tax resident of Latvia, another EU/EEA Members State, OECD Member State or a tax resident of a country with whom Latvia has concluded a treaty for the avoidance of double taxation and fiscal evasion, personal income tax on interest income is deferred until the moment the income is distributed from this investment account to the investor. The personal income tax is levied at 20 percent on the part of the amount paid out of the eligible investment account which exceeds the amount paid into the account. In case a 20 percent tax on interest from the Notes has been already withheld at the moment of the payment of the interest to the investment account, this income is excluded from the taxable income derived from the investment account. In case the tax on interest from the Notes has been withheld at a rate lower than 20 percent, the part of this income is excluded from the taxable income derived from the investment account which is calculated rateably to the proportion between the applicable withholding tax rate and 20 percent tax rate. The personal income tax on this income is payable by self-assessment.

Payments to entities

The payments in respect of interest on Notes received by a resident entity and a non-resident entity operating through a permanent establishment in Latvia are not subject to corporate income tax in Latvia at the moment of the receipt of the interest. Latvian corporate income tax is levied on profit distributions, such as dividends, and implicit (disguised) 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 disguised distributions. Latvian corporate income tax 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 percent on the gross amount of the distribution (tax base is divided by 0,8 and then multiplied by the 20 percent rate).

The payments in respect of interest on Notes received by a non-resident entity without a permanent establishment in Latvia are not subject to corporate income tax in Latvia.

Taxation on Disposition of Notes

Payments to individuals

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident individual are subject to 20 percent personal income tax. The personal income tax is payable by self-assessment if resident individuals receive income from a non-residency entity not having a permanent establishment in Latvia. Non-resident individuals are not subject to personal income on capital gains on disposal of Notes unless they have derived income in Latvia (e.g. through a fixed base in Latvia).

If the investment in the Notes is made through an eligible investment account, personal income tax on capital gains is deferred until the moment the income is distributed from this investment account to the investor. The personal income tax is levied at 20 percent on the part of the amount paid out of the eligible investment account which exceeds the amount paid into the account (see “Taxation of interest – Payments to individuals” above). The personal income tax on this income is payable by self-assessment.

Payments to entities

Capital gains on disposal of the Notes received by a resident entity and a non-resident entity operating through a permanent establishment in Latvia are not subject to corporate income tax in Latvia at the moment of the receipt of the interest. Corporate income tax is levied only on the distributed profits and implicit (disguised) profits at the moment of the distribution of profits (see “Taxation of Interest – Payments to entities” above).

6.3.10. Governing Law and Jurisdiction

This Base Prospectus, the Final Terms and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Lithuania.

Any dispute or claim arising out of or in relation to this Prospectus, including any non-contractual obligation arising out of or in connection with the Notes, shall be finally settled by the courts of the Republic of Lithuania.

6.4. Terms and Conditions of the Offer

General Information

As indicated in this Base Prospectus, it is designated to (i) Notes issue Programme for the Offering of Notes of the Company in the amount of up to EUR 53,500,000 (being a part of total EUR 67,000,000 Issue) and (ii) Admission of the issued Notes of the Issue to trading on the First North Bond List of Nasdaq Vilnius First North.

This Prospectus will be valid for 12 months from its approval by the Bank of Lithuania. The Issuer may issue Notes up to an aggregate principal amount of EUR 53,500,000. The Notes shall be issued and offered in Tranches. In case of expiry of this Prospectus, new Tranches of the Notes 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 terms and conditions of each Tranche shall consist of (i) the General Terms and Conditions of the Notes which are identified in Sections 6.3 *Information Concerning the Securities to be Offered and Admitted to Trading* and 6.4 *Terms and Conditions of the Offer* and which shall apply to each Tranche and (ii) the Final Terms. Thus, the Notes of each of the Tranches will generally be subject to the same terms, except that the following may differ, as specified in the respective Final Terms of the respective Tranche: the Issue Dates, Issue Prices of Notes, Maturity Date and annual interest rates.

The aggregate principal amount of the Notes of each of the Tranches shall be specified in the Final Terms. The Issuer may decrease the aggregate principal amount of a Tranche as set out in the Final Terms during the Subscription Period of that Tranche.

General Structure of the Offering

This Programme consists of: (i) public Offering of Notes to Retail Investors and Institutional Investors in the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia 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 Latvia and/or the Republic of Estonia.

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

- (i) the Subscription Orders as to acquisition of the Notes of the respective Tranche shall be submitted by the Investors through any credit institution or an investment firm that is licensed to provide such services within the territory of the Republic of Lithuania, the Republic of Latvia or the Republic of Estonia or to the Issuer or to the Arranger and paid according to the order, described in this Base Prospectus and in the Final Terms of the respective Tranche;
- (ii) based on the decision of the Issuer the Notes shall be finally allocated to the Investors;
- (iii) the Notes shall be registered with Nasdaq CSD and distributed to the Investors;
- (iv) the Notes will be introduced to trading on Nasdaq Vilnius First North.

Subscription Procedure; invalidity of the Subscription Orders

The subscription period for each respective Tranche (the “**Subscription Period**”) will be specified in the Final Terms, if any additional information shall be provided. The Investors wishing to subscribe/purchase the Notes shall submit their orders to acquire the Notes (the “**Subscription Orders**” or “**Subscriptions**”) at any time during the Subscription Period.

The Subscription Orders may be submitted through any credit institution or an investment firm that is licensed to provide such services within the territory of the Republic of Lithuania, the Republic of Latvia or the Republic of Estonia, or to the Arranger. In case of the auction through Nasdaq Vilnius AB (“**Nasdaq Vilnius**”) stock exchange, the Final Terms may prescribe that Subscription Orders may only be submitted through financial institutions that are participants of Nasdaq Vilnius.

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

Total amount of the Notes to be acquired and indicated in each Subscription Order shall be for at least Minimum Investment Amount. The procedure of submission of the Subscription Orders will be specified in the Final Terms, if any additional information shall be provided.

Subscription Orders by the same legal entity or person will be aggregated into one, if all order parameters (except the purchase amount) are the same.

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

The Subscription Orders shall not be considered valid and shall not be processed in case the purchase amount indicated in the Subscription Orders is less than the Minimum Investment Amount or the

Subscription Orders were received after the Subscription Period. Neither the Issuer, nor the Issuing Agent, nor the Arranger has any obligation to inform the Investors about the fact that their Subscription Orders are invalid.

Place of Subscription

The places (exact addresses or other places, which also includes technical means of Nasdaq Vilnius) here the Subscriptions will be accepted will be indicated in the Final Terms.

Subscriptions will be accepted on the Subscription Orders, which will be available on the websites of the Issuer and/or of the Arranger and at the address (-es) indicated in the Final Terms and/or on the website of Nasdaq Vilnius, in case its technical means shall be used for the Subscription.

Subscriptions will be accepted if Investors have a brokerage account agreement with the Issuing Agent or other entities of their choice, which are licensed to provide such services within the territory of the Republic of Lithuania and/ or the Republic of Latvia and/or the Republic of Estonia.

Firms managing securities portfolios on a discretionary basis will have to place subscription orders for the Notes 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.

General information regarding the Subscription procedure

At the time of placing the Subscription Orders, Investors shall be required to make an irrevocable instruction for depositing the Notes in a securities account maintained in their name and opened 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 Latvia and/or the Republic of Estonia.

By placing a Subscription Order, each Investor will be deemed to have read this Base Prospectus, the Company's Articles of Association and the contract between the Company and the Trustee and accepted their content, as well as have read the Final Terms of the respective Tranche of Notes, consented to being allotted a lower number of Notes than the number specified in such Investor's Subscription Order, or to not being allotted any Notes at all, pursuant to the terms and conditions of the Offering.

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 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, the Issuing Agent or the Arranger, during the Subscription Period and in accordance with all requirements set out in the terms and conditions of the Offering.

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

Institutional Investors' Subscription Procedure

Institutional Investors will also be entitled to place multiple Subscription Orders.

The Institutional Investors should contact the Arranger 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.

Withdrawal of the Subscription Orders

Subscription Orders for the Notes of the respective Tranche may be withdrawn (and new orders placed) at any time until the end of the Subscription Period of the respective Tranche. An Investor will be liable for the payment of all fees charged by the intermediary, used by the Investor for Subscription of Notes in connection with the withdrawal or amendment of the Subscription Order.

Furthermore, a Subscription for the Notes may also be withdrawn when after the start of the Offering, a supplement is made public concerning an event or circumstances occurring before the allotment of the Notes, of which the Issuer became aware before the allotment. The Investor who has made a Subscription before the publication of the supplement may withdraw such Subscription by submitting a written statement to the institution where the subscription was made, within 2 (two) Business Days as from the date of the publication of the supplement.

The above right of Investors to withdraw their Subscriptions shall only apply to the relevant Tranche and not to any other Tranches of Notes under this Base Prospectus.

The repayments will be made (or the blocked funds will be released) in accordance with the Subscription Order within 3 (three) Business Days after making the statement on the Subscription cancellation.

Pricing

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

The Issue Price shall be determined by the Issuer together with the Arranger and shall be specified in the Final Terms.

Placing and Underwriting

Redgate Capital AS, reg. No. 11532616, address: Pärnu mnt 10, Kesklinna linnaosa, 10148 Tallinn, Harju maakond, Estonia is appointed as the Arranger acting on behalf of the Issuer for the purposes of the Offering in the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia.

No underwriting agreement has been signed with the Arranger, nor with any other person for the purposes of this Offering.

No Assignment or Transfer

Rights arising out of this Prospectus in relation to the subscription for the Notes (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 Notes

By submitting a Subscription Order, each Investor shall authorise and instruct the institution operating the Investor's cash account connected to investor's securities account (which may or may not also be the financial institution through which the Subscription Order is being submitted) to immediately block the whole transaction amount on the Investor's cash account until the payment for the allotted Notes is completed or until funds are released in accordance with this Prospectus. The transaction amount to be blocked will be equal to the Offer Price multiplied by the amount of the Notes that the respective Investor wishes to subscribe for. An Investor may submit a Subscription Order only when there are sufficient funds on the cash account. If blocked funds are insufficient, the Subscription Order will be deemed null and void to the extent funds are insufficient.

The Investors who have not been allotted any Notes or whose Subscriptions have been reduced will receive reimbursements of the payment made upon placing the Subscription Order (or the blocked funds will be released) in accordance with instructions provided by each such Investor, as required under the procedures applicable in the investment firm with which the Subscription Order was placed. The reimbursement will take place (or the blocked funds will be released) within 10 (ten) Business Days as from the end of the Subscription Period or from the date of the publication of the supplement to this Base Prospectus on the cancellation of the Offering. The payments shall be returned (or the blocked funds will be released) without any reimbursement for costs incurred by the Investors in the course of subscribing for the Notes, and shall be net of all transfer expenses and without interest.

Payments for the Notes are interest free.

Allotment

On the next Business Day following the end of the Subscription Period or about that date the Issuer together with the Arranger will decide whether to proceed with the Offering of the Notes of a Tranche or cancel the Offering of the respective Tranche.

In case the Offering of the Notes of a Tranche is cancelled, the Issuer will publish an announcement on its website as well as submit this information to the Bank of Lithuania.

In case the Issuer decides to proceed with the Offering of the Notes of a Tranche, on the next Business Day following the Subscription Period or about that date the Issuer together with the Arranger will establish the exact amount of the Notes to be allotted with respect to each Subscription Order.

As a general principle, if the total number of the Notes subscribed for is equal to or less than the number of the Notes and the Issuer decides to proceed with the Offering of the respective Tranche of Notes, the Notes will be allotted based on Subscription Orders placed.

In case the total number of the Notes subscribed for is higher than the number of the Notes and the Issuer decides to proceed with the Offering and it is decided to reduce the Subscriptions placed, in case of Retail Investors, the proportionate reduction principle would be applicable and the Issuer will not give preferential treatment or discriminate against and between Retail Investors. As far as the allotment to the Institutional Investors is concerned, the Notes may be allocated to them at an entirely discretionary manner of the Issuer.

If any additional provisions would be applied to allocation of the separate Tranche Notes, these will be specified in the Final Terms for the Offering of the relevant Tranche.

The Issuer and the Arranger will not be obliged to allocate any Notes to any Investors participating in the Offering. Furthermore, there will be no target minimum individual allotment to the Investors.

Confirmations

After completion of the allotment on the next Business Day following the Subscription Period or about that date the Arranger shall submit a trade confirmation (the “**Confirmation**”) to those Investors, who have submitted Subscription Orders directly to them. In case the Subscription Order is placed through any other credit institution or investment firm that is licensed to provide such services within the territory of the Republic of Lithuania, the Republic of Latvia or the Republic of Estonia, the Confirmation will be submitted to the Investors by such institution. The Confirmation will evidence the extent of satisfaction or rejection of the Subscription Order submitted by the Investor, the number of Notes allotted to the Investor.

Cancellation, Suspension or Postponement of the Offering

The Issuer may cancel the Offering of Notes of any Tranche, upon recommendation of the Issuing Agent, the Arranger or at its own initiative, at any time prior to the Settlement Date without disclosing any reason for doing so. The Issuer may also change the dates of opening and closing of the Subscription Period, or decide that the Offering of any of the Tranche will be postponed and that new dates of the Offering will be provided by the Issuer later.

The Issuer may cancel the Offering, upon recommendation of the Issuing Agent or the Arranger if the Issuer considers it impracticable or inadvisable to proceed with the Offering. Such reasons include, but are not limited to: (i) suspension or material limitation of trading in securities generally on Nasdaq Vilnius, as well as any other regulated market (stock exchange) in the EU and the United States; (ii) sudden and material adverse change in the economic or political situation in Lithuania or worldwide; (iii) a material loss or interference with the Issuer’s business, or (iv) any material change or development in or affecting the general affairs, management, financial position, shareholders’ equity or results of the Issuer’s operations. In such an event, Subscriptions for the Notes that have been made will be disregarded, and any Subscription payments made will be returned (or the blocked funds will be released) without interest or any other compensation.

If the Offering is suspended, the Issuer may decide that the Subscriptions made and payments made (or the blocking of funds) will be deemed to remain valid, however, for no longer than 7 (seven) Business Days. In such case, the Investors will be allowed to withdraw Subscriptions made by submitting a relevant statement to that effect within 2 (two) Business Days after the report on the suspension is announced.

Any decision on cancellation, suspension, postponement or changes of dates of the Offering will be published in a manner compliant with applicable regulations, as well as market practices in Lithuania.

If the Offering is cancelled or suspended, Investors who placed Subscription Orders and paid for the Subscription will get their payments back (or the blocked funds will be released):

- if the Offering is cancelled – within 3 (three) Business Days after the public announcement by the Company of the Offering cancellation;
- if the Offering is suspended – within 3 (three) Business Days after the date on which the Investor has made a statement cancelling his/her/its Subscription or 3 (three) Business Days after the date that the Issuer announces that the placed orders are not valid.

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

6.5. Admission to Trading

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

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

The Issuer expects that the Notes of the respective Tranche shall be admitted to trading on the First North Bond List within 6 (six) 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 Notes remain listed on the First North Bond List. 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 Notes.

The Issuer will cover all costs which are related to the admission of the Notes to the First North Bond List.

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

6.6. Form of the Final Terms

The Form of Final Terms is enclosed as Annex 1 to this Base Prospectus.

6.7. Additional Information

Issuing Agent

The Issuer has appointed **AB Šiaulių bankas**, a bank licensed in Lithuania, legal entity code 112025254, address Tilžės g. 149, Šiauliai, Lithuania, as the Issuing Agent for the issue of the Notes under this Base Prospectus and the Final Terms.

Arranger

The Issuer has appointed **Redgate Capital AS**, a company established in Estonia, reg. No. 11532616, address: Pärnu mnt 10, Kesklinna linnaosa, 10148 Tallinn, Harju maakond, Estonia, as the Arranger for the issue of the Notes under this Base Prospectus and the Final Terms.

Placement Agreements

On 16 September 2022 the Issuer has entered into Advisory Services Agreement with the Arranger and on 4 April 2023 the Issuer has entered, into an Agreement for Provision of Investment Services with the Issuing Agent, both in respect of the Programme, and where the Issuing Agent and the Arranger committed to undertake certain actions in connection with organization of the Offering and Admission.

The Issuer and the Issuing Agent and the Arranger do not expect to enter into an underwriting agreement.

The Issuing Agent and the Arranger will act as an offering agent with respect to the Notes for the purposes of the Offering and Admission.

Following the preliminary calculations, the Issuer's expenses, related to this Offering and Admission, shall comprise up to EUR 1 mln (including the fees for the Issuing Agent, the Arranger, the legal counsel, fees to the Bank of Lithuania for approval of the Prospectus, fees to Nasdaq CSD and Nasdaq Vilnius First North and fees for the preparation of the Prospectus).

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

Documents Available

Throughout the period of validity of this Prospectus, the documents, indicated in Section 1.5 Information Incorporated by Reference will be available to the Investors.

No Market Maker for the Bonds

The Company has not signed any market maker agreement regarding market making for the Notes to be issued under the Programme.

Certified Advisor

The Issuer intends to appoint **Law firm Sorainen** as certified advisor for the purposes of Admission of the Notes to trading on First North Bond List.

Audited Information

The annual financial statements for the years ended 31 December 2022 and 31 December 2021 were prepared in accordance with the IFRS and audited by Grant Thornton Baltic UAB, legal entity code 300056169, address at Upės str. 21-1, Vilnius, Lithuania, tel. +37052127856, audit license number 001513. The audit for the year 2022 and 2021 was executed by auditor Darius Gliubicas, auditor's licence No 000594.

No other information contained in the Prospectus was audited.

ANNEX 1 - FINAL TERMS

FINAL TERMS

FOR TRANCHE [●] of UAB “Sostinės bokštai”

Issue of up to EUR 53,500,000 (being part of the total EUR 67 000 000 Issue) Notes due 2026 under the Base Prospectus dated 12 March 2024

Terms used herein shall be deemed to be defined in the Base Prospectus of the Programme for the Offering of Notes of UAB Sostinės bokštai in the amount of up to EUR 53,500,000 (being a part of total EUR 67,000,000 Issue) and Admission of the issued Notes to trading on the First North Bond List dated [●]. This document constitutes the Final Terms of Tranche No. [●] of the Notes described herein and must be read in conjunction with the Base Prospectus in order to obtain all relevant information. Full information on the Offering of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus and other Issue Documents. In case of any discrepancy between the Base Prospectus and these Final Terms, the Final Terms shall prevail.

The terms not defined herein, shall have the meaning given to them in the Base Prospectus.

The Final Terms and the Base Prospectus have been published on the Issuer’s website www.bc-hero.lt, on the Arrangers website [●], as well as on www.nasdaqbaltic.com. Copies may also be obtained from the registered office of the Issuer at the address Ozo st. 12A-1, Vilnius, Lithuania.

| | | |
|-----|--|--|
| 1. | Issuer: | UAB “Sostinės bokštai” |
| 2. | Legal Entity Identifier ("LEI") of the Issuer: | 9845009C3QBB08EFB768 |
| 3. | ISIN: | LT0000407629 |
| 4. | CFI: | DBVUGR |
| 5. | FISN: | SOSTINES BOKSTA/BD 629 20260518 |
| 6. | Approval of the Tranche | The issue of the Tranche was authorised by the resolution of the shareholders of the Issuer, dated [●] |
| 7. | Tranche Number: | [●] |
| 8. | Specified Currency: | Euro (EUR) |
| 9. | Aggregate Nominal Amount of the Tranche: | Up to EUR [●] |
| 10. | Issue Price: | [●] |
| 11. | Specified Denominations: | EUR 1,000 |
| 12. | (i) Issue Date of the Tranche: | [●] |
| | (ii) First Issue Date: | 18-05-2023 |

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|-----|--|---|
| 13. | Maturity Date: | 18-05-2026 |
| 14. | Final Redemption Amount: | Subject to any early redemption, the Notes will be redeemed on the Maturity Date at 100% per Nominal Amount |
| 15. | Put/Call Options: | Issuer Call |
| | | See Section 6.3 item <i>Maturity (redemption) date and principal repayment</i> . |
| 16. | (i) Status of the Notes: | Secured |
| | (ii) Collateral: | 1 st rank mortgage over: <ul style="list-style-type: none"> (i) the land plot, total size 0.6979 ha, unique No. 4400-6123-4635, address Kalvarijų st. 24, Vilnius, Lithuania, cadastral No. 0101/0032:1181; (ii) the building – office building, unique No. 1099-4035-8012, address: Kalvarijų st. 24A, Vilnius, Lithuania; (iii) the building – office building, unique No. 4400-5858-8104, address: Kalvarijų st. 24, Vilnius, Lithuania. |
| | (iii) Principal amount secured by the Collateral Agreement: | EUR 67,000,000 |
| | (iv) Maximum amount under the maximum mortgage, securing only the payment of penalties (including default interest, premium and fines) and compensation for the secured parties' losses secured by the Collateral Agreement: | EUR 20,100,000 |

PROVISIONS RELATING TO INTEREST PAYABLE

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| 17. | Floating Rate Note Provisions | |
| | (i) Interest Rate: | Interest base rate of 6-month EURIBOR plus a margin of 6% per annum as set forth in Section 6.3 of the Base Prospectus, item <i>Interest rate and dates of payment thereof</i> . |
| | (ii) Interest base rate determination: | 6-month EURIBOR value 5 (five) Business Days before the commencement of a respective Interest Period |

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| | (iii) Interest Period: | Each period beginning on the previous Interest Payment Date and ending on (but excluding) the Maturity Date or relevant Interest Payment Date. Interest accrues semi-annually. |
| | (iv) Interest Payment Date(s): | 18 May and 18 November, subject to Business Day Convention. |
| | (v) Day Count Fraction: | Act/365 |
| GENERAL PROVISIONS APPLICABLE TO THE NOTES | | |
| 18. | Form of Notes: | The Notes are issued in book-entry form. The Notes are not convertible to the shares of the Issuer. The Notes shall be valid from the date of their registration until the date of their redemption. No physical certificates will be issued to the Noteholders. Principal and interest accrued will be credited to the Noteholders' accounts through Nasdaq CSD. |
| OFFERING OF NOTES | | |
| 19. | Issuing Agent: | Šiaulių bankas, AB, reg. No 112025254, address: Tilžės st. 149, 76348 Šiauliai, Lithuania. |
| 20. | Arranger: | Redgate Capital AS, reg. No. 11532616, address: Pärnu mnt 10, Kesklinna linnaosa, 10148 Tallinn, Harju maakond, Estonia. |
| 21. | Subscription Period | [●] – [●] (Vilnius time) |
| 22. | Allocation Date | [●] |
| 23. | Settlement Date | [●] |
| LISTING AND ADMISSION TO TRADING | | |
| 24. | Listing: | [●] |
| OTHER INFORMATION | | |
| 25. | Use of Proceeds: | The proceeds will be transferred to the Issuer and used to finance (or refinance), in part or in full, development of the Project, as described in Section 6.2 <i>Reasons for the Offering and Use of Proceeds</i> of the Base Prospectus. |
| 26. | Information about the securities of the Issuer that are already admitted to trading: | [●] |



Signed on behalf of the Issuer:

UAB "Sostinēs bokštai" General Manager on [●]

By:

Duly authorised

COMPANY

UAB Sostinės bokštai
Ozo g. 12A-1, Vilnius, Lithuania
Tel. +370 5 239 4816

ISSUING AGENT

Šiaulių bankas, AB
Tilžės g. 149, Šiauliai, Lithuania

ARRANGER

Redgate Capital AS
Pärnu mnt 10, Kesklinna linnaosa, 10148 Tallinn, Harju maakond, Estonia

LEGAL ADVISER

to the Company as to Lithuanian law
Lawfirm Sorainen and partners
Gedimino av. 44A, Vilnius, Lithuania

AUDITOR

Grant Thornton Baltic UAB
Upės str. 21-1, Vilnius, Lithuania