

JOINT STOCK COMPANY

“PN Project”

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR 2025

RIGA, 2026

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I PREPARATION OF THE STATEMENT

LEGAL BASIS

The Corporate Governance Statement for 2025 (hereinafter referred to as - the Report) of the joint stock company PN Project (hereinafter referred to as - the Company or PNP) is prepared upon fulfilling the requirements of Section 56.2, Paragraph 3 of Financial Instrument Market Law, Section 15.14 of Nasdaq Riga Rules On Listing and Trading of Financial Instruments on the Markets Regulated by the Exchange and on the basis of the Corporate Governance Code, issued by the Advisory Corporate Governance Council of the Ministry of Justice of the Republic of Latvia, developed in 2020, updated on 25.04.2024. The Corporate Governance Code is available on the website of the Ministry of Justice of the Republic of Latvia: www.tm.gov.lv. The Corporate Governance Code, issued in 2025 by the Advisory Corporate Governance Council of the Ministry of Justice of the Republic of Latvia, will be applied, if applicable, starting from 2026.

The Report of 2025 is prepared by the Management Board of the joint stock company PN Project (hereinafter referred to as - the Board). The Report is submitted to Nasdaq Riga, as well as being submitted on the website of the Company, [Preses Nams | Lords LB Asset Management](#) along with other reports.

MANAGEMENT REPORT

The successful development of the Preses Nama Kvartals Phase 1 project and financial data of JSC “PN Project” indicate that the Company's corporate governance in 2025 has been effective and the Company has achieved its set goals.

Considering that corporate governance is an ongoing process during which existing achievements are evaluated and further adherence to best practices within the Company is promoted, the Board of JSC “PN Project” has assessed the Company's compliance with the principles mentioned in the Corporate Governance Code. Evaluating both the Company's governance system and the adherence to the Corporate Governance principles in 2025, the Board concludes that in 2025, the corporate governance principles have been adhered to in the management of JSC “PN Project”, and explains the reasons in cases where any principles were not followed or were only partially followed.

The Board has approved the Corporate Governance Statement for 2025 of JSC “PN Project” in Riga, on April 29, 2026.

On behalf of the Board of JSC “PN Project”:

Povilas Urbonavičius, Chairman of the Board
Chairman of the Board

Igors Danilovs, Member of the Board
Member of the Board

II PRINCIPLES OF GOOD CORPORATE GOVERNANCE

STRATEGY OF THE COMPANY

The strategy of the company is a significant tool by which targets of the company as well as progress to long-term success and value increase are determined.

Principle No.1

The company has established a current strategy, determining corporate targets and progress towards the long-term values increase.

Criteria:

- 1.1 The company has a current strategy, the draft of which is developed by the company's Board.
- 1.2 The company's Council is involved in the strategy development process and approves the company's strategy at the Council meeting.
- 1.3 Subsequently, the company's Council oversees the implementation of the company's strategy.
- 1.4 The company's Board implements the strategy and regularly reports to the Council on the progress of strategy implementation.

PNP partially complies with this principle. The Company complies with the sole shareholder's, the closed-end real estate investment fund intended for informed investors Lords LB Special Fund V (further – "SFV") managed by UAB "Lords LB Asset Management" (further – Lords LB or Management Company), investment policy and strategy set out in SFV's Rules. PNP's Management Board regularly reports to the Supervisory Council as well as its sole shareholder SFV and its Management company.

COMPANY CULTURE AND ETHICAL BEHAVIOUR PRINCIPLES

The core principles of the internal culture and ethical conduct of the company and the values that they are based on are preconditions for the successful long-term development of the company.

Principle No.2

The company develops the Code of Internal Culture and Ethical Conduct, which shall serve as a standard of conduct for management and employees of the company.

Criteria:

- 2.1 The Supervisory Council defines the core values of the company.
- 2.2 The Code of Internal Culture and Ethical Conduct is prepared by the company's Board and approved by the Supervisory Council.

- 2.3 The company's Board ensures compliance with the Code of Internal Culture and Ethical Conduct during the daily activities of the company and responds in cases of establishment of a violation of the Code of Ethical Conduct.

PNP partially ensures compliance with this principle. The Company operates as an investment vehicle solely owned by SFV and indirectly follows general principles set out by the internal policies and procedures of Lords LB, such as Code of Conduct, Responsible investment policy, Conflict of interest avoidance policy and other.

INTERNAL CONTROL SYSTEM, RISK MANAGEMENT AND INTERNAL AUDIT

The purpose of the internal control system is to provide effective, sustainable, and successful operation of the company, truth and compliance of the provided information with the applicable laws, regulations and operating principles.

The purpose of risk management is to identify, assess, manage, and control potential events or situations in order to ensure assurance of the achievement of the strategic targets of the company.

The internal audit helps the company achieve its objectives by implementing systematic processes in order to assess and improve the efficiency of risk management, internal control, and governance processes.

Principle No.3

The company has an internal control system, the efficiency of which is supervised by the Supervisory Council.

Criteria:

- 3.1 The company has documented an internal control system, the establishment of which is under the responsibility of the company's Board.
- 3.2 The internal audit conducts an efficient assessment of the internal control system at least once per year, considering the pre-defined criteria, and reports the results of the assessment to the Supervisory Council.
- 3.3 The Supervisory Council evaluates the assessment provided on the efficiency of the internal control system at least once a year.

PNP partially complies with this principle. The Company operates as an investment vehicle solely owned by SFV and follows general principles set out by the internal control policies and procedures of Lords LB, as a licensed investment management company. Lords LB has an internal audit function (outsourced) and relevant periodic internal audits are performed. Its findings are reported to the Board of Lords LB and the Board subsequently evaluates the assessment provided.

Principle No.4

The company identifies, assesses and supervises the risks related to its operation.

Criteria:

- 4.1. The Risk Management Policy of the company is developed by the company's Board and approved by the Supervisory Council.
- 4.2. Based on the assessment of identified risks, the company's Board implements the risk management measures.
- 4.3. At least once a year the Supervisory Council reviews the management reports on risk management measures and implementation of the risk management policy.

PNP partially complies with this principle. The Company operates as an investment vehicle solely owned by SFV. Therefore, the Company indirectly follows general principles set out by the internal policies and procedures of Lords LB. Lords LB, as a licensed investment management company, has a Risk management procedure that is dedicated to the management of operational and investment risks. At least once a year the Board of the Management Company reviews the risk management report by the Lords LB Chief Risk Officer.

Principle No.5

The company has established an internal audit company department, which is independently and objectively assessing the activities of the company.

Criteria:

- 5.1. The Company has an internal auditor, who is functionally independent from the Management Board and reports to the Supervisory Council.
- 5.2. The internal auditor has been appointed by the Supervisory Council.
- 5.3. The internal auditor develops an internal audit plan based on risks, which is approved by the Supervisory Council.
- 5.4. The internal auditor informs the company's Board and the Supervisory Council on the fulfilment of the internal audit plan, audit results and recommended activities for elimination of shortages, if any are established.

PNP partially complies with this principle. The Company operates as an investment vehicle solely owned by SFV and follows general principles set out by the internal control policies and procedures of Lords LB, as a licensed investment management company.

Lords LB has an internal audit function (outsourced) and relevant periodic internal audits are performed. Its findings are reported to the Board of the Management Company, and the Board subsequently evaluates the assessment provided.

EXTERNAL AUDITOR

The external auditor provides an independent report on the financial position of the company, credibility and compliance of financial statements with the requirements of regulatory enactments to the company's Board and Supervisory Council, all shareholders and investors, creditors, and other stakeholders.

Principle No.6

The company has an independent external auditor.

Criteria:

- 6.1 The Supervisory Council and Audit Committee, if any is established, determine the criteria for selection of the external auditor.
- 6.2 The company has an independent external auditor with the relevant qualifications.
- 6.3 The period of authority of one external auditor does not exceed five years.

PNP complies with this principle. The Supervisory Board determines the criteria for the selection of the external auditor, based on which the Management Board carries out the selection process. The results of the selection process are coordinated with the Supervisory Board, after which the selected external auditor is submitted for approval by the Shareholders' Meeting. The Shareholders' Meeting has approved an independent external auditor with the appropriate qualifications – the limited liability company "PricewaterhouseCoopers SIA", which is one of the leading auditing firms in Latvia and provides the functions of an independent certified auditor in accordance with regulatory requirements. The term of authority of the certified auditor does not exceed five years.

ELECTION OF MEMBERS OF THE SUPERVISORY BOARD

The competent and experienced Supervisory Council is a pre-condition for efficient operation of the company and decision making, facilitating the long-term value increase of the company. The Supervisory Council works in the interests of all shareholders and the company.

Principle No.7

The company ensures transparent procedure for election and revocation of members of the Supervisory Council.

Criteria:

- 7.1 The company has approved the procedure for selection and revocation of members of the Council.
- 7.2 The company provides timely and sufficient information to shareholders of the company on members of the Council, who are proposed for election or re-election.
- 7.3 The number of Council members is appropriate for the specifics of the company's operations.
- 7.4 A Council member is elected for a term not exceeding 5 years.

PNP partially complies with this principle. Although the Company does not have approved procedure for selection and revocation of Supervisory Board members, the selection of Supervisory Board member candidates is based on their professionalism and competence criteria. Supervisory Board members are appointed and recalled by the Company's Shareholders' Meeting. On 9 August 2024, at the Company's extraordinary shareholders' meeting, the following individuals were elected as Supervisory Board members for a term of 5 (five) years, with the term of office starting on 15 August 2024 Marius Žemaitis, Chairman, Mindaugas Marcinkevičius, Deputy Chairman, Andrius Stonkus, Member. The Supervisory Board operates with three members, which corresponds to the Company's needs.

Principle No.8

Members of the Supervisory Council have relevant experience and competence.

Criteria:

- 8.1. The Council in general has a set of skills, experience, and knowledge, including about the relevant field, to be able to fully perform their duties.
- 8.2. When establishing the composition of the Council, the principles of diversity are obeyed.
- 8.3. Both genders are represented in the Council.
- 8.4. The Board develops an induction training program and provides introductory training for new Council members.

PNP complies with this principle except for representation of both genders. All members of the Supervisory Board are the professionals of the highest level. More detailed information on members of the Supervisory Board is available on the website of the Company, [Preses Nams | Lords LB Asset Management](#).

Principle No.9

The Supervisory Council of the company has independent members of the Supervisory Council.

Criteria:

- 9.1. The company assesses and shareholders determine the proportion of independent members of the Supervisory Council.
- 9.2. At least half of the members of the Supervisory Council are independent.
- 9.3. Candidates for independent members of the Supervisory Council submit a certificate of compliance with the criteria of independence.
- 9.4. Before the election of the Supervisory Council, the company performs an independence assessment of the members of the Supervisory Council in accordance with the available information.

PNP does not adhere to this principle. All three members of the Supervisory Board are not independent. However, the current composition of the Supervisory Board corresponds to the Company's ownership structure, operational needs and stage of development. The Company considers that the Supervisory Board, in its current composition, is able to ensure effective supervision of the Management Board and provide the necessary strategic guidance to the Company. The Company will continue to assess the need to appoint independent members to the Supervisory Board, taking into account the Company's development, shareholder structure, applicable corporate governance practice and the interests of the Company and its shareholders.

PRINCIPLE FOR DETERMINING THE REMUNERATION OF THE COUNCIL AND THE BOARD

Clearly defined principles for remuneration of members of the Supervisory Council and Members of the Board promote transparency of use of funds and effective risk management.

Principle No. 10

The company has implemented a remuneration policy.

Criteria:

- 10.1. The company has introduced its remuneration policy, which is developed by the Board, reviewed by the Board, and approved by the Meeting of Shareholders.
- 10.2. Once a year, the Council determines the financial and non-financial targets to be achieved by the Management Board, their impact on the variable part of the remuneration, and controls their fulfilment.
- 10.3. The variable part of the remuneration is not determined, and no compensation is paid to members of the Council in case of revocation from the office or discharge from the office.
- 10.4. Once a year, the report on remuneration granted to each current and former member of the Management Board and Supervisory Council is prepared.

PNP does not adhere to this principle. The Company does not currently have an approved remuneration policy setting the remuneration of its executives. There is no such obligation under the legislation, as only the Company's bonds are publicly traded. At the same time, taking into account the Company's size, structure and limited number of employees, the Company considers that adopting a formal remuneration policy would not currently serve its intended purpose or provide additional practical benefit. According to the previous year's annual report, the Group (with PNP being the parent company) had six employees. In these circumstances, remuneration matters can be addressed effectively within the existing corporate governance and decision-making framework. The Company will reassess the need to adopt a remuneration policy if its size, structure or scope of operations changes.

WORK ORGANIZATION AND DECISION MAKING OF THE SUPERVISORY COUNCIL

Certain and comprehensive work organization of the Supervisory Council and availability of timely, high-quality and relevant information facilitate effective fulfilment of tasks of the Supervisory Council and full involvement of members of the Supervisory Council in decision-making.

Principle No. 11

The company has a certain and understandable organization of the Council work.

Criteria:

- 11.1. The Supervisory Council organizes its work in accordance with the regulations and work calendar of the Supervisory Council.
- 11.2. The Supervisory Council holds at least one separate meeting of the Supervisory Council for a year for discussion of the strategy of the company and its fulfilment thereof.
- 11.3. The budget of the company provides the funding necessary for the provision of operations by the Supervisory Council.
- 11.4. Once a year, the Supervisory Council conducts a self-assessment of the work of the Supervisory Council, and its results are reviewed during the meeting of the Supervisory Council.
- 11.5. The Supervisory Council has assessed the need to establish committees (if a committee is established, see principle 12.1).

PNP partially complies with this principle. The rights and obligations of the Supervisory Board of PNP are determined in the Articles of Association of PNP, Commercial Law, as well as included in the decisions of the Meeting of Shareholders, the Supervisory Board, and other documents. The Articles of Association of PNP are available in the office of PNP, in the Register of Enterprises of the Republic of Latvia, and on the website of PNP ([Preses Nams | Lords LB Asset Management](#)).

During 2025, Supervisory Board regularly communicated with the Management Board to discuss the most important issues related to PNP's economic activities, real estate project development (including the budget and cash flow projections), business activities, and risk management.

Please also note, that the Company is in the process of appointing an independent Audit Committee, which will be elected at the Company's Shareholders' Meeting. The appointed Audit Committee will prepare a report on corporate governance principles, preparation of annual reports, internal control, risk management, as well as other important matters.

Principle No.12

The Supervisory Council adopts well-informed and considered decisions.

Criteria:

- 12.1. Information prepared by the Management Board for decision-making is available to the Council in a timely manner and in sufficient amount.
- 12.2. The Supervisory Council determines the procedure for information circulation as well as the rights of the Council to request information from the Management Board, which is required for the Council for decision-making.

- 12.3. A member of the Council analyses information and prepares recommendations for decision-making by the Council.
- 12.4. When making decisions, the Council assesses risks and their short-term and long-term impact on the value, sustainability, and responsible development of the Company.

PNP complies with this principle. All necessary information for the Supervisory Board's activities is prepared in a timely manner. The information includes both an outline of the current situation and estimates of how the specific issue might affect the Company's real estate project and operations. Members of the Supervisory Board review and analyse the information received and, where necessary, provide comments, recommendations and guidance before decisions are adopted. The information considered by the Supervisory Board includes both an overview of the current situation and an assessment of how the relevant matter may affect the Company's real estate project, operations, financial position, risks, etc.

Principle No.12.1

The Committee prepares recommendations for decision-making by the Supervisory Council.

Criteria:

- 12.1.1. The Council determines the tasks and procedures for organization of the operation of the Committee.
- 12.1.2. The Council establishes a committee composed of at least three members of the Council with the relevant experience and knowledge in a certain area of operation of the Committee (remuneration, nomination, audit, or any other area).
- 12.1.3. The Committee analyses information and prepares recommendations for decision-making by the Council, as well as informs the Council on the work of the committee.

PNP does not comply with this principle. The Supervisory Board consists of three members, and after evaluating the necessity of forming committees, it was concluded that this number of members is optimal. Therefore, the Supervisory Board does not form separate committees and independently performs its functions.

PREVENTION OF THE CONFLICT OF INTEREST

Identifying and managing potential conflict of interest situations reduces the company's financial and reputational risks.

Principle No. 13

Board and Council members clearly recognize the manifestations of potential conflicts of interest and are informed about the necessary actions in the event of a conflict of interest.

Criteria:

- 13.1. The Supervisory Council defines the signs indicating conflict of interest and determines the procedure for prevention and management of conflict of interest.
- 13.2. Members of the Supervisory Council or Management Board do not participate in decision-making on issues where the interests of the company conflict with the interests of members of the Supervisory Council, Management Board, or persons related to them.
- 13.3. Persons subject to the obligation to prevent conflict of interest shall regularly participate in training on how to act in situations of conflict of interest.

PNP partially complies with this principle. The Company operates as an investment vehicle solely owned by SFV. Therefore, the Company indirectly follows general principles set out by the internal policies and procedures of Lords LB. Lords LB, as a licensed investment management company, has a Conflict of Interest Avoidance Policy that defines procedures for identifying, preventing, and managing conflicts of interest. Supervisory Board or Management Board members do not participate in decision-making on issues where the Company's interests may conflict with the interests of the Supervisory Board members, Management Board members, or related persons. The Company's management bodies have a duty to avoid and declare conflicts of interest to the Management Company. Lords LB as a licensed investment company implements the Conflicts of Interest Avoidance Policy and ensures regular trainings. Training for Supervisory Board members and Management Board members takes place on a regular basis.

MEETING OF SHAREHOLDERS

Effective involvement of shareholders in decision-making helps to achieve the financial and non-financial targets of the company as well as provide sustainable operations for the company.

Principle No.14

The company provides information to the shareholders on the course of the Meeting of Shareholders in a timely manner, providing all necessary information for decision-making.

Criteria:

- 14.1. The company informs shareholders in a timely manner regarding the agenda, course of the Meeting of Shareholders and voting procedure, as well as any changes related to that.
- 14.2. At the same time, with the announcement of the meeting, the company shall provide a possibility for shareholders to become acquainted with draft decisions regarding which it initially planned to vote during the meeting. The company informs shareholders without delay of any additional submitted draft decisions.
- 14.3. The company provides shareholders with the possibility to submit questions about the issues included in the agenda and draft decisions before the Meeting of Shareholders.
- 14.4. Draft decisions and the enclosed documents provide detailed, clear, and complete information on the issue to be discussed.

PNP complies with this principle. However, please note, that the Company has a sole shareholder. The Company's shares are not offered to the public (i.e. only the Company's bonds are publicly traded).

Principle No.15

The company performs effective involvement of shareholders in decision-making and possibly bigger participation of shareholders during the Meetings of Shareholders.

Criteria:

- 15.1. The Meeting of Shareholders is convoked and held at a place and time convenient for shareholders.
- 15.2. The company ensures the possibility for shareholders to participate in the Meeting of Shareholders remotely.
- 15.3. The company determines the relevant duration of the Meeting of Shareholders and gives an opportunity to shareholders to provide their opinion during the Meeting of Shareholders and to obtain necessary information for decision making.
- 15.4. The company announces a new Meeting of Shareholders if it is not possible to discuss the issues included in the agenda of the meeting.
- 15.5. The company invites the members of the Management Board and the Council, candidates for members of the Council, auditors, and internal auditors, as well as other persons, to participate in the Meeting of Shareholders in accordance with the issues to be discussed during the meeting.

15.6. The Meeting of Shareholders makes decisions in accordance with the previously announced draft decisions.

PNP complies with this principle. The Company has a sole shareholder who may exercise the right to vote at the General Meeting of Shareholders in person or in absence. The Company does not yet offer the possibility for the sole shareholder to participate in meetings electronically.

Principle No. 16

The company develops and discusses with shareholders the Dividend Policy.

Criteria:

- 16.1 The company has developed and published an updated Dividend policy.
- 16.2 The Dividend Policy is discussed with shareholders during the Meeting of Shareholders.

PNP does not adhere to this principle. Please note though, that the Company has only one shareholder.

TRANSPARENCY OF THE OPERATION OF THE COMPANY

Transparency in the operation of the company serves as the basis for effective relations with investors and successful communication with shareholders and other stakeholders.

Principle No.17

The company regularly and promptly informs shareholders and other interested parties about the company's economic activities, financial results, management, and other current issues.

Criteria:

- 17.1. The company promptly discloses complete, accurate, objective, updated, and true information in a timely manner.
- 17.2. The company discloses the information to all shareholders at the same time and within the same scope.

- 17.3. The company discloses information on its website on corporate governance, strategy, or directions of operations and publishes financial statements as well as other information in accordance with Annex No.1.
- 17.4. The company provides the information both in Latvian and, at least, in another language, which is understandable to most of the foreign shareholders of the company and other stakeholders.

PNP complies with this principle. The Company has a sole shareholder, and the Company's shares are not offered to the public (i.e. only the Company's bonds are publicly traded), therefore not all information listed in Annex No.1 is provided on the Company's website. The Companies documents are published in Latvian and English languages.

Annex No.1: INFORMATION TO BE PUBLISHED ON THE WEBSITE OF THE COMPANY

Company:

- Information on the company - its establishment and operations history, registration data,
- address, description of the industry, key types of commercial activity, position of the
- company in the organization chart (if applicable).
- Information on the strategical objectives of the company.
- Charter of the company.
- Information on the structure of the corporate governance of the company (interaction between the Meeting of Shareholders, Supervisory Council, its committees, Management Board, auditor, internal auditor, Audit Committee etc.).
- Code of Internal Culture and Ethical Conduct of the company.
- The most important policies of the company are in accordance with Annex No.2.

Shareholders and beneficial owners:

- Information on shareholders of the company, who own at least 5% of the equity capital of the company (specifying the date when the information is prepared).
- Information on beneficial owners of the company (specifying the date when the information is prepared).
- Number of issued, paid or entitled to vote shares, bonds or other financial instruments.

Council and Management Board:

- Regulation of the Management Board and Council or any other document equal to that.
- Information on every member of the Council and Management Board of the company:
 - period of authority,
 - office and area of responsibility (if any determined),
 - professional work experience and education,
 - current information on offices held in other companies,
 - current information on shares of the company owned,
 - statistics on attendance of the meetings of the Council.
- Information on independent members of the Council:
 - which members of the Council are to be considered independent,
 - according to what criteria the independence of a member of the Council is determined,
 - annual assessment of independence of members of the Council.

- Remuneration Policy and remuneration report of the Management Board and the Council.
- Information on the selection (nomination) process of the Management Board and Council.
- Information on the committees of the Council and the Audit Committee:
 - regulation of the Committee,
 - information on members of committees.

Financial and non-financial statements and information:

- Financial statements and reports of the company for at least the recent 3 financial years:
 - annual reports (including consolidated reports, if any prepared) and auditor's reports (if any prepared),
 - interim reports and quarterly reports.
- Non-financial statements of the company (on the impact of the company on environment, social and personnel aspects, compliance with human rights and anti-corruption measures, including sustainability report) on at least the recent 3 financial years.
- Corporate Governance Statements.
- Financial calendar of the company or calendar of any other significant and planned communication events.

Information to shareholders and investors:

- Information on the planned Meetings of Shareholders:
 - notifications regarding convocation of Meetings of Shareholders,
 - draft decisions.
- Information on the held Meetings of Shareholders,
- Information on the decisions made during the Meetings of Shareholders.
- Dividend Policy of the company and information on disbursed dividends (for at least the recent 10 years of operation of the company).
- Information on transactions of related parties.
- Published notifications of the company and important information for investors, including presentation investors, video recordings from events for investors, forecasts if any were made etc.
- Contacts of the relations specialist of investors (if any).