

**SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY AB TEWOX**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED  
31 DECEMBER 2022, PREPARED IN ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

## Content

Independent Auditor's Report.....	3
Consolidated Statement of Financial Position .....	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	10
Consolidated Statement of Changes in Equity .....	11
Consolidated Statement of Cash Flows .....	12
Notes to the Financial Statements .....	13
1. General information .....	13
2. Accounting policy .....	14
3. Notes.....	33
3.1. Asset acquisitions .....	33
3.2. Right of use assets .....	35
3.3. Investment property .....	36
3.4. Other non-current assets.....	40
3.5. Derivative financial instruments.....	41
3.6. Other current assets .....	41
3.7. Contract assets and liabilities.....	41
3.8. Trade receivables.....	42
3.9. Cash and cash equivalents .....	43
3.10. Equity.....	44
3.11. Loans.....	44
3.12. Lease liabilities.....	47
3.13. Contract liabilities.....	48
3.14. Trade and other payables.....	48
3.15. Employment related liabilities.....	48
3.16. Income.....	49
3.17. Real estate and land tax expense.....	49
3.18. Maintenance and repair costs of buildings.....	49
3.19. Utilities .....	49
3.20. Administrative costs.....	49
3.21. Wages and related expenses.....	50
3.22. Other costs.....	50
3.23. Finance income and costs.....	50
3.24. Income tax .....	50
3.25. Transactions with related parties .....	51
3.26. Return on investments and risk indicators of the Company.....	52
3.27. Going concern.....	53
3.28. Subsequent events .....	54
CONSOLIDATED ANNUAL MANAGEMENT REPORT FOR YEAR 2022 .....	55

# Independent Auditor's Report

To the shareholders of special closed-end real estate investment company AB Tewox

## Report on the Audit of the Consolidated Financial Statements

### ■ Opinion

We have audited the consolidated financial statements of special closed-end real estate investment company AB Tewox, managed by UAB Lords LB Asset Management ("Management Company"), and its subsidiaries ("the Group"). The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended, and
- the notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### ■ Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ■ Emphasis of Matter

We draw attention to Note 3.27 which describes that the Group's current liabilities exceed current assets by EUR 15,802 thousand. The consolidated financial statements of the Group have been prepared on a going concern basis. The going concern assessment was based on assumptions that in 2023 the Group will successfully issue public three-year bond emission of approx. EUR 50,000 thousand and non-public two-year bond emission of approx. EUR 15,000 thousand as well as successfully refinance short term loans of EUR 7,605 thousand. Accordingly, the management concluded that no material uncertainties exist in relation to the Group's ability to continue as a going concern. We draw attention to Note 3.27 to the consolidated financial statements, which further explains how the judgment was formed. Our opinion is not modified in respect of this matter.

## ■ Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

### Valuation of investment property

See Note 2.14 for accounting policy of investment property and Note 3.3 to the financial statements for financial disclosures.

The key audit matter	How the matter was addressed in our audit
<p>One of the main items of the Group's assets is the fair value of investment property amounting EUR 69,004 thousand as at 31 December 2022 (EUR 27,537 thousand as at 31 December 2021). The fair value of investment property is determined by external appraisers engaged by the Management Company; the fair value is generally determined under the discounted cash flow method and comparative transactions valuation method.</p> <p>The application of the above-mentioned valuation techniques requires a significant degree of judgement, including, but not limited to, in respect of discount rates, assumptions on future cash flows, terminal growth rate and comparative transactions.</p> <p>Due to the magnitude of the amounts involved and significance of judgments underlying the valuation of investment property we have identified this area as a key audit matter.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>- Obtaining understanding of the Group's fair value valuation process of investment property and testing the design and implementation of the selected key internal controls;</li> <li>- Assessing the experience, professional qualifications and objectivity of the external appraisers engaged the Management Company;</li> <li>- Assisted by our own valuation specialist: <ul style="list-style-type: none"> <li>o reviewing the sample of contracts with tenants and assessing the appropriateness of the valuation methods and models applied by external appraisers by comparing them to the methodologies commonly used in valuations of similar assets as well as against the requirements of the relevant financial reporting standards;</li> <li>o challenging the key assumptions used in the valuation models applied by the external appraisers by comparing the key inputs, such as location, size, rent fees used in the discounted cash flow calculations, to our understanding of the SPVs' current operations, underlying contracts with tenants and external market data and our knowledge of the industry;</li> <li>o comparing the forecasted growth rates, discount rate and the exit yield used in the above valuations to current external market data and performing a retrospective review of budgeting accuracy in prior years;</li> <li>o evaluating the mathematical accuracy and integrity of the discounted cash flow models used in the valuation of assets;</li> <li>o assessing the appropriateness of selected comparative transactions and adjustment assumptions.</li> </ul> </li> <li>- Evaluating the completeness of the financial statements disclosures relating to the valuation of the fair value of investment property.</li> </ul>

## ■ Other Information

The other information comprises the information included in the consolidated annual management report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the consolidated annual management report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements and whether consolidated annual management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of the consolidated financial statements, in our opinion, in all material respects:

- The information given in the consolidated annual management report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- The consolidated annual management report has been prepared in accordance with the requirements of the Law on Consolidated Financial Reporting by Groups of Undertakings of the Republic of Lithuania.

## ■ Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## ■ Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## ■ Report on Other Legal and Regulatory Requirements

Based on the agreement signed under decision of the Managing Company shareholders we were appointed on 19 October 2021 for the first time to audit the Group's financial statements for 2021. Our appointment to audit the Group's financial statements is renewed every three years. The total uninterrupted period of engagement is 2 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report which we have submitted to the to the Group and its Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, we have not provided any other services except for audit of the separate and consolidated financial statements.

On behalf of KPMG Baltics, UAB

Toma Jensen  
Partner pp  
Certified Auditor

Vilnius, the Republic of Lithuania  
4 May 2023

*The electronic auditor's signature applies only to the Independent Auditor's Report on pages 3 to 7 of this document.*

## Consolidated Statement of Financial Position

	Notes	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right of use assets	3.2.	930 406	165 923
Investment property	3.3.	69 004 293	27 537 000
Other non-current assets	3.4.	661 294	5 250 000
Derivative financial instruments	3.5.	514 507	-
<b>Total non-current assets</b>		<b>71 110 500</b>	<b>32 952 923</b>
<b>Current assets</b>			
Other current assets	3.6.	49 346	36 409
Contract assets	3.7.	237 346	144 040
Trade receivables	3.8.	101 018	66 532
Cash and cash equivalents	3.9.	3 577 277	1 560 144
<b>Total current assets</b>		<b>3 964 987</b>	<b>1 807 125</b>
<b>TOTAL ASSETS</b>		<b>75 075 487</b>	<b>34 760 048</b>

The following notes form an integral part of these financial statements.

**These reports have been electronically signed by:**

Director of management company  
Company manager  
Company representative in charge of accounting

*Vilma Tvaronavičienė*  
*Efim Hiterer*  
*Tadas Pranckevičius*



**Consolidated Statement of Financial Position (cont'd)**

	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	3.10.	31 430 000	23 475 000
Currency revaluation reserve	3.10.	19 918	-
Retained earnings (losses)		1 686 326	354 300
<b>Total equity</b>		<b>33 136 244</b>	<b>23 829 300</b>
<b>Non-current liabilities</b>			
Loans received	3.11.	20 768 412	9 101 053
Lease liabilities	3.12.	937 226	166 030
Deferred tax liabilities	3.24.	347 635	329 455
Contract liabilities	3.13.	118 677	14 313
<b>Total non-current liabilities</b>		<b>22 171 950</b>	<b>9 610 851</b>
<b>Current liabilities</b>			
Trade and other payables	3.14.	903 944	530 375
Contract liabilities	3.13.	26 406	8 911
Income tax liabilities	3.24.	22 186	13 929
Loans received	3.11.	18 798 341	751 994
Lease liabilities	3.12.	701	28
Employment related liabilities	3.15.	15 715	14 660
<b>Total current liabilities</b>		<b>19 767 293</b>	<b>1 319 897</b>
<b>TOTAL LIABILITIES</b>		<b>41 939 243</b>	<b>10 930 748</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>75 075 487</b>	<b>34 760 048</b>

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2022	2021
Income	3.16.	4 280 483	383 125
Profit due to changes in fair value of investment property	3.3.	142 351	795 999
Real estate and land tax expense	3.17.	(204 050)	(16 498)
Maintenance and repair costs of buildings	3.18.	(345 852)	(53 756)
Utilities	3.19.	(41 988)	(5 925)
Administrative costs	3.20.	(1 230 868)	(261 121)
Wages and related expenses	3.21.	(136 769)	(32 788)
Other costs	3.22.	(185 448)	(31 050)
<b>Operating profit</b>		<b>2 277 859</b>	<b>777 986</b>
Finance costs	3.23.	(1 192 877)	(58 549)
Finance income	3.23.	517 655	-
<b>Profit before tax</b>		<b>1 602 637</b>	<b>719 437</b>
Income tax	3.24.	(270 611)	(365 137)
<b>Net profit (loss)</b>		<b>1 332 026</b>	<b>354 300</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income that will not be reclassified to profit or loss:</b>			
Exchange rate differences on translation of foreign operations		19 918	-
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>19 918</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>1 351 944</b>	<b>354 300</b>

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Special closed-end real estate investment company AB Tewox  
Registration number: 305733600, address: Jogailos str. 4, Vilnius  
The Company's Consolidated Financial Statements for the year ended 31 December 2022  
Management company UAB Lords LB Asset Management, reg. code: 301849625  
(all amounts presented in EUR unless otherwise indicated)

# Consolidated Statement of Changes in Equity

	Share capital	Currency revaluation reserve	Retained earnings	Total
<b>Balance as at 6 April 2021</b>	-	-	-	-
Net profit	-	-	354 300	<b>354 300</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	<b>354 300</b>	<b>354 300</b>
Shares issued	23 475 000	-	-	<b>23 475 000</b>
<b>Balance as at 31 December 2021</b>	<b>23 475 000</b>	-	<b>354 300</b>	<b>23 829 300</b>
<b>Balance as at 1 January 2022</b>	<b>23 475 000</b>	-	<b>354 300</b>	<b>23 829 300</b>
Net profit	-	-	1 332 026	<b>1 332 026</b>
Other comprehensive income	-	19 918	-	<b>19 918</b>
<b>Total comprehensive income for the year</b>	-	<b>19 918</b>	<b>1 332 026</b>	<b>1 351 944</b>
Shares issued	7 955 000	-	-	<b>7 955 000</b>
<b>Balance as at 31 December 2022</b>	<b>31 430 000</b>	<b>19 918</b>	<b>1 686 326</b>	<b>33 136 244</b>

The following notes form an integral part of these financial statements.

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Company manager  
Company representative in charge of accounting

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*Efim Hiterer*  
*Tadas Pranckevičius*

## Consolidated Statement of Cash Flows

	Notes	2022	2021
<b>Profit before tax</b>		<b>1 602 637</b>	<b>719 437</b>
<b>Adjustments for:</b>			
Finance income	3.7., 3.23.	(517 655)	-
Finance costs	3.11., 3.23.	1 192 877	58 549
Right of use assets depreciation	3.2, 3.22	12 570	287
Profit from acquisition of subsidiaries	3.16.	(3 709)	-
(Increase)/decrease in fair value of investment property	3.3.	(142 351)	(795 999)
<b>Operating cash flows before working capital adjustments</b>		<b>2 144 369</b>	<b>(17 726)</b>
Decrease/(increase) in trade and other receivables	3.6., 3.8.	172 736	116 139
Decrease/(increase) in contract assets	3.7.	(36 934)	(144 040)
Increase/(decrease) in trade and other payables	3.14.	126 223	237 591
Increase/(decrease) in contract liabilities	3.7.	(20 516)	-
<b>Operating cash flows after working capital adjustments</b>		<b>2 385 878</b>	<b>191 964</b>
Income taxes paid		(232 343)	(35 851)
<b>Net cash flows from operating activities</b>		<b>2 153 535</b>	<b>156 113</b>
Acquisition of investment property	3.3.	(9 407 798)	(3 285 022)
Acquisition of subsidiaries	3.1.	(4 024 676)	(10 198 915)
Advances paid for acquisition of subsidiaries	3.4.	-	(5 250 000)
<b>Net cash flows used in investment activities</b>		<b>(13 432 474)</b>	<b>(18 733 937)</b>
Interest paid	3.11.	(656 023)	(453 882)
Loans repaid	3.11.	(7 333 658)	(4 560 810)
Loans received	3.11.	14 099 683	1 691 630
Other financial costs	3.23.	(415 955)	(11 830)
Shares issued	3.10.	7 955 000	23 475 000
Payment of lease liabilities	3.12.	(65 595)	(2 140)
Payments to deposit bank account	3.4., 3.9.	(351 492)	-
<b>Net cash flows from financing activities</b>		<b>13 231 960</b>	<b>20 137 968</b>
<b>Net change in cash and cash equivalents</b>		<b>1 953 021</b>	<b>1 560 144</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1 560 144</b>	<b>-</b>
Impact of foreign exchange rate changes		64 112	-
<b>Cash and cash equivalents at the end of the year</b>		<b>3 577 277</b>	<b>1 560 144</b>

The following notes form an integral part of these financial statements.

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Company manager  
Company representative in charge of accounting

Vilma Tvaronavičienė  
Efim Hiterer  
Tadas Pranckevičius

## Notes to the Financial Statements

### 1. General information

Special closed-end real estate investment company AB Tewox (hereinafter referred to as the "Company") was registered in the Republic of Lithuania on 6 April 2021, registration number 305733600. The address of the company is Jogailos str. 4, Vilnius. Data is stored and collected by the Centre of Registers. On 26 April 2021 the Supervision Service of the Bank of Lithuania approved the Articles of Association of the Company and allowed to choose the depositary. The code assigned to the company is F095.

The Company's purpose is to earn a return to shareholders from investments in income generating real estate objects in the Baltic Sea region countries – Lithuania, Latvia, Estonia, Finland, Sweden, Denmark, Poland and Germany. The period of operation of the Company is 50 years from the moment when the Supervision Service of the Bank of Lithuania approves the Articles of Association of the Company, i.e. until 26 April 2071. During the period of the company's activity, the redemption of shares is restricted.

The paid-up share capital of the Company as at 31 December 2022 is equal to EUR 31 430 000 (2021 - EUR 23 475 000). Share capital consists of 31 430 000 (2021 - 23 475 000) - ordinary intangible shares with a nominal value of EUR 1 per share. The Company does not have its own shares.

As at 31 December 2022 the Company controlled the following subsidiaries:

Subsidiary	Country	Acquisition date	Ownership share	Number of shares	Nominal value, EUR
UAB Janonio 27	LT	18/06/2021	100%	1 226 500	1.00
UAB Prekybos centrų plėtros investicijos	LT	26/08/2021	100%	1 356 000	1.00
SIA Gronvest	LV	25/10/2021	100%	2 800	1.00
UAB SMI Alytus	LT	27/10/2021	100%	18 500	2.90
UAB BFIII Kaunas	LT	23/11/2021	100%	3 955	144.81
UAB Kuršėnų turtas	LT	31/01/2022	100%	1 108 000	1.00
Peppercorn 8 sp. z o.o.	PL	01/02/2022	100%	100	10.68
Reinvest Holding OU	EE	31/08/2022	100%	1	10 000.00
UAB Esulda	LT	20/10/2022	100%	2 500	1.00
Caruantil Investments sp. z o.o.	PL	24/11/2022	100%	100	10.68
Espidatell Investments sp. z o.o.	PL	24/11/2022	100%	100	10.68
Evoratedelle Investments sp. z o.o.	PL	24/11/2022	100%	100	10.68
Eximendell Investments sp. z o.o.	PL	24/11/2022	100%	100	10.68
Faroditelles Investments sp. z o.o.	PL	24/11/2022	100%	100	10.68
UAB MD Europa	LT	13/12/2022	100%	100	10.68

As at 31 December 2021 the Company controlled the following subsidiaries:

Subsidiary	Country	Acquisition date	Ownership share	Number of shares	Nominal value, EUR
UAB Janonio 27	LT	18/06/2021	100%	1 226 500	1.00
UAB Prekybos centrų plėtros investicijos	LT	26/08/2021	100%	1 356 000	1.00
SIA Gronvest	LV	25/10/2021	100%	2 800	1.00
UAB SMI Alytus	LT	27/10/2021	100%	18 500	2.90
UAB BFIII Kaunas	LT	23/11/2021	100%	3 955	144.81

The activity of subsidiaries is the development and management of real estate. Subsidiaries generate income from real estate objects located in Lithuania and Poland, except for the subsidiaries SIA Gronvest and Reinvest holding OU. The latter operates in Latvia and Estonia.

The management of the Company has assessed whether the Company meets the definition and characteristics of an investment entity in accordance with IFRS 10. Based on the management's assessment, the Company does not meet the definition and characteristics of an investment entity, as firstly, the Company does not only provide investment management services, but Company manager actively participates in day-to-day Company's operations. Company manager is responsible for negotiating with tenants and signing contracts. Moreover, there are more management company's employees which are responsible for maintenance work, such as area cleaning, pipe repairing and etc. Secondly, the Company does not have exit strategy and it is designed to operate as Cash Flow generating unit.

Therefore, based on the above, the Company has assessed the control of subsidiaries and prepared consolidated financial statements to present the assets, liabilities, equity, expenses and cash flows of the Company and its subsidiaries as a single economic unit (thereinafter - the Group).

As at 31 December 2022 the Group had 4 employees (3 employees as at 31 December 2021).

The management of the Company is transferred to the management company UAB Lords LB Asset Management (hereinafter referred to as the Management Company), which was established and registered on 8 September 2008, the company code 301849625, registered office at Jogailos str. 4, Vilnius, Republic of Lithuania. Company data is collected and stored in the Register of Legal Entities of the Republic of Lithuania. Decided by the Lithuanian Securities Commission, on 23rd of December 2008 UAB Lords LB Asset Management was granted an asset management licence (no. VJK – 016), acting in accordance with the Lithuanian Collective Investment Undertakings Law. On 5th of December, 2013, decision no. 03-201, the management of the Bank of Lithuania has decided to extend the asset management licence no. VJK – 016 and to grant the Management entity the power to manage collective investment undertakings, established based on the Lithuanian Law of Collective Investment Undertakings for informed investors. On 23rd of June 2015 the Management entity was granted the licence (no. 1) of a Management entity operating in accordance with the Law of Collective Investment Undertakings for professional investors.

The depository of the Company is AB Swedbank, company code 112029651, registered office at Konstitucijos ave. 20A, 03502, Vilnius, Lithuania.

The Company's audit is carried out by KPMG Baltics, UAB, company code 111494971, registered office at Lviso str. 101, 08104, Vilnius, operating under licence no. 001446 issued by the Lithuanian Chamber of Auditors.

The financial year of the Group coincides with the calendar year, except for the first year of operation, which runs from 6 April 2021 to 31 December 2021.

According to the laws of the Republic of Lithuania, the Group has prepared annual financial statements and it has to be approved at the Board meeting. Members of the Board have the right to approve or reject and to require the preparation of new financial statements.

## **2. Accounting policy**

The following are the main accounting principles used by the Group in preparing these consolidated financial statements.

### **2.1. Basis for preparation**

The Management Company, managing the Company's accounting and compiling financial statements, complies with the laws of the Republic of Lithuania on accounting, the laws of the Republic of Lithuania on collective investment undertakings, general accounting principles as defined in International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU) as well as other legal acts.

The Company's accounts are kept separately from the Management Company in accordance with the approved chart of accounts. The Company is managed in accordance with the Republic of Lithuania Law on Collective Investment Undertakings.

The consolidated financial statements are prepared based on going concern and on the assumption that the Group will be able to continue its activities in the near future.

These financial statements are prepared on the basis of the historical cost of acquisition, adjusted for the revaluation of investment property at fair value through profit or loss.

All amounts in these consolidated financial statements are denominated in euro. Transactions denominated in foreign currency are accounted for at the official exchange rate of the Bank of Lithuania at the date of the transaction. Gains and losses on such transactions and on the revaluation of foreign currency assets and liabilities at the date of the statement of financial position are recorded in the profit and loss account. Such balances are revalued at the exchange rate at the end of the reporting period.

## **2.2. Calculation of net asset value (NAV)**

The Company's net asset value is calculated as the difference between the value of the Company's assets and liabilities. The Company's NAV calculation principles are set out in the Company's prospectus and articles of association. The Company's NAV shall be determined for the last calendar day of the quarter of the calendar year. During the distribution periods, the Company's NAV may be additionally determined on the last calendar day of the calendar month preceding the calendar month in which the decision to increase the share capital is taken. In the case of redemption of shares, NAV may be additionally determined on the last calendar day of the calendar month in which redemption takes place.

When calculating NAV, the Company is not consolidated with its owned companies. In NAV's calculations, the Company's equity holdings are valued at fair value based on an independent appraiser valuation and may therefore differ from the equity assigned to the shareholders provided in these consolidated financial statements.

The value of the Company's shares is determined by dividing the NAV by the total number of paid shares in circulation. The value of the Company's shares is determined to four decimal places.

The values of the Company's net assets (NAV) and shares are calculated in euros.

## **2.3. Principles of consolidation**

The consolidated financial statements include the financial statements of the Company and its controlled entities (subsidiaries) as of 31 December of each year. The Company is considered to have control when:

- Has the power to manage an investee;
- Is entitled to a variable return on investment; and
- Has the power to affect return on investment.

The Company reassesses whether it controls an investment entity if the facts and circumstances indicate a change in one or more of the three elements of control listed above.

Where the Company holds less than a majority of the investor's voting rights, it shall be deemed to have power over the investment entity when the voting rights are sufficient to unilaterally influence the relevant activities of the investment entity. The Company shall consider all relevant facts and circumstances when assessing whether the Company's voting rights in an investment entity are sufficient to empower it, including:

- The size of the voting rights held by the Company in relation to the size and distribution of shares held by other shareholders;
- Possible voting rights held by the Company, other holders of votes or other parties;
- Rights arising from other contracts; and
- Any additional facts and circumstances that indicate that the Company currently has or does not have the ability to direct the relevant activities at a time when decisions need to be made, including voting patterns at previous shareholders meetings.

Consolidation of a subsidiary begins when the Company acquires control of the subsidiary and ends when the Company loses control of the subsidiary. The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date on which the Company obtains control until the date that the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the Company's owners and minority interests.

Where necessary, the financial statements of subsidiaries are adjusted to ensure consistency with the policies adopted by the Group.

All the Group's assets and liabilities, equity, income, expenses and cash flows related to transactions between Group members are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the fair value of the consideration received and the Company's interest in the entity after the transaction and (ii) the previous carrying amount of assets (including goodwill) minus the liabilities of the subsidiary and minority interests. All amounts previously recognized in other comprehensive income relating to a subsidiary are accounted for as if the Group had directly transferred the related asset or liability of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required / permitted by applicable IFRS). Any investment retained in a former subsidiary after the transfer of ownership of the subsidiary is carried at fair value on initial recognition in accordance with IFRS9 Financial Instruments, or at cost of an associate.

## 2.4. Asset acquisitions

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business or assets. The basis of the judgement is set out in Note 2.22. Where such acquisitions are not determined to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity or assets and liabilities is allocated between the identifiable assets and liabilities of the entity based on their relative values at the acquisition date.

## 2.5. Financial risk management

The Group is exposed to market, credit, liquidity, foreign exchange and capital management risks. These risks shall be managed in accordance with the principles of best practice. Management continuously monitors these risks for the appropriateness of financing and hedging strategies.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments. The Group is not exposed to price risk.

The following sections provide the description about each of the market risk and the impact to the Group's results due to changes in market prices.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Interest rate risk may relate to a variable EURIBOR interest rate that would increase or decrease the Group's receivables and/or payables if interest rate would change.

The Group's loans relate to a variable interest rate linked to EURIBOR and create interest rate risk. The Group has financial liabilities with a variable interest rate as follows:

	31 December 2022	31 December 2021
Financial assets	-	-
Financial liabilities	(39 566 753)	(9 853 047)
	<b>(39 566 753)</b>	<b>(9 853 047)</b>

The changes in the Group's result due changes of EURIBOR interest rate is presented in the table below:

	Increase by 2,5%	Decrease by 2,5%	Increase by 1%	Decrease by 1%
31 December 2021	(246 326)	246 326	(98 530)	98 530
31 December 2022	(989 169)	989 169	(395 668)	395 668

As at 31 December 2022 the Group has hedged against the variable interest rate risk for the loan received (note 3.5.). As at 31 December 2021 the Group did not have any hedging instruments for managing interest rate risk.



The nominal value of interest rate swap instrument is provided below:

	31 December 2022	31 December 2021
Interest rate swap nominal value	8 402 758	-
	<b>8 402 758</b>	<b>-</b>

If the EURIBOR interest rate changes by one percentage point, the Group's result would change as follows:

	Increase by 1%	Decrease by 1%
31 December 2021	-	-
31 December 2022	5 145	-5 145

The fair value of the interest rate swap is presented in Note 3.5.

### Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Group's payments with partners related to Group's activity in Poland are mostly made in local currency zloty. Accordingly, there is a risk that the Group's receivables and payables will increase or decrease due to changes in the exchange rate.

Meanwhile, the Group's payments with partners related to Group's activity in Lithuania and Baltic region are made in euro, except in isolated cases that may occur, so there is no material foreign currency exchange risk.

The Group does not use any derivative instruments for the risk management of foreign currency exchange rate changes.

As at 31 December, the Group's assets and liabilities that are exposed to foreign currency exchange rate risk is presented in the table below:

	31 December 2022	31 December 2021.
Assets	22 642 320	-
Liabilities	(5 587 120)	-
<b>Net assets</b>	<b>17 055 200</b>	<b>-</b>

Respectfully, if the exchange rate between euro and zloty changes by one percentage point, the Group's equity would change as follows:

	Increase by 1%	Decrease by 1%
31 December 2021	-	-
31 December 2022	732 004	1 243 016

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions and derivatives.

The credit risk of the Group relates mainly to receivables for which a simplified model is used to calculate expected credit loss, when historical bad debts and macroeconomic indicators are assessed, thereby calculating the expected credit loss. Receivables include:

#### Trade receivables under contracts with customers

Tenants are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay rentals and services to tenants in advance. Outstanding tenants' receivables are regularly monitored by the Group's management. An impairment analysis is performed at each reporting date on an individual basis for all tenants' receivables. Generally, the receivables are written-off if they are past due for more than 181 days. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. Based on the impairment analysis the amount of EUR 399 of impairment were recognized due to tenants who were declared insolvent.

#### Financial instruments and cash deposits

Credit risk related to banks and financial institutions is limited as the Group performs operations with banks with high long-term credit ratings issued by foreign rating agencies. Bank ratings are given in Note 3.9. Having assessed the high creditworthiness ratings of banks, the Group's management considers the probability of bankruptcy of banks to be close to zero.

#### Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to fully meet its obligations under the intended terms or may only do so under materially disadvantageous conditions. The purpose of the Group is to maintain sufficient liquidity resources to carry out its activities, cover its financial obligations and provide funds for capital expenditure and investment opportunities. The Group aims to achieve its goals in the following ways:

- Preparation of regular forecast cash flows to anticipate the use of funds; and
- Identification of future financing, including new debt opportunities.

The table below summarizes the maturity of the Group's financial liabilities on the basis of undiscounted contractual payments:

#### 31 December 2022

	Cash flows				
	Total	Up to 1 year	In 1 - 2 years	In 2 - 5 years	After 5 years
Interest-bearing loans and liabilities	43 339 669	20 404 825	1 766 169	21 168 675	-
Lease liabilities	4 610 579	66 794	66 794	267 174	4 209 818
Trade payables	653 187	653 187	-	-	-
Contract liabilities	145 083	145 083	-	-	-
	<b>48 748 518</b>	<b>21 269 888</b>	<b>1 832 963</b>	<b>21 435 849</b>	<b>4 209 818</b>

#### 31 December 2021

	Cash flows				
	Total	Up to 1 year	In 1 - 2 years	In 2 - 5 years	After 5 years
Interest-bearing loans and liabilities	10 320 450	975 808	7 887 455	1 457 187	-
Lease liabilities	1 175 940	15 342	15 342	61 366	1 083 890
Trade payables	416 513	416 513	-	-	-
Contract liabilities	23 224	23 224	-	-	-
	<b>11 936 126</b>	<b>1 430 887</b>	<b>7 902 796</b>	<b>1 518 553</b>	<b>1 083 890</b>

The information on the Group's cash at bank is presented in Note 3.9 and amounts receivable from contracts with customers in Note 3.7.

The Group does not have any unused credit lines. The information on the Group's going concern is presented in Note 3.27.

## Capital management

The Group's objectives in the management of capital are to safeguard the Group's ability to continue its activities as a going concern in order to provide returns to investors and benefits other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Group's capital management, capital includes issued share capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group performs the following in order to maintain capital structure and ensure effective capital management:

- Regularly monitor the performance of the Group and adjust distributions the Group pays to shareholders;
- Issue new shares in accordance with the constitutional documents of the Group to existing or new shareholders;
- Restrict redemption of shares in accordance with the constitutional documents.

## 2.6. Principles for recognizing revenue under contracts with customers

Revenue under contracts with customers is recognised under the 5-step model:

### Step 1 – Identify contracts with customers.

A contract is an agreement between two or more parties (depending on the terms of a purchase or sale) that creates enforceable rights and enforceable obligations and to which the customer is a party. The customer is a party to a contract with the Group to receive services for consideration. A contract with a customer to which IFRS 15 applies is accounted for when the following criteria are met:

- the parties have approved the contract (in writing, orally or in accordance with other normal business practices) and are committed to their respective obligations;
- it is possible to identify the rights of each party in relation to the goods or services to be transferred;
- it is possible to identify the payment terms provided for the goods or services to be transferred;
- the contract is of a commercial nature;
- The Group will receive a consideration, the right to which it will acquire in exchange for goods or services that will be transferred to the customer.

### Step 2 – Identify operational commitments.

An operating obligation is a contractual commitment to provide services. If the services can be separated, the performance obligation is recognized separately. Each performance obligation is identified in one of the following ways:

- a service (package of services) that is distinct,
- a set of separate services that are essentially the same and delivered to the customer according to the same model.

### Step 3 – Set the transaction price.

In determining the transaction price, the Group takes into account the terms of the agreement, the legislation of the Republic of Lithuania and its usual business practices. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for the promised services delivered to the customer, excluding amounts collected on behalf of third parties (such as certain sales taxes). The consideration promised in the contract with the client may include fixed amounts, variable amounts or both. As of 31 December 2022 and 2021, the Group had only contracts with fixed amounts.

### Step 4 – Assigning the transaction price to operating liabilities.

When assigning a transaction price, the Group attributes to each operating liability the amount of the transaction price that represents the amount of consideration to which the Group expects to be entitled in exchange for the promised services delivered to the customer.

### Step 5 – Revenue recognition when the company carries out operating obligations.

The Group recognizes revenue when it discharges an operating obligation by delivering a promised service to a customer. Operating commitments are settled over a period of time. The amount of revenue recognized is equal to the amount attributed to the operating obligation fulfilled. Revenue is recognized when the Company transfers control over the services.

## Rental income

Rental income from operating leases is recognized on a straight-line basis over the lease term. Discounts or other incentives to enter into a lease are recognized on a straight-line basis over the term of the lease, regardless of cash flows. The lease term is the minimum period for which the lessee must lease the leased object. The lease term includes an additional period for which the lessee is given the opportunity to extend the lease if the Company's management reasonably believes that the lessee will exercise this option.

Termination income or compensation for damage caused by a lessee is recognized when it is probable that the economic benefits associated with the termination of the transaction or the damage will flow to the Group.

## Utility revenue

The Group provides utilities to customers who rent premises from the Group. The Group does not provide utilities itself but arranges for the services to be provided to the customer, so the Group acts as an intermediary. Only net income, which remains for the Group as commissions, is recognized as revenue. Revenue is recognized when the service is rendered.

## 2.7. Segment information

The Group operates in one operating segment from which it recognises income – retail. The Group acquires, develops, and leases shopping malls. Further, the Group generates income from two geographical areas – Lithuania and Poland.

The information on Group's income and investment assets based on the different segments and geographical areas are presented in the table below:

	<b>Retail</b>
<b>Revenue Rental income</b>	<b>4 280 483</b>
Lithuania	2 649 445
Poland	1 631 038
<b>Investment assets</b>	<b>69 004 293</b>
Lithuania	47 522 922
Poland	21 481 371

Further, there are no revenues from transactions with a single external customer that account for 10% or more of the Group's total revenues.

## 2.8. Expense recognition

Expenses are recognized on an accrual and matching principles in the accounting period in which the related revenue is earned, regardless of when the cash is disbursed. Where expenses incurred during the reporting period cannot be directly related to the earning of specific revenue and will not generate revenue in future periods, these expenses are recognized as an expense in the same period in which they were incurred. The cost is usually estimated by the amount of money paid or payable, excluding VAT. In cases where a long settlement period and interest are not allocated, the cost is estimated by discounting the settlement amount at the market interest rate.

The Company may incur only such expenses that are related to the management of the Company and are set forth in the Company's prospectus or articles of association. All other costs not specified in the prospectus or in the statutes or exceeding the amounts set shall be paid by the Management Company.

The Company incurs Management fee, depositary fee, remuneration of auditors and asset appraisers, accounting, exchange rate insurance, litigation, financial institutions, securities and other account management fees, clearance, registration and deregistration of collateral, forced recovery, state and municipal taxes and levies, preparation and provision of information about the Company to participants, establishment, consultation, remuneration to financial intermediaries of the Company are covered by the Company's assets. The limit of all these expenses shall not exceed 15% of the Company's average annual NAV.

For individual types of costs, maximum cost amounts are set from the Company's average annual NAV:

Type of expense	Maximum amount
Depository fee	0.20 %
Remuneration of financial intermediaries	1.50 %

Shareholders pay a one-time Distribution Fee to the Management Company or another distributor in accordance with the conditions described below, which apply to each Shareholder individually. The amount of the distribution fee shall be:

- 2.0% of the amount paid for the Shares, if the amount paid by the Shareholder for the Shares is up to EUR 249 999;
- 1.0% of the amount paid for the Shares, if the amount paid by the Shareholder for the Shares is between EUR 250 000 and EUR 499 999;
- 0.0% of the amount paid for the Shares if the amount paid by the Shareholder for the Shares is EUR 500 000 or more.

The management fee is the remuneration paid to the Management Company for the management of the Company's assets, which is calculated in the following order:

- from the beginning of the Company's activities to the first day of the investment – EUR 50 000;
- from the first day of the investment until the end of the month in which the Company's NAV reaches EUR 150 000 000 – 1.50% per annum from the Company's respective monthly NAV;
- from the beginning of the month following the month in which the Company's NAV reaches EUR 150 000 000 to the end of the month in which the Company's NAV reaches EUR 250 000 000 – 1.00% per year from the Company's corresponding monthly NAV;
- from the beginning of the month following the month in which the Company's NAV reaches EUR 250 000 000 – 0.75% per year from the Company's respective monthly NAV.

The Articles of Association of the Company provide for a success fee for the Management Company, which depends on the Company's net return on investment throughout its life. When the 10 % hurdle rate is exceeded, the success fee is recorded on an accruals basis.

All other deductions to the Management Company, the depository and other expenses shall be recognized on an accruals basis.

## 2.9. Leases

### Lease – Group as a lessor

The Group, as lessor, enters into leases for certain of its investment property. Under IFRS 16, a lease where the Group is the lessor, is classified as a finance or operating lease. When the terms of a lease transfer substantially all the risks and rewards incidental to ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating the lease of a non-current asset and adding the leased asset are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts payable from lessees under finance leases are recognized as receivables.

### Lease – Group as a lessee

For leases where the Group is recognised as a lessee, the right of use assets and the corresponding lease liability are recognized from the moment the leased asset becomes available for use by the Group.

A right of use asset is measured at acquisition cost, which includes an initial estimate of the lease liability, lease payments made before or after starting the lease of the asset (less the lease incentives received), initial direct costs incurred by the Group. Lease liabilities are valued at net present value of lease payments.

Lease payments are discounted at the interest rate provided for in the lease agreement. If interest rate could not be easily determined, the borrowing rate may be used. This is the interest rate that the lessee would have to pay for the debt obligations necessary for the acquisition of right of use assets in a similar economic environment and under similar conditions and guarantees as provided for in the lease agreement.

The Group incurs a potential future increase in variable lease payments related to an index in a lease agreement that is not included in the value of the lease liability until it enters into force. When a correction of lease payments due to a change in the index occurs, the lease liability is recalculated and adjusted, as well as the value of the right-of-use asset.

Lease payments are allocated between the cost of covering the lease liability and the interest expense. Interest expense is recognised in profit/loss over the lease term at a constant interest rate for the remaining amount of the lease liability in each period.

Right of use assets are depreciated over the lease term of the asset.

## **2.10. Employee benefits**

Short-term employee benefits are expensed as the related service is provided. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefit becomes vested. Gains or losses arising from changes in the terms of benefits (reductions or increases) are recognized immediately in profit or loss.

Actuarial gains and losses are recognized immediately in operating expenses and selling expenses in the income statement.

## **2.11. Income tax**

The calculation of income tax is based on the annual profit, taking into account the deferred income tax. Income tax is calculated in accordance with the requirements of the tax laws of the Republic of Lithuania.

### *Lithuania*

The corporate income tax rate applicable to companies of the Republic of Lithuania is 15%.

In accordance with the Law on Income Tax of the Republic of Lithuania, the income of companies with legal status as an investment company and operating under the Law on Collective Investment Undertakings is non-taxable. Accordingly, based on the legislation, costs occurred to generate non-taxable income are classified as non-deductible expenses. Thus, all income of the Company is non-taxable, and all expenses are non-deductible.

Tax losses may be carried forward for an indefinite period of time, except for losses arising from the transfer of securities and / or derivatives. Such a transfer is terminated if the Company ceases to carry on the activities that caused the loss, unless the Company ceases to carry on the activities for reasons beyond its control. Losses from the transfer of securities and / or derivatives can be carried forward for 5 years and covered only from the profit of the same type of transactions. The amount of deductible tax losses carried forward may not exceed 70% of the amount of taxable profit for the reporting year.

Deferred tax is provided using the balance sheet liability method. Deferred tax reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax assets are recognized in the statement of financial position to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. If it is probable that part of the deferred tax will not be realized, this part of the deferred tax is not recognized in the financial statements.

### *Latvia*

The corporate income tax rate applicable to companies of the Republic of Latvia is 20 %.

In accordance with the Law of the Republic of Latvia on Corporate Income Tax, taxation period is one month and current tax for the reporting period is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Corporate income tax is calculated on:

- distributed profit (dividends calculated, payments equivalent to dividends, conditional dividends); and
- conditionally or theoretically distributed profit (non-operating expenses, doubtful debts, excessive interest payments, loans to related parties, decrease of income or excessive expenses which are incurred by entering transactions at prices other than those on the market that should be calculated using the methodology determined by the Cabinet of Ministers of Republic of Latvia, other expenses as specified in the Law on Corporate Income Tax of Republic of Latvia).

In accordance with the Law of the Republic of Latvia on Corporate Income Tax deferred tax assets or liabilities are not recognized, as rules of the law cancels all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

#### *Poland*

The corporate income tax rate applicable to companies of the Republic of Poland is 19%.

#### *Estonia*

The corporate income tax rate applicable to companies of the Republic of Estonia is 20%.

### **2.12. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are included in the cost of the asset until such time as the asset is substantially ready for its intended use or sale. As at 31 December 2022 and 2021, no borrowing costs were capitalized.

Investment income earned on the temporary investment of a specific borrowed amount that has not yet been used for such assets is deducted from the borrowing costs allowed to be capitalized.

All other borrowing costs are included in profit or loss in the period in which they are incurred.

### **2.13. Income and expenses from financial activities**

The Group's financial income and expenses include interest income, interest expense, liability tax and the positive or negative impact of changes in foreign exchange rates on financial assets and financial liabilities, and loan administration expenses.

Interest income or expense is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

The positive or negative effect of a change in a foreign exchange rate on financial assets and financial liabilities is recognized on a net basis as income from financing activities or as an expense from financing activities, depending on whether the change in foreign exchange rate results in a net gain or loss.

### **2.14. Investment property**

The investment property of the Group consists of commercial buildings and land.

Investment property is property held to earn rentals and / or for capital appreciation. Investment property is initially recognized at cost including all relevant transaction costs. Subsequently, after initial recognition, investment property is measured at fair value by an independent appraiser. Gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of finished goods comprises the cost of materials, direct labour and other costs directly attributable to bringing the investment property to working condition for its intended use, as well as capitalized borrowings.

An investment property is derecognised upon disposal or when the investment property ceases to be used in its entirety and no future economic benefits are expected from its sale. Any gain or loss arising on derecognition of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the investment property is derecognised.

Repair costs of investment property carried at fair value are recognized as an expense in the period in which they are incurred.

## **2.15. Financial assets**

Financial assets are classified into the following specified categories: financial asset at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets are classified into the afore-mentioned categories based on the business model the Group applies when managing its financial assets. The business model applied to the group of financial assets is determined at a level that reflects how all groups of financial assets are managed together to achieve a particular business objective of the Group. The intentions of the Group's management regarding separate instruments have no effect on the applied business model. The Group may apply more than one business model to manage its financial assets.

The business model for managing financial assets is a matter of fact and not merely an assertion. It is typically observable through the activities that the Group undertakes to achieve the objective of the business model. In determining the business model applicable for managing financial assets, the Group justifies its decision not by a single factor or activity, but in view of all relevant evidence that is available at the date of the assessment.

The Group recognises a financial asset in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument. The purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

At initial recognition, the Group measures financial assets at fair value, except for trade receivables that do not have a significant financing component. In the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs comprise all charges and commission that the Group would not have paid if it had not entered into an agreement on the financial instrument. If the fair value of the financial asset at initial recognition differs from the transaction price, the difference is recognised in profit or loss.

### **Financial assets measured at amortised cost**

The Group's receivables are accounted for using the business model, in which the purpose of holding financial assets is to collect contractual cash flows, which may include cash flows related to the payment of principal and interest.

Loans, bonds and other receivables are carried at amortized cost using the effective interest method. Gains or losses are recognized in profit or loss when the assets are impaired or amortized. Loans, bonds and other receivables are initially recognized at cost (at the fair value of the consideration given). Subsequently, current receivables are carried at amortized cost less any impairment losses and non-current receivables and loans are carried at amortized cost using the effective interest method, less any impairment losses.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or liability, or, when appropriate, a shorter period to the gross carrying amount of the financial asset or the amortised cost of the financial liability.



Loans, bonds and receivables are classified as current assets, unless they have a maturity of more than 12 months after the statement of financial position date. In the latter case, they are classified as non-current assets.

### **Trade receivables**

Trade receivables are amounts receivable from customers for services rendered in the ordinary course of business. If receivables are expected to be receivable within one year or less (or during the normal period of business, if later), trade receivables are classified as current assets. Otherwise, these amounts are classified as non-current assets.

After initial recognition, trade receivables are measured at amortized cost using the effective interest method, including impairment losses, and trade receivables with a maturity of less than 12 months from the date of recognition (i.e. without a financing element) that are not factored are not discounted and are valued at nominal value. Impaired receivables are written off when considered uncollectible.

### **Cash and cash equivalents**

Cash consists of cash on hand and in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. The term of such investments does not exceed three months and the risk of changes in value is negligible.

In the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, other short-term highly liquid investments. The carrying amount of this asset approximates its fair value.

### **Derecognition of financial assets**

Financial assets are derecognised when:

- The rights to cash flows of the asset have expired;
- The Group has retained the right to the cash flows but has undertaken to pay the full amount to a third party under the assignment agreement within a short period of time;
- The Group has transferred its right to receive cash inflows from the assets or has transferred substantially all the risks and rewards of ownership of the financial assets, or has neither transferred nor retained substantially all the risks and rewards of ownership but has transferred control of the assets.

When the Group transfers rights to the cash flows of an asset but neither transfers nor retains the risks and rewards of ownership of the asset and does not transfer control of the asset, the asset is recognized to the extent that the Company is still a party to the asset.

### **Impairment of financial assets – expected credit loss**

Impairment requirements are applied to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, an entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (ECL).

The Group considers a financial asset in default when contractual payment is 90 days past due and is higher than the deposit paid by debtor. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group monitors the increase in credit risk by monitoring the timely execution of debts. A significant increase in credit risk is considered when the debt is overdue and there is no reason to believe that the debt will be repaid soon.

The Group uses the following models to determine impairment losses:

- general model (basic),
- simplified model for trade receivables.

ECL is calculated using the “three-stage” model (the “general model”) for impairment:

### **Stage 1**

Includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

### **Stage 2**

Includes financial instruments that have had a significant increase in credit risk (SICR) since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

### **Stage 3**

Includes financial assets that have objective evidence of default at the reporting date. For these assets, life of ECL and interest income are calculated on the net carrying amount. ECL for trade receivables which do not have a significant financial component is stated over all debt period. The Group applies a simplified model for impairment of trade receivables.

For trade receivables, a simplified model is used to assess historical bad debts, macroeconomic indicators and calculate expected credit loss. Majority of trade receivables are not overdue, therefore it is considered that the expected credit loss is zero as at 31 December 2022 and 31 December 2021.

Credit risk associated with funds at banks is limited as the Group carries out operations with banks with high long-term credit ratings issued by foreign rating agencies. Bank ratings are presented in Note 3.9. Having assessed the high creditworthiness ratings of banks, the Group considers the probability of banks default to be zero.

## **2.16. Financial liabilities**

All financial liabilities are initially recognized at fair value and, in the case of loans and payables, are net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans.

### **Subsequent evaluation**

The measurement of financial liabilities depends on their classification as described below.

#### **Loans, bonds and other borrowings**

Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently carried at amortized cost and any difference between proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the loan.

Loans are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### **Trade payables**

Trade payables are liabilities paid for goods or services provided by suppliers during the normal course of business. Trade payables are classified as current liabilities if they are due to be settled within one year or less (or during the normal operating cycle, whichever is longer). Otherwise, they are classified as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

## Derecognition of financial liabilities

A financial liability is derecognised when the obligation is discharged or cancelled or expires. When one existing financial liability is replaced by another liability to the same lender but on different terms, or when the terms of an existing liability are substantially changed, such a change is treated as a termination of the original liability and the creation of a new liability. The difference between the respective carrying amounts is recognized in the income statement.

## 2.17. Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as interest rate swaps (IRS) to hedge against interest rate risks. The Group does not apply hedge accounting. Hence, derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss and other comprehensive income.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

## 2.18. Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The reversal of the discount is recognized as a finance cost.

## 2.19. Methods and assumptions of asset and liability estimates, periodicity of investment revaluation

The financial statements include the fair value of the Group's assets if they are not accounted for under the amortised cost or acquisition cost method and the fair value of liabilities at the end of the reporting period.

The Group's financial instruments at fair value as at 31 December 2022 is presented in the table below:

	Carrying amount			
	Fair value through PL	Financial assets at amortized cost	Other financial liabilities	Total
<b>Financial assets measured at fair value</b>				
Derivative financial instruments	514 507	-	-	<b>514 507</b>
	<b>514 507</b>	-	-	<b>514 507</b>
<b>Financial assets not measured at fair value</b>				
Other assets	-	710 640	-	<b>710 640</b>
Contract assets	-	237 346	-	<b>237 346</b>
Trade receivables	-	101 018	-	<b>101 018</b>
Cash and cash equivalents	-	3 577 277	-	<b>3 577 277</b>
	-	<b>4 626 281</b>	-	<b>4 626 281</b>
<b>Financial liabilities not measured at fair value</b>				
Loans received	-	-	39 566 752	<b>39 566 752</b>
Lease liabilities	-	-	937 927	<b>937 927</b>
Contract liabilities	-	-	145 083	<b>145 083</b>
Trade and other payables	-	-	903 944	<b>903 944</b>
Employment related liabilities	-	-	15 715	<b>15 715</b>
	-	-	<b>41 569 421</b>	<b>41 569 421</b>

The Group's financial instruments at fair value as at 31 December 2021 is presented in the table below:

	Carrying amount		
	Financial assets at amortized cost	Other financial liabilities	Total
<b>Financial assets not measured at fair value</b>			
Other assets	5 286 409	-	<b>5 286 409</b>
Contract assets	144 040	-	<b>144 040</b>
Trade receivables	66 532	-	<b>66 532</b>
Cash and cash equivalents	1 560 144	-	<b>1 560 144</b>
	<b>7 057 124</b>	-	<b>7 057 124</b>
<b>Financial liabilities not measured at fair value</b>			
Loans received	-	9 853 047	<b>9 853 047</b>
Lease liabilities	-	166 058	<b>166 058</b>
Contract liabilities	-	23 224	<b>23 224</b>
Trade and other payables	-	530 375	<b>530 375</b>
Employment related liabilities	-	14 660	<b>14 660</b>
	-	<b>10 587 363</b>	<b>10 587 363</b>

The fair value hierarchy based on IFRS 13 is used to determine fair value in a more consistent and comparable manner. All assets and liabilities whose fair value is determined or disclosed in the financial statements are classified according to a fair value hierarchy based on the significant lowest level data used to determine fair value:

- Level 1 – the same assets or liabilities quoted (unadjusted prices in active markets);
- Level 2 – valuation techniques that directly or indirectly monitor the lowest level inputs that are significant in determining fair value;
- Level 3 – valuation techniques that do not observe the lowest level inputs that are significant in determining fair value.

For assets and liabilities that are re-recognized in the financial statements, the Group determines, when reassessing the distribution, whether the amounts transferred have occurred between levels of the hierarchy (the lowest fair value is defined as the amount for which an arm's length transaction could be or in the event of liquidation). Fair value is based on quoted market prices, discounted cash flow models or options (option pricing models as appropriate).

As at 31 December 2022 and 31 December 2021 the carrying amount of the Group's assets and liabilities is a reasonable approximation of a fair value for the Level 3 valuation methodology.

The fair value of cash and cash equivalents in credit institutions is equal to their nominal value.

The value of non-equity securities consists of their nominal value and the interest accrued and not paid between the acquisition and the reporting period and other costs associated with the acquisition of non-equity securities.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices, and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to credit risk adjustment that reflects the credit risk of the Group and of the counterparty. This is calculated based on credit spreads derived from current credit default swap or bond prices.

The fair value of the interest rate swaps is calculated by the counterparty (credit institution) and presented to the Group every quarter. The Group considers the estimated fair value of the interest rate swap calculated by the credit institution to be a reliable source for setting the fair value for the level 3 valuation methodology.

The Company invests in real estate directly or by acquiring equity securities of the special purpose vehicles that own such objects.

The fair value of real estate objects (both directly owned by the Company and special purpose vehicles acquired or established by the Company) is determined according to the data provided by an independent property appraiser entitled to perform valuation and meeting the criteria set out in the Company's founding documents. The assessment shall be carried out at least twice a year in the absence of substantial changes in economic or market prices requiring a new assessment. If the valuation of assets belonging to special purpose vehicles is performed, the valuation of the equity securities of those companies is also performed.

In the period between valuations, the fair value of the investment may be adjusted accordingly by interest receivable or payable by the company arising from other liabilities between the Company and the company, the impact of which on the value of equity securities can be reliably assessed without an external expert.

Other equity securities that are not traded on regulated markets are valued as follows:

1. Based on the valuation by an external property valuator who is legally allowed to perform the valuation and complies with the criteria set out in the Company rules if no more than a year has passed since the last valuation and if there were no events responsible for a significantly lower/higher market price than the one determined by the appraiser;
2. If the valuation under the conditions in subsection 1 is not performed or the set out conditions have not been met, the valuation then follows the comparable company approach, taking such company's pre-tax earnings per share (using the weighted average number of shares of common stock outstanding during a certain period), ratio, and multiplying it by the 12-month earnings per share of the company being valued;
3. If, due to various reasons, the methods specified in subsections 1 and 2 cannot be applied, the valuation is then performed using the auditor approved financial statements of the entities owned by the Company. As such, the value of equity securities is determined by the sum of auditor approved book value of equity divided by the total number of shares outstanding and multiplying by the number of securities owned by the Company. In case of negative equity, the total value of equity securities is equal to 1 EUR. The valuation of equity securities will be performed at least once every 12 months under the prescribed procedure in this subsection.

The fair value of financial instruments that are traded in regulated markets, is determined by market prices, by comparable financial asset prices or by any other means common in the financial markets. The assets are valued by selecting two financial institutions that trade in these assets and taking the average of the prices reported during the reporting period.

If the financial instruments have no market price but a comparable instrument does, the fair value is then determined using this market price of a comparable financial instrument. The price of a financial asset or instrument can also be determined by an independent expert.

In case the fair value approach cannot be reasonably applied for the purpose of valuing financial assets and liabilities, the valuation is then performed under the following conditions:

- Financial assets intended to be held until the redemption period whose fair values cannot be determined based on the price in the active market (except financial assets held for sale valued at amortized cost), is determined using the effective interest rate method by subtracting the decrease in value;
- In exceptional cases, when investments in financial assets cannot be reasonably valued at fair value or at amortized cost, the value is then determined by subtracting the decrease in value from the cost of acquisition;
- Financial liabilities unrelated to market prices are valued at amortized cost.

Interest income is recognized on accrual basis if economic benefits are expected and if the revenue can be reasonably determined.

Other assets are valued based on provisions of net asset value calculation, approved by the Management entity.

## **2.20. Share capital and value of shares**

The share capital is recognized in the statement of financial position at its nominal value and is accounted in euro.

The value of the share is calculated by dividing the Company's NAV, determined at the date of calculation, by the number of paid shares in circulation.

As described in part 2.2 of Accounting Policy, the Company's equity may differ from the Company's NAV, therefore the share price calculated by dividing the Company's NAV by the number of paid-up shares and the share price calculated by dividing the Company's equity capital by the number of paid-up shares may differ.

## **2.21. Distribution of dividends**

The distribution of dividends to the shareholders of the Company is recognised as a liability in the Company's financial statements in the period when the dividends are approved by the shareholders.

## **2.22. Portfolio investment structure**

The management company will seek to diversify the Company's investment portfolio in accordance with the Articles of Association approved by the Company, according to which:

- The total amount of investments in real estate under construction may not exceed 10% of the net asset value.
- The total amount of investments in commercial real estate generating income is at least 80% of the net asset value.
- The total amount of investments in real estate for other purposes may not exceed 10% of the net asset value.
- The total amount of investments in liquid, investment grade (S&P or alternative certified appraiser) European Union government and/or corporate bonds, money market instruments and bank fixed-term deposits with a maximum duration of 3 years may not exceed 20% of the net asset value.
- The total amount of investment in one immovable property and the movable property and/or equipment necessary for its operation may not exceed 40% of the net asset value.
- Not less than 50 % of the net asset value is invested in items located in euro zone countries.

The structure of the Company's investment portfolio described above will be achieved within four years of the approval of the Company's articles of association by the supervisory authority.

## **2.23. Significant accounting estimates and judgments**

The preparation of financial statements in conformity with International Financial Reporting Standards adopted for use in the European Union (EU) requires management to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of uncertainties. Future events may change the assumptions used in making the estimates. The effect of changes in such estimates will be recognized in the financial statements when determined.

### **Asset acquisitions**

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. Respectively, the Group assesses whether acquisition consists of only assets acquired or a business combination as a whole, where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which substantive processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g., maintenance, cleaning, security, etc.).

During 2022, the Company has acquired the following subsidiaries (see Note 3.1):

- UAB Kuršėnų turtas which at the time of acquisition owned shopping centre in Kuršėnai.
- Peppercorn 8 Sp. z o.o., which at the time of acquisition owned shopping centre in Wrocław, Poland.
- Reinvest Holding OU, which at the time of acquisition did not perform any activities.
- Caruantil Investments sp. z o.o., which at the time of acquisition did not perform any activities.
- Espidatell Investments sp. z o.o., which at the time of acquisition did not perform any activities.
- Evoratedelle Investments sp. z o.o., which at the time of acquisition did not perform any activities.
- Eximendell Investments sp. z o.o., which at the time of acquisition did not perform any activities.
- Faroditelles Investments sp. z o.o., which at the time of acquisition did not perform any activities.
- UAB Esulda, which at the time of acquisition had signed agreements to purchase and develop an investment property.
- UAB MD Europa, which at the time of acquisition owned shopping centre in Klaipėda.

The Company invests in real estate objects through subsidiaries.

The difference between the fair value of the net assets of the acquired subsidiaries in Estonia and Poland and the acquisition price paid by the Group, was recognized as Group's income in the Group's consolidated statement of profit and loss and other comprehensive income, since the subsidiaries had no assets or liabilities to which the price difference could be attributed (see Note 3.16).

During 2021, the Company has acquired the following subsidiaries (see Note 3.1):

- UAB Janonio 27 which at the time of acquisition had made prepayments for the acquisition of investment property;
- UAB Prekybos plėtros investicijos, which owns 100% of the subsidiary company UAB Investicija 21 shares, whereas the latter had investment property in development;
- UAB SMI Alytus which at the time of acquisition owned shopping centre in Alytus;
- UAB BFIII Kaunas which at the time of acquisition owned shopping centre in Kaunas, and
- SIA Gronvest which was established as an empty company.

Companies are used as special purpose vehicles through which the Company invests in real estate objects. Having assessed that most of the value of the assets of the acquired companies consists of real estate assets managed and that neither of subsidiaries acquired provides additional services, which would make up acquisition of business, therefore all transactions are accounted for as acquisitions of assets, with the acquisition price being allocated to the acquired assets. Further, no goodwill or deferred tax arising from the acquisition is recognised.

### **Investment property fair value measurement**

The Group has investment property which is measured at fair value through profit and loss based on valuation reports prepared by independent appraiser. For the fair value measurement of investment property judgements are used. For more information about the assumptions used see Note 3.3.

## **2.24. Application of new and revised international financial reporting standards**

The following amendments are effective from 1 January 2022:

### **Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

## **2.25. New and revised IFRS Standards in issue but not yet effective**

The standards provided below are adopted, but not yet in force and have not been applied. In preparing these financial statements, the Company decided not to apply the new standards or amendments in advance. It is considered that the following revised standards and interpretations will not have a material impact on the financial statements of the enterprise.

- IFRS 17 Insurance Contracts (including the June amendments to IFRS 17) – effective for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – effective date of the amendments has yet to be set by the Board, however, earlier application is permitted. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IAS 1 Presentation of Financial Statements – effective for annual periods beginning on or after 1 January 2023, with early application permitted. Classification of Liabilities as Current or Non-current.
- Amendments to IFRS 16 Leases – effective for periods beginning in 2024 January 1 or later, and earlier application is permitted. Lease obligation in sale and leaseback transactions. These amendments have not yet been approved by the Board;
- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Assessment of Materiality" - effective for periods beginning in 2023. January 1 or later, and earlier application is permitted. Disclosure of accounting policies;

**Special closed-end real estate investment company AB Tewox**  
**Registration number: 305733600, address: Jogailos str. 4, Vilnius**  
**The Company's Consolidated Financial Statements for the year ended 31 December 2022**  
**Management company UAB Lords LB Asset Management, reg. code: 301849625**  
(all amounts presented in EUR unless otherwise indicated)

- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - effective for periods beginning in 2023. January 1 or later, earlier application is allowed. Definition of accounting estimates;
- Amendments to IAS 12 Income Taxes - effective for periods beginning in 2023 January 1 or later, earlier application is allowed. Deferred tax related to assets and liabilities arising from a single transaction.



### 3. Notes

#### 3.1. Asset acquisitions

##### Acquisitions in 2022

On 31 January 2022 the Company acquired UAB Kuršėnų turtas under the shares purchase and sale agreement.

On 1 February 2022 the Company acquired Peppercom 8 sp. z o.o. under the shares purchase and sale agreement. The part of amount payable was settled with the Company's advance paid in 2021 (**Note 3.4.**).

On 31 August 2022 the Company acquired Reinvest Holding OU under the shares purchase and sale agreement.

On 20 October 2022 the Company acquired UAB Esulda under the shares purchase and sale agreement.

On 24 November 2022 the Company acquired Caruantil Investments sp. z o.o., Eximendell Investments sp. z o.o., Faroditelles Investments sp. z o.o., Evoratedelle Investments sp. z o.o. and Espidatell Investments sp. z o.o. under the shares purchase and sale agreement.

On 13 December 2022 the Company acquired UAB MD Europa under the shares purchase and sale agreement.

The fair value of the net assets of the acquired companies at the date of acquisition is given below:

	UAB Kuršėnų turtas	Peppercom 8 sp. z o.o.	UAB Esulda	UAB MD Europa	Reinvest Holding OU
Investment property	2 382 110	21 561 727	-	8 266 625	-
Other non-current assets	-	309 802	-	-	-
Derivative financial instruments	-	(5 110)	-	-	-
Other current assets	52 813	77 677	-	146	-
Contract assets	15 742	-	-	40 630	-
Trade receivables	-	58 198	-	31 130	-
Cash and cash equivalent	34 931	363 834	2 500	166 279	10 000
<b>Total assets:</b>	<b>2 485 596</b>	<b>22 366 128</b>	<b>2 500</b>	<b>8 504 809</b>	<b>10 000</b>
Loans received	(2 271 391)	(15 225 764)	-	(4 800 000)	-
Trade and other payables	(142 381)	(55 721)	-	(67 719)	(75)
Contract liabilities	-	(43 588)	-	(81 292)	-
Income tax liabilities	-	-	-	(8 873)	-
Current loans received	(62 500)	(543 383)	-	(210 615)	-
<b>Total liabilities:</b>	<b>(2 476 272)</b>	<b>(15 868 455)</b>	<b>-</b>	<b>(5 168 498)</b>	<b>(75)</b>
<b>Net assets:</b>	<b>9 324</b>	<b>6 497 673</b>	<b>2 500</b>	<b>3 336 311</b>	<b>9 925</b>
Acquisition price	9 324	6 497 673	2 500	3 336 311	1

	Caruantil Investments sp. z o.o.	Espidatell Investments sp. z o.o.	Evoratedelle Investments sp. z o.o.	Eximendell Investments sp. z o.o.	Faroditelles Investments sp. z o.o.	Total
Investment property	-	-	-	-	-	32 210 463
Other non-current assets	-	-	-	-	-	309 802
Derivative financial instruments	-	-	-	-	-	(5 110)
Other current assets	39	39	39	39	39	130 831
Contract assets	-	-	-	-	-	56 372
Trade receivables	-	-	-	-	-	89 328
Cash and cash equivalent	1 024	1 024	1 024	1 024	1 024	582 663
<b>Total assets:</b>	<b>1 063</b>	<b>1 063</b>	<b>1 063</b>	<b>1 063</b>	<b>1 063</b>	<b>33 374 349</b>
Loans received	-	-	-	-	-	(22 297 154)
Trade and other payables	-	-	-	-	-	(265 896)
Contract liabilities	-	-	-	-	-	(124 880)
Income tax liabilities	-	-	-	-	-	(8 873)
Current loans received	-	-	-	-	-	(816 498)
<b>Total liabilities:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23 513 300)</b>
<b>Net assets:</b>	<b>1 063</b>	<b>1 063</b>	<b>1 063</b>	<b>1 063</b>	<b>1 063</b>	<b>9 861 048</b>
Acquisition price	2 533	2 815	2 815	2 784	2 784	9 859 538

During the 2022, there was a price correction for the subsidiary UAB Prekybos centrų plėtros investicijos acquired in 2021, according to which, the Company recognized EUR 2 199 income from asset acquisition (see Note 3.16).

The difference between the fair value of the net assets of the acquired subsidiaries in Estonia and Poland and the acquisition price paid by the Group, was recognized as the Group's income in the Group's consolidated statement of profit and loss and other comprehensive income, since the subsidiaries had no assets or liabilities to which the price difference could be attributed (see Note 3.16).

#### Acquisitions in 2021

On 18 June 2021 the Company acquired UAB Janonio 27 under the share purchase and sale agreement.

On 26 August 2021 under the share purchase and sale agreement, the Company acquired UAB Prekybos centrų plėtros investicijos, which owns 100% of the subsidiary company UAB Investicija 21 shares. On 31 December 2021, the outstanding payable for shares of UAB Prekybos plėtros investicijos was EUR 160,000. More information is provided in Note 3.11.

On 25 October 2021 the Company paid up the share capital of its subsidiary SIA Gronvest. The subsidiary was registered in the Commercial Register of Latvian Companies on 16 December 2021.

On 27 October 2021 the Company acquired UAB SMI Alytus under the share purchase and sale agreement.

On 23 November 2021 the Company acquired UAB BFIII Kaunas under the share purchase and sale agreement.

As at 31 December 2021 the Company had also paid advance payment for the acquisition of subsidiaries (Note 3.4.). As at 31 December 2021 the Company did not possess the ownership of the subsidiaries being acquired.

Special closed-end real estate investment company AB Tewox  
Registration number: 305733600, address: Jogailos str. 4, Vilnius  
The Company's Consolidated Financial Statements for the year ended 31 December 2022  
Management company UAB Lords LB Asset Management, reg. code: 301849625  
(all amounts presented in EUR unless otherwise indicated)

The fair value of the net assets of the acquired companies at the date of acquisition is given below:

	UAB Janonio 27	UAB Prekybos centrų plėtros investicijos and UAB Investicija 21	UAB SMI Alytus	SIA Gronvest	UAB BFIII Kaunas	Total
Investment property	18 638	4 718 091	8 570 037	-	10 149 213	23 455 979
Other current assets	142 000	32 771	167	-	102	175 040
Trade receivables	-	-	26 039	-	18 001	44 040
Cash and cash equivalents	1 943	2 187	137 547	2 800	183 135	327 613
<b>Total assets:</b>	<b>165 581</b>	<b>4 734 050</b>	<b>8 733 789</b>	<b>2 800</b>	<b>10 350 451</b>	<b>24 002 672</b>
Loans received	(155 000)	(2 516 884)	(3 475 220)	-	(6 358 843)	(12 505 948)
Trade and other payables	(5 906)	(228 882)	(31 785)	-	(40 871)	(307 444)
Contract liabilities	-	-	(11 279)	-	(11 945)	(23 224)
Income tax liabilities	-	-	(8 930)	-	(5 168)	(14 098)
Current loans received	825	(103 715)	(236 940)	-	(285 600)	(625 430)
<b>Total liabilities:</b>	<b>(160 081)</b>	<b>(2 849 482)</b>	<b>(3 764 154)</b>	<b>-</b>	<b>(6 702 427)</b>	<b>(13 476 144)</b>
<b>Net assets:</b>	<b>2 500</b>	<b>1 903 568</b>	<b>4 969 635</b>	<b>2 800</b>	<b>3 648 024</b>	<b>10 526 528</b>
Acquisition price	2 500	1 903 568	4 969 635	2 800	3 648 024	10 526 528

### 3.2. Right of use assets

As at 31 December 2022 the Group, as a lessee, has concluded long-term lease agreements for the lease of land, which is used for the construction and development of the real estate objects. Maturity date of the lease agreements concluded by the Group vary from 68 to 79 years.

The residual value of the Group's right of use assets as at 31 December 2022 and the movement during 2022 are presented in the table below:

	Right of use assets
Acquisitions	166 210
Depreciation	(287)
<b>Balance as at 31 December 2021</b>	<b>165 923</b>
Acquisitions	780 158
Adjustment due to change in rent payments	(3 069)
Depreciation	(12 570)
Exchange rate differences	(36)
<b>Balance as at 31 December 2022</b>	<b>930 406</b>

Right of use assets and lease liabilities are recognized in the Group's Consolidated Statement of Financial Position (**see Note 3.12**), meanwhile depreciation of right of use assets and interest expense on lease liabilities for the year are recognized in the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income (**see Notes 3.22 and 3.23, respectively**).

Depreciation of right of use assets for the year 2022 is EUR 12 570 (2021 – EUR 287) and is recognised in other costs, in the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income (**see Note 3.22**). The difference due to exchange rate is recognised as other comprehensive income in Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Group had total cash outflows for leases of EUR 65 595 in 2022 (EUR 2 140 in 2021). The Group also had non-cash additions to right-of-use assets and lease liabilities of EUR 780 158 in 2022 (EUR 166 210 in 2021) (**see Note 3.12**).

### 3.3. Investment property

	Investment assets
Assets acquired with acquired subsidiaries (see Note 3.1)	23 455 979
Purchased investment property	3 285 022
Change in fair value of investment property	795 999
Exchange rate differences	-
<b>Fair value as at 31 December 2021</b>	<b>27 537 000</b>
Assets acquired with acquired subsidiaries (see Note 3.1)	32 210 463
Purchased investment property	9 407 798
Change in fair value of investment property	142 351
Exchange rate differences	(293 319)
<b>Fair value as at 31 December 2022</b>	<b>69 004 293</b>

By acquiring subsidiaries, the Company also acquired investment property held by subsidiaries at fair value at the time of acquisition (see Notes 2.22 and 3.1).

Information about the results of the investment properties is provided below:

	31 December 2022	31 December 2021
Rental income derived from investment properties	3 549 083	305 085
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)	(591 890)	(76 179)
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)	(1 553 085)	(324 959)
<b>Profit arising from investment properties carried at fair value</b>	<b>1 404 108</b>	<b>(96 053)</b>

As the Group's main activity is to generate income from investment property, all Group's rental income is rental income derived from investment properties and all direct costs are related to investment property. Rental income in 2022 amounted to EUR 3 549 083 (EUR 305 085 in 2021) (see Note 3.16). Direct operating expenses generating rental income in 2022 amounted to EUR 591 890 (EUR 76 179 in 2021) (see Notes 3.17, 3.18 and 3.19). Direct operating expenses that did not generate rental income in 2022 amounted to EUR 1 553 085 (EUR 324 959 in 2021) (see Notes 3.20, 3.21 and 3.22).

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance, and enhancements. During 2022 the Group also acquired:

- Land plots, located at Kupiškio str. 48, 50 and 52, Utena. The purchase price was EUR 569 122.
- Land plot, located at Klebniškių str. 2, Skaidiškių k, Vilnius district. The purchase price was EUR 164 753.
- Land plot, located at Burbiškių str. 31, Vilnius. The purchase price was EUR 1 405 500.
- Paid advances for the land plot located at Balčkalnio str. 50, Kaunas. Advance paid was EUR 855 000.
- Paid advances for the land plot located at Mokyklos str. 2 Ukmergė. Advance paid was EUR 100 000.
- Paid advances for the assets in development in Group's previously acquired land plots. Advance paid was EUR 26 438.
- Land plot, located at Šventosios str. 54A, Kretinga and finished construction of PC IKI shopping centre in the acquired land plot. The purchase price of the property and performed work – EUR 3 769 100.
- The building complex together with the land located at Tunelio g. 4A, Vilnius. Purchase price was EUR 2 516 886.

The change in fair value of investment property was accounted for on the basis of the independent asset appraiser's estimates.

The investment property of the Group consists of:

- Complex of buildings located at Janonio str. 27, Klaipėda, owned by UAB Janonio 27. Value as at valuation date 31 October 2022 – EUR 1 541 000.
- Land plots located at Kupiškio str. 48, 50 and 52, Utena, owned by UAB Janonio 27. Value as at valuation date 31 October 2022 – EUR 602 000.
- Land plot located at Burbiškių str. 31, Vilnius, owned by UAB Janonio 27. Value as at valuation date 31 October 2022 – EUR 1 240 000.
- Land plot located at Klebniškių str. 2, Skaidiškių k, Vilnius district, owned by UAB Janonio 27. Value as at valuation date 31 October 2022 – EUR 130 000.
- Shopping centre PC RIMI located at Šiltnamių str. 21, Vilnius, owned by UAB Investicija 21, a subsidiary of UAB Prekybos centrų plėtros investicijos. Value as at valuation date 31 October 2022 – EUR 5 710 000.
- Shopping centre PC Alytus, located at Ūdrijos str. 1, Alytus, and the land plot located at Naujoji str. 7C, 7D, Alytus, owned by UAB SMI Alytus. Value as at valuation date 31 October 2022 – EUR 9 440 000 and EUR 130 000 respectively.
- Shopping centre PC Kaunas, located at Savanorių ave. 321, Kaunas, owned by UAB BFIII Kaunas. Value as at valuation date 31 October 2022 – EUR 11 800 000.
- Shopping centre PC Kuršėnai, located at Vilniaus str. 40, Kuršėnai, owned by UAB Kuršėnų turtas. Value as at valuation date 31 October 2022 – EUR 2 290 000.
- Shopping centre PC Kretinga, located at Šventosios str. 54A, Kretinga, owned by UAB Kuršėnų turtas. Value as at valuation date 31 October 2022 – EUR 2 880 000.
- Shopping centre PC Mlyn, located at 110 Bolesława Krzywoustego str., Wrocław, Poland, owned by Peppercom 8 sp. z o.o.. Value as at valuation date 31 October 2022 – EUR 21 350 000.
- Complex of buildings located at Tunelio str. 4A, Vilnius, owned by UAB Esulda. Value as at acquisition date 10 November 2022 – EUR 2 517 886.
- Shopping centre PC RIMI, located at Liepojos str. 27, Klaipėda, owned by UAB MD Europa. Value as at acquisition date 15 December 2022 – EUR 8 266 625.

The valuation of investment property is based on reports prepared by an independent asset appraiser. The assumptions and sensitivity analysis for the valuation of investment property are presented in the table below:

	<b>Total</b>	<b>Land plot, UAB Janonio 27</b>	<b>Commercial building, UAB Investicija 21</b>	<b>Commercial building, UAB SMI Alytus</b>	<b>Land plot UAB SMI Alytus</b>	<b>Commercial building, UAB BFIII Kaunas</b>
Valuation method	-	Comparative transactions <sup>1</sup>	Income	Income	Comparative transactions <sup>2</sup>	Income
Discount rate	-	0.00%	8.60%	11.13%	0.00%	10.09%
Capitalization rate	-	0.00%	6.00%	8.50%	0.00%	7.75%
<b>Value of investment property</b>	<b>57 113 000</b>	1 541 000	5 710 000	9 440 000	130 000	11 800 000
<b>Sensitivity analysis</b>						
Value after increasing capitalization rate by 0.5	<b>54 863 000</b>	1 541 000	5 460 000	9 210 000	130 000	11 460 000
Value change, %	-3,94%	0.00%	-4.38%	-2.44%	0.00%	-2.88%
Value after decreasing capitalization rate by 0.5	<b>59 763 000</b>	1 541 000	6 000 000	9 710 000	130 000	12 200 000
Value change, %	4,64%	0.00%	5.08%	2.86%	0.00%	3.39%
Value after increasing discount rate by 1	<b>54 593 000</b>	1 541 000	5 310 000	8 860 000	130 000	11 050 000
Value change, %	-4,41%	0.00%	-7.01%	-6.14%	0.00%	-6.36%
Value after decreasing discount rate by 1	<b>59 873 000</b>	1 541 000	6 130 000	10 080 000	130 000	12 630 000
Value change, %	4,83%	0.00%	7.36%	6.78%	0.00%	7.03%

	Commercial building, Peppercorn 8 Sp. z.o.o	Commercial building, UAB Kuršėnų turtas (Kuršėnai)	Commercial building, UAB Kuršėnų turtas (Kretinga)	Land plot, UAB Janonio 27 (Utena)	Land plot, UAB Janonio 27 (Vilnius)	Land plot, UAB Janonio 27 (Skaidiškės)
Valuation method	Income	Income	Income	Comparative transactions <sup>3</sup>	Comparative transactions <sup>4</sup>	Comparative transactions <sup>5</sup>
Discount rate	6.80%	9.70%	9.40%	0.00%	0.00%	0.00%
Capitalization rate	6.80%	7.50%	7.50%	0.00%	0.00%	0.00%
<b>Value of investment property</b>	21 350 000	2 290 000	2 880 000	602 000	1 240 000	130 000
<b>Sensitivity analysis</b>						
Value after increasing capitalization rate by 0.5	20 080 000	2 220 000	2 790 000	602 000	1 240 000	130 000
Value change, %	-5.95%	-3.06%	-3.13%	0.00%	0.00%	0.00%
Value after decreasing capitalization rate by 0.5	22 860 000	2 370 000	2 980 000	602 000	1 240 000	130 000
Value change, %	7.07%	3.49%	3.47%	0.00%	0.00%	0.00%
Value after increasing discount rate by 1	20 900 000	2 140 000	2 690 000	602 000	1 240 000	130 000
Value change, %	-2.11%	-6.55%	-6.60%	0.00%	0.00%	0.00%
Value after decreasing discount rate by 1	21 850 000	2 450 000	3 090 000	602 000	1 240 000	130 000
Value change, %	2.34%	6.99%	7.29%	0.00%	0.00%	0.00%

<sup>1</sup> according to the comparative method, the average market value of the complex of building was 421 EUR / sq. m. and average market value of land was 16 531 EUR / are.

<sup>2</sup> according to the comparative method, the average market value of the land was 3 250 EUR / are

<sup>3</sup> according to the comparative method, the average market value of the land was 3 620 EUR / are

<sup>4</sup> according to the comparative method, the average market value of the land was 24 800 EUR / are

<sup>5</sup> according to the comparative method, the average market value of the land was 2 549 EUR / are

The fair value of investment property of UAB MD Europa as at 31 December 2022, amounted to EUR 8 266 625 and was equal to purchase price as of 15 December 2022. There were no variables present, hence the sensitivity analysis was not prepared.

The fair value of investment property of UAB Esulda as at 31 December 2022, amounted to EUR 2 517 886 and was equal to purchase price as of 11 November 2022. There were no variables present, hence the sensitivity analysis was not prepared.

The fair value of investment property of Peppercorn 8 sp. z.o.o. presented in table above is based on the valuations carried out by an independent appraiser as at 31 October 2022, and differs from the balance value as at 31 December 2022 (EUR 21 481 371) due to changes in exchange rate between EUR and PLN.

The fair value of investment property of Janonio 27 (Utena) presented in table above differs from the carrying amount as at 31 December 2022 (EUR 622 411) due to additional advances paid related to investment property in amount of EUR 20 411.

The fair value of advance payments paid for investment property of UAB Janonio 27 (Ukmergė) and UAB Janonio 27 (Kaunas) was equal to carrying amount as at 31 December 2022 (EUR 100 000 and EUR 855 000 respectively) and was based on the purchase price. As there were no variables present, hence the sensitivity analysis was not prepared. As at the preparation date of these financial statements, the ownership of investment property was not transferred to the Group.

Information of the Group's investment properties fair value hierarchy as at the end of the reporting period is as follows:

	Level 1	Level 2	Level 3	Fair value
Commercial building, UAB Janonio 27	-	-	1 541 000	1 541 000
Commercial building, UAB Investicija 21	-	-	5 710 000	5 710 000
Commercial building, UAB SMI Alytus	-	-	9 440 000	9 440 000
Land plot, UAB SMI Alytus	-	-	130 000	130 000
Commercial building, UAB BFIII Kaunas	-	-	11 800 000	11 800 000
Commercial building, Peppercorn 8 Sp. z.o.o	-	-	21 481 371	21 481 371
Commercial building, UAB Kuršėnų turtas (Kuršėnai)	-	-	2 290 000	2 290 000
Commercial building, UAB Kuršėnų turtas (Kretinga)	-	-	2 880 000	2 880 000
Land plot, UAB Janonio 27 (Utena)	-	-	622 411	622 411
Land plot, UAB Janonio 27 (Vilnius)	-	-	1 240 000	1 240 000
Land plot, UAB Janonio 27 (Skaidiškės)	-	-	130 000	130 000
Advance payment for land plot, UAB Janonio 27 (Ukmergė)	-	-	100 000	100 000
Advance payment for land plot, UAB Janonio 27 (Kaunas)	-	-	855 000	855 000
Land plot, UAB Esulda	-	-	2 517 886	2 517 886
Commercial building, UAB MD Europa	-	-	8 266 625	8 266 625
	-	-	<b>69 004 293</b>	<b>69 004 293</b>

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

During 2021 the Group also acquired:

- The building complex together with the land located at Janonio str. 27, Klaipėda. Purchase price was EUR 1 430 709, and
- Finished construction of PC RIMI shopping centre located at Šiltnamių str. 21, Vilnius. The purchase price of the property and performed work – EUR 1 854 313.

The change in fair value of investment property was accounted for on the basis of the independent asset appraiser's estimates.

The investment property of the Group consists of:

- Complex of buildings located at Janonio str. 27, Klaipėda, owned by UAB Janonio 27. Value as at valuation date 31 October 2021 – EUR 1 467 000.
- Shopping centre PC RIMI located at Šiltnamių str. 21, Vilnius, owned by UAB Investicija 21, a subsidiary of UAB Prekybos centrų plėtros investicijos. Value as at valuation date 31 December 2021 – EUR 5 810 000 Eur.
- Shopping centre PC Alytus, located at Ūdrijos str. 1, Alytus, and the land plot located at Naujoji str. 7C, 7D, Alytus, owned by UAB SMI Alytus. Value as at valuation date 31 October 2021 – EUR 8 990 000 and EUR 130 000 respectively.
- Shopping centre PC Kaunas, located at Savanorių ave. 321, Kaunas, owned by UAB BFIII Kaunas. Value as at valuation date 31 October 2021 – EUR 11 140 000.

**Special closed-end real estate investment company AB Tewox**  
**Registration number: 305733600, address: Jogailos str. 4, Vilnius**  
**The Company's Consolidated Financial Statements for the year ended 31 December 2022**  
**Management company UAB Lords LB Asset Management, reg. code: 301849625**  
(all amounts presented in EUR unless otherwise indicated)

The valuation of investment property is based on reports prepared by an independent asset appraiser. The assumptions and sensitivity analysis for the valuation of investment property are presented in the table below:

	Total	Land plot, UAB Janonio 27	Commercial building, UAB Investicija 21	Commercial building, UAB SMI Alytus	Land plot, UAB SMI Alytus	Commercial building, UAB BFIII Kaunas
Valuation method	-	Comparative transactions <sup>1</sup>	Income	Income	Comparative transactions <sup>2</sup>	Income
Discount rate	-	-	7.40%	9.98%	-	8.85%
Capitalization rate	-	-	6.50%	8.50%	-	7.75%
<b>Value of investment property</b>	<b>27 537 000</b>	<b>1 467 000</b>	<b>5 810 000</b>	<b>8 990 000</b>	<b>130 000</b>	<b>11 140 000</b>
<b>Sensitivity analysis</b>						
Value after increasing capitalisation rate by 0.5	<b>26 747 000</b>	1 467 000	5 580 000	8 760 000	130 000	10 810 000
Value change, %	-2.9%	0.00%	-4.0%	-2.6%	0.00%	-3.0%
Value after decreasing capitalization rate by 0.5	<b>28 437 000</b>	1 467 000	6 080 000	9 240 000	130 000	11 520 000
Value change, %	3.3%	0.00%	4.6%	2.8%	0.00%	3.4%
Value after increasing discount rate by 1	<b>25 837 000</b>	1 467 000	5 410 000	8 420 000	130 000	10 410 000
Value change, %	-6.2%	0.00%	-6.9%	-6.3%	0.00%	-6.6%
Value after decreasing discount rate by 1	<b>29 397 000</b>	1 467 000	6 260 000	9 600 000	130 000	11 940 000
Value change, %	6.8%	0.00%	7.7%	6.8%	0.00%	7.2%

<sup>1</sup> according to the comparative method, the average market value of the land was 15,714 EUR / are

<sup>2</sup> according to the comparative method, the average market value of the land was 3,250 EUR / are

Information of the Group's investment properties fair value hierarchy as at the end of the reporting period is as follows:

	Level 1	Level 2	Level 3	Fair value
Commercial building, UAB Janonio 27	-	-	1 467 000	1 467 000
Commercial building, UAB Investicija 21	-	-	5 810 000	5 810 000
Commercial building, UAB SMI Alytus	-	-	8 990 000	8 990 000
Land plot, UAB SMI Alytus	-	-	130 000	130 000
Commercial building, UAB BFIII Kaunas	-	-	11 140 000	11 140 000
	-	-	<b>27 537 000</b>	<b>27 537 000</b>

### 3.4. Other non-current assets

	31 December 2022	31 December 2021
Cash in long-term deposits	661 294	-
Advances paid	-	5 250 000
<b>Total</b>	<b>661 294</b>	<b>5 250 000</b>

As at 31 December 2022, the Group has pledged the amount of EUR 661 294 (as at 31 December 2021 – EUR 0) as a long-term deposit to bank in order to fulfil the requirements for the loan agreements.

The advances paid by the Company in 2021 were offset with the amounts payable for the acquired subsidiary Peppercorn 8 sp. z o.o. shares and subsidiaries Peppercorn 8 sp. z o.o. and UAB Kuršėnų turtas loans returned to third parties (see notes 3.1 and 3.11). For the shares of Peppercorn 8 sp. z o.o., amount of EUR 748 868 was offset, for the Peppercorn 8 sp. z o.o. loans returned, the amount of EUR 4 251 132 was offset, total of EUR 5 000 000. For the UAB Kuršėnų turtas loan returned, the amount of EUR 250 00 was offset.



### 3.5. Derivative financial instruments

Swap agreement	Nominal value	Residual nominal value	Interest rate	Maturity	31 December 2022	31 December 2021
mBANK	9 450 000	8 402 758	0,02%	2027-01-08	514 507	-
					<b>514 507</b>	<b>-</b>

As at 31 December 2022, the Group had interest rate swap agreement with the bank for the amount of EUR 9 450 000 in order to hedge against the Bank loan (7) interest rate changes. The initial nominal value, for which the hedge was made was EUR 12 600 000.

According to the hedge agreement, the Group pays a fixed rate of interests of 0.02% to the bank. Meanwhile, depending on the variable interest rate in the market, the Group pays interests to the bank, if the market interest rate is negative, or the bank pays interests to the Group, if the market interest rate is positive.

During the 2022, the amount of EUR 517 655 of change in fair value of the derivative financial instrument was recognized in Group's statement of profit and loss.

The change in the fair value of the derivative financial instrument during 2022 and its balance as at 31 December 2022 is presented in the table below:

	Fair value at the beginning of the period	Change in fair value	Accrued interests	Paid interests	Exchange rate differences	Fair value at the end of the period
Interest rate swap	(5 110)	517 655	5 529	(5 529)	1 962	514 507
	<b>(5 110)</b>	<b>517 655</b>	<b>5 529</b>	<b>(5 529)</b>	<b>1 962</b>	<b>514 507</b>

### 3.6. Other current assets

	31 December 2022	31 December 2021
Prepayments to vendors	28 426	5 401
VAT receivable	16 276	11 834
Other future period expenses	4 644	777
Bond repayment fee	-	18 397
<b>Total</b>	<b>49 346</b>	<b>36 409</b>

On 26 August 2021, under the share acquisition agreement, the Company, together with the subsidiary's shares, acquired from third parties the bonds of UAB Prekybos plėtos investicijos with accrued interest. An advance repayment fee of EUR 20 300 was paid to third parties, which was recorded as a future period expense. In 2022 EUR 18 397 of the advance repayment fee was recognised in the profit and loss statement (in 2021 – EUR 1 903).

### 3.7. Contract assets and liabilities

	31 December 2022	31 December 2021
Accrued rental income	237 346	144 040
Deposits received related to renting premises (Note 3.13)	145 083	23 224
Trade receivables (Note 3.8)	101 018	66 532

As at 31 December 2022, EUR 237 346 of rental revenue was accrued, which had not yet been invoiced (as at 31 December 2022 - EUR 144 040). The expected credit loss on contract assets is considered negligible and has therefore not been recognised.

Trade receivables relate to rental income of premises. For more detailed information, see the relevant notes.

### 3.8. Trade receivables

	31 December 2022	31 December 2021
Trade receivables	101 357	66 532
Expected credit loss	(339)	-
<b>Total</b>	<b>101 018</b>	<b>66 532</b>

Trade receivables consist of receivables from customers on the basis of invoices issued (rent, utility costs, etc.).

Expected credit loss is calculated based on the simplified method when historical debts and macroeconomics indicators are assessed. An impairment analysis is performed at each reporting date. Generally, rent and other trade receivables are written-off if past due or more than 181 days and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. As at 31 December 2022, the amount of EUR 339 of expected credit loss was recognized based on the method above.

Movements in the provision for expected credit loss of receivables is presented in the table below:

	Impairment
Recognized expected credit loss	-
Written off expected credit loss	-
<b>Residual value 2021.12.31</b>	-
Recognized expected credit loss	(339)
Written off expected credit loss	-
<b>Residual value 2022.12.31</b>	<b>(339)</b>

### Ageing of trade receivables

	Total	Not overdue	1 - 30 days	31 - 90 days	91 - 180 days	More than 181 days	Expected credit loss
31 December 2021	66 532	61 643	4 868	-	21	-	-
31 December 2022	101 018	37 617	62 797	605	-	339	(339)

### Group as a lessor

The Group has entered into leases on its investment property portfolio. The commercial property leases typically have lease terms of between 1 and 15 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Lease income is recognized directly in profit or loss over the period and is charged to the income statement.

### Minimum lease payments receivable under lease agreements

	31 December 2022	31 December 2021
Within one year	4 946 045	2 124 281
Between 1 and 2 years	4 547 227	1 828 877
Between 2 and 3 years	4 091 209	1 753 737
Between 3 and 4 years	2 775 634	1 079 460
Between 4 and 5 years	1 946 941	446 829
More than 5 years	11 171 883	1 896 092
	<b>29 478 940</b>	<b>9 129 275</b>

Part of the leases are concluded for an indefinite period. The minimum lease payments for those agreements were calculated for a minimum period before the tenants have to give a notice of termination of the lease.

### 3.9. Cash and cash equivalents

	31 December 2022	31 December 2021
Cash in bank accounts (EUR)	4 238 571	1 560 144
Cash in long-term deposits (EUR)	(661 294)	-
<b>Total</b>	<b>3 577 277</b>	<b>1 560 144</b>

The fair value of cash and cash equivalents as at 31 December 2022 and 31 December 2021 is approximately equal to their carrying amount.

As at 31 December 2022 the Group has pledged the amount of EUR 300 000 (as at 31 December 2021 – EUR 0) as a short-term deposit to bank in order to fulfil the requirements for the loan agreements. The bank has an obligation to pay out the amount to the Group as part of the loan, once all the loan agreement requires shall be fulfilled.

As at 31 December 2022, the Group has pledged the amount of EUR 661 294 (as at 31 December 2021 – EUR 0) as a long-term deposit to bank in order to fulfil the requirements for the loan agreements.

The credit risk associated with bank balances is limited as the Group conducts transactions with banks with high long-term debt ratings issued by foreign rating agencies, therefore, due to immateriality, expected credit loss was not recognized. Bank ratings are given below:

	Moody's	Standard & Poor's
AB Swedbank	AA3	A+
SEB bankas, AB	AA3	A+
Luminor Bank AS	A3	-
mBANK SA	A2	A-

### Net debt reconciliation

	Financial debts	Cash and cash equivalents	Total
Operating and investment cash flows	-	(8 392 879)	(8 392 879)
Acquisition of a subsidiary	(13 131 378)	(10 198 915)	(23 330 293)
Loans received	(1 691 630)	1 691 630	-
Loans repayments	4 560 810	(4 560 810)	-
Interest paid	453 882	(453 882)	-
Interest expenses	(44 731)	-	(44 731)
Issue of shares	-	23 475 000	23 475 000
<b>Net debt as at 31 December 2021</b>	<b>(9 853 047)</b>	<b>1 560 144</b>	<b>(8 292 903)</b>
Operating and investment cash flows	-	(2 485 813)	(2 485 813)
Acquisition of a subsidiary	(23 113 652)	(9 274 676)	(32 388 328)
Loans received	(14 099 683)	14 099 683	-
Loans repayments	7 333 658	(7 333 658)	-
Interest paid	650 494	(656 023)	(5 529)
Payments to long-term deposits	-	(351 492)	(351 492)
Interest expenses	(711 000)	-	(711 000)
Issue of shares	-	7 955 000	7 955 000
Exchange rate differences	226 477	64 112	290 589
<b>Net debt as at 31 December 2022</b>	<b>(39 566 753)</b>	<b>3 577 277</b>	<b>(35 989 476)</b>

### 3.10. Equity

	31 December 2022	31 December 2021
Authorised share capital fully paid	31 430 000	23 475 000
<b>Total issued capital</b>	<b>31 430 000</b>	<b>23 475 000</b>

According to the Articles of Association of the Company, the initial share capital formed by the Company on 6 April 2021 was EUR 160 000.

As at 31 December 2022, the paid up share capital of the Company is equal to EUR 31 430 000 (as at 31 December 2021 - EUR 23 475 000) and was comprised of 31 430 000 ordinary intangible shares with a nominal value of EUR 1. During the financial year ended, the authorized share capital was increased by the issue of 7 955 000 ordinary shares with the nominal value of EUR 1 (during 2021 - 23 475 000 ordinary shares with the nominal value of EUR 1).

The table below shows the values of the shares issued by the Company as at 31 December 2022 and 31 December 2021:

	31 December 2022	31 December 2021
<b>Balance at beginning of the reporting period</b>	<b>23 475 000</b>	-
Shares issued	7 955 000	23 475 000
<b>Balance at end of the reporting period</b>	<b>31 430 000</b>	<b>23 475 000</b>

### Compulsory reserve

The laws of the Republic of Lithuania require the formation of a compulsory reserve. The Company should transfer annually 5% of the distributable profit calculated in accordance with the requirements of the legal acts regulating accounting in the Republic of Lithuania until the compulsory reserve reaches 10% of the amount of the authorised capital. The Company's compulsory reserve was not yet formed as at 31 December 2022 and 31 December 2021.

### Net assets value (NAV)

	31 December 2022	31 December 2021
Equity	33 136 244	23 829 300
Increase (decrease) in net assets	(3 658 203)	(2 531 358)
<b>Net assets value (NAV)</b>	<b>29 478 041</b>	<b>21 297 942</b>
Share capital	31 430 000	23 475 000
Share value, EUR	0,9379	0,9073

International Financial Reporting Standards require the preparation of consolidated financial statements of the Company containing consolidated equity of the Company and group companies. Meanwhile, according to the procedure for calculation of NAV, approved by the Management Company, the Company's NAV is calculated based on the fair value of the Company's unconsolidated net assets. Therefore, as at 31 December 2022 and 31 December 2021, there is a difference between the Company's equity and NAV.

### 3.11. Loans

Non-current loans	Interest rate	Maturity date	31 December 2022	31 December 2021
Bank loan (1)	2,20% + 3M EURIBOR	2023-12-18	-	3 415 985
Bank loan (2)	2,20% + 3M EURIBOR	2023-12-18	-	4 117 188
Bank loan (3)	2,20% + 3M EURIBOR	2027-12-31	4 800 000	-
Bank loan (4)	2,15% + 3M EURIBOR	2026-08-25	2 997 500	1 567 880
Bank loan (5)	2,15% + 3M EURIBOR	2026-12-15	1 362 500	-
Bank loan (6)	2,60% + 3M EURIBOR	2026-12-31	1 108 578	-
Bank loan (7)	2,40% + 3M EURIBOR	2027-01-08	10 499 834	-
			<b>20 768 412</b>	<b>9 101 053</b>

Short-term part of loans	Interest rate	Maturity date	31 December 2022	31 December 2021
Bank loan (1)	2,20% + 3M EURIBOR	2023-12-18	3 447 714	236 940
Bank loan (2)	2,20% + 3M EURIBOR	2023-12-18	4 156 756	285 600
Bank loan (3)	2,20% + 3M EURIBOR	2027-12-31	210 615	-
Bank loan (4)	2,15% + 3M EURIBOR	2026-08-25	165 000	123 750
Bank loan (5)	2,15% + 3M EURIBOR	2026-12-15	75 000	-
Bank loan (6)	2,60% + 3M EURIBOR	2026-12-31	80 000	-
Bank loan (7)	2,40% + 3M EURIBOR	2027-01-08	535 193	-
			<b>8 670 278</b>	<b>646 290</b>

Loans from unrelated persons	Interest rate	Maturity date	31 December 2022	31 December 2021
Bonds issued	5,00% + 6M EURIBOR	2023-10-28	10 128 063	-
Short-term loan	5,00%	2022-01-01	-	105 704
			<b>10 128 063</b>	<b>105 704</b>

According to the Bank loan (1) agreement, the loan must be repaid until 18 December 2023. The Company has pledged real estate and land, existing and future funds in the bank account for the amount of EUR 4 383 490, 100% of UAB SMI Alytus shares owned by the Company, and the right to receivables under a lease agreement with the tenant of the subsidiary. As at 31 December 2022 and 2021 respectively, the fair value of pledged assets were EUR 9 570 000 and EUR 9 120 000 respectively. The Company must comply with DSCR ratio, Equity to debt ratio and LTV ratio covenants set in the loan agreement.

According to the Bank loan (2) agreement, the loan must be repaid until 18 December 2023. The Company has pledged owned real estate, existing and future funds in the bank account for an amount of EUR 5 283 388, and 100% of UAB BFIII Kaunas shares. As at 31 December 2022 and 2021 respectively, the fair value of pledged assets were EUR 11 800 000 and EUR 11 140 000 respectively. The Company must comply with DSCR ratio, Equity to debt ratio and LTV ratio covenants set in the loan agreement.

According to the Bank loan (3) agreement, the loan must be repaid until 12 December 2027. The Company has pledged owned real estate, existing and future funds in the bank account for an amount of EUR 5 000 000, and 100% of UAB MD Europa shares. As at 31 December 2022, the fair value of pledged assets were EUR 9 310 000. The Company must comply with DSCR ratio, Equity to debt ratio and LTV ratio covenants set in the loan agreement.

According to the Bank loan (4) agreement, the loan must be repaid until 25 August 2026. The Company has pledged real estate, land and all existing and future short-term and non-current assets, movable and immovable property, property rights, funds and other assets, 100% of UAB Investicija 21 shares owned by the Company, and the rights of UAB Prekybos centrų plėtros investicijos to the subsidiary UAB Investicija 21. As at 31 December 2022 and 2021 respectively, the fair value of pledged assets were EUR 5 710 000 and EUR 5 810 000 respectively. The Company must comply with financial debt to EBITDA ratio, DSCR ratio and LTV ratio covenants set in the loan agreement.

According to the Bank loan (5) agreement, the loan must be repaid until 15 December 2026. The Company has pledged real estate, land and all existing and future short-term and non-current assets, movable and immovable property, property rights, funds and other assets, 100% of UAB Kuršėnų turtas shares owned by the Company. As at 31 December 2022, the fair value of pledged assets were EUR 2 290 000. The Company must comply with financial debt to EBITDA ratio, DSCR ratio and LTV ratio covenants set in the loan agreement.

According to the Bank loan (6) agreement, the loan must be repaid until 31 December 2026. The Company has pledged real estate, land and all existing and future short-term and non-current assets, movable and immovable property, property rights, funds and other assets, 100% of UAB Kuršėnų turtas shares owned by the Company. As at 31 December 2022, the fair value of pledged assets were EUR 2 880 000. The Company must comply with financial debt to EBITDA ratio, DSCR ratio and LTV ratio covenants set in the loan agreement.

According to the Bank loan (7) agreement, the loan must be repaid until 31 December 2026. The Company has pledged real estate, land and all existing and future short-term and non-current assets, movable and immovable property, property rights, funds and other assets, 100% of Peppercorn 8 sp. z o.o. shares owned by the Company. As at 31 December 2022, the fair value of pledged assets were EUR 21 350 000. The Company must comply with DSCR ratio, LTV and positive equity ratio covenants set in the loan agreement.

In 2022 and 2021, the Group complied with the covenants according to the loan requirements.

The carrying values of the pledged assets according to the loans agreements as at 31 December 2022 and 2021 are presented in the table below:

Loan agreements	31 December 2022	31 December 2021
Bank loan (1)	9 570 000	9 120 000
Bank loan (2)	11 800 000	11 140 000
Bank loan (3)	9 310 000	-
Bank loan (4)	5 710 000	5 810 000
Bank loan (5)	2 290 000	-
Bank loan (6)	2 880 000	-
Bank loan (7)	21 350 000	-
	<b>62 910 000</b>	<b>26 070 000</b>

The pledged investments assets are presented in Note 3.3.

The Group has received a short-term deposit from third parties to fulfil its contractual obligations. The deposit received is subject to an annual interest rate of 5%, therefore the deposit received in these financial statements is considered as a short-term loan with interest. The loan to third parties was returned on 26 May 2022.

On 24 October 2022, the Group issued publicly distributed bonds for the total amount of EUR 10 000 000. The nominal value of bond is EUR 1 000. The bonds maturity date is 28 October 2023. The interests will be paid twice – on 28 April 2023 and 28 October 2023. The bonds interest rate is 5% + 6M EURIBOR. On 28 October 2022, investors acquired 9 340 units of bonds for the total amount of EUR 9 340 000. During the second tranche, the Group issued the remaining amount of EUR 660 000, which investors acquired on 18 November 2022. Together with acquired bonds nominal value, the investors also paid the difference of accrued interests between the first and the second tranches of bonds distribution. The Company must comply with LTV ratio covenant set in the bond agreement.

On the date of acquisition of the subsidiaries acquired by the Company, the subsidiaries had received short-term loans from unrelated persons for the amount of EUR 833 891 together with accrued interest and had received long-term loans from unrelated persons for the amount of EUR 4 244 462 together with accrued interest. The Company, by purchasing subsidiaries, repaid loans to unrelated persons. The amounts of interest-bearing loans repaid are presented in the Group's consolidated cash flow statement.

The table below shows the movement of loans and bonds during 2022 and their balance as at 31 December 2022:

	Balance at the beginning of the year	Loans received	Loans repaid	Accrued interest	Interest paid	Exchange rate difference	Balance at the end of the year
<b>Current liabilities</b>							
Short-term loan (2)	105 704	-	(103 715)	2 074	(4 063)	-	-
Short-term loan (3)	833 891	-	(743 305)	-	(90 586)	-	-
Short-term loan (4)	-	800 000	(800 000)	6 767	(6 767)	-	-
Short-term loan (5)	-	500 000	(500 000)	4 861	(4 861)	-	-
Bonds issued	-	10 002 735	-	125 328	-	-	10 128 063
<b>Total current liabilities</b>	<b>939 595</b>	<b>11 302 735</b>	<b>(2 147 020)</b>	<b>139 030</b>	<b>(106 277)</b>	<b>-</b>	<b>10 128 063</b>
<b>Non-current liabilities</b>							
Bank loan (1)	3 652 925	-	(217 195)	91 506	(79 522)	-	3 447 714
Bank loan (2)	4 402 788	-	(261 800)	109 363	(93 595)	-	4 156 756
Bank loan (3)	5 010 615	-	-	-	-	-	5 010 615
Bank loan (4)	1 691 630	1 608 370	(137 500)	73 299	(73 299)	-	3 162 500
Bank loan (5)	1 500 000	-	(62 500)	34 226	(34 226)	-	1 437 500
Bank loan (6)	-	1 188 578	-	3 477	(3 477)	-	1 188 578
Bank loan (7)	11 524 684	-	(263 181)	260 099	(260 099)	(226 476)	11 035 027
Long-term loan (1)	4 244 462	-	(4 244 462)	-	-	-	-
<b>Total non-current liabilities</b>	<b>32 027 104</b>	<b>2 796 948</b>	<b>(5 186 638)</b>	<b>571 970</b>	<b>(544 218)</b>	<b>(226 476)</b>	<b>29 438 690</b>
<b>Total liabilities</b>	<b>32 966 699</b>	<b>14 099 683</b>	<b>(7 333 658)</b>	<b>711 000</b>	<b>(650 495)</b>	<b>(226 476)</b>	<b>39 566 753</b>

The table below shows the movement of loans and bonds during 2021 and their balance as at 31 December 2021:

	Balance at the acquisition date	Loans received	Loans repaid	Accrued interest	Interest paid	Balance at the end of the year
<b>Current liabilities</b>						
Bonds issued (1)	2 194 055	-	(1 968 925)	-	(225 130)	-
Bonds issued (2)	155 000	-	(155 000)	-	-	-
Bonds issued (3)	2 213 284	-	(2 030 000)	-	(183 284)	-
Short-term loan (1)	302 776	-	(300 050)	825	(3 551)	-
Short-term loan (2)	103 715	-	-	1 995	(6)	105 704
<b>Total current liabilities</b>	<b>4 968 830</b>	<b>-</b>	<b>(4 453 975)</b>	<b>2 820</b>	<b>(411 971)</b>	<b>105 704</b>
<b>Non-current liabilities</b>						
SEB Bank Loan (1)	3 712 160	-	(59 235)	20 763	(20 763)	3 652 925
SEB Bank Loan (2)	4 450 388	-	(47 600)	15 729	(15 729)	4 402 788
Luminor Bank Loan (1)	-	1 691 630	-	5 419	(5 419)	1 691 630
<b>Total non-current liabilities</b>	<b>8 162 548</b>	<b>1 691 630</b>	<b>(106 835)</b>	<b>41 911</b>	<b>(41 911)</b>	<b>9 747 343</b>
<b>Total liabilities</b>	<b>13 131 378</b>	<b>1 691 630</b>	<b>(4 560 810)</b>	<b>44 731</b>	<b>(453 882)</b>	<b>9 853 047</b>

On the date of acquisition of the subsidiaries acquired by the company, the subsidiaries had issued bonds to unrelated persons for an amount of EUR 4 562 339 together with accrued interest and had received loans from unrelated persons for an amount of EUR 302 776 together with accrued interest. The Company, by purchasing subsidiaries, redeemed bonds and repaid loans to unrelated persons. The amounts of interest-bearing loans repaid, and interest-bearing bonds redeemed are presented in the Group's consolidated cash flow statement.

#### Loan repayment terms

	31 December 2022	31 December 2021
In 1 year	11 744 163	751 994
From 1 to 5 years	27 822 590	9 101 053
	<b>39 566 753</b>	<b>9 853 047</b>

#### 3.12. Lease liabilities

	31 December 2022	31 December 2021
Non-current lease liabilities	937 226	166 030
Current lease liabilities	701	28
	<b>937 927</b>	<b>166 058</b>

The Group uses leased real estate – land – in its activities. These liabilities are recorded at the present value of the remaining ground lease payments at a discounted interest rate. The interest rate applied to discount land lease payments for the first contract was 9.98%, the second 9.98% and the third 8.85%.

During 2022, the Group signed two new land lease agreements for the amount of EUR 780 158. Interest rates used to discount land lease payments are 10.80% and 6.80% respectively. The Group also recalculated one of the agreements lease liability amounts, due to change in lease payment amount.

Interest rate used to discount lease payments is same as discount rate used in the valuation reports of investment property prepared by independent appraisers.

The table below shows the movement of lease liabilities during 2022 and 2021:

	<b>Lease liabilities</b>
Lease liabilities recognized	166 210
Payments	(2 140)
Interest accrued	1 988
<b>Balance as at 31 December 2021</b>	<b>166 058</b>
Lease liabilities recognized	780 158
Adjustment due to change on lease payments	(3 067)
Payments	(65 595)
Interest accrued	60 393
Exchange rate differences	(20)
<b>Balance as at 31 December 2022</b>	<b>937 927</b>

The Group had total cash outflows for leases of EUR 65 595 in 2022 (EUR 2 140 in 2021). The Group also had non-cash additions to right-of-use assets and lease liabilities of EUR 780 158 in 2022 (EUR 166 210 in 2021).

### 3.13. Contract liabilities

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Non-current lease liabilities</b>		
Non-current deposits received from tenants	118 677	14 313
<b>Current lease liabilities</b>		
Short-term deposits received from tenants	26 406	8 911

Deposits received from tenants are deposits for rented premises that would be returned to tenants upon termination or expiration of the lease, or offset against receivables from tenants in case of default. Non-current deposits are deposits that will have to be repaid under leases that are valid for a period of more than one year. Short-term deposits are deposits that will have to be repaid under leases that will expire in the coming year.

### 3.14. Trade and other payables

	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade payables	653 187	256 513
Accrued expenses	210 131	90 310
Real estate tax	30 655	20 510
Deferred income	4 690	-
Prepayments received	2 644	3 042
Other payables	2 637	-
Payables on assets acquired	-	160 000
	<b>903 944</b>	<b>530 375</b>

The amounts payable by the Group for the acquired assets consist of the amounts due for the shares of the acquired subsidiary UAB Prekybos centry plėtros investicijos. The Group settled with the third party in 2022.

Accrued expenses consist of a management fee of EUR 111 595 (2021 - EUR 52 823), depositary fees of EUR 8 396 (2021 - EUR 3 650), an audit fee of EUR 42 896 (2021 - EUR 14 520) and other operating expenses.

### 3.15. Employment related liabilities

	<b>31 December 2022</b>	<b>31 December 2021</b>
Vacation reserve	8 986	7 259
Bonus accruals	6 729	7 401
	<b>15 715</b>	<b>14 660</b>



### 3.16. Income

	2022	2021
Rental income	3 541 698	296 799
Maintenance and utilities revenue	709 249	78 012
Other income	12 694	-
Other rental income	7 385	-
Due interests and fines income	5 748	8 286
Income from asset acquisitions	3 709	28
	<b>4 280 483</b>	<b>383 125</b>

Income from asset acquisitions consists of EUR 2 199 of amount received due to price correction of subsidiary UAB Prekybos centry plėtros investicijos (see Note 3.1) and the amount of EUR 1 510 recognized as the difference between the fair value of the net assets of the acquired subsidiaries by the Company and the purchase price paid (see note 3.1).

Other income consists of the Group's sale of construction materials to the contractor, required to finish the development of Group's asset. Other rent income consists of parking rent income.

Income is recognized as income over time as services are being provided.

### 3.17. Real estate and land tax expense

	2022	2021
Real estate tax	200 430	16 080
Land tax	3 620	418
	<b>204 050</b>	<b>16 498</b>

### 3.18. Maintenance and repair costs of buildings

	2022	2021
Costs of buildings cleaning and waste management	129 217	18 633
Repair costs of buildings	87 806	10 188
Other costs of building maintenance	79 054	5 652
Security costs	49 775	19 283
	<b>345 852</b>	<b>53 756</b>

### 3.19. Utilities

	2022	2021
Electricity consumption	29 269	2 275
Water and sewerage costs	6 448	1 254
Heat energy consumption	6 271	2 396
	<b>41 988</b>	<b>5 925</b>

### 3.20. Administrative costs

	2022	2021
Professional services	703 714	129 129
Management fee	424 457	126 997
Asset management fee	54 068	-
Insurance	12 729	3 001
Other	35 900	1 994
	<b>1 230 868</b>	<b>261 121</b>

### 3.21. Wages and related expenses

	2022	2021
Wage costs	126 499	32 350
Car rent	5 882	-
Social security costs	2 251	438
Per diem	2 137	-
	<b>136 769</b>	<b>32 788</b>

### 3.22. Other costs

	2022	2021
Depository fee	25 467	7 000
Repayment fee for bonds (Note 3.6)	18 397	1 903
Right of use assets depreciation	12 570	287
Other	129 014	21 860
	<b>185 448</b>	<b>31 050</b>

### 3.23. Finance income and costs

	2022	2021
<b>Income from financial activities</b>	<b>517 655</b>	-
Gain due to changes in fair value of derivative financial instruments	517 655	-
<b>Financial operating expenses</b>	<b>(1 192 877)</b>	<b>(58 549)</b>
<b>Interest expenses</b>	<b>(776 922)</b>	<b>(46 719)</b>
Interest expenses on loans received	(585 671)	(44 731)
Interest expenses on bonds issued	(125 329)	-
Interest expenses on lease liabilities (IFRS 16)	(60 393)	(1 988)
Interest expenses on derivative financial instruments	(5 529)	-
<b>Other financial expenses</b>	<b>(415 955)</b>	<b>(11 830)</b>
Negative exchange rate differences	(378 645)	-
Loans administrative and commitment fees	(37 310)	(11 830)
	<b>(675 222)</b>	<b>(58 549)</b>

The Group had derivative financial instrument in order to hedge against interest rate fluctuations (see note 3.5). The profit due to the change in fair value amounted to EUR 517 655, and the interest paid to the bank was EUR 5 529.

The Group pays quarterly loan administration fee on the Bank loan (7). Group also incurred negative exchange rate expenses due to activity and payments to partners in Poland.

### 3.24. Income tax

The main components of income tax expense as at 31 December 2022 and 31 December 2021 are presented in the table below:

	2022	2021
Income tax expense	231 727	35 682
Deferred income tax (income) expense	38 884	329 455
	<b>270 611</b>	<b>365 137</b>

Reconciliation of income tax expense is provided below:

	2022	2021
<b>Profit (loss) before tax</b>	<b>1 602 637</b>	<b>719 437</b>
Income tax (expense) calculated at the statutory rate in Lithuania (15%)	240 396	107 916
Non-taxable income	(17 513)	-
Non-deductible expenses (permanent differences)	(25 760)	170
Unrecognized deferred income tax	(60 451)	1 342
Non-taxable result of investment company	(127 981)	250 132
Other differences	-	5 577
The effect of the difference in tax rates	261 920	-
<b>Income tax at an effective corporate tax rate</b>	<b>270 611</b>	<b>365 137</b>
Income tax expense recognized in profit or loss	270 611	365 137

In accordance with the Law on Income Tax of the Republic of Lithuania, the income of companies with legal status as an investment company and operating under the Law on Collective Investment Undertakings is non-taxable. Accordingly, based on the legislation, costs occurred to generate non-taxable income are classified as non-deductible expenses. Thus, all income of the Company is non-taxable, and all expenses are non-deductible.

The Group's profit from its activities in Poland are subject to 19% income tax rate set by Polish legislation. Accordingly, the difference between the tax rate in Lithuania (15%) and Poland (19%) is equal to EUR 261 920.

The Group has tax losses of EUR 728 818 (2021: EUR 178 664) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The deferred tax effect on accumulated tax losses is presented in the table below.

	2022	2021
<b>Deferred income tax asset</b>		
Accumulated tax losses	109 323	26 800
Accrued expenses	54 308	18
Difference between financial and tax value of other liabilities	60 698	-
Deferred tax assets before impairment	223 477	26 818
Minus: decrease in realizable value	-	-
Deferred tax assets at net value	<b>223 477</b>	<b>26 818</b>
<b>Deferred income tax liability</b>		
Depreciation difference between financial and tax value of fixed assets	(474 772)	(356 273)
Difference between financial and tax value of other assets	(96 340)	-
<b>Deferred income tax liability</b>	<b>(571 112)</b>	<b>(356 273)</b>
<b>Deferred income tax, net value</b>	<b>(347 635)</b>	<b>(329 455)</b>

The temporary differences associated with investments in the Group's subsidiaries, for which a deferred tax liability has not been recognized in the periods presented, aggregate to EUR 1 120 734 (2021: EUR 2 294 269).

### 3.25. Transactions with related parties

#### Management's remuneration and other benefits

	31 December 2022	31 December 2021
Number of managers at the end of the year	1	1
Average number of managers during the year	1	1
Salaries paid to managers	24 773	4 264

There were no other payments to managers.

Special closed-end real estate investment company AB Tewox  
Registration number: 305733600, address: Jogailos str. 4, Vilnius  
The Company's Consolidated Financial Statements for the year ended 31 December 2022  
Management company UAB Lords LB Asset Management, reg. code: 301849625  
(all amounts presented in EUR unless otherwise indicated)

### Transactions with group companies

The Company's transactions with related parties during 2022 and their balances as at 31 December 2022:

	Income	Costs	Receivables	Payables
UAB Lords LB Asset Management	-	447 089	-	114 095
<b>Total</b>	<b>-</b>	<b>447 089</b>	<b>-</b>	<b>114 095</b>

The Company's transactions with related parties during 2021 and their balances as at 31 December 2021:

	Income	Costs	Receivables	Payables
UAB Lords LB Asset Management	-	154 634	-	56 823
<b>Total</b>	<b>-</b>	<b>154 634</b>	<b>-</b>	<b>56 823</b>

Most of the costs from UAB Lords LB Asset Management consist of management fee. Payable amounts consist of EUR 111 595 management fee (2021 – EUR 52 823) and EUR 2 500 distribution fee (2021 - EUR 4 000).

### Share purchase and sale transactions with related parties

<b>Balance at the begging of the period</b>	-
Shares distributed	160 000
Redeemed shares	-
<b>Balance as at 31 December 2021</b>	<b>160 000</b>
Shares distributed	5 000 000
Redeemed shares	-
<b>Balance as at 31 December 2022</b>	<b>5 160 000</b>

As at 31 December 2022, related parties owned EUR 5 160 000 of the Company's shares amounting to 16.42% of the total amount of shares.

As at 31 December 2021, related parties owned EUR 160,000 of the Company's shares amounting to 0.91% of the total amount of shares.

### 3.26. Return on investments and risk indicators of the Company

The change in the value of the company's shares and the annual gross and net return on investment in the investment portfolio are shown in the table below. The calculations were made on the basis of the value of net assets calculated by the Company.

	Period			
	Current	1 year ago	2 years ago	10 years ago
Change in share value, EUR	0,0306 €	-0,0927 €	-	-
Annual gross return on investments, %	-3,84%	-28,91%	-	-
Annual net return on investments, %	-5,36%	-30,50%	-	-
Standard deviation of change in value of the share, EUR	0,0190 €	0,1796 €	-	-

Change in average share value over the same period, change in average net investment value over the last three, five, 10 years:

	Over 3 years	Over 5 years	Over 10 years	Since the start
Average change in share value, %	-	-	-	-3,15%
Average gross return on investments, %	-	-	-	-18,90%
Average net return on investments, %	-	-	-	-17,32%
Standard deviation of change in value of the share, EUR	-	-	-	0,1102 €

Maximum and minimum share values:

	Current period		Previous period	
	Date	Value	Date	Value
Minimum value of the share	2022-01-01	0,9073	2021-06-30	0,6602
Maximum value of the share	2022-05-31	0,9741	2021-04-30	1,0000

Annual net return on investment takes into account trade and management expenses.

Annual gross return on investment takes into account trade expenses.

Standard deviation of change in value of investment unit is a statistical risk indicator that shows the magnitude of fluctuations in the unit's value compared to their average change.

Average change in book value of an investment unit is a geometric mean of annual relative changes in book values of the units during a certain period, expressed as annual interest.

Average gross return on investment is a gross return during a certain period, expressed as annual interest.

Average net return on investment is a net return during a certain period, expressed as annual interest.

### 3.27. Going concern

As at 31 December 2022 the Group's current liabilities (EUR 19 767 293) exceed current assets (EUR 3 964 987). The major part of short term liabilities comprise of Group's Loan (1) and Loan (2) in amount of EUR 7 604 470 which maturity term is 18 December 2023 and non-public bond emission in amount of EUR 10 128 063 which term ends on 28 October 2023. The Group management plans to refinance Loan (1) and Loan (2) as described below and to repay bonds by issuing new emission as described below.

Maturity date of the Group's Loan (1) and Loan (2) is 18 December 2023. As at 31 December 2022 loan liabilities amount to EUR 3 447 714 and EUR 4 156 756 respectively. For the companies of the Group which have received Loans (1) and (2), management believes that there is no significant uncertainty regarding the ability to refinance bank loans and continue operations. The ratio of unrepaid debt of the expiring loan to investment assets is 36 percent (and 35 percent respectively), the Group generates a stable and strong income stream from the rental of this investment property, therefore it is expected that the loans will be refinanced.

The Group's non-public bond emission term ends on 28 October 2023 on which the Group shall repay the principal amount and accrued interests (as at 31 December 2022 liability amounts to EUR 10 128 063). The Group prepares to issue public three-year bond emission of EUR 50 000 000 in order to finance the repayment of non-public bond emission. The Group's management expects to issue public bonds in September 2023.

Also, the Group plans to issue second, two-year non-public bond emission of EUR 15 000 000 in May 2023 in order to finance its investing activities. Therefore, the Group's liquidity shall be ensured by an additional cash inflow from new bond emission.

Based on the reasons provided above, these financial statements have been prepared on a going concern basis.

### **3.28. Subsequent events**

On 2 February 2023 the Company has signed loan agreements with subsidiaries in Poland - Caruantil Investments sp. z o.o., Eximendell Investments sp. z o.o., Faroditelles Investments sp. z o.o., Evoratedelle Investments sp. z o.o., Espidatell Investments sp. z o.o., according to which, the Company has loaned amounts of EUR 169 000, EUR 92 000, EUR 134 000, EUR 194 000, and EUR 187 000 respectively.

On 22 February 2023, UAB Kuršėnų turtas has repurchased bonds from the Company for EUR 362 785 and accrued interests for EUR 7 215, total EUR 370 000.

On 12 April 2023, UAB BFIII Kaunas has paid out dividends to the Company for the amount of EUR 215 000.

On 14 April 2023, the Company has transferred an advance of EUR 1 000 000 to the escrow bank account for the acquisition of subsidiary.

On 20 April 2023, Peppercorn 8 sp. z o.o. has repaid the loan amount to the Company for EUR 694 075 and accrued interests for EUR 55 925.

On 27 April 2023, the Company had paid out accrued interests of EUR 359 096 according to 2022 bond agreement.

There were no other significant events after the reporting period.

**These reports have been electronically signed by:**

Director of management company  
Company manager  
Company representative in charge of accounting

*Vilma Tvaronavičienė*  
*Efim Hiterer*  
*Tadas Pranckevičius*

**Special closed-end real estate investment company AB Tewox**  
**Registration number: 305733600, address: Jogailos str. 4, Vilnius**  
**The Company's Consolidated Financial Statements for the year ended 31 December 2022**  
**Management company UAB Lords LB Asset Management, reg. code: 301849625**  
(all amounts presented in EUR unless otherwise indicated)

## **SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY AB TEWOX**

### **CONSOLIDATED ANNUAL MANAGEMENT REPORT FOR YEAR 2022**

#### **General information**

Special closed-end real estate investment company **AB Tewox** (hereinafter referred to as the **Company** or together with its subsidiaries as the **Group**) registered in the Republic of Lithuania on 6 April 2021, registration no. 305733600. The address of the Company is Jogailos str. 4, Vilnius. The data is stored and collected by the State Enterprise Centre of Registers. On 26 April 2021 the Supervision Service of the Bank of Lithuania approved the Articles of Association of the Company and allowed to choose the depository. The code given to the Company is F095.

The Company's purpose is to earn a return to shareholders from investments in income generating real estate objects in the Baltic Sea region countries – Lithuania, Latvia, Estonia, Finland, Sweden, Denmark, Poland and Germany.

The period of activity of the Company is 50 years from the day when the Supervision Service of the Bank of Lithuania approves the Articles of Association of the Company, i.e. until 26 April 2071. During the period of the Company's activities, the redemption of shares is limited.

The management of the Company is transferred to the management company UAB Lords LB Asset Management (hereinafter referred to as the Management Company), which was established and registered on 8 September 2008, the company code 301849625, registered office at Jogailos str. 4, Vilnius, Republic of Lithuania. Company data is collected and stored in the Register of Legal Entities of the Republic of Lithuania. Decided by the Lithuanian Securities Commission, on 23rd of December 2008 UAB Lords LB Asset Management was granted an asset management licence (no. VJK – 016), acting in accordance with the Lithuanian Collective Investment Undertakings Law. On 5th of December, 2013, decision no. 03-201, the management of the Bank of Lithuania has decided to extend the asset management licence no. VJK – 016 and to grant the Management entity the power to manage collective investment undertakings, established based on the Lithuanian Law of Collective Investment Undertakings for informed investors. On 23rd of June 2015 the Management entity was granted the licence (no. 1) of a Management entity operating in accordance with the Law of Collective Investment Undertakings for professional investors.

The depository of the Company is AB Swedbank, company code 112029651, registered office at Konstitucijos ave. 20A, 03502, Vilnius, Lithuania.

#### **Objective overview of the condition, performance and development of the Group**

The net asset value (NAV) of the Group and the number of participants as at 31 December 2022 and 31 December 2021 are given in the table below:

	31 December 2022	31 December 2021
NAV	29 478 040.69	21 297 941.90
Number of participants	30	21

#### **Risks and other uncertainties**

The Group faces various risks in its activities. The data on the risks incurred by the Group presented in the annual accounts is sufficiently detailed and does not require individual references or additional explanations.

#### **Analysis of financial and non-financial performance**

##### ***Supermarkets market analysis***

In recent years, retail supermarkets selling food products have shown exceptionally good results. Since March 2020, with the impact of the first wave of Covid-19 and the substantial halt in domestic and international trade, this type of asset segment has proven its resilience and liquidity.

This is also demonstrated by the annual changes in food, beverage and tobacco sales presented in the table below.

**Annual changes in sales of food, beverages and tobacco**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Lithuania	1.0	4.3	2.4	3.0	2.7	0.5	3.5	1.8	2.6	5.7
Latvia	2.9	4.4	3.5	2.8	-1.3	4.1	4.2	1.2	3.5	0.2
Estonia	-3.2	-0.6	5.1	2.7	1.1	-2.3	-1.3	3.8	3.8	4.4
Poland	-3.3	-0.7	2.7	4.7	2.8	4.6	4.0	-0.3	-2.1	-1.0
Denmark	-4.3	-1.0	1.5	-0.4	0.2	-1.7	0.1	9.2	3.2	-1.9
Sweden	1.3	1.1	0.6	1.4	0.8	0.5	1.3	1.1	1.6	1.7
Finland	0.0	-1.1	-0.4	-0.7	0.4	1.9	0.3	0.2	5.4	0.4
Germany	0.2	1.0	0.9	2.4	0.9	2.0	1.5	1.4	5.3	-1.6

The current year is compared to the corresponding period of the previous year. Taking into account inflation indicators.  
Source: Eurostat

**Analysis of the financial and non-financial performance of subsidiaries controlled by the Group**

As at 31 December 2022 the Company controlled the following subsidiaries:

Subsidiary	Country	Acquisition date	Ownership share	Number of shares	Nominal value
UAB Janonio 27	LT	18/06/2021	100%	1 226 500	1.00
UAB Prekybos centrų plėtros investicijos	LT	26/08/2021	100%	1 356 000	1.00
SIA Gronvest	LV	25/10/2021	100%	2 800	1.00
UAB SMI Alytus	LT	27/10/2021	100%	18 500	2.90
UAB BFIII Kaunas	LT	23/11/2021	100%	3 955	144.81
UAB Kuršėnų turtas	LT	31/01/2022	100%	1 108 000	1.00
Peppercorn 8 sp. z o.o.	PL	01/02/2022	100%	100	10.68
Reinvest Holding OU	EE	31/08/2022	100%	1	10 000.00
UAB Esulda	LT	20/10/2022	100%	2 500	1.00
Caruantil Investments sp. z o.o.	PL	24/11/2022	100%	100	10.68
Espidatell Investments sp. z o.o.	PL	24/11/2022	100%	100	10.68
Evoratedelle Investments sp. z o.o.	PL	24/11/2022	100%	100	10.68
Eximendell Investments sp. z o.o.	PL	24/11/2022	100%	100	10.68
Faroditelles Investments sp. z o.o.	PL	24/11/2022	100%	100	10.68
UAB MD Europa	LT	13/12/2022	100%	100	10.68

As at 31 December 2021 the Company controlled the following subsidiaries:

Subsidiary	Acquisition date	Ownership share	Number of shares	Nominal value
UAB Janonio 27	18/06/2021	100%	2 500	1.00
UAB Prekybos centrų plėtros investicijos	26/08/2021	100%	2 500	1.00
SIA Gronvest	25/10/2021	100%	2 800	1.00
UAB SMI Alytus	27/10/2021	100%	18 500	2.90
UAB BFIII Kaunas	23/11/2021	100%	3 955	144.81

The activity of the Group is the development and management of real estate. The Group generates revenue from real estate objects located in Lithuania in Poland, with the exception of the planned investment in Latvia and Estonia through subsidiaries SIA Gronvest and Reinvest Holding OU respectively.

The financial data and additional disclosures contained in the annual accounts of these subsidiaries are sufficiently detailed and do not require individual references or additional explanations.



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***The number of all own shares acquired and held by the Group, their nominal value and the share of the authorised capital which those shares constitute***

The paid-up share capital of the Company as at 31 December 2022 is equal to EUR 31,430,000 (2021 - EUR 23,475,000). Share capital consists of 31,430,000 ordinary intangible shares with a nominal value of EUR 1 per share. The Company does not have its own shares.

***Information on important events that occurred after the end of the financial year***

On 2 February 2023 the Company has signed loan agreements with subsidiaries in Poland - Caruantil Investments sp. z o.o., Eximendell Investments sp. z o.o., Faroditelles Investments sp. z o.o., Evoratedelle Investments sp. z o.o., Espidatell Investments sp. z o.o., according to which, the Company has loaned amounts of EUR 169,000, EUR 92,000, EUR 134,000, EUR 194,000, and EUR 187,000 respectively.

On 22 February 2023, UAB Kuršėnų turtas has repurchased bonds from the Company for EUR 362 785 and accrued interests for EUR 7 215, total EUR 370 000.

On 20 April 2023, Peppercorn 8 sp. z o.o. has repaid the loan amount to the Company for EUR 694 075 and accrued interests for EUR 55 925.

***Group activity plans and forecasts***

The purpose of the Group is to accumulate the funds of the shareholders by distributing the shares in accordance with the procedure laid down in the Articles of Association and by dividing the risk of collectively investing them in the assets specified in the Articles of Association, in accordance with the Group's investment strategy and in compliance with the investment requirements established by legal acts. In order to achieve this goal, the Group carries out investment and reinvestment activities.

***Plans and strategy***

The Group plans to:

- invest in food supermarkets and trade parks projects in the Baltic Sea region;
- diversify its portfolio both geographically and through the acquisition of assets operated by different food operators;
- build a portfolio that generates stable and predictable cash flow in the market. Over time, traffic should increase by indexing rental prices.
- actively explore opportunities to acquire assets that would be located in densely populated areas and near major transport corridors.

***Information about the Group's research and development activities***

Such activities are not carried out.

***Information on the objectives of financial risk management, the hedging instruments used in hedging accounting and the extent of the Group's price risk, credit risk, liquidity risk and cash flow risk when the Group uses financial instruments and where this is relevant for the valuation of the Group's assets, equity, liabilities, income and expenses***

This information is disclosed in Note 2.5 of the financial statements.

***Information about other managerial positions held by the head of a limited liability company and a private limited liability company, members of the board, members of the supervisory board***

The Group does not have a board. Management is transferred to the management company.

**Board of management company:** As at 31 December 2022 the Board consisted of 5 board members:

**Jan Ake Gustaf Litborn;**  
**Mindaugas Marcinkevičius;**  
**Andrius Stonkus;**  
**Antanas Vainauskas;**  
**Giedrius Bernotas.**

**Data on the participation of board members in activities and capital of other undertakings, institutions and organisations:**

No	Member of the Board	Name of company, body or organisation	Position held	Percentage share of capital and votes held
1.	Antanas Vainauskas	UAB Serenus	Shareholder	100%
		UAB INVESTI LT	Manager	50% of shares are owned by UAB Serenus
		Law firm Vainauskas and partners	Lawyer	100%
		UAB LL Investicijos	Member of the Board	0%
		UAB TAN Oil	Member of the Board	0%
		UAB Diseta	Member of the Board	0%
2.	Mindaugas Marcinkevičius	UAB Glera	Shareholder, Manager	100%
		UAB Taikos projektas	Shareholder, Manager	100%
		UAB Biruliškių projektas	Shareholder, Manager	100%
		OÜ Attexo	Shareholder, Member of the Board	100%
		UAB Ordeta	Member of the Board	0%
		AS PN Project	Member of the Supervisory Board	0%
3.	Andrius Stonkus	UAB Aemulus	Shareholder	100%
		Starlynx investment OU	Member of the Board	100%
		UAB Goindex	Shareholder	3%
		UAB Parkdema	Member of the Board	0%
		UAB Cogito Invest	Head, board member	0%
		UAB Humitas	50% of the shares are owned by Starlynx investment OÜ, where Andrius Stonkus is a shareholder	0%
		AB Sparta	Member of the Supervisory Board	0%
4.	Jan Ake Gustaf Litborn	Law Firm PK Advokat AB	Managing partner	36%
		Varakani AB	Shareholder	100%
		Donap Advokat AB	Shareholder	100%
		Atlant Ocean Racing AB	Shareholder	19%
		Backastad AB	Shareholder	15%
5.	Giedrius Bernotas	UAB Airport Business Park	Shareholder	10%
		AS PN Project	Member of the Board	0%
		SIA Management	Member of the Board	0%
		UAB Matuda	Manager	0%

This annual management report has been signed electronically by the  
Manager of special closed-end real estate investment company AB Tewox

**Efim Hiterer**