

Closed-end special real estate investment fund

Baltic Core Property Fund

RULES

I. GENERAL INFORMATION ABOUT THE FUND

1. These Rules have been prepared in accordance with the CIUL and govern the relationship between the Management Company and the Fund's investors.
2. **Investments in the Fund's Units carry above-average, long-term risk. For this reason, the Management Company cannot guarantee that Investors will recover all of their invested funds.**
3. The Fund operates as a closed-end special real estate investment fund. The Fund's target size (the total amount invested in the Fund by Investors) is 150,000,000 euro. There is no set minimum amount invested in the Fund, but an Investor may not purchase fewer than 1 (one) Fund's investment unit. For non-professional investors in the Republic of Latvia, the minimum amount invested in the Fund is 100,000 euros.
4. The main risk factors associated with investments in the Fund are: **general risk, tenant risk, market risk, investment diversification risk, financing and leverage risk, liquidity risk of the Fund's assets, liquidity risk of the Fund's investment units, currency risk, interest-rate risk, operational risk, staff turnover risk, conflicts of interest risk, legal and regulatory change risk, tax risk, geopolitical risk, inflation risk and deflation risk, uninsured loss risk, transaction, counterparty and settlement risk, risk associated with financial intermediaries (credit and financial institutions), risk associated with forward-looking statements, Fund asset valuation risk, risk related to the targeted net annual investment return, competition risk, risk related to potential Fund's liability, risk related to the obligation to redeem Fund's investment units, risk related to the failure to hold certain Fund's assets with the Depositary, risk of lack of Fund investments, risk of fluctuations in NAV and the value of Fund's investment unit, overall sustainability risk, and default risk.**
5. Investors are advised to carefully review the "Information on risks" section in chapter IV of the Rules, which provides information on risk factors that must be taken into account before deciding to purchase Fund's investment units.
6. **The Investor agrees and understands that their Fund's investment units will be compulsorily redeemed in the cases specified in section 125.**
7. In cases where these Rules specify that information or a notice is to be sent to the Investor by email, such information or notice shall be sent to the Investor at the email address provided to the Management Company by the Investor.

II. TERMS USED IN THE RULES

8. The capitalised terms used in these Rules have the following meanings:
 - 8.1. **LMACIU** – Law on Managers of Alternative Collective Investment Undertakings of the Republic of Lithuania.
 - 8.2. **Depositary** – AB SEB bankas, legal entity code 112021238, registered office at Konstitucijos pr. 24, LT-08106 Vilnius, Republic of Lithuania.

- 8.3. **Material amendment to the Fund documents** – material amendments to the Rules and/or the Prospectus as specified in section 137 of the Rules.
- 8.4. **The euro, or EUR** – the official currency of the Member States of the European Union that are part of the Economic and Monetary Union.
- 8.5. **The Fund** – uždarasis tipas specialusis nekilnojamojo turto investicinis fondas Baltic Core Property Fund (in English: *the closed-end special real estate investment fund called the Baltic Core Property Fund*).
- 8.6. **NAV** (net asset value) – the difference between the value of the assets comprising the Fund and the Fund's liabilities.
- 8.7. **Investor** – a co-owner of the Fund (participant) and/or a prospective participant.
- 8.8. **Investment Repayment Statement** – a report sent by the Management Company to Investors via email, specifying the price and number of Fund's investment units redeemed from the Investor, as well as other relevant information.
- 8.9. **Income Distribution Fee** – a fee payable to the Management Company in accordance with the procedure set forth in section 82 of the Rules.
- 8.10. **CIUL** – the Law of the Republic of Lithuania on Collective Investment Undertakings.
- 8.11. **Controlled Company** – a special purpose vehicle that is controlled by the Fund through the exercise of direct controlling influence.
- 8.12. **Nasdaq CSD** – Nasdaq CSD SE, a central securities depository operating in Member States of the European Union (Lithuania, Latvia, and Estonia), providing securities settlement, securities safekeeping, and related services, registered and operating in accordance with the provisions of Regulation (EU) No 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories.
- 8.13. **Real Estate Company** – a company whose primary business consists of the acquisition of real estate, reconstruction of real estate, letting of real estate, sale of real estate, and/or real estate development.
- 8.14. **Initial Distribution Stage** – the first stage of the distribution of Fund's investment units, which begins after the Competent Authority approves the prospectus prepared in accordance with the procedures set forth in Regulation 2017/1129. The specific distribution terms and conditions of the Initial Distribution Stage will be set forth in the prospectus prepared and published in accordance with the procedures established by Regulation 2017/1129. The Initial Distribution Stage will last until the date on which the Management Company decides to conclude the Initial Distribution Stage, but no longer than until the admission of Fund's investment units to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania.
- 8.15. **Distribution and Marketing Fee** – a fee payable to the lead distributor in accordance with the procedure set forth in section 83 of the Rules, or to distributors (banks and/or financial brokerage firms) in accordance with the procedure set forth in section 84 of the Rules.
- 8.16. **Competent Authority** – the Bank of Lithuania is the authority responsible for supervising the activities of the Fund and the Management Company.
- 8.17. **Prospectus** – a document that provides Investors with key information about the Fund's investment units being offered. In these Rules, the term "Prospectus", when capitalized, refers to a Prospectus prepared in accordance with the requirements of CIUL.

- 8.18. **Regulation** – Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency, and supervision.
- 8.19. **Regulation 2017/1129** – Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
- 8.20. **Success Fee** – A fee linked to the Fund’s performance in excess of the minimum return threshold (hurdle rate), calculated and paid to the Management Company in accordance with the procedure set forth in sections 71 – 81 of the Rules.
- 8.21. **Rules** – these rules of the Fund.
- 8.22. **Subsequent Distribution Stage** – the distribution of Fund’s investment units, which begins upon the conclusion of the Initial Distribution Stage and may continue throughout the life of the Fund.
- 8.23. **Management Company** – UAB Lords LB Asset Management, legal entity code 301849625, registered office at Jogailos g. 4, LT-01116 Vilnius, Republic of Lithuania.
- 8.24. **Management Fee** – The Management Fee paid to the Management Company, calculated in accordance with sections 65 – 70 of the Rules.
- 9. This chapter lists only the most important terms used in the Rules. The text of the Rules may include explanations or definitions of other terms. Unless otherwise specified or the context requires otherwise, any reference in these Rules to: (a) words used in the singular includes the plural, and vice versa; (b) any law, regulation, or other legal act shall be deemed to include any amendments, revisions, additions, or new versions thereof.

III. INVESTMENT STRATEGY AND RESTRICTIONS

- 10. The Fund’s objective is to generate returns for Investors through investments in income-generating high-class commercial and mixed-use real estate properties located in central urban locations in Lithuania, Latvia, Estonia, Finland, Sweden, Denmark, Poland, and Germany.
- 11. The Fund promotes environmental characteristics in accordance with Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, on sustainability-related disclosure in the financial services sector, which are disclosed in Annex 2 to the Prospectus.
- 12. The Management Company will manage the Fund’s portfolio of investment objects in accordance with the following key diversification principles (compliance of the Fund’s asset portfolio with the requirements set forth below will be achieved within four years from the date on which the Competent Authority issued the authorisation to approve the Rules and select the depositary):
 - 12.1. Investment in any one property and/or Real Estate Company may not exceed 30% of the NAV of the Fund’s assets. This investment cap shall not apply to investments in Controlled Companies if such companies invest their proceeds in real estate properties and/or Real Estate Companies, provided that:
 - 12.1.1. A Controlled Company complies with all of the Fund’s asset investment requirements when the Fund invests 100 percent of its NAV in such a company;

- 12.1.2. The Fund, together with the Controlled Company, complies with all asset investment requirements applicable to the Fund when the Fund invests more than 30 percent, but less than 100 percent, of its NAV in the Controlled Company;
 - 12.1.3. The Depositary is provided with all documents and information relating to the investment in the Controlled Company that are necessary for the proper performance of the Depositary's functions.
 - 12.2. The aggregate amount of investment in a single real estate property and the movable property and/or equipment necessary for its operation may not exceed 40 percent of the NAV of the Fund's assets.
 - 12.3. The total amount of investments in transferable securities issued by the same Real Estate Company, money-market instruments, and fund liabilities arising from derivative financial instrument transactions with that company may not exceed 30 percent of the NAV of the Fund's assets.
 - 12.4. The total amount of investments in the investment instruments specified in section 12.3 of the Rules and in the investment objects specified in section 12.2 of the Rules, in which such a Real Estate Company and the Fund investing in it have invested, may not exceed 30 percent of the NAV of the Fund's assets.
 - 12.5. The Fund's temporarily available cash may be invested in debt securities issued by governments and/or companies of EU Member States (with a maturity of no more than 2 years, liquid, with an investment grade rating (S&P, or from an alternative certified rating agency), such as government bonds and/or corporate bonds issued by European Union member states), money-market instruments, and overnight deposits or fixed-term deposits. The total amount of investments in the investment objects specified in this section may not exceed 20 percent of the NAV of the Fund's assets.
13. The Fund may also invest in derivative financial instruments for the purpose of currency risk management.
14. The Fund assets, except during the four-year period specified above from the date on which the Competent Authority issued the authorisation to approve the Rules and select a depositary, must consist of at least four separate real estate assets.
15. The Fund is prohibited from acquiring real estate assets if:
 - 15.1. They are to be acquired under the co-ownership by undivided shares, with no determination of the shares of the co-owners;
 - 15.2. Title to the property is restricted, which can lead to the loss of title;
 - 15.3. The property is not registered in the public register.
16. Where the investment caps are breached for reasons beyond the Management Company's control, the non-compliance must be remedied as soon as possible, but not later than within 1 (one) year. This period may be extended only in exceptional cases where the Management Company is unable to remedy the situation for reasons beyond its control. In such a case, after the expiry of the period of 1 (one) year, the Management Company must give immediate written notice to the Competent Authority of the situation and the reasons for it. The notification must also specify the estimated time limit for compliance.
17. All investment decisions relating to the Fund's assets must be made in accordance with the investment restrictions on the Fund's assets set forth in applicable law.

18. The Fund's investment strategy, as set forth in the Rules, may be amended by amending the Rules accordingly in accordance with the procedure set forth in sections 130 – 140 of these Rules. A change to the Fund's investment strategy, as set forth in the Rules, constitutes a Material Amendment to the Fund Documents.
19. Direct ownership of the Fund's real estate assets and ownership of securities of Controlled Companies and/or Real Estate Companies are permitted. When investing through Controlled Companies and/or in Real Estate Companies, the Depositary shall be provided with documents related to the investment in Controlled Companies and/or in Real Estate Companies in order to enable the Depositary to perform its statutory functions.
20. If necessary, funds may be borrowed on behalf of the Fund to achieve a higher return on investment (by providing additional financing for investment objects acquired by the Fund (or through Controlled Companies or Real Estate Companies)) or to finance the Fund's operations. Borrowed capital (including all consolidated loans of Controlled Companies and/or Real Estate Companies) shall not exceed 70 percent of the market value of the Fund's assets as of the date of loan conclusion. The Management Company will aim to maintain the Fund's overall debt-to-asset ratio – calculated based on the total value of the Fund's assets (including its Controlled Companies and/or Real Estate Companies) – at 50–60 percent. The maximum level of leverage that the Management Company may employ on behalf of the Fund, calculated using the gross and commitment methods in accordance with the Regulation and the Management Company's borrowing and leverage policy, shall not exceed 4. Borrowing on behalf of the Fund may be done for terms not exceeding 30 years.
21. The Fund assets will not be lent out, nor will they be used to guarantee or secure the liabilities of other persons, except for Controlled Companies or Real Estate Companies in which the Fund invests, provided that the assets of such companies are invested in assets consistent with the Fund's investment strategy and the following two conditions are met:
 - 21.1. The amount of funds lent by the Fund, or the guarantee or suretyship provided, shall not form a larger share of the current and future obligations of the Real Estate Company or the Controlled Company under a loan, guarantee, or suretyship agreements, than the share of the ownership interest owned by the Fund in the share capital of that Real Estate Company or Controlled Company;
 - 21.2. The total amount of funds lent to the undertaking, guarantees, and suretyship shall not exceed 50 percent of the Fund's NAV.
22. The Fund's assets may be reinvested in new investment objects that are consistent with the Fund's investment strategy, and
23. the Fund does not use a benchmark.

IV. RISK INFORMATION

24. Investments in the Fund's investment units involve above-average, long-term risk. The Fund cannot guarantee that Investors will recover their invested funds. This chapter provides information about risk factors that may affect the Fund's operations. There may be additional risk factors that are not listed in this chapter because they are not known or are considered to be insignificant. The decision to invest in the Fund's investment units should not be based solely on an analysis of the risk factors set forth below; each Investor should evaluate other potential risk factors, all available information about the Fund and its operations, and their individual circumstances.

General risk

25. The value of an investment in real estate may fluctuate in the short term depending on the general economic situation, rental and sales prices of real estate and fluctuations in supply and demand, and therefore the value of the Fund's investments may go up or down, and fluctuations in the value of the Fund's investment units may occur during the activity of the Fund. The Fund's past performance is not a guarantee of future results. Furthermore, the Fund's main investments will be in real estate properties and will therefore be exposed to risks associated with real estate investments. These risks may be characteristic of the market for this type of asset in general or of specific segments of the real estate market and may include, among other things, global, regional, or national economic and social conditions; the supply and demand for real estate assets and related assets in which the Fund invests; the financial capacity of buyers and sellers; changes in the legal environment and legislation; changes in the tax environment; and so on. Investments in real estate should be made with a medium- to long-term perspective in order to avoid the risk of short-term price fluctuations. Investments in real estate involve above-average, long-term risk. If the investments do not yield the expected returns or if other adverse circumstances arise (such as an inability to make timely payments to creditors), the Fund may be unable to meet its liabilities. The Management Company will make every effort to protect the Fund's assets from emerging risks in order to achieve the Fund's objectives.

Tenant risk

26. The Fund will seek to let the real estate assets at the highest possible prices. Although rent is usually paid on time (tenants' late payments are very minor and do not have a significant impact on the Fund's operations), there is a risk that, should the economic situation change (for the worse), tenants will fail to meet their obligations, which would negatively impact the Fund's earnings and cash flows. Failure to meet a material part of the obligations on time may disrupt the Fund's normal operations and lead to the Fund seeking additional sources of financing, which may not always be available. Failure to generate the expected rental income or to maintain a high occupancy rate may create the problem of costs that are not compensated by regular tenants. This risk may arise from a sharp increase in the supply of rental space and a decrease in demand, or a fall in rental prices. Failure to lease out the premises at the prices or volumes envisaged, and the termination of leases by existing tenants, could result in a reduction in the Fund's income without any change in fixed costs. Consequently, the Fund's profits could also decline. To mitigate this risk, the Management Company will seek to enter into lease agreements on behalf of the Fund and for the benefit of the Fund with financially sound tenants.

Market risk

27. When conducting the acquisition of Fund's investment units, the Investor assumes the risk of incurring losses due to unfavourable changes in the value of a Fund's investment unit. A decline in the value of a Fund's investment unit may be caused by adverse changes in the value of the Fund's assets and their profitability. There is a risk that, due to deteriorating global, regional, or national conditions (e.g., macroeconomic changes, political or legal risks, or the actions of investors in a specific region), the value of the assets acquired by the Fund or the income derived from them may decrease, and asset management (maintenance) costs may increase, which could result in a decrease in the value of the Fund's investments. To mitigate this risk, the Management Company will invest the Fund's assets in prime real estate assets located in central urban areas. Retail investors are advised to seek assistance from specialists in this field when evaluating the Fund's investment units.

Investment diversification risk

28. This is a risk where a single unsuccessful investment could have a significant impact on the Fund's performance. To mitigate this risk, the Management Company will strive to ensure that the Fund holds a sufficient number of different real estate assets in its portfolio, thereby maintaining an appropriate level of diversification.

Financing and leverage risk

29. Leverage risk relates to the potential depreciation of the real estate properties acquired with borrowed money. The higher the leverage used, the greater the potential impact of this risk. There is a risk that, due to a deterioration in the global, regional, or national economic situation, it may become difficult or costly for the Fund to obtain new loans for the acquisition of real estate or to refinance existing loans, which could result in a decline in the value of the Fund's investments. To mitigate this risk, the Management Company restricts the Fund's ability to borrow by setting a maximum permissible debt ratio (a limit and a target debt ratio – see section 20 of the Rules).

Liquidity risk of the Fund's assets

30. This is the risk of incurring losses due to low market liquidity, when it becomes difficult to sell the Fund's investment assets at the desired time and/or at the desired price. To manage this risk, the Management Company will continuously monitor the real estate market and prepare in advance for the property sale process, thereby managing liquidity risk. Liquidity risk also includes the risk of cash flow disruption which the Fund may be exposed to on account of delays and/or defaults by insolvent tenants. To mitigate this risk, the Management Company will seek to enter into lease agreements on behalf of the Fund and for the benefit of the Fund with financially sound tenants.

Liquidity risk of the Fund's investment units

31. The Fund is a closed-end fund, and its Fund's investment units are not being redeemed at Investors' request; therefore, Investors may find it difficult to sell the Fund's investment units on the secondary market due to limited demand, insufficient activity among market participants, or unfavourable market conditions; in such cases, Investors would face difficulties in liquidating their Fund's investment units or may be forced to sell them at a lower-than-expected price. If the Fund's financial situation deteriorates, the price of Fund's investment units or the demand for them may decline; and if unfavourable market conditions arise, both the price of Fund's investment units and the demand for them may decline. This risk is managed through the Management Company's actions to increase awareness of the Fund, ensure transparent and regular disclosure of information, strive to maintain sufficient attractiveness of the Fund's investment units and trading activity, and, indirectly, by managing other risks related to the Fund's operations (e.g., market risk, investment diversification, and other risks).

Currency risk

32. The Fund's investments may be made not only in euro but also in other currencies; therefore, there is a risk that the value of the euro will change relative to other currencies, which could result in a decrease in the value of the Fund's investments. In order to manage currency risk, the Management Company may, but is not required to, hedge against foreign exchange risk on behalf of the Fund by entering into derivative financial instrument transactions.

Interest rate risk

33. There is a risk that significant changes in the global economy or an increase in inflation could lead central banks to raise interest rates and make the servicing of loans related to the Fund's investments more expensive, which could result in a decrease in the value of the Fund's investments. To mitigate this risk, the Management Company may seek to ensure that some or all of the loans obtained by the Fund are at fixed interest rates, or may hedge against interest-rate risk by entering into appropriate derivative transactions.

Operational risk

34. There is a risk that the Fund may incur losses due to the actions of the Management Company's responsible personnel, disruptions or malfunctions in IT systems, inadequate or failed internal processes,

or the impact of external events. To mitigate this risk, the Management Company will adhere to internal policies, procedures, and practices and review them periodically; provide employee training and professional development; implement IT systems that meet the Management Company's needs; and establish effective management and process structures.

Staff turnover risk

35. The success of the Fund's investments will largely depend on the investment decisions made by the people in charge of the Management Company and on the experience and skills of those people. There is no guarantee that the same employees of the Management Company will manage the Fund throughout its entire life, or that the responsible employees of service providers to whom certain management functions have been delegated will provide those services throughout the life of the Fund. Therefore, there is a risk that a change in the responsible employees of the Management Company or service providers to whom certain management functions have been delegated could have a negative impact on the Fund's performance. Efforts will be made to mitigate the staff turnover risk by ensuring that, throughout the life of the Fund, the Fund is managed by experienced and qualified employees of the Management Company, and that services to the Fund are provided by experienced and qualified personnel from the service providers.

Conflicts of interest risk

36. There is a risk that situations may arise in which the interests of the Management Company (or persons associated with it) and the Fund will diverge, i.e., a conflict of interest will arise. To mitigate this risk, the Management Company will avoid entering into service agreements with entities affiliated with the Management Company; if this cannot be avoided, such agreements will be entered into only on an arm's-length basis. Furthermore, the Management Company will seek to mitigate these risks by complying with approved internal procedures and applicable legal requirements, thereby ensuring transparency in investment and investment supervision.

Legal and regulatory change risk

37. There is a risk that changes in legislation in the Republic of Lithuania or in the countries where the Fund invests its assets may adversely affect the protection of the Fund's investments, the yield and value of the Fund's investments, or that changes in legislation may otherwise adversely affect the rights and interests of the Fund. The Management Company continuously monitors legal and regulatory changes, but it has very limited ability to manage this risk. The Management Company will endeavor to inform Investors in a timely and comprehensive manner about anticipated legal or regulatory changes that may affect the Investors or the value of their investments.

Tax risk

38. There is a risk that, due to changes in a country's economic conditions, political situation, or other reasons, new taxes applicable to Investors, the Fund, or the Fund's investment objects may be introduced, or the rates of existing taxes may increase, which may reduce the value of a Fund's investment unit, liquidity, and/or attractiveness of the Fund, or may reduce the value of the Fund's investments. The Management Company continuously monitors changes in the tax environment; however, the Management Company has very limited ability to manage this risk. The Management Company will monitor potential changes in tax laws and will seek to enter into transactions under tax terms favourable to the Fund and the Investors, without violating any laws in any way.

Geopolitical risk

39. There is a risk that the Fund's operations may be affected by geopolitical changes (e.g., changes in economic or geopolitical alliances, conflicts between countries, internal conflicts in neighboring

countries, wars, etc.), and as a result, the value of the Fund's investments may decline and/or the Fund may be unable to liquidate its investments at the desired time and at the desired price. The Management Company has very limited ability to manage this risk; however, the Management Company will endeavor to inform Investors in a timely and comprehensive manner about the situation that has arisen, its impact, and the Management Company's planned actions.

Inflation and deflation risk

40. There is a risk that, in the event of significant inflation, the increase in the value of a Fund's investment unit will be less than the rate of inflation. In such a case, the actual return to investors who have sold the Fund's investment units on the market from the increase in the value of a Fund's investment unit may be lower than expected, or they may even incur a loss. In the event of deflation, there would be a risk that the value of the Fund's investments would decline due to a general decline in price levels. The Management Company's ability to influence macroeconomic indicators is limited; however, its experience and expertise enable it to forecast the achievement of the Fund's objectives, though the Management Company cannot guarantee that the set objectives will be achieved.

Uninsured loss risk

41. There is a risk that, in the event of certain occurrences (such as a flood, environmental contamination, sabotage, terrorism, etc.), the property insurance covering the Fund's assets will not cover the losses incurred, and therefore the value of the Fund's investments may decrease. The Management Company seeks to insure the Fund assets in a prudent manner, but has limited ability to insure uninsurable assets or risks.

Transaction, counterparty and settlement risk

42. There is a risk that the other party to the transaction – whether buying or selling an asset, or receiving a loan – will fail to fulfil its obligations, for example, by failing to settle, that is, failing to make a payment, or failing to transfer the acquired asset to the Fund, or the transaction may ultimately fail to be completed at all, and as a result, the Fund may incur substantial costs that will have a material adverse effect on the Fund's overall performance. In order to mitigate this risk, when the Management Company buys or sells assets on behalf of the Fund, it will seek to obtain exclusively delivery versus payment. The Fund may also have granted loans to other companies; therefore, if the financial condition of those companies deteriorates, there is a risk that the Fund will not recover all of the loans it has granted. The Management Company will seek to enter into such transactions with reliable companies after assessing their financial capacity to repay such loans.

Risk associated with financial intermediaries (credit and financial institutions)

43. The Fund will also be exposed to risk by holding funds in bank accounts or investing in short-term instruments. The Management Company seeks to maintain business relationships only with reputable credit and financial institutions and to invest funds only in reliable short-term instruments.

Risk associated with forward-looking statements

44. Statements regarding the future are based on assessments, opinions, expectations, and forecasts regarding future events and financial trends that may affect the Fund's operations. Forward-looking statements include information about the Fund's likely or anticipated performance, investment strategy, contractual relationships, borrowing plans, investment conditions, the impact of future regulation and other information. The Management Company cannot guarantee that forward-looking statements will accurately and completely reflect future events and circumstances. The Management Company and its employees do not represent or warrant that the forward-looking statements are accurate or that the Fund

will be profitable. The Management Company and its employees do not undertake to revise or amend the forward-looking statements, except to the extent required by law.

Fund asset valuation risk

45. The Fund's assets will be valued in accordance with the general rules set forth in the Rules and the Prospectus, based on the Management Company's policies and procedures. The real estate valuation of specific real estate held by the Fund shall be performed by at least one independent asset valuer (real estate located outside the Republic of Lithuania will be subject to a real estate valuation conducted by at least one real estate valuer who meets the legal requirements for real estate valuers established by the laws of that country), however, such a valuation is merely a determination of the property's value, which does not automatically imply the exact disposal price of an investment, as this depends on numerous factors, such as economic and other uncontrollable conditions. Thus, the disposal price of the Fund's investments may be higher or lower than the value of the real estate as determined by the real estate valuer. The Management Company will seek to select reliable, independent valuers in order to ensure that the valuation is as objective as possible.

Risk related to the targetted net annual investment return

46. The Fund's investments will be made with the target of achieving a net IRR of 10%; however, the Management Company does not guarantee or warrant that the Fund's investment returns will be as successful or that the target net IRR will be achieved.

Competition risk

47. When investing in investment objects, the Fund will compete with other investors, including, but not limited to, other real estate investment funds. Thus, there is a risk that competition with other investors will require the Fund to enter into transactions on less favourable terms. The Management Company assumes this risk – that is, it operates under market conditions, seeking the best possible returns for Investors, in compliance with all applicable laws and regulations, and without restricting competition.

Risk related to potential Fund's liability

48. There is a risk that claims and lawsuits regarding undisclosed or undetermined fund liabilities and/or violations related to the Fund's investments could have a negative impact on the Fund's operations and its overall performance, therefore, the Fund may be held liable for such liabilities and/or violations, and as a result, the value of the Fund's investments – and consequently the value of a Fund's investment unit – may decrease significantly. In order to mitigate this risk, the Management Company will, prior to acquiring an asset on behalf of the Fund, conduct due diligence on such asset whenever possible and reasonable, and will also seek to include terms in contracts that sufficiently protect the Fund from such liabilities and/or breaches, or will take other measures; however, the Management Company does not guarantee or warrant that these risk mitigation measures will be effective or will completely prevent the Fund from incurring liability.

Risk related to the obligation to redeem the Fund's investment units

49. The legislation provides that, under certain circumstances, the Fund is obligated to redeem the Fund's investment units it has issued from Investors who have requested such redemption (134). Accordingly, if the Fund is required to offer to redeem the Fund's investment units held by Investors, and such redemption is requested by Investors holding a significant number of the Fund's investment units, the Fund may be forced to liquidate its existing investments on short notice, which could significantly reduce the return the Fund receives from the disposal of those investments.

Risk related to the failure to hold certain Fund's assets with the Depositary

50. There is a risk that Investors' interests may be adversely affected by the Fund's acquisition of securities and/or other assets that cannot be physically held by the Depositary. With respect to these assets, the Depositary will perform only supervisory functions, i.e., it will verify that the securities and/or other assets are owned by the Fund, and will also maintain records of such securities and other assets.

Risk of lack of Fund investments

51. At the time of the acquisition of Fund's investment units, the Fund may not have made any investments yet; therefore, prospective Investors may be unable to assess the terms and conditions related to the Fund's future investments. The Management Company will endeavor to take all actions necessary to acquire assets and achieve the Fund's objectives; however, the Management Company does not guarantee or warrant that the Fund's investments will be successful or that the Fund's investment objectives will be achieved.

Risk of fluctuations in NAV and value of a Fund's investment unit

52. The value of the Fund's investments may increase or decrease significantly over a relatively short period of time, as a result of which the NAV may increase or decrease significantly over a relatively short period of time, thereby causing sharp and significant fluctuations (increases or decreases) in the value of a Fund's investment unit in the short term. The Management Company's ability to manage significant fluctuations in the NAV and the value of a Fund's investment unit is limited. The Management Company's experience and expertise enable it to anticipate the achievement of the Fund's objectives; however, the Management Company cannot guarantee that the set objectives will be achieved.

Overall sustainability risk

53. Sustainability risk is an environmental, social or governance event, the occurrence of which could have a negative impact on the financial value of the Fund. The Fund's sustainability risks consist of a combination of sustainability risks specific to the investees (e.g. environmental risks) and the sustainability risks of the Fund's operations (e.g. supply chain management). The Management Company manages sustainability risks by conducting thorough due diligence on projects, selecting projects that meet the requirements set forth in the investment strategy – where such requirements exist – and managing other risks faced by the Fund, through which overall sustainability risks also manifest (for example, when considering an investment in a new market (while assessing market risk), the risks of potential natural disasters and their possible consequences are evaluated; when managing legal, tax, and liquidity risks, information on future sustainability-related taxes (for example, taxes related to carbon dioxide emissions) is continuously monitored; and when managing legal and compliance risks, the alignment of supply chain management processes with the Management Company's policies and procedures is ensured).

Default risk

54. In the event that one or more of the risks listed above were to materialize and adversely affect the value and/or liquidity of the Fund's investments, this could lead to problems in meeting the Fund's liabilities, resulting in the Fund's inability to fulfil its obligations. In such a case, Investors may lose all of the funds they have invested in the Fund.

Where and how to obtain further information on risks

55. Further information on risks is provided by the Management Company upon request..

V. INVESTORS' RIGHTS AND OBLIGATIONS

56. All Fund's investment units confer equal rights and obligations on their unit-holders (Investors). Investors acquire the rights and obligations conferred upon them by the Fund's fully paid-up Fund's investment

units as of the date on which the ownership of Fund's investment units is recorded in the Investors' individual securities accounts.

57. Each Investor has the following rights:

- 57.1. To receive a portion of the Fund's funds in accordance with the procedure set forth in chapter X of the Rules, if the Management Company decides to distribute them to Investors during the Fund's operation;
- 57.2. To receive a portion of the Fund assets, to be distributed upon the liquidation of the Fund, in accordance with the procedure set forth in section XIV of the Rules;
- 57.3. Obtain information about the Fund (copies of the Prospectus, the Rules, the key investor information document (and their updated versions), annual and half-yearly reports, and information on the value of the Fund's investment units);
- 57.4. Upon receiving the Management Company's consent, to transfer the Fund's units held to third parties by entering into a written agreement in simple form regarding the transfer of the Fund's investment units belonging to the Investor;
- 57.5. With the prior consent of the Management Company, to pledge or otherwise encumber unit holdings in the Fund or the property rights attaching thereto by delivering a copy of the agreement or transaction creating such a pledge or encumbrance to the Management Company within five calendar days.
- 57.6. Other rights set forth in the Rules and applicable laws.

58. An Investor has the following obligations:

- 58.1. To notify the Management Company of any change in the name, surname, personal identification number, residential address, e-mail address, telephone number and other details (in the case of an Investor who is a natural person) or name, legal entity number, registered office address, manager or authorised representative, e-mail address, telephone number and other details (in the case of an Investor who is a legal person) no later than within 15 calendar days from the date of the change in these data or details;
- 58.2. To obtain the prior consent of the Management Company before transferring, pledging, or otherwise encumbering the Fund's investment units;
- 58.3. To perform other duties specified in the Rules and applicable laws and regulations.

59. Each Investor is liable for the Fund's obligations up to the amount invested in the Fund.

VI. FUND MANAGEMENT

60. The Fund is managed by the Management Company. The Management Company manages, uses and disposes of the assets constituting the Fund on the basis of a right of trust (in Lithuanian: *turto patikėjimo teisë*).

61. The Management Company makes decisions regarding the distribution of Fund's investment units, as well as the management, use, and disposal of the Fund's investments and assets. Such decisions include, among other things, decisions regarding the acquisition of assets, disposal of assets, management of assets, and restriction of management of the assets of the Fund, the Controlled Companies, and/or the Real Estate Companies; decisions related to the financing of the operations and acquisition of assets of the Fund, the Controlled Companies, and (or) Real Estate Companies, as well as decisions regarding the

exercise of the Fund's shareholder rights. The decisions referred to in this section are made by the Fund manager (the investment decision-maker) appointed by the Management Company.

62. The Management Company's management board may, at its discretion, establish an Investment Advisory Committee specifically for the Fund to provide advice on the Fund's acquisition of investments and disposal of investments. It is necessary to obtain the approval (or disapproval) of the Investment Advisory Committee for the acquisition of investments and their disposal; however, such approval (or disapproval) is merely advisory in nature. An Investment Advisory Committee may be formed by a resolution of the Management Company's management board, consisting of 3 members selected by the Management Company. The fund manager (the investment decision-maker) may not be appointed as a member of the Investment Advisory Committee. Meetings of the Investment Advisory Committee would be held as needed, at the invitation of the Management Company or in the cases specified in the terms of reference of the Investment Advisory Committee (if such terms of reference have been prepared). Investors are notified by email regarding the formation of the Investment Advisory Committee and its composition. If an Investment Advisory Committee has not been established specifically for this Fund, the Management Company's investment committee shall provide advisory recommendations regarding the Fund's acquisition of investments and disposal of investments.
63. The Management Company has the right to:
 - 63.1. Use, manage and dispose of the Fund's assets on the basis of a right of trust (in Lithuanian: turto patikėjimo teisė);
 - 63.2. Receive the Management Fee, Success Fee, and Income Distribution Fee;
 - 63.3. Require the Investor to fulfil, in a timely manner, the obligations set forth in the laws of the Republic of Lithuania and the Rules;
 - 63.4. Enter into and execute, at the expense of the Fund and in the Fund's interests, transactions related to the management, use, and disposal of the Fund's assets, as well as transactions related to the sale and redemption of the Fund's investment units;
 - 63.5. Make the deductions from the Fund assets as provided for in section VII of the Rules ;
 - 63.6. In accordance with the requirements of Article 21 of the CIUL, delegate a portion of its management functions to a company authorised to provide the relevant services;
 - 63.7. Amend the provisions of the Rules and the Prospectus;
 - 63.8. Other rights established in the Rules and in the laws of the Republic of Lithuania.
64. The Management Company has the duty to:
 - 64.1. Act honestly, fairly and professionally in the best interests of the Fund and its Investors and to ensure market integrity;
 - 64.2. Exercise care, professionalism and caution;
 - 64.3. Have in place and use the tools and procedures necessary for its operations;
 - 64.4. Have sound administrative and accounting procedures, controls and safeguards for the processing of electronic data, and adequate internal controls, including rules for personal transactions in financial instruments by employees of the Management Company and for transactions in financial instruments for the account of the Management Company;

- 64.5. Ensure that documents and information relating to investment decisions and transactions are retained for a period of at least 10 (ten) years from the date of the investment decision or the transaction / operation, unless a longer retention period is provided for by law;
- 64.6. Have an organisational structure that prevents conflicts of interest. When conflicts of interest cannot be avoided, the Management Company must ensure that Investors are treated fairly;
- 64.7. Ensure that the persons responsible for making decisions regarding the management of the Fund's assets possess the qualifications and experience required by the Competent Authority and have a good repute;
- 64.8. Ensure that the Fund assets are invested in accordance with the investment strategy set forth in the Rules and the legal requirements established by the laws of the Republic of Lithuania;
- 64.9. Perform other duties set forth in the Rules and in the laws of the Republic of Lithuania.

VII. EXPENSES

Management Fee

- 65. The Management Fee is the compensation paid to the Management Company for managing the Fund assets.
- 66. The Management Fee is equal to 0.25% per year of the Fund's NAV for the relevant month.
- 67. The Management Fee is calculated per calendar month, by multiplying the NAV on the last calendar day of that month by the Management Fee percentage specified in section 66 of the Rules, dividing the resulting number by the number of calendar days in that year, and multiplying it by the number of calendar days in that month. If the Fund commences operations or is subject to the liquidation of the Fund at a time other than the beginning of a calendar month, the Management Fee is calculated by dividing the monthly Management Fee by the number of days in the relevant calendar month and multiplying the resulting amounts by the number of days the Fund was actually in operation during that calendar month.
- 68. The Management Fee is calculated by the Management Company.
- 69. The Management Fee is calculated on a calendar month basis but is paid to the Management Company once per calendar quarter into the Management Company's account within 5 business days of receiving the invoice from the Management Company.
- 70. The Management Fee calculated for the previous year is reviewed by auditors. The amount of the overpayment or underpayment of the Management Fee, as determined, will be used to reduce or increase, respectively, the Management Fee payable for the next calendar quarter following the approval of the Fund's annual report.

Success Fee

- 71. Each year, if the Fund's annual adjusted funds from operations, divided by the annual average amount invested in the Fund (calculated on a monthly basis), exceeds 8% per year, the Management Company is entitled to a Success Fee equal to 20% of the amount exceeding 8%.
- 72. The average amount of funds invested in the Fund is calculated as the arithmetic mean of the sum of funds actually invested in the Fund at the beginning of the period and on the last day of each month ending during the period.
- 73. Adjusted funds from operations (AFFO) are calculated using the following formula:
Adjusted funds from operations = NOI – Fund expenses – Financing costs – Capital expenditure

Where:

NOI refers to the net operating income (from real estate held directly and/or held through Controlled Companies and Real Estate Companies);

The Fund expenses refer to operating expenses related to the Fund's operations that are included in the overall amount of 3 percent of the Fund's expenses (section 91 of the Rules);

Financing costs refer to interest and other financing costs associated with financing agreements entered into on behalf of the Fund and on behalf of the Controlled Companies and Real Estate Companies (such as loans, credit facilities, bonds, etc.), after deducting finance income related to the corresponding liabilities;

Capital expenditure (CAPEX) refers to funds allocated for the refurbishment and repair of real estate, including tenant fit-out costs, invested in real estate assets owned directly and indirectly (through Controlled Companies and Real Estate Companies) by the Fund. New investments, acquisitions, and follow-on investments in real estate, Controlled Companies, and Real Estate Companies are not considered capital expenditures.

74. The Fund's adjusted funds from operations are calculated by consolidating the financial results of the Fund, its Controlled Companies, and its Real Estate Companies.
75. If the Fund holds less than 100% of the ownership interests in a Controlled Company and a Real Estate Company, the net operating income from real estate, financing costs, all capital expenditures, and the financial results of the Controlled Companies and Real Estate Companies are calculated pro rata with the Fund's ownership interest.
76. The annual Success Fee can be positive or negative. The annual positive Success Fee may not exceed 0.5% of the average annual NAV (the Success Fee cap). The annual negative Success Fee may not be less than -0.5% of the average annual NAV (the negative Success Fee floor).
77. The Success Fee (including the negative Success Fee) is accrued each time the NAV is calculated in the Success Fee reserve maintained as an off-balance-sheet account. When the Success Fee reserve becomes positive, the Success Fee may be recognized in the Fund's NAV.
78. During the Fund's first year of operation (i.e., 2026) no Success Fee shall be calculated.
79. The Success Fee may be paid to the Management Company once a year after the final annual Success Fee has been calculated based on the audited consolidated financial statements.
80. The Success Fee shall be paid to the Management Company's account within 5 business days of receiving the invoice from the Management Company.
81. If the Success Fee reserve becomes negative in a given year, the Management Company is not required to repay the Success Fee paid to it for previous years. The next Success Fee is paid only after the Success Fee reserve becomes positive.

Income Distribution Fee

82. Each time the Fund's assets (income) are distributed in cash and/or Fund's investment units are being redeemed by decision of the Management Company (sections 120 and 125 of the Rules), an Income Distribution Fee is paid to the Management Company from the Fund's assets; that is, the Income Distribution Fee is paid to the Management Company not by each Investor individually, but by the Fund. The Income Distribution Fee is equal to 1.00% of the cash amount allocated for the distribution of the Fund's assets (income) and/or the amount of the Fund's assets (income) allocated for the redemption of

Fund's investment units. The Income Distribution Fee is payable to the Management Company within 5 business days of receiving the invoice from the Management Company.

Distribution and Marketing Fee

83. During the Initial Distribution Stage, the lead distributor is paid a Distribution and Marketing Fee from the Fund's assets:
- 83.1. 3.00% of the amount invested by Investors in the Fund, where the amount invested in the Fund is raised through the lead distributor (and, through it, via sub-distributors) with whom the Management Company has entered into a valid distribution agreement for the benefit of the Fund, or;
 - 83.2. 1.00% of the amount invested by Investors in the Fund, when the amount invested in the Fund is not raised through the lead distributor or its sub-distributors. In such a case, this Distribution and Marketing Fee is paid to the lead distributor with whom the Management Company has entered into a valid distribution agreement on behalf of the Fund, given that the lead distributor organises and carries out the offer of Fund's investment units, distribution, and marketing, the dissemination of information about the Fund, and other activities related to Investor acquisition; therefore, it is considered that the lead distributor indirectly contributes to attracting such investments.
84. If, during the Subsequent Distribution Stage, the Management Company entrusts the offer of Fund's investment units (distribution) and marketing to distributors (banks and/or financial brokerage firms) authorised to provide such services, distributors (banks and/or financial brokerage firms) may be paid a Distribution and Marketing Fee from the Fund's assets, the amount of which may be up to 3.00% of the amount invested by Investors in the Fund. Further details regarding the Distribution and Marketing Fee will be disclosed in the Prospectus prepared in accordance with the procedures set forth in Regulation 2017/1129.

Depository Fee

85. Under the agreement signed with the Depository, the Fund is subject to an annual Depository Fee in the amount specified in the Depository agreement.
86. Payment for the Depository services will be made based on an invoice submitted by the Depository to the Management Company or directly to the Fund. The annual Depository Fee shall not exceed 0.2% of the Fund's average annual NAV.
87. The detailed fees for the Depository's services are set out in the agreement with the Depository. The Investor has the right to request the Management Company to provide information on the fees for the services of the Depository. The Depository's services shall be paid on the basis of an invoice it submits to the Management Company or directly to the Fund.

Other expenses covered by the Fund assets

88. Other expenses covered by the Fund assets include:
- 88.1. Remuneration for property and business valuers;
 - 88.2. Fund establishment costs (structuring costs);
 - 88.3. Expenses for services related to the Fund's financial accounting, the determination of NAV, and the value of a Fund's investment unit;
 - 88.4. Remuneration for audit services and consultations;

- 88.5. Remuneration to consultants for legal services and representation;
- 88.6. Expenses of litigation and legal proceedings;
- 88.7. Other legal expenses incurred by the Management Company in defending the interests of the Investors and/or the Fund;
- 88.8. Fines and late-payment interest (including interest) arising from and/or related to the Fund's obligations;
- 88.9. Fund's bank account opening and maintenance, cash and securities transaction, order execution, securities custody, currency exchange and other costs related to services provided by credit and financial institutions and financial intermediaries to the Fund (service fees, commissions, and other charges and expenses);
- 88.10. State and municipal taxes and charges;
- 88.11. Expenses related to the preparation, translation into foreign languages, and provision to Investors of information about the Fund (including the Fund's documents and agreements), as well as expenses related to updating (amending) such information;
- 88.12. Consultancy expenses;
- 88.13. The costs of preparing, translating into foreign languages and providing Investors with the Rules, the Prospectus, the key investor information document and other documents relating to the offer of Fund's investment units and/or the Fund's operations, and the costs of updating or amending those documents;
- 88.14. Expenses related to obtaining and modifying licences and permits;
- 88.15. Expenses for notaries and registers;
- 88.16. Expenses related to financing agreements (such as loans, credit agreements, etc.) entered into on behalf of the Fund that exceed the interest income from financing agreements (such as loans, credit agreements, etc.) entered into on behalf of the Fund;
- 88.17. Exchange rate and interest rate hedging costs;
- 88.18. Expenses of formalising, registering and deregistering of instruments used to secure liabilities;
- 88.19. Commission to real estate agents;
- 88.20. Enforced recovery costs;
- 88.21. The cost of insurance for persons responsible for the Fund's operations (i.e., insurance against damage and/or liability);
- 88.22. Property insurance expenses for the Fund's assets;
- 88.23. Expenses related to property management, property maintenance, and property administration for real estate assets owned by the Fund (to the extent that they are not covered by the tenants of these assets);
- 88.24. Expenses related to services provided by Nasdaq CSD or another entity performing the functions of central securities depository functions, including the International Securities Identification Number (ISIN), fees for the issuance and maintenance of the Fund's investment units, as well as fees charged by Nasdaq CSD for paying agent services (settlement infrastructure), as well as expenses related to the services provided by Nasdaq Vilnius AB in providing the technical infrastructure for the distribution of Fund's investment units, including auction fees;

- 88.25. Expenses related to the admission to trading on a regulated market for the Fund's investment units and/or a multilateral trading facility, as well as trading on a regulated market and/or a multilateral trading facility, as well as expenses related to services provided by the operator of a regulated market and/or the operator of a multilateral trading facility;
- 88.26. Marketing expenses, i.e., operating expenses related to the Fund's operations and the promotion of its assets, entertainment, advertising, investor prospecting, and investor acquisition, etc., if these expenses are incurred by the Management Company, they are expenses not covered by the Distribution and Marketing Fee (sections 83 and 84 of the Rules);
- 88.27. Other expenses incurred by the Depositary and the Management Company on behalf of the Fund shall be reimbursed to them.
89. If the Management Company or the Depositary incurs operating expenses on behalf of the Fund, the Fund must reimburse such expenses (for the benefit of the Fund) to the Management Company or the Depositary at any time on the basis of invoices submitted by the Management Company and the Depositary.
90. In addition, a Success Fee is paid to the Management Company in accordance with the procedure set forth in sections 71 – 81 of the Rules, as well as an Income Distribution Fee in accordance with the procedure set forth in section 82 of the Rules. The Distribution and Marketing Fee payable to the lead distributor and distributors (banks and/or financial brokerage firms) is determined in accordance with the procedure set forth in section 83 and section 84 of the Rules. The Success Fee, the Income Distribution Fee, and the Distribution and Marketing Fee are not included in the maximum level of expenses specified in section 91 of the Rules.
91. The total amount of expenses covered by the Fund assets and related to the Fund's activities shall not exceed 3 percent of the average annual NAV; however, the total amount of such expenses covered by the Fund assets and related to the Fund's activities, as provided for in this section, does not include the Success Fee, the Income Distribution Fee, or the Distribution and Marketing Fee. Investors may also be subject to additional fees set by their securities account manager and/or other financial intermediaries through which Investors submit orders to acquire Fund's investment units in accordance with the procedure set forth in chapter IX of the Rules (section 94 of the Rules). Given that the total amount of expenses covered by the Fund assets and related to the Fund's activities (3 percent of average annual NAV) does not cover all possible expenses, the total economic cost borne by Investors may exceed the total amount of expenses specified in this section (3% of the average annual NAV).
92. Fund expenses related exclusively to the acquisition of specific real estate assets, development, or improvement are considered part of the Fund's investment in the relevant real estate asset and are not subject to the general expense limit specified in section 91 of the Rules.
93. The Management Company will perform the management functions and administration of the Fund assets. The operating expenses associated with these activities will be included in the total amount of expenses covered by the Fund's assets and related to the Fund's activities, as specified in section 91 of the Rules.
94. Investors may also be subject to fees set by their securities account manager and/or other financial intermediaries through which Investors submit orders to acquire Fund's investment units in accordance with the procedure set forth in chapter IX of the Rules, including, among other things, those related to the safekeeping, accounting, settlement of transactions, and transfer of Fund's investment units. Such fees are applied in accordance with the agreements between the Investor and the relevant securities account manager and/or financial intermediary and are paid directly by the Investor to the relevant securities account manager and/or financial intermediary.

VIII. CONDITIONS AND PROCEDURES FOR THE REPLACEMENT OF THE MANAGEMENT COMPANY OR THE DEPOSITARY

95. Subject to prior authorisation by the Bank of Lithuania, the transfer of management of the Fund may be made to another Management Company by a resolution of the Management Company's management board when:
- 95.1. The Management Company is dissolved;
 - 95.2. The Management Company is reorganised;
 - 95.3. The Management Company is declared bankrupt;
 - 95.4. The Bank of Lithuania has taken a decision to restrict or withdraw the rights granted by the Management Company's licence in relation to the management of investment funds;
 - 95.5. The Management Company is no longer able to continue to manage the Fund properly and efficiently for any objective reason, and the Board of the Management Company decides to transfer the management of the Fund.
96. Investors shall be notified by email of the transfer of management of the Fund to another management company no later than 14 calendar days prior to the date of such transfer. If the management of the Fund is transferred to another management company, the management board of the Management Company shall, by the same resolution, decide to replace the Management Company and, at the same time, adopt a resolution to transfer the management of the Fund to another management company. The Management Company is responsible for transferring all documents and information necessary for the transfer of management of the Fund to another duly authorised management company. Another management company to which the management of the Fund is transferred shall, along with the management of the Fund, assume all documentation related to the Fund, as well as the responsibilities, obligations, rights, and duties set forth in the Rules and the laws of the Republic of Lithuania.
97. By a decision of the Management Company's management board and upon receiving prior authorisation from the Bank of Lithuania, the Depositary may be replaced when:
- 97.1. The Depositary fails to comply with legal requirements;
 - 97.2. The Depositary fails to fulfil its obligations or does not fulfil them properly;
 - 97.3. The Management Company aims to reduce the cost of the services provided by the Depositary;
 - 97.4. The Depositary loses the right to provide Depositary services;
 - 97.5. For other important reasons.
98. Investors are notified of the replacement of the Depositary via email no later than one month before the date of the replacement. When changing the Depositary, the Management Company shall terminate the contract with the Depositary and conclude a contract with another person entitled to provide Depositary services. The Depositary shall be deemed to have been replaced from the moment when another person entitled to provide Depositary services takes over the rights and obligations of the Depositary, and the custody of all the assets of the Fund is transferred to that person.

IX. TERMS AND DISTRIBUTION TERMS FOR THE OFFER OF FUND'S INVESTMENT UNITS AND SALE OF FUND'S INVESTMENT UNITS

Initial Distribution Stage

99. The Initial Distribution Stage begins after the Competent Authority approves the Prospectus prepared in accordance with the procedures set forth in Regulation 2017/1129. The specific distribution terms and conditions of the Initial Distribution Stage will be set forth in the prospectus prepared and published in accordance with the procedures established by Regulation 2017/1129. The Initial Distribution Stage will last until the date on which the Management Company decides to conclude the Initial Distribution Stage, but no later than the date on which the Fund's investment units are admitted to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania.
100. During the Initial Distribution Stage, the Management Company offers the Fund's investment units through a lead distributor, whose details are specified in the prospectus prepared in accordance with the procedures set forth in Regulation 2017/1129.
101. During the Initial Distribution Stage, the Fund's investment units are offered at a price of 1 euro, and the conversion of cash into Fund's investment units is carried out at a price per Fund's investment unit equal to 1 euro.
102. During the Initial Distribution Stage, the Fund's investment unit offerings are made in accordance with a Prospectus prepared and published in accordance with the procedures set forth in Regulation 2017/1129. The Management Company is responsible for the issue of Fund's investment units and, to carry out this function, utilizes the technical infrastructure of the operator of a regulated market or a multilateral trading facility. The Fund's investment units are offered through an auction (initial distribution) on a regulated market or a multilateral trading facility. The primary auction administrator will be the lead distributor selected by the Fund, which will enter into an auction agreement with the operator of a regulated market or operator of a multilateral trading facility, under which the lead distributor will instruct the operator of a regulated market or a multilateral trading facility to provide the technical infrastructure necessary to conduct the auction through the regulated market or a multilateral trading facility. The public offer of Fund's investment units – an auction – is conducted in accordance with the specific procedural rules and auction rules of the operator of a regulated market or a multilateral trading facility, which will be published on the website of the operator of a regulated market or a multilateral trading facility prior to the start of the subscription period for the public offer of Fund's investment units.
103. During the subscription period, Investors may participate in the auction and submit orders to acquire Fund's investment units on a regulated market or multilateral trading facility by (i) using the services of a bank or financial intermediary that is a member of a regulated market or multilateral trading facility, who have been granted member status in accordance with the rules approved by the operator of a regulated market or multilateral trading facility and who have access to the regulated market or multilateral trading facility, or (ii) through another financial intermediary whose services the Investor will use to purchase Fund's investment units. To purchase Fund's investment units, an Investor must have an individual securities account opened with a member of a regulated market or a multilateral trading facility, or with another financial intermediary whose services the Investor will use for the acquisition of Fund's investment units. To purchase Fund's investment units, the Investor must, during the Fund's subscription period, submit an order to purchase Fund's investment units to a member of a regulated market or a multilateral trading facility, or to another financial intermediary (who will forward the Investor's order to a member of a regulated market or multilateral trading facility) so that the member of a regulated market or multilateral trading facility can enter the corresponding purchase order into the regulated market or multilateral trading facility. By submitting an order to acquire Fund's investment units, the Investor authorizes a member of a trading venue or another financial intermediary to immediately reserve in the Investor's cash account the full amount payable for the Fund's investment units to be purchased (i.e., the offered price of the Fund's investment units multiplied by the number of Fund's investment units to be purchased) and to debit this amount only after the allocation of the Fund's investment units, upon settlement of Fund's investment units. Settlement of Fund's investment units acquired at the auction is

carried out exclusively on a delivery-versus-payment basis (DvP) through Nasdaq CSD: the Fund's investment units and cash are transferred simultaneously, ensuring that neither the Fund's investment units are transferred without payment nor payment is made without the transfer of the Fund's investment units. Settlement takes place on the issue date in accordance with the auction rules. Where investor demand exceeds the maximum number of Fund's investment units offered under the relevant issue or tranche thereof, the Fund's investment units shall be allocated to Investors who have submitted valid orders pro rata to the number of Fund's investment units specified in their respective orders, unless the Prospectus prepared and published in accordance with Regulation (EU) 2017/1129 or the publicly announced terms of the offering provide for the reservation of Fund's investment units for Investors who have entered into agreements, in which case Fund's investment units shall be allocated to such Investors on a priority basis up to the amount so reserved, and the remaining Fund Units shall be allocated pro rata to the number of Fund's investment units specified in the orders of the other Investors who have submitted valid orders. For Investors who were not allocated Fund's investment units or whose order to acquire Fund's investment units was partially fulfilled, the blocking of funds is released, and the unused funds are returned. More detailed auction procedures, the duration of the subscription period, the offered price of Fund's investment units, the allocation principles, and other terms and conditions will be set forth in the prospectus prepared and published in accordance with the procedures established by Regulation 2017/1129.

Subsequent Distribution Stage

104. A Subsequent Distribution Stage is initiated by decision of the Fund manager at any time after the end of the Initial Distribution Stage and may continue throughout the life of the Fund.
105. During the Subsequent Distribution Stage, the Management Company conducts the offer of Fund's investment units either directly or through distributors (banks and/or financial brokerage firms) authorised to provide such services.
106. During the Subsequent Distribution Stage, the Fund's investment units are offered in accordance with a Prospectus prepared and published in accordance with the procedures set forth in Regulation 2017/1129. The specific terms and conditions of the offer will be set forth in a published Prospectus prepared in accordance with the procedures established by Regulation 2017/1129.
107. During the Subsequent Distribution Stage, the Fund's investment units are offered through an auction (initial distribution) on a regulated market or a multilateral trading facility, in accordance with sections 102 –103 of the Rules.
108. During the Subsequent Distribution Stage, the Fund's investment units are offered at a price equal to the value of a Fund's investment unit, calculated based on the NAV as of the last calendar day of the preceding calendar month.

Ownership right in the Fund's investment units

109. Ownership of Fund's investment units is acquired through simultaneous delivery versus payment via Nasdaq CSD – that is, the Fund's investment units and cash are transferred simultaneously, thereby ensuring that neither the Fund's investment units are transferred without payment nor payment is made without the transfer of the Fund's investment units.
110. The entry in the Investor's personal securities account is evidence of ownership of the Fund's Units. An Investor's individual securities accounts are maintained, and entries are made in them, in accordance with the procedures established by the relevant securities account manager.

Admission to trading of the Fund's investment units on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania

111. The Fund's investment units must be admitted to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania within 6 months from the date of settlement of Fund's investment units acquired during the first auction (section 103 of the Rules). The admission of the Fund's investment units to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania may be postponed for a period of 6 months by decision of the Management Company, subject to the written consent of Investors who own more than 50% of all Fund's investment units issued and not redeemed. The admission to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania may be postponed by decision of the Management Company due to unfavourable market conditions, unforeseen events, or other significant circumstances, which, in the opinion of the Management Company, would complicate the admission to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania.
112. In order to obtain the approval specified in section 111 of the Rules, the Management Company will send an electronic notice to each Investor, which will include:
- 112.1. Arguments presented regarding the postponement of the admission to trading of the Fund's investment units on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania;
- 112.2. Ways in which Investors can express their approval (or disapproval);
- 112.3. The period during which the Investor may express his or her approval (or disapproval).
113. The Fund's investment units are admitted to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania, in accordance with the Rules set forth in CIUL and the Law on Financial Instruments Markets of the Republic of Lithuania governing the admission to trading on a regulated market for financial instruments (or) a multilateral trading facility, as well as the requirements and the procedure set forth in the Rules, following amendments to the Rules in accordance with the requirements of CIUL.
114. The provisions of the Law on Securities of the Republic of Lithuania and Regulation (EU) 2017/1129 also apply to the admission of the Fund's investment units to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania.
115. A decision by the Management Company's management board to list the Fund's investment units on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania applies to all Fund's investment units (including those issued following admission to trading on a regulated market and (or) a multilateral trading facility).
116. The Management Company shall provide the operator of a regulated market and/or multilateral trading facility operating in the Republic of Lithuania with the information specified in Article 159(3) of the CIUL.
117. Fund's investment units admitted to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania must be recorded in accordance with the Law on Financial Instruments Markets of the Republic of Lithuania.

X. TERMS AND PROCEDURES FOR THE DISTRIBUTION OF FUND FUNDS (INCOME) AS CASH AND/OR REDEMPTION OF FUND'S INVESTMENT UNITS

118. The Fund's available funds (income) may be distributed to Investors in the following ways:
- 118.1. By disbursing the Fund's proceeds (income) in cash, or;
- 118.2. By redeeming part of the Fund's investment units held by Investors.

119. **Allocation of Fund funds (income) in cash and redemption of Fund's investment units is restricted.** During the life of the Fund, Fund's investment units shall not be redeemed at an Investor's request, except as provided in section 134 of the Rules. The Fund's funds (income) are distributed in cash and/or through the compulsory redemption of the Fund's investment units, as determined by the Management Company. The Management Company will seek, in each calendar year, to distribute the Fund's assets (income) in cash and/or conduct the redemption of such a number of the Fund's investment units from Investors so that the amount of the Fund's funds (income) paid to Investors amounts to 5% of the total amount invested by Investors in the Fund; however, this shall not be construed as an obligation on the part of the Management Company to conduct a cash distribution of Fund monies in such an amount and/or to redeem the number of Fund's investment units specified in this section.
120. The Fund's funds (income) may be distributed at the discretion of the Management Company when any of the Fund's investment objects or a group thereof is sold, or when income is received from the investment objects and the Management Company decides not to conduct reinvestment of the proceeds.
121. In the case provided for in section 120 of the Rules for the distribution of the Fund's funds (income), they are distributed to Investors on a pro rata basis according to the number of Fund's investment units held by each Investor.
122. Cash distribution of Fund monies (income) allocated by the decision of the Management Company constitutes a liability of the Fund to Investors. Investors who were Investors in the Fund on the last business day prior to the distribution date for cash are entitled to receive the Fund's funds (income). Investors will not need to take any action or complete any formalities (including submitting applications or requests) in order to receive cash payments from the Fund. The Fund's proceeds (income) will be paid in cash to the account specified by the Investor to the Management Company.
123. A notice regarding the cash distribution of Fund monies will be sent to Investors by email or published no later than the end of the day on which the cash distribution of Fund monies takes place.
124. On the distribution date, the Management Company authorizes the bank to transfer the funds to the Investor's bank account. In fact, funds may be credited to Investors' bank accounts at a later date, depending on which bank the Investor's account is held with, and this shall not be considered a delay on the part of the Management Company in transferring the funds.
125. The Fund's investment units will be redeemed mandatorily, automatically (i.e., the Investor will not need to submit redemption requests or take any other formal actions), and pro rata from all Investors in the following cases:
- 125.1. When any of the Fund's investment objects or a group thereof is sold, or when income is received from the investment objects and the Management Company decides that the proceeds will not be reinvested. In such a case, a proportional share (*pro rata*) of the Fund's investment units is redeemed from all Investors each time, calculated by dividing the portion of fund monies available for distribution by the value of a Fund's investment unit determined at the time of distribution based on the NAV on the redemption date (section 126 of the Rules);
- 125.2. Two business days prior to the Fund liquidation date, all remaining issued Fund's investment units shall be redeemed after the Fund has paid all taxes due and fully settled its obligations to the creditors of the Fund, and in accordance with section 173 of the Rules;
- 125.3. If the Fund's investment units are not admitted to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania within the timeframes specified in section 111 of the Rules, the Management Company shall, within 30 calendar days following the expiration of the deadline specified in section 111 of the Rules, make a decision to commence the disposal of the Fund assets and the redemption of Fund's investment units from Investors.

The disposal of the Fund assets and settlement with Investors may take no longer than 2 years from the date of the Management Company's decision. Once the Fund assets have been liquidated and all Investors have been fully settled, the Management Company will decide on the liquidation of the Fund. In the cases provided for in this section, a proportional share of the number of Fund's investment units is redeemed for each Investor (*pro rata*), which is calculated by dividing the portion of fund monies available for distribution by the value of a Fund's investment unit as determined at the time of the distribution in accordance with the NAV on the redemption date (section 126 of the Rules);

126. When distributing the Fund's assets during the life of the Fund, the number of Fund's investment units being redeemed from Investors in each case is calculated as follows:
 - 126.1. The value of a Fund's investment unit is determined on the redemption date by dividing the total NAV by the number of all Fund's investment units issued and not redeemed;
 - 126.2. The portion of fund monies available for distribution to Investors is divided by the value of a Fund's investment unit, determined in accordance with section 126.1 of the Rules;
 - 126.3. The number of Fund's investment units received is redeemed proportionally (*pro rata*) from all Investors.
127. A notice regarding the redemption of Fund's investment units through the distribution of the Fund's proceeds (income) will be sent to Investors by email or published no later than the end of the specified redemption date.
128. On the redemption date, the Management Company authorizes the bank to transfer the funds for the Fund's investment units being redeemed to the Investor's bank account. The money may be actually credited to the Investor's bank accounts at a later date, depending on the bank where the Investor has the account, and this shall not be deemed to be a delay by the Management Company in the payment of the redemption of the Fund's investment units.
129. From the moment the decision to redeem the Fund's investment units is made, the Investor forfeits all rights attached to the Fund's investment units being redeemed, except for the right to receive payment for the Fund's investment units being redeemed, and the Management Company assumes the obligation to settle with the Investor for the redeemed Fund's investment units from the Fund assets.

Redemption of Fund's investment units at an Investor's request

130. If the Management Company decides to make a Material Amendment to the Fund Documents (section 137 of the Rules), the Management Company must ensure the proper exercise of the Investors' right to require redemption of their Fund's investment units free of any deductions. In its decision to make Material Amendments to the Fund Documents, the Management Company shall specify the portion of the NAV that may be used for the redemption of the Fund's investment unit; if this portion is exceeded, the redemption of Fund's investment units requested by Investors will not be carried out, and the Material Amendments to the Fund Documents will not be made.
131. The Management Company shall notify each Investor of any Material Amendments to the Fund Documents (other than those specified in section 132 of the Rules) no later than one (1) month prior to the effective date of the amendments by sending a notice via email.
132. The Management Company shall notify each Investor of Material Amendments to the Fund Documents where the Fund's investment strategy is changed or when a change in the Fund's investment strategy results in a change in the Fund's type or class, notifying each Investor no later than 2 (two) months prior to the effective date of such Material Amendments to the Fund Documents by sending a notice via email.

133. The Notice to Investors must include the following:
- 133.1. The nature and content of the proposed Material Amendments to the Fund Documents;
 - 133.2. An explanation of how the proposed Material Amendments to the Fund Documents will affect Investors' interests and investments;
 - 133.3. Information regarding the Investor's right to raise an objection to the Material Amendments to the Fund Documents specified in the notice and to request the redemption of the Fund's investment units held by the Investor free of any deductions, as well as the procedure and deadlines for exercising this right;
 - 133.4. Other Information from the Management Company that Is important to Investors.
134. Investors have the right to raise an objection and request the redemption of their Fund's investment units within 1 (one) month prior to the effective date of the amendments to the Fund Documents, except in cases where the Fund's investment strategy is being changed. When the Fund's investment strategy is changed, Investors may raise an objection and request the redemption of their Fund's investment units within 2 (two) months prior to the effective date of the Material Amendments to the Fund Documents. The Management Company may set longer time periods than those specified in this section during which Investors may exercise their right to require redemption of the Fund's investment units.
135. Material Amendments to the Fund Documents (section 137 of the Rules) may be made only if no Investor objects. It is deemed that no Investor has objected if, in accordance with these Rules and the legal requirements, the right of those Investors who objected to Material Amendments to the Fund Documents and demanded the redemption of their Fund's investment units free of any deductions has been guaranteed.
136. The price of the Fund's units being redeemed is equal to the value of a Fund's investment unit, calculated based on the NAV as of the last calendar day of the calendar month in which the redemption of Fund's investment units takes place.
137. Amendments to the Rules and/or the Fund Prospectus are considered Material Amendments to the Fund Documents if such amendments may have an adverse effect on an Investor's financial position (e.g., by increasing existing or introducing new fees, payments, or deductions, etc.), the amendments restrict or revoke the rights granted to Investors or otherwise affect Investors' ability to exercise their rights related to their investments; the amendments establish new Investor obligations; or other amendments that are included in the list of material amendments, as approved by the Competent Authority.
138. Amendments are not considered Material Amendments to the Fund Documents if they are made due to changes in the legal requirements applicable to the Fund and/or the Management Company.
139. The Management Company's management board, taking into account the list of material amendments approved by the Competent Authority, as well as the content, nature, scope, and impact of the amendments to the Rules and/or the Prospectus on Investors' interests, shall determine on a case-by-case basis whether the amendments to the Rules and/or the Prospectus are to be considered Material Amendments to the Fund Documents.
140. Decisions adopted by the Management Company's management board regarding Material Amendments to the Fund Documents take effect after receiving prior authorisation from the Competent Authority to amend the Rules (when Material Amendments to the Fund Documents include amendments to the Rules) and upon completion of the redemption of Fund's investment units as specified in section 130 of the Rules.

Suspension of redemption of Fund's investment units

141. The Management Company and the Competent Authority have the right to suspend the redemption of the Fund's investment units.
142. Suspension of redemption of Fund's investment units may occur for no more than 3 months per year.
143. The suspension of redemption of Fund's investment units may occur if:
 - 143.1. This is necessary to protect the interests of the public, and consequently Investors' interests, against the Fund's potential insolvency or a decline in the redemption price resulting from unfavourable market conditions for investment instruments and a decrease in the value of the investment portfolio;
 - 143.2. There are insufficient funds to redeem the Fund's investment unit, and the sale (disposal) of the available investment instruments would result in a loss;
 - 143.3. Such a measure shall be imposed by the Competent Authority in accordance with the procedure laid down by law.
144. If the decision to suspend redemption was taken by the Competent Authority, the right to resume the redemption shall belong exclusively to the Competent Authority or the court, or the Lithuanian Administrative Disputes Commission and its territorial subdivisions annulling the decision. In other cases, the Management Company shall also have this right.
145. The Management Company shall notify its decision to suspend the redemption of Fund's investment units to the Investors, the Competent Authority, and, in the event that the distribution of Fund's investment units takes place in other Member States, the supervisory authorities of those Member States, by email immediately after such a decision is made. The Management Company shall notify Investors, the Competent Authority, and, where applicable, the competent authorities of other Member States of the decision to resume the redemption of Fund's investment units in the same manner as it notifies them of the suspension of redemption of Fund's investment units.

XI. PROCEDURES FOR ASSET VALUATION, CALCULATION OF THE VALUE OF A FUND'S INVESTMENT UNIT, AND DISCLOSURE

146. NAV is calculated based on the NAV calculation methodology approved by the Competent Authority and the Management Company's NAV calculation procedures.
147. NAV is calculated by subtracting the Fund's long-term and short-term liabilities from the value of the assets comprising the Fund. The value of the Fund's assets and the value of its liabilities are calculated separately for the purposes of calculating NAV.
148. An asset (or part of an asset) shall be written off only when the rights to the asset (or part of an asset) are exercised, expire or are transferred.
149. Assets and liabilities are calculated in accordance with the requirements of International Financial Reporting Standards.
150. The value of assets and liabilities must be measured at fair value, which must reflect the NAV at which these assets are most likely to be sold, except in cases where it is not possible to reliably determine the fair value. The fair value of assets and liabilities shall be determined by reference to observable market transactions or market information. Where observable market transactions and market information relating to the assets and liabilities are not available, fair value shall be determined using valuation techniques. Fair value measurement always serves the same purpose: to estimate the amount for which counterparties could sell the asset or service, or transfer the liability, to each other in an arm's length transaction at the valuation date.

151. Liabilities (or part thereof) shall be written off only when they are extinguished, i.e. when the liabilities in the contract are discharged, cancelled or expire.
152. The currency used to calculate NAV is the euro.
153. The value of a Fund's investment unit is determined by dividing the NAV by the number of Fund's investment units in issue. The NAV value must be calculated to four decimal places and rounded according to mathematical rounding rules.
154. The Management Company must ensure that the real estate assets that comprise the Fund's investment portfolio, or those intended for acquisition, are valued by at least one independent asset valuer. In the event that the Fund's investment portfolio consists of real estate assets located outside the Republic of Lithuania, the Management Company must ensure that their value is determined by at least one real estate valuer who meets the legal requirements for real estate valuers established by applicable law.
155. Managers or employees of the Management Company or the Depositary may not serve as real estate valuers. The same real estate valuer may perform real estate valuations of the Fund assets for no more than 3 (three) consecutive years.
156. The real estate valuer selected by the Management Company shall:
 - 156.1. Conduct a real estate valuation of each real estate asset comprising the Fund's assets, on the basis of which the NAV would be calculated;
 - 156.2. No earlier than 1 (one) month prior to the conclusion of a transaction for the purchase or sale of a real estate asset, a real estate valuation must be performed on the real estate asset that the Fund intends to acquire or sell, except where the real estate assets comprising the Fund's assets were appraised no earlier than 6 (six) months prior and there have been no significant economic or real estate market price changes that would necessitate a new valuation.
157. The Competent Authority has the right to require an additional independent real estate valuation to be conducted, without the participation of the valuer(s) who performed the previous valuation, when:
 - 157.1. It is determined that the property valuation does not comply with the Rules;
 - 157.2. There are grounds to believe that the property valuation was biased, which could harm Investors' interests.
158. The NAV is determined once per calendar quarter (and must always be determined at the financial year-end) based on an independent asset and/or business valuer's assessment of the asset value. The determination of NAV is performed as of the last calendar day of each calendar quarter. During the distribution of Fund's investment units, NAV is additionally determined as of the last calendar day of the calendar month during which the conversion of cash into Fund's investment units occurs. Upon redemption of the Fund's investment units, NAV is additionally determined as of the last calendar day of the calendar month in which the decision to redeem the Fund's investment units was made. NAV and the value of a Fund's investment unit are calculated and published on the Management Company's website www.lordslb.lt no later than the last business day of the following month. If the Management Company conducts admission of the Fund's investment units to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania, as provided for in section 111 of the Rules, then these Rules will be amended, and, once the Fund's investment units are admitted to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania, the NAV and the value of a Fund's investment unit will be published in accordance with the procedure laid down by law.
159. The asset and/or business valuer shall meet the following requirements:

- 159.1. An asset and/or business valuer must be competent and authorised to engage in asset or business valuation activities in accordance with the procedure laid down by law;
 - 159.2. An asset and/or business valuer must have valid professional indemnity insurance covering at least 300,000 euros;
 - 159.3. An asset and/or business valuer must have a good repute;
 - 159.4. An asset and/or business valuer must not be a co-owner of the asset being valued, nor must he or she have any family or kinship ties to the owner (co-owner) of the asset and/or business being valued or to the managers of the Management Company;
 - 159.5. An asset and/or business valuer must not be affiliated with the Management Company or with other persons who have close links to the Management Company;
 - 159.6. An asset and/or business valuer must comply with and fulfil the legal requirements applicable to external valuer for the Fund's assets and business.
160. The external asset and/or business valuer may be changed due to negative audit findings, observations from the Competent Authority, material non-performance or improper performance of the service contract, material deterioration of the valuer's reputation, revocation of the qualification certificate issued by the Competent Authority, termination of the valuer's activities, and in any other case for important reasons.
161. Real estate assets comprising the Fund's assets are considered to have been appraised if their value was determined no earlier than 6 (six) months ago and only if there have been no significant changes in economic conditions or real estate market prices that would require a new valuation. In the event of a material change in the value of a property, the Management Company must take this into account.
162. The value of Controlled Companies and Real Estate Companies is determined based on the values established by an independent business valuer who is authorised to engage in such activities and meets the requirements set forth in section 159 of the Rules. The value of Controlled Companies and Real Estate Companies may also be determined by reference to the most probable sale price determined in accordance with a selected valuation model (as specified in the relevant internal policies of the Management Company) that is generally accepted and used in the financial market.

XII. PROCEDURE FOR DETERMINING THE SALE AND REDEMPTION PRICES OF FUND'S INVESTMENT UNITS

163. During the Initial Distribution Stage, the Fund's investment units are offered at a price of 1 euro, and the conversion of cash into Fund's investment units is carried out at a price per Fund's investment unit equal to 1 euro.
164. During the Subsequent Distribution Stage, the Fund's investment units are offered at a price equal to the value of a Fund's investment unit, calculated based on the NAV as of the last calendar day of the month preceding the distribution.
165. The redemption price of Fund's investment units is equal to the value of a Fund's investment unit, which is calculated based on the NAV as of the last calendar day of the calendar month in which the decision to conduct the redemption of Fund's investment units was made. In the event of the liquidation of the Fund, the Fund's investment units will be redeemed in accordance with section 173 of the Rules.
166. No later than 14 calendar days after the redemption date (where Fund's investment units are redeemed during the life of the Fund), or no later than 14 calendar days after settlement with Investors in the cases

specified in section 169 of these Rules, the Management Company shall email Investors an Investment Repayment Statement or publish information on the redemption of Fund's investment units.

XIII. PROCEDURE FOR PUBLISHING INFORMATION ABOUT THE FUND

167. Copies of the Rules, the Prospectus, the latest annual report and any subsequent half-yearly report, and the key investor information document shall be provided free of charge to Investors upon request. The Rules, Prospectus, most recent annual reports, subsequent half-yearly reports, and the key investor information document are published on the Management Company's website www.lordslb.lt. Hard copies of the Rules, Prospectus, the most recent annual report, the subsequent half-yearly report, and the key investor information document are provided free of charge to Investors upon request. Once the Fund's investment units are admitted to trading on a regulated market and/or a multilateral trading facility operating in the Republic of Lithuania, the Rules, the most recent annual report and subsequent half-yearly reports, as well as the key investor information document, are published on the Management Company's website www.lordslb.lt and additionally in accordance with the procedure laid down by law.
168. Printed copies of the annual and half-yearly reports are provided to Investors free of charge upon request.

XIV. GROUNDS FOR AND PROCEDURE OF FUND LIQUIDATION

169. The Fund will be dissolved if the Management Company's management board has adopted a decision to liquidate the Fund in the following cases:
- 169.1. Upon the disposal of the Fund assets and full settlement with Investors, as provided for in section 125.3 of the Rules;
 - 169.2. In the event of force majeure (circumstances that cannot be controlled or reasonably foreseen, and the occurrence of which or their consequences cannot be prevented);
 - 169.3. In other cases, where the Fund's continued operations are not economically beneficial to the Fund and its Investors.
170. If lawsuits concerning obligations that must be fulfilled at the expense of the Fund are pending in court, the liquidation of the Fund may occur only after the judgments in such cases become final.
171. The Fund Liquidation Date must be notified to Investors no later than 1 month before the scheduled Fund Liquidation Date. The notice must specify the grounds for liquidation of the Fund, describe the Fund liquidation procedure, and set forth the procedure for settling with Investors.
172. Once the Management Company's management board has adopted a decision to liquidate the Fund, the redemption and distribution of the Fund's investment units, if such activities are being carried out, shall be terminated.
173. Two business days before the liquidation of the Fund (e.g., August 29, if the liquidation of the Fund is August 31), the Management Company redeems the Fund's investment units held by Investors by distributing to them the cash proceeds (remaining after the sale of all of the Fund's investment objects, debt recovery, the satisfaction of the Fund's creditors' claims, and the payment of all of the Fund's expenses).
174. In cases not covered by these Rules, the liquidation of the Fund shall be governed by the requirements of Article 75 of CIUL.

XV. PROCEDURE FOR AMENDMENTS TO THE RULES

- 175. The Rules are adopted, amended, and updated by resolution of the Management Company's management board. Amendments to the Rules and additions to the Rules shall be deemed adopted and shall take effect on the day following the date on which the Competent Authority issues its authorisation to make the amendments, unless the resolutions of the Management Company's management board specify a later effective date. Updates to the Rules are deemed adopted and take effect upon the adoption of the Management Company's management board resolution, unless the resolution itself specifies a later effective date.
- 176. Material Amendments to the Fund Documents that modify the Rules are made in accordance with the requirements set forth in sections 130 – 140 of the Rules.

XVI. TERM OF THE FUND

- 177. The term of the Fund is indefinite; that is, the Fund will operate indefinitely.

XVII. OTHER RELEVANT INFORMATION

- 178. The Management Company has the right to delegate the Fund's financial accounting, the calculation of NAV, and the determination of the value of Fund's investment units to a service provider capable of providing such services.
- 179. The Management Company has the right to delegate the valuation of the Fund's assets to an external valuer who meets the criteria specified in section 159 of the Rules.
- 180. The Management Company has the right to delegate the distribution of Fund's investment units, including marketing, to other entities capable of providing such services.
- 181. The Management Company may not delegate its management functions to other persons to such an extent that it essentially no longer exercises them.