

# VILNIUS OLD TOWN RESIDENTIAL DEVELOPMENT

## SECURED BOND ISSUE

UAB SANGUŠKŲ PARKAS

February 2024



# DISCLAIMER

This memorandum (the "Memorandum") has been prepared in connection with an investment opportunity by UAB "Sanguškų parkas" (the "Company", "Issuer") on a public placement basis for the public offering of Bonds (the "Bonds") of the Issuer in Lithuania, Latvia and Estonia in the amount of up to EUR 8,000,000.

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THE INFORMATION WITH RESPECT TO ANY PROJECTIONS PRESENTED HEREIN IS BASED ON A NUMBER OF ASSUMPTIONS ABOUT FUTURE EVENTS AND IS SUBJECT TO SIGNIFICANT ECONOMIC AND COMPETITIVE UNCERTAINTY AND OTHER CONTINGENCIES, NONE OF WHICH CAN BE PREDICTED WITH ANY CERTAINTY AND SOME OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. THERE CAN BE NO ASSURANCES THAT THE PROJECTIONS WILL BE REALISED, AND ACTUAL RESULTS MAY BE HIGHER OR LOWER THAN THOSE INDICATED. NONE OF THE COMPANY NOR ITS SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, LEAD MANAGER, ADVISORS OR AFFILIATES, OR ANY REPRESENTATIVES OR AFFILIATES OF THE FOREGOING, ASSUMES RESPONSIBILITY FOR THE ACCURACY OF THE PROJECTIONS PRESENTED HEREIN.

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# EXECUTIVE SUMMARY

UAB SANGUŠKŲ PARKAS, a registered entity in Lithuania, seeks to secure up to EUR 8M through a bond issue to fund the development of the **Sanguškų Parkas** project, a 7,000 sqm premium residential building in Vilnius Old Town.

## Developer profile:

UAB RELEVEN, an experienced group within the esteemed **Zabolis Partners** organization, is developing the Project. Zabolis Partners is a well-regarded investment firm in the Baltics with total assets under management (AUM) of more than EUR 345M. Releven specializes in diverse property projects with an emphasis on high-end residential building development where it holds a prominent position in the Lithuanian market.

## Construction timeline and permit:

The project **obtained a construction permit on December 22, 2023**, and the company is in the process of selecting a general contractor. Conres LT, Gilesta, Naresta, PST, Sivysta, and Veikmes Statyba were invited to participate, and five companies submitted offers. Construction is scheduled to commence in the first half of 2024 with completion expected within 24 months in the first half of 2026.

## Funding structure:

Sanguškų Parkas is set to receive a total investment of EUR 40.5M, with financing derived from owners' equity (EUR 13.5M), a senior bank loan (EUR 20M), and secured bonds (EUR 7M). A senior loan agreement with Bigbank AS was executed on February 5, 2024, mitigating financing risks. The agreement stipulates that the project's real estate will serve as collateral to ensure bonds' redemption, extending beyond the repayment of the bank loan. The bond program covenants specify that the leverage level (LTC) must consistently stay below 70% throughout the development phase.

## SUMMARY OF THE KEY BOND TERMS

Total issue size	EUR 8M
1 <sup>st</sup> tranche target size	EUR 5M (max. EUR 7M)
Issue date	14 March 2024
Maturity date	14 September 2026
Interest rate	6.1% + 6M EURIBOR (10.01% for the 1 <sup>st</sup> period)
Interest payment frequency	Semi-annually
Primary distribution	Public offering in Lithuania and Latvia
Collateral	First-ranking mortgage over the land plots and assets under construction preceding the disbursement of the senior loan subsequently converted into the second-ranking mortgage
Arranger & issuing agent	Šiaulių Bankas
Legal adviser	Ellex Valiūnas
Trustee & collateral agent	Audifina



# INVESTMENT HIGHLIGHTS



## EXCELLENT LOCATION

The property is being developed in Vilnius Old Town, a UNESCO-protected heritage site. Its location within this historic district ensures lasting value due to its cultural significance and limited availability. The highly valued assets will be pledged as collateral to bondholders.

## UNCOMPROMISING STANDARDS

The 7,000 sqm project is a high-end development redefining modern living with elegance, durability, and community commitment. 79 modern premises will be developed with views of Old Town, a clinker facade, adjacent green spaces, and 91 underground parking spaces.

## EXPERIENCED DEVELOPER

RELEVEN holds a prominent position as a leading player in Lithuania's high-end, premium residential market segment. RELEVEN's team has successfully completed over 100 000 sqm of residential & commercial and over 500 000 sqm of retail projects & logistics development.

# OVERVIEW OF THE SANGUŠKŲ PARKAS PROJECT



# OVERVIEW OF THE PROPERTY

## OVERVIEW OF THE PROPERTY

The property is being developed on a land plot at Žiupronių street 7 / 9, which is located in the Old Town of Vilnius, the capital of Lithuania. It is projected that the A++ class building will have a total area of 12,050 sqm out of which 7,064 sqm will be above ground and 4,987 sqm will be underground. Net sales area will be 6,565 sqm comprising of 79 units, while the parking area below ground will offer buyers 91 parking spaces and 58 storage units.

The spacious apartments of the project will offer ample living areas and large windows showcasing views of Vilnius Old Town and its church spires. Enhancing the living experience, residents will have access to a dedicated concierge service, providing personalized assistance. The building's clinker facade will further enhance its architectural appeal, combining elegance and durability.

The project also includes two adjacent green spaces, with one undergoing development by the company to serve as a public area. Combining high-end solutions and a commitment to community, this development follows the highest standards for modern living.

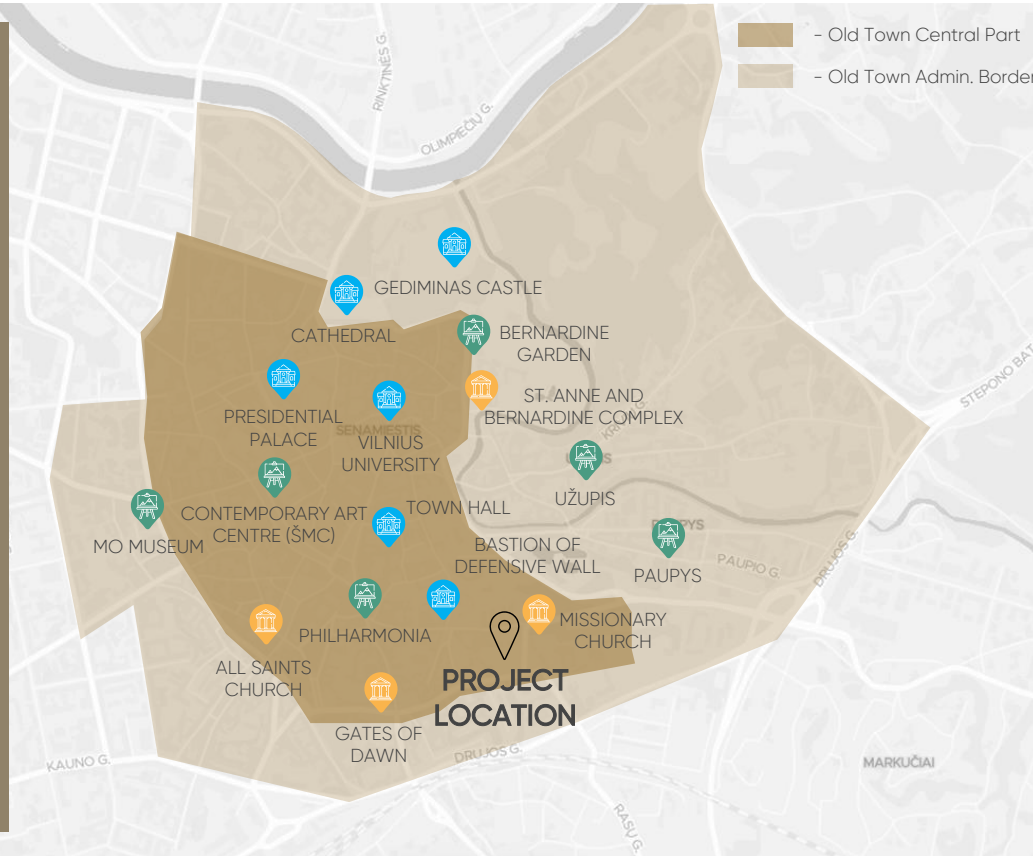
## KEY INFORMATION ABOUT THE PROPERTY

Developer	RELEVEN
Project design	Heima Architects
Property type	Premium residential
Construction permit	22 December 2023
Address	Žiupronių str. 7, 9
Land plot	0.456 ha (Freehold)
Land value (Newsec 2023 12)	EUR 12.19M
Above-ground GBA / GSA, sqm	7 064 / 6 565
Apartments / Commercial	66 / 13
Below-ground GBA, sqm	4 987
Parking units	91
Storage units	58

## VILNIUS OLD TOWN

The project is located in Vilnius Old Town, a UNESCO-protected heritage site. Given its historical significance, the upcoming urban regeneration project aims to revitalize a long-standing site, formerly occupied by Soviet-era white brick garages, into a lively neighborhood adjacent to the historic Misionierių and Vizitičių monasteries. Since the new development in the Old Town is subject to stringent regulations, securing a construction permit was a crucial milestone in the undertaking.

1	Bastion of the Defensive Wall	400 m
2	Gates of Dawn	500 m
3	Užupis	750 m
4	Town Hall Square	800 m
5	Vilnius Cathedral	1.5 km
6	MO Museum	1.5 km
7	Central Train Station	1.2 km
8	Vilnius International Airport	5.2 km



LOCATION

# HISTORICAL ROOTS OF THE PROJECT

The project has been named after the **Sanguškos family** who are **descendants of Algirdas - the Grand Duke of Lithuania**. They were given their name by Algirdas' grandson Sanguška. The noble family possesses a strong significance in Lithuanian history, including the impact of the territory near the Gates of Subačius.

In 1640, **Jeronimas Sanguška** (Hieronim Sanguszko) began building a manor with extensive gardens and ponds. By 1650, the Renaissance-style three-winged manor was completed and named after the Sanguškos family.

As time passed, The Sanguškos Manor was handed over to different noble families until it was gifted to missionaries (around 1686).

Currently, the territory that once belonged to the Sanguškos family is mostly known for **The Missionary Church and Monastery** which acquired its current architectural form in the mid-18th century. The long-abandoned ensemble of the Missionary Church and Monastery is currently undergoing reconstruction. Soon, not only cosmetic but also restoration work on the entire monastery complex will be completed.





# TODAY'S VIEW

## C / D BUILDINGS

Address	Žiupronių str. 7
Floors	3 + rooftop room (mansarda)
Underground floors	2
No. of apartments	41
No. of commercial premises	9

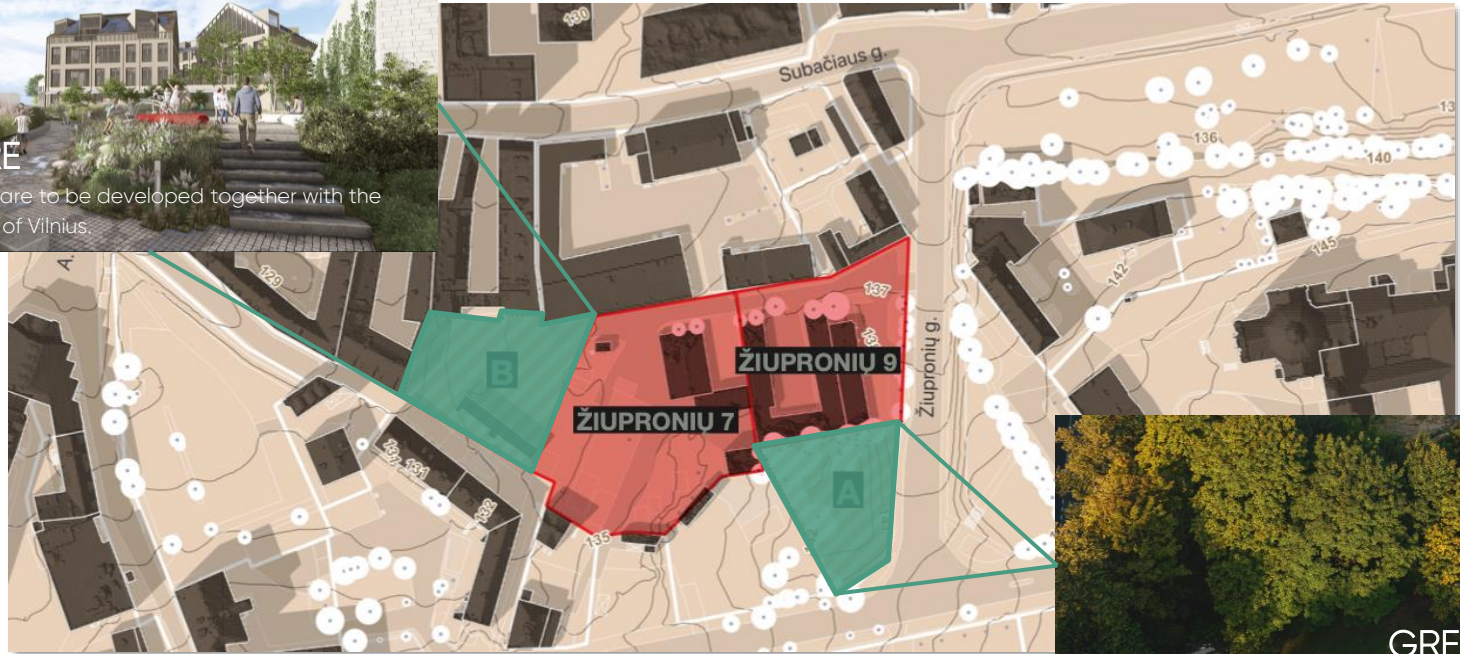


## A / B BUILDINGS

Address	Žiupronių str. 9
Floors	2 + rooftop room (mansarda)
Underground floors	1
No. of apartments	25
No. of commercial premises	4

PLANNED DEVELOPMENT

# RECREATIONAL AREAS





# EXTERIOR VISUALS

VISUALS OF A/B BUILDINGS FROM ŽIUPRONIŲ STR.



VISUALS OF A/B BUILDINGS FROM ŽIUPRONIŲ STR.

# EXTERIOR VISUALS

# INNER COURTYARD



VISUALS OF C/D BUILDINGS INNER-COURTYARD

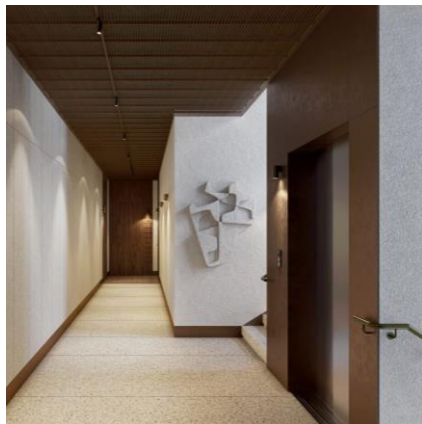


# INTERIOR VISUALS

VISUALS FROM ONE OF PENTHOUSES



VISUALS OF THE CONCIERGE AND HALLWAY

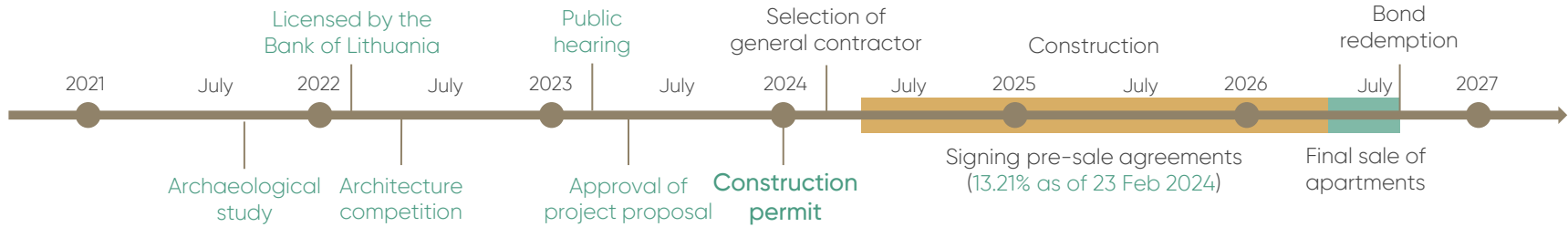


VISUALS OF THE UNDERGROUND PARKING PREMISES



# INTERIOR VISUALS

# PROJECT TIMELINE



ARCHAEOLOGICAL STUDY



CURRENT SITUATION



FINAL RESULT



# OVERVIEW OF THE ISSUER & THE DEVELOPER





## RELEVEN – REAL ESTATE DEVELOPER

The company's team consists of investors and professionals from various fields, developing various real estate projects since 2005. Working on exceptional projects, experience has been gained both in developing administrative and residential properties and in managing already developed properties. During this period, the company has evolved from visionaries to professionals, while maintaining its core values that have accompanied it since the first projects.

ZABOLIS PARTNERS group company responsible

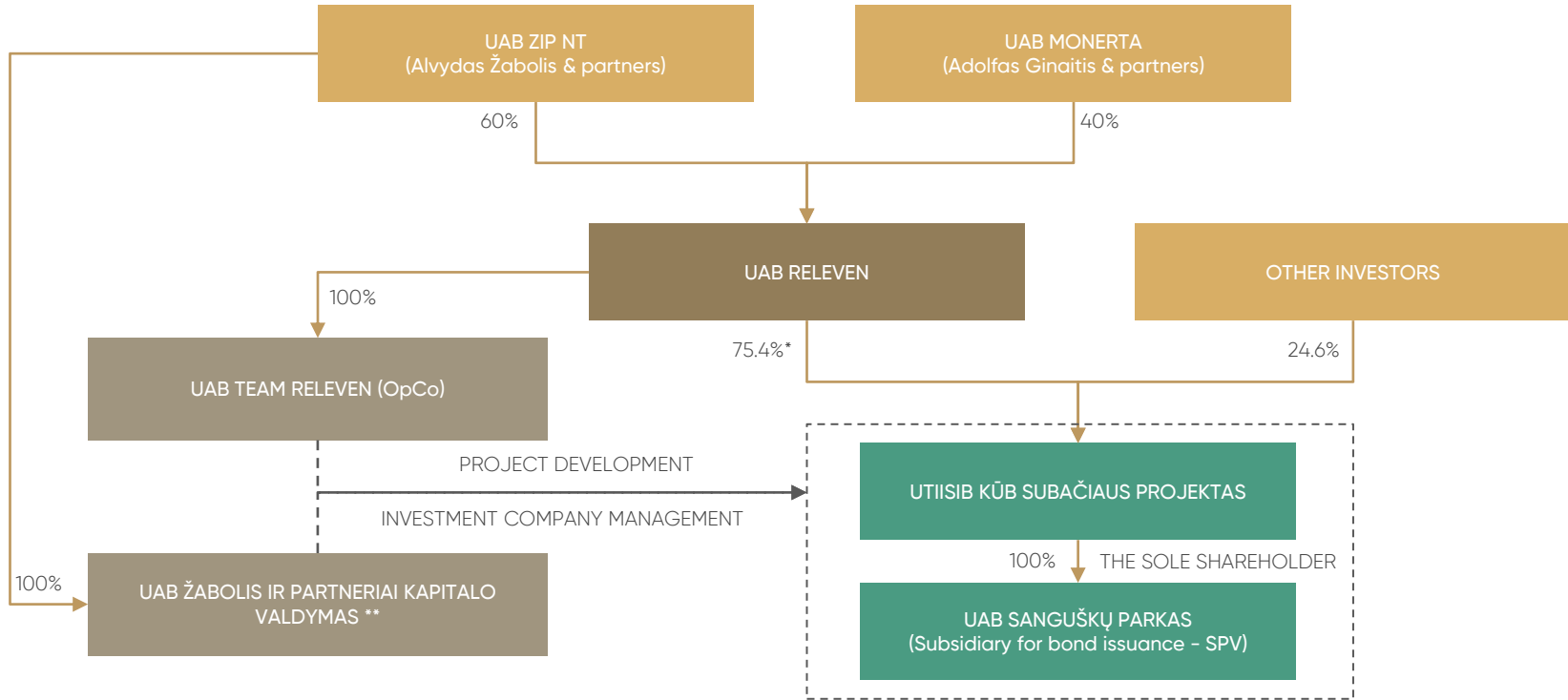
for urban development -



## WE SEE OPPORTUNITIES – WE CREATE VALUE

RELEVEN's investment principles are based on risk management, with the priority being to seek profit through purchasing rather than selling. One of the main goals of the company is to work on projects that feature original concepts, attractive locations, and significant long-term value that satisfies both investors and the local community.

# PROJECT OWNERSHIP STRUCTURE



\* Includes indirect ownership through General Partner (UAB „Subačiaus valda“)

\*\* Lithuanian Central Bank licensed asset management company (License code: LB000399 ; LEI: 213800BHPDEMHIK1185)

# SUPERVISION OF THE SOLE SHAREHOLDER

## LEGAL STRUCTURE

The Issuer, UAB Sanguškų Parkas, has been established by the Sole Shareholder, UTIISIB KŪB SUBAČIAUS PROJEKTAS, solely for the offering of bonds. Under the provisions of Lithuanian law, the Sole Shareholder is legally precluded from issuing bonds, thus, the issue of bonds is executed through the SPV. Based on the best market practice, the proceeds will be on-lent to the Sole Shareholder and used exclusively for the development and co-financing of the Project\*.

## MULTI-LAYER DIRECT SUPERVISION OF THE SOLE SHAREHOLDER

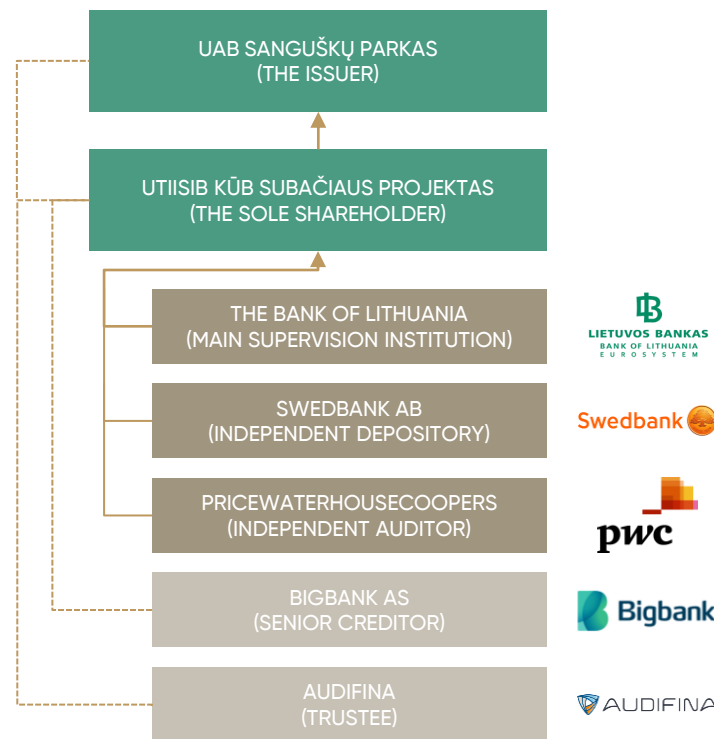
The Sole Shareholder will be controlled and/or supervised at four different levels:

- **The Bank of Lithuania** has approved the Agreement between the Limited Partners and General Partner and supervises the investment company to ensure it follows the law of Lithuania.
- **Swedbank, AB, as an Independent Depository**, supervises from the investors' perspective assets (real estate and financial) and monitors all payments ensuring compliance.
- **PricewaterhouseCoopers** carries out an independent financial audit of the company each year.

## INDIRECT SUPERVISION OF THE SOLE SHAREHOLDER

- **Bigbank AS** oversees the investment company since it is subject to covenant checks. The bank monitors adherence to the business plan and approves senior loan disbursements based on meeting pre-defined covenants, including pre-sales targets and other specified criteria.
- **Audifina**, the bondholders' trustee and collateral agent, will supervise the investment company to meet the covenants and reporting obligations concluded in the offering of bonds and will have to issue an approval for each final sale agreement until full repayment.

## SUPERVISION STRUCTURE



\*Except for the issue of Bonds, the Company will not engage in other business activities or transactions, neither carry out the Project nor directly participate in any other projects.

# DEMONSTRATED LEADERSHIP OF VILNIUS URBAN DEVELOPMENT



SAULIUS  
MERKYS

Partner at Zabolis Partners;  
CEO of Releven

20+ years experience in RE development and management, PE, and M&A.

Developed +200k sqm of properties in Vilnius and Kaunas, including Mega Shopping Centre.

Co-founded Zabolis Partners in 2002.



ŽYDRŪNAS  
LUKAUSKAS

CEO at Zabolis Partners  
Asset Management

20+ years banking experience in the Baltics.

Previously One of Heads of Credit Division at AB SEB bank. Oversaw €6bn loan portfolio risk, and actively formed policies and practices in financing.



ŠARŪNAS  
ANILIONIS, CFA

Chief Investment  
Officer

15+ years experience in RE, energy sector, and corporate banking. CFA charterholder.

Oversaw issue of the debut €300m Eurobonds of Akropolis group, the first real estate Eurobond transaction from the Baltic region.



VIKTORAS  
ZUBRECOVAS

Chief Operating  
Officer

15+ years experience in RE development management.

Developed +100k sqm of properties in Vilnius and Klaipėda, including 60k sqm 'Bures' in Vilnius Central Business District.



IZABELĖ  
ROMANOVAITĖ

Head of Sales

10+ years experience in RE marketing and brokerage.

Oversaw sale of +20k sqm premium residential projects in the central part of Vilnius.



VILMA  
ČAIKAUSKIENĖ

Project Manager

15+ years experience in RE project management.

Managed Gallery 4A premium residential development project - the most recent Releven development in Vilnius Old Town.



GUIDO  
WOLF

Sustainability and  
Innovation Director

15+ years experience in RE advisory, development, management, and transactions across the Baltics, Poland, and Germany.

Focuses on the implementation of sustainability and green urban mobility practices.

# EXCELLENCE IN PREMIUM RESIDENTIAL DEVELOPMENT – KALINAUSKO 20

## KEY INFORMATION ABOUT THE PROPERTY

Kalinausko 20 is a unique, high-quality apartment and commercial building in the central part of Vilnius. The project stands out in the Naujamiestis district due to its modern architecture and exceptional design solutions tailored to the needs of residents. The six-story building has two-storied underground parking and a secluded patio alongside the inner courtyard.



Address	Kalinausko str. 20, Vilnius
Project start	2016
Project end	2018
Total area, sqm	6 950
Above-ground GBA, sqm	4 200

# EXCELLENCE IN PREMIUM RESIDENTIAL DEVELOPMENT – GALLERY 4A

## KEY INFORMATION ABOUT THE PROPERTY

The Gallery 4A project is a reconstruction of a former art gallery, offering luxury living in Vilnius Old Town next to MO Museum. The Gallery 4A apartments combine historical charm with modernity to provide impressive living spaces, accompanied by concierge service and an underground parking lot for residents.



Address

J. Basanavičius str. 4A, Vilnius

Project start

2020

Project end

2022

Total area, sqm

2 962

Above-ground GBA, sqm

2 000

# EXCELLENCE IN PREMIUM RESIDENTIAL DEVELOPMENT – KOPŲ ŽUVĖDRA

## KEY INFORMATION ABOUT THE PROPERTY

Kopų Žuvėdra is one of the closest projects to the Lithuanian seaside. It is a high-quality residential quarter in a well-maintained, secure, and preserved environment. The established neighborhood will be complemented with a geothermal SPA hotel once the final phase of the project is complete.



Address

Girulių pl. (15-25b), Klaipėda

Project start

2015 (1<sup>st</sup> stage) / 2021 (2<sup>nd</sup> stage)

Project end

2017 (1<sup>st</sup> stage) / Ongoing (2<sup>nd</sup> stage)

Total area, sqm

21 000

Already completed area, sqm

2 700

# FINANCIALS



# PROJECT KEY ASSUMPTIONS

## DEVELOPMENT BUDGET\* (excl. VAT)

	COSTS, MEUR	PER GSA, EUR	% OF TOTAL
Acquisition of land & construction permit costs	10.6	1 620	30%
Above-ground construction	17.1	2 600	48%
Other development costs	4.1	620	12%
Financing costs (until completion)	3.5	536	10%
<b>Total</b>	<b>35.3</b>	<b>5 375</b>	<b>100%</b>

	COSTS, MEUR	PER PARKING GBA, EUR	PER PARKING SPACE, EUR
Below-ground construction	5.2	1 050	41 480

## PROJECTED SALES PRICES, EUR (incl. VAT)

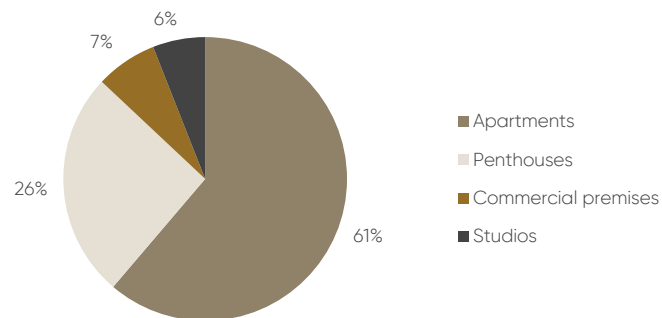
	GSA, SQM	UNITS	PRICE EUR/SQM
Apartments & commercial premises	6 565	79	7 450 on average, but not less than 5 000

	GSA, SQM	UNITS	PRICE EUR/UNIT
Parking spaces	4 601	91	45 000 - 70 000
Storage units	386	58	N/A**

## COMPOSITION OF ABOVE-GROUND PREMISES

	GSA, SQM	UNITS	% OF TOTAL
Apartments	4 021	45	61.2%
Penthouses	1 692	10	25.8%
Studios	392	11	6.0%
Commercial premises	461	13	7.0%
<b>Total</b>	<b>6 565</b>	<b>79</b>	<b>100%</b>



**6 565 SQM**  
SALES AREA

**91**  
PARKING SPACES

**45.9M**  
EXPECTED SALES REVENUE

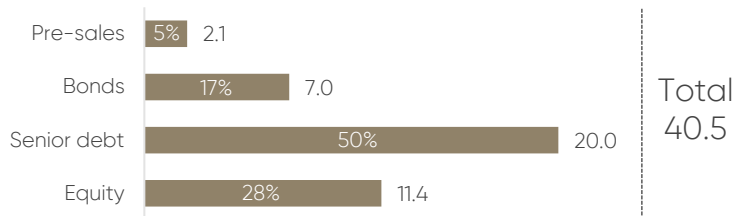
**30%**  
TARGETED PRE-SALES

\*The development budget has been set at a cost basis since the establishment of the Sole Shareholder as an investment company.

\*\*The size of storage rooms ranges from 1.67 to 14.31 sqm; thus, the pricing is individual.

# FINANCING STRUCTURE

## FINANCING STRUCTURE, MEUR



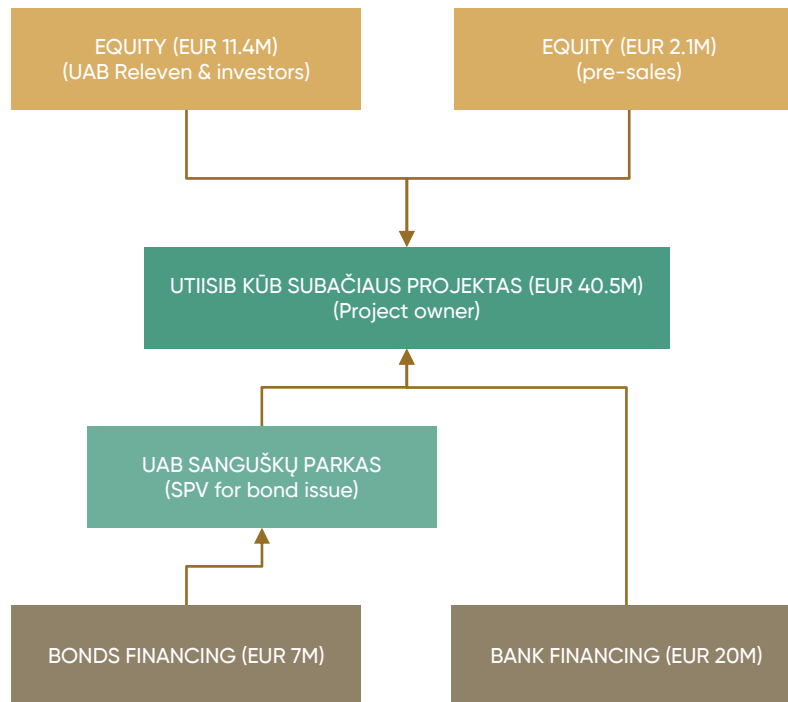
As of February 23, 2024, the investment company has fully invested its equity share and signed pre-sale agreements for 11 units, representing 13% of the gross sellable area. With pre-sales totaling EUR 1.1M out of the projected EUR 2.1M, the current sales progress is in accordance with the targets.

## SENIOR FINANCING



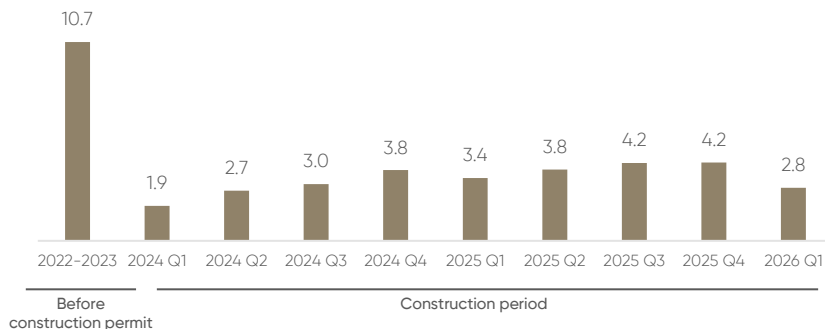
On February 5, 2024, a senior loan agreement was executed with Bigbank AS, effectively mitigating the project's financing risk. The agreement specifies that the project's real estate, including land plots at Žiupronių 7 & 9, Vilnius, Lithuania, and buildings under construction, will serve as collateral to ensure both bond and loan redemption. A first-ranking mortgage over the land plots and assets under construction will secure bonds before the disbursement of the senior loan, subsequently converting into a second-ranking mortgage by the target date of 2024 Q3.

## FINANCING CHART

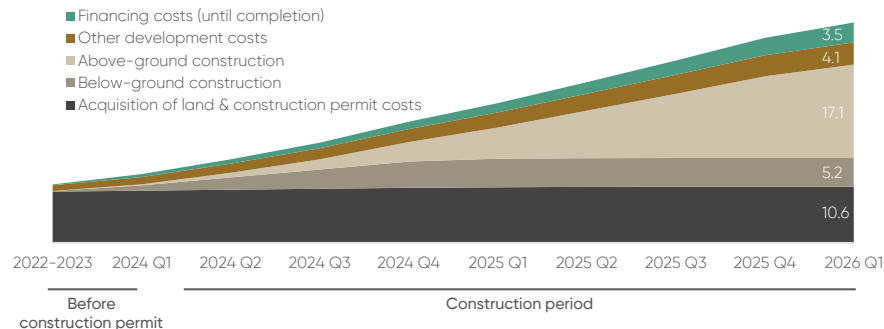


# FINANCIAL FORECAST OF THE PROJECT

## INVESTMENT DISBURSTMENT PROFILE, MEUR



## CUMULATIVE INVESTMENTS, MEUR



## FORECASTED PROJECT CASHFLOWS, MEUR

YEAR	2022-2023	2024	2025	2026
Investments	-10.7	-10.1	-13.8	-2.8
Pre-sales	0.0	2.1	0.0	0.0
Final sales	0.0	0.0	0.0	43.9
<b>Unlevered cash flow</b>	<b>-10.7</b>	<b>-8.0</b>	<b>-13.8</b>	<b>41.1</b>
Net borrowing	0.0	10.8	13.9	-24.7
Total debt service	0.0	-1.3	-1.4	-0.4
<b>Levered cash flow</b>	<b>-10.7</b>	<b>1.5</b>	<b>-1.3</b>	<b>16.0</b>

## REPAYMENT STRUCTURE & SUPERVISION

After the buildings are completed, the investment company will sign final sale agreements with the buyers. The proceedings will be used to reimburse firstly the loan issued by the senior creditor. The following proceedings will be used to redeem the bonds. Only after the bonds are redeemed in full, the profit will be transferred to the investors at the fund level.

The proceedings of final sale agreements after the repayment of the senior loan will be collected at the bank account supervised by the independent Swedbank AB depository. Each sale agreement will be monitored at the sole shareholder level and will have to receive approval from the depository and the bondholders' trustee agent, i.e. Audifina.

# KEY TERMS AND SUBSCRIPTION PROCESS



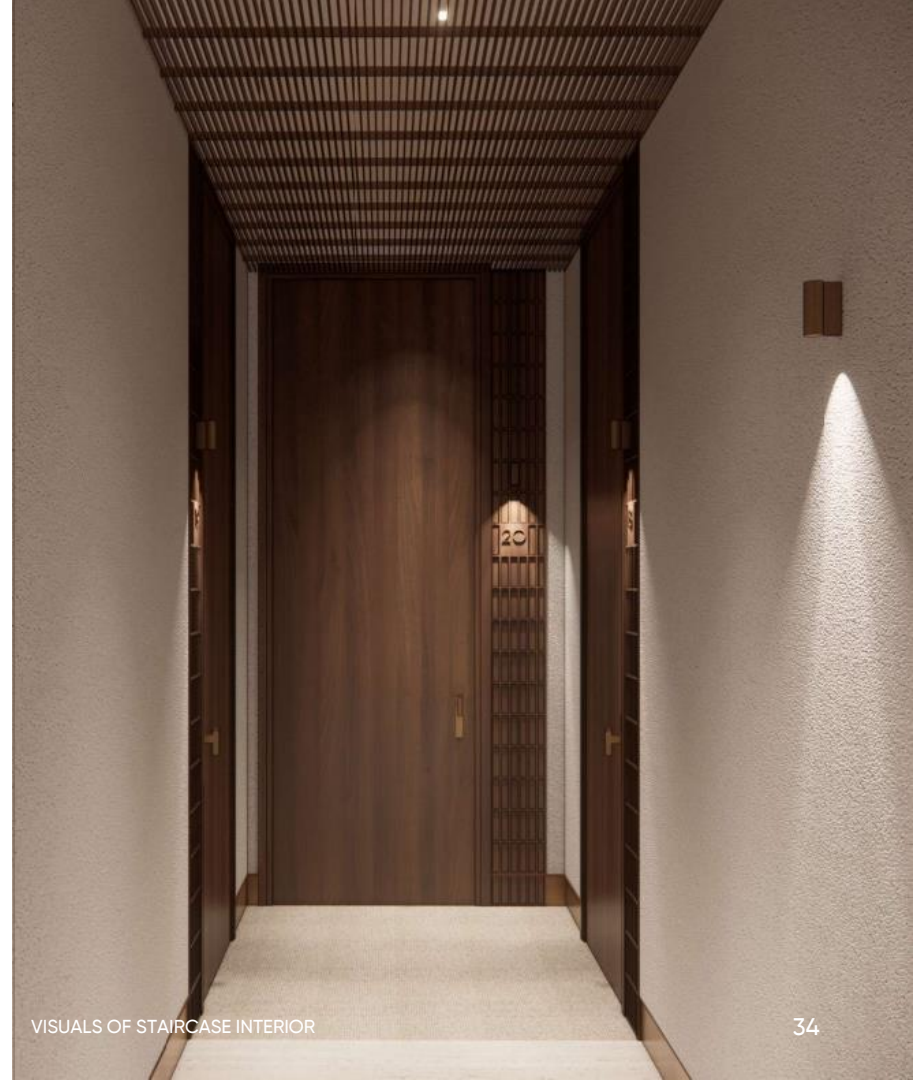
# KEY TERMS & CONDITIONS

<b>Issuer:</b>	UAB SANGUŠKŲJ PARKAS, company code 306655663	<b>Redemption:</b>	Redeemed in full (100% par value + accrued but unpaid interest) at maturity
<b>ISIN</b>	LT0000408759	<b>Early redemption:</b>	<ul style="list-style-type: none"> <li>• 1% premium if it occurs between 2024.09.14 and 2025.03.14</li> <li>• 0.5% premium if it occurs between 2025.03.15 and 2026.03.14;</li> <li>• 0% when early redemption occurs after 2026.03.15.</li> </ul> <p>The Bonds shall be redeemable at the sum of the nominal value, accrued but unpaid interest.</p>
<b>Currency:</b>	EUR	<b>Use of proceeds:</b>	To finance the development of residential property located at Žiupronių str. 7 and Žiupronių str. 9, Vilnius, Lithuania
<b>Type of security:</b>	Secured non-convertible bonds	<b>Collateral:</b>	First-ranking mortgage over the land plots, located at Žiupronių str. 7,9, and assets under construction preceding the disbursement of the senior loan subsequently converted into the second-ranking mortgage
<b>Type of placement</b>	Public placement of bonds in the Republic of Lithuania and in the Republic of Latvia	<b>Covenants at the issuer level:</b>	<ul style="list-style-type: none"> <li>• Negative borrowing</li> <li>• Change of control</li> <li>• No dividends</li> <li>• Negative pledge / negative mortgage</li> <li>• Reporting obligations, including cross-default reporting</li> </ul>
<b>Nominal value of one bond:</b>	EUR 1,000	<b>Covenants at the sole shareholder level:</b>	<ul style="list-style-type: none"> <li>• LTC &lt;= 70%</li> <li>• Negative pledge</li> <li>• Disposal of the building complex</li> <li>• Negative pay-outs</li> <li>• Reporting obligations, including audited financial statements</li> </ul>
<b>Minimum subscription amount:</b>	10 bonds (EUR 10,000)	<b>Lead manager / Arranger:</b>	Šiaulių bankas AB
<b>Issue size:</b>	Up to EUR 8,000,000	<b>Trustee / Collateral agent:</b>	Audifina UAB
<b>Tranches:</b>	1 <sup>st</sup> tranche EUR 5M (max. EUR 7M) Total up to EUR 8M	<b>Legal advisor:</b>	Ellex Valiūnas ir partneriai
<b>Subscription periods:</b>	1 <sup>st</sup> tranche 27 February – 8 March 2024		
<b>Issue date:</b>	14 March 2024		
<b>Maturity date:</b>	14 September 2026		
<b>Term of issue:</b>	2.5 years		
<b>Interest:</b>	6.1% + 6-month EURIBOR p.a., 30E/360		
<b>Frequency of interest payments:</b>	Semi-annually		

# SUBSCRIPTION OF THE BONDS (VIA NASDAQ VILNIUS)

<b>Subscription of the bonds (via Nasdaq Vilnius):</b>	The subscription process is organized through Nasdaq as a public auction of the bonds. An investor shall submit the subscription order through the lead manager (Šiaulių Bankas, AB) or the preferred financial broker (e.g. Swedbank, AB, SEB bankas, AB, Luminor Bank, AS) that is an exchange member of the Nasdaq trading system. Following the procedures of the auction, the subscription orders shall be submitted by means accepted and used by the exchange members (e.g. physically, via the Internet banking system, or by any other available means).
<b>Securities bank account:</b>	An investor must have an active securities account to which bonds will be allocated.
<b>Minimum number of the bonds that could be subscribed by one investor:</b>	10
<b>Change and withdrawal of subscription orders:</b>	The subscription orders for the bonds may be withdrawn (and new subscription orders placed) at any time until the end of the subscription period. The investor wishing to withdraw the placed subscription order shall submit a written statement to the entity where the subscription order was made. The repayments will be made under the subscription order within 3 business days after cancellation. An investor will be liable for the payment of all fees charged by the intermediary, used by the investor for the subscription of bonds in connection with the withdrawal of the subscription order.
<b>Subscription period (1<sup>st</sup> tranche):</b>	From 27 02 2024 until 08 03 2024 12 pm (Vilnius time).
<b>Subscription amount:</b>	The amount to be paid by the investor under the subscription order to be calculated by multiplying the number of subscribed bonds under the subscription order by the issue price per bond.
<b>Payment by the retail investor:</b>	By submitting a subscription order each investor authorizes and instructs the exchange member through which the subscription order is submitted to block the whole subscription amount on the investor's cash account connected to its/his/her securities account. Payment for the Bonds subscribed, and distribution of the Bonds will be made using Delivery Versus Payment method, meaning that the settlement procedure is carried out by Nasdaq CSD and exchange members on the Payment Date / Issue Date in accordance with the Auction Rules and title to the Bonds purchased in the subscription process is obtained upon Bonds transfer to respective securities account which is done simultaneously with making the cash payment for the purchased Bonds.
<b>Allocation rules:</b>	Allocation of the bonds will take place and the final number of bonds to be issued will be decided by the issuer. By placing a subscription order the investors shall be considered as having consented to being allotted a lower number of bonds than the number specified in such investor's subscription order, or to not being allotted any bonds at all.
<b>Return of funds to investors:</b>	The investors who have not been allotted any bonds or whose subscription orders have been rejected or reduced will receive reimbursements. The reimbursement will take place within 5 business days as from the end of the subscription period. The payments shall be returned without any reimbursement for costs incurred by the investors while subscribing to the bonds and shall be net of all transfer expenses and without interest.
<b>Issue (settlement) date:</b>	14 March 2024

# RISK FACTORS



# RISK FACTORS ASSOCIATED WITH THE ISSUER (I)

## FINANCIAL RISK

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**Liquidity risk.** It pertains to the Issuer's potential inability to maintain sufficient cash reserves and liquid assets to meet payment obligations and redeem Bonds. The Issuer relies on business liquidity and long-term financing accessibility to fulfill scheduled or unscheduled payment commitments. Although the Issuer and the Sole Shareholder monitor their liquidity position and follows procedures to manage liquidity risk, a reduction in the Sole Shareholder's and consequently in the Issuer's liquidity position could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects, as well as ability to redeem the Bonds at their maturity.

**Interest rate risk.** The issuer is inherently exposed to interest rate risk, with potential negative impacts on profitability from significant increases in interest rates, including EURIBOR. Various uncontrollable factors such as changes in the economic environment, inflation levels, and central bank policies influence interest rates, making accurate estimation challenging. The ongoing Ukraine war may exacerbate inflationary pressure and market volatility, contributing to rising interest rates. Consequently, interest rate risk could materially affect the Group's and Issuer's business, financial condition, and operational results.

**Inflation risk.** In 2023, Lithuania and other European economies experienced excessive inflation, expected to ease but potentially remaining high in 2024. The Group's vital expenses, such as equipment and workforce investments, are closely tied to overall price levels. Despite historical success in managing inflation risks, future inflation may hinder adjusting service prices, impacting profit margins or leading to increased losses. Consequently, rising inflation could significantly increase the Group's expenditures, requiring the Issuer to cover costs internally unless prices can be increased. Strong inflation poses a considerable adverse impact on the Issuer's financial situation and business results.

**Construction cost risk.** Due to the current pressure on the global building materials supply chain and rising local labor costs, Project construction costs cannot be accurately planned. An unexpected increase in construction costs may reduce the overall profitability of the Building Complex and adversely affect the Issuer's ability to redeem the Bonds.

## GOVERNANCE RISK

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**Management and human resources risk.** The success of the Issuer is heavily reliant on its employees, particularly Key Executives, and their decisions, competence, and experience. Effective management of growth initiatives is contingent upon qualified personnel with expertise in operations, development, financing, and project management. The departure of such individuals, given their industry knowledge and relationships, could materially impact the Issuer's business, financial condition, and prospects. Furthermore, the occasional loss of Key Executives or specialized employees may pose challenges. Failure to promptly appoint qualified successors or manage temporary expertise gaps may have a material adverse effect on the Issuer's business, financial condition, and operational results.

# RISK FACTORS ASSOCIATED WITH THE ISSUER (II)

## BUSINESS ACTIVITIES AND INDUSTRY RISKS

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**Real estate market risk.** In the course of the Sole Shareholder's business activities, the Sole Shareholder, upon the development of the Building Complex, shall sell the premises of the developed Project. The potential negative development of the Lithuanian real estate market could have a negative impact on both real estate market, sale prices, and transaction volume. Such decreases in prices and volumes could have an adverse effect on the Sole Shareholder's financial position, could degrade the value and liquidity of the Building Complex, and decrease the ability of the Sole Shareholder to repay the Intercompany Loan in time, and consequently on the Company's financial position.

**Competition risk.** Real estate is a competitive industry. To maintain the attractiveness of its properties the Issuer has to react quickly to changes in the competitive environment. Possible responses to competitors' actions include upgrading properties with new features (for instance, smart technologies and environmental solutions), refurbishment, rent discounts, and greater promotion and marketing activities. These could result in unforeseen substantial expenses adversely affecting the Issuer's financial position and cash flows. The Issuer's improper reaction to the actions of competitors or changes in the environment could decrease demand for the Issuer's (Group Companies') services and may impact the profitability of the Issuer (Group) and result in the worse financial performance of the Issuer (Group).

**Success of investment projects risk.** The Group has implemented and may implement in future investment projects of a large scope. Although the employees invoke all available information and analytical resources when planning investments, there is no guarantee, that all information on which the investments planned were based was true and exhaustive. Furthermore, there is no guarantee that the investment plans and the investments made will generate anticipated or planned return on investment; there is no guarantee that the investment will not cost more than it was anticipated. Failure of anticipated investment projects, where the return on investment from these projects is lower than was expected or prices of such investments are higher than it was planned, may have a significant adverse effect on the Company's and Group's activities, financial situation, and business results.

**Counterparty risk.** Counterparty risk is inherent to all business activities the Group is engaged in. Counterparty risk may result in financial losses (including, but not limited to, revenues not being received from customers, funds deposited at banks, money not being received under the Group's commercial agreements, partners in long-term projects failing to perform their obligations, etc.) to the Group. Default of a Group counterparty may affect the completion of the Group's commenced investment projects, the quality of services provided by the Group, or harm the Group's reputation. Although the Group monitors and manages its counterparty risk, the occurrence of any of the mentioned counterparty risks may have an adverse impact on the Group's business and financial position.

# RISK FACTORS ASSOCIATED WITH THE BONDS (I)

## GENERAL BONDS' RISKS

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

**Credit and default risk.** Bondholders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Bonds. The worse the creditworthiness of the Issuer, the higher the risk of loss. A materialization of the credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments. The Issuer is not guaranteeing that no default under this Document will occur until the Final Maturity Date, therefore the Investors shall independently assess the Issuer's creditworthiness before investing in the Bonds.

**Early redemption risk.** According to the terms of the Offering, the Bonds may be redeemed prematurely on the initiative of the Issuer. If the early redemption right is exercised by the Issuer, the rate of return from an investment into the Bonds may be lower than initially anticipated by the Investor. Moreover, there is no guarantee by the Issuer that Extraordinary Early Redemption Event will not occur, therefore in case of the occurrence of the Extraordinary Early Redemption Event the Bonds will have to be redeemed by the Issuer under the established procedure and the rate of return from an investment into the Bonds may be lower than initially anticipated by the Investor.

**Refinancing risk.** The Issuer may be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt is dependent on the conditions of the debt capital markets and its financial condition at such time. Even if the debt capital markets improve, the Issuer's access to financing sources at a particular time may not be available on favorable terms, or at all. The Issuer's inability to refinance its debt obligations on favorable terms, or at all, could have a negative impact on the Issuer's operations, financial condition, earnings, and on the Bondholders' recovery under the Bonds.

**Risk of insufficient value of the Collateral.** The Bonds will be secured by a second-ranking mortgage on real estate developed by the Sole Shareholder and/or relevant Group Companies. The Collateral's value depends on the construction progress, making it potentially insufficient to cover Bondholder obligations in case of default before completion. Moreover, a negative turn in the Lithuanian real estate market could further decrease Collateral value, especially considering its second-ranking status. In the event of Collateral enforcement, proceeds prioritize costs and expenses (including, without limitation, state duties, notary fees, and valuation costs and fees) related to or arising from enforcement of the Collateral by the Trustee, leaving the remaining amounts for Bondholder claims after the Senior Loan is fully repaid.

# RISK FACTORS ASSOCIATED WITH THE BONDS (II)

## OFFERING RELATED RISKS

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**Liquidity, listing and inactive secondary market risk.** The Bonds constitute a new issue of securities by the Issuer. There is no public market for the Bonds and other securities of the Issuer. The Bondholders might bear a loss due to not being able to sell the Bond or having to sell them at an unfavorable price. .

**Bonds may not be appropriate to some Investors.** The Bonds may be not an appropriate investment to some investors. Each potential investor into the Bonds should assess appropriateness of the investment taking into account all relevant personal circumstances, reserve of sufficient financial resources and liquidity to bear all the risks of investing in the Bonds or holding the Bonds to maturity, including losing all or a substantial amount of the capital invested. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency; (iv) understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant indices and financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. The potential investor shall be aware, that the Issuer itself is not obliged and will not carry out the assessment, whether the Bonds are a suitable financial product for the investor (although such assessments will be performed by the Lead Manager/Exchange Members, in any case such assessment(s) may have a different scope and produce a different result), therefore subscription of the Bonds through the Issuer directly may lead to the fact that lack of knowledge or assessment of the appropriateness by the investor itself will lead into not appropriate investment.

**Cancellation of the Offering.** This Offering is subject to the sole discretion of the Issuer. The Issuer reserves the right to cancel the Offering of any Tranche carried out under the respective Final Terms at any time prior to the Issue Date of that Tranche, for any reason, and without any permissions of the investors and/or Trustee. Prospective investors should be aware that the decision to cancel the Offering of any Tranche conducted under the respective Final Terms may be influenced by various factors, including market conditions, regulatory considerations, or other unforeseen circumstances. In the event of the cancellation of the Offering of a particular Tranche, placed Subscription Orders will be disregarded, and any payments made in respect of the submitted Subscription Orders will be returned without interest or any other compensation to the investors. Moreover, if the Offering of a Tranche is canceled, the Issuer shall not be liable for any costs, damages, or losses incurred by prospective investors, including but not limited to expenses related to due diligence, legal, or other professional fees.

# CONTACT INFORMATION



VISUALS OF INNER COURTYARD

# CONTACT INFORMATION

## INQUIRIES RELATED TO INVESTMENT IN BONDS

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## INQUIRIES RELATED TO THE PURCHASE OF APARTMENTS

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