SOSTINĖS BOKŠTAI UAB

2021 special-purpose financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, together with the independent auditor's report

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DRAFT INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SOSTINĖS BOKŠTAI UAB

Report on the audit of the financial statements

Opinion

We have audited the special-purpose financial statements of Sostinės bokštai UAB (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and comprehensive income for the year then ended, and the statement of changes in equity, statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and the financial performance and cash flows of the Company for the year then ended in accordance with the laws and regulations in force in the Republic of Lithuania applicable to accounting and financial reporting and International Financial Reporting Standards as adopted by the European Union.

Grounds for the opinion

We performed our audit in accordance with International Standards on Auditing (the "ISAs"). Our responsibilities under these standards are described in detail in the Auditor's Responsibility for the Audit of the Financial Statements section of this report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (including the International Independence Requirements) (the "IESBA Code") and the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania related to auditing in the Republic of Lithuania. We also comply with other ethical requirements related to the Law on Audit of Financial Statements of the Republic of Lithuania and the ISBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter: basis of accounting

We draw attention to note 2.1 of the notes to the financial statements, which describes the basis of preparation of the financial statements. These financial statements have been prepared to assist the Company in complying with the requirements of the third party underwriter of the AS Redgate capital bond issue. Accordingly, these financial statements may not be appropriate for other purposes.

In accordance with the laws and regulations governing the preparation of financial statements in Lithuania, the Company has prepared separate general purpose financial statements for the year ended 31 December 2021 in accordance with Lithuanian Financial Reporting Standards. These financial statements were approved by the Company's shareholder on 29 April 2022.

We do not modify our opinion because of this point.

Emphasis of matter: a basis for determining the fair value of investment property

We draw attention to note 9 of the notes to the financial statements, which describes the assumptions used in determining the fair value of investment property. The qualified valuer OBER-HAUS Nekilnojamasis Turtas UAB determined the value of the valued assets using the income approach, the value calculations were based on the assumption that the new business building complex is constructed and equipped in accordance with the agreed construction project and the building permit obtained on the basis of the project, and then, after 100% completion is registered in the Real Estate Register, the new business building complex is handed over to the tenants and disposed of on the market with long-term lease contracts at its market price. The construction duration of the investment project is foreseen to cover a period of 2 years.

We do not modify our opinion because of this point.

Other matters

The Company's financial statements for the year ended 31 December 2020 have not been audited. We do

not modify our opinion because of this point.

Responsibility of management and those charged with governance for financial statements

Management shall be responsible for the preparation and fair presentation of these financial statements in accordance with the laws and regulations applicable in the Republic of Lithuania relating to accounting and financial reporting, and International Financial Reporting Standards as adopted by the European Union and for such internal control as management deems necessary to prepare the financial statements without material misstatement due to fraud or error.

In preparing financial statements, the management is required to assess the Company's ability to continue as a going concern and to disclose (if necessary) things related to the going concern and the application of the accounting principle on a going concern basis, except to the extent that management intends to liquidate the Company or discontinue its activities or has no other real choice but to do so.

Those charged with governance must oversee the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are materially misstated by fraud or error and to issue an auditor's report that expresses our opinion. Reasonable assurance is a high level of assurance and not a guarantee that material misstatement, if any, can always be identified through an audit conducted in accordance with the IAS. Misstatements that can result from fraud or error are considered to be material if they could reasonably be expected, either individually or in combination, to have a significant effect on the economic decisions of consumers based on the financial statements.

In performing our audit in accordance with the IAS, we made professional judgements throughout the audit and were committed to professional scepticism. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed procedures in response to such risks, and obtained sufficient appropriate audit evidence to support our opinion. The risk of material misstatement due to fraud is greater than the risk of material misstatement due to error, as fraud can include swindling, forgery, intentional omission, misinterpretation, or disregard of internal controls;

- Understood the internal controls related to the audit in order to design audit procedures that are appropriate in the circumstances, not to express an opinion on the effectiveness of the Company's internal control.

- assessed the appropriateness of accounting methods used and the reasonableness of accounting estimates made by management, as well as the related disclosures.

- Concluded on the appropriateness of the accounting principle on a going concern basis and whether, based on the evidence gathered, there is material uncertainty about events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that such material uncertainty exists, the auditor's report must either identify the related disclosures in the financial statements or, if such disclosures are insufficient, we have to revise our opinion. Our conclusions are based on the audit evidence we have obtained up to the date of the auditor's report. However, future events or conditions may prevent the Company from continuing as a going concern.

- Assessed the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present underlying transactions and events in a manner that is consistent with the fair presentation concept.

We must, among other things, inform those charged with governance about the scope and timing of the audit and any significant audit findings, including significant internal control weaknesses we found during the audit.

Grant Thornton Baltic UAB
Upės g. 21-1, Vilnius
Audit firm's certificate No. 001513

Certified Auditor Darius
Gliaubicas[1]
Auditor's certificate No 000594
11 January 2023

[1] An electronic document shall be signed with an electronic signature, shall have the same legal effect as a signed written document and shall be admissible as evidence. Only the Independent Auditor's report shall be signed by electronic signature

Statement of comprehensive income

	Notes	2021	2020
Income		**24,399,057**	**75,149**
Lease income from premises		-	75,149
Other income, net change		14,469	(4,128)
Result of change in fair value of investment property	9	24,384,588	-
Impairment losses on investment property		(4,397,065)	-
Utilities		(6,149)	(41,213)
Depreciation and amortisation costs		(523)	(347,858)
Property taxes		(45,848)	(41,432)
Other operating costs		(78,786)	(19,911)
Operating profit		**19,870,686**	**(379,393)**
Financial income		-	200
Financial costs	6	(18,877)	(7,640)
Profit before taxation		**19,851,809**	**(386,833)**
Income tax benefits/costs	7	(3,657,688)	-
NET PROFIT FOR THE PERIOD		**16,194,121**	**(386,833)**
Other comprehensive income for the period net of income tax		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		**16,194,121**	**(386,833)**
Ordinary earnings per share	8	6,477.65	(154.73)

Financial statements as at 11 January 2023

Julius Dovidonis CEO	Daiva Tamošiūnienė Authorised person of Icor UAB

Statement of financial position

	Notes	2021 31 December	2020 31 December	2020 01 January
ASSETS				
Non-current assets				
Tangible non-current assets		195	718	1,294
Investment property	9	27,000,000	6,320,773	6,038,234
Non-current intangible assets		5,080	5,060	-
Total non-current assets		**27,005,275**	**6,326,551**	**6,039,528**
Current assets				
Prepayments		2,300	259	-
Trade and other receivables	10, 11	56,973	51,862	62,424
Cash and cash equivalents	11	3,289	168	5,222
Total current assets		**62,562**	**52,289**	**67,646**
Total assets		**27,067,837**	**6,378,840**	**6,107,174**

(continued on the next page)

Statement of financial position (continued)

	Notes	2021 31 December	2020 31 December	2020 01 January
EQUITY AND LIABILITIES				
Equity				
Authorised capital	12	2,500	2,500	2,500
Retained profit		15,379,903	(814,218)	(427,385)
Total equity		**15,382,403**	**(811,718)**	**(424,885)**
Liabilities				
Non-current liabilities				
Long-term loans received from related parties	10,13,14	7,736,183	7,112,794	6,444,719
Total non-current liabilities		**7,736,183**	**7,112,794**	**6,444,719**
Current liabilities				
Current year's share of long-term loans from related parties	10, 13, 14	96,137	-	-
Trade payables	10, 14	195,409	69,003	78,567
Deferred income tax liability	7	3,657,688	-	-
Other current liabilities	10	17	8,761	8,773
Total current liabilities		**3,949,251**	**77,764**	**87,340**
Total liabilities		**11,685,434**	**7,190,558**	**6,532,059**
Total equity and liabilities		**27,067,837**	**6,378,840**	**6,107,174**

(end)

Financial statements as at 11 January 2023

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

Statement of changes in equity

Company	Notes	Authorised capital	Retained profit	Total
Balance as of 01 January 2020		**2,500**	**(427,385)**	**(424,885)**
Net profit for 2020		-	(386,833)	(386,833)
Total gross income for 2020		-	-	-
Balance as of 31 December 2020		**2,500**	**(814,218)**	**(811,718)**
Net profit for 2021		-	16,194,121	16,194,121
Total gross income for 2021		**-**	**-**	**-**
Balance as of 31 December 2021		**2,500**	**15,379,903**	**15,382,403**

Financial statements as at 11 January 2022

Julius Dovidonis
CEO

Daiva Tamošiūnienė
Authorised person of Icor UAB

Cash flow statement

	Notes	2021	2020
Cash flows to/from operating activities			
Net profit for the period		16,194,121	(386,833)
Adjustments to non-cash items and non-operating activities:			
Net gain on fair value adjustment of investment property		(24,384,588)	-
Depreciation and amortisation		523	347,858
Depreciation costs on investment property		4,397,065	-
Interest costs		18,877	7,423
Deferred income tax		3,657,688	-
Changes in working capital			
Decrease/increase in trade receivables, prepayments and other receivables		(7,152)	10,303
Increase/decrease in trade payables		126,406	(9,564)
Increase/decrease in other current liabilities		(8,744)	(12)
Net cash flows from operating activities		**(5,804)**	**(30,825)**
Cash flows from investing activities			
Acquisition of non-current assets other than investments		(20)	(5,060)
Acquisition of investment property (investment in existing investment property)		(440,091)	(382,930)
Net cash flows from investment activities		**(440,111)**	**(387,990)**
Cash flows from investment activities			
Obtaining loans		449,036	413,761
Net cash flow applying to financial activities		**449,036**	**413,761**
Net increase/decrease in cash and cash equivalents		**3,121**	**(5,054)**
Cash and cash equivalents at beginning of period		**168**	**5,222**
Cash and cash equivalents at the end of the period		**3,289**	**168**

Financial statements as at 11 January 2023

Julius Dovidonis CEO	Daiva Tamošiūnienė Authorised person of Icor UAB

Notes to the financial statements

1 General

Sostinės bokštai UAB (the "Company", reg. code 304849153) is a private limited liability company registered in the Republic of Lithuania. It was incorporated on 02 August 2018.

The registered office address of the Company is Ozo g. 12A-1, Vilnius, Lithuania.

Sostinės bokštai UAB belongs to the Unit Invest Group and is included in the consolidated financial statements of the Unit Invest Group.

The Group aims to generate profits from investments in commercial real estate by ensuring rental income growth. Where economically viable, the Company also considers investments in the redevelopment of properties in its existing portfolio, taking advantage of their good location.

As at 31 December 2021 and 31 December 2020, the Company's sole shareholder was LAG&D UAB, code 302433366, registered office address Ozo g. 12A, Vilnius (note 19).

The Company's principal activity is construction development.

The Company has no subsidiaries, branches, representative offices or associates.

In 2021, the average number of employees of the Company was 1 (in 2020: 1).

2 Summary of significant accounting policies

The key accounting policies applied in the preparation of the Company's financial statements as at 31 December 2021 and for the year then ended are as follows:

2.1. Basis of preparation

These financial statements are special-purpose financial statements, which have been prepared to assist the Company in complying with the requirements of the third party underwriter of the AS Redgate capital bond issue. Accordingly, these financial statements may not be appropriate for other purposes. In accordance with the laws and regulations governing the preparation of financial statements in Lithuania, the Company has prepared separate general purpose financial statements for the year ended 31 December 2021 in accordance with Lithuanian Financial Reporting Standards. These accounts have not been audited. The general purpose financial statements for the year ended 31 December 2021 were approved by the shareholders on 29 April 2022.

Conformity assurance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements are prepared on the historical cost basis, except for investment property measured at fair value. The amounts in the financial statements are presented in euro.

Amendments to standards and new standards effective from 01 January 2021 had no impact on the Company's financial statements as at 31 December 2021.

The TPN reform did not affect the Company as all its loans are linked to EURIBOR. Therefore, there was no need to switch to alternative benchmark interest rates. The change in the way EURIBOR is determined (i.e. from a quoted price-based methodology to a transaction-based methodology) did not have an impact on the interest rates charged.

Standards approved for use in the EU but not yet in force have not been introduced early.

The Company is currently assessing the impact on its financial statements of the amendments described below that have been adopted for application in the EU:

Amendments to IAS 1 and Amendments to the IFRS 2 Practice Guide "Disclosure of Accounting Policies" (effective for annual periods beginning on or after 01 January 2023).

IAS 1 was amended to require entities to disclose material accounting policies rather than a summary of significant accounting policies. The amendment provides a definition of significant accounting policy information. The amendment also clarifies that accounting policy information is considered to be significant if users of the financial statements would not be able to understand other material information in the financial statements without it.

The amendment provides examples of accounting policy information that would be expected to be considered significant in the Company's financial statements. In addition, the amendment to IAS 1 clarifies that immaterial accounting policy information shall be omitted from disclosure. If it is disclosed, it shall not obscure material accounting policy information. In support of the amendment, the IFRS 2 Practice Guide "Judgements about Materiality" has been amended to provide guidance on applying the concept of materiality to disclosures about accounting policies.

Amendments to IAS 8 Defining Accounting Estimates (effective for annual periods beginning on or after 01 January 2023)

The amendments to IAS 8 clarify how entities should distinguish changes in accounting policies from changes in accounting estimates.

Other amendments and new standards that have not yet been endorsed for application by the EU are not relevant to the Company.

Standards not endorsed for EU application

Other amendments and new standards that have not yet been endorsed for application by the EU are not relevant to the Company.

2.2. Transition to IFRSs

These financial statements have been prepared for the first time in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The impact of the transition from the previous Lithuanian Financial Reporting Standards (BRS) to IFRS on the opening statement of financial position as at 01 January 2020 and 31 December 2020 and on the statement of comprehensive income for 2020 and statement of cash flows as at 31 December 2020 is disclosed in note 4. IFRSs have been applied retrospectively.

Estimates: Management's assumptions and estimates reflected in the statement of financial position at the date of transition to IFRS are the same as those used in the previous preparation of the financial statements in accordance with Lithuanian Financial Reporting Standards (BRS).

The impact of the transition to IFRS is disclosed in note 5.

2.3. Functional and presentation currencies

The euro became the national currency of the Republic of Lithuania on 01 January 2015. Amounts in the financial statements are presented in the national currency of the Republic of Lithuania, the euro, which is the Company's functional and presentation currency. The exchange rate of the euro against other currencies is set daily by the European Central Bank and the Bank of Lithuania.

2.4. Tangible non-current assets

Tangible non-current assets are carried at cost, which excludes day-to-day maintenance costs, less accumulated depreciation and estimated impairment losses. The carrying amount of tangible non-current assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Depreciation is calculated using the straight-line method over a useful life of the assets of 3-6 years.

The assets' residual values, useful lives and depreciation methods are reviewed and, if necessary, adjusted at the end of each financial year to reflect the expected economic benefits to be derived from the tangible non-current assets.

Tangible non-current assets are written off when they are sold or when no further economic benefit is expected from their use or sale. Any gain or loss arising on the write-down of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in "other income" in the statement of comprehensive income in the year in which the asset is written off.

2.5. Investment property

Assets acquired for the purpose of generating long-term rental income and/or with the expectation of benefiting from an increase in the value of the asset are classified as investment property. Where the Company owns buildings but does not own the land on which the Company's buildings are constructed, the land is leased from the municipality as an operating lease. Land held under an operating lease is classified and accounted for by the Company as an investment property when the other elements of the definition of an investment property are met.

Investment property is measured at cost, including transaction costs, on initial recognition. Subsequent to initial recognition, investment property is carried at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise. The fair value of investment property is determined annually by an independent qualified valuer (note 9).

Subsequent expenditure is capitalised and added to the carrying amount of the asset only if it is probable that future economic benefits will flow to the Company as a result of the expenditure and the amount of the expenditure can be measured reliably. All other repairs and maintenance expenses are recognised as costs as incurred. If part of an investment property is replaced by a new investment property, the carrying amount of the replaced part is derecognised.

A write-down of an investment property is only made when the property is sold or when its use is permanently discontinued and no future economic benefits are expected from its sale. Any gain or loss on the retirement or sale of an investment property is recognised in the statement of comprehensive income in the year under "Result from changes in fair value of investment property".

2.6. Intangible assets

Intangible assets are initially recognised at cost. An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the asset's value can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are considered to have a finite useful life.

Intangible assets are amortised on a straight-line basis over its expected useful life (3 years).

Intangible assets that are not ready for use, where for example assets related to technical development projects have not yet been constructed, are tested annually for impairment and whenever there is an indication that the asset may be impaired.

2.7. Financial assets

Financial assets within the scope of IFRS 9 are classified as either financial assets at fair value through profit or loss (with changes in fair value recognised in either other comprehensive income or profit or loss) or financial assets at amortised cost. The classification depends on the entity's financial asset management model and the contractual cash flow terms.

Because the business model for the Company's other financial assets (other than the financial assets described in note 2.8) is to hold the assets to obtain the contractual cash flows and to make principal and interest payments, other financial assets are measured at amortised cost. These assets include trade and other receivables, cash and cash equivalents. The Company reclassifies debt instruments only when their business model for managing such assets changes.

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised in the financial statements when the rights to receive cash flows from the financial asset expire or transfer and the Company has transferred substantially all the risks and rewards of ownership.

On initial recognition, the Company measures financial assets at fair value plus transaction expenses directly attributable to the acquisition of the financial asset if the financial asset is not at fair value through profit or loss. Transaction expenses associated with a financial asset at fair value through profit or loss are recognised as costs in profit or loss.

Assets that are held for contractual cash flows, when these cash flows consist solely of principal and interest payments, are measured at amortised cost. Interest income from such financial assets is calculated using the effective interest method. Gains or losses arising on derecognition are recognised directly in profit or loss. Impairment losses are presented in a separate line item in the statement of comprehensive income.

2.8. Impairment of financial assets

For trade and other receivables, the Company applies the simplified approach in IFRS 9, whereby expected lifetime losses are recognised from the initial recognition of the receivable.

Trade receivables are classified as either Stage 2 or Stage 3:

- Stage 2 includes receivables for which the simplified approach to estimating expected credit losses over their expected useful lives has been applied, except for certain trade receivables classified as Stage 3;
- Stage 3 includes trade receivables that are more than 90 days past due (unless there is an objective justification) or individually identified as impaired.

2.9. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less. Deposits with an original maturity of more than three months are classified as deposits in the statement of financial position.

In the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less.

2.10. Financial liabilities

The Company recognises a financial liability when it first becomes a party to the rights and obligations under the contract.

All financial liabilities are initially recognised at fair value less transaction expenses directly attributable to the issuance of the financial liability if the financial liability is not measured at fair value through profit or loss. Financial liabilities are measured at amortised cost using the effective interest method. A financial liability is derecognised when it is settled, cancelled or expires.

Trade payables

Trade payables are liabilities to pay for goods purchased or services rendered from suppliers in the normal course of business.

Amounts payable are classified as current liabilities if they are due to be settled within one year or less (or within the normal operating cycle if longer). Financial liabilities included in trade payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. Discounting is not applied if the maturity of the liability is less than one year.

Loans received

Loans received are initially recorded at fair value less directly attributable transaction expenses. Subsequently, loans received are carried at amortised cost using the effective interest method. Loans received are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

2.11. Authorised capital

Ordinary shares are recorded in equity. Costs directly attributable to the issue of new shares or options, net of tax, are recorded in equity as a reduction of retained profit.

2.12. Income recognition

Lease income

Operating lease income is recognised on a straight-line basis over the lease term. The initial direct costs incurred to obtain an operating lease are added to the carrying amount of the leased asset and are recognised as an expense over the lease term in the same way as lease income.

2.13. Borrowing expenses

Borrowing expenses comprise interest and other expenses incurred by an entity in borrowing funds. Borrowing expenses that are directly attributable to the acquisition or construction of qualifying assets are part of the cost of those assets. Other borrowing expenses are recognised as costs.

2.14. Income tax and deferred income tax

Income tax costs comprise income tax for the period and deferred income tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to amounts recognised directly in the statement of changes in equity. In such cases, the income/cost from income taxes is recognised directly in the statement of changes in equity.

In 2021 and 2020, the standard corporate income tax rate for companies in the Republic of Lithuania was 15%.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are calculated using tax rates (and laws) enacted or substantively enacted at the reporting date that are expected to apply in the year in which the deferred income tax asset will be realised or the deferred income tax liability settled.

The deferred income tax liability in respect of investment property measured at fair value is determined on the assumption that the fair value of the property will decrease as the value of the property under construction increases.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Tax losses can be reversed indefinitely, except for losses arising on the disposal of securities and/or derivative financial instruments.

The carry forward of tax losses shall cease if the Company ceases to carry on the activity giving rise to the losses, unless the Company ceases to carry on the activity for reasons beyond its control.

In Lithuania, losses on the transfer of securities and/or derivatives can be carried forward for 5 consecutive years and can only be offset against gains on transactions of the same nature. From 01 January 2014, in Lithuania, tax losses from previous years can be used to offset a maximum of 70% of the taxable profit for the current year.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, where the intention is to offset the balances on a net basis.

2.15. Employee benefits

Social insurance contributions

The Company pays social insurance contributions to the National Social Insurance Fund (the "Fund") for its employees in accordance with a defined contribution plan and in accordance with the requirements of national law. A defined contribution plan is a plan under which the Company makes contributions at a fixed rate and will have no legal or constructive obligation to continue to make such contributions in the future if the Fund does not have sufficient assets to pay all employees' service-related benefits in the current or prior periods. Social insurance contributions are recognised as an expense on an accruals basis and are classified as part of employee compensation costs.

2.16. Significant accounting estimates and judgements

In preparing the financial statements, the Company's management makes certain judgements and estimates that affect the reported amounts of revenues and expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. However, the uncertainty in these assumptions and estimates creates a risk that the carrying amounts of assets or liabilities will be materially adjusted in future financial years.

Estimates and judgements are continually reviewed and evaluated on the basis of past (historical) events and other factors, including the likelihood of future events that are considered reasonable under the circumstances.

Estimates and assumptions

The key assumptions concerning the future and the uncertainty surrounding the estimates made at the end of the reporting period, and other key sources of significant risk that a material adjustment to the carrying amounts of assets and liabilities within the next financial year may occur, are described below. The Company's assumptions and estimates are based on data available at the time of preparation of the financial statements. Existing circumstances and assumptions about future circumstances are subject to change as a result of changes in the market or for reasons beyond the Company's control. Such changes are reflected in the assumptions when they occur.

Significant areas in which accounting estimates are applied in the preparation of these financial statements are described below.

Fair value of investment property

The fair value of investment property is determined using the income approach, taking into account the rental income of the property being valued or of a similar property. Under the income approach, projections of discounted cash flows are based on future cash flows estimated from existing leases or other contracts and from external evidence, such as current (i.e. at the statement of financial position date) market rents for similar assets in a similar location and condition, using discount rates that reflect current market estimates of the amount and timing of uncertainty in cash flows. Future rental prices are determined by reference to the actual location, use and condition of the property and by reference to market data and forecasts at the valuation date.

The fair value of the Company's investment property at 31 December 2021 was EUR 27,000,000 (at 31 December 2020, the property was not measured at fair value) (further described in note 9).

3 Financial risk management

3.1. Financial risk factors

The Company's risk management focuses on financial, operational and legal risks. At the Company level, strategic risk management is performed by the shareholder. Operational risk management is carried out by the Company's Director. The main objective of financial risk management is to set risk limits and then to ensure that the extent of the risk does not exceed those limits. Operational and legal risk management aims to ensure that internal rules function properly to mitigate operational and legal risks.

The Company's main financial liabilities consist of loans received, trade payables and other payables. The main purpose of these financial liabilities is to increase the financing of the Company's operations. The Company has various financial assets, including trade and other receivables and cash generated directly from operating activities.

The main risks arising from financial instruments are market risk (including cash flow risk, fair value interest rate risk, price risk) and liquidity risk. The risks are identified and described below.

<u>Credit risk</u>

Credit risk is not relevant to the Company's activities until the real estate is developed.

<u>Liquidity risk</u>

The Company's policy is to maintain sufficient cash and cash equivalents or to secure financing through appropriate credit facilities to meet its obligations under its strategic plans at a given date. The Company's objective is to maintain a balance between continuity of funding and flexibility in the use of shareholder loans. Liquidity risk management is divided into long-term and short-term liquidity risk management.

The objective of short-term liquidity risk management is to meet the day-to-day need for funds. The Company's short-term liquidity is monitored by monthly checks on the liquidity position and the need for funds.

Long-term liquidity risk is controlled by analysing forecasts of future cash flows, taking into account possible sources of funding. Before approving a new investment project of the Company, the possibility of raising the necessary funds is assessed.

The Company's liquidity ratio (total current assets/total current liabilities) at 31 December 2021 was 0.21 (31 December 2020: 0.67).

At 31 December 2021, current assets were lower than current liabilities by EUR 229 thousand. The Company's management believes that the Company will have sufficient cash to meet its liabilities maturing in 2022 by forecasting the Company's cash flows for 2022.

The table below summarises the maturities of the Company's financial liabilities at 31 December 2021 and 31 December 2020 based on undiscounted contractual payments:

	On request	Up to 3 months	4 to 12 months	1 to 5 years	After 5 years	Total
Interest-bearing loans	96,137	-	-	7,736,183	-	7,832,320
Trade and other payables	195,409	-	-	-	-	195,409
Other liabilities	17	-	-	-	-	17
Balance as of 31 December 2021	**291,563**	**-**	**-**	**7,736,183**	**-**	**8,027,746**
Interest-bearing loans	-	-	-	7,112,794	-	7,112,794
Trade and other payables	69,003	-	-	-	-	69,003
Other liabilities	8,761	-	-	-	-	8,761
Balance as of 31 December 2020	**77,764**	**-**	**-**	**7,112,794**	**-**	**7,190,558**

3 Financial risk management (continued)

3.2. Capital management

The main objective of capital management is to ensure that the Company maintains good solvency and meets appropriate capital ratios in order to support its business and maximise shareholder returns. The Company's management monitors that its investments comply with the capital requirements set out in the relevant legislation and provides the necessary information to the Company's management.

The Company's capital comprises authorised capital and retained profit.

The Company manages its capital structure and changes it in response to changes in economic conditions and the specific risks of its operations. In order to maintain or change its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Law on Joint Stock Companies of the Republic of Lithuania requires that the Company's equity capital be no less than 50% of its authorised capital. As at 31 December 2021, the Company has complied with this provision of the Law.

4 Fair value measurement

Assets carried at fair value

Levels of the fair value hierarchy:
1 Level: quoted (unadjusted) price in active markets for identical assets or liabilities;
2 Level: inputs other than the quoted price included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
3 Level: data for an asset or liability that are not based on observable market information (unobservable data).

The following table sets out the assets and liabilities measured at fair value in the Company's statement of financial position at 31 December 2021 by fair value hierarchy:

	Level 1	**Level 2**	**Level 3**	**Total**
Assets of the Company				
Investment property	-	-	27,000,000	27,000,000

The fair value measurement of investment property commenced in 2021.

There were no liabilities measured at fair value in the Company's statements of financial position.

Financial instruments not carried at fair value

The Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, trade and other receivables, trade and other payables, and long-term and short-term loans receivable.

The carrying amounts of the Company's cash and cash equivalents, trade and other receivables, trade and other payables at 31 December 2021 and 31 December 2020 approximate their fair values because they are short-term and the effect of discounting is immaterial.

The carrying amount of loans received at 31 December 2021 and 31 December 2020 approximated their fair value. Interest rates on loans from related parties are reviewed at the end of each financial year and adjusted to reflect changes in market interest rates. In view of this, it is concluded that their fair value is close to their carrying amount. The fair value of long-term loans receivable is calculated on the basis of discounted cash flows using the current interest rate. It is classified as a Level 3 fair value hierarchy measurement as it uses unobservable inputs from the market including own credit risk.

5 Transition to IFRSs

The transition to IFRS has resulted in changes to the presentation of certain items in the statements of financial position, comprehensive income and cash flows to conform to IFRS requirements. In addition, the adoption of IFRS resulted in adjustments for differences between the applicable accounting principles under IFRS and BRS, which are explained in more detail below:

A) Under BRS, borrowing expenses are recognised as interest expense in the period in which they are incurred. The recognition of borrowing expenses has been revised based on the requirements of IAS 23 as disclosed in note 2.13. In this context, the timing of the recognition of interest costs as an expense has been changed, thus:

- as at 01 January 2020 retained profit has increased by EUR 316,427 and investment property has increased accordingly by EUR 316,427.
- as at 31 December 2020, in the statement of comprehensive income, financial costs (interest costs) decreased by EUR 246,891 and in the statement of financial position retained profit and investment property increased by EUR 246,891 each.

B) Following the adoption of IFRS, the Company has substantially changed the accounting treatment of its tangible non-current assets - land, by classifying the cost of land as an investment property (IFRS 40) and by adopting the fair value method. The main assumptions that led to the classification of land as an investment property were:

- land held to enhance the value of a non-current asset and not for immediate sale in the ordinary course of business;
- assets that are being constructed or developed with a view to their future use as investment property. In this context, tangible non-current assets related to land has been reclassified to investment property:
- As at 01 January 2020, the tangible non-current assets decreased by EUR 5,097,065, with a corresponding increase in the value of investment property.

C) Following a change in the presentation in the Statement of Comprehensive Income (from function to nature), appropriate reclassifications have been made between items to conform to the 2019 presentation.

Impact of the application of IFRS on the statement of financial position at 01 January 2020:

	BRS	(A) IAS 23	(B) IFRS 40	IFRS
ASSETS				
Non-current assets				
Tangible non-current assets	5,445,641	-	(5,444,347)	1,294
Advances paid and construction work in progress	277,460	-	(277,460)	-
Investment property	-	316,427	5,721,807	6,038,234
Non-current intangible assets	-	-	-	-
Total non-current assets	**5,723,101**	**316,427**	**-**	**6,038,234**
Current assets				
Prepayments	-	-	-	
Trade and other receivables	62,424	-	-	62,424
Cash and cash equivalents	5,222	-	-	5,222
Total current assets	**67,646**	-	-	**67,646**
Total assets	**5,790,747**	**316,427**	**-**	**6,107,174**

	BRS	(A) IAS 23	IFRS
EQUITY AND LIABILITIES			
Equity			
Authorised capital	2,500	-	2,500
Retained profit	(110,958)	(316,427)	(427,385)
Total equity	**(108,458)**	**(316,427)**	**(424,885)**
Liabilities			
Non-current liabilities			
Long-term loans received from related parties	6,444,719	-	6,444,719
Total non-current liabilities	**6,444,719**	**-**	**6,444,719**
Current liabilities			
Current year's share of long-term loans from related parties	-	-	-
Trade payables	78,567	-	78,567
Deferred income tax liability	-	-	-
Other current liabilities	8,773	-	8,773
Total current liabilities	**87,340**	**-**	**87,340**
Total liabilities	**6,532,059**	**-**	**6,532,059**
Total equity and liabilities	**6,423,601**	**(316,427)**	**6,107,174**

Impact of the application of IFRS on the statement of financial position at 31 December 2020:

	BRS	IFRS 01/01/ 2020	(A) IAS 23	(B) IFRS 40	IFRS
ASSETS					
Non-current assets					
Tangible non-current assets	5,097,783	-	-	(5,097,065)	718
Advances paid and construction work in progress	660,390	-	-	(660,390)	-
Investment property	-	316,427	246,891	5,757,455	6,320,773
Non-current intangible assets	5,060	-	-	-	5,060
Total non-current assets	**5,763,233**	**316,427**	**246,891**	**-**	**6,326,551**
Current assets					
Prepayments	259	-	-	-	259
Trade and other receivables	51,862	-	-	-	51,862
Cash and cash equivalents	168	-	-	-	168
Total current assets	**52,289**	-	-	-	**52,289**
Total assets	**5,815,822**	**316,427**	**246,891**	**-**	**6,378,840**

	BRS	IFRS 01/01/2020	(A) IAS 23	(B) IFRS 40	IFRS
EQUITY AND LIABILITIES					
Equity					
Authorised capital	2,500		-	-	2,500
Retained profit	(1,377,536)	316,427	246,891	-	(814,218)
Total equity	**(1,375,036)**	**316,427**	**246,891**	**-**	**(811,718)**
Liabilities					
Non-current liabilities					
Long-term loans received from related parties	7,112,794	-	-	-	7,112,794
Total non-current liabilities	**7,112,794**	**-**	**-**	**-**	**7,112,794**
Current liabilities					
Current year's share of long-term loans from related parties	-	-	-	-	-
Trade payables	69,003	-	-	-	69,003
Deferred income tax liability		-	-	-	-
Other current liabilities	8,761	-	-	-	8,761
Total current liabilities	**77,764**	**-**	**-**	**-**	**-**
Total liabilities	**7,190,558**	**-**	**-**	**-**	**7,190,558**
Total equity and liabilities	**5,815,522**	**316,427**	**246,891**	**-**	**6,378,840**

The impact of the application of IFRSs on the Company's statement of comprehensive income for 2020:

Income	**75,149**	**-**	**75,149**
Lease income from premises	75,149	-	75,149
Other income, net change	-	-	-
Result of change in fair value of investment property	-	-	-
Utilities	(40,748)		(40,748)
Depreciation and amortisation costs	(347,858)	-	(347,858)
Property taxes	(42,032)	-	(42,032)
Other operating costs	(23,904)	-	(23,904)
Operating profit	**(379,393)**	**-**	**(379,393)**
Financial income	200	-	200
Financial costs	(254,531)	246,891	(7,640)
Profit before taxation	**(633,724)**	**246,891**	**(386,833)**
Income tax benefits/costs	-	-	-
NET PROFIT FOR THE PERIOD	**(633,724)**	**246,891**	**(386,833)**
Other comprehensive income for the period net of income tax	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	**(633,724)**	**246,891**	**(386,833)**

6 Financial costs

	2021	2020
Interest expense on loans from related parties	(18,877)	(7,640)
Other financial expenses	-	-
	(18,877)	(7,640)

7 Income tax

Components of income tax costs/income	**2021**	**2020**
Income tax costs/income for the reporting year	-	-
Income tax adjustments for the previous year	-	-
Deferred income tax costs/income	(3,657,688)	-
Income tax costs/income recognised in profit or loss, total	(3,657,688)	-

There is no income tax income/costs recognised in other comprehensive income. Deferred income tax assets and liabilities at 31 December 2021 and 31 December 2020 have been accounted for at a tax rate of 15%.

The changes in the deferred income tax asset and liability during 2021 were as follows:

	31 December balance	**Recognised in profit or loss during year**	**31 December 2021 balance**
Deferred income tax asset			
Tax losses arising	-	-	-
Deferred income tax asset at net value	**-**	**-**	**-**
Deferred income tax liability			
Investment property	-	3,657,688	3,657,688
Deferred income tax liability	-	-	-
Deferred income tax liability at net value	**-**	**3,657,688**	**3,657,688**
Deferred income tax assets, net	**-**	**3,657,688**	**3,657,688**

8 Earnings per share

Ordinary earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Net profit/loss attributable per shareholder of the Company	16,194,121	(386,833)
Weighted average number of ordinary shares in issue (thou)	2,500	2,500
Ordinary profit/loss per share (EUR)	6,477.65	(154.73)

9 Investment property

	Investment property held for future development	Total
Fair value hierarchy	**Level 3**	
Balance at 31 December 2019	**6,038,234**	**6,038,234**
Borrowing expenses	246,891	246,891
Depreciation expenses of the Ibrahim building	(347,282)	(347,282)
Expenditure on construction under development	382,930	382,930
Balance at 31 December 2020	**6,320,773**	**6,320,773**
Borrowing expenses	251,613	251,613
Expenditure on construction under development	440,091	440,091
Impairment of the Ibrahim building (building demolished in 2022)	(4,397,065)	(4,397,065)
Increase in fair value	24,384,588	24,384,588
Balance at 31 December 2021	**27,000,000**	**27.000000**
Unrealised gains or losses		

Investment property is carried at fair value. In 2022, investment property under development at Kalvarijų str. 24A, Lvivo 21B and Kalvarijų g. 24, Vilnius, was valued on 22 September 2022 by the qualified valuer OBER-HAUS Nekilnojamasis Turtas UAB using the income approach.

The fair value reflects the price at which the property would have been sold at the date of valuation in an orderly transaction between market participants, in accordance with the International Valuation Standards established by the International Valuation Standards Committee.

The income approach assumes that there is a definite relationship between future net operating income and the fair value of the assets. The key assumptions used in the generation of the cash flow are set out below:

- For the valuation of the valued assets using the residual approach, the value calculations were based on the assumption that the new business building complex is constructed and fitted out in accordance with the agreed construction design and the building permits obtained on the basis of that project, and then, after 100% completion has been registered with the Real Estate Register, the new business building complex is handed over to the tenants and disposed of on the market with long-term lease contracts at its market price. The model used to calculate the value of the assets under valuation was based on the following assumptions:

- Old commercial building converted into an office building and fully fitted out/new office building built and fully fitted out in accordance with the agreed construction design and the building permit obtained on the basis of the project, and the area around the buildings landscaped.

- The parameters of the business building complex to be developed have been established on the basis of the prepared and agreed construction design and the building permit obtained on the basis thereof.

- Given the current state of the property (the demolition of the former commercial building is being completed, its reconstruction into an office building is being prepared and the construction of a new office building is underway), the valuers consider that the maximum duration of such an investment project would be: up to 2 years (24 months).

- Completed and fully fitted out office building/new and fully fitted out office building with commercial and office space to be leased is handed over to tenants.

- The leasable area of the business building complex (28,386 sqm), as accepted by the valuers, is lower than the total above-ground area of the business building complex (31,655 sqm), as part of this area is occupied by above-ground car parks (on several levels), which are not directly available for lease, and by other technical areas which are not, in the valuers' opinion, directly available for lease. As it is accepted in the rental market for modern business centres in Vilnius City that the rentable office and commercial space is additionally, proportionally, attributed to the common areas of the building, the above-mentioned rentable area of the complex of business buildings accepted by the valuers also includes the common areas of the office and commercial areas from the 1st to the 15th floors.

- The value of the property in its current condition is determined as the maximum amount that a potential buyer/investor can pay, taking into account the most likely sale proceeds of the property and the funds required for the conversion of the old commercial building into an office building/construction of a new office building and their fitting out and the landscaping of the area around the buildings, and the market requirements for return on investment.

- The valuers consider that it is not possible to foresee the actual typical financing conditions of a real estate project, such as the proportions of equity and debt capital, the level of interest rates, etc., and have therefore based their calculations of the value of the property on the assumption that the development of the subject of the valuation is based on the developer's own funds. This assumption was also taken into account in the determination of the rate of return.

- The amounts for sales revenue and development costs are net of VAT.

For rental investment property, the key figures are as follows:

- future rental income, taking into account the location, type and condition of the asset and the terms of existing leases or other contracts or external evidence such as current market rents for similar properties;
- discount rates that reflect current market estimates of the amount and timing of uncertainty in cash flows;
- estimated vacancy rates based on current and expected future market conditions at the end of current leases;
- operating costs, including the investment necessary to maintain the functionality of the asset over its expected useful life;
- capitalisation rates, taking into account the location, size and condition of the asset and market data at the valuation date;
- the going concern value, taking into account assumptions about operating costs, vacancy rates, market rents.

Investment properties held for future development are valued on the basis of the following in addition to the above:

- the sale price, as determined by an experienced valuer with knowledge of the residential and commercial property market;
- construction costs, estimated by an experienced valuer with knowledge of market conditions, taking into account the parameters set out in the approved detailed plans.
- Construction costs shall also include a reasonable rate of return;
- completion date. The property under construction is subject to regulatory approvals at various stages of development, including approvals for initial design, zoning, annexation and environmental compliance. Based on management's previous experience, it is anticipated that all of these necessary permits and approvals will be obtained.
- The overall profitability of the project reflects current market estimates of the rate of return on projects under development. It is based on the internal rate of return of similar projects.

The investment property, the main valuation data and a description of the valuation methods used as at 31 December 2021:

	Valuation method	**Significant unobservable market data**	**Interval (weighted average) Oberhaus**
Investment property	Discounted cash flows	Discount rate (%)	7
		Capitalisation rate for going concern value (%)	5.5
		City centre office space - rental price in EUR per sqm (excluding VAT)	18-23.64
		Parking - rental price in euro per sqm (excl. VAT)	70-91.92

There were no restrictions on the disposal of investment assets, the transfer of proceeds from the disposal of assets or the transfer of proceeds in 2021.

10 Financial instruments by category

Company	Financial assets at amortised cost	Assets at fair value through profit or loss	Total
31/12/2021			
Assets in the statement of financial position			
Trade and other receivables	56,973	-	56,973
Cash and cash equivalents	3,289	-	3,289
Total	**60,262**	**-**	**60,262**

Company	Financial assets at amortised cost	Assets at fair value through profit or loss	Total
31/12/2020			
Assets in the statement of financial position			
Trade and other receivables	51,862	-	51,862
Cash and cash equivalents	168	-	168
Total	**52,030**	**-**	**52,030**

Company			
01 January 2020			
Assets in the statement of financial position			
Trade and other receivables	62,424	-	62,424
Cash and cash equivalents	5,222	-	5,222
Total	**67,646**	**-**	**67,646**

Company	Financial liabilities at amortised cost		
	2021	**2020**	**01/01/2020**
Liabilities in the statement of financial position			
Loans received	7,832,320	7,112,794	6,444,719
Trade payables	195,409	69,003	78,567
Other current liabilities	17	8,761	8,773
Total	**8,027,746**	**7,190,558**	**6,532,059**

11 Trade and other receivables

	2021	2020	01/01/2020
Trade receivables, gross	535	2,933	8,703
Tax receivable, gross	4,033	48,580	46,205
Other receivables	52,405	349	7,516
Total trade and other receivables, gross	**56,973**	**51,862**	**62,424**
Less: impairment of trade and other receivables	-	-	-
Trade and other receivables, net of expected credit losses	**56,973**	**51,862**	**62,424**

Trade and other receivables are non-interest bearing and generally have a credit period of 30 days.

The credit quality of the Company's trade and other receivables can be assessed using the ageing analysis presented below:

	Company						
	Trade receivables, not overdue nor depreciated	**Less than 30 days**	**30-60 days**	**61-90 days**	**More than 90 days**	**For credit risk impaired value**	**total**
31/12/2021							
Trade receivables, less write-offs	535	-	-	-	-	-	**535**
Tax receivable	4,033	-	-	-	-	-	**4,033**
Other receivables	52,405	-	-	-	-	-	**52,405**
Expected credit losses	-	-	-	-	-	-	**-**
Trade and other receivables less expected credit losses	**56,973**	**-**	**-**	**-**	**-**	**-**	**56,973**
31/12/2020							
Trade receivables, gross	2,933	-	-	-	-	-	**2,933**
Tax receivable	48,580	-	-	-	-	-	**48,580**
Other receivables	349	-	-	-	-	-	**349**
Expected credit losses	-	-	-	-	-	-	**-**
Trade and other receivables less expected credit losses	**51,862**	**-**	**-**	**-**	**-**	**-**	**51,862**
01/01/2020							
Trade receivables, gross	8,703	-	-	-	-	-	**8,703**
Tax receivable	46,205	-	-	-	-	-	**46,205**
Other receivables	7,516	-	-	-	-	-	**7,516**
Expected credit losses	-	-	-	-	-	-	**-**
Trade and other receivables less expected credit losses	**62,424**	**-**	**-**	**-**	**-**	**-**	**62,424**

12 Authorised capital and reserves

As at 31 December 2021 and 31 December 2020, the authorised share capital of the Company and the Group consisted of 2, 500 ordinary registered shares with a nominal value of EUR 1 each. All the Company's shares have been fully paid up.

13 Loans received

	2021	2020	01/01/2020
Long-term			
Long-term loans from related parties	7,736,183	7,112,794	6,444,719
Short-term			
Current year's share of long-term loans	96,137	-	-
Total loans received	**7,832,320**	**7,112,794**	**6,444,719**

All loans are denominated in euro.

14 Related party transactions

The Company's transactions with the parent company during 2021 and the related balances as at 31 December 2021:

2021 Company	Sales and other income from related parties	Purchases from related parties and interest to related parties	Receivables from related parties	Payables to related parties
Loans	-	270,490	-	7,736,183
	-	270,490	-	7,736,183

Loans received from parent company mature on 31 December 2023. The Company's transactions

with its parent during 2020 and the related balances at 31 December 2020:

2020 Company	Sales and other income from related parties	Purchases from related parties and interest to related parties	Receivables from related parties	Payables to related parties
Loans	-	267,017	-	7,112,794
	-	267,017	-	7,112,794

The maturity date of the loans received from the subsidiary is 31 December 2023.

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

2021		**Purchase from related parties**	**Receivables from related parties**	**Payables to related parties**
Realco statyba UAB	-	314,752	-	186,230
Global energy Consulting OU	-	-	-	96,137
Realco UAB		10,152		2,206
Icor UAB	-	4,944	-	1,496
City Service Engineering UAB	-	4,579	-	383
City Service Cleaning	-	450	-	-
Veikmės statyba UAB	400	-	484	-
	400	334,877	484	286,452

The Company's transactions with other related parties during 2020 and the related balances at 31 December 2020:

2020		**Purchases from related**	**Receivables from**	**Payables to related parties**
	income from related parties	**parties and interest to related parties**	**related parties**	
Realco statyba UAB				
Realco UAB	-	36,572	-	36,152
Icor UAB		16,107		19,490
City Service Engineering UAB	-	4,944	-	-
City Service UAB	-	10,015	-	383
Mano Sauga UAB	-	-	-	233
	-	4,820	-	-
	-	72,458	-	56,258

	2021	**2020**
Salaries and bonuses	264	200
Total remuneration of key management	264	200

(EUR thousand, unless otherwise specified)

15 Impact of COVID-19 and the war in Ukraine

The pandemic wave caused by the COVID-19 virus does not have a significant impact on the Company's operations.

The outbreak of the war in Ukraine had a significant impact on the construction market. A large part of the construction materials, in particular metal products, were imported from Russia, Ukraine and Belarus. The geopolitical situation caused a halt in the supply of materials from these countries, which had a short-term impact on the prices of construction works. This situation has forced importers of construction materials to look for alternatives, and the company's management believes that in the long term construction prices will stabilise and start to decrease. The construction of the planned building will be completed on time and within the planned construction budget.

16 Developments after the reporting period

Under the terms of the reorganisation (distribution) of LAG&D UAB, UNIT INVEST UAB, TEKTITA UAB AND FLOS INVESTMENT UAB dated 29 December 2021,
Under the terms of the reorganisation (distribution) of LAG&D UAB, UNIT INVEST UAB, TEKTITA UAB AND FLOS INVESTMENT UAB dated 29 December 2021, the assets of LAG&D UAB, namely 1250 (one thousand two hundred and fifty) ordinary registered dematerialised shares with a nominal value of EUR 1 of Sostinės Bokštai UAB, representing 50% of the authorised capital were transferred by way of distribution to TEKTITA UAB, and 1250 (one thousand two hundred and fifty) ordinary registered dematerialised shares with a nominal value of EUR 1 of Sostinės Bokštai UAB, representing 50% of the authorised capital were transferred by way of distribution to FLOS INVESTMENT UAB, as of 10/02/2022.

In June 2022, the company started construction of an office building in Vilnius city centre.

Financial statements as at 11 January 2023

Julius Dovidonis CEO	Daiva Tamošiūnienė Authorised person of Icor UAB

Signed electronically by
JULIUS, DOVIDONIS
Date: 24/01/2023, 09:17:02

07 February 2024
I, Ramunė Banienė, the translator of the translation agency UAB Adjutor, address Konstitucijos pr. 7, Vilnius, assume responsibility for correctness of the translation from Lithuanian to English.

Translator Ramunė Banienė ____________
Signature

UŽDAROJI AKCINĖ BENDROVĖ
„ADJUTOR"
Vertimų biuras / Translation Agency
Konstitucijos St. 7, Vilnius, Lithuania

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