UAB "Orkela"
(a private limited liability company established and existing under the laws of the Republic of Lithuania, legal entity code 304099538)

SECOND SUPPLEMENT TO THE BASE PROSPECTUS FOR THE PUBLIC OFFERING OF BONDS OF UAB "ORKELA" IN THE AMOUNT OF EUR 19,049,000 (BEING A PART OF TOTAL EUR 40,000,000 ISSUE) AND ADMISSION OF BONDS IN THE AMOUNT OF UP TO EUR 19,049,000 TO TRADING ON THE BOND LIST OF NASDAQ VILNIUS AB

This document constitutes the second supplement (the **Supplemen**t) to the base prospectus for the public offering of bonds of UAB "Orkela" (the **Company** or **Issuer**) (the **Prospectus**), approved by the Director of Department of Financial Services and Markets Supervision of the Bank of Lithuania (the **Bank of Lithuania**) on 14 November 2023 (the decision regarding the approval of the Prospectus No. V 2023/(34.40.E-3900)-428-24) and published on the website of the Company (https://lordslb.lt/orkela_bonds/). The first supplement to the Prospectus has been approved by the Bank of Lithuania on 24 November 2023 (the decision regarding the approval of the Prospectus No. 2023/(34.40.E-3900)-428-27) and published on the website of the Company (https://lordslb.lt/orkela_bonds/) (the **First Supplement**). The remaining amount up to which the Bonds can be issued under the Prospectus EUR 5,432,000.

In accordance with applicable laws, investors are generally entitled during a 2 Business Day time to cancel their subscription orders for Bonds, when the Supplement is published. However, Investors are hereby informed that, as of the date of this Supplement, no subscription period is currently open for the Bonds offered under this Prospectus, therefore there will be no cancelation of a Subscription Order placed before publishing this Supplement.

This Supplement was prepared in accordance with Article 23 of the Prospectus Regulation following:

(i) the conclusion of several material contracts related to the Project, including *inter alia* main lease and sub-lease agreements;
(ii) the Company's decision to change the Project's development scenario also for hotel operations;
(iii) consideration of the most recent material information regarding the Issuer's financial standing, a need to include, by reference, the Issuer's audited financial statements for the year ended 31 December 2023 and the unaudited interim financial information for the half-year period ended 30 June 2024, and make the necessary clarifications in accordance with applicable laws;
(iv) changes in risk factors, the necessity to introduce of relevant trend information, and the update of other important Project and financing-related information for Investors, due to the circumstances indicated in points (i) and (iii) above.

This Supplement forms and integral part of the Prospectus and must be read in conjunction with the Prospectus (as supplemented and amended by this Supplement and First Supplement to the Prospectus). Unless stated otherwise in this Supplement, the terms with the first capital letter used in this Supplement shall have the meanings given to them in the Prospectus (as supplemented and amended by the First Supplement) or defined this Supplement.

To the extent that there is any inconsistency between any statement in this Supplement and any other statement in the Prospectus (as supplemented and amended by the First Supplement), the statements of this Supplement shall prevail.

The Bank of Lithuania in its capacity as the competent authority in the Republic of Lithuania under the Prospectus Regulation on 15 October 2024 has approved this document as a Supplement and has notified the approval of the Supplement to the EFSA (i.e. Estonian Financial Supervision Authority (in Estonian: *Finantsinspektsioon*) and to the Bank of Latvia (in Latvian: *Latvijas Banka*).

The person responsible for the information provided in this Supplement is the Issuer. To the best of the knowledge of the Issuer the information contained in this Supplement corresponds to the facts and the Supplement makes no omission likely to affect its import.

Anastasija Pocienė General Manager	Rūta Abromavičienė Procurist

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus since the publication of the Prospectus and First Supplement.

The date of this Supplement
15 October 2024

1. Subsection *Financial Statements* (Section 2.3 *Presentation of Financial and Other Information)* of the Prospectus on **pages 7-8** is amended and supplemented due to changes in applicable laws, updating definition of BAS Audited Financial Statements and introducing new definition of LFRS Audited Financial Statements and shall be read as follows:

Financial Statements. The Prospectus contains incorporated by reference under Section 2.5 Information incorporated by Reference of this Prospectus the Company's historical financial information:

(i) the audited financial statements for the year ended 31 December 2021 (the BAS Audited Financial Statements);
(ii) the audited financial statements for the year ended 31 December 2022 prepared in accordance with LFRS;
(iii) the audited financial statements for the year ended 31 December 2023 ((ii) and (iii) together referred to as the LFRS Audited Financial Statements);
(iv) the unaudited interim financial information of the Company for the half-year period ended 30 June 2024 (the LFRS Unaudited Interim Financial Statements and together with the BAS Audited Financial Statements and the LFRS Audited Financial Statements referred to as the Financial Statements).

The BAS Audited Financial Statements have been prepared in accordance with the Lithuanian Business Accounting Standards (the BAS). The LFRS Unaudited Interim Financial Statements and LFRS Audited Financial Statements have been prepared in accordance with the Lithuanian Financial Reporting Standards (the LFRS).

The presentation of financial information in accordance with the BAS requires management to make various estimates and assumptions which may impact the values shown in the financial statements and notes thereto. The actual values may differ from such assumptions.

The BAS Audited Financial Statements for the year ended 31 December 2021 and the LFRS Audited Financial Statements for the years ended 31 December 2022 and 31 December 2023 were audited by "KPMG Baltics" UAB, legal entity code 111494971, having its registered address at Lvivo st. 101, LT-08104 Vilnius, the Republic of Lithuania. The auditor Ieva Voverienė is the independent auditor of the respective Financial Statements for the years ended 31 December 2021,31 December 2022 and 31 December 2023.

2. Paragraph 1 of the Section 2.5 *Information incorporated by Reference* of the Prospectus on **page 9** is supplemented with the following two statements:

- Company's LFRS Audited Financial Statements for the year ended 31 December 2023 together with the annual reports and independent auditor's reports on the financial statements and on the annual reports (may be accessed through the following hyperlinks: (LT) https://lordslb.lt/wp-content/uploads/2024/07/UAB%20Orkela%202023%2012%2031%20lt.html.xhtml and independent auditor's reports https://lordslb.lt/wp-content/uploads/2024/08/Orkela-audit-report-LT_2023_signed.pdf , (EN) https://lordslb.lt/wp-content/uploads/2024/07/uaborkela-2023-12-31-en.html.xhtml and independent auditor's reports https://lordslb.lt/wp-content/uploads/2024/08/Orkela-audit-report-EN_signed.pdf);
- Company's LFRS Unaudited Financial Statements for the half-year period ended 30 June 2024 (may be accessed through the following hyperlinks: (LT) https://lordslb.lt/wp-content/uploads/2024/08/Orkela-FA-2024-2Q_signed.pdf, (EN) https://lordslb.lt/wp-content/uploads/2024/08/Orkela-FA-2024-2Q_ENG_signed.pdf.

3. Subsection Documents on Display (Section 2.5 *Information incorporated by Reference)* of the Prospectus on **page 9** includes clarification of the term Financial Statements and shall read as follows:

Documents on Display. Throughout the period of validity of this Prospectus, the Prospectus, any Final Terms and the aforementioned BAS Financial Statements and Articles of Association of the Company shall be available on the Issuer's website at https://lordslb.lt/orkela_bonds/ or at the Issuer, Lead Manager or Trustee, upon sending a request by the e-mail of the Issuer info@lordslb.lt and/or e-mail of the Lead Manager broker@sb.lt or the Trustee info@audifina.lt. Any interested party may obtain a copy of these documents without a charge.

4. The following definitions from the Section 2.6 *Definitions used in the Prospectus* on **pages 10 and 13** have been amended, supplemented, restated, replaced and/ or introduced and shall read as follows:

BAS Audited Financial Statements	The Company's audited financial statements for the year ended 31 December 2021 prepared in accordance with the BAS together with the annual reports and independent auditor's reports on the financial statements and on the annual reports.
Financial Statements	The Company's BAS Audited Financial Statements and LFRS Unaudited Financial Statements, also the LFRS Audited Financial Statements.
LFRS	The Lithuanian Financial Reporting Standards.
LFRS Audited Financial Statements	The Company's audited financial statements for the years ended 31 December 2022 and 31 December 2023, prepared in accordance with the LFRS together

	with the annual reports and independent auditor's reports on the financial statements and on the annual reports.
LFRS Unaudited Financial Statements	The Company's unaudited financial statements for the half-year period ended 30 June 2024 prepared in accordance with the LFRS.

5. The following risks under Section 3.1.1 *Financial risks* of the Prospectus on **pages 16-17** are supplemented, amended and restated (including the order of the risks) as follows:

Negative equity, current liabilities exceeding current assets and business continuity risk

According to the LFRS Audited Financial Statements for the year ended 31 December 2022, the Issuer had a negative equity amounting to -EUR 875,831 during the financial year 2022. The negative equity situation has been rectified in October 2023 by issuing and subscribing by the Fund 50 new Shares of the Issuer with EUR 25 par value each. The subscription price of the new Shares was EUR 3,500,000, which has been paid by the Fund by setting of the obligations for partial redemption of bonds issued under the bond subscription agreement of 15 November 2018 (disclosed under Section 4.14 *Material Contracts*), full redemption of the bond subscription agreements of 9 August 2023, 25 August 2023, 7 September 2023, 14 September 2023 and payment of subscription price for the new Shares. As of 16 October 2023, the Company's equity is positive and at the end of 31 December 2023 the Company's equity was EUR 2,513,913. Such change is reflected in the LFRS Audited Financial Statements for the year ended 31 December 2023. However, there is a risk that negative equity situation may repeat or reemerge until the day the Project starts generating income. The described situation may negatively impact the Issuer's ability to get financing/refinancing for the Project's development and/or to redeem the Bonds in a timely manner.

The auditor's report in respect to the LFRS Audited Financial Statements for the year ended 31 December 2022 expressed a concern on the ability of the Company to ensure its business continuity. The ground for such auditor's concern was negative equity situation and the Company's ability to ensure needed financing to complete the Project. If the Company does not succeed in raising the required funds through the issue of the Bonds under this Prospectus and/or does not receive scheduled contributions by the sole shareholder, there is a risk that the business continuity of the Company may not be ensured.

Please note that the auditor's report in respect to the LFRS Audited Financial Statements for the year ended 31 December 2023 also expresses concern about the ability of the Company to ensure its business continuity. The ground for such auditor's concern was the situation that the Company's current liabilities exceeded its current assets by EUR 3,4 million as at 31 December 2023 and that at the date of approval of the LFRS Audited Financial Statements for the year ended 31 December 2023 no financing agreements were signed for settlement of Company's liabilities as they fall due. Therefore, if the Company will not issue remaining part of the Issue under this Prospectus required to complete a substantial portion of construction works during 2024 or there will be no equity contributions by the sole shareholder (i.e. the Fund) for the same purpose and the Company will not succeed in receiving external financing for redemption of the Bonds, there is a risk that the business continuity of the Company may not be ensured.

Pursuant to the latest LFRS Unaudited Financial Statements for the half-year period ended 30 June 2024 as at 30 June 2024 the Company's current liabilities exceed current assets by EUR 35,530,902, according to the LFRS Audited Financial Statements for the year ended 31 December 2023. The primary current liabilities consisted of payables to suppliers for construction works and interest payable on issued Bonds. The Company is a special purpose development entity that does not earn income on its own in the short term. The Company's activities are financed by the sole shareholder (i.e. the Fund) and by the funds attracted through the issue of Bonds, considering the progress of the Project and the need for working capital. As reflected in the LFRS Audited Financial Statements for the year ended 31 December 2023, the Company's sole shareholder (i.e. the Fund) considers the Company's Project under development to be a going concern and plans to attract additional financing from either new or existing investors necessary to ensure the Company's ability to meet its legal and financial obligations and to ensure the continuity of the Project under development.

Due to above circumstances it might be difficult for the Issuer to redeem Bonds in time, since the refinancing of the Bonds with the bank loan is planned, but not guaranteed yet, which, in case of default, may affect the Investors' ability to recover their investments from the Bonds.

Construction cost and Project's success risk

The completion of the Project initially was projected by the end of 2023. However, since the commencement of construction, the Project's development scenario has changed several times until now: from a standalone hotel to a hotel/school complex, then to an educational complex with integrated hospitality services, and to educational, office, and retail facilities, finally, as described below adding a hotel part to the Project. These updates to the Project's development scenario were necessary due to various factors, such as the impact of the COVID-19 pandemic, deteriorating conditions in the Lithuanian real estate market and economy, and tenant-related circumstances (terminated contracts). Mentioned factors alone or in combination caused delays in construction, requiring the construction schedule to be revised multiple times.

The latest development scenario revision was implemented to introduce and secure the operations of a hotel in the Project's premises. Therefore, it is anticipated that under the revised Project's development scenario, a hotel, educational facilities (as kindergarten and (or) primary and (or) secondary schools), office and retail facilities, including a couple of restaurants and coffee stores, underground parking will operate in the premises of the Project. Under the revised construction schedule the completion of the Project is projected around the middle of 2025. However, considering that the Project's premises will be subject to additional design works that might affect the final timeline of the construction of the Project, additional delays in the Project's completion might be expected. Moreover, as the Issuer has switched to multitenant structure, the Issuer's success in finding tenants for the office part of the Project and fit out of the Project's premises for separate tenants might also have an impact on the final date of completion of the whole Project and generation of expected return for the Issuer.

Even though the Project's development scenario has changed several times, by June 2024 the Project is 80% completed under initially estimated costs' structure. However, the changes in the Project's development will require additional 8,000,000 EUR investments for the hotel fit out furniture and equipment. These additional works will be financed through the subordinated debt expected to be received in early 2025.

Nevertheless, please take into account that as the situation in global markets and building materials supply chain is changing frequently due to Russian – Ukraine war and related economic and geopolitical situation in the region, including related instability in energy market (even though that the Project is being built as energy efficient and therefore, the Project is more resistant to fluctuations in energy prices), also because of existing uncertainty regarding completion of the Project by the middle of 2025 as described above, these factors pose a risk of unexpected increase in construction costs or inability to secure construction material required to complete the Project that may reduce the overall profitability of the Project, delay the completion of the Project and as a result adversely affect the Issuer's activities, financial situation, and ability to receive external financing required for timely redemption of the Bonds at the beginning of 2025.

Moreover, the Company cannot provide any assurance that there will not be any disputes with its suppliers or that it will be able to maintain business relationships with its existing suppliers.

These above factors individually, or in combination might cause difficulties for the Issuer in refinancing the Bonds with the bank loan, as is planned, which, in turn, may affect the Investors' ability to recover their investments from the Bonds.

6. Section 3.1.2 *Business activities and industry risks* of the Prospectus on **pages 17-18** is supplemented, amended and restated to the following extent: *Multiple tenants' risk and risk of finding suitable tenants* and *Education market risk* supplemented*, Hospitality (hotel) market risk* introduced:

Multiple tenants' risk and risk of finding suitable tenants

The success of the Project will depend on the success of its tenants. The Project's cashflow risk will be diversified between multiple tenants. Under such structure, having multiple solvent tenants should minimize the risk or impact on the Issuer's cash flow if one tenant's financial situation changes significantly. It shall be noted that although a multi-tenant property may only periodically achieve 100% occupancy (though it is a primary goal of the Issuer), the risk of having close to zero occupancy is almost non-existent as could be the case when a single-tenant property experiences vacancy.

The Issuer's and the Management Company's employees are invoking all possible resources to maintain the existing tenants of the hotel, educational, office and parking parts of the Project and to attract new tenants on terms and timeline acceptable to the Issuer. Despite the benefits of implementing a multitenant structure, there are several risks associated with it. First of all, even though the Issuer has agreements for operating the hotel, educational and parking parts of the Project, there is no guarantee that these agreements will not be terminated before the completion of the Project scheduled around the middle of 2025. In such a case, with the Project's premises being designed and tenant-specific installation works initiated or even completed, there is a risk that the Issuer may not be able to find new suitable tenants for the unleased part of the Project in a timely manner, posing a risk for the Issuer's cashflow.

Secondly, the Issuer is in the beginning of the process of finding new tenants for the substantial office part of the Project, and currently, only one tenant has leased office premises. In the face of a potential market slowdown where vacancies in commercial buildings are increasing and competitive pressures are driving lower prices, there is a significant risk that the Issuer will not succeed in finding suitable tenants within a short period of time and therefore, a major vacancy might be experienced that in turn will result in less than expected overall income from lease of the Project's premises. To overcome competitors and to attract new tenants for the office part of the Project, the Issuer might need to offer significant discounts or other contractual benefits for office tenants to minimize vacancies and ensure cash flow. If these risks materialize, they could significantly affect the Issuer's financial condition, results of operation of the overall attractiveness of the Project, as well as ability to redeem the Bonds at their maturity.

Education market risk

A part of the Project is dedicated for educational services where one educational institution will operate a kindergarten and/or primary, and/or secondary schools.

However, even though a part of the Project premises is leased for operations of a well-known and reputable school "Modern Private School Center" (in Lithuanian: Šiuolaikinės mokyklos centras), it shall be considered that the demand for educational services can be influenced by various factors, including economic conditions, changes in population demographics, and regulatory developments. A decline in student enrolment or changes in educational preferences could impact the financial performance of the educational institution leasing Project's space, thereby posing a risk that the Issuer's tenant will face financial difficulties in paying rent to the Issuer and the Issuer will not generate expected return.

Hospitality (hotel) market risk

The updated Project's development scenario includes operation of a hotel in the Building Complex. Even though the Lithuanian and global hotel sector has been highly affected by the COVID-19 pandemic occurred between 2019 and 2022, which has led to a sharp drop in number of incoming tourists (for example, approx. 1.7 million in 2019 and 0.47 million in 2021, according to the data from the Lithuanian Official Statistics Portal), and in hotels' occupancy rates (for example, in year 2020 it was almost 50% drop-in occupancy rates, according to the data from the Lithuanian Official Statistics Portal), also the hospitality market in Lithuania and Baltics was affected by started Russia's war in Ukraine, according to latest statistics, the tourism and hospitality market is recovering both in Lithuania and globally. The number of incoming tourists in 2022 and 2023 was rapidly growing (approx. 1 million in 2022 and 1,12 million in 2023, according to the data from the Lithuanian Official Statistics Portal) and the revenue of the hotels doubled from 2022 to 2023. The Project was initially planned for the operations of a hotel. However, due to the circumstances described above, the Project's development scenario had to be changed to diversify and secure the required cash flow for the Issuer. Nevertheless, with recovering hotel market and received significant interest from the hotel operators for operating the Project's premises, a lease agreement for operations of a hotel was concluded in July 2024.

However, there remains a risk that the recovery may be slower than anticipated, or that new unforeseen events or prolonged economic instability could impact the hotel's performance. Factors such as renewed travel restrictions, changes in consumer behaviour, geopolitical tensions, or economic downturns could adversely affect the number of tourists and overall demand for hotel services. Consequently, these factors might influence the occupancy rates and profitability of the hotel in the Building Complex, potentially affecting the overall success of the Project which in turn would adversely affect Issuer's ability to redeem the Bonds.

7. Fourth paragraph of Section 4.2 *Information about the Issuer* of the Prospectus on **pages 22-23** is amended and supplemented and fifth paragraph introduced newly to reflect latest financial information of the Issuer according to the audited Financial Statements, so they both shall be read as follows:

<u>Fourth paragraph:</u>

According to the LFRS Audited Financial Statements for the year ended 31 December 2022, the Issuer had a negative equity amounting to - EUR 875,831 during the financial year 2022. The negative equity situation has been rectified in October 2023 by issuing and subscribing by the Fund 50 new Shares of the Issuer with EUR 25 par value each. The subscription price of the new Shares was EUR 3,500,000, which has been paid by the Fund by setting of the obligations for partial redemption of bonds issued under the Bond subscription agreement of 15 November 2018 (disclosed under Section 4.14 Material Contracts), full redemption of the bond subscription agreements of 9 August 2023, 25 August 2023, 7 September 2023, 14 September 2023 and payment of subscription price for the new Shares. As of 16 October 2023, the Company's equity is positive and at the end of 31 December 2023 the Company's equity was EUR 2,513,913. Such change is reflected in the LFRS Audited Financial Statements for the year ended 31 December 2023.

<u>Fifth paragraph:</u>

Additionally, pursuant to the LFRS Unaudited Financial Statements for the half-year period ended 30 June 2024 as at 30 June 2024 the Company's current liabilities exceed current assets by EUR 35,530,902, whereas according to the LFRS Audited Financial Statements for the year ended 31 December 2023, the Issuer's current liabilities exceeded its current assets by EUR 3,4 million as at 31 December 2023.

8. The third paragraph of Section 4.3 *Business Overview and Principal Activities* of the Prospectus on **page 23** is amended and supplemented and restated to reflect the changes in the time schedule of the Project and shall be read as follows:

Since 8 March 2021 when the construction permit was granted, the Issuer is constructing a real estate complex in the centre of Vilnius at Vasario 16-osios g. 1. It is anticipated that a hotel, educational facilities (as kindergarten and/or primary, and/or secondary schools), office and retail facilities, as well as a couple of restaurants and coffee stores, underground parking will operate in the premises of the Project. Therefore, the complex preliminary will consist of three parts: historical part with newly built connections (Gross floor area: 6,290 m²), newly built buildings (Gross floor area: 11,792 m²) and parking space with technical facilities (Gross floor area: 5,820 m²). The completion of the Project is estimated around the middle of 2025. The estimated value of the Project at its completion shall amount up to EUR 76,000,000.

9. The first paragraph of Section 4.4 *Trend Information* of the Prospectus on **page 23** is amended and supplemented and shall be read as follows:

The real estate Project that is being developed by the Issuer will consist of a hotel, educational and office complex, therefore the trends in hospitality market, private education market and office market have an important role on the financial performance and risk of Issuer's activities.

10. Subsections *Global Travel Market* and *Hospitality market in Lithuania* in Section 4.4 *Trend Information of the Issuer* of the Prospectus on **page 23** are newly introduced due to the fact, that the premises of the Project will be used for hospitality services and a hotel will operate there, and shall read as follows:

Global Travel Market

According to the Issuers research (international Real Estate analysis) the global hospitality market is undergoing a period of dynamic transformation influenced by evolving consumer behaviors, technological advancements, and increasing awareness of sustainability. In 2023-2024, the market is characterized by several key trends that are reshaping the industry.

One significant trend is the recovery from the COVID-19 pandemic. The pandemic severely impacted the hospitality sector, leading to unprecedented declines in occupancy rates and revenue. However, as restrictions have lifted and vaccination rates have increased, the industry has been witnessing a robust rebound. Travelers, driven by pent-up demand, are returning to hotels, resorts, and other accommodation options, contributing to a steady recovery in tourism numbers globally.

Sustainability has become a critical focus within the hospitality sector. Guests are increasingly seeking eco-friendly and sustainable travel options, prompting hotels and resorts to adopt green practices. These include energy-efficient operations, waste reduction initiatives, and sourcing local and sustainable materials. Green certifications and eco-friendly practices are not only attracting environmentally conscious travelers but also helping businesses reduce costs and enhance their reputations.

The integration of advanced technology is revolutionizing the guest experience in the hospitality industry. Contactless technologies such as digital check-ins, mobile room keys, and online payment systems have become standard to ensure safety and convenience. Additionally, the use of artificial intelligence and data analytics is enabling personalized guest experiences, from tailored recommendations to customized services, enhancing customer satisfaction and loyalty.

Experiential travel is another prominent trend. Modern travelers are seeking unique and immersive experiences rather than traditional sightseeing. This shift has led to the rise of boutique hotels, themed accommodations, and personalized travel itineraries that offer culturally rich and authentic experiences. Activities such as local culinary tours, adventure tourism, and wellness retreats are gaining popularity as travelers look to create memorable and meaningful journeys.

Business travel and the MICE (Meetings, Incentives, Conferences, and Exhibitions) sector are also evolving. The pandemic accelerated the adoption of hybrid events, which combine in-person and virtual participation. This trend is expected to continue, with technological advancements making it easier to host and attend hybrid events. Additionally, there is a growing emphasis on incentive travel, where companies reward employees with unique travel experiences, boosting demand for high-quality hospitality services.

Accommodation preferences are diversifying. Travelers are increasingly opting for alternatives to traditional hotels, such as short-term rentals, serviced apartments, and boutique lodgings. Platforms like Airbnb have grown in popularity, offering flexibility and a wide range of options. This diversification is catering to different traveler needs, from luxury experiences to budget-friendly stays.

Health and wellness tourism is another sector witnessing significant growth. Travelers are prioritizing their well-being, leading to a surge in demand for spa treatments, wellness retreats, and health-oriented travel experiences. Additionally, medical tourism is on the rise, with travelers seeking high-quality and cost-effective medical treatments abroad. Countries offering advanced medical facilities and attractive recovery environments are becoming popular destinations for medical tourists.

The global hospitality market in 2023-2024 is marked by recovery and adaptation. The industry is leveraging sustainability, technology, and experiential travel to meet the changing demands of modern travelers. As the sector continues to evolve, businesses that innovate and adapt to these trends are likely to thrive in the competitive global landscape.

Hospitality market in Lithuania

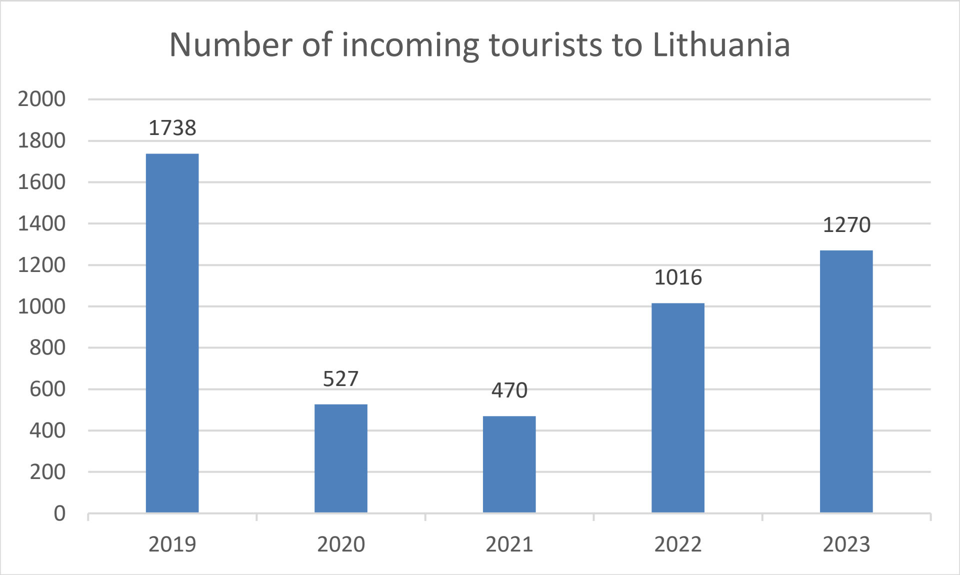
The Lithuanian hospitality market has experienced significant shifts in recent years, influenced by various global and regional factors. The trends for 2023-2024 reflect a blend of recovery from the COVID-19 pandemic, adaptation to new travel behaviors, and an increasing focus on sustainability and digitalization.

In 2019, Lithuania experienced a strong influx of tourists. The country's diverse attractions, including its UNESCO World Heritage sites, vibrant cities like Vilnius, and pristine natural landscapes, drew a significant number of visitors. According to official data, Lithuania welcomed approximately 1.7 million incoming tourists in 2019, marking a notable increase from previous years. This growth was driven by increased marketing efforts, improved infrastructure, and greater international connectivity.

The outbreak of COVID-19 in early 2020 led to a dramatic decrease in tourist numbers in 2020 and 2021. Travel restrictions, lockdowns, and health concerns resulted in a significant drop in international and domestic travel. The number of tourists visiting Lithuania plummeted to around 0.5 million in 2020, a decline of nearly 70% compared to 2019.

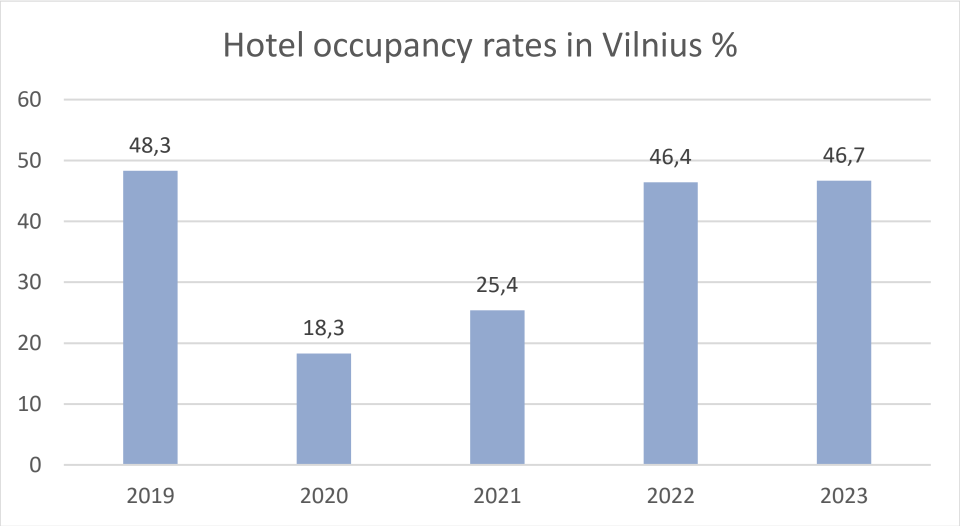
The year 2022 marked a significant rebound in tourism as confidence in travel restored. The lifting of most travel restrictions and increased vaccination rates contributed to a surge in tourist arrivals. Lithuania recorded around 1 million incoming tourists in 2022,

By 2023, Lithuania's tourism industry had largely recovered, with tourist numbers nearing increasing. The country's efforts to promote itself as a safe and attractive destination paid off. The upward trend is expected to continue in 2024, with tourist numbers projected to reach 2019 levels. Lithuania is capitalizing on emerging travel trends, such as sustainability and experiential tourism.

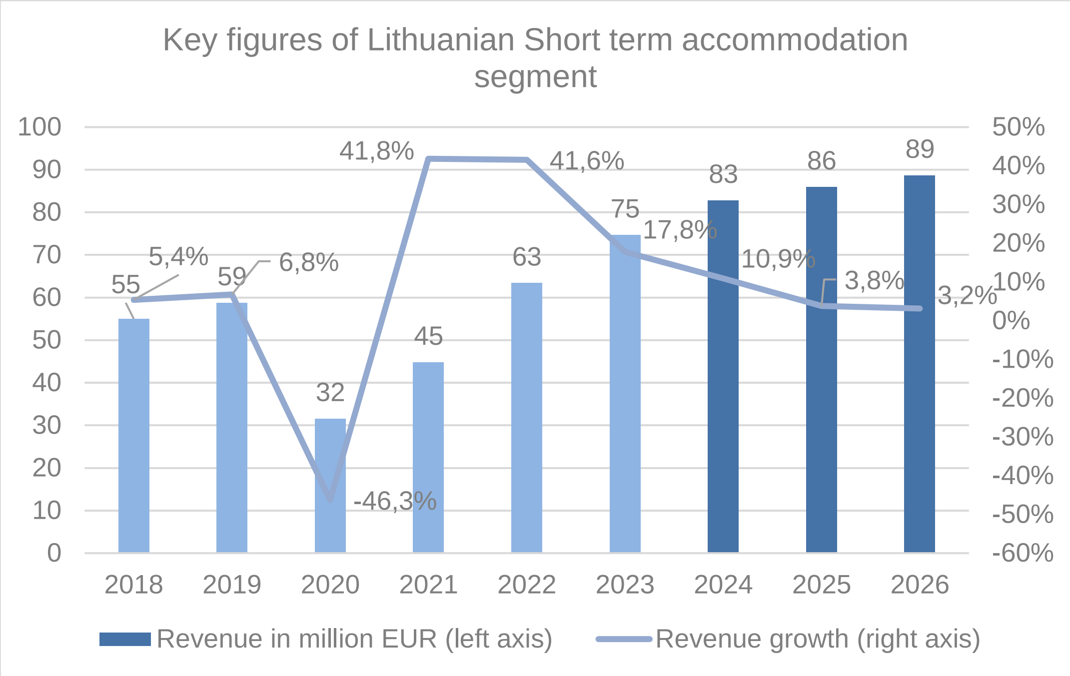


Source: Statistic Lithuania

Despite the challenges posed by the pandemic, tourism in Lithuania, particularly in the Vilnius region, is rebounding to pre-pandemic levels. Hotel occupancy rates are steadily increasing, and the industry is on a path to recovery. Revenues are expected to continue growing, reflecting the resilience and appeal of Lithuania as a travel destination.



Source: Statistic Lithuania



Source: Statista (German company specializing in market and consumer data)

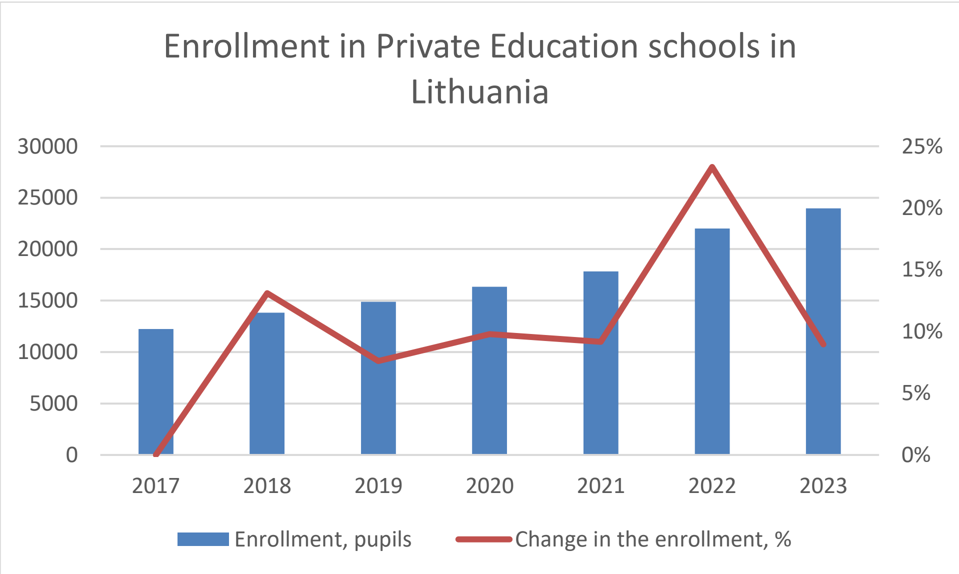
11. Subsection *Lithuanian Private Education sector* of in Section 4.4 *Trend Information of the Issuer* of the Prospectus on **page 24** has been amended with recent data and therefore has been restated and shall read as follows:

Lithuanian Private Education sector

The sector of private (non-state) education is not large in Lithuania but it has been gradually expanding in recent years.

In 2015, there were 40 private schools in Lithuania, at the end of 2023 there were 95, which means 55 new non-state educational institutions were established in the last eight years. In addition, a number of schools have grown from primary schools to junior high schools or primary high schools, and from junior high schools to gymnasiums.

Taking into account the latest publicly available statistics data, from 2017 to 2023 the enrollment in private general education schools have increased by more than 7% each year, with a peaking enrolment change in 2022 by 23%.



Source: Statistic Lithuania

12. First to fourth paragraphs of the subsection *Vilnius office market trends* of in Section 4.4 *Trend Information of the Issuer* of the Prospectus on **page 25** has been amended with recent data and therefore has been restated and shall read as follows:

First paragraph:

The supply of office space in Vilnius grew 9% in 2023 to 1.12mln sqm. The list of completed projects included the B+ class Kintu11, , the second phase of the B+ class Cyber City, the B+ class S28 business centre, A class Flow business center and A class Artery Business center. Pre-leasing at the projects reached nearly 60%.

Second paragraph:

Take-up slower to only about 60% of the historical level in 2023. It will be difficult to reach even that level, though, as tenants are assessing relocation plans more cautiously, extensively, and responsibly. Early in the year there was more activity in the B class segment, but in Q2 more lease transactions were concluded for A class properties.

Third paragraph:

Few major deals took place in 2023. The largest lease transactions were in the central business district. Medicinos Bankas, EPAM systems, Baltic Amadeus, Infes and others all made deals of 900 sqm or more. Some deals involved providers of financial, consulting, and transportation services. Others involved IT, technology, game industry, fintech, and logistics companies seeking better offices for their employees. Decisions on office leases are generally being put off until the economic environment stabilizes.

Fourth paragraph:

2023 stood out for increased activity both at construction sites and in project planning. Among the biggest projects of the future are the HERO and BS Central business centres, which are already in full swing. They will add new multifunctional or business-only spaces within the central business district or on its outskirts.

13. On **page 34**, Section 4.10.1 *Audited Financial Statements* of the Prospectus is updated with the newest financial information and due to changes in definitions, restated as follows:

Please refer to Section 4.1 *Statutory Auditors* regarding the information, related to audit of the BAS Audited Financial Statements and LFRS Audited Financial Statements and other information of the Prospectus, including information presented below in respect to the BAS Audited Financial Statements and LFRS Audited Financial Statements. The BAS Audited Financial Statements for the year ended 31 December 2021, the LFRS Audited Financial Statements for the years ended 31 December 2022 and 31 December 2023, also the LFRS Unaudited Financial Statements for the half-year period ended 30 June 2024 can be found as documents included into this Prospectus by reference as indicated in Section 2.5 *Information incorporated by Reference* under https://lordslb.lt/orkela_bonds/.

14. On **page 34**, second and third paragraphs of Section 4.10.2 *Qualifications and emphasis of the matter* of the Prospectus are updated due to changes in definitions. Moreover, Section 4.10.2 *Qualifications and emphasis of the matter* of the Prospectus is supplemented:

Second paragraph:
The auditor's report on the Company's LFRS Audited Financial Statements for the year ended 31 December 2022 contains a notice on the negative equity of the Company on 31 December 2022 and concerns regarding the business continuity of the Company.

Third paragraph:

Below is a full quote from the first page of the auditor's report on the Company's LFRS Audited Financial Statements for the year ended 31 December 2022.

New paragraphs:

Additionally, the auditor's report on the Company's LFRS Audited Financial Statements for the year ended 31 December 2023 contains a notice on the Company's liquidity gap and concerns regarding the business continuity of the Company.

Below is a full quote from the first page of the auditor's report on the Company's LFRS Audited Financial Statements for the year ended 31 December 2023:

"*We draw attention to Note 3.15 which describes that the Company's current liabilities exceed its current assets by EUR 3,4 million as at 31 December 2023. Furthermore, non-current liabilities amounting to EUR 23.3 million as at 31 December 2023 will fall due on 19 January 2025. The financial statements for year ended 31 December 2023 have been prepared on the assumption that the Company will be able to continue as a going concern in the foreseeable future and the going concern assessment is based on assumptions that in 2024 the Company will successfully raise EUR 24 million financing from bond emission and equity contribution, and in January 2025 the Company will raise EUR 40 million for redemption of bonds that mature on 19 January 2025. As at the date of the approval of the financial statements no financing agreements were signed for settlement of Company's liabilities as they fall due. These events and conditions, along with other matters included in Note 3.15, indicate that a material* *uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter*."

15. Section 4.12 *Significant change in the Issuer's Financial Position* of the Prospectus on pages **34-35** is amended and restated according to the information available in the latest Financial Statements and shall read as follows:

There has been no significant, material adverse change in the Issuer's financial position since the last reporting year, except that as reflected in the LFRS Audited Financial Statements for the year ended 31 December 2023 the Issuer's current liabilities exceeded its current assets as at 31 December 2023. For more information, please see Section 4.10.2 Qualifications and emphasis of matter and Negative equity, current liabilities exceeding the current assets and business continuity risk under Section 3.1.1 Financial Risks.

The General Manager is aware of no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year outside the course of its regular business activities.

16. On **page 36**, Section 4.14 *Material Contracts* of the Prospectus the row "Maturity term" in the table *Intragroup bond subscription agreement* is amended. The row "Maturity term" in the table *Intragroup bond subscription agreement* of the Section 4.14 *Material Contracts* of the Prospectus has been amended due to technical error in the previous version of the Prospectus:

Maturity term	19 April 2025	19 May 2025

17. On **page 37**, the following parts under subsection "*Other material contracts*" of Section 4.14 *Material Contracts* of the Prospectus are introduced:

*Interior design Agreement for AC Hotel by Marriott concluded by the Issuer and UAB "Nordinary" on 23 May 2024 (*the **Interior Design Agreement***)*

- Subject matter of the Interior Design Agreement: interior and fit out the Project according to Brand standard at the Hotel building located at Vasario 16 st. 1, Vilnius, the Republic of Lithuania.
- Term of the Interior Design Agreement: until May 2025.

Applicable law and dispute resolution: the Interior Design Agreement is governed by Lithuanian law. The disputes arising out of or in connection with the Interior design agreement shall be settled by Vilnius Court of Commercial Arbitration. *Lease agreement concluded by the Issuer and UAB Pakeira on 6 June 2024* (the **School Lease Agreement**)

- Subject matter of the School Lease Agreement: lease of the building complex located at Vasario 16 st. 1, Vilnius, the Republic of Lithuania to UAB Pakeira (the **Tenant Pakeira**) for activities of general education, preschool, primary, secondary education, other education and activities of education-specific services; administrative (office) activities, to the extent necessary to ensure the performance of the above-mentioned activities.
- Term of the Lease Agreement: 25 (twenty-five) years from and including the lease commencement date.

Sub-lease agreement concluded by the Tenant and Viešoji įstaiga Šiuolaikinės mokyklos centras on 6 June 2024 (the **School Sub-lease Agreement**)

- Subject matter of the School Sub-lease Agreement: sublease of the part of the building complex located at Vasario 16 st. 1, Vilnius, the Republic of Lithuania to *Viešoji įstaiga Šiuolaikinės mokyklos centras* for activities of school in the name of "Modern Private School Center" (in Lithuanian: *Šiuolaikinės mokyklos centras*): activities of general education, preschool, primary, secondary education, other education and activities of education-specific services; administrative (office) activities, to the extent necessary to ensure the performance of the above-mentioned activities.
- Term of the School Sub-lease Agreement: 25 (twenty-five) years from and including the sub-lease commencement date.

Lease agreement concluded by the Issuer and UAB "Reitan Coveinience Lithuania" on 2 August 2024 (the **Reitan Office Lease Agreement**)

- Subject matter of the Reitan Office Lease Agreement: lease of 597 sq.m office space at the building complex located at Vasario 16 st. 1, Vilnius, the Republic of Lithuania to UAB "Reitan Coveinience Lithuania" for administrative (office) activities.
- Term of the Lease Agreement: 10 (ten) years from and including the lease commencement date.

Owner agreement concluded by the Issuer, the Tenant Pakeira and ACHM GLOBAL HOSPITALITY LICENSING S.À R.L. on 17 July,2024 (the **Owner Agreement**)

- Subject matter of the Owner Agreement: the Issuer will develop and maintain hotel at the property located at Vasario 16 st. 1, Vilnius, the Republic of Lithuania (the **Hotel**), the Tenant Pakeira will have a right and obligation to operate the Hotel as a Marriott System hotel.
- Term of the Owner Agreement: 25 (twenty-five) years from the Hotel opening date.

Franchise agreement concluded by the Tenant Pakeira and ACHM GLOBAL HOSPITALITY LICENSING S.À R.L. on 17 July,2024 (the **Franchise Agreement***)*

- Subject matter of the Franchise Agreement: the Tenant will have the right to operate the Hotel under the trademark of “AC Hotel by Marriott”.
- Term of the Franchise Agreement: 25 (twenty-five) years from the Hotel opening date.
- Additional information: the Issuer and Tenant Pakeira will enter into a lease agreement for lease of the part of the building complex for operations of the Hotel. The respective announcement will be made on Nasdaq operated Central Storage Facility at www.crib.lt

Hotel management agreement concluded by the Tenant Pakeira and Apex Alliance Hotel Management, UAB on 27 August, 2024 (the **Management Agreement**)

- Subject matter of the Management Agreement: the Apex Alliance Hotel Management, UAB will operate the Hotel on a daily basis under the Owner and Franchise Agreements.
- Term of the Management Agreement: 20 (twenty) years from the Hotel opening date.

18. Due the Issuer’s decision to implement an alternative Project’s development scenario, the following paragraphs of Section V *Project Description* of the Prospectus on **pages 38-42** are supplemented, amended and restated in as follows (presented here without graphical information):

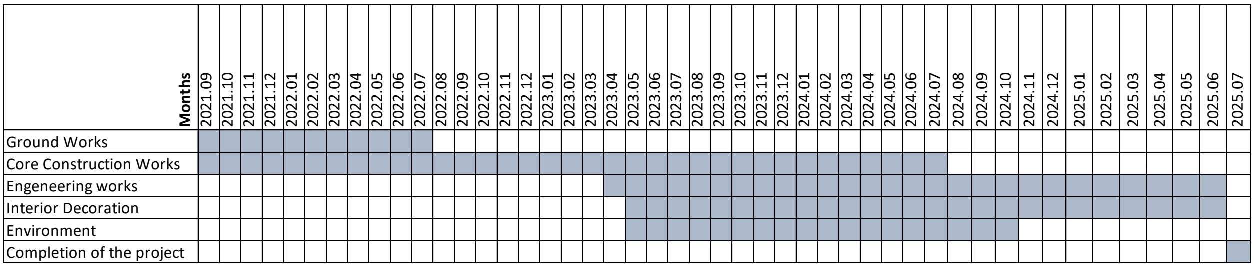
V. PROJECT DESCRIPTION

The Issuer is developing and constructing the Project (i.e. hotel, educational and office real estate complex in the centre of Vilnius at Vasario 16 st. 1). The complex will preliminarily consist of three parts. The Project is located in the city centre, between the Neris river and Lukiškių square. The urban tradition of the place will be developed, and a coherent and vibrant quarter will be formed, which will be attractive to citizens and tourists alike.

The Company has started the preparatory works in September of 2021. The complex was initially intended to be built as a hotel and school complex completion of which was initially projected by the end of 2023, secondly as international school with hospitality (boarding) services to be completed around Q3 of 2024. However, as two main material contracts in respect to the lease of the Project premises were terminated in November 2023, the Issuer finally has decided to implement an alternative Project’s development scenario under which it is anticipated that a hotel, educational facilities (as kindergarten and/or primary, and/or secondary schools), office and retail activities, as well as a couple of restaurants and coffee stores, underground parking will operate in the premises of the Project.

Under the revised construction schedule the completion of the Project is projected around July 2025. However, considering that under the revised Project’s development scenario the Project’s premises will be subject to additional design works that might affect the final timeline of the construction of the Project and Project might not be completed by the time expected. Moreover, as the Issuer is switching to multitenant structure, the Issuer’s success in finding tenants for full occupancy of the Building Complex and fit out of the Project’s premises for separate tenants might also have an impact on the final date of completion of the whole Project and generation of expected return from lease of the Project’s premises.

The development timeline is presented below:

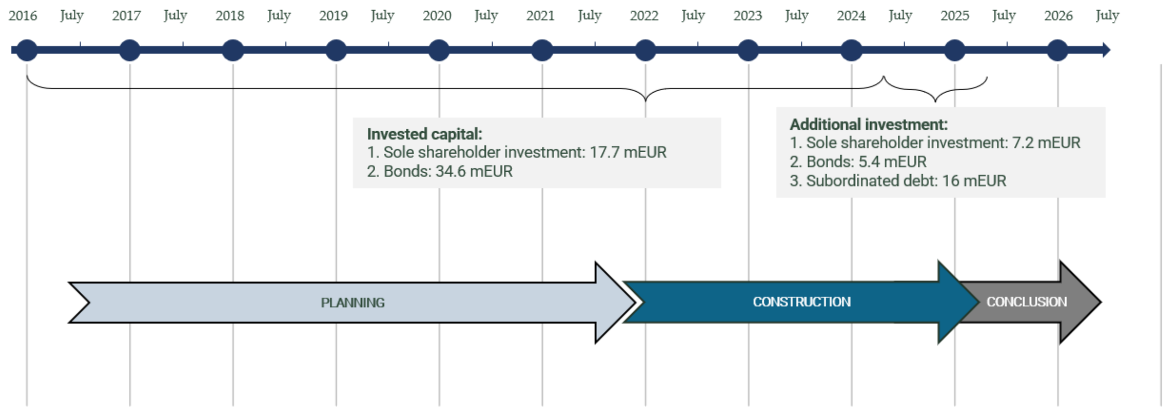


Source: the Company

- the forth stage of the financing would be the third part of the Bond Issue in Tranches in the amount of up to EUR 19,049,000 which would be raised under this Prospectus;
- the last stage of the financing would be subordinated debt in the amount of EUR 16,000,000 expected to be received in early 2025.

Under current market conditions the developed and fully leased Project under the hotel, school and office scenario would generate annually EUR 4,519,000 of net operating income as hotel would bring EUR 2,654,000, educational and office facilities would bring EUR 1,520,000 and parking would generate EUR 345,000. Please note that the Issuer is expecting to start receiving rental income under the lease agreements with tenants once the Project is completed and the handover deeds are signed with tenants. It is expected to reach full occupancy in Q3 of 2025, therefore at the beginning the Issuer might generate lower income from lease of the Project. Currently, the completion of the Project is scheduled around July 2025.

Below is the visual presentation of the financing structure:



Source: the Company

<u>Hotel facilities</u>

Hotel and other hospitality facilities will have a gross floor area of 11,792 m². The hotel will feature a landscaped courtyard and a conference centre with a capacity of 400 guests. Hotel buildings are 5 storeys high, with 271 rooms, shops, restaurants, cafes on the ground floors, a bicycle path along the street, trees and shrubs. A lobby lounge bar and a restaurant located at the main entrance would provide accessibility for hotel guests as well as for city residents. Cosy SPA area with a gym would be designed for visitors to enjoy amazing views of the towers of St Jacob and Philip church.

UAB “Pakeira”, a subsidiary of the Fund has entered into the Franchise Agreement with the AC Hotel by Marriott brand whereas the Issuer will enter into the Lease Agreement with UAB “Pakeira” in respect to lease of the Hotel Property (for more details please refer to Section 4.14 *Material Contracts*).

AC Hotel by Marriott brand is a part of Marriott International. Marriott International Hotels were chosen as a franchise provider to the hotel part of the Project. Marriott International is the largest hotel company in the world by the number of available rooms. It has 36 brands with 8,785 properties containing 1,597,380 rooms in 141 countries and territories.

19. First paragraph of the subsection “Audited information” (Section 6.8 *Additional Information)* of the Prospectus on **page 72** is amended to be in line with the latest Financial Statements and therefore shall read as follows:

The BAS Audited Financial Statements for the year ended 31 December 2021 and LFRS Audited Financial Statements for the years ended 31 December 2022 and 31 December 2023 (incorporated by reference in the Prospectus) were audited by UAB “KPMG Baltics”, legal entity code 111494971, having its registered address at Lvivo st. 101, LT-08104 Vilnius, the Republic of Lithuania. The audit for the years 2021 and 2022 was executed by auditor Mrs. Ieva Voverienė, auditor’s licence No. 000329.