FINAL TERMS OF THE BONDS

7 March 2025

UAB "KVARTALAS"

Issue of up to EUR 10,000,000 Bonds

under the EUR 50,000,000 Bond Issue

This document constitutes the Final Terms for the Bonds described herein and must be read in conjunction with the Issuer's base prospectus drawn up by the Issuer, dated 18 November 2024 (the **Prospectus**) and Terms and Conditions which are provided therein. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms, the Terms and Conditions and the Prospectus. The Prospectus (including all its supplements (if any)) is and will be available for acquaintance at the Issuer's website (www.savarzele.lt/en/investment/). Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Bonds.

Before making a decision to invest in the Bonds each prospective investor shall read the Prospectus, taking into account the risks outlined therein.

A summary of this Tranche of Bonds has been appended to these Final Terms. The Final Terms have been approved by a Decision of Sole Shareholder dated 13 November 2024. The Final Terms have been filed with the Bank of Lithuania but are not subject to approval proceedings.

1.	Issuer	UAB "Kvartalas"
2.	Number of Tranche	2
3.	Maximum Aggregate Nominal Value of the Issue	EUR 50,000,000
4.	Maximum Aggregate Nominal Value of the Tranche	EUR 10,000,000[1].
5.	Maximum Aggregate Nominal Value of the Tranche for Offering through the Auction	EUR 10,000,000[2].
6.	Issue currency	EUR
7.	Nominal Value	EUR 100
8.	Issue Price	Issue Price without accrued interest: EUR 101.5749 (101.5749% per Nominal Amount). Issue Price with accrued interest: EUR 103.8386 (103.8386% per Nominal Amount)
9.	Minimum Investment	1 Bond

[1] The aggregate Nominal Value of the Tranche may be increased by the Issuer before or on the Issue Date. The Issuer shall amend the Final Terms and publish the updated Final Terms on the Issuer's website before or on the Issue Date.
[2] Same rule as per footnote No. 1 above.

	Amount	
10.	Issue Date	1 April 2025
11.	Final Maturity Date	19 December 2026 Please note that the Bonds may be redeemed, either wholly or partially, at the option of the Issuer prior to the Final Maturity Date on the following conditions: (i) the Bondholders and Trustee shall be notified at least 30 calendar days in advance on the anticipated early redemption of the Bonds; (ii) on the Early Redemption Date, the Issuer shall pay to the Bondholders full Nominal Value of the redeemable Bonds together with the unpaid interest accrued up to the relevant Early Redemption Date (excluding) and a premium of 1 % (to be calculated from the Nominal Value of the Bonds) if the Early Redemption Date occurs 19 December 2024 and 19 June 2026 (inclusive); (iii) no premium shall be paid if the Early Redemption Date is after 19 June 2026, and on the Early Redemption Date the Issuer shall pay to the Bondholders full Nominal Value of the redeemable Bonds together with the unpaid interest accrued up to the relevant Early Redemption Date (excluding).
12.	Redemption/Payment Basis	Redemption at par
13.	Interest	
	(i) Interest Payment Dates	19 June 2025, 19 December 2025, 19 June 2026, 19 December 2026, or if applicable, Early Redemption Date, Early Maturity Date or the De-listing Event or Listing Failure Put Date
	(ii) Interest Rate	8% (fixed) annually
	(iii) Interest calculation method	Act/Act (ICMA) count convention
14.	Yield	7.00% per annum. Yield is calculated based on the Nominal Amount and on the Issue Date. Actual yield may differ depending on the price paid for a specific bond by an investor.
15.	Record Date	Fourth Business Day before the Interest Payment Date, Final Maturity Date, Early Redemption Date, Early Maturity Date or De-listing Event or Listing Failure Put Date, whichever is relevant**.**

16.	Offering jurisdictions	The Republic of Lithuania, Estonia and Latvia
17.	Subscription Period	13 March 2025 – 25 March 2025
18.	Payment Date	N/A. In connection with the subscription by way of an Auction, the settlement for the Bonds shall be carried out on 1 April 2025 (Delivery versus Payment).
19.	ISIN code	LT0000411167
20.	Expected listing and admission to trading on the Bond List of Nasdaq date	Within 4 months as from placement of the Bonds of this second Tranche the latest, but the Issuer expects to complete listing and admission to trading on the Bond List of Nasdaq by 23 April 2025.
21.	Placing and underwriting	N/A
22.	Subscription channels	Subscription by way of an Auction through Nasdaq where the Subscription Orders shall be accepted by the Exchange Members.
23.	Allocation rule (in case of oversubscription)	The Issuer will decide on the allocation of the Bonds after the expiry of the Subscription Period. The Offering results will be publicly announced on 26 March 2025. The Arranger shall be eligible to participate in the Bonds Issue, i.e. no restrictions on the Arranger's proprietary Subscription Orders or Subscription Orders provided on behalf of its clients. Please note that, in accordance with the Auction Rules, Exchange Members are required to provide all information about the investors as specified therein. If this information is not submitted by the Exchange Members as outlined in the Auction Rules or is incomplete, the Arranger of the Auction reserves the right to cancel or exclude from allocation any Subscription Orders with incomplete information. Since investors waive any right to challenge the Arranger's decision regarding the invalidity of Subscription Orders on this basis, investors must ensure they promptly provide all requested information to the Exchange Members. In the event of oversubscription, the Bonds will be allocated to the investors in accordance with the following principles, which the Issuer, in consultation with the Dealer, may adjust based on the received Subscription Orders during the Offering of the second Tranche, the total demand: (i) the allocation shall be aimed to create a solid, reliable and diversified investor base for the Issuer; (ii) the Issuer may apply different allocation principles to a different group of investors; and (iii) the Issuer may set a minimum and a maximum number of the Bonds allocated to one investor.

		Investors waive any right to complaint decision of the Issuer on the Bonds' allotment as disclosed in the Prospectus and herein.
24.	Collateral	Collateral subject to the first ranking mortgage shall consist of the Land Plot (unique No. 0101-0032-0250) at Konstitucijos ave. 14A, Vilnius, the Republic of Lithuania and Building under construction (business center "Sąvaržėlė"; unique No. 4400-6487-5418) situated on the Land Plot. Pursuant to the real estate valuation report by UAB "NEWSEC VALUATIONS" (legal entity code 126212869, registered address at Konstitucijos ave. 21C, Vilnius, certificate No. 000170) dated 8 November, by 30 September 2024 the market value of the entire Collateral was EUR 31,520,000. The Collateral Agreement, creating a first-ranking maximum mortgage over the Collateral specified above was concluded on 4 December 2024, notarial register No. 2103, identification code 30000145206962.

Signed on behalf of UAB "Kvartalas"

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Ieva Antanaitytė-Genevičienė

SUMMARY

This Summary (the **Summary**) is a brief overview of the information disclosed in the base prospectus (the **Prospectus**) dated 18 November 2024 in connection with the public offering (the **Offering**) of up to 500,000 bonds with the nominal value of EUR 100 each (the **Bonds**) (the **Issue**) of UAB "Kvartalas", legal entity code 305475438, with its registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania (the **Company** or **Issuer**) during the period of up to 12 months in separate series (the **Tranche**).

This Summary has been appended to the final terms applicable to the Bonds issued in the second Tranche (the **Final Terms**) and is, therefore, specific to the Bonds of the second Tranche. Information given in this Summary has been presented by the Company as at the registration of the Prospectus, unless otherwise stipulated. Terms used in this Summary shall have the meanings assigned under the Prospectus, unless stated otherwise.

1. INTRODUCTION AND WARNINGS

1.1. Name and ISIN of the Bonds

EUR 8.00 KVARTALAS BONDS 24-2026 with ISIN LT0000411167.

1.2. Identity and contact details of the Issuer, including its LEI

UAB "Kvartalas" is a private limited liability company established and existing under the laws of the Republic of Lithuania (including, but not limited to the Law on Companies of the Republic of Lithuania, Civil Code of the Republic of Lithuania, etc.), legal entity code 305475438, registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania.

Contact details: tel. No +370 5 261 9470, e-mail rbdf@lordslb.lt.

Issuer's LEI is 98450090J5CC5A19F957.

1.3. Identity and contact details of the competent authority approving the Prospectus

The Prospectus has been approved by the Bank of Lithuania, as competent authority under the Prospectus Regulation, with its head office at Gedimino ave. 6, LT-01103 Vilnius, the Republic of Lithuania and telephone number: +370 800 50 500.

1.4. Date of approval of the Prospectus

The Prospectus was approved on 18 November 2024.

1.5. Warning

(i) This Summary has been prepared in accordance with Articles 7 and 8 of the Prospectus Regulation and should be read as an introduction to the Prospectus.
(ii) Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor.
(iii) Any investor could lose all or part of their invested capital or incur other costs, related to disputes with regard to the Prospectus or Bonds.
(iv) Civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.

2. KEY INFORMATION ON THE ISSUER

2.1. Who is the issuer of the securities?

2.1.1. *Domicile, legal form, LEI, jurisdiction of incorporation and country of operation*

The Issuer is incorporated in the Republic of Lithuania with its registered office at Jogailos st. 4, Vilnius, the Republic of Lithuania and its LEI is 98450090J5CC5A19F957. The Issuer is incorporated and registered as a private limited liability company in the Register of Legal Entities of the Republic of Lithuania with legal entity code 305475438. The information about the Issuer and the Offering can be found at www.savarzele.lt/en/investment/.

2.1.2. *Principal activities*

The Company was established on 24 February 2020. On 28 April 2021 the Issuer has acquired the land plot at Konstitucijos ave. 14A, Vilnius with unique No. 0101-0032-0250 (the **Land Plot**) for the development and construction of an A++ class business centre "Sąvaržėlė" with unique No. 4400-6487-5418 (the **Building**) (the **Project**). On 1 October 2021 the closed-ended real estate investment fund intended for informed investors Right Bank Development Fund (the **Fund** or **Sole Shareholder**) has acquired 100% of shares of the Company.

The Project will consist of seven above-ground floors, offering a total gross floor area of 19,235 m² dedicated to office and commercial spaces. Additionally, there will be two underground levels with a gross floor area of 11,048 m², primarily serving as a car parking facility.

The Company has secured a leasing contract with AB Šiaulių bankas for 46% of the total Project's gross leasable area (the **GLA**). AB Šiaulių bankas will be an anchor tenant of the Project with a strong reputation in the market as the longest-established and largest bank with Lithuanian capital.

The completion of the Project is estimated around the Q4 of 2025. The Project is expected to achieve a BREEAM "Outstanding Sustainability" certification in "New Construction" category. The Issuer estimates that the total investment cost of the Project at its completion will amount to EUR 78.1 million.

2.1.3. *Major shareholders*

The current registered and fully paid-in share capital of the Company is EUR 4,034,000 which is divided into 4,034,000 ordinary shares of the Company (the **Shares**) with the nominal value of EUR 1. All Shares issued by the Company are dematerialized ordinary registered Shares.

As at the date of the Prospectus, the Issuer is wholly controlled by the Sole Shareholder (Fund) and there are no other shareholders holding directly over 5% of Shares. The Fund is being managed by UAB „Lords LB Asset Management“ (legal entity code 301849625, registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania) (the **Management Company**), which was established in 2008 and has extensive experience in managing commercial real estate developments in Lithuania, including projects in the Vilnius Central Business District such as the SEB Headquarters, Lvivo Business Centre, Artery, and K29 Business Centre.

2.1.4. *Key managing directors*

The Issuer has no Supervisory Council or Management Board, and its CEO is Ms. Ieva Antanaitytė-Genevičienė.

2.1.5. *Identity of the independent auditor*

The audited financial statements for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 (the **Audited Financial Statements**) were prepared in accordance with the Lithuanian Financial Reporting Standards (**LFAS**).

The audited financial statements for the year ended 31 December 2024 were audited by the audit company PricewaterhouseCoopers, UAB, legal entity code 111473315, having its registered address at J. Jasinskio st. 16B, Vilnius, the Republic of Lithuania. The auditor Rimvydas Jogėla is the independent auditor of the Audited Financial Statements for the year ended 31 December 2024.

The audited financial statements for the years ended 31 December 2022 and 31 December 2023 were audited by the audit company UAB "KPMG Baltics“, legal entity code 111494971, having its registered address at Lvivo st. 101, Vilnius, the Republic of Lithuania. The auditor Ieva Voverienė is the independent auditor of the Audited Financial Statements for the years ended 31 December 2022 and 31 December 2023.

2.2. <u>What is the key financial information regarding the Issuer?</u>

The Issuer is a limited liability company aimed at the Project development, and as the Project is at development and construction stage, at the moment of the approval of the Prospectus the Company does not generate revenue from the Project. The Company uses its debt and equity financing exclusively for the development and construction of the Project.

The Audited Financial Statements for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 were prepared in accordance with the LFAS. The Financial Statements are incorporated into the Prospectus by reference.

Audit company issued unqualified auditor's opinions regarding the Audited Financial Statements for the years ended 31 December 2022, 31 December 2023 and 31 December 2024.

<u>Table 1. Income statement (EUR)</u>

Year	2024.12.31 (audited)	2023.12.31 (audited)	2022.12.31 (audited)
Operating profit/loss	(278,573)	5,156	(29,752)

Source: the Financial Statements

<u>Table 2. Balance sheet (EUR)</u>

Year	2024.12.31 (audited)	2023.12.31 (audited)	2022.12.31 (audited)
Net financial debt (long term debt plus short term debt minus cash)[1]	22,507,756	12,493,193	10,811,863
Current ratio (current assets/current liabilities)	1.86	7.90	6.88
Debt to equity ratio (total liabilities/total shareholder equity)[1]	19.85	5.27	3.54
Interest cover ratio (operating income/interest expense)[1]	(0.37)	0.01	(0.06)

Source: the Financial Statements

<u>Table 3. Cash flow statement (EUR)</u>

Year	2024.12.31 (audited)	2023.12.31 (audited)	2022.12.31 (unaudited, but comparative figures for 2022 included in the Audited

[1] At the end of 2022 and 2023 the Company had no external financing, and its operations were financed by the Sole Shareholder through Intercompany debt, as disclosed in the Prospectus section 13.5. Related Party Transactions.

			Financial Statements for the year ended 31 December 2023)
Net Cash flows from operating activities	(195,764)	620,549	(20,757)
Cash flows from financing activities	13,609,286	2,500,000	1,550,000
Net Cash flow from investing activities	(9,063,391)	(1,834,252)	(1,600,022)

Source: the Financial Statements

2.3. What are the key risks that are specific to the Issuer?

Financial risks

(i) **Construction cost and Project's success risk.** The Company is undertaking the development of an A++ class business center "Sąvaržėlė" in the Republic of Lithuania. While construction is slated for completion by the end of 2025, within an estimated total Project cost of 78.1 million EUR, it is important to note that construction commenced in early 2024, and there is no assurance that all planning information was accurate or fully comprehensive. Investments in newly constructed buildings carry more risk compared to investments in completed properties, as they do not yet generate operating income (e.g., rent) but still incur significant costs, including construction expenses, real estate taxes, and insurance. Real estate development also involves the risk of committing substantial financial resources to projects that could be cancelled due to legal or regulatory issues, experience prolonged completion times, or incur higher-than-anticipated costs. Additionally, there is a risk of significant losses if third parties fail to successfully complete construction, potentially resulting in delays and cost overruns. Furthermore, global market conditions, such as the ongoing Russia-Ukraine war, volatility in the electricity market, and fluctuations in the supply chain for building materials could greatly influence key variables like financing costs, operating expenses, and construction costs. Consequently, the Project could encounter delays, generate less revenue, or incur higher costs than initially expected. These delays may also lead to tenants terminating existing agreements, which could further impact the Company's financial position and its ability to meet its obligations to Bondholders. Therefore, the Issuer considers the risks outlined herein to be significant. Should these risks materialize, the Bondholders may not receive the anticipated return on their investment and, in the worst-case scenario, could lose the entirety of their investment.

(ii) **Tenants' risk.** As of the date of the Prospectus, the Company has secured a leasing contract with AB Šiaulių bankas, for 46% of the total Project's GLA. AB Šiaulių bankas is the only tenant as of the date of the Prospectus. However, the lease agreement with AB Šiaulių bankas may be terminated due to the fault of either party in the event of a material breach, for example the Company's failure to hand over the premises to the lessee (AB Šiaulių bankas) or the lessee's failure to take over the premises from the Company, or the termination may occur due on other contractual grounds, subject to penalties and other sufficient compensation. Furthermore, given the increasing supply of business centres in Vilnius and the competitive rental market, the Company may need to offer discounts to attract tenants or make significant additional investments that cannot be accurately forecasted. Additionally, broader economic factors, such as fluctuations in interest rates, changes in demand for commercial spaces, or shifts in tenant preferences, could also impact leasing efforts. If the market slows down, leading to higher vacancies and increased pricing competition, there is a risk of prolonged vacancies and lower-than-expected income. Although the Issuer considers that, as of the date of the Prospectus, the risks outlined herein are moderate – given that construction progress is in line with the Project's schedule and cost structure, as well as the still remaining demand for new commercial spaces in Vilnius – the materialization of these risks could significantly affect the overall financial viability of the Project and the Company's ability to meet its financial obligations, including those to the Bondholders.

(iii) **Credit and default risk of the Company.** The Company is a special purpose vehicle established for the construction, development, and fit-out of a single real estate Project. At the moment, considering the development stage of the Project, the Company does not generate revenue from the operations of the business center under development, all its activities are primarily financed by the Sole Shareholder and further, also by the Bonds to be issued under the Prospectus. Company's financial statements show continuing increase in liabilities, however the value of the Project under development is rising with each construction day as well. Consequently, reliance on external financing and timely decisions of the Management Company considering the increased balance sheet liabilities poses a credit risk for the Company if its capital needs are not met. Furthermore, the existing and anticipated increases in the Company's debt obligations related to the equity capital provided by the Sole Shareholder shows the tight financial link between the Sole Shareholder and the Company. The injected equity capital provided by the Sole Shareholder, starting from the date of its subscription, shall be deemed as fully subordinated and ranking below the Bonds of the Issue (including all payments under the Prospectus, if any). This indicates that in the event of insolvency or default, the Bondholders will have a higher priority than the Sole Shareholder for the repayment of the Issuer's debt obligations. Specifically, the debt to the Sole Shareholder will be repaid only after all Bondholders' claims have been fully settled. Therefore, investing in the Bonds carries credit risk, meaning the Company may not meet its obligations on time or in full due to the materialization of the credit risk. Even though all of the Company's debt obligations to the Sole Shareholder under any bond subscription agreement are fully subordinated in favour of the Bondholders, the Company's ability to fulfill these obligations, and the Bondholders' ability to receive payments, still depends on the Company's financial health and operational performance, which are subject to the additional risks detailed in the Prospectus. In the event of the Company's insolvency, Bondholders may not receive full or any payments related to the Bonds. The Company cannot guarantee that defaults will not occur before the Bonds' Final Maturity Date. Therefore, investors should independently assess the Issuer's creditworthiness before investing in the Bonds. Under the circumstances outlined above, the Company has assessed the risk as medium, but should the risk materialize, it would have a significant impact on the Company's financial position, reputation ability to meet its financial obligations.

(iv) **Liquidity risk**. Liquidity risk is the risk that the Company may not have enough cash or liquid assets to meet its payment obligations and redeem the Bonds when due. Maintaining liquidity and accessing long-term financing are essential for the Company to meet its financial commitments. However, future difficulties in accessing financial markets could make obtaining funding more challenging or costly. There is no guarantee that the Company will be able to secure financing at a reasonable cost, or at all. The Company may also face risks from the solvency of its financial counterparties, which could negatively impact its business, financial condition, and operational results. Although the Management actively monitors and manages liquidity risk and after considering various internal and external factors, the Company has assessed liquidity risk as medium, a decline in the Company's liquidity could materially harm its business, financial health, and ability to redeem the Bonds at maturity if it does not receive the necessary capital injections.

Business activities and industry risks

(i) **Real estate market risk.** The real estate market is inherently volatile, and there is a risk that real estate investments may lose value over time. Since the Company's operations are closely tied to real estate construction and development, its primary risk is the fluctuation in the real estate market, which could decrease the liquidity and value of its assets. Additionally, real estate market is competitive, which arises from the current supply of business centers in Vilnius, as well as several other business centers that are under construction and scheduled for completion around a similar time as the Project. Given that the real estate market is closely linked to the overall state of the economy in Lithuania and internationally, the Company's target clients (tenants) may slow their expansion and growth plans, thus interest in the Company's services may decrease and it may be difficult to find suitable tenants for the Project. Fluctuations in the real estate market may be driven by rising interest rates and reduced access to financing, which can dampen buyer activity while increasing the number of properties for sale. This scenario could result in declining asset prices and lower transaction volumes, potentially harming the Company's financial position if it decides to sell the Project. Moreover, a decrease in the value and liquidity of real estate assets used as Collateral for Bondholders could affect the Company's ability to meet its obligations to Bondholders, thereby impacting their claims against the Issuer regarding the Bonds. Even though as of the date of the Prospectus there is no significant economic downturn domestically and there is a growing demand for environmentally sustainable real estate developments in the capital of the Republic of Lithuania, the Company has assessed the risk and its impact on the Company's financial standing as significant as the real estate market can be quickly impacted by adverse circumstances.

(ii) **Risk of limited investment diversification.** The concentration of the Company's activities and investments in a single Project elevates the Company's risk profile. Although the Project's development and construction are progressing according to schedule and estimated cost structure, lack of diversification makes the Company more vulnerable to adverse developments specific to the Project. Since the Company has no other real estate assets or revenue-generating activities, it evaluates this risk as medium. Any setbacks or financial difficulties encountered during the development of this real estate Project could have a significant adverse impact on the Company's financial health. Such issues could disrupt the progress of the Project, increase costs, or delay completion. This, in turn, would affect the overall risk dynamics of the investment, potentially jeopardizing the Company's ability to generate anticipated returns and meet its financial obligations. Consequently, the Company's ability to redeem the Bonds at maturity could be compromised, amplifying the risk for Bondholders.

Legal risks

(i) **Risk of legal disputes.** Although the Company is not currently involved in any legal proceedings and considers this risk to be remote, it cannot guarantee that disputes with tenants or other counterparties will not arise in the future. The outcomes of such disputes are unpredictable but may result in early termination of major Project related agreements. If a dispute was to be resolved unfavourably for the Company, it could adversely impact its operations, financial condition, and reputation and may cause the materialization of the above described credit risk. The Company might be required to pay damages, including the opposing party's legal costs as well as its own legal expenses. Moreover, disputes may cause delays in the successful and timely completion of the Project or result in vacancies of Project premises, which itself may lead to decrease of Project related revenue. Such developments could affect the Company's ability to fulfil its obligations to investors and potentially reduce the attractiveness and liquidity of the Bonds.

Governance and internal control risks

(i) **Management and human resources risk.** The Issuer is a company wholly owned by the Fund, which is controlled by the Management Company (if the Company were to become a collective investment undertaking, its management would be transferred to the Management Company). The Management Company possesses significant expertise, a skilled management team, professional staff, and the resources to engage external advisors. The Company's success and growth are heavily dependent on the expertise of its chief executive officer and those within the Management Company, especially Key Executives and individuals with specialized skills in project development, financing, operation, and maintenance. The departure of these key individuals due to their industry knowledge, familiarity with the Company's processes, and relationships with local partners could significantly impact the Company's business, financial stability, operational performance, and future prospects. Since the Issuer relies extensively on the Management Company's resources for real estate development, any failure by the Management Company to quickly appoint qualified successors for departing employees, coupled with difficulties in managing temporary expertise gaps, could adversely affect the Company's business, financial health, and long-term outlook.

3. KEY INFORMATION ON THE SECURITIES

3.1. <u>What are the main features of the securities?</u>

3.1.1. *Type, class and ISIN*

A secured fixed-term non-equity non-convertible non-subordinated (debt) security instrument with ISIN LT0000411167.

3.1.2. *Currency, denomination, par value, number of securities issued and duration*

The currency of the Bonds is euros. The Nominal Value of Bond is EUR 100. The Maximum Aggregate Nominal Value of the Issue under the Prospectus amounts to EUR 50,000,000. The Final Maturity Date of the Bonds is 19 December 2026.

3.1.3. *The rights attached to the securities*

The Bonds grant the Bondholders the following main rights (i) receive the interest accrued; (ii) to receive the Nominal Value and the interest accrued on the Final Maturity Date, or if applicable, on the Early Maturity Date or Early Redemption Date, or De-listing Event or Listing Failure Put Date; (iii) to participate in the Bondholders' Meetings; (iv) to vote in the Bondholders' Meetings.

Moreover, the Issue is secured by a first-ranking mortgage over the Land Plot and Building (the **Collateral**), under the Collateral Agreement dated 4 December 2024, notarial register No. 2103, identification code 30000145206962. According to the real estate valuation report by UAB "NEWSEC VALUATIONS" dated 8 November 2024, the value of the entire Collateral as of 30 September 2024 was EUR 31,520,000. Valuations will be conducted annually.

The Issuer has undertaken the following covenants in favor of the Bondholders: (i) LTC ratio; (ii) Negative Borrowing; (iii) Negative Pledge; (iii) Mortgage over Property; (iv) Disposal of Property; (v) Corporate Status; (vi) Decisions; (vii) Reporting obligations.

For the protection of the Bondholders' interests, on 14 November 2024 the Issuer has concluded the Trustee Agreement with Grant Thornton Baltic UAB, a private limited liability company, legal entity code 300056169, with its registered address at Upės st. 21-1, Vilnius, the Republic of Lithuania (the **Trustee**).

3.1.4. *Rank of securities in the Issuer's capital structure in the event of insolvency*

In case of the Issuer's liquidation or insolvency, the investors shall have a right to receive payment of the outstanding principal amount of the Bonds and the interest accrued on the Bonds according to the relevant laws governing liquidation or insolvency of the Issuer. The Bonds constitute secured, unsubordinated, direct, and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves. The payment obligations of the Issuer under the Bonds together with interest thereon, in as much as such payment obligations have not been settled in due time and from the value of the established Collateral shall rank at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3.1.5. *Restrictions on the free transferability of the securities*

Bonds are freely transferrable, subject to certain transfer restrictions under the relevant laws in certain jurisdictions, as may be applicable to the transferor or the transferee.

3.2. <u>Where will the securities be traded?</u>

The Bonds of the first Tranche of Bonds are already admitted to trading on the Bond List of Nasdaq of AB Nasdaq Vilnius (the **Bond List of Nasdaq** or **Nasdaq**), a regulated market in the Republic of Lithuania. The Issuer will also seek admission of the Bonds of the second Tranche to trading to the Bond List of Nasdaq.

3.3. <u>What are the key risks that are specific to the securities?</u>

Risks related to the Bonds

(i) **Refinancing risk.** The Company may need to refinance some or all of its outstanding debts, including the Bonds. The Company plans to use a refinancing bank loan to redeem the Bonds issued under the Prospectus upon their Final Maturity Date. However, no agreements have been made at this stage. If securing a loan to refinance the Bonds proves unfeasible due to adverse debt market conditions or other challenges, the Issuer may consider selling the Project, or use the proceeds from a new bond issue to refinance the Bonds. The ability to obtain new financing or complete the Project sale transaction, or issue new bonds will depend on market conditions and the Issuer's creditworthiness. In unfavorable market conditions, the Issuer might struggle to access financing on favorable terms, or at all. Failure to successfully refinance its debt could adversely affect the Issuer, its financial condition, earnings, and the Bondholders' ability to fully or partially recover their investments under the Bonds. Considering that the successful refinancing of the Company's debts is dependent on both the successful completion of the Project and the Company's financial standing at that time, the Company evaluates this risk as medium, when assessed in conjunction with the other risks outlined in the Prospectus.

(ii) **Risk of insufficient value of the Collateral.** The Issue is secured. Apart from the Collateral established for the benefit of the Bondholders during the Offering pursuant to the Prospectus, there will be no other securities of third parties securing the Issue. Prospective investors should note that the Issuer does not guarantee that the value of the Collateral will equal or exceed the Nominal Value of the issued Bonds at any time, or that such value will be maintained. The Collateral consists of the Land Plot, the Building, and other relevant engineering communications and networks that are under construction (appurtenances of the Building). According to the real estate valuation report UAB "NEWSEC VALUATIONS" dated 8 November 2024, the value of the entire Collateral as of 30 September 2024 was EUR 31,520,000. Valuations will be conducted annually. The value of the Collateral is expected to increase as construction progresses and the Project is successfully completed. However, if the Company defaults before construction is finished, the Collateral's value may not be sufficient to cover all of the Issuer's obligations to Bondholders. Furthermore, if the Lithuanian real estate market experiences a downturn, leading to a significant drop in the Collateral's value even after Project completion, it may still be insufficient to satisfy all Bondholder claims. Therefore, it is crucial to understand that the value of the Collateral may fluctuate over time. In the event of enforcement, the Trustee's and Bondholders' claims will be satisfied based on the Collateral's value at the time of realization, as determined and executed according to the Code of Civil Procedure of the Republic of Lithuania. It should be noted that foreclosure of the Collateral may be a prolonged process, particularly if buyers for the Collateral are difficult to find. Additionally, any funds obtained from the Collateral's realization will first be used to cover all costs and expenses related to the enforcement process (including, but not limited to, state duties and notary fees) incurred by the Trustee. Consequently, Bondholders will receive only the remaining amounts after the Trustee's claims have been satisfied. The Company assesses the risk that the value of the Collateral may be insufficient to cover the Bondholders' claims at the time of realization of the Collateral, if any, as medium, when evaluated in conjunction with the other risks outlined in the Prospectus.

(iii) **Inflation risk.** At the time of the Prospectus high inflation is viewed globally as one of the main macroeconomic factors posing significant risk to global economic growth and consequentially to the value of both equity and debt securities. Inflation reduces the purchasing power of a Bond's future interest and Nominal Value. Inflation may lead to higher interest rates which could negatively affect the Bonds price in the secondary market, therefore, the risk is considered medium.

(iv) **Early redemption risk.** According to the Terms and Conditions of the Offering established in the Prospectus, the Bonds may be redeemed prematurely on the initiative of the Company. If the early redemption right is exercised by the Company, the rate of return from an investment into the Bonds may be lower than initially anticipated by the investor. Moreover, there is no guarantee by the Company that Extraordinary Early Redemption Event will not occur, therefore in case of the occurrence of the Extraordinary Early Redemption Event the Bonds will have to be redeemed by the Company in accordance with the procedure established in the Prospectus and the rate of return from an investment into the Bonds may also be lower than initially anticipated by the investor. The Company has assessed this risk as remote.

(v) **Transaction costs/charges.** When purchasing, subscribing to, or selling Bonds, incidental costs such as brokerage fees, commissions, and other expenses may be incurred in addition to the transaction price. The involvement of various parties, such as domestic dealers or brokers in foreign markets, could lead to unforeseen charges not disclosed in the Prospectus. Moreover, changes in laws in Lithuania and/or the investor's domicile, or the introduction of new legal measures, may result in additional expenses or taxes for investors, potentially reducing their return on investment. Natural persons who are Lithuanian tax residents shall consider that if the Issue Price of the Bond of certain Tranche would be higher than the Nominal

Value of the Bond, the Nominal Value received after the Bond is redeemed by the Issuer should not be treated as income of the natural person. However, for personal income tax purposes, the difference between the Issue Price and the Nominal Value, i.e., loss, will not reduce the interest received or any other taxable income of the natural person. The Company has assessed this risk as low.

Offering and admission to trading on the Bond List of Nasdaq Vilnius related risks

(i) **There is no active trading market for the Bonds/Risk of De-listing Event or Listing Failure (put option).** The Bonds are newly issued securities that may not have widespread distribution and currently lack an active trading market. Should a market develop, it may be limited in liquidity. Consequently, there is no guarantee of any market liquidity for the Bonds, nor can Bondholders be assured of their ability to sell the Bonds or obtain favourable prices upon selling. The market for the Bonds could experience disruptions or volatility, which may negatively impact the Bonds' value, irrespective of the Company's financial performance and outlook. As a result, there is no guarantee that an active trading market for the Bonds will emerge. While applications will be submitted for the Bonds' admission to trading on the Bond List of Nasdaq Vilnius, there is no assurance that Nasdaq will approve these applications, that any specific Tranche of the Bonds will be admitted (i.e., Listing Failure may occur), or that an active trading market will develop or the Bonds will not be subject to De-listing Event. Additionally, compared to other international debt securities markets, the Bond List of Nasdaq Vilnius is characterized by relatively low liquidity and limited secondary trading. As a result, Bondholders may incur losses due to an inability to sell the Bonds or being forced to sell them at an unfavourable price. The Company assesses that the risk of active trading market not developing is high, while the risk of De-listing Event or Listing Failure (put option) is remote.

(ii) **Bonds may not be appropriate to some Investors.** The Bonds may not be suitable for all investors. Potential investors should carefully assess whether the Bonds are appropriate for their personal circumstances, ensuring they have adequate financial resources and liquidity to withstand the risks, including the possibility of losing all or a substantial part of their investment. This assessment is crucial unless the Bonds are subscribed through Exchange Members or Distributors, who are responsible for initially evaluating the Bonds' appropriateness for the investor, if required by applicable laws. In particular, potential investors should: (i) possess sufficient knowledge and experience to evaluate the Bonds and the associated risks; (ii) have access to and understanding of analytical tools to assess the investment's impact on their overall portfolio; (iii) have the financial resources to bear the risks, especially if the Bonds' currency differs from their own; (iv) thoroughly understand the Bonds' terms and relevant market behaviour; and (v) be able to consider various economic and interest rate scenarios that could affect their investment. Investors should note that the Issuer will not assess whether the Bonds are appropriate financial instruments for them, as this responsibility lies with the Exchange Members or Distributors if they are required to conduct such assessments by applicable laws. Therefore, subscribing directly through the Issuer without proper knowledge or assessment could result in an inappropriate investment decision. The Issuer evaluates this risk as low.

4. KEY INFORMATION ON THE OFFERING

4.1. Under which conditions and timetable can I invest in this security?

In the course of the Offering, the Company offers up to 100,000 Bonds to be issued under the second Tranche (the **Offer Bonds**). The issue price for the offered Bonds without accrued interest: EUR 101.5749 (101.5749% per Nominal Amount), issue price with accrued interest: EUR 103.8386 (103.8386% per Nominal Amount) per one Offer Bond (the **Issue Price**), Yield is set at 7.00% per annum. The Offering may be decreased by the amount unsubscribed or increased as provided in the Final Terms.

Subscription period. The subscription period is the period during which the persons who have the right to participate in the Offering (the **Subscription Period**) may submit the subscription orders for the Offer Bonds (the **Subscription Order**). The Subscription Period commences on 13 March 2025 and ends on 25 March 2025, unless the Offering is cancelled pursuant to the Prospectus.

Right to participate in the Offering. The Offer Bonds are publicly offered to retail and institutional investors in the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia but the Issuer may also choose to offer the Bonds to investors in any Member State of the EEA under relevant exemptions provided for in Article 1(4) of the Prospectus Regulation.

In order to subscribe for the Bonds by way of an Auction through Nasdaq (the **Auction**), the investor must have a Securities Account with the Exchange Member and fill in a Subscription Order form provided by the Exchange Member during the Subscription Period in order for the Exchange Member to enter a buy order in Nasdaq's trading system.

Subscription channels.

The Offering is conducted by way of an Auction through Nasdaq, the Subscription Orders as to acquisition of the Bonds of the second Tranche shall be submitted by the investors to the Exchange Members. Auction Rules are published on the website of Nasdaq at www.nasdaqbaltic.com (the **Auction Rules**).

Allocation. The Issuer shall accept all Subscription Orders of the investors that are considered valid under the Prospectus. In case the Maximum Aggregate Nominal Value of the second Tranche is exceeded (i.e., oversubscription), the Issuer following the recommendation of the Dealer shall allocate the Bonds in compliance with allocation rule provided for in the Final Terms. The Offering results will be publicly announced on 26 March 2025.

Payment. As the Offering is conducted by way of an Auction through Nasdaq, payment for the Bonds subscribed and distribution of the Bonds are made by Delivery Versus Payment method, meaning that the settlement procedure is carried out by Nasdaq CSD and Exchange Members on the Issue Date in accordance with the Auction Rules and title to the Bonds purchased in the subscription process is obtained upon Bonds transfer to the respective Securities Accounts which is done simultaneously with making the cash payment for the purchased Bonds.

Issue Date. The Offer Bonds shall be registered with Nasdaq CSD and distributed to the investors on 1 April 2025 (the **Issue Date**).

Admission to trading. It is expected that the Offer Bonds will be listed and admitted to trading on the Bond List of Nasdaq Vilnius not later than within 4 months as from placement of the Bonds of the second Tranche.

Return of funds. The Investors who have not been allotted any Bonds or whose Subscription Orders have been reduced will receive reimbursements from the Exchange Members (i.e. block on the funds will be removed).

Changes to the Offering. Any decision on cancellation, suspension and changes of dates of the primary distribution of the second Tranche or other information will be published on the Issuer's website at www.savarzele.lt/en/investment/ and also on Nasdaq operated Central Storage Facility at www.crib.lt. Investors may also be notified by the Issuer or the entity that accepted the Subscription Order (if applicable according to its internal procedures) about cancellations, suspensions, changes in primary distribution dates, or other information via e-mail.

4.2. Why is this Prospectus being produced?

The Prospectus has been prepared in connection with the (i) Offering in the Republic of Lithuania, Latvia and Estonia and (ii) Bonds' admission to trading on the Bond List of Nasdaq Vilnius.

The overall purpose of the Issue and the Offering is to finance (i) the construction and fit-out of the Project (incl. financing costs related to the Project) in an amount up to EUR 47,000,000; and (ii) to finance redemption of the subordinated intercompany bonds together with accrued interest from the Fund up to the maximum amount of EUR 3,000,000. The Company may also use the proceeds from the Issue to support its working capital needs.

Provided that all the Bonds under the Issue are subscribed for and issued by the Company, the expected amount of gross proceeds would be up to EUR 50,000,000 (fifty million euros) less the amounts of costs and expenses incurred in connection with the Offering, as prescribed below.

The Company will bear approximately up to EUR 650,000 of fees and expenses in connection with the Offering (including the maximum amount of any discretionary commission, admission to trading on the Bond List of Nasdaq Vilnius related costs, legal costs, etc.) under the Issue. These costs of the Offering will be covered from proceeds of the Offering.

No underwriting agreement has been signed for the purposes of the Offering. Also, to the best knowledge of the Issuer there is no conflicts of interest pertaining to the Offering and/or the admission to trading on the Bond List of Nasdaq Vilnius.