Consolidated Annual Report 2022

AKROPOLIS GROUP UAB

AKROPOLIS
REAL ESTATE DEVELOPMENT & MANAGEMENT COMPANY

Akropolis at a Glance

Who We Are

Last year was already the 20th year of operations for Akropolis Group (Akropolis Group, UAB and companies directly and indirectly held by it).

Since the first greenfield investment in Vilnius and the shopping and entertainment centre Akropolis Vilnius built here, the Group has grown in Lithuania and went beyond the country's borders. The Group currently controls 5 shopping and entertainment centres in Lithuania and Latvia and is actively developing new investment projects.

Currently, Akropolis Group holds three shopping and entertainment centres Akropolis in Lithuania: in Vilnius, Klaipėda and Šiauliai. In Latvia, the Group holds two shopping centres in Riga, the capital city of the country: Akropole Riga and Akropole Alfa. The second shopping and entertainment centre in Riga – Akropole Alfa, acquired by the Group at the end of 2021, was fully integrated into the Group structure in 2022. By offering relevant shops, services and entertainment to visitors, the centres controlled by the Group hold strong leadership positions in the cities in which they operate.

In February 2022 in Lithuania and in March 2022 in Latvia, the coronavirus pandemic COVID-19 control measures – the Covid certificate that restricted access of a part of the population to the shopping and service venues – were dropped. This allowed welcoming more visitors in Akropolis centres last year and enabled Akropolis' tenants to increase the scope of their operations. Five shopping and entertainment centres managed by the group were visited by over 41 million visitors, a 52% increase compared to 2021, while the total tenant turnover reached 1,11 billion euro and was by 67% higher compared to 2021.

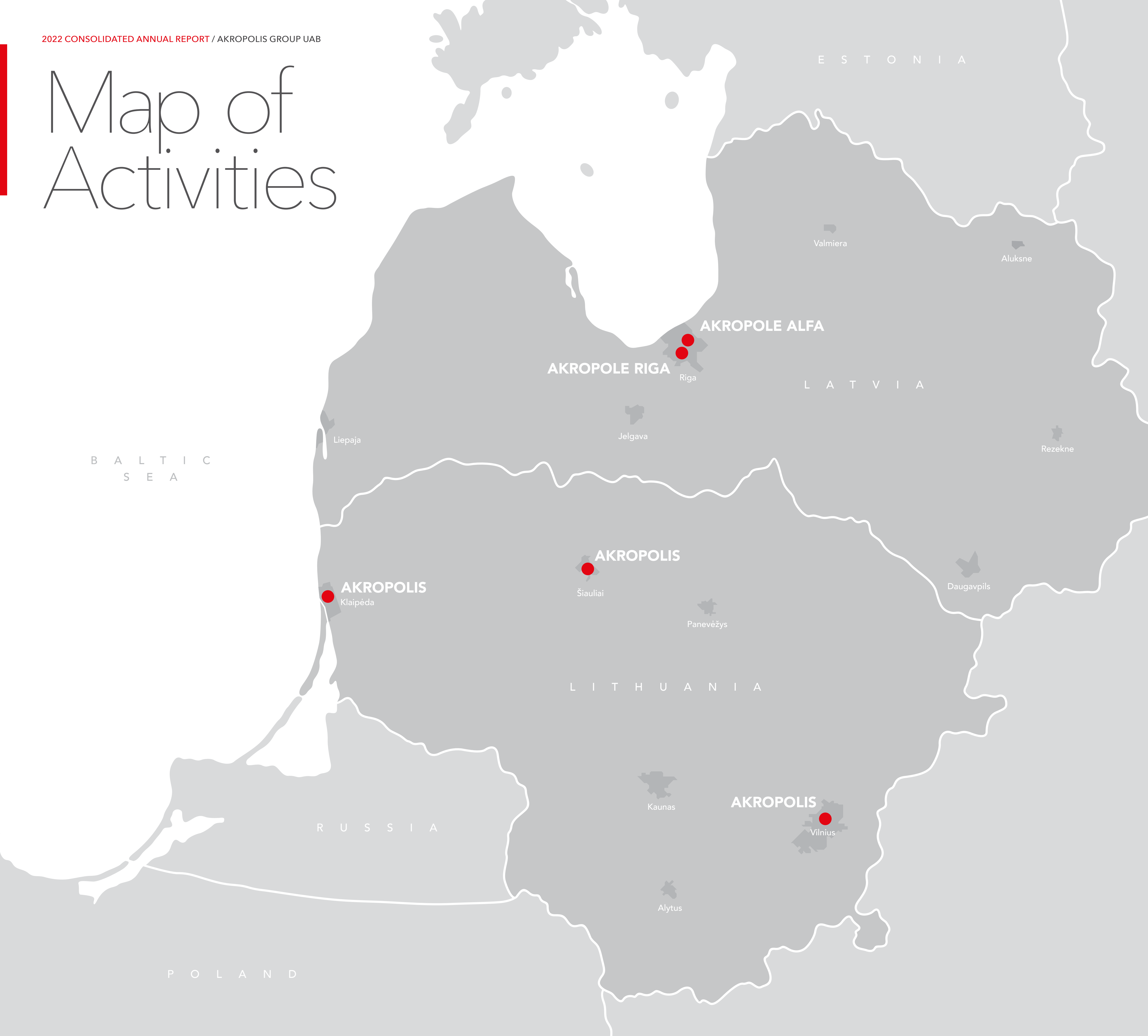
As Akropolis Group placed a five-year Eurobond issue of EUR 300 million in 2021, the ratings of the Group were reviewed by two international rating agencies last year. On 15 June, S&P Global Ratings confirmed BB+ rating with a stable outlook for Akropolis Group, and on 26 August, Fitch Ratings confirmed BB+ credit rating with a stable outlook. The Group is actively cooperating with financial institutions. Last September, Swedbank, along with OP Bank, refinanced an earlier loan of Ozo turtas, the company that manages Akropolis in Vilnius, by granting it a loan of EUR 159.5 million.

The Group attaches great importance to sustainable activities and the reduction of environmental impact. 4 out of 5 shopping centres controlled by the Group are certified according to the international BREEAM standard. One of the goals in 2023 is to obtain BREEAM In-Use certificate also for Akropole Alfa – a shopping centre in Riga acquired at the end of 2021. Certification of shopping centres is a part of the Environmental, Social and Governance (ESG) program of the Group, which focuses on environmental protection, social environment and corporate governance. It is sought that by 2026 all shopping centres controlled by the Group would get "Very good" certificates according to BREEAM standard.

Akropolis Group pays great attention to the project of development of a future new multifunctional quarter in Vilnius – Akropolis Vingis, which should give an impetus to the renewal of the Vilkpėdė district and the entire southern part of Vilnius city. The latter should gradually shed its industrial area image and become friendly to the residents and guests of the city. In 2022, the public was presented with design proposals for the multifunctional complex and, at the beginning of 2023, for the external transport infrastructure solutions, which were approved by the Vilnius City Municipality. It is expected that the preparation of the technical design of the complex will be completed in 2023 and a document permitting construction will be obtained.

S&P Global Ratings	Long-term issuer rating: **BB+** Outlook: **stable**
FitchRatings	Long-term issuer rating: **BB+** Outlook: **stable**

Map of Activities



Gross leasable area, sq. m

Akropolis Vilnius	94,900
Akropolis Klaipėda	60,642
Akropolis Šiauliai	36,091
Akropole Riga	70,980
Akropole Alfa	71,333

Fair value, k EUR

Akropolis Vilnius	319,000
Akropolis Klaipėda	203,000
Akropolis Šiauliai	78,200
Akropole Riga	197,000
Akropole Alfa	198,000

EBITDA*, k EUR

Akropolis Vilnius	23,893
Akropolis Klaipėda	15,210
Akropolis Šiauliai	5,880
Akropole Riga	16,525
Akropole Alfa	14,122

*before IFRS16 lease incentive impact

Letter of the CEO

Manfredas Dargužis
CEO / Chairman of the Board
"Akropolis Group"

The beginning of 2022 saw the end of one of the most atypical periods, when the activities of shopping centres had been, in one way or another, affected by the coronavirus pandemic control related restrictions for a period of two years. We are glad that after these restrictions were over, we were once again free to welcome all visitors in our shopping centres. The year 2022, however, brought new challenges – the geopolitical situation, high inflation, rising financing costs, which remain among the most important topics in 2023, too.

The excellent work of our professional shopping centres management team, with a strong focus on the development of long-term partnerships with partners and on offering the visitors of Akropolis centres a relevant variety of shops, services and entertainment, has led to the record-high performance of the Group in 2022. The turnover of the Akropolis tenants exceeded EUR 1 billion for the first time last year, and the Group itself generated record operating income and EBITDA. Last year, we successfully integrated Akropole Alfa, a shopping centre in Riga acquired at the end of 2021, into the Akropolis family and its performance had a positive effect on the total performance of the Group. We have managed to maintain a low vacancy rate at our shopping centres.

In 2023, we will continue to strengthen the leading positions of the shopping centres we hold. We work a lot in order to attract new brands to Akropolis centres and are looking for new promising partnerships. We pay great attention to active and effective marketing, with a focus on attracting visitors to shopping centres.

This year, we are aiming for progress in important development projects in our home market – Lithuania. There is a certain progress in the work for designing the multifunctional quarter Akropolis Vingis to be built in the Vilkpėdė district in Vilnius. As the design proposals of the complex itself were successfully presented to the public last year and the design proposals for the external transport infrastructure solutions – at the beginning of this year and the Vilnius City Municipality approved of them, now we are in the process of working on technical designs and expect to obtain documents permitting construction (DPC) already in 2023. The design of the planned complex provides for the implementation of sustainable solutions (biodiversity, solar cells, etc.) and compliance with the BREEAM standard already during construction.

Last year we started and this year we are continuing the project of modernization of the common spaces of the shopping centre Akropolis Klaipėda, during which we will modernize more than 10,000 sq. m. We hope that these changes, together with the constantly changing offer of shops, will allow to further strengthen the position of the largest shopping centre in western Lithuania. We have also planned to build a new building of 480 sq. m by the shopping and entertainment centre Akropolis Vilnius, which will allow to expand the retail areas; the start of construction operations is scheduled in 2023.

The importance of sustainable operations and our focus towards it is constantly growing. In 2022 we adopted a decision to have a systematic approach towards the sustainability and have started the preparation of Group' s sustainability strategy, in which the ambitious short and long term targets will be included. We pay great attention to the sustainable and efficient use of energy resources, waste sorting and other initiatives of sustainable operations. 4 out of 5 shopping centres we control are certified according to the BREEAM standard, we seek to obtain this certificate in 2023 also for Akropole Alfa, the shopping centre in Riga we acquired at the end of 2021. Personally for me, it is very important that as many employees as possible get involved in this in developing of the Group activities in a more sustainable way, therefore we encourage their active involvement both in setting the sustainability goals of the Group in achieving their implementation.

The international credit rating agencies S&P Global Ratings and Fitch Ratings in, respectively, June and August last year, confirmed the long-term borrowing ratings of Akropolis Group as BB+ with a stable outlook, giving an objective opinion on the financial stability of the Group. We closely monitor the market, macroeconomic indicators and their changes, analysts' forecasts, and realistically assess the economic situation. The plans of the Group to invest in development show our belief in the sector in which we operate and confidence in a positive long-term economic outlook. We are determined to continue to respond to market needs and to shape new trends in the sector of major shopping and entertainment centres.

2022 CONSOLIDATED ANNUAL REPORT / AKROPOLIS GROUP UAB

Highlights

Q1 2022

02.05	The use of the National Covid certificate was dropped in Lithuania.
03.01	The use of the Covid certificate was dropped in Latvia.
03.10	The shopping centre Alfa was officially renamed to Akropole Alfa and the shopping and entertainment centre Akropole was renamed to Akropole Rīga.

Q2 2022

04.20	Asta Ratkienė started working in the Audit Committee of Akropolis Group. She replaced Lukas Bendoraitis who worked in the Audit Committee before her.
05.20	Design proposals of a new one-storey building of about 3,500 sq. m of commercial area, to be constructed by Akropolis in Klaipėda, were presented to the public. The design proposals were approved by the Klaipėda City Municipality.
05.27	Akropolis Group presented design proposals for Akropolis Vingis to the Vilnius Regional Council of Architects. It gave generally positive evaluations of the architectural solutions.
06.15	S&P Global Ratings confirmed BB+ rating for Akropolis Group with a stable outlook.
06.21	Delta Property (a direct subsidiary of Akropolis Group (the issuer)) acceded to the Trust Deed dated 2 June 2021 as an Additional Guarantor in respect of the Notes.

Q3 2022

07.21	Design proposals for the multifunctional complex Akropolis Vingis to be constructed in the Vilkpėdė district, Vilnius, were presented to the public.
08.05	The sole shareholders of Delta Property (directly held by the issuer) and M257 (indirectly held by the issuer) that are subsidiaries of Akropolis Group (the issuer), being guarantors in respect of the Notes, decided on the change of members of the Boards of these companies. After the changes, the Board of Delta Property has the following members: Violeta Tvarijonienė, Zane Kaktina and Manfredas Dargužis, and the Board of M257 consists of Violeta Tvarijonienė, Manfredas Dargužis and Valdis Portnajs. On the same day, the Boards of these companies adopted resolutions electing Violeta Tvarijonienė as the Chairperson of the Board. In order to implement these changes and to unify governance practices in the companies, decisions were also taken on the amendment of the Articles of Association of these companies.
08.26	Fitch Ratings confirmed BB+ credit rating for Akropolis Group with a stable outlook.
09.19	Swedbank, together with OP Bank, refinanced a previous loan of Ozo turtas – the company that manages Akropolis in Vilnius, providing loan of EUR 159.5 million.

Q4 2022

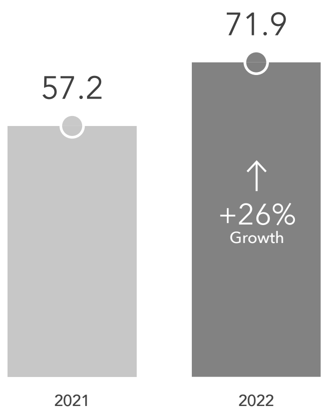
10.17	The Vilnius City Municipality approved the design proposals for the multifunctional quarter Akropolis Vingis.

Q1 2023

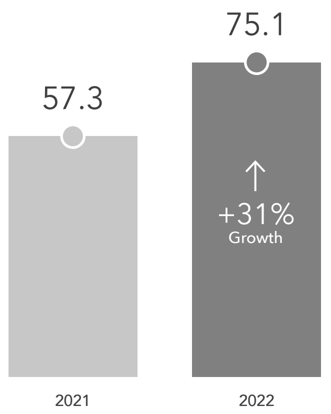
01.04	Design proposals for a new 480 sq. m. building planned to be constructed by the shopping and entertainment centre Akropolis in Vilnius were presented to the public. The design proposals were approved by the Vilnius City Municipality.
01.23 - 24	Design proposals for the improvements of the transport infrastructure planned by the multifunctional quarter Akropolis Vingis were presented to the public.

Performance Overview

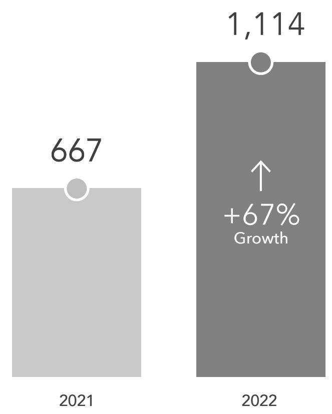
EBITDA, mln EUR



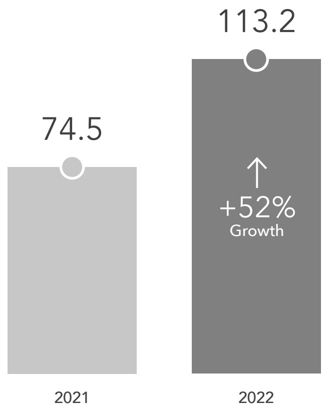
Rental Income, mln EUR



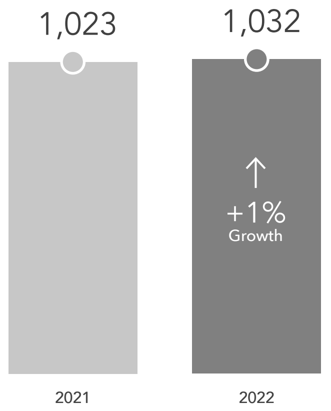
Tenant Turnover, mln EUR, incl. VAT



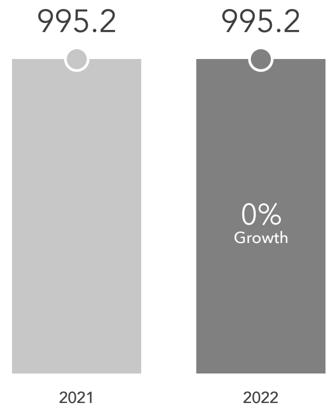
Footfall per Day, k



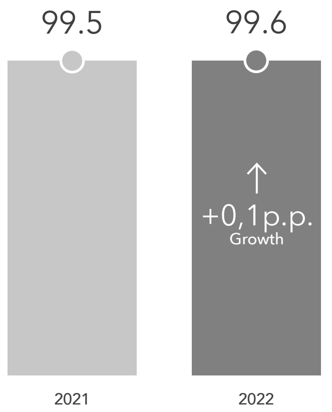
Portfolio Fair Value, mln EUR



Fair Value of the Portfolio of Operating Objects, mln EUR

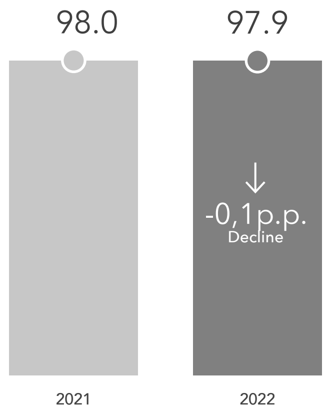


Rent Collection Rate, %*

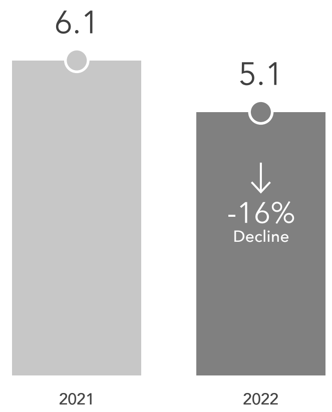


*Figures for 2021 are exclusive of Akropole Alfa

Occupancy Rate, %



WALE by GLA*



*Figures for 2021 are exclusive of Akropole Alfa

Unless otherwise specified, figures are inclusive of Akropole Alfa acquired on 30 November 2021.

INCOME INDICATORS	UNITS	2020	2021	2022
Income	EUR '000	77,227	81,068	113,864
Rental Income	EUR '000	55,572	57,276	75,096
Net Rental Income	EUR '000	56,314	58,153	73,925
Investment Property Revaluation Profit (Loss)	EUR '000	1,378	50,461	10,585
EBITDA	EUR '000	53,839	57,204	71,907
EBITDA Margin	%	69.7	70.6	63.2
Net Profit	EUR '000	45,825	90,666	61,024
Net Profit Margin	%	59.3	111.8	53.6

FINANCIAL INDICATORS	UNITS	2020	2021	2022
Total Assets	EUR '000	861,806	1,112,148	1,214,168
ROA	%	5.3	8.2	5.0
Total Equity	EUR '000	480,679	571,345	632,369
ROE	%	9.5	15.9	9.7
Loans	EUR '000	267,447	423,171	459,562
Total Liabilities	EUR '000	381,127	540,803	581,799
LTV	%	33.4	41.4	44.5
Current Ratio	Times	1.1	2.6	4.8
Quick Ratio	Times	1.1	2.6	4.8
Cash Ratio	Times	1.0	2.3	4.5

PERFORMANCE INDICATORS	UNITS	2020	2021	2022
Portfolio Fair Value	EUR '000	800,620	1,022,900	1,031,860
Fair Value of the Portfolio of Operating Objects	EUR '000	771,000	995,200	995,200
Operating Objects	Number	4	5	5
Gross Leasable Area	Sq. m	262,348	333,495	333,946
Occupancy Rate	%	97.8	98.0	97.9
Rent Collection Rate*	%	97.1	99.5	99.6
Tenant Turnover	EUR '000	624,063	667,297	1,113,972
Footfall per Day, Thousands	Number	81.9	74.5	113.2
WALE*	Years	6.7	6.1	5.1

*Figures for 2021 are exclusive of Akropole Alfa

Unless otherwise specified, figures are inclusive of Akropole Alfa acquired on 30 November 2021.

Business Environment

ECONOMIC

As the COVID-19 pandemic eased and associated restrictions were lifted, the war that started in Ukraine in 2022 caused an energy crisis that had a big impact on the growth of prices: the inflation reached 18.9% in Lithuania, 17.2% in Latvia.

The post-pandemic economic recovery and private consumption were slowed down by the appearance of geopolitical tensions and this damped the GDP growth, but it still remained positive in 2022 (+1.9% in Lithuania, +1.8% in Latvia). The war brought upon by Russia caused an energy crisis that had a significant impact on the increase of electricity and gas prices: in 2022, compared to 2021, the prices grew by 75.1% in Lithuania and by 56.2% in Latvia. The highest price jump was in July–September, later prices slightly decreased and stabilised.

In order to slow down extremely high inflation not only in the Baltic States, but also across Europe (the Eurozone inflation was 8.4%), The European Central Bank increased interest rates. This led to increase in EURIBOR - Euro Interbank Offered Rate. At the beginning of 2022, 6-month EURIBOR was negative -0.54%, whereas at the end of the same year it was already reaching +2.69%.

As a result of the decrease in real income, the private sector had to adjust its habits. Growth in household consumption in Lithuania was 8% in 2021 and 1.2% in 2022. Meanwhile, in Latvia, although consumption did not fall here so fast (8.2% in 2021 and 6% in 2022), but the saving rate of households fell (from 14.8% in 2021 to 5.2% in 2022), which means that Latvians kept their consumption at the expense of savings.

2022 will also lead to higher than normal inflation forecast for 2023 (8.7% in Lithuania and 7.9% in Latvia), but in 2024, as the prices of raw materials and energy get more stable, foreign demand recovers, it is forecasted that the economy, along with household consumption, will return to normal (forecasts for 2024: 2.1% inflation, private consumption growth of 2.4% in Lithuania; 1.5 % inflation, private consumption growth of 2.2% in Latvia).

Contrary to the usual situation, when high inflation is accompanied by unemployment growth, the unemployment rate fell in 2022 compared to the previous year and remained stable (6% in Lithuania, 7% in Latvia). Even with greater uncertainty, the tight labor market and labor shortage in Lithuania continued to stimulate economic activity. A significant number of war refugees from Ukraine have joined the workforce, thus helping to partially solve the problem of the lack of workforce.

INDICATORS	2020	2021	2022	2023	2024
Lithuania					
GDP growth (%, yoy)	0.0	6.0	1.9	0.3	2.5
Private consumption (%, yoy)	-2.4	8.0	1.2	-0.8	2.4
Saving rate of households	12.4	5.8	4.2	3.6	4.6
Inflation (%, yoy)	1.1	4.6	18.9	8.7	2.1
Latvia					
GDP growth (%, yoy)	-2.2	4.1	1.8	0.1	2.7
Private consumption (%, yoy)	-4.6	8.2	6.0	-1.6	2.2
Saving rate of households	17.0	14.8	5.2	4.8	7.5
Inflation (%, yoy)	0.1	3.2	17.2	7.9	1.5

Source: European Commission Economic Forecast, Winter 2023 and Autumn 2022

GOVERNMENT MEASURES

In 2022, the governments of Lithuania and Latvia adopted resolutions that partially compensated the increased electricity prices for business entities.

In Lithuania, 50% of the electricity price exceeding the established minimum price limits is compensated (2022 Q4 minimum price limit 240 EUR/MWh; 2023 Q1 - 280 EUR/MWh).

In Latvia, in the period 2022.10.01 - 2023.04.30, electricity distribution costs and payments for ordered power are fully compensated, and in the period 2022.09.01 - 2025.12.31 the mandatory purchase component (MPC) is 0 EUR/MWh, which usually amounts to about 10-15 % of total electricity costs.

OUR RESPONSE

Akropolis Group, UAB promptly responded to the rapid rise of energy prices last year, which had a direct impact on the costs of both the Group companies and the tenants of the shopping and entertainment centres Akropolis.

In order to reduce electricity consumption and in consultation with the tenants, the Group reduced the working hours of shopping and entertainment centres in Vilnius and Riga by one hour. Due to the shorter working time, the lighting time of parking and surrounding areas, as well as of facades of buildings, advertising billboards and signboards was optimized. The majority of the auxiliary premises of the shopping centres were equipped with automatic sensors regulating lighting. The permissible indoor temperature ranges in the shopping centres were expanded, allowing for more efficient and flexible use of energy resources.

The significant increase in energy prices led the Group to performing an audit of building management systems (BMS), modernising and automating the work of engineering systems and equipment, as well as to installing a monitoring system for the collection and management of energy consumption data.

We also encouraged tenants to use electricity more efficiently, we suggested using only LED lights, regulating lighting of auxiliary premises, cooling and heating the premises in the optimal way.

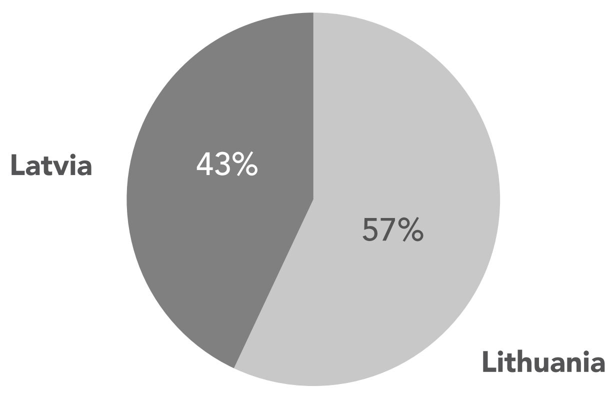
These changes made in the second half of 2022 led to an estimated 8–13% saving in electricity consumption in the shopping centres managed by the Group.

Akropolis Group

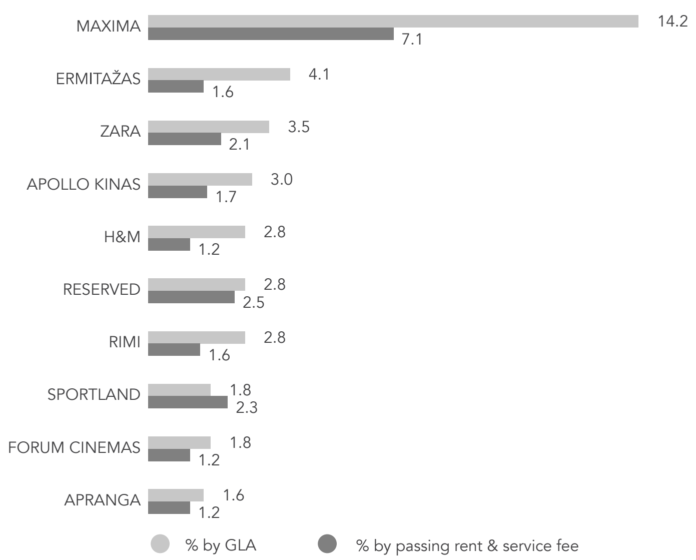
The Group operates 3 shopping centres in Lithuania and 2 shopping centres in Latvia. According to the gross leasable area, 57% of the area is Lithuanian shopping centres and 43% – Latvian shopping centres.

For the year ended on 31 December 2022, the Group's top ten tenants across all of its shopping and entertainment centres accounted for approximately 23% of the annualised passing rent and service fees. The Group considers these tenants to be among its "anchor tenants", they typically are the dominant player in their respective retail category.

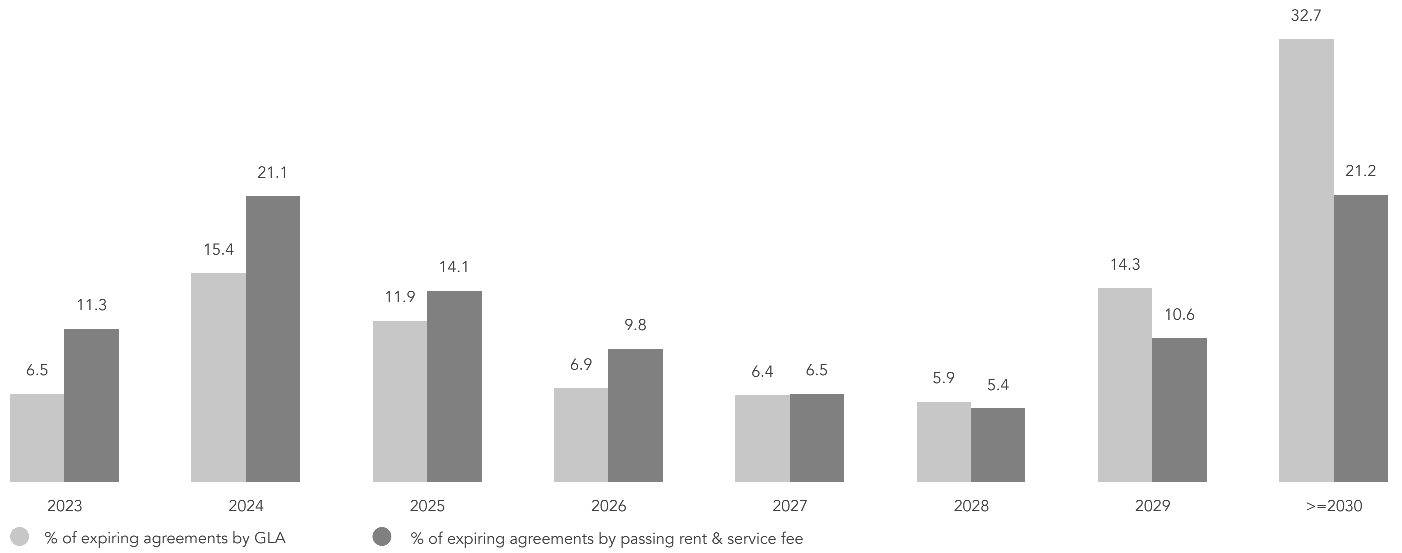
COUNTRY DISTRIBUTION BY GLA AS OF DECEMBER 31, 2022



TOP 10 RETAIL TENANTS



EXPIRY OF LEASE AGREEMENTS



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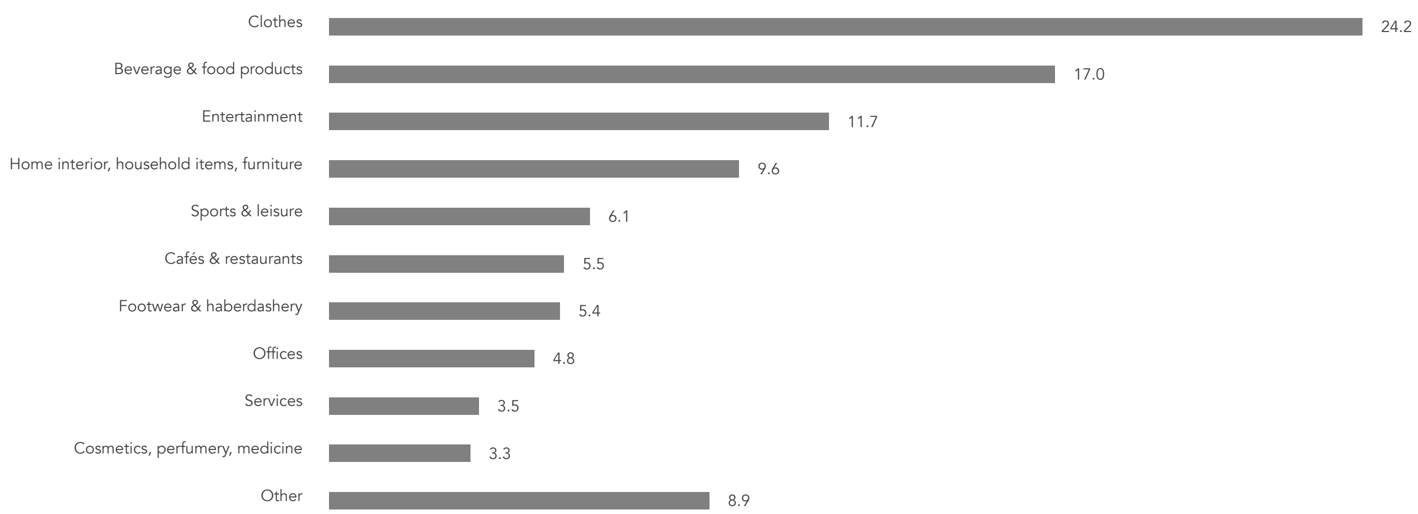
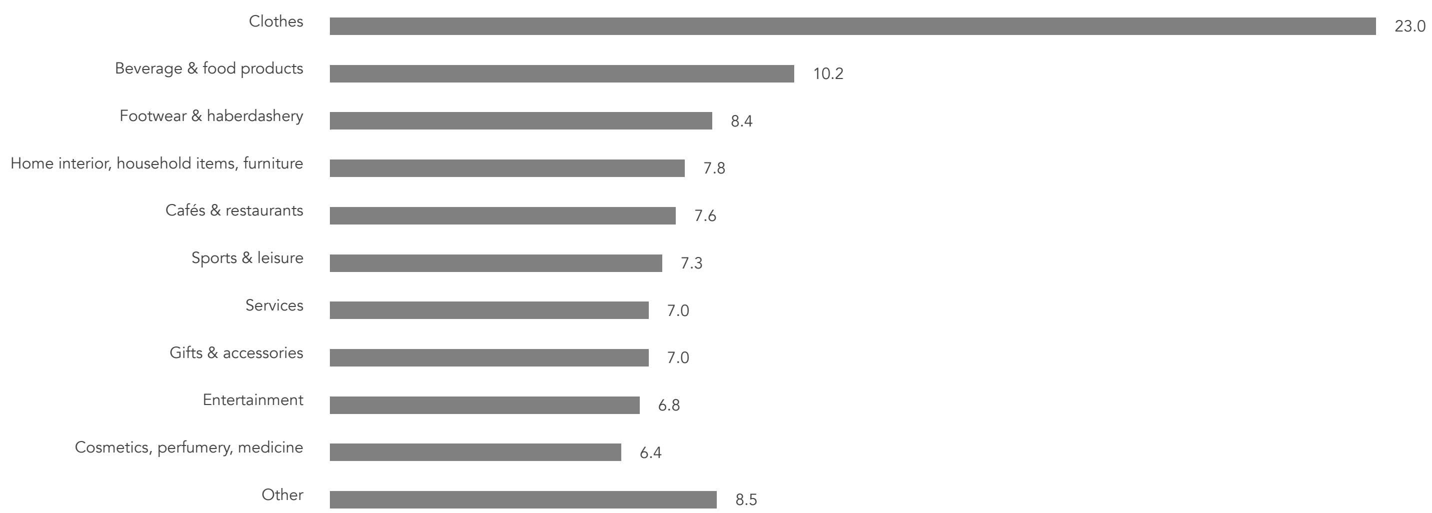
TENANTS BY SECTOR

The following table sets out the sectoral mix of the Group's tenants across its shopping and entertainment centres as on 31 December 2022, by GLA and by passing rent and service fees. Although the Group's relationship with its "anchor tenants" is important to the success of its strategy, the table illustrates how the Group has actively managed its mix of tenants to mitigate concentration risk.

TENANTS BY GLA, %



TENANTS BY PASSING RENT & SERVICE FEE, %



Lithuania

60% Of portfolio of operating objects

3 Operating objects

191,633 Gross leasable area, sq. m

47.6 Rental income EUR, mln

99.3% Occupancy rate December 2022

70.8 Footfall per day, k

704 Tenants' sales EUR, mln, incl. VAT

The Group's first development project started in 2001, with the development and construction of the Akropolis shopping centre in Vilnius. Later, the Group developed three more shopping and entertainment centres in Lithuania, one of which was sold in 2008. Currently, the Group in Lithuania owns a portfolio of three shopping and entertainment centres, each of the centres occupies a leadership position in the city where it operates. Based on independent third-party market research conducted for the Group by The Nielsen Company in October 2020, "AKROPOLIS" has the best shopping mall brand-awareness in Lithuania.

The Group holds 3 shopping centres in Lithuania: Akropolis in Vilnius, Klaipėda and Šiauliai, with the gross leasable area of 192 thousand sq. m. The occupancy rate in these shopping centres is 99.3%, they have 591 shops and entertainment venues. In 2022, the number of visitors increased by 28%, with daily footfall of about 70.8 thousand in these shopping centres (during the pandemic in 2021, the average daily footfall was about 55.5 thousand people). The main reason for the increase in visitor traffic was the cancellation of the requirement to have a National Covid certificate when visiting shopping centres on 5 February 2022. Tenants' sales (incl. VAT) amounted to EUR 704 million last year and were 37% higher than in the year before not only because of the recovery of the visitor traffic but also because of high inflation. The rental income amounted to EUR 47.6 million, the Group's rent collection rate in Lithuania was 99.8%.

Year-over-Year 2022 versus 2021	Q1	Q2	Q3	Q4
Tenant turnover	+158%	+38%	+15%	+23%
Footfall	+68%	+23%	+12%	+27%
Rent collection rate (2022)	99.5%	99.6%	99.2%	99.8%

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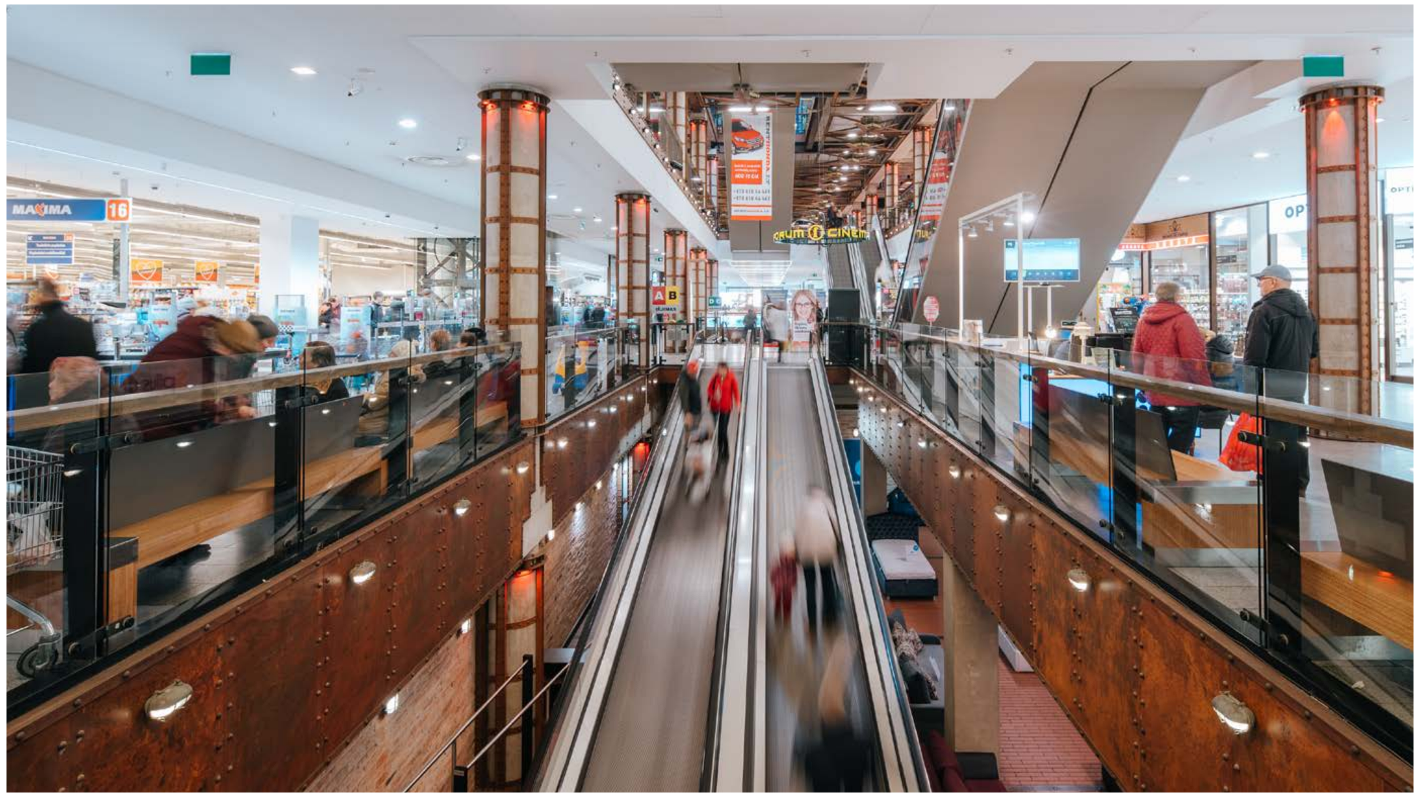
AKROPOLIS VILNIUS

Opened/expanded/renovated:	2002/2005/2019
BREEAM In-Use certificate:	"Good"
Fair value:	EUR 319 mln
Retail GLA:	88,624 sq. m
Office GLA:	6,276 sq. m
Parking spaces:	~3,000
Occupancy rate:	99.6%
Number of shops:	228

AKROPOLIS KLAIPĖDA

Opened:	2005
BREEAM In-Use certificate:	"Good"
Fair value:	EUR 203 mln
Retail GLA:	60,642 sq. m
Parking spaces:	~2,200
Occupancy rate:	99.0%
Number of shops:	218



AKROPOLIS ŠIAULIAI

Opened:	2009
BREEAM In-Use certificate:	"Very good"
Fair value:	EUR 78.2 mln
Retail GLA:	36,091 sq. m
Parking spaces:	~1,200
Occupancy rate:	99.2%
Number of shops:	145

Latvia

40%	2	142,313	
Of portfolio of operating objects	Operating objects	Gross leasable area, sq. m	
27.5	**96%**	**42.4**	**410**
Rental income EUR, mln	Occupancy rate December 2022	Footfall per day, k	Tenants' sales EUR, mln, incl. VAT

Since 2019, when newly constructed shopping centre Akropole Riga was opened in Riga and after the Group acquired shopping centre Akropole Alfa (renamed from Alfa in 2022 March) in Riga in 2021 November, the Group managed to build a dominant portfolio in Latvia's capital city Riga and currently owns two largest shopping and entertainment centres in Latvia. Riga is the first city where the Group owns two shopping and entertainment centres.

The Group holds 2 shopping centres in Latvia, with the gross leasable area of 142 thousand sq. m. The occupancy rate in these shopping centres is 96%, they have 344 shops and entertainment venues. In 2022, the average daily visitor traffic was 42.4 thousand people (in 2021, 18.9 thousand people). Such a significant increase in the number of visitors was recorded after adding the shopping centre Akropole Alfa to the Group, the results of which for 2021 were only accounted for December. The end of the requirement to have the COVID-19 certificate in Latvia on 1 March 2022 also had a positive impact on visitor traffic. Tenants' sales (incl. VAT) amounted to EUR 410 million, the rental income was EUR 27.5 million and the Group's rent collection rate in Latvia was 99.3%.

Year-over-Year 2022 versus 2021	Q1	Q2	Q3	Q4
Tenant turnover	+355%	+239%	+122%	+111%
Footfall	+138%	+168%	+97%	+112%
Rent collection rate (2022)	92.3%	95.2%	96.3%	99.3%

Unless otherwise specified, figures are inclusive of Akropole Alfa acquired on 30 November 2021.

AKROPOLE RIGA

Opened:	2019
BREEAM New Construction certificate:	"Very good"
Fair value:	EUR 197 mln
Retail GLA:	61,108 sq. m
Office GLA:	9,872 sq. m
Parking spaces:	~2,300
Occupancy rate:	97.0%
Number of shops:	158

AKROPOLE ALFA

Opened/expanded/renovated:	2001/2019/2021
Fair value:	EUR 198 mln
Retail GLA:	71,333 sq. m
Parking spaces:	~1,750
Occupancy rate:	94.9%
Number of shops:	186

DURING 2022 THE FOLLOWING TENANTS JOINED AKROPOLE ALFA:

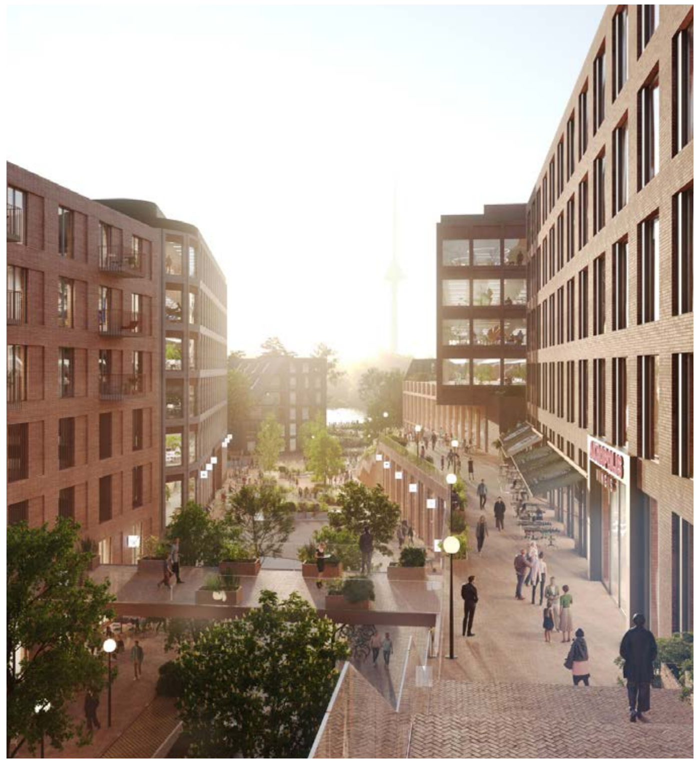
pepco® SCALINI CANDY POP este ROYAL smoke HOOLIGAAN BUBBLE TEA & COFFEE

DEICHMANN BALLZY MĀRTIŅA BALLĪTE BAGS & MORE

Development and Renewal

AKROPOLIS VINGIS

Location:	Vilnius, Lithuania
Conversion project:	Development of a shopping, entertainment and business complex
Status:	Under permitting
Planned leasable area:	~136,000 sq. m
Expected end of construction:	Q3 2026



AKROPOLIS KLAIPĖDA

Location:	Klaipėda, Lithuania
Project:	Refurbishment of SC common areas
Status:	In progress
Area under renovation:	~10,000 sq. m
Expected end of construction:	Q1 2024

AKROPOLIS VILNIUS

Location:	Vilnius, Lithuania
Project:	Extension building
Status:	Preparation of technical project
Planned leasable area:	~480 sq. m
Expected end of construction:	H1 2024

Plans and Forecasts

Akropolis Group ended 2022 with record performance – the year, on the one hand, was marked by geopolitical tension, high inflation and rising financing costs, on the other hand, by the slowdown of the coronavirus pandemic and lifting of the pandemic control related restrictions, which meant a possibility to again welcome all visitors in the shopping centres managed by the Group. Some of the topics relevant in 2022 – extremely modest forecasts of economic growth in Lithuania and Latvia, a possibility of short-term recession in 2023, high financing costs and inflation – remain important in 2023, too. A strong market leadership position obliges us to continue to focus on development projects, innovation, and the creation of new partnerships.

The last restrictions related to the control of the coronavirus pandemic were dropped in early 2022. We have learned to live with this virus, to watch out for it, and we already have enough tools to manage the situation, so we hope that 2023 will become the first year since 2020, which will not be anyhow affected by the shadow of the pandemic.

As financial analysts do not exclude a possibility of economic recession in Lithuania and Latvia and suggest a rather modest outlook for growth in consumption in 2023, we, being a strong market leader, will seek to maintain and strengthen the positions of our 5 shopping centres this year. We seek to attract new brands to Akropolis centres and are creating new promising partnerships. We will pay great attention to active and effective marketing, focused on attracting visitors to shopping centres. This year we will focus on actions and decisions affecting operational efficiency, stability of results, strengthening financial sustainability.

In 2023, Akropolis Group expects progress in three development projects in Lithuania. The project of a new multifunctional quarter Akropolis Vingis, planned in Vilkpėdė district, in the southern part of Vilnius, is moving forward step by step. Last year, we presented pre-design proposals for the complex to the public and obtained an approval from the Vilnius City Municipality, this year we hope to obtain documents permitting construction (DPC) of the complex. We have also planned a new building of 480 sq. m by the shopping centre Akropolis Vilnius, which will allow to expand the retail areas. The construction operations of this building should start this year. In 2023, we will continue the project of renovation of common spaces in the shopping centre Akropolis Klaipėda started last year, during which we will modernize more than 10,000 sq. m. We hope that these changes, together with the constantly changing offer of shops, will allow to further strengthen the position of the largest shopping centre in western Lithuania.

We will maintain focus on sustainability – sustainable activities of the Company are becoming one of the key priorities and objectives. 4 out of 5 shopping centres we control are certified according to the BREEAM standard, we seek to obtain this certificate in 2023 also for Akropole Alfa, the shopping centre in Riga we acquired at the end of 2021. We pay great attention to the sustainable and efficient use of energy resources, waste sorting and other initiatives of sustainable activity. In implementing sustainability goals and initiatives, we aim to involve as many employees of the Group as possible, and we constantly encourage their active involvement.

2023 will be another year of challenges, but the professional team, accumulated experience, belief in the prospects of the sector and a strong leading position of the shopping centres held by the Group in the market make us feel confident.

Governance

Governance

Bodies of the Company are the general meeting of shareholders, the Board and the CEO. No supervisory board is formed in the Company.

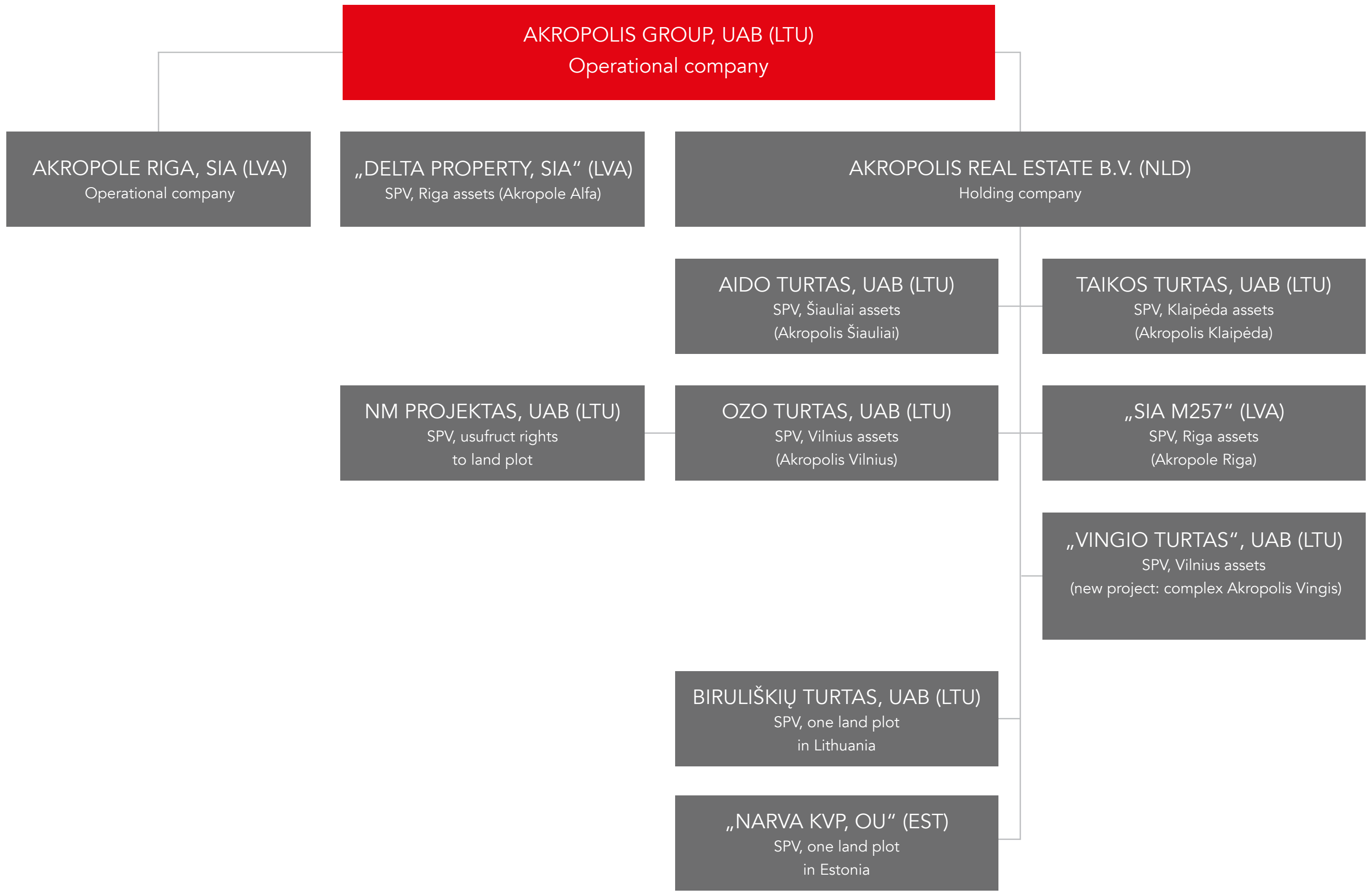
As at the date of this report, the Company's authorised share capital amounts to EUR 31,737,215.46 comprising 109,438,674 ordinary shares of nominal value of EUR 0.29. The Company's sole shareholder private limited liability company UAB Vilniaus prekyba (hereinafter referred to as Vilniaus prekyba) holds the entire share capital of the Company.

Vilniaus prekyba is an international diversified investment management company, which manages investments in retail and pharmacy chains, as well as real estate development and leasing service companies in the Baltic countries, Sweden, Poland and Bulgaria through other subsidiary companies.

The competence and the procedure of convocation of the general meeting of shareholders of the Company does not differ from the competence and the procedure of convocation of the general meeting of shareholders which is specified in the Law on Companies. The sole shareholder of the Company has the rights provided in the Law on Companies. There are no shareholders with special rights in the Company. There are no restrictions on voting rights.

Save for the exceptions established in the Law on Companies, the Articles of Association of the Company can be amended only by a decision of the general meeting of shareholders, adopted by a 2/3 majority of the votes carried by the shares held by the shareholders present in the meeting, following the procedure set in the Law on Companies.

The Group does not have branches or representative offices. Information on subsidiaries is disclosed in Note 1 to the consolidated financial statements of the Group.



MANAGEMENT SYSTEM

The Company has a two-tier management system, consisting of the management board (the "Board") and the head (the "CEO"). The Board is responsible for the strategic management of the Company and adopts decisions on the core transactions to be concluded by the Company (as provided for in the Articles of Association of the Company). The CEO is a one-person management body that manages the Company's day-to-day operations and represents the Company in its dealings with third parties. The sole shareholder of the Company, Vilniaus prekyba, has the right to appoint and revoke the appointment of members of the Board. Once a month, the Board and the management team present the Company's results to the shareholder and discuss the most important issues, including issues related to the Company's social responsibility. The Board elects the chairman of the Board from among its members. Also, the Board, by its majority vote, which requires 2/3 quorum, can appoint or revoke the appointment of the CEO of the Company.

THE BOARD

The Board is a collegial management body provided for in the Articles of Association of the Company, which consists of three members. The Board does not have executive powers and its main function is adopting the strategic decisions of the Company. The powers and responsibilities of the Board are set forth in the Law on Companies and the Articles of Association of the Company. In accordance with the Articles of Association of the Company, the Board takes decisions inter alia on:

i. investments, transfers and/or leases of fixed assets with a book value exceeding EUR 100,000 (calculated on an individual basis per transaction);

ii. approval of decisions (including decisions related to social responsibility), of the Company's subsidiaries' management bodies that require approval of the Company, acting in the capacity of the shareholder;

iii. amendment of the Articles of Association of the Company's subsidiaries;

iv. pledges or mortgages over fixed assets with a book value exceeding EUR 100,000 (calculated on an aggregate basis);

v. guaranteeing or standing surety for the fulfilment of obligations of other persons in the amount exceeding EUR 100,000;

vi. acquiring fixed assets for more than EUR 100,000; and

vii. issuing bonds (other than convertible bonds).

The Board of the Company must obtain approval of the general meeting of shareholders prior to making any decisions relating to the matters set out in (i), (ii), (iv), (v) and (vi) above if the amount of such transactions exceeds EUR 1,000,000 and decisions relating to acquisition of securities (regardless of value or type) and property and/or non-property rights carried by such securities by the right of ownership and/or any other right, as well as regarding transfer, pledge or other limitation or restriction of such securities and/or the property and/or non-property rights carried by such securities, as well as prior to any decision relating to the matters set out in (iii) above.

The Board makes decisions by a simple majority of the votes of all its members present at the meeting. In the event of a tie, the vote of the chairman of the Board shall have the casting vote. A quorum is present when at least two of three members of the Board are present at a meeting. Each member of the Board has one vote.

The Board's term of office lasts for a duration of four years (however, not longer than until the annual general meeting of shareholders convened in the last year of the tenure of the Board).

All Board members are not influenced by external and/or third parties and can make impartial decisions. The members of the current Board also hold other positions in the Company, and historically, the CEO of the Company is usually also the chairman of the Board, but holding these positions does not prevent the members of the Board from fulfilling the duties and obligations of the Board member. Each member of the board devotes sufficient time and attention to the performance of the duties of a member of the Board. Also, the Company's employment contract stipulates an obligation to avoid conflict of interest, and the Company's articles of association provide for cases when the Board must obtain shareholder approval to conclude essential transactions. Information about conflicts of interest of Board members is disclosed to other Board members and the Company's sole shareholder.

The Board constantly improves its knowledge about social responsibility and sustainable development - it participates in conferences and is interested in the best practices of other companies. Also, during regular meetings, the management team presents the latest trends and good practices.

MANFREDAS DARGUŽIS

Board member / Chairman of the Board / CEO
since 23-10-2020 / since 30-11-2020 / since 23-10-2020

Work experience	Vilniaus Prekyba Oct 2020 – Nov 2020 Business Development Executive Victory Funds Jul 2020 – Oct 2020 Chief Executive Officer Sep 2019 – Jul 2020 Fund Manager Lords LB Asset Management Nov 2014 – Aug 2019 Fund Manager Manfredas Dargužis is also a member of the boards of several other companies of Vilniaus prekyba group.
Education	2005–2008 Banking and International Finance CASS Business School, United Kingdom

KAROLIS KUNIGĖLIS

Board member / Head of Business Development
since 09-03-2021 / since 01-09-2022

Work experience	Akropolis Group Mar 2021– Sep 2022 Head of Legal Sorainen Apr 2019 – Feb 2021 Senior Associate Feb 2014 – Mar 2019 Associate
Education	2009–2013, Master of Law Vilnius University, Lithuania 2016–2020 Bachelor of Economics and Finance The London School of Economics and Political Science, United Kingdom

JURGITA ŽAGUNYTĖ-GENEVIČIENĖ

Board member / Head of Lease
since 22-10-2019 / since 26-09-2018

Work experience	Akropolis Group Aug 2016 – Sep 2018 Lease and Sales Project Manager Intractus Jul 2014 – Mar 2016 Asset Manager
Education	2003–2006 Master of Business Administration Business School of Vilnius University, Lithuania 1998–2002 Bachelor of Business Administration Vytautas Magnus University, Lithuania

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MANAGEMENT AND SOCIAL RESPONSIBILITY GOVERNANCE

The management team of the Company plays an important role in the management of the Company. The managers are responsible for implementing the Company's strategy, creating the Company's culture and ensuring that all teams work effectively together to achieve the Company's goals. The management team also makes important decisions related to finances, resources and personnel, and represents the Company to stakeholders. The management team is responsible for the development of the social responsibility strategy, the implementation of the intended goals and the evaluation and management of the impact created by the Company. The management team and its subordinates prepare policies related to the Company's social responsibility, which are approved by the Group CEO.

The Board and the management team meet at least once a week to discuss the main issues of the Company's management and development, which also include the Company's social responsibility, impact on the economy, environment and people. During these meetings, critical issues, such as possible negative impacts on stakeholders, the environment or society, arising from the Company's current or future activities, are also discussed. It is not established in the Company how and what critical issues should be forwarded to the Board, but since meetings are held frequently, and Board members also occupy other positions in the Company, all important issues, including complaints received through messages or other channels, are regularly discussed.

AUDIT COMMITTEE

In an effort to strengthen the management efficiency of the Company, an audit committee (the "Audit Committee") was established by the decision of the sole shareholder of the Company on 7 July 2021. Three persons – Eglė Čiužaitė and Šarūnas Radavičius, as two independent members, and Lukas Bendoraitis, who was the financial controller at Vilniaus prekyba then – were appointed members of the Audit Committee for a term of four years (starting from 7 July 2021). Members of the Audit Committee elected Šarūnas Radavičius as Chairman of the Audit Committee. On 20 April 2022, Lukas Bendoraitis was replaced by Asta Ratkienė, who holds the office of the Head of Financial Control and Accounting at MAXIMA GRUPĖ, UAB.

The Audit Committee must ensure an efficient and reliable process for the preparation and auditing of the financial statements of the Company, and must review and monitor the independence of the external auditor, as well as provide recommendations in the areas of internal controls and risk management.

AUDIT COMITEE MEMBERS:

ŠARŪNAS RADAVIČIUS

Member since 7 July 2021 (appointed for a four-year term of office)
Chairman since 12 July 2021.

Experience	Šarūnas Radavičius was the Head of the Audit Department at Rödl & Partner from 2004 to 2019, served as an independent member of the Audit Committee for Ignitis Group from 2018 to 2021, as a member of the Audit Committee of the Lithuanian Radio and Television Centre from 2019 to 2021.
Other current roles	Chairman of the Audit Committee at AB Utenos trikotažas (legal entity code 183709468, address: J. Basanavičiaus St. 122, LT–28214, Utena, Lithuania) Founder and Director of MB Saluma (legal entity code 305293446, address: Dangaus St. 17, Gudeliai village, LT-14168 Vilnius district, Lithuania) Member of Audit Committee at AB Klaipėdos nafta (legal entity code 110648893, address: Burių St. 19, LT-92276, Klaipėda, Lithuania)

EGLĖ ČIUŽAITĖ

Member since 7 July 2021 (appointed for a four-year term of office)

Experience	Eglė Čiužaitė was the Head of Business Development and the Head of Finance and Administration at AB Lietuvos energijos gamyba (currently, AB Ignitis gamyba, a strategic power generation company) from 2011 to 2016; and from 2016 to 2019 she was the CEO and Chairwoman of the Board of this company.
Other current roles	Chairwoman of the Board at VĮ Lietuvos oro uostai (Lithuanian Airports) (legal entity code 120864074, Rodūnios kel. 10A, LT-02189, Vilnius, Lithuania) Independent member of the Board at AB Vilniaus šilumos tinklai (legal entity code 124135580, address: Elektrinės g. 2, LT-03150, Vilnius, Lithuania) Board member at VšĮ Jaunimo linija (legal entity code 302594405, Vingrių g. 6, LT-01141 Vilnius, Lithuania) Head of Business Development (legal entity code 302766036, Saulėtekio al. 15-1, LT-10224 Vilnius, Lithuania) at UAB Saulės grąža

ASTA RATKIENĖ

Member since 20 April 2022 (appointed till the end of the current term of office of the Audit Committee)

Experience	Asta Ratkienė was Senior Manager at UAB PricewaterhouseCoopers from 1998 to 2016, Finance Manager at UAB Huawei Technologies from 2016 to 2017.
Other current roles	Head of Financial Control and Accounting at UAB Maxima Grupė (legal entity code 301066547, address: Savanorių pr. 5, LT-03116, Vilnius, Lithuania)

The Audit Committee held four meetings during 2022. Activities of the Audit Committee in 2022:

- Review of the accounting system used in the Company, as well as review of changes in related internal regulations;
- Review of the transparency and ethical standards applied in the Company;
- Review of the IT systems used by the Company, as well as related risks;
- Review of the effectiveness of the risk assessment and management system used in the Company and giving of recommendations;
- Review of the independent auditor's programme of work and monitoring the financial statements auditing process performed by the independent auditor.

The total attendance rate of the Audit Committee members in 2022 was 100%.

RISK MANAGEMENT

The Group's management considers that the main risks facing the Group relate to property and finance. The Group's overall approach to risk can be described as conservative. There are inherent risks in the real estate and property business, such as fluctuations in the value of assets, vacancies, volatility in market rents or risks associated with development activities. Key risks are assessed by ranking exposure on the basis of probability and magnitude. Risks of potential breaches of loan covenants are managed through a conservative financing policy and a close review of compliance indicators.

The Group believes that it has appropriate internal risk management and control systems. The Group is managed on an integrated basis, with centralized financial reporting and controls. Key elements of the internal control system are: a management structure designed to enable effective decision making; monthly review of key performance indicators, such as tenants' turnover, vacancies, rent collection, arrears and doubtful debtors; and review of performance against budgets. There are clearly defined guidelines and approval limits for capital and operating expenditure and other key business transactions and decisions. The internal management reporting system is designed to identify fluctuations in the value of investments, income and expenses. Capital projects, major contracts and business property acquisitions are reviewed in detail and approved by the Board. The Group also maintains insurance against loss or damage to properties, business interruption insurance and third-party liability insurance at levels which the Board believes to be prudent and in line with good industry practice.

[2-12] [2-13] [2-14] [2-18]

FINANCIAL RISKS

Risk	Main causes of risk	Risk mitigation measures
Credit risk	- Cash and cash equivalents - Loans granted - Accounts receivables and other receivables	- Credit risks are controlled by the application of credit terms and monitoring procedures - The Group assesses the credit quality of the debtors and customers, taking into account their financial position, past experience with them and other factors - Diversification of risk among many counterparties and customers - The credit risk of liquid funds (cash and time deposits) in banks is minimized by making agreements only with the most reputable banks with investment grade credit ratings of Baa2 and above assigned by Moody's, an international credit-rating agency
Exchange rate risk	- The Group does not face the foreign exchange risk as most of the transactions are carried out in euro	- Companies of the Group do not use financial derivatives to hedge against foreign exchange fluctuations
Interest rate risk	- Cash flows related to fluctuations in interest rates - Loans with a variable interest rate	- The Group's cash flow and fair value interest rate risk is periodically monitored by the management - The Group analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for receivables and liabilities that represent the major interest-bearing positions - The Group does not use any derivative financial instruments to manage the interest rate risk
Funding and liquidity risk	- Different payment terms for payables and receivables - Sufficient liquidity	- Sufficient level of free cash and cash equivalents - Advance securing of funding sources - The Group manages its cash flows and liquidity based on semi-annual forecasted cash flows
Restrictive covenants in long-term loan agreements	- Limitations on financial indebtedness - Terms of pledge or non-transfer of assets	- Continuous monitoring of indebtedness indicators and covenants

[2-16]

BUSINESS RISKS

Risk	Main causes of risk	Risk mitigation measures
Strategic risk	- Income - EBITDA	- Attention of Group management team - Business continuity management plans
Reputational risk	- Income	- Continuous improvement of the internal control system - Employee training and development of a Company culture where unethical behaviour is unacceptable
State risk	- Activities in countries where the political, financial, social or economic situation is unstable	- The Group operates in different countries with different specific risks - Knowledgeof the countries in which the Group operates - Monitoring political, financial, social or economic changes in the countries where the Group operates
Geopolitical factors	- Political changes in neighbouring countries	- Knowledge and understanding of the countries in which the Group operates - Monitoring and reviewing political, financial, social or economic changes in the countries where the Group operates - Inclusion of leadership, action and communication plans to manage this part of the risk
Regulatory risk	- Income - Environmental regulation	- Understanding the regulations of the countries where the Group operates - Monitoring and reviewing regulatory changes in the countries where the Group operates
Competitive and economic environment risks	- Group business - Results of the activity - Financial conditions	- Monitoring of user behaviour - Analysis of economic development - Approved strategies - Continuous improvement of the internal control system - Active management of the tenant portfolio, allowing to meet the changing needs of customers and limiting Group's exposure to its larges tenants - Active marketing communication
Real estate risk	- Changes in portfolio market values - Damage, destruction of real estate	- Property valuation is carried out once a year - Real estate insurance
Growth and development risks	- Number of shopping centres - Income - Results of the activity - Financial conditions	- Research and monitoring of different regions - Maintaining acquisitions, asset development and management competencies - Approved strategies - Detailed legal, technical, commercial and financial due diligence - Prohibition of specific activities
Risk of crime and security threats	- Large visitor flows in shopping and entertainment centres managed by the Group	- Continuous improvement of internal control procedures - Implementation of policies, procedures to ensure security - External security service providers
Human resources risk	- Labour costs - Financial Results	- Labour market monitoring and employee benefits that meet market conditions - Internal processes are suitable for recruiting, training and developing employees - Creating Company culture

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Risks related to the operation of information technology, data protection and personal data protection	- Income - Operating costs	- Continuous improvement of internal control procedures - Cooperation with the best internal IT experts - Third-party services are purchased with agreements on the level of service quality and monitoring of their compliance - Centralized IT infrastructure reliability assurance - Implementation of policies and procedures that ensure cyber security - Using the established team and information system to detect atypical behaviour on the corporate network and report and respond to security breaches - Using special equipment and programs to protect against malicious programs, external and internal cyber-attacks, e-mail spam, data leakage - Training and communication to help prevent data security and privacy incidents
Unforeseen taxes, tax penalties and sanctions	- Changes in the application of taxes or tax legislation in the markets where the Group operates	- Monitoring of legislative projects, initiation of internal projects in timely preparation for legislative changes - Conservative approach to tax risk - Transactions in the Group are carried out in accordance with the arm's length principle

COMPLIANCE RISKS

Risk	Main causes of risk	Risk mitigation measures
Risk of compliance with applicable legal acts and internal procedures	- The company's internal management and business processes	- Continuous improvement of the internal control system - Continuous monitoring and improvement of internal procedures - Monitoring of legislative projects, initiation of internal projects in timely preparation for legislative changes - Legal assistance, preparation and use of contract templates
Environmental and sustainability risks	- Activity and reputation	- Application of new methods to improve energy efficiency in shopping centres - Determination of short-term and long-term environmental, social and sustainable management goals
Occupational health and safety risks	- Financial condition, performance, reputation	- Safe and comfortable working environment - Observance of employees' working hours and vacation schedule - Regular medical examinations and health checks

CONTROL FRAMEWORK FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), approved for use in the European Union. Akropolis Group's Chief Financial Officer and Audit Committee oversee the preparation of the Company's consolidated financial statements, internal controls, financial risk management, and compliance with the legislation governing the preparation of the consolidated financial statements. The Group complies with all amendments to the IFRS. The Company evaluates potential impact on consolidated and stand-alone financial statements and ensures that new standards are appropriately implemented across the Group.

The Group is managed on an integrated basis, with centralized accounting, financial reporting and internal controls related to the preparation of consolidated financial statements. The Group sets accounting policies and reporting procedures that have to be followed by the Group entities. Financial results of the Group are analysed by the Company's employees on a monthly basis in order to detect any accounting or reporting errors.

All entities of the Group use Microsoft Dynamics NAV for financial accounting and reporting. The common system ensures consistent accounting and reporting and data comparability. Standardized data collection files prepared in Excel are used for preparation of consolidated financial statements.

Sustainability Report

Contents

CEO Letter

In 2022, more than 41 million people have visited 5 shopping and entertainment centres managed by "Akropolis Group" in Lithuania and Latvia. We are the leaders in our field in the Baltic States, thus our ambitions to act in a more sustainable way, as well as sustainability initiatives already implemented are valued by tens of millions of our visitors, by our business partners and investors. The importance of sustainable activities is constantly growing, and we, as leaders in our field, feel a great responsibility to contribute. We are ready to take solid further steps in this area and become a good example for other market participants.

In order to formalise our goal to become more sustainable, "Akropolis Group" publishes the first sustainability report in its history. Going forward, we will be publishing sustainability reports regularly.

In 2022, we made a strategic decision to take a systematic approach to sustainability and started developing the company's sustainability strategy, which will include ambitious short-term and long-term sustainability goals. We will establish clear evaluation criteria, allocate necessary resources, focus on its implementation and closely monitor progress made.

Sustainable activity is a goal of our entire Group, so for me personally, it is very important that this process would involve as many employees as possible. We encourage our employees to actively engage in setting and achieving sustainability goals, i.e., by inviting employees to actively participate and submit proposals when setting the company's sustainability goals. An employee survey conducted last year provided valuable insights on how we could strengthen the Group's efforts in the area of sustainability.

Particular attention to sustainability and environment is given during the development of the most ambitious "Akropolis Group" project – the multifunctional complex Akropolis Vingis in Vilnius. We plan to install solar power plants, implement geothermal heating and other sustainable solutions in this development. We will adhere to requirements of the BREEAM (Building Research Establishment Environmental Assessment Method) standard, which internationally assesses environmental impact of a development project, both during design and construction stages of Akropolis Vingis development. Furthermore, we will improve the communication infrastructure leading to the complex by prioritising the accessibility for visitors arriving by foot or by bicycle.

Finally, we strive to make our existing shopping and entertainment centres more sustainable and environmentally friendly. 4 of our 5 shopping and entertainment centres are certified according to the BREEAM standard. Meanwhile, Akropole Alfa in Riga which was acquired at the end of 2021 will be certified by BREEAM in 2023. In the short-term and medium-term we will focus on optimising and reducing the consumption of energy and other resources, as well as introduction of solutions allowing energy production from renewable sources.

Our first sustainability report marks the starting point of the fundamental changes in the sustainability strategy of "Akropolis Group". We are ready to share our progress in sustainability with the public on a regular basis.

Manfredas Dargužis
CEO, Chairman of the Board, Akropolis Group

[2-22]

About Akropolis Group

SHORT INTRODUCTION AND HISTORY OF AKROPOLIS GROUP:

AKROPOLIS GROUP, UAB with its headquarters in Vilnius, Lithuania, is the leading shopping and entertainment centre (hereinafter – SC) development and management company in the Baltic countries. Akropolis Group operates directly and through its subsidiary companies (hereinafter "the Group" or "Akropolis Group"). The Group started its activities in 2002 and has celebrated the 20th birthday of its first shopping and entertainment centre Akropolis Vilnius in 2022.

The principal business activity of the Group is developing and managing multifunctional shopping and entertainment centres in the Baltic states, with its operations currently focused on Lithuania and Latvia.

The Group is the leading shopping and entertainment centre operator in the Baltic states based on the size of shopping centres, variety of tenant mix and consumer awareness of Akropolis brand. The Group's business covers all aspects of a shopping centre's development, from the initial planning and construction stage of a project to overseeing the maintenance and operations of a fully operational shopping and entertainment centre, which includes managing leases and tenancies as well as asset management activities.

The Group's property portfolio consists of five fully operational shopping and entertainment centres (three in Lithuania and two in Latvia) and two office buildings that are integrated into two of the SCs (one each in Lithuania and Latvia).

The Group's shopping and entertainment centres are well positioned in the prominent local economic centres of Vilnius, Klaipėda and Šiauliai in Lithuania and Riga in Latvia. Each of these areas are affluent, densely populated and fast-growing consumer zones.

The Group's strategy for its shopping and entertainment centres is concentrated around having the best and strongest mix of tenants in the Baltic states, with an emphasis on large-format grocery store and pharmacy anchor tenants, international and domestic fashion stores, entertainment providers (such as cinemas and ice-skating rinks) and food and beverage services. The Group believes this is what makes its shopping and entertainment centres among the most appealing venues in the Baltic states, which helps drive its strong brand recognition amongst the consumers.

Since the principal business activity of the Group is developing and managing multifunctional shopping and entertainment centres, its suppliers are service providers such as cleaning, security, utility service providers, technical maintenance, marketing agencies as well as real estate construction companies.

In 2022, Akropolis Group was a member of Lithuanian Real Estate Development Association (LNTPA), the Alliance of Real Estate Developers and Association of Latvian Ice Rinks in Latvia.

[2-1] [2-6] [2-28]

Key numbers about Akropolis Group

5
owned and managed SCs

1,100
tenants

41 mln
visitors annually

333,946 sq.m.
total gross leasable area

[2-6]

Our Sustainability Approach

APPROACH TOWARDS SUSTAINABILITY

As the leading shopping and entertainment centre development and management company in the Baltic states, we recognize that we have a responsibility to minimize and offset the negative impact that is caused to the environment due to our operations while also having a unique opportunity to positively impact our communities, customers and employees.

We have noticed an increasing concern among our stakeholders about sustainability. Even though the Group has been implementing such sustainable initiatives as increasing energy efficiency, improving working conditions, philanthropy, etc., for a few years now, in 2022 we took the decision to adopt a more systematic approach to sustainability.

We conducted a thorough analysis of industry trends and engaged in a number of discussions with our employees to pinpoint the most critical areas. At the beginning of 2023, we interviewed our stakeholders, assessed the impact of our operations and determined the main directions for sustainability. By the end of 2023, we plan to set short and long-term objectives for each material area.

We believe that having the right set of internal policies plays an important role in ensuring that best practices and our sustainability principles are followed by all our stakeholders. The rules and guidelines established in our internal policies set clear expectations and standards for sustainable practices, providing guidance to our employees, tenants and partners on operating in a socially and environmentally responsible manner. Internal policies also help us mitigate risks and ensure compliance with legal and regulatory requirements as well as establish relevant monitoring mechanisms. We have developed four primary policies that define our general strategy and target particular aspects of sustainability.

[2-23]

VILNIAUS PREKYBA CODE OF BUSINESS ETHICS

The Code of Business Ethics sets out guidelines how we develop business relationships and adhere to standards of conduct in our dealings with employees, customers, partners, suppliers, governments and other authorities, as well as with society. The code emphasizes respect for human rights and advocates for healthy working conditions, zero tolerance for corruption.

VIOLENCE AND HARASSMENT PREVENTION POLICY

Akropolis Group has adopted this policy to create a working environment where employees do not experience hostile, unethical or humiliating actions that violate the employee's honour and dignity. The policy determines the methods of recognizing violence and harassment, the procedure for submitting and examining reports as well as the measures to protect whistle-blowers. Policy pays attention to a number of issues related to human rights as it forbids such behaviours as violence, harassment and also ensures freedom of thought.

AKROPOLIS GROUP PRINCIPLES OF ETHICAL COMMUNICATION AND PROCEDURES OF THEIR APPLICATION

This policy sets outs the principles of ethical communication that the Group and our communication partners must follow: a) political neutrality; b) respect for decisions taken by the government authorities; c) respect for every group of society; d) respect for the State and public sector; e) respect for media. Principle "Respect for every group of society" ensures non-discrimination which is one of the human rights. To ensure due-diligence, the Group's head of communication should be informed if there is any risk that communication material may be against this policy.

PERSONAL DATA MANAGEMENT AND PROTECTION POLICY

The policy establishes the principles of the protection of personal data stored and managed by the Group. The policy provides rules on how documents must be stored and sets out procedure for dealing with violations and requests.

The policies are approved by the Group CEO and presented to employees through internal document management system where all employees must confirm that they have familiarised with the policies. We have a dedicated person who is responsible for ensuring that every employee has been introduced to the policies.

The Group has also issued documents approving procedures for certain areas. For example, the "Procedure for Submitting and Analysing Information Related to Violations", the"Rules of Procedures". To encourage all employees and business partners to report unethical or illegal conduct they notice within our Group, we have adopted a Whistleblowing policy. It ensures confidentiality and independence when analysing each misconduct. The policy has been developed in accordance with the law on the Protection of the Whistleblowers of the Republic of Lithuania and is valid for all companies within the Group.

In our development projects, we also comply with the EBRD's (European Bank for Reconstruction and Development) in April 2019 approved Performance Requirements 1 through 8 and 10 Environmental and Social Policy during our property construction activities. The Group has assigned responsible individuals to monitor various Designated Performance Requirements, and as far as we are aware, there is no material non-compliance with these requirements.

[2-23] [2-24] [2-26]

OUR STAKEHOLDERS

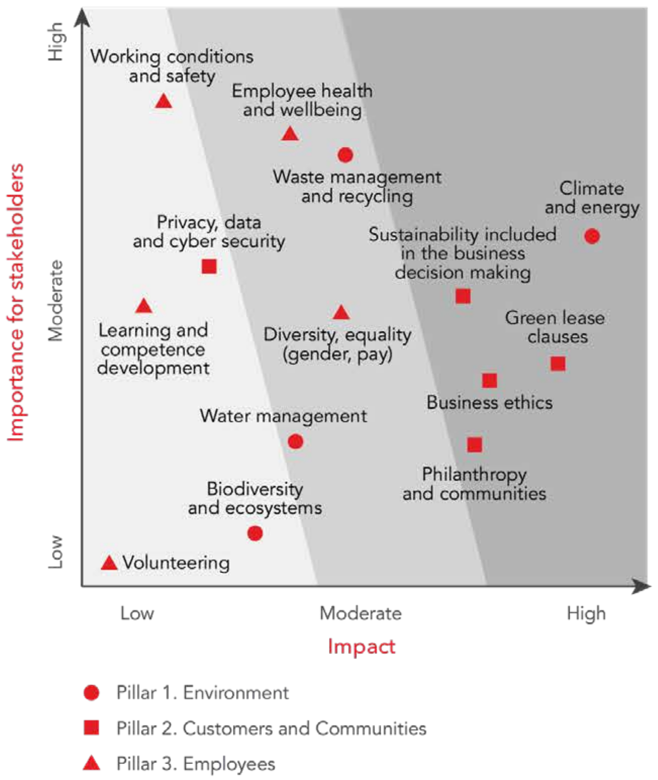
The Group has identified its stakeholders by analysing all parties that the company engages and impacts that are associated with those engagements, as well as best practices regarding stakeholder engagement. Majority of stakeholder groups were involved in the materiality assessment performed by the Group.

Stakeholder Group	Goals for involving the stakeholder group	Stakeholders' engagement
Tenants	Some of the sustainability goals set by the Group can be reached only through close collaboration with tenants, for example, reducing waste and ensuring correct recycling. At the same time, tenants are looking for sustainable solutions from SC managers.	Regular meetings, day-to-day communication, agreements.
Visitors	The Group seeks to provide premium quality services and sustainable solutions for visitors, to involve them into our sustainability initiatives (such as correct recycling of waste, supporting non-profit organizations), as well as to educate them on various sustainability topics.	Corporate website, social media, TV, radio and outdoor advertising, customer surveys, newsletters, feedback / claims channels.
Investors and financing partners	Sustainability is a topic that is considered by investors and financing partners when making an investment/financing decision. Therefore, the Group aims to address topics that are important for these stakeholders and to ensure the information presented to them is transparent and credible.	Corporate website, email, investor calls organized twice a year. Nasdaq Vilnius awarded Akropolis Group as the bond issuer with best investor relations in the Lithuanian market in 2022.
Shareholders	The Group and its shareholders believe that investing into sustainability will lead to increased value for shareholders. Thus, shareholders are involved in decision making associated to sustainability strategy, goals, etc.	Individual meetings, email and phone communication, strategy workshops and meetings.
Suppliers	The Group aims to create good, ethical business relationships with its suppliers and select suppliers that will help us to achieve our sustainability goals.	Corporate website, individual meetings, email and phone communication, agreements, annual report.
Employees	Employee engagement is a key success factor for reaching not only business, but also sustainability goals of our Group. It is important for the Group to address those sustainability factors that are important for employees as well as creating an encouraging, supportive and safe work environment.	Feedback channels, training, company events, continuous communication through internal meetings.
Public authorities (government, local authorities)	By developing its real estate projects and surrounding infrastructure, the Group has an impact on the infrastructure of the city and vice versa. Thus, the Group seeks to develop close business relationships with public authorities.	Corporate website, individual meetings, email and phone communication, annual report.
Non-governmental organizations	For many years, Akropolis Group has collaborated with many non-governmental organizations by providing them a space for their initiatives and financial donations. We believe that we can help those organizations to reach their goals and intend to strengthen this relationship in the future.	Corporate website, individual meetings, email and phone communication, annual report.
Local communities	Local communities are impacted by new real estate projects developed by the Group. Thus, we listen to their opinions and aim to ensure community welfare.	Corporate website, regular face-to face communication, various events, social media, TV, radio and outdoor advertising.

MATERIALITY

Akropolis Group determined the most material topics for the Group using a process based on best practices. We first analysed topics that are material for the industry, then had internal discussions with our employees and management to prioritize the list. To gain a better understanding of our stakeholders environmental and social needs, we conducted a survey with more than 800 stakeholders, including employees, visitors, tenants, partners, and shareholders.

Using the feedback received, we identified the most important sustainability areas to be addressed and managed. Each of the areas was analysed further in accordance with international guidelines to evaluate positive and negative impact caused by our activities. This analysis allowed us to determine the material topics to be included in this report as well as built the foundation for our Sustainability strategy which we intend to finalize by the end of 2023.



PILLAR 1: ENVIRONMENT

Sub-pillars: Climate and energy; waste management and recycling; water management; biodiversity and ecosystems.

Negative actual impact and potential positive impact

Our major negative impact on environment is caused by the use of energy required for lighting, heating and cooling systems, escalators and powering electronic devices used in the premises, ice rinks, etc. To reduce energy-related greenhouse gas emissions, we buy renewable energy and implement energy saving initiatives. We also ensure waste recycling in all of our shopping and entertainment centres. In 2023, we will thoroughly analyse our waste recycling practices and identify areas for improvement. Water-related impact is relatively moderate as it is primarily used by the visitors in restroom facilities and for maintenance of the premises and the territory. We are considering creating positive impact on biodiversity in and around our shopping and entertainment centres.

PILLAR 2: CUSTOMERS AND COMMUNITIES

Sub-pillars: Philanthropy; relations with tenants (includes green lease clauses, business ethics, privacy, data and cyber security).

Positive actual and potential impact

Our greatest actual impact is on the communities we support through our philanthropic actions – in 2022 the Group implemented and/or supported more than 60 various initiatives and partnered with a few dozen non-governmental organizations. We will continue to support those in need. The Group will strengthen its positive impact on tenants through implementation of green and ethical business practices such as Green lease clauses or supplier code of conduct which will gradually be included in our contracts with tenants and suppliers. Privacy and data security was rated as highly important for our external stakeholders. However, since we collect personal data on rare occasions and in limited scope, we see our impact on this area as minor.

[3-1] [3-2] [3-3] [2-25]

PILLAR 3: EMPLOYEES

Sub-pillars: Diversity, equality and inclusion; employee health and wellbeing, working conditions and safety, learning and competence development, volunteering.

Positive actual and potential impact

Since our Group is relatively small in terms of the number of employees, our impact is moderate and concentrated. We create positive working environment by ensuring safe working conditions, providing learning opportunities and various additional benefits that contribute to employee health and wellbeing, e.g., private health insurance. We also do not tolerate discrimination or unethical behaviour and have policies in place to guarantee that. Our positive impacts could be improved further by increasing the transparency about learning and development opportunities for employees, as well as more actively promoting diversity and inclusion. We will encourage our employees to take part in volunteering activities.

HIGHLIGHTS OF 2022 AND PLANS FOR 2023

2022 was a special year for our Group as we have made the strategic decision to adopt a systematic approach towards sustainability, signalling our commitment to contribute to a more sustainable future. Other highlights of the year related to sustainable development include:

- Analysis of sustainability in our sector, interviews, and discussions with our employees to determine material topics;
- Approval of "Violence and harassment prevention policy";
- Improvement of waste sorting system;
- Planning and implementation of "Akropolis Academy" – training programme that encourages life-long learning and targets an ageing workforce, as well as people with disabilities;
- Start of the refurbishment of Akropolis Klaipėda.

In 2023, we are taking further steps to advance our sustainability agenda. Some of our plans for 2023:

- Adoption of Sustainability strategy with short- and long-term goals;
- Update of our agreements with tenants by including green lease clauses (in the form of recommendations in 2023, gradually moving towards it being mandatory);
- Certification in accordance to ISO 14001 (Environmental Management Systems) and 45001 (Occupational Health and Safety) standards;
- Finalising certification of all our buildings in accordance with the BREEAM technical standards;
- Launch of Akropolis Academy *(more in section Close relations with tenants)*;
- Expansion of electric vehicle charging stations;
- Obtaining the construction permit for Vingis Akropolis development project (planned BREEAM New Construction "Excellent" certification);
- Completion of Akropolis Klaipėda refurbishment project, which started in 2022 and includes such environmentally friendly solutions as water and electricity saving sensors in WCs, water taps, electric scooter charging stations, etc.

[3-1] [3-2] [3-3] [2-25]

Environment

The Group is well aware of the impact on the environment caused by its business. As all shopping and entertainment centres we impact the environment during the development phase and operation of the SCs. Energy consumption in the centres and transportation associated with shopping contributes to greenhouse gas emissions and climate change. Therefore, we take on responsibility to manage and minimise negative impacts as well as continuously invest into solutions that are saving resources, ensuring circularity, preventing any significant damage to the environment. Currently the management of potential risks to environment is dedicated to specific personnel rather than managed by Group policies. For example, the manager of each SC is responsible for organising waste collection since there are certain specifics applicable in different municipalities. We also have dedicated personnel for BREEAM (Building Research Establishment Environmental Assessment Method) assessment and implementation of projects increasing energy efficiency. In the nearest future the Group plans to adopt an environmental policy, become certified under ISO14001 for an effective environmental management system and create a more defined governance structure for this area.

BREEAM CERTIFICATION

BREEAM is a widely recognised and globally used environmental assessment method for buildings. It aims to assess and improve the sustainability of buildings through a comprehensive and holistic approach, taking into account various aspects such as energy use, water usage, waste management, material selection and indoor environment quality, among others. BREEAM certification is awarded to buildings based on how they meet the set sustainability standards. The certification process involves a rigorous assessment by trained assessors who evaluate a building's design, construction and operation. BREEAM has become an important tool for building owners such as our Group as it helps demonstrate the sustainability credentials of a building, supports sustainable construction practices and enhances the reputation as well as competitiveness of the building in the market.

All buildings of the Group, except for one, are assessed and have received BREEAM certificates, as provided in the table below. Akropole Alfa was quite recently purchased by the Group and is still under certification process. The certificate is expected in the first half of 2023.

SCs Akropolis in Vilnius, Klaipėda and Šiauliai together with the office in Vilnius were awarded the highest score, i.e., 100% for waste management. SCs Akropolis in Šiauliai and Klaipėda received a high score for their transport management solutions, while Akropole Riga has received 100% score for transport management solutions. Akropolis Šiauliai and the office in Vilnius received a high rating in materials category. After the certification process was completed, a dedicated team of our employees analysed the results and insights provided by the assessors and prepared an action plan to improve sustainability of all the buildings.

Table 1. Property portfolio BREEAM certificates

Buildings		BREEAM evaluation
Akropolis Vilnius SC	★★★☆☆☆	BREEAM In-Use Good
Akropolis Vilnius office	★★★☆☆☆	BREEAM In-Use Good
Akropolis Klaipėda SC	★★★☆☆☆	BREEAM In-Use Good
Akropolis Šiauliai SC	★★★★☆☆	BREEAM In-Use Very Good
Akropole Riga SC	★★★★☆☆	BREEAM New Construction Very Good
Akropole Riga office	★★★★☆☆	BREEAM New Construction Very Good
Akropole Alfa SC	☆☆☆☆☆☆	Planned BREEAM In-Use Very Good *to be received in the 1st half of 2023*

One of our key goals is to ensure that all SCs within the Group are awarded BREEAM standard "Very Good" by 2026.

ENERGY

Energy consumption and efficiency

Our SCs are energy-intensive due to the high level of activity within the building and the need for climate control to ensure the comfort for visitors, tenants and employees. Energy consumption in the premises of the Group is mainly attributed to lighting, air conditioning, heating, refrigeration and operation of various mechanical and electrical systems.

We have continually invested in decreasing the use of energy and enhancing energy efficiency. By 2022 nearly all lighting in common areas of the SCs (walking alleys, lounge and sitting areas, restrooms, etc.) has been changed to LED lighting, which could be up to 80% more efficient than other lighting options. We also encourage our tenants to use efficient technologies (including LED lighting) in the leased premises. Majority of our tenants have switched to LED lighting.

In order to decrease electricity consumption and due to increased energy prices, in August 2022 the Group has approved and implemented a list of electricity saving actions:

- Shortening working hours of SCs in Vilnius and Riga by one hour (closing at 21:00 instead of 22:00);
- Increased flexibility of temperature ranges in the premises;
- Adjusted oxygen level;
- Dimmed lighting in alleys, facades, advertisement billboards and signs (depending on the business hours of the SCs);
- Dimmed lighting in the surrounding territory (depending on the business hours of the SCs);
- Installed sensors in most auxiliary rooms that regulate the lighting of these premises;
- Conducted audit of building management system (BMS), prepared an action plan to modernise the BMS (to automate the work of engineering systems / equipment) and install monitoring system to collect and manage the data of energy consumption.

The above-mentioned measures resulted in approx. 8-13% in energy savings. However, currently it is quite difficult to determine the exact amount of savings due to difference in the level of activities. For example, in 2021 operations in Latvia and Lithuania SCs were limited due to COVID-19 restrictions, while compared between countries restrictions in Latvia were longer and stricter. Additionally, the opening of several 24/7 facilities in Akropole Riga contributed to increase in electricity usage in 2022 compared to 2021. Moreover, consumption of electricity highly depends on the outside temperature. The aforementioned reasons also had an impact in the increase of the overall consumption of electricity as shown in the table below.

[302-4]

Table 2. Overall energy consumption in the Group

	2021		2022	
	Lithuania	**Latvia**	**Lithuania**	**Latvia**
Electricity (MWh)	54,573	28,716	58,578	35,416
Heating (MWh)	19,541	6,895	15,106	6,531
Natural Gas (m³)	103,498	53,522	160,232	62,922
Diesel (L)	7,706	NA	8,456	1,602
Petrol (L)	13,343	3,529	14,320	3,778
Gas (for transport)	NA	NA	61	NA

Note: in Latvia gas consumption is measured in KWh. Thus, we used conversion factors by DEFRA (Department for Environment, Food and Rural Affairs) of United Kingdom.

Table 3. Electricity and heating consumption in the Group by segments, MWh

	2021		2022	
	Lithuania	**Latvia**	**Lithuania**	**Latvia**
Electricity used by Tenants	32,542	16,528	36,745	21,540
Electricity used in common areas	22,001	12,184	21,805	13,872
Electricity used by administration of Akropolis	30	3	28	4
Country totals	54,573	28,716	58,578	35,416
Total of electricity	**83,289**		**93,994**	
Heating used by Tenants	15,635	4,793	12,031	4,636
Heating used in common areas	3,825	2,096	3,013	1,889
Heating used by administration of Akropolis	81	6	62	6
Country Totals	19,541	6,895	15,106	6,531
Total of heating	**26,436**		**21,637**	

[302-1]

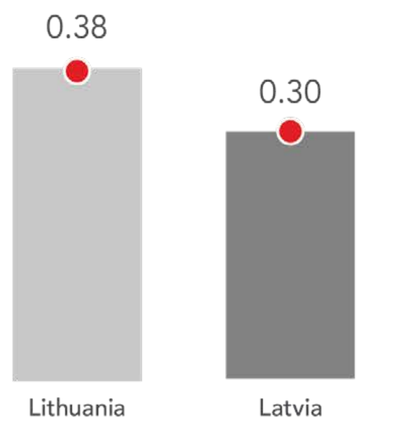
SCs in Lithuania use more energy for electricity and heating than SCs in Latvia. This could be attributed to higher efficiency equipment, installed during new construction and renovation of our assets and lighting used by tenants in Latvia and different outside temperatures.

Renewable energy and green transportation

The Group recognises the importance of transitioning to renewable energy sources and providing access to renewable energy to its tenants. Thus, 62% of all the energy we purchased in 2022 was generated by renewable sources.

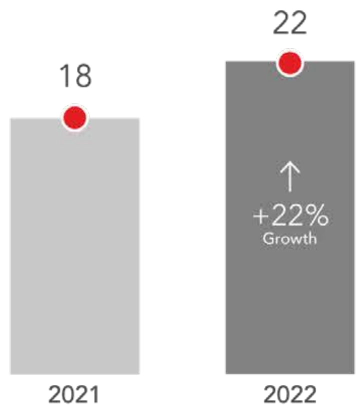
Having electric vehicles (EV) charging stations at SCs is becoming increasingly important as the number of electric vehicles on the road continues to rise. Such charging stations provide a convenient and accessible solution for EV owners to recharge their EV while they shop, run errands or dine. This enhances the shopping experience for EV owners as well as contributes to promoting the use of EVs. In 2022, we have increased the number of EV charging stations in parking lots of our SCs by 22%.

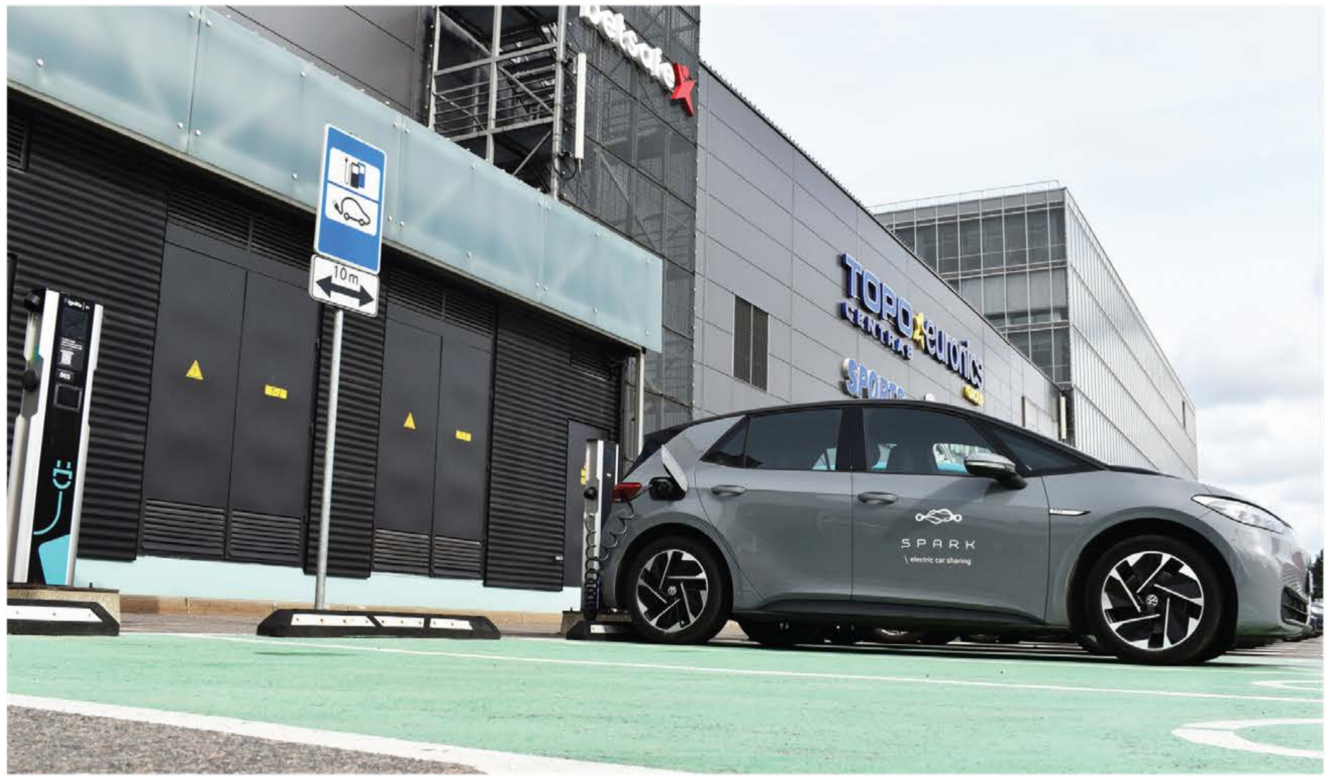
Energy intensity, 2022 [MWh/sq. m]



Note: The graph represents the MWh of heating and electricity used in SCs per square meter of gross leasable area.

Number of EV charging stations



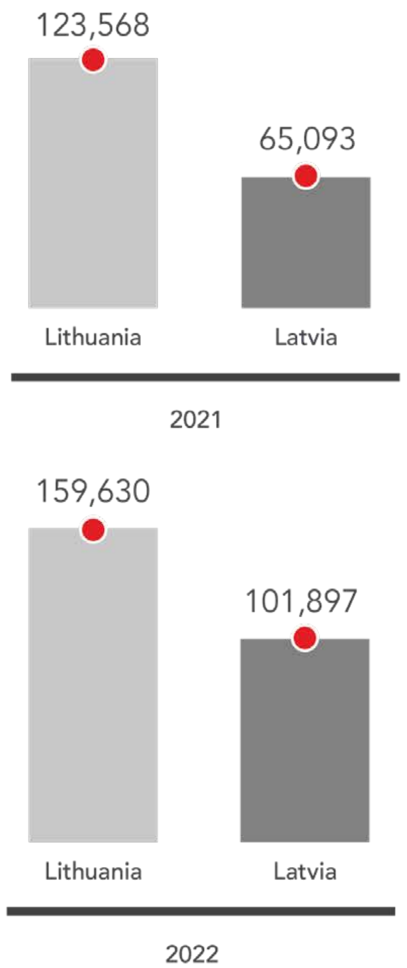


[302-3]

WATER

Water in all SCs is supplied and collected by the local municipal utility companies. SCs typically do not consume large amounts of water. Water as it is primarily used by the visitors in restroom facilities and for maintenance of premises and territory (cleaning and landscaping). In order to minimise water consumption and related impacts, the Group invests into water-efficient fixtures and technologies such as water-efficient faucets and water saving toilet units. By the end of 2022 such water saving solutions were installed in Akropolis Vilnius and Akropole Riga. Installation of these means is still in progress in Klaipėda. Remaining SCs (Akropolis Šiauliai and Akropole Alfa) are scheduled for technological updates in 2023-2024.

Water consumption [m^3]



Note: increase in water consumption in 2022 was mostly caused by revocation of all Covid-19 restrictions

To avoid negative impacts related to water and sewage pollution, the Group gathers information from the tenants about chemicals used for cleaning the premises and thus released into the sewage system. Such information is significant for ensuring safety of the environment, as well as complying with local regulations. Based on information provided by our tenants, dangerous or controlled chemicals are not used in daily operations of the SCs. Nevertheless, there have been a few minor instances when authorities informed the Group that the amount of certain chemicals in the sewage was slightly higher than the norm. The Group was given 9 fines in 2022 equal to 8,066.27 euros in total.

In order to mitigate potential risks related to water pollution we collect and test water samples once per quarter in a laboratory.

The Group implements the following additional actions to ensure high quality of water for its visitors and tenants as well as compliance with regulations for discharged water:

- Water received from suppliers is filtered (mechanical particles and iron are separated) and softened;
- Performing regular control against the bacteriological contamination of drinking water;
- Water is filtered before discharge into the sewage system – fats are mechanically separated from the water. The fat collected in separators (grease traps) is disposed in accordance with applicable standards and local regulations;
- Oil and sand traps are installed in all parking lots, filters are periodically replaced. Accumulated sand is transported to dedicated collection sites, which are specifically used for disposal of materials contaminated with oil products.

[303-1] [303-2] [303-5] [2-27]

WASTE MANAGEMENT AND RECYCLING

Shopping and entertainment centres generate large amounts of waste, including food waste, packaging materials (generated by tenants), as well as construction waste during the construction of new buildings and tenant fit-out works. If not properly managed, the generated waste could have a negative impact on the environment.

Waste in SCs Akropolis is managed by the Group and the tenants together. We have prepared the "Guide for the tenants" on general procedures, operational and security rules of the SCs as well as other important information. The guide extensively covers the topic of waste management. Harmful chemical, poisonous, flammable or other substances dangerous to the environment and people must not be released by tenants. Tenants are strictly prohibited from pouring grease, oil or other similar contaminants into the sewage disposal systems. Such materials are collected in appropriate container and disposed in a safe and secure manner. Tenants are solely responsible for collection and proper disposal of any food waste. The largest tenants such as grocery stores Maxima and Rimi usually sort and handle waste separately and/or have their own separate containers for recycling.

The Group comprehends the negative impacts which occur due to waste generation in its SCs. Therefore, we promote recycling among our visitors, tenants and employees. Recycling bins for paper, plastic, glass and small electronics are located in all alleys of the SCs, easily accessible to all visitors. Each SC also has separate glass, plastic and paper recycling containers dedicated to tenants. Waste collection and sorting system was improved in some of the Group's SCs in 2022 to ensure that all waste is recycled correctly. Tenants are also regularly reminded about their obligation to recycle. Fulfilment of their obligations is regularly monitored by management of the SCs. Waste produced during the construction, renovation or fit-out works (regardless of who organises the work) is collected in a separate container and delivered to a dedicated construction waste collection site.

Table 4. Recycled and non-recycled waste by country, 2022

	Lithuania
Cardboard waste (tonnes)	523
Glass waste (tonnes)	1
Polyethylene waste (tonnes)	14
Non-recycled waste (tonnes)	190
	Latvia
Cardboard with polyethylene (tonnes)	551
Glass waste (m^3)	94
Hard plastic waste (m^3)	53
Non-recyclable waste (m^3) – pressed	3,440
Non-recycable waste (m^3) – non-pressed	2,508

Note: data for non-recycled waste covers only production and construction waste since waste companies handling municipal waste do not indicate how much waste is collected.

The Group believes that by reducing the amount of waste sent to landfills, it will reduce the impact of waste on the environment. It will also lead to conservation of natural resources and energy as production of recycled products typically requires less energy. Promotion of recycling in SCs can educate both employees and customers on the benefits of waste reduction and sorting.

[306-1] [306-2] [306-3] [306-4]

BIODIVERSITY

Impact of shopping and entertainment centres on biodiversity during construction and operation of our assets varies a great deal. If not properly managed, construction of a SC could result in the destruction of natural habitats, displacement of wildlife and/or pollution. The preparation of the building site for construction of buildings, roads and parking lots could cause significant disruption to local ecosystems. For new construction projects BREEAM sets out a list of requirements for biodiversity that developers and designers are obliged to consider in order to achieve a certain sustainability rating. Some of the key biodiversity requirements for BREEAM cover habitat creation, species protection, landscape design, ecological value, water and waste management. Building sustainable assets and obtaining high BREEAM evaluation is one of the main strategic goals of the Group. Therefore, the upcoming construction of Akropolis Vingis will be completed not only according to national laws but also following the best practices and requirements of BREEAM. During preparation for construction, old factory buildings were demolished on the site and contaminated soil was cleaned.

Currently the land plot is of low ecological value. During construction of the multifunctional complex, biodiversity will be improved, green spaces will be created. The use of native plant species of the Vingis Park will create additional habitats for the local ecological system, including fauna.

Currently owned SCs of the Group do not have a substantial negative impact on biodiversity as they are located in urban areas, thus any potential harm to biodiversity is limited. Nevertheless, we are aiming to create a positive impact on biodiversity. Our future plans include implementation of such sustainable practices as installation of green roofs, building bee houses on building roofs, installing insect houses in territories of SCs. We aim to collaborate with local conservation organizations that help raise awareness on the importance of biodiversity. While there may be some indirect impacts during operation of the assets, such as increased traffic and noise, we believe that our SCs can be designed and managed to have a positive impact on biodiversity and the environment, as well as minimising any potential adverse impact.

Table 5. Facilities adjacent to protected areas as characterized by national legislation

Akropolis Vilnius

Land plot area (sq.m.)	162,547
Type of operation	SC, office
Biodiversity value characterised by the attribute of the protected area or area of high biodiversity value outside the protected area:	**Terrestrial.** The territory is adjacent to the Šeškinė slopes geomorphological reserve, which borders the southeastern border of the territory. The purpose of establishing the reserve is to protect the fragments of the fluvioglacial slopes of the Neris Valley.

[304-1] [304-2]

Akropole Alfa

Land plot area (sq.m.) Type of operation	97,223 SC
Biodiversity value characterised by the attribute of protected area or area of high biodiversity value outside the protected area:	**Terrestrial.** The territory is adjacent to biotope – wooded seaside dunes (by view – forest). There are a few protected trees in the area. Operation of the shopping and entertainment centre has no negative influence on the biotopes in question.

Akropolis Vingis project

Land plot area (sq.m.) Type of operation	105,931 SC, office, residential premises for rent
Biodiversity value characterised by the attribute of protected area or area of high biodiversity value outside the protected area:	**Terrestrial and freshwater.** On the west side the territory borders with the river Neris and on the north side – with Vingis Park and the territory of Vingis Park watering hole. In 2005 Vingis Park was declared an immovable cultural heritage object. Most of the land in the territory is used for forestry (recreational) purposes. The river Neris is registered as a protected area.

[304-1] [304-2]

INITIATIVES IN THE FIELD OF ENVIRONMENTAL PROTECTION

Increased attention to sustainability and circular economy encouraged the Group to take initiatives in the field of environmental protection. The Group already implemented the following projects that reduced environmental pollution, encouraged to reuse textile materials and other goods, and drew attention to the sustainability topic:

- Both office buildings (in Akropolis Vilnius and Akropole Riga) use glycol-based refrigeration system. Glycol is a natural refrigerant that is considered to be environmentally friendly and causes fewer refrigerant leaks.
- The Group offers gift cards for customers for shopping in Akropolis SCs. To make the company's activities more sustainable, previously used plastic gift cards were discontinued since November 2022 and were replaced by cards made from cardboard certified by responsible forestry FSC ("Forest Stewardship Council") standard. All gift cards and gift envelopes sold in 2023 will already be made from more sustainable, post-use recyclable materials.
- The Group has decided to use Christmas decorations for 5 instead of 3 years in order to reduce waste and conserve resources.
- In cooperation with environmental management companies "Eco Baltia vide" and "Clean R" in Latvia, four textile waste sorting containers were placed next to Akropole Riga SC. To promote secondary circulation of textile materials in Latvia, people were invited to hand over any kind of clothing and shoes, both new and used, to be recycled.
- In June 2022 Akropolis Šiauliai hosted a tractor trailer with sustainability-themed escape room which was located in the territory of the SC for a week. "The mission: Green Deal" is a project implemented by the Lithuanian Bureau in European Parliament that aims to educate society about the causes, challenges and implications of climate change.
- In 2022 old but still well-functioning furniture of Vilnius administration office was donated to several local communities in Vilnius. In total, 25 pieces of furniture were donated and reused.

Customers and Communities

The Group has two distinct groups of customers: tenants and visitors. Tenants are business operators leasing premises, while visitors come to the shopping and entertainment centres to shop, dine, as well as use other services available in the SCs or spend time in the entertainment facilities, such as cinema, ice rink, etc. Both customer groups are crucial to the success of the centres and their support is essential in helping to implement sustainability targets of the Group.

Moreover, Akropolis SCs are visited by a large number of people on a daily basis, making them a unique platform to make a significant impact on communities by implementing various social initiatives. Therefore, the Group has been supporting many non-governmental organisations and their programmes. We believe that by addressing the needs of both customer groups and partnering with communities and non-profit organisations, we can create a thriving and sustainable community for everybody.

CORPORATE AND LOCAL PHILANTHROPY

The Group is actively supporting local communities and non-governmental organisations. In 2022 alone, more than 60 initiatives were implemented and/or supported by the Group. Initiatives the Group was part of are categorized as follows:

Support for Ukraine

Since February, due to the start of the war in Ukraine, support for Ukraine and Ukrainian refugees emerged as a major social initiative within the Group. The support has been provided through various initiatives:

- Spreading awareness – information about various projects supporting Ukraine and collecting donations was displayed on billboards and TVs in the SCs;
- Financial support by joining the project "Lithuania loves Ukraine". The project was organised and supported by NGO "Red Cross", operator of gift card programmes "Gera dovana" and the largest Lithuanian SCs, including Akropolis. Gift cards of Akropolis SCs were donated to Ukrainian refugees. Financial support provided by the Group amounts to 30,000 euros;
- Invitations to ice rink – Ukrainian refugees seeking shelter in Lithuania were invited to use the ice rink of SCs Akropolis in Lithuania free of charge as part of non-financial support. Almost 4,000 Ukrainian refugees have used this opportunity;
- Donation campaign "Riga-Kiev" invited Latvian residents to donate food, household and hygiene products, as well as food for pets. The aim was to fill buses from "Rīgas satiksme" with food and essential products. Three buses located in the territory of Akropole Alfa were filled with valuable donations in a very short amount of time.

Collecting donations

Due to the fact that Akropolis SCs are visited by tens of thousands of people every day, they are a highly effective location for collection of donations. Thus, the Group allows many NGOs to use its premises for collecting donations. Some of the partnerships are listed below:

- Cooperation with SOS Children's Villages that take care of children who are left without parental support of their biological parents and help them grow up in a loving and safe family environment, develop, learn and socialise – providing free of charge promotional space with the aim to raise donations;
- "Food bank", a non-profit charitable organisation that distributes food to those in need, collects donations 3-4 times per year;
- RED NOSES clown doctors, a non-profit organisation bringing humour and laughter to children with health problems – providing free of charge promotional space with the aim to raise donations.
- Local Šiauliai division of the international women's club "LIONS" helping multi-child families in Šiauliai region who are struggling and experiencing social exclusion. Donation box is placed in Akropolis Šiauliai.

The Group encourages other organisations to use the premises of SCs for good causes, including "Lietuvos Raudonasis Kryžius" (en. *Lithuanian Red Cross*), "Ankstukai" (en. *Pre-term babies*), Klaipėda Centre for Babies with Developmental Disabilities, "Caritas", "Gelbėkit vaikus" (en. *Save the Children*), "ziedot.lv" (en. *"Donate.lv"*) and many more.

Cultural, informational and other events

In 2022 Akropolis SCs were home to many cultural and informational events, including the following:

- Cooperation with the State Blood Donor Centre in Latvia – special bus was located next to both Riga's SCs, where donors could donate their blood. In total 1,053 blood donations took place next to Akropolis SCs;
- Klaipėda University exhibitions – "Baltic Sea from the space", "Path of the ship", "InoBioTech Baltija": dedicated to development of a biotechnological clean-up methods to neutralise oil spills in the Baltic Sea;
- Exhibition "Re:waste – how Sweden is rethinking resources" provided an opportunity to look at each stage of a product's life cycle and invited to create new models of sustainable consumption;
- Exhibition of Šiauliai Cathedral layout. The exposition of the cathedral was intended for visits by visually impaired people, as its description was also presented in Braille. The visitors were able to touch the model thus granting a sense of touch for pattern perception for visually impaired customers.

In total, during the year 2022, the Group has donated 95,000 euros to various organisations directly and provided different free of charge services valued to approximately 176,000 euros.

CLOSE RELATIONS WITH TENANTS

The Group aims to build partnership-like relationships with its tenants. To ensure smooth everyday operations we prepared a comprehensive guide for tenants. Annual review of results is organised to share information and improve engagement with tenants, gather feedback from tenants and implement various initiatives with them. Moreover, we are raising awareness of tenants' employees in environmental initiatives and how their everyday actions can contribute towards them.

Akropolis Academy

In 2022 the Group has started planning and implementation of "Akropolis Academy" – a training programme designed in line with the tenants' needs. Training programme is created in cooperation with EBRD and encourages life-long learning, targets ageing workforce, as well as people with disabilities and the incumbent staff of the tenants' retailers (in terms of relevant up-skilling).

The ultimate goal of the Academy is threefold:

- To support business operations of the Group through the timely provision of market-relevant skills for the benefit of its tenant retailers;
- To broaden access to employment and life-long learning skills for an ageing workforce (50 plus), as well as people with disabilities thus enhancing their economic opportunities;
- To provide tailored guidance and information to Akropolis tenants employing older workers for the first time, seeking to improve capacity and adopt the best practices.

In order to develop Akropolis Academy that corresponds to needs of the tenants, in 2022 the Group:

- **Surveyed 98 stakeholders (69 in Lithuania and 29 in Latvia);**
- **Held 4 meetings with the managers of Akropolis SCs;**
- **Held 4 focus group meetings with 35 tenants;**
- **Had 10 1-1 meetings with tenants across the different sub-sectors of retail**

Afterwards, a detailed implementation plan and preliminary programme were developed. The implementation of Akropolis Academy will continue in 2023.

Online health and safety training (pre-stage of Akropolis Academy) for the tenants already took place in Latvia. Over 600 tenants' employees participated in the training.

Events with and for the tenants

The Group implements various support initiatives and events together with tenants. For example, on the 1st of September 2022 in Akropolis Vilnius, Klaipėda and Šiauliai "Festival of Science and Knowledge" was organised together with city's police, public health office and the tenant "Vision express". During the event, school children could take pictures, measure their height, check their eyesight, get acquainted with the rules of safe behaviour and the equipment used by the police officers.

The Group also organises festive events for the employees of its tenants. For example, during winter holiday season in 2022, employees of our tenants in all SCs were invited to the disco on the ice-rinks. The event was positively evaluated by all participants.

EXCELLENT CUSTOMER EXPERIENCE FOR THE VISITORS

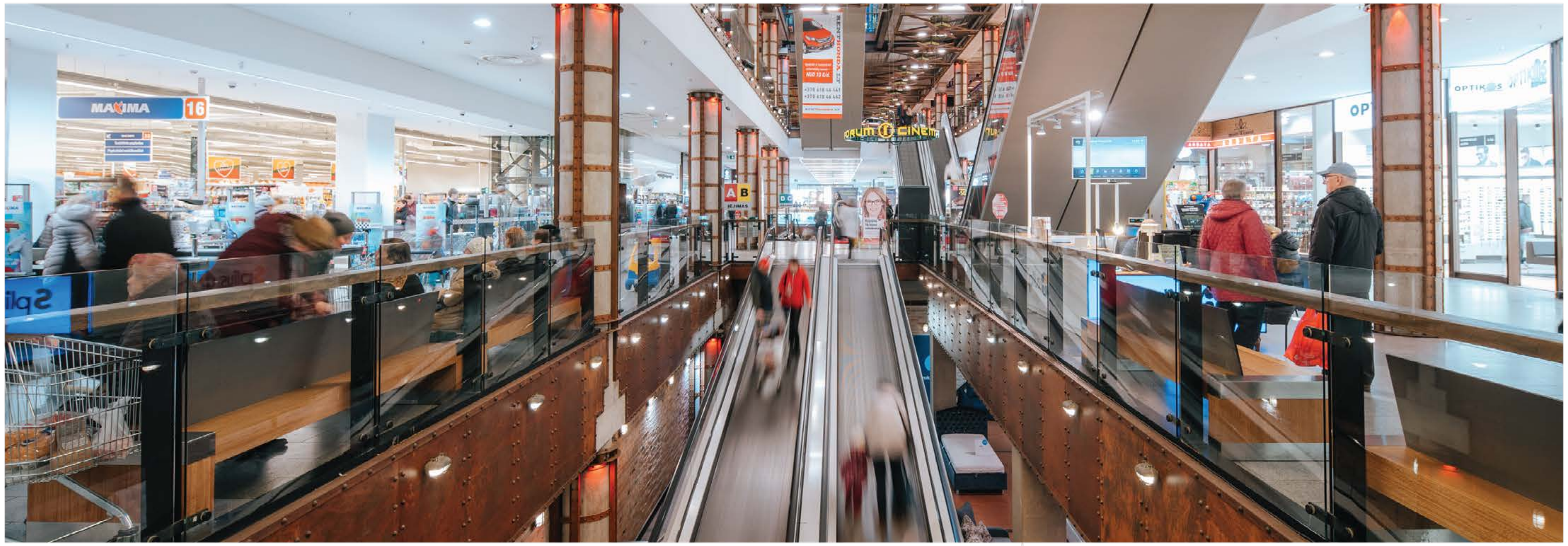
The Group aims to create extra-ordinary shopping experience for its visitors. Thus, health and safety standards are ensured, the premises are fit for people with disabilities. Accessibility by public transportation is one of the top considerations when choosing a location for a development project. Ensuring easy accessibility by public transport is more likely to attract customers who may not have private transportation, such as tourists, elderly people and those who are more environmentally conscious. Public transportation options available could also help to alleviate traffic congestion and parking issues, making it easier and more convenient for customers to visit a SCs.

We make significant investment into local infrastructure, such as cycle lanes, sidewalks, streetlights, public transportation stops, parks, children's playgrounds, etc. in all of our development projects. This type of investment not only enhances the shopping experience for the customers, but it also has a positive impact on the surrounding community. In order to ensure great customer experience we also safeguard customer health and safety, protect privacy of the customers and have a specific set of rules for ethical communication.

Customer health and safety

Health and safety of the customers is our top priority. We take proactive measures to ensure a safe and clean environment for our visitors, such as frequent cleaning and sanitisation of common areas, installation of various tools that improve air quality and/or kill bacteria and viruses, etc. In addition, our centres have security personnel always on duty to ensure the safety of visitors and their belongings. We closely monitor local health guidelines and adjust its protocols accordingly.

In rare occasions there are some incidents near Akropolis or inside our SCs. Most of the cases are caused by negligent behaviour of visitors. However, in all cases, each incident is carefully evaluated and assessed for potential improvements aimed at increasing safety of the customers. In case of damages which the Group could be held accountable for, we immediately contact relevant insurers and ensure that a full-scale investigation is launched in order to determine potential compensations. In 2022, there were no material incidents.



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Customer privacy

The Group normally does not collect personal data of its visitors unless it is necessary for a specifically defined purpose. Shopping and entertainment centres only collect very limited information such as name and email address when necessary, e.g. for signing up for a newsletter or entering a contest. Even then, collected information is securely stored and processed for the legitimate purpose in compliance with legal acts. In cases when data is collected, protection of personal data collected by the company is carried out in accordance with the EU General Data Protection Regulation and other applicable legal acts. In 2022 there were no complaints received regarding violations of customer privacy and/or loss of customer data or identified cases of data leakage.

Ethical communication

The Group, being a member of Vilnius Prekyba group, adheres to the Code of Business Ethics implemented by the parent company. Public communication conducted by the Group complies with the Code of Business Ethics and to its principles of ethical communication.

Thus, we have adopted the "Group Principles of Ethical Communication and Procedures of their Application" establishing five main principles:

1. **Political neutrality;**
2. **Respect for decisions taken by the government authorities;**
3. **Respect for every group of society;**
4. **Respect for the State and public sector;**
5. **Respect for media.**

Each media and public relations partner of the Group is familiarised with the principles and their application. Moreover, in order to ensure adherence to the principles of ethical communication, we are involved in the approval process of advertisements published by tenants inside of our SCs. We expect and encourage tenants to follow the same principles. We are actively involved in providing feedback about tenants' communication placed in our SCs and in rare cases we ask to edit the advertisement materials prepared by tenants.

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Employees

GENERAL INFORMATION ABOUT EMPLOYEES AND WORK ETHICS

Creating a positive and productive working environment is a top priority for our Group. We believe that a happy and motivated employee is much more productive and engaged with the company. We are constantly looking for ways to improve the working environment for our employees and make sure that they feel appreciated and respected. We provide fair compensation, equal opportunities for growth and development and an engaging culture. We encourage open communication, showing initiative and a positive attitude to promote a productive and successful workplace. Our goal is to create an environment where everyone feels like they are a part of the team and that their contributions are highly valued. We also place great significance on the health and safety of our employees and implement all essential measures to establish a secure and healthy workplace.

One of our goals in 2023 is to get certified with ISO 45001 (Occupational Health and Safety) standards.

By the end of 2022, the Group employed 127 people in total – 98 in Lithuania, 28 in Latvia and 1 person in the Netherlands. All employees are employed full time except one in the Netherlands who works 10 hours per week.

39% of all employees of the Group are long-tenured employees (working more than 5 years in the company). 38% of all employees have been with the Group between 1 and 5 years. We appreciate all our employees and especially long-tenured employees as they have extensive experience and knowledge about the company, its processes, customers, and the market.

Table 6. Total number of employees by gender

	2021				2022			
	Lithuania	Latvia	Netherlands	**Total**	Lithuania	Latvia	Netherlands	**Total**
Men	44	9	1	**54**	44	11	1	**56**
Women	51	13		**64**	54	17		**71**
Total	**95**	**22**	**1**	**118**	**98**	**28**	**1**	**127**

Note: the number of employees is provided as the headcount.

Table 7. Employees by gender and age, 2022

	Women			Men		
	Up to 30	From 30 till 50	Over 50	Up to 30	From 30 till 50	Over 50
Lithuania	11	36	7	5	24	15
Latvia	5	10	2	3	8	
Netherlands						1
Total	**16**	**46**	**9**	**8**	**32**	**16**

Note: the number of employees is provided as the headcount.

127
employees by the end of 2022

39%
percentage of employees working for more than 5 years

38%
percentage of employees working from 1 to 5 years

In 2022 the Group continued to grow and increased its total headcount by 8% in comparison to 2021.

The Group outsources some of the activities like cleaning and security services. We do not gather any information about employees of our outsource partners. Employees of outsource partners are also not included in any aspects of our activities designated for employees of the Group, such as training programmes, additional benefits, etc.

Since the Group is owned by "Vilniaus Prekyba", our employees are also subject to Code of Business Ethics of UAB "Vilniaus Prekyba". The code lists the main principles to be followed by employees when dealing with other employees, general public, customers, partners, suppliers, government and other authorities. The code declares such Group values as respect for human rights, healthy working conditions, and zero tolerance for corruption. Group employees are also bound by our internal "Rules of Procedures" that are applied to all employees. The rules not only outline the usual expectations and responsibilities of employees within the organisation such as time-off policies, payroll system, use of information technologies, management of confidential information but also training of employees, improving their qualifications, respect for family obligations, ensuring equal opportunities, etc.

We follow local laws and regulations on parental leave. Information about employees entitled to parental leave and the return rate is presented in the table on the right.

The Group has adopted the Remuneration Policy, which sets remuneration rules for all employees including senior management and members of governance bodies. Everyone in the Group receives a fixed salary, the ranges of which are determined in the Remuneration Policy. However, the Group has the right, at its sole discretion, to award bonuses to employees to encourage them or reward for exceptional performance. The Remuneration Policy is developed by human resource manager and senior management based on qualifications required to perform the job, the nature of duties, the powers granted to the employee and the level of responsibility. The Policy is approved by Group's CEO. Due to the confidentiality agreements, we cannot disclose the annual total compensation ratio.

Table 8. Data on parental leave

Percentage of employees that are entitled to parental leave, by gender	
Men	100%
Women	100%
Total	**100%**
Number of employees that have their parental leave to end, by gender during the reporting period	
Men	1
Women	6
Total	**7**
Return rate (how many employees tend to come back to work after their parental leave has ended)	
Men	100%
Women	83%
Total	**86%**

DIVERSITY, EQUALITY AND INCLUSION

The Group is an equal opportunity employer and believes in diversity and inclusion in the workplace. We do not discriminate on the basis of race, religion, sex, origin, age, disability, sexual orientation or any other reason. The Group is committed to providing a work environment that is free from discrimination and harassment, and we strive to create an inclusive culture where all employees can thrive. At the end of 2022 we approved "Workplace Violence and Harassment Prevention Policy". The policy supports the creation of a working environment in which employees do not experience hostile, unethical, humiliating, aggressive, insulting or offensive actions which encroach on the honour and dignity, physical or psychological integrity of an individual employee or a group of employees, or which are aimed at intimidating, degrading an employee or their group or placing them in a helpless or powerless position. The policy asserts the commitment to respect such human rights as right to work, freedom of opinion and expression, no discrimination and freedom and equality of all human beings.

The policy determines methods of recognising/-identifying violence and harassment, possible forms of violence and harassment, the procedure for reporting and examining cases of violence and harassment, protective measures for and the assistance provided to, persons reporting violence and harassment or victims of violence and harassment, rules of conduct for employees and other information related to the prevention of violence and harassment. Even though the policy has been approved at the second half of 2022, it affirms our long-standing position of respect for human rights and each employee. There has never been an incident of discrimination within the Group.

The gender distribution of employees in different positions proves that the company provides equal opportunities regardless of age or gender. 55% of C level managers are women. Such percentage is much higher than the average in the EU[1], which amounts to 18-28%.

Table 9. Gender diversity in the Group, 2022

		Number of employees in the Group			**% of employees in the Group**		
Seniority	Age	Men	Women	**Total**	Men	Women	**Total**
C level managers	up to 30			**0**			**0**
	30-50 years old	4	5	**9**	3	4	**7**
	Over 50	1	1	**2**	1	1	**2**
	Total	**5**	**6**	**11**	**4**	**5**	**9**
Middle managers	up to 30		1	**1**		1	**1**
	30-50 years old	1	3	**4**	1	2	**3**
	Over 50		2	**2**		2	**2**
	Total	**1**	**6**	**7**	**1**	**5**	**6**
Specialists	up to 30	8	15	**23**	6	12	**18**
	30-50 years old	27	38	**65**	21	30	**51**
	Over 50	15	6	**21**	12	5	**17**
	Total	**50**	**59**	**109**	**39**	**46**	**86**
Total in the Group		**56**	**71**	**127**	**44**	**56**	**100**

[1] https://ec.europa.eu/eurostat/documents/2995521/10474926/3-06032020-AP-EN.pdf/763901be-81b7-ecd6-534e-8a2b83e82934

Our hiring process is carefully planned by identifying specific skills and experience needed for the position, as well as any specific qualifications or certifications required. We use a variety of recruiting methods, such as job postings, partnership with recruiting agencies and employee referrals to attract a diverse pool of qualified candidates. We are following the good practice of making all open positions public to ensure equal opportunities for everyone. The table below presents more information about new hires in the Group.

Table 10. New employee hires by gender and age group

	Lithuania					
	2021			2022		
	Up to 30	From 30 till 50	Over 50	Up to 30	From 30 till 50	Over 50
Men	3 12%	3 12%	2 8%	3 13%	5 22%	
Women	10 40%	7 28%		9 39%	6 26%	
Total	**13 52%**	**10 40%**	**2 8%**	**12 52%**	**11 48%**	**0 0%**
	Latvia					
	2021			**2022**		
	Up to 30	From 30 till 50	Over 50	Up to 30	From 30 till 50	Over 50
Men	1 25%	1 25%		2 14%	4 29%	
Women	1 25%	1 25%		6 43%	1 7%	1 7%
Total	**2 50%**	**2 50%**	**0 0%**	**8 57%**	**5 36%**	**1 7%**

ADDITIONAL BENEFITS

To increase the well-being of our employees the Group offers a package of additional benefits, consisting of:

- Private health insurance package;
- Psychological assistance;
- One-time payments to employee on such occasions as wedding, loss of a family member;
- One-time payment to family of upon the death of the employee;
- Special offers from companies of Vilniaus Prekyba Group (Maxima, Eurovaistine, etc.);
- Free courses to improve qualifications;
- Christmas gifts for employees;
- Management of the company as well as certain other personnel depending on their functions are provided with the company cars and fuel cards.

The Group organises various events for all of its employees – Christmas, summer events, birthday celebrations, etc.

LEARNING AND DEVELOPMENT

We understand the importance of investing in our employees and providing them with opportunities to grow, learn and develop their skills. We believe that providing our employees with learning opportunities not only benefits them, but also benefits our organisation as a whole. Each year the company sets a budget designated to employee development programmes – internal and external. The training budget is supervised by each department manager and is allocated to employees based on their needs and wishes, as well as performance. Some of the internal trainings (such as Employee Safety) are mandatory for all employees of the Group.

The Group encourages its employees to take advantage of learning opportunities and supports them in their pursuit of professional development.

To support career development, employees are provided with regular and constructive feedback on their performance. Such performance reviews are conducted with all employees on an annual basis and are carried out by managers and HR. These reviews provide opportunity for employees to receive constructive feedback on their performance over the past year, to discuss their goals and aspirations for the future, evaluate employee's satisfaction with work and working conditions. Employees are encouraged to give feedback to their managers and share their ideas for improving the company. During the review process, managers and employees meet to discuss the employee's job responsibilities, accomplishments and areas for improvement. These reviews also serve as a basis for determining promotions salary raises and other rewards.

A majority of employees in the Group's administration have common weekly meetings to encourage experience sharing, where everyone discusses their goals for the week (on a personal and department level), challenges that they face and other important questions. Such meetings help employees to understand how their work contributes to the organisation's overall goals, encourages teamwork and strengthens positive atmosphere.

Table 11. Examples of the trainings attended by employees:

External trainings
"2023 Social media strategy: 10 questions to answer"
"Password" conference
"RETAIL" conference
"Marketing Shake 2022"
"Sustainability course" conference
Technical maintenance of buildings. Innovations, requirements, responsibility, legal and practical aspects
Baltic real estate investment forum
EXPO Real
MAPIC
LiMA DAY LITHUANIA'22 (marketing and communication conference)
Changes in legal acts regulating construction, land and territorial planning legal relations and peculiarities of implementation in practice
Internal trainings
Employee safety
Cyber security

EMPLOYEE HEALTH AND SAFETY

Employee health and safety is of the utmost importance for the Group. We take all necessary actions to provide a safe and healthy working environment for our employees and to ensure that all safety procedures and protocols are followed. This includes training on safety when on-boarding new employees and periodical training for all employees on proper use of personal protective equipment, regular safety inspections. During training our employees are familiarized with health procedures (incl. first aid), safety rules (incl. fire safety measures), action plans on crisis prevention and steps to be followed in case of crisis. Training material contains visual aids that help employees to understand and memorise it easier. Considering the importance of the training, we always encourage employees to express their opinion, raise questions or give feedback on how to improve it.

In order to comply with local regulations and best practices, the Group has approved various internal procedures which are followed on a daily basis.

The list of procedures:

- **Rules of Procedures;**
- **Rules for Remote Work;**
- **Order on Suspension from Work due to Drunkenness or Intoxication;**
- **Procedure on the Investigation and Recording of Incidents at Work;**
- **Instructions on Employees Safety and Health Training in the Workplace;**
- **Fire Safety Briefing;**
- **List of Personal Protective Equipment;**
- **List of Dangerous Works Performed in the Company;**
- **Various procedures, action plans and list of preventive measures related to Covid-19 management.**

The Group has contracted an independent third party to monitor changes in regulations related to safety and health of employees, prepare drafts of mandatory rules and procedures to be approved and implemented by the Group. Moreover, the third party constantly analyses working conditions, examines problems that have arisen and proposes relevant improvements in this important field. The chosen partner is an expert in the field of employee safety and is responsible for identifying work-related hazards and assessing risks. Another third party is engaged by the Group to perform employees' health checks before signing employment agreements and periodical health checks during employment. Additionally, we have appointed employees who are responsible for monitoring and conducting ad-hoc assessments in the following fields, related to health and security:

- Maintenance and replenishment of the first aid kit;
- Medical check-ups of employees;
- Organisation, issuing and accounting of personal protective equipment;
- Monitoring portable ladders;
- Maintenance and operation of gas devices and technological gas devices;
- Electricity and heat management.

If employees notice any work-related hazards, they report it to the appointed employee or to their direct manager. Due to number of actions implemented, there were no work-related injuries in the Group.

In 2023, we plan to implement the ISO 45001 standard, which will help to further improve the employees' health and safety management system.

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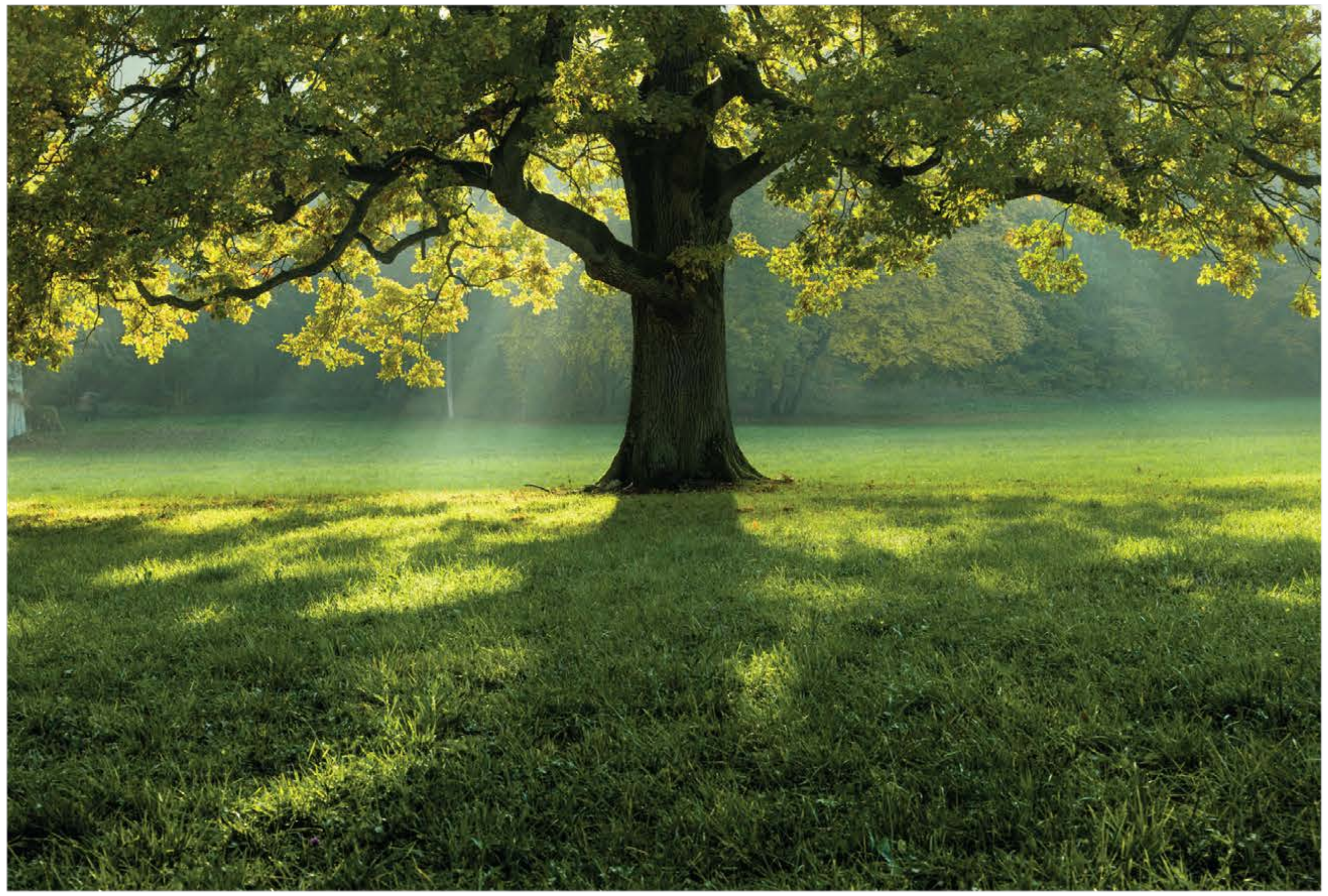
About this report

REPORT CONTENT

This is the first Sustainability report of the Akropolis Group which will be prepared annually from now on. It is published together with the Group's consolidated annual report and financial statements. This report has been made in accordance with the latest version of the international non-financial reporting standard by Global Reporting Initiative. Notably, Akropolis Group does not fall into the category of companies that are required to publish sustainability reports by law and has prepared this report voluntarily.

The information provided in the report covers the period from 1 January, 2022 until 31 December, 2022. This year's report was not subject to external assurance, but we will consider independent verification of this report in the future. This and future reports will be available at our website. This report covers all entities of the Group (see more in Chapters 2 & 3). The draft version of the report has been presented to the Management Board for review and approval.

Any questions concerning this report should be submitted to sustainability@akropolis.lt.



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Akropolis Group, UAB

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022,
PREPARED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARTS, AS ADOPTED BY THE EUROPEAN UNION,
PRESENTED TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT**

AKROPOLIS
REAL ESTATE DEVELOPMENT & MANAGEMENT COMPANY

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GENERAL INFORMATION

Registration

Akropolis Group, UAB is registered in Lithuania as a limited liability company under the Law on Companies of the Republic of Lithuania.

The Company's registration number is 302533135.

Director

Mr. Manfredas Dargužis

Independent Auditor's Report

To the shareholders of Akropolis Group UAB

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Akropolis Group UAB (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2022, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 30 March 2023.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the consolidated financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Group are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements.

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Company code 111473315, registered with the Legal Entities' Register of the Republic of Lithuania

The non-audit services that we have provided to the Group, in the period from 1 January 2022 – 31 December 2022, are disclosed in Consolidated Annual Report section *Information on non-audit services*.

Our audit approach

Overview

- Overall Group materiality: EUR 6,324 thousand

- The full scope audit was performed for the Company. The Group engagement team performed audit work on the selected balances and transactions of subsidiaries, which were assessed as material from the Group audit perspective.
- Our audit scope covered all of the Group's revenues and all of the Group's total assets.

- Valuation of investment properties

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	Overall materiality applied to the Group amounted to EUR 6,324 thousand
How we determined it	1% of total equity of the Group
Rationale for the materiality benchmark applied	We chose the Group's equity as the benchmark because, in our view, it is an appropriate measure of underlying performance, and it is the benchmark against which the performance of the Group and other companies in this industry is most commonly measured by users, and it is a generally accepted benchmark. The key driver of the business and determinant of the Group's value is investments into various properties. For this reason, the key area of focus in the audit of the financial statements of the Group is the valuation of investment properties. Accordingly, an overall Group materiality was based on total equity. We chose 1%, which is within the range of acceptable quantitative materiality thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 632 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
Refer to Note 6 to the financial statements on page 33. The Group's investment properties represent the most significant category of the Group's assets. Investment properties are accounted at fair value. Management estimated the fair value of the Group's investment properties to be EUR 1,019,720 thousand at 31 December 2022, as compared to EUR 1,006,821 thousand at 31 December 2021. Revaluation net gain of EUR 10,585 thousand (2021: EUR 50,461 thousand) was recorded as valuation gain from investment property in the consolidated statement of profit or loss and other comprehensive income. The valuation of investment properties was based on the values determined by independent valuers as at 31 December 2022. In determining the value of leased-out properties, the external valuers take into account property-specific current information such as current tenancy agreements and rental income earned by the asset. Subsequently, they apply assumptions in	Our procedures in relation to management's valuation of investment properties included the following: • evaluation of the independent external valuers' competence, capabilities and objectivity; • assessment of the methodologies applied, and appropriateness of key assumptions based on our knowledge of real estate industry; • testing, on a sample basis, whether specific information supplied to the valuers reflected the underlying property records held by the Group; • testing the data inputs underpinning the valuation, including rental income, capital expenditure, by agreeing them back to the supporting documentation. Because of the subjectivity involved in determining the value of investment properties and existence of alternative assumptions and valuation methods, we have reviewed the sensitivity analyses of the fair value of investment properties to changes in key assumptions, which was prepared by the Group's management.

relation to capitalisation rates and current market rental prices and their growth, based on available market data and transactions, to arrive at a range of valuation outcomes, from which they derive a point estimate.

Given the materiality of investment properties, the revaluation to fair value had a significant impact on the consolidated financial statements. We also focused on this area as the conclusions are dependent upon significant estimates involved in performing the valuation, and they are most sensitive to the assumptions underlying those valuations. In particular, the most significant estimates relate to capitalisation, discount rates and fair market rental prices as well as risk premium assumptions.

For the above-mentioned reasons, due to existence of significant estimation uncertainty, we gave specific audit focus and attention to this area.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 12 entities: the Company and its subsidiaries. Six subsidiaries located in Lithuania, three subsidiaries located in Latvia and one subsidiary located in Estonia and Netherlands. A full scope audit was performed by us or, under our instructions, by PwC Latvia covering all of the Group's revenues and total assets. The remaining entities of the Group were immaterial, therefore, we performed selected audit procedures on these components relating to specified account balances or disclosures.

Reporting on other information including the consolidated annual report

Management is responsible for the other information. The other information comprises the consolidated annual report, including the social responsibility (sustainability) report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information, including the consolidated annual report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the consolidated annual report, we considered whether the consolidated annual report includes the disclosures required by the Law of the Republic of Lithuania on Consolidated Reporting by Groups of Undertakings and Law of the Republic of Lithuania on Reporting of Undertakings.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the consolidated annual report for the financial year for which the consolidated financial statements are prepared, is consistent with the consolidated financial statements; and
- the consolidated annual report has been prepared in accordance with the Law of the Republic of Lithuania on Consolidated Reporting by Groups of Undertakings and Law of the Republic of Lithuania on Reporting of Undertakings.

The Group presented the social responsibility (sustainability) report as a part of the consolidated annual report.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated annual report which we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Group on 2 May 2019 and reappointed on 9 June 2022 and had an uninterrupted engagement appointment of 4 years.

The key audit partner on the audit resulting in this independent auditor's report is Rimvydas Jogėla.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No. 000457

Vilnius, Republic of Lithuania
30 March 2023

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2022 EUR'000	At 31 December 2021 EUR'000
ASSETS			
Non-current assets		**1 028 596**	**1 018 888**
Property, plant and equipment	**5**	1 974	2 257
Investment property	**6**	1 019 720	1 006 821
Intangible assets		92	159
Right-of-use assets	**7**	113	134
Non-current amounts receivable	**8**	6 697	9 517
Current assets		**185 572**	**93 260**
Inventories		63	68
Amounts receivable and prepayments	**8**	6 170	6 805
Other current assets	**8**	3 578	4 333
Cash and cash equivalents	**9**	175 761	82 054
TOTAL ASSETS		**1 214 168**	**1 112 148**

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements were approved and signed on 30 March 2023 by:

Manfredas Dargužis
CEO of Akropolis Group UAB

Gabrielė Saponaitė
CFO of Akropolis Group UAB

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	At 31 December 2022 EUR'000	2021 EUR'000
EQUITY AND LIABILITIES			
Share capital	**10**	31 737	31 737
Legal reserve	**10**	4	4
Share premium	**10**	448 096	448 096
Retained earnings		152 532	91 508
Total equity		**632 369**	**571 345**
Non-current liabilities		**542 852**	**505 285**
Borrowings	**12**	446 556	411 138
Lease liabilities	**7**	60	87
Deferred income tax liabilities	**18**	88 225	86 636
Other non-current amounts payable	**13**	8 011	7 424
Current liabilities		**38 947**	**35 518**
Borrowings	**12**	13 006	12 033
Lease liabilities	**7**	58	48
Income tax liabilities		1 235	2 083
Trade and other payables	**13**	24 648	21 354
Total liabilities		**581 799**	**540 803**
TOTAL EQUITY AND LIABILITIES		**1 214 168**	**1 112 148**

The accompanying notes form an integral part of these consolidated financial statements.
The consolidated financial statements were approved and signed on 30 March 2023 by:

Manfredas Dargužis	Gabrielė Saponaitė
CEO of Akropolis Group UAB	CFO of Akropolis Group UAB

AKROPOLIS
AKROPOLIS GROUP UAB
Company code 302533135, Ozas St. 25, Vilnius

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 EUR'000	2021 EUR'000
Rental income	**4**	75 096	57 276
Service charge income		36 957	21 859
Service charge expenses	**14**	(38 128)	(20 982)
NET RENTAL INCOME		**73 925**	**58 153**
Administrative expenses	**15**	(4 747)	(3 713)
Other income, net		861	1 933
Gain on disposal of investment property		-	1 199
Valuation gain (loss) from investment property	**6**	10 585	50 461
OPERATING PROFIT (LOSS)		**80 624**	**108 033**
Interest expenses	**16**	(11 023)	(8 093)
Interest income	**16**	127	-
Other financial costs		(1 655)	(980)
PROFIT (LOSS) BEFORE INCOME TAX		**68 073**	**98 960**
Income tax expense	**17**	(7 049)	(8 294)
NET PROFIT (LOSS) FOR THE YEAR		**61 024**	**90 666**
TOTAL COMPREHENSIVE INCOME (LOSS)		**61 024**	**90 666**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent		61 024	90 666
EARNINGS PER SHARE (EUR)			
Basic / diluted	**11**	0,558	0,828

The accompanying notes form an integral part of these consolidated financial statements.
The consolidated financial statements were approved and signed on 30 March 2023 by:

Manfredas Dargužis	Gabrielė Saponaitė
CEO of Akropolis Group UAB	CFO of Akropolis Group UAB

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Legal reserve	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance at 31.12.2020	**31 737**	**448 096**	**4**	**842**	**480 679**
Transactions with owners:					
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Net profit for the year	-	-	-	90 666	90 666
Total comprehensive income	**-**	**-**	**-**	**90 666**	**90 666**
Balance at 31.12.2021	**31 737**	**448 096**	**4**	**91 508**	**571 345**
Transactions with owners:					
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Net profit for the year	-	-	-	61 024	61 024
Total comprehensive income	**-**	**-**	**-**	**61 024**	**61 024**
Balance at 31.12.2022	**31 737**	**448 096**	**4**	**152 532**	**632 369**

The accompanying notes form an integral part of these consolidated financial statements.
The consolidated financial statements were approved and signed on 30 March 2023 by:

Manfredas Dargužis
CEO of Akropolis Group UAB

Gabrielė Saponaitė
CFO of Akropolis Group UAB

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2022	2021
	Notes	EUR'000	EUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss) for the year		61 024	90 666
Adjustments for:			
Income tax expense		7 049	8 294
Depreciation and amortization		872	832
Write off and loss on disposal of PPE	**5,6**	996	(22)
(Gain) on sale of subsidiary		-	(1 199)
Valuation gain (loss) from investment property	**6**	(10 585)	(50 461)
Interest expense	**16**	11 023	8 093
Interest income	**16**	(127)	-
Operating cash flows before movements in working capital		**70 252**	**56 203**
(Increase)/decrease amounts receivable, prepayments and other current assets		4 211	(7 443)
Decrease in inventories		5	-
Increase (decrease) in amounts payable		4 585	4 224
Cash generated from operations		**79 053**	**52 984**
Interest paid		(10 965)	(3 032)
Income tax paid		(6 308)	(7 396)
Net cash generated from operating activities		**61 780**	**42 556**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of PPE, investment property		(3 743)	(173 174)
Disposal of subsidiaries		-	4 523
Interest received		91	-
Net cash generated from (used in) investing activities		**(3 652)**	**(168 651)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		42 200	319 734
Repayments of borrowings		(6 621)	(168 325)
Net cash generated from (used in) financing activities		**35 579**	**151 409**
Net increase (decrease) in cash and cash equivalents		**93 707**	**25 314**
Cash and cash equivalents at the beginning of the year		82 054	56 740
Cash and cash equivalents at the end of the year		**175 761**	**82 054**

The accompanying notes form an integral part of these consolidated financial statements.
The consolidated financial statements were approved and signed on 30 March 2023 by:

Manfredas Dargužis
CEO of Akropolis Group UAB

Gabrielė Saponaitė
CFO of Akropolis Group UAB

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Akropolis Group UAB (hereafter "the Company") was incorporated on 30 July 2011 in Lithuania as a limited liability company under the Law on Companies of the Republic of Lithuania. The address of the Company's head office is Ozo g. 25, Vilnius, Lithuania.

The sole shareholder of the Company owning 100% of shares was Vilniaus Prekyba UAB, company code 302608755, address: Ozo g. 25, Vilnius. Metodika B.V., address: Parnassusweg 819, 1082 LZ., Amsterdam, operating in the Kingdom of the Netherlands, is the ultimate parent company and Mr Nerijus Numa is the ultimate controlling party.

The Group's bonds are traded at Euronext Dublin (Ireland) and Nasdaq Vilnius (Lithuania) stock exchanges.

The Group is comprised of the Company and its subsidiary undertakings (hereafter collectively referred as "the Group"). In 2021 the Group has undergone a change in corporate structure whereby Akropolis Real Estate B.V. and all of its subsidiaries became subsidiaries of Akropolis Group, UAB (the "Reorganisation"). On 22 March 2021, UAB "Vilniaus Prekyba", the sole shareholder of Akropolis Group, UAB and Akropolis Real Estate B.V., adopted a decision to increase the share capital of Akropolis Group, UAB by non-monetary contribution of the shareholder, namely, the payment of the subscription price of the newly issued shares in Akropolis Group, UAB has been performed by transferring ownership of 100% of the shares in Akropolis Real Estate B.V. from UAB "Vilniaus Prekyba" to Akropolis Group, UAB. Shares in Akropolis Real Estate B.V. were transferred to the ownership of Akropolis Group, UAB by notarial deed on 24 March 2021. All registration and other formalization actions required to complete the Reorganization were completed on 6 April 2021.

The Company for the first time prepared Consolidated financial statements in accordance with IFRS as adopted by the EU for the years ended 31 December 2021. Previously last available financial statements were Combined financial statements of Akropolis Group, UAB and Akropolis Real Estate B.V. for the years ended 2020 and 2019, which have been prepared exclusively for inclusion in the bond prospectus. The Combined financial statements do not constitute statutory accounts of either of the two companies. IFRS does not prescribe how to prepare Combined financial statements, however, the Conceptual Framework to IFRS envisages that the reporting entity might comprise two or more entities that are not all linked by a parent-subsidiary relationship. In this case the reporting entity's financial statements are referred to as "Combined financial statements".

The Reorganisation, completed on 6 April 2021, is a business combination under common control. The accounting for common control transactions is not prescribed by IFRS. One of the acceptable methods to account for such transactions, which is now used by Akropolis Group UAB, is to apply the predecessor values method (the historical carrying values from the combining businesses) in the Consolidated financial statements of Akropolis Group UAB for the period ended 31 December 2021, with the retrospective presentation approach. Under this approach, the Consolidated financial statements of Akropolis Group UAB is presented as if the businesses have been consolidated from the beginning of the earliest period presented because Akropolis Group UAB and Akropolis Real Estate B.V. were under common control as of that date.

As of 31 December 2020 share capital of Akropolis Group UAB and Akropolis Real Estate B.V. Consolidated financial statements consisted of EUR 43 thousand of the share capital of Akropolis Group UAB and of EUR 140 110 thousand of the share capital of Akropolis Real Estate B.V. On 22 March 2021 the Shareholder's decision was signed to increase the share capital of Akropolis Group UAB from EUR 43 thousand to EUR 31 737 thousand with a non-monetary Shareholder's contribution - Akropolis Real Estate B.V. 100% stake. In connection therewith, Akropolis Group UAB has issued 109 291 thousand new ordinary registered shares of EUR 0.29 par value each (hereinafter, the "Newly Issued Shares"). The total issue price of all Newly Issued Shares - EUR 479 790 thousand. The balances of the previous year, which have been recalculated retrospectively by assessing the Group's share capital, share premium and retained earnings, differ from Combined Financial Statements of the Group for the years ended 31 December 2020 and 31 December 2019 due to transition from Combined to consolidated financial statements. On April 29, 2020, the decision of the shareholder reduced Akropolis Real Estate B.V. authorized capital by 132 100 thousand EUR. In the Combined financial statements for the years ended 31 December 2020 and 2019 this was shown as a reduction of authorized capital. In these annual Consolidated financial statements 132 100 thousand EUR shown as a decrease in the share premium because these financial statements are presented as if the businesses have been Consolidated from the beginning of the earliest period presented.

During the first quarter of 2022, all remaining Covid-19 restrictions were lifted. The Covid-19 crisis had no significant impact on the Group's operations in 2022. On 24 February 2022, Russia began military invasion of Ukraine. The management of the Group monitors economic sanctions against Russia and Belarus and is ready to implement them. The management of the Group also monitors situation in Ukraine on daily basis and adjusts business operations locally as needed. The war caused by Russia caused an energy crisis, which had a significant impact on the increased electricity and gas prices: in Lithuania, prices in 2022 compared to 2021 increased by 75.1%, in Latvia - 56,2%. The biggest jump in prices was in July-September, later, the prices decreased a bit and stabilized. According to the Group's management, the war in Ukraine did not have a significant direct impact on the Group's operations or financial results, since the Company has no tenants and suppliers in Ukraine or Russia.

The composition of the Group

The details of subsidiaries owned by the Company are provided in the table below. The Group's key area of operations includes the development of real estate owned by the Group and its lease to tenants based on agreements in Lithuania and Latvia. The Group consists of the Company and its directly and indirectly controlled subsidiaries.

As at 31 December 2022 and 2021 the Group had no branches and representative offices.

As at 31 December 2022 and 2021 the Group had 127 and 119 employees, respectively.

As at 31 December 2022 and 2021, the Company directly or indirectly controlled the following subsidiaries:

Name	Country	Registered office address	Principal activity	Controlled	Ownership	
					31.12.2022	31.12.2021
OZO TURTAS, UAB	Lithuania	Ozo str. 25, Vilnius	Real estate management and development	Indirectly	100%	100%
TAIKOS TURTAS, UAB	Lithuania	Ozo str. 25, Vilnius	Real estate management and development	Indirectly	100%	100%
AIDO TURTAS, UAB	Lithuania	Ozo str. 25, Vilnius	Real estate management and development	Indirectly	100%	100%
M257, SIA	Latvia	Maskavas iela 257, Riga	Real estate management and development	Indirectly	100%	100%
Delta Property, SIA	Latvia	Brīvības gatve 372, Rīga	Real estate management and development	Directly	100%	100%
AKROPOLE RIGA, SIA	Latvia	Maskavas iela 257, Riga	Real estate management and development	Directly	100%	100%
VINGIO TURTAS, UAB	Lithuania	Ozo str. 25, Vilnius	Land plots for future developments	Indirectly	100%	100%
NARVA KVP, OU	Estonia	Mustamäe tee 45, Tallinn, 10619	Land plots for future developments	Indirectly	100%	100%
BIRULIŠKIŲ TURTAS, UAB	Lithuania	Ozo str. 25, Vilnius	Land plots for future developments	Indirectly	100%	100%
AKROPOLIS REAL ESTATE BV	Netherlands	Claude Debussylaan 7, 1082MC Amsterdam	Real estate management and development	Directly	100%	100%
NIKOLA MUSHANOV PROJEKTAS, UAB	Lithuania	Ozo str. 25, Vilnius	Land plot	Indirectly	100%	100%

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Statement of compliance

These Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (the "EU"). These Consolidated financial statements have been prepared on a historical cost basis, except for investment property that have been measured at fair value.

Presentation currency

These financial statements are presented in a common currency of the European Union – the euro.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date – and is subject to a maximum of one year.

Revenue recognition

The Group generates revenue mostly from lease of investment property, as disclosed in Note 1. In addition to lease, the Group provides utility, repair and similar services, and other services relating to the activities of the shopping centres.

Rental income

Rental income is recognised in a manner that is described in section 'Leases' below. When a lease contract includes elements of service, the Group assesses whether the individual elements of service are separate services promised to a customer in a contract (performance obligations), and revenue from such services is recognised as described below.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when a customer obtains control of service or good at the amount of consideration that the Group expects to receive in exchange for that service or good. The Group has determined that it acts as a principal when providing utility, repair and other services because:

- the Group controls the specified good or service before that good or service is transferred to a customer;
- the Group is responsible for fulfilling the promise to provide the services and is exposed to non-performance risk;
- the Group has discretion, direct or indirect, in establishing the price for the specified good or service.

The Group's management has also determined that generally the control of the specified services is transferred to a customer over time, and accordingly, the Group satisfies the performance obligation and recognises revenue over time, because the customer simultaneously receives and consumes all of the benefits provided by the Group as the Group performs under a contract. Such revenue is recognised by measuring progress towards complete satisfaction of the performance obligation or by directly measuring the value of services transferred to a customer to date.

Revenue from unused Akropolis gift vouchers

The Group has signed the agreement with the suppliers on the distribution and administration of Akropolis gift vouchers. At the distribution locations of gift vouchers customers can acquire gift vouchers of different denominations which can be used instead of money to pay for goods at any store of the Akropolis shopping centres. Gift vouchers have a limited period of validity, i.e. they are valid for 12 months from the date of acquisition. Based on the Group's management judgement, unused gift vouchers that have already expired and that were acquired earlier than during the previous year are recognised as revenue earned by the Group. Such revenue is recognised using the agency accounting policies because:

- the Company does not assume the main responsibility for the services rendered;
- the Company has no discretion, direct or indirect, in establishing the prices.

Contract balances

Contract assets - accrued revenue

A contract asset is the right to consideration in exchange for the services provided to a customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised at an amount equal to the earned consideration that is conditional.

Trade receivables

A trade receivable represents the Group's right to the earned consideration that is unconditional (i.e. consideration becomes payable, without any exceptions, upon the agreed deadline). See the accounting policy for financial assets.

Contract liabilities - advance amounts received

A contract liability is the obligation to provide services to a customer in exchange for consideration received (receivable) by the Group from a customer. If a customer pays consideration before the Group provides the services, a contract liability is recognised when the payment is received. A contract liability is recognised as revenue when the Group satisfies the performance obligation contained in a contract.

In case of income from other activities received for unused Akropolis gift vouchers, a contract liability, i.e. funds received for the sale of gift vouchers that need to be transferred to the distributor of gift vouchers, is accounted for in the statement of financial position as other amounts payable.

In view of the Group's business model, the management has not made any other significant accounting judgements, estimates or assumptions related to revenue from contracts with customers other than those described in this note, because there were no complex multicomponent goods or services, variable consideration, financing components, contract costs or amounts payable to customers.

Interest income

Interest income is accrued on a time proportion basis over the entire period to maturity by reference to the principal outstanding and the effective interest rate.

Dividend Income

Dividend income is recognized when the shareholders' rights to receive payment have been established.

Leases

Lease is recognised as finance lease when substantially all the risks and rewards of ownership of the assets are transferred under the lease terms and conditions. An operating lease is a lease other than a finance lease.

The Group as a lessor

Operating lease

Rental income from operating lease is recognised on a straight-line basis over the lease period. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised over the lease term.

Discounts/temporary rent reductions are treated as the Group's incentives used to retain the tenants at the shopping centre. The Group recognises accumulated incentive costs on a straight-line basis as a reduction of rental income over the remainder operating lease period.

Deposits from tenants

Liabilities for the deposits from tenants are initially recognised at fair value and subsequently measured at amortised cost, if material.

Depending on the lease contract term, the deposits from tenants are classified as either non-current or current. Advance amounts received under indefinite term contracts or contracts with validity term less than 12 months are classified as current liabilities, whereas advance amounts received under any other contracts are classified as non-current liabilities.

The Group as a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period when they occur. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a change in the variable lease payments that depend on an index or a rate or there is a change in the lease term.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The exemption is also applied to leases of office space and other equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Foreign currency

Functional and presentation currency

The separate financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in EUR, which is functional currency of all but Bulgarian Group companies.

At the reporting date, The Group's all foreign subsidiaries conducted transactions mostly in euros.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate of the functional currency prevailing at the reporting date. Exchange differences arising on transactions in foreign currencies are included in the profit or loss in the statement of comprehensive income when incurred. Foreign exchange gains and losses resulting from the translation of monetary assets or liabilities denominated in foreign currencies are included in the statement of comprehensive income for the period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Interest paid on borrowings related to investment property acquisition are presented under operating activities in statement of cash flows.

Income tax

Income tax expense represents the sum of the current tax and deferred income tax expenses.

Current income tax

Current year income tax expenses are calculated on current year profit, as adjusted for certain non-deductible expenses/non-taxable income. The tax rate used to calculate the income tax expenses is a tax rate effective at the date of preparation of the financial statements.

Effective corporate income tax rates that have been applied in calculation of current income tax:

	2022	**2021**
Lithuania	15%	15%
Latvia*	25%	25%
Estonia*	25%	25%
Netherlands	20%	20%

*The taxation of corporate profits in Latvia and Estonia is postponed until those profits are distributed as dividends. All undistributed corporate profits are not taxed and effective corporate income tax is therefore 0%.

Deferred income tax

Deferred income tax assets and deferred income tax liabilities are recognised to reflect differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax base. Deferred income tax liabilities are recognised for all temporary differences that will subsequently increase taxable profit, and deferred income tax assets are recognised only to the extent to which they are expected to reduce taxable profit in the future. Such deferred income tax assets and liabilities are not recognised if temporary differences arise from the initial recognition of goodwill or from the initial recognition of assets and liabilities (other than in a business combination) in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax liabilities are recognised for temporary taxable differences, except where the timing of the reversal of the temporary differences associated with investments in subsidiaries, entities under common control and associates is controlled by the Company, and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised and that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and deferred income tax assets reflects the Group's expectations, at the end of the reporting period, as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.

Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they are related to income taxes levied by the same taxing authority, and when the Group intends to settle the amounts of current tax assets and current tax liabilities on a net basis.

Current and deferred income tax for the period

Current and deferred income tax is included in profit or loss for the period, except to the extent that it relates to line items recognised in other comprehensive income or directly in equity, in which case income tax is also recognised in other comprehensive income/equity, or if it arose from initial recognition of the business combination.

In Lithuania, tax losses can be carried forward for an indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the company changes the activities that have caused the occurrence of such losses, except when the company does not continue its activities due to the reasons that are beyond its control. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce profit earned from the transactions of the same nature. With effect from 1 January 2014, based on the Law on Corporate Income Tax of the Republic of Lithuania, tax losses available for carry forward can be used to reduce taxable income of the current tax year by maximum 70%.

With effect from 1 January 2010, the Law of the Republic of Lithuania on Corporate Income Tax stipulates that a group entity may transfer tax losses (or a part thereof) calculated for the tax period to another entity of a group, which in turn has a right to deduct the transferred losses from the amount of taxable profit calculated for the tax period in respect of which the losses (or a part thereof) transferred by another group entity were calculated.

Property, plant and equipment

Property, plant and equipment is stated at acquisition cost less subsequent accumulated depreciation and accumulated impairment loss. The acquisition cost includes replacement costs of a part of property, plant and equipment when incurred and when these costs meet the recognition criteria. When a significant part of non-current assets needs to be replaced at respective time intervals, the Company depreciates this property, plant and equipment separately in view of its useful life. Accordingly, when major repairs are carried out, expenses are accounted for in the statement of financial position as the modification of property, plant and equipment when the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss of the period as incurred.

Depreciation is calculated on a monthly basis apportioned equally over the entire useful life of the asset using average estimated useful lives of property, plant and equipment, as follows:

Equipment and other assets	3 - 15 years

All items of assets with the useful life longer than one year are capitalised.

Gains or losses on disposal or write-off of property, plant and equipment are determined by reference to the proceeds from disposal less the carrying amount of the asset concerned, and the result is recognised in profit or loss.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation and property under construction which will be held to earn rentals and/or for capital appreciation. Property held under an operating lease is classified as investment property when the definition of an investment property is met. Investment property comprises principally retail property and offices that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

Such property is initially measured at cost including any transaction costs and then is carried at fair value. The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Fair value of investment property is reviewed at each reporting date, gains or losses arising from changes in the fair value of investment property are included in the statement of comprehensive income for the period in which they arise. For the purposes of these financial statements, in order to avoid double counting, the fair value reported in the financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments. Repair costs related to investment property reported at fair value are recognised as expenses in the period in which they are incurred.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with view to sale. For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy adopted for property, plant and equipment up to the date of change in use.

For evaluation of the Group's property, the following methods were used: the operating income (income capitalisation or discounted cash flow) approach for evaluation of income-generating investment property and the sales comparison approach for evaluation of investment property under construction and vacant land plots.

The operating income (income capitalisation or discounted cash flow) approach is normally applied to establish the value of income-generating properties to be acquired by an investor. This approach also relies on market data that are used to determine the current economical volumes of rent rates and expenses that form the basis of the estimated net income. Depending on the purpose of the property, the specifics of its operation and the character of cash flow as well as the typical expectations of buyers and sellers on the market, the appraiser may adopt the capitalisation approach to value. Under the direct capitalisation approach, the value of assets is calculated by dividing the net income (profit) by a capitalisation rate. When the discounted cash flow approach is applied, the value of the property is calculated by summing up the present values of future cash flows, discounted at a discount rate. Both the direct capitalisation and the discounted cash flow approach are used to determine the market value. Using the operating income (income capitalisation or discounted cash flow) approach to value, first of all, one must consider the overall income, from which the respective amounts are subtracted considering the losses for vacancies and levies, expenses and provisions. The resulting net income is capitalised or discounted at a specific rate, which is proportional to the risks related to the title to the property. According to the direct capitalisation approach, the income and expenses on one year are stabilized and the earned net operating revenues are capitalised according to a coefficient or a return rate proportional to the risk related to the ownership of the property under valuation. When capitalising the revenue under this method, account shall be taken of the competitive return offered by the alternative instruments of investment into immovable or other property. The underlying assumption of the method is based on the assumption that the forecast cash flow will be generated for a unlimited period of time, however, this statement normally does not apply in case of compound investment into real estate. Group's income-generating properties for financial statements preparation purposes were valued using the discounted cash flow method.

Investment property under construction and vacant land plots are valued using sales comparison approach. Sales comparison approach relies on search for recent sales transactions involving comparable property and analysis of data related to the subject property. This approach is based on the price paid in actual market transactions over comparable properties to derive the market price of the subject property. This property valuation approach relies on data on fully comparable sales transactions concluded over a relatively long period of time that reflect the market conditions related to the subject property. Applying the sales comparison approach to value, the data interrelation allows determining the value of the subject property considering certain adjustments in view of the physical and economical characteristics of the property.

In both 2022 and 2021 the valuations of the investment property was carried out by independent property appraiser CPB Real Estate Services UAB, CPB Real Estate Services SIA (CBRE Baltics). The valuations have been prepared in accordance with the RICS 2022 Valuation – Professional Standards global, Lithuanian Valuation Law as well as International Valuation Standards IVS 2022 and European Valuation Standards EVS 2022. The valuation results were reflected in the financial statements as at 31 December 2022 and 2021 (Note 6).

Income-generating investment properties	2022	2021
Exit yields	7,3-7,8%	7,0-7,8%
Discount rates	8,7-9,5%	8,5-9,1%

Significant increase (decrease) in the discount rate and/or exit yield would lead to a significant decrease (increase) in the fair value of investment property.

Impairment of property, plant and equipment and intangible assets

At each reporting date the Group reviews the net book amount of its property, plant and equipment and intangible assets to assess whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount to assess impairment, if any. When the fair value of the asset cannot be estimated, the Group calculates the recoverable amount of a cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When the calculated recoverable amount of an asset (or a cash-generating unit) is lower than its net book value, the net book value is written down to the fair value of an asset (or a cash-generating unit). An impairment loss is recognised immediately.

If after recognition of impairment losses the value of an asset increases, the net book value of an asset (cash-generating unit) is increased to the newly calculated recoverable amount of an asset. That increased recoverable amount cannot exceed the net book value of an asset (cash-generating unit) that would have been determined had no impairment losses been recognised in the previous periods. Increase in value of assets is recognised in profit or loss immediately.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost are determined using FIFO method.

Cash and cash equivalents

Group's cash and cash equivalents in the statement of financial position and the statement of cash flows consist of cash in hand, demand deposits and short-term bank deposits with a maturity at inception date of three months or less. The cash and cash equivalents are measured at amortised cost and the carrying amount approximates their fair value.

Financial assets

Initial recognition and measurement

On initial recognition, financial assets are classified as subsequently measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Group's business model for managing the financial assets. Except for trade receivables that do not contain a significant financing component, the Group initially recognises financial assets at fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with IFRS 15.

For a financial asset to be designated and measured at amortised cost or fair value through other comprehensive income, cash flows arising from the financial asset should comprise solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is called the SPPI test and is performed individually for each financial instrument.

The Group's business model for managing financial assets indicates how the Group manages its financial assets in order to generate cash flows. The business model determines whether cash flows will be generated by collecting contractual cash flows, by selling the financial asset or by using both options.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the financial asset.

Subsequent measurement

After initial recognition, the Company measures its financial assets:

a) at amortised cost (debt financial instruments);

b) at fair value through other comprehensive income, when accumulated gain or loss is transferred to profit or loss upon derecognition (debt financial instruments); As at 31 December 2022 and 2021, the Group had no such financial instruments;

c) at fair value through other comprehensive income, when accumulated gain or loss is not transferred to profit or loss upon derecognition (equity instruments). As at 31 December 2022 and 2021, the Group had no such financial instruments;

d) at fair value through profit or loss. As at 31 December 2022 and 2021, the Group had no such financial instruments.

Financial assets measured at amortised cost (debt financial instruments)

The Group classifies its financial assets as measured at amortised cost only if both of the following criteria are met:

i) the financial asset is held within a business model whose objective is to collect the contractual cash flows; and

ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are subsequently recorded using the effective interest rate (EIR) method less impairment losses. Gains or losses are recognised in the statement of comprehensive income when the asset is derecognised, replaced or impaired.

The Group's financial assets measured at amortised cost include trade receivables, other current and non-current receivables, loans granted and assets from contracts with customers (if any).

Impairment of financial assets

According to IFRS 9, the Group recognises expected credit losses (ECLs) for all debt financial instruments that are not measured at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

(a) Assessment of impairment of trade receivables

For trade receivables and contract assets, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The expected loss rates are based on the historical information about the delayed payments by customers. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivable. Such forward-looking information would include: (1) changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics), (2) external market indicators, (3) customers' base.

Trade receivables are written off when they meet both of the following criteria are met: (1) receivables are past due more than a year and (2) the recovery is impossible.

(b) Assessment of impairment of loans granted

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group follows a three-stage model for impairment for financial assets other than trade receivables and contract assets:

- Stage 1 – balances, for which the credit risk has not increased significantly since initial recognition, or that have low credit risk at the reporting date. For these assets, 12-month ECLs are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

- Stage 2 – comprises balances for which there have been a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECLs are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

- Stage 3 – comprises balances with objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

The financial assets are considered as credit-impaired, if objective evidence of impairment exist at the reporting date. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization.

Financial assets are written off, in whole or in part, when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognized when they are assessed as uncollectible.

Financial liabilities

Initial recognition and measurement

On initial recognition, financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss, borrowings, and amounts payable. All financial liabilities are initially recognised at fair value, less directly attributable transactions costs in case of borrowings and amounts payable. The Group's financial liabilities include trade and other payables, borrowings, including lease liabilities.

Subsequent measurement of borrowings and other amounts payable

After initial recognition, borrowings and other amounts payable are accounted for at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of comprehensive income when liabilities are derecognised, as well as through the amortisation process. Amortised cost is calculated by reference to the discount or premium on acquisition, as well as costs that are an integral part of the EIR. EIR amortisation is included in financing costs in the statement of comprehensive income.

Off-setting of financial instruments

Financial assets and financial liabilities are set off and the net amount is presented in the statement of financial position when there is an enforceable right to set off the recognised amounts and when there is intention to settle on a net basis, i.e. to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

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Where the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Provisions

Provisions are recognized when the Group has a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are made by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Effective interest rate method

The effective interest rate method is used to calculate amortised cost of financial assets or financial liabilities and allocate interest income or expenses to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period to the gross carrying amount of the financial asset or financial liability.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group's finance department includes a team that organizes process of the valuations of land and buildings required for financial reporting purposes, including levels 2 and 3 fair values. On an annual basis, the Group engages external, independent and qualified valuators to determine the fair value of the Group's land and buildings. As at 31 December 2022, the fair values of the land and buildings have been determined by the independent appraisers CBRE Baltic.

The external valuations of the level 3 land and buildings have been performed using an income approach whilst partially using unobservable inputs. The external valuator, in discussion with the Group's internal valuation team, has determined these inputs based on the size, age and condition of the land and buildings, the state of the local economy and real estate market in the corresponding national economy. The external valuations of the level 2 land and construction in progress have been performed using a sales comparison approach, using the data from similar properties traded on the sales market.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management performs the valuations at each reporting date. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Related parties

A party is related to an entity if:

a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the entity that gives it significant influence over the entity; or has joint control over the entity;

b) the party is an associate of the entity;

c) the party is a joint venture in which the entity is a venturer;

d) the party is a member of the key management personnel of the entity or its parent;

e) the party is a close member of the family of any individual referred to in (a) or (d);

f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Events after the reporting period

Subsequent events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

Rounding

Due to rounding the numbers in these consolidated financial statements may not sum up.

Critical accounting estimates and judgements

In applying accounting policies the management is required to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and the related assumptions are based on past experience and other directly related factors. Actual results may differ from estimates made.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate is recognised in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both current and future periods. The areas of these financial statements that involve the use of accounting estimates are fair values of investment property (Note 6).

3. ADOPTION OF NEW AND/OR AMENDED IFRS AND INTERPRETATIONS OF THE INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC)

The accounting policies adopted are consistent with those of the previous financial year except for new IFRSs and/or their amendments listed below which have been adopted by the Group as of 1 January 2022. The adoption of these amendments had no significant impact on the Group's financial statements:

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

• The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity has to use IAS 2 to measure the cost of those items. Cost does not include depreciation of the asset being tested because it is not yet ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

• The amendment to IAS 37 clarifies the meaning of 'costs to fulfill a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

• IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

• The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

• Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

• IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

• The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021). In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022.

Standards issued but not yet effective

Certain new standards or their amendments have been issued that are mandatory for the annual periods beginning on or after 1 January 2023 or later, and which the Group has not early adopted. These standards are listed below and are not expected to have a significant impact on the Group's financial statements. TheGroup intends to implement them on their effective date.

• IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).

• Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
• Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
• Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

• Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

• Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).

These amendments have not yet been adopted by the EU.

• IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016).

• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

• Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
• Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

4. SEGMENT INFORMATION

The CEO of Akropolis Group UAB and the Board of Directors of the Akropolis Group UAB, acting in accordance with their authorizations established in the Articles of Association, are the Chief Operating Decision Maker in the Group. Segments are defined based on how the Board monitors operating results of the Group's business units for the purpose of making decisions about resource allocation and performance assessment. The Group's operations are organised and monitored by the Board by five segments, which represent each revenue generating investment property:
- Ozo Turtas, UAB (Akropolis Vilnius)
- Taikos Turtas, UAB (Akropolis Klaipėda)
- Aido Turtas, UAB (Akropolis Šiauliai)
- M257, SIA (Akropole Riga)
- Delta Property, SIA (Akropole Alfa)

Country and asset performance is evaluated based on revenue, EBITDA and net profit. EBITDA is one of the key indicators for the Chief Operating Decision Maker in financing, investment and other decision making. EBITDA is a non-IFRS measure, which is calculated by adjusting net profit by adding back costs and eliminating income from income tax expenses, depreciation and amortisation, finance income and costs, impairment and write-off of property, plant and equipment, investment properties and intangible assets, gain or loss from revaluation of investment property and profit from disposal of subsidiaries. Same measure was applied for both years. The Chief Operating Decision Maker does not analyse assets and liabilities by segments.

Accounting policies used for segments are the same as the accounting policies used in the preparation of the consolidated financial statements. "Adjustments" column reflects eliminations of intercompany transactions upon consolidation, together with the results of all other Group companies that are deemed insignificant to show as a separated segment. This also includes land revaluation (other than revenue generating investment properties) effect of EUR 7 160 thousand as of 31 December 2022 (EUR 434 thousand as of 31 December 2021). IFRS 16 lease modification adjustments are reflected in "Lease incentive impact" column:

Year ended 31 December 2022 (EUR'000)	**Akropolis Vilnius Lithuania**	**Akropolis Klaipėda Lithuania**	**Akropolis Šiauliai Lithuania**	**Akropole Riga Latvia**	**Akropole Alfa Latvia**	**Adjust-ments**	**Total before IFRS16**	**Lease incentive impact**	**The Group**
Gross Leasable Area (GLA)	**94 900**	**60 642**	**36 091**	**70 980**	**71 333**				
Revenue	**36 782**	**26 015**	**12 280**	**22 384**	**19 706**	**333**	**117 500**	**(3 636)**	**113 864**
Rent income	24 943	17 023	7 420	15 440	14 075	(169)	78 732	(3 636)	75 096
Additional fees income	10 789	8 366	4 581	5 185	5 455	(72)	34 304	-	34 304
Other income	1 050	626	279	1 759	176	574	4 464	-	4 464
Property operating expenses	(12 889)	(10 805)	(6 400)	(5 859)	(5 584)	(420)	(41 957)	-	(41 957)
EBITDA	**23 893**	**15 210**	**5 880**	**16 525**	**14 122**	**(87)**	**75 543**	**(3 636)**	**71 907**
NET PROFIT (LOSS)	**17 666**	**11 760**	**4 592**	**13 437**	**10 600**	**2 969**	**61 024**	**-**	**61 024**

Year ended 31 December 2021 (EUR'000)	**Akropolis Vilnius Lithuania**	**Akropolis Klaipėda Lithuania**	**Akropolis Šiauliai Lithuania**	**Akropole Riga Latvia**	**Akropole Alfa Latvia**	**Adjust-ments**	**Total before IFRS16**	**Lease incentive impact**	**The Group**
Gross Leasable Area (GLA)	**94 851**	**60 643**	**36 084**	**70 877**	**71 040**				
Revenue	**28 384**	**19 403**	**9 578**	**17 421**	**1 566**	**439**	**76 791**	**4 277**	**81 068**
Rent income	20 585	13 783	6 205	11 058	1 525	(157)	52 999	4 277	57 276
Additional fees income	7 203	5 256	3 205	4 743	32	(67)	20 372	-	20 372
Other income	596	364	168	1 620	9	663	3 420	-	3 420
Property operating expenses	(7 543)	(5 760)	(3 555)	(5 775)	(1 030)	(201)	(23 864)	-	(23 864)
EBITDA	**20 841**	**13 643**	**6 023**	**11 646**	**536**	**238**	**52 927**	**4 277**	**57 204**
NET PROFIT (LOSS)	**23 644**	**16 860**	**8 178**	**14 191**	**27 180**	**613**	**90 666**	**-**	**90 666**

Tables below present reconciliation of EBITDA to the net profit for the years ended 31 December 2022 and 31 December 2021:

Year ended 31 December 2022 (EUR'000)	Akropolis Vilnius Lithuania	Akropolis Klaipėda Lithuania	Akropolis Šiauliai Lithuania	Akropole Riga Latvia	Akropole Alfa Latvia	Adjust-ments	Total before IFRS16	Lease incentive impact	The Group
EBITDA	**23 893**	**15 210**	**5 880**	**16 525**	**14 122**	**(87)**	**75 543**	**(3 636)**	**71 907**
Valuation gain (loss) from investment property	(2)	(1 205)	(47)	965	(24)	7 262	6 949	3 636	10 585
Interest income	12	24	9	33	8	41	127		127
Depreciation and amortization	(271)	(68)	(37)	(80)	(264)	(152)	(872)	-	(872)
Interest expense	(2 315)	(541)	(405)	(3 051)	(3 145)	(1 566)	(11 023)	-	(11 023)
Other financial costs	(549)	-	-	-	-	(1 106)	(1 655)	-	(1 655)
Income tax expense	(3 102)	(1 660)	(808)	(6)	(51)	(1 422)	(7 049)	-	(7 049)
Non-current assets write-off	-	-	-	(950)	(45)	(1)	(996)	-	(996)
Other	-	-	-	1	(1)	(0)	(0)	-	(0)
NET PROFIT (LOSS)	**17 666**	**11 760**	**4 592**	**13 437**	**10 600**	**2 969**	**61 024**	**-**	**61 024**

Year ended 31 December 2021 (EUR'000)	Akropolis Vilnius Lithuania	Akropolis Klaipėda Lithuania	Akropolis Šiauliai Lithuania	Akropole Riga Latvia	Akropole Alfa Latvia	Adjust-ments	Total before IFRS16	Lease incentive impact	The Group
EBITDA	**20 841**	**13 643**	**6 023**	**11 646**	**536**	**238**	**52 927**	**4 277**	**57 204**
Valuation gain (loss) from investment property	9 517	6 877	4 114	5 003	26 940	2 287	54 738	(4 277)	50 461
Depreciation and amortization	(376)	(116)	(28)	(106)	(22)	(184)	(832)	-	(832)
Interest expense	(2 257)	(584)	(415)	(2 021)	(272)	(2 544)	(8 093)	-	(8 093)
Income tax expense	(4 058)	(2 961)	(1 442)	(2)	(1)	170	(8 294)	-	(8 294)
Other	(23)	1	(74)	(329)	(1)	884	220	-	220
NET PROFIT (LOSS)	**23 644**	**16 860**	**8 178**	**14 191**	**27 180**	**613**	**90 666**	**-**	**90 666**

In 2022, the rental income increased mainly due to purchase of Akropole Alfa in 30 November 2021 and due to lower rental discounts granted in 2022 (Note 8).

5. PROPERTY, PLANT AND EQUIPMENT

As at 31 December the property, plant and equipment consisted of the following:

	Property, plant and equipment EUR'000
Carrying amount at 31 December 2020	**983**
Additions	1 764
Disposals and write offs	(22)
Depreciation	(468)
Carrying amount at 31 December 2021	**2 257**
Acquisition cost	6 710
Accumulated amortization and impairment	(4 453)
Carrying amount at 31 December 2021	**2 257**
Carrying amount at 31 December 2021	**2 257**
Additions	479
Disposals and write offs	(46)
Depreciation	(716)
Carrying amount at 31 December 2022	**1 974**
Acquisition cost	7 034
Accumulated amortization and impairment	(5 060)
Carrying amount at 31 December 2022	**1 974**

As at 31 December 2022 and 2021 property, plant and equipment (hereafter - PPE) consisted mainly of equipment, tools and instruments.

6. INVESTMENT PROPERTY

As at 31 December the investment property consisted of the following:

	Land	Buildings	Total
	EUR'000	EUR'000	EUR'000
At 31 December 2020	**54 123**	**745 570**	**799 693**
Additions	3 263	166 295	169 558
Disposal of investment property	(3 305)	(16)	(3 321)
Fair value gain	434	54 304	54 738
Market value per external valuation report	**54 515**	**966 153**	**1 020 668**
Lease incentive impact for 2021	-	(10 118)	(10 118)
Lease incentive impact for all previous periods	-	(3 729)	(3 729)
Fair value at 31 December 2021	**54 515**	**952 306**	**1 006 821**
Additions	-	3 264	3 264
Disposal of investment property	-	(950)	(950)
Fair value gain	7 160	(211)	6 949
Market value per external valuation report	**61 675**	**968 256**	**1 029 931**
Lease incentive impact for 2022		3 636	3 636
Lease incentive impact for all previous periods	-	(13 847)	(13 847)
Fair value at 31 December 2022	**61 675**	**958 045**	**1 019 720**

As at 31 December 2022 and 2021 investment property consists of five operating commercial properties, two land plots and a property under construction held for capital appreciation or future rental income. The Group's investment properties are measured at fair value.

Substantial change in fair value EUR 7 200 thousand resulted from the revaluation of property managed by Žemes plotas Vilnius, which was carried out by independent property appraiser CBRE Baltics using the sales comparison method.

As at 31 December 2022 the investment property of the revenue generating investment properties under the Group with the carrying amount of EUR 319 000 thousand (31 December 2021 – EUR 319 000 thousand) was pledged to banks under loan agreements (note 12).

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards.

There were no transfers between Levels 1, 2 or 3 during 2022 and 2021.

	Level 1	Level 2	Level 3	Total
31 December 2022	EUR'000	EUR'000	EUR'000	EUR'000
Shopping centre Akropolis Vilnius	-	-	319 000	319 000
Shopping centre Akropolis Klaipėda	-	-	203 000	203 000
Shopping centre Akropolis Šiauliai	-	-	78 200	78 200
Shopping centre Akropole Riga	-	-	197 000	197 000
Shopping centre Alfa	-	-	198 000	198 000
Land plot Vilnius	-	35 000	-	35 000
Land plot Šiauliai	-	660	-	660
Land plot Narva	-	1 000	-	1 000
Market value per external valuation report	**-**	**36 660**	**995 200**	**1 031 860**
Lease incentive impact of 2022	-	-	3 636	3 636
Lease incentive impact of all previous periods	-	-	(13 847)	(13 847)
PPE elimination	-	-	(1 929)	(1 929)
Total	**-**	**36 660**	**983 060**	**1 019 720**

	Level 1	Level 2	Level 3	Total
31 December 2021	EUR'000	EUR'000	EUR'000	EUR'000
Shopping centre Akropolis Vilnius	-	-	319 000	319 000
Shopping centre Akropolis Klaipėda	-	-	203 000	203 000
Shopping centre Akropolis Šiauliai	-	-	78 200	78 200
Shopping centre Akropole Riga	-	-	197 000	197 000
Shopping centre Alfa	-	-	198 000	198 000
Land plot Vilnius	-	26 000	-	26 000
Land plot Šiauliai	-	600	-	600
Land plot Narva	-	1 100	-	1 100
Market value per external valuation report	**-**	**27 700**	**995 200**	**1 022 900**
Lease incentive impact of 2021	-	-	(10 118)	(10 118)
Lease incentive impact of all previous periods	-	-	(3 729)	(3 729)
PPE elimination	-	-	(2 232)	(2 232)
Total	**-**	**27 700**	**979 121**	**1 006 821**

For all Level 3 investment properties valued EUR 995 200 thousand as at 31 December 2022 (as at 31 December 2021: EUR 995 200 thousand), the valuation was determined using discounted cash flow projections based on significant unobservable inputs. These inputs include:

- Future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;
- Maintenance costs including necessary investments to maintain functionality of the property for its expected useful life;
- Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date; and
- Terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

Sensitivity analysis

Presented below is the sensitivity analysis of the Level 3 fair value hierarchy investments market value and a value of associated PPE per external valuation report for changes in the exit yield and discount rate.

31 December 2022. EUR'000		**Change in exit yield**		
		-0,25%	**0,00%**	**+0,25%**
	-0,25%	1 029 800	1 010 500	995 300
Change in discount rate	**0,00%**	1 010 500	995 200	980 000
	+0,25%	995 100	979 900	961 700

31 December 2021. EUR'000		**Change in exit yield**		
		-0,25%	**0,00%**	**+0,25%**
	-0,25%	1 030 900	1 013 500	995 300
Change in discount rate	**0,00%**	1 013 500	995 200	980 000
	+0,25%	996 200	979 900	962 800

All the rental income earned as well as all direct operating expenses incurred by the Group were attributable to the investment property. 17% of income is expected to be generated from related parties, as this is the current Consolidated ratio in all five operating commercial properties as of 31 December 2022 (Note 20). Future fixed minimum undiscounted rentals receivable under operating leases as at 31 December are, as follows:

	2022 **EUR'000**	**2021** **EUR'000**
Within 1 year	75 079	68 743
Within 2 years	58 659	60 448
Within 3 years	45 880	45 609
Within 4 years	34 732	34 832
Within 5 years	28 931	22 557
After 5 years	78 433	72 345
Total	**321 714**	**304 534**

7. RIGHT-OF-USE ASSETS

The Group leases a land plot and vehicles under operating lease contracts. Following the adoption of the provisions of IFRS 16, expenses for the lease of land is recognised in the balance sheet as right-of-use assets and lease liabilities. Payments for the lease of low-value office equipment are recognised as expenses on a straight-line basis over the lease term.

Statement of Financial Position shows the following amounts relating to leases:

Right-of-use assets	**2022** **EUR'000**	**2021** **EUR'000**
Land	1	2
Motor vehicles	112	132
Total	**113**	**134**

Lease liabilities	**2022** **EUR'000**	**2021** **EUR'000**
Current	58	48
Non-current	60	87
Total	**118**	**135**
Impact on equity as of 31 December	**(5)**	**(1)**

As at 31 December 2022, in the statement of comprehensive income amounts related to lease comprised depreciation of right-of-use assets of EUR 53 thousand (as at 31 December 2021 – EUR 44 thousand).

8. AMOUNTS RECEIVABLE, PREPAYMENTS AND OTHER CURRENT ASSETS

As at 31 December amounts receivable, prepayments and other current assets consisted of the following:

	2022 **EUR'000**	**2021** **EUR'000**
Non-current lease incentive receivables	6 263	9 004
Non-current lease incentive receivables from related parties (note 20)	419	417
Other non-current receivables	15	96
Non-current receivables and prepayments	**6 697**	**9 517**

	2022 **EUR'000**	**2021** **EUR'000**
Trade accounts receivable	4 936	6 100
Trade accounts receivable from related parties (note 20)	628	358
Less: allowance for trade receivables impairment	(491)	(681)
Trade accounts receivable, net	**5 073**	**5 777**
Current lease incentive receivables	3 439	4 243
Current lease incentive receivables from related parties (note 20)	91	90
Prepayments	626	123
Deferred expenses, accrued income and other accounts	465	898
Deferred expenses, accrued income and other accounts from related parties (note 20)	6	7
Other current assets	48	-
Current receivables, prepayments and other current assets	**9 748**	**11 138**

Trade receivables of the Group comprise of rent and service charge receivables that are non-interest bearing and are typically due within 30 days.

During 2022, the Group provided tenants with EUR 0.9 million rental discounts, of which EUR 0.2 million was recognized in the statement of comprehensive income and EUR 0.7 million was included within lease incentive receivables. During 2021, the Group provided tenants with EUR 7.7 million rental discounts, of which EUR 3.4 million was recognized in the statement of comprehensive income and EUR 4.3 million was included within lease incentive receivables.

As at 31 December 2022, expected credit losses of EUR 491 thousand were recognised in relation to rent receivables. As at 31 December 2021, credit losses of EUR 681 thousand were recognised in relation to rent receivables.

Balances in the provision for impairment of receivables as at 31 December 2022 were, as follows:

	Not past due	<31 days	31-90 days	91-180 days	181-365 days	>365 days	Total
Expected credit loss rate, %	0,05	0,05	0,05	52,63	51,32	51,86	**8,82**
Carrying amount (EUR'000)	4 194	363	63	38	152	754	**5 564**
Expected credit loss (EUR'000)	2	-	-	20	78	391	**491**
Net amount (EUR'000)	**4 192**	**363**	**63**	**18**	**74**	**363**	**5 073**

Balances in the provision for impairment of receivables as at 31 December 2021 were, as follows:

	Not past due	<31 days	31-90 days	91-180 days	181-365 days	>365 days	Total
Expected credit loss rate, %	0,05	0,05	0,08	50,34	49,91	88,00	**10,55**
Carrying amount (EUR'000)	3 683	197	1 264	737	527	50	**6 458**
Expected credit loss (EUR'000)	2	-	1	371	263	44	**681**
Net amount (EUR'000)	**3 681**	**197**	**1 263**	**366**	**264**	**6**	**5 777**

Ageing of trade receivables amounts past due but not impaired:

	2022 EUR'000	2021 EUR'000
Not past due	4 192	3 681
Past due less than 30 days	363	197
Past due 31–60 days	39	748
Past due 61–90 days	24	515
Past due 91 days and more	455	636
Total	**5 073**	**5 777**

See note 21 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

9. CASH AND CASH EQUIVALENTS

As at 31 December 2022 and 2021, cash and cash equivalents consistent of the following:

	2022 EUR'000	2021 EUR'000
Cash at bank	107 886	82 023
Time deposits (less than 3 months)	67 750	-
Cash on hand	58	18
Cash in transit	67	13
Total	**175 761**	**82 054**

As at 31 December 2022 cash in certain bank accounts and future cash inflows into these accounts with the carrying amount of EUR 61 985 thousand (31 December 2021 – EUR 22 991 thousand) were pledged to banks under loan agreements (note 12). Credit risk exposure is provided in note 21.

10. SHARE CAPITAL, SHARE PREMIUM AND LEGAL RESERVE

As at 31 December 2022 and 2021 the Group's authorised share capital consisted of 109 438 674 ordinary registered shares of Akropolis Group UAB with a par value of EUR 0.29 each (issue price EUR 4.39) that have voting rights in the general meeting of Akropolis Group UAB and by disbursing funds to the shareholder in cash. All the shares were fully paid. Share premiums are recognized as the difference between the proceeds received from the issue of shares and a par value of the shares issued.

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5 per cent of net profit calculated in accordance with the Lithuanian regulatory legislation on accounting are required until the reserve reaches 10 per cent of the authorised share capital. The legal reserve is formed to cover possible losses of the Company and cannot be used for the payment of dividends or for any other purpose.

11. EARNINGS PER SHARE

As at 31 December 2022 and 2021, investments of the Group's parent company comprised ordinary registered shares of Akropolis Group UAB.

The Company's basic and diluted earnings per share are equal. Calculation of basic / diluted earnings per share is presented below:

	2022	2021
Profit attributable to the shareholders of the Company (EUR'000)	61 024	90 666
Weighted average number of ordinary shares (in thousands)	109 439	109 439
Basic / diluted earnings per share (EUR/share)	0,558	0,828

12. BORROWINGS

In 2022 and 2021 all borrowings consisted of bank loans and bonds.

On 2 June 2021 Akropolis Group has successfully distributed its debut 5-year Eurobond issue worth EUR 300 million. These bonds have been listed on the Nasdaq Vilnius and Dublin Euronext stock exchanges. The issue of Eurobonds of UAB Akropolis Group was distributed with an annual coupon rate of 2.875%, an annual yield of 3.00% and a re-offer price of 99.428%. The bonds have been rated BB+ Fitch and BB+ S&P. The bonds mature on 2 June 2026.

Akropolis Group, UAB was Issuer whereas Aido Turtas, UAB, Ozo Turtas, UAB, Taikos Turtas, UAB and SIA "M257", subsidiaries of Akropolis Real Estate B.V., were the Guarantors for the transaction.

On 21 June 2022 SIA Delta Property has acceded to the Trust Deed dated 2 June 2021 as an Additional Guarantor in respect of the bonds.

In 2021 Akropolis Group granted loans to the subsidiaries (UAB Taikos turtas, UAB Aido turtas, SIA M257, SIA DELTA PROPERTY respectively managing Akropolis Klaipėda, Akropolis Šiauliai, Akropole Riga and Akropole Alfa). The funds lent by Akropolis Group were used to cover the liabilities of subsidiaries at AS Citadele banka Lithuanian Branch (UAB Taikos turtas, UAB Aido turtas), AS SEB banka (SIA M257) and Swedbank AS (SIA Delta Property). A total of EUR 234 million in commercial bank loans were refinanced.

Previous bank loan of Vilnius Akropolis's managing company was refinanced in 2022, additionally providing EUR 42 200 thousand.

As at 31 December 2022 and 2021 the Group's bank loans were secured by the following collaterals:
-As at 31 December 2022 the Group's investment property with value of EUR 319 000 thousand (EUR 319 000 thousand as at 31 December 2021) (note 6);
-As at 31 December 2022 the Group's cash in certain bank accounts and future cash inflows into these accounts with the carrying amount of EUR 61 985 thousand (EUR 22 991 thousand as at 31 December 2021) (note 9);

As at 31 December 2022 and 2021 all Group's bank loans and other borrowings were denominated in Euros.

As at 31 December 2022 and 2021, the Group's bank borrowings had a variable interest rate (linked to EURIBOR) with a margin meeting market conditions. The Group complied with the covenants (performance indicators) specified in the loan agreements as at 31 December 2022 and 2021.

The Group's borrowings were as follows as at 31 December 2022 and 2021:

	2022 EUR'000	2021 EUR'000
Non- current		
Bank loans	149 523	114 917
Bonds	297 033	296 221
Total	**446 556**	**411 138**
Current		
Bank loans	7 973	7 000
Bonds	5 033	5 033
Total	**13 006**	**12 033**

The Group's net debt was as follows at 31 December 2022 and 2021:

	2022 EUR'000	2021 EUR'000
Non-current borrowings	446 556	411 138
Current borrowings	13 006	12 033
(Less) Cash and cash equivalents	(175 761)	(82 054)
Net borrowings	**283 801**	**341 117**

13. TRADE AND OTHER AMOUNTS PAYABLE

Trade and other amounts payable comprised as follows as at 31 December:

	2022 EUR'000	2021 EUR'000
Non-current advance amounts received	7 974	7 244
Other non-current amounts payable	37	180
Non-current amounts payable	**8 011**	**7 424**
Current advance amounts received	2 704	1 834
Trade payables	4 725	6 562
VAT payable	1 340	1 379
Real estate tax payable	157	133
Advance amounts received from, and trade and other amounts payable to related parties (Note 20)	219	282
Other amounts payable and accrued expenses	15 503	11 164
Current amounts payable	**24 648**	**21 354**
Total	**32 659**	**28 778**

Other payables and accrued expenses of the Group as at 31 December 2022 and 2021 mainly comprise liability for gift vouchers issued.

Advance amounts paid by customers under the lease contracts are refunded upon expiry of validity of the contract. Classification into current and non-current depends on the validity term of the contract. As at 31 December 2022, non-current portion of advance amounts received was EUR 8 million and it was recorded within non-current advance amounts received (31 December 2021: EUR 7.2 million). As at 31 December 2022, current portion of advance amounts received was EUR 2.7 million and it was recorded within current advance amounts received (31 December 2021: EUR 1.8 million).

Trade payables are interest free and usually payments are due within 20 days. The same term is set for related parties' liabilities payments. Other payables are interest free and approximately due within 20 days.

14. SERVICE CHARGE EXPENSES

For the year ended 31 December service charge expenses by nature were as follows:

	2022	2021
	EUR'000	EUR'000
Expenses of directly and indirectly sold utilities	**21 464**	**7 586**
Other indirect service charge expenses:		
Buildings repair and maintenance expenses	8 053	6 016
Advertising and marketing expenses	4 506	3 366
Taxes (excluding income tax)	1 702	1 164
Employee costs (remuneration and related taxes)	1 464	1 170
Depreciation and amortization	719	691
Professional fees	178	195
Telecommunication expenses	36	17
Transportation expenses	27	21
Other expenses	(21)	756
Total other indirect service charge expenses	**16 664**	**13 396**
Total	**38 128**	**20 982**

Significantly increased energy prices had the greatest impact on the increase in operating expenses (Note 1).

15. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised as follows for the year ended 31 December:

	2022	2021
	EUR'000	EUR'000
Employee costs (remuneration and related taxes)	3 225	2 771
Professional fees	623	372
Depreciation and amortization	153	141
Taxes (excluding income tax)	138	75
Utilities	42	31
Transportation expenses	26	13
Low value short-term rent	24	38
Telecommunication expenses	19	18
Advertising and marketing expenses	13	3
Other expenses	484	251
Total	**4 747**	**3 713**

Information about Directors remuneration is disclosed in note 20.

AKROPOLIS GROUP UAB
Company code 302533135, Ozas St. 25, Vilnius

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. INTEREST INCOME AND EXPENSES

	2022	2021
INTEREST INCOME	EUR'000	EUR'000
Bank interest	127	-
Total	**127**	**-**

	2022	2021
INTEREST EXPENSES	EUR'000	EUR'000
Interest on bank loan	2 310	2 882
Interest on bonds	8 625	5 033
Lease liabilities - interest expense	34	3
Other interest	54	175
Total	**11 023**	**8 093**

17. INCOME TAX EXPENSE

The following table presents calculation of income tax expense using local tax rate of 15% effective in reporting period:

	2022	2021
	EUR'000	EUR'000
Profit (loss) before income tax	68 073	98 960
Income tax at the 15 % tax rate applicable to the Group in Lithuania	10 211	14 844
Effect of income tax rate difference between countries	(3 544)	(6 218)
Tax effect of non-taxable income	(42)	(211)
Tax effect of non-deductible expenses	145	94
Utilisation of previously unrecognised tax losses	(1)	-
Other	280	(215)
Income tax expense	**7 049**	**8 294**
Effective income tax rate, %	**10,36**	**8,38**

For the period ended 31 December income tax expense consisted of the following:

	2022	2021
	EUR'000	EUR'000
Current income tax expense	5 460	5 366
Deferred income tax expense	1 589	2 928
Income tax expense	**7 049**	**8 294**

18. DEFERRED TAX (ASSET) LIABILITIES

For the year ended 31 December the changes in deferred tax liabilities were as follows:

	Depreciattion and amortization	Revaluation of investment property	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
At 31 December 2020	**34 455**	**49 364**	**-**	**83 819**
Recognized in profit or loss	100	3 021	(304)	2 817
At 31 December 2021	**34 555**	**52 385**	**(304)**	**86 636**
Recognized in profit or loss	1 399	(151)	341	1 589
At 31 December 2022	**35 954**	**52 234**	**37**	**88 225**

For the year ended 31 December the changes in deferred tax asset were as follows:

	Accruals for vacation	Impairment of PPE	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
At 31 December 2020	**(149)**	**-**	**38**	**(111)**
Recognized in profit or loss	149	-	(38)	111
At 31 December 2021	**-**	**-**	**-**	**-**
Recognized in profit or loss	-	-	-	-
At 31 December 2022	**-**	**-**	**-**	**-**

As at 31 December the balance of the deferred tax consisted of:

	2022	2021
	EUR'000	EUR'000
Deferred tax asset	-	-
Deferred tax liability	(88 225)	(86 636)
Deferred tax liability, net	**(88 225)**	**(86 636)**

19. COMMITMENTS AND CONTINGENCIES

The Group is currently involved in legal proceedings (two cases) related to the 2005-11-04 acquisition by Vingio Turtas, UAB of state-owned land that is the site of Vingis Akropolis. The validity of part of the state-owned land sale and purchase agreement (Agreement) is challenged due to an alleged breach of the claimants' rights of property restitution.

The National Land Service has adopted decisions favourable to Vingio Turtas, UAB that were appealed to Vilnius Regional Administrative Court (court of first instance).

By a decision announced on 21 February 2022 the Vilnius Regional Administrative Court has rejected the claimants' claim regarding the decisions adopted by National Land Service. The claimants appealed against this decision, seeking the annulment of the decision and the referral of the case back to the court of first instance. "Vingio turtas", UAB provided response to the appeal within the deadline set by the court; currently the Group is waiting when the case will be appointed for hearing in court of appeal.

The legal proceedings do not affect the development of Vingis Akropolis project. In the event that the claimants were to prove successful, the land plot for the construction of Vingis Akropolis could be materially reduced in size, but the implementation of any decision in favour of the claimants would be legally complicated and would raise a number of legal issues.

20. RELATED-PARTY TRANSACTIONS

During the year ended 31 December the related party transactions were as follows:

	2022	2021
	EUR'000	EUR'000
Sales to:		
Shareholders	77	70
Related companies	18 684	15 522
Total	**18 761**	**15 592**
Purchases (from):		
Shareholders	118	86
Related companies	1 343	1 301
Total	**1 461**	**1 387**
Prepayments to and amounts receivable from:		
Shareholders	7	8
Related companies	627	357
Lease incentives to affiliated companies	510	507
Total	**1 144**	**872**
Advance amounts received from and amounts payable to:		
Shareholders	15	8
Related companies	204	274
Total	**219**	**282**

Sales to related parties mostly comprise of rent income and other services. Purchases from related parties include utility, consultations and other general and administrative expenses.

Terms and conditions of transactions with related parties

Average term of rent agreements with related parties operating in shopping centres is 11 years, while average term of rent agreements with related parties operating in office buildings is 7 years or open-ended contracts. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions.

Key management compensation

The Group treats directors, head of departments' and members of the management boards as the key management (the "Directors").

For the years ended 31 December 2022 and 2021 the remuneration of the Group's Directors was EUR 1 404 thousand and EUR 1 435 thousand, respectively.

21. FINANCIAL RISK MANAGEMENT

Credit risk. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is attributable to its loans granted and trade and other receivables. The Group assesses the credit quality of the debtors and customers, taking into account their financial position, past experience and other factors. The amounts presented in the statement of financial position are net of allowances for doubtful loans and receivables estimated on prior experience and present economic situation. The Group has no significant concentration of credit risk with exposure spread over a number of counterparties and customers.

The credit risk of liquid funds (cash and time deposits) in banks is limited because the Group's counterparties are banks with investment grade credit ratings of Baa2 and above assigned by Moody's, an international credit-rating agency.

Foreign currency exchange risk. There are no significant portions of foreign currency exchange risk for the Group as the majority of its transactions are carried out in the Euro. At present the Group companies do not use derivative financial instruments to hedge its risks associated with foreign currency fluctuations.

Interest rate risk. The Group's cash flows are exposed to interest rate fluctuations.

The Group's bank borrowings bear variable interest rates linked to variable base rate. Trade and other payables are interest-free and have settlement dates within one year.

The Group's cash flow and fair value interest rate risk is periodically monitored by the management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for receivables and liabilities that represent the major interest-bearing positions. The Group does not use any derivative financial instruments to manage the interest rate risk.

The Group estimates that with an increase/decrease of variable interest rates of 100 basis points, applied to the Group's debt level as at 31 December 2022 and 2021 and with all other variables held constant, would result in an increase/decrease of the Group's interest expenses and a decrease/increase of profit before income tax by respectively EUR 1,5 million and EUR 1,3 million.

Liquidity risk. Liquidity risk is managed according to the principles of prudence. The Group manages its cash flows and liquidity based on projected cash flows over periods of six months. According to the management, liquidity ratios for the Group are sufficient and prevalent for this type of business activity. Moreover, cash provided from operating activities are sufficient for future operations and liquidity.

The Group's current assets exceeded its current liabilities, what demonstrates the Group's ability to meet the creditor's demands. Meanwhile, the Group's generated cash flow is sufficient to cover its current liabilities, a significant proportion of which is a financial debt to credit institutions repaid on a monthly basis, as well as advance amounts from tenants, which are due for repayment only after termination of lease agreements under certain terms and conditions.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments) with variable interest rate that was valid on 31 December 2022:

31 December 2022	Less than 6 months	Between 6-12 months	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Bank borrowings	6 518	6 453	12 712	153 912	-	179 595
Lease liabilities	30	28	38	22	-	118
Trade payables	4 725	-	-	-	-	4 725
Bonds	8 625	-	8 625	317 250	-	334 500
Total	**19 898**	**6 481**	**21 375**	**471 184**	**-**	**518 938**

31 December 2021	Less than 6 months	Between 6-12 months	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Bank borrowings	4 582	4 550	9 006	108 982	-	127 120
Lease liabilities	24	24	48	39		135
Trade payables	4 371	2 191	-	-	-	6 562
Bonds	8 625	-	8 625	325 875	-	343 125
Total	**17 602**	**6 765**	**17 679**	**434 896**	**-**	**476 942**

22. CAPITAL MANAGEMENT

The Group manages its issued share capital, share premium, foreign currency translation reserve and retained earnings as capital. As at December 31 the amounts of the components of capital were:

	2022	2021
	EUR'000	EUR'000
Equity	632 369	571 345

The primary objective of the Group's capital management is to ensure that each of the Companies complies with the externally imposed capital requirements and meets the respective capital ratios in order to preserve its business and maximise return to the shareholders. The Group has an adequate capital level to further maintain its business development.

The Group manages its capital structure and makes adjustments thereto in light of changes in economic conditions and risk characteristics of its activities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to the shareholders or issue new shares. No changes were made concerning the purpose, policies or processes of capital management during the periods ended 31 December 2022 and 2021.

According to Law on companies of Republic of Lithuania the equity of limited liability company cannot be less than half of the share capital. Akropolis Group UAB has satisfied minimum equity requirement as of 31 December 2022.

23. FINANCIAL INSTRUMENTS

Financial instruments comprised as follows as at 31 December:

	2022	2021
	EUR'000	EUR'000
Financial assets		
Trade receivables	5 073	5 777
Cash and cash equivalents	175 761	82 054
Financial liabilities		
Bank loans	157 496	121 917
Bonds	302 066	301 254
Trade payables	4 725	6 562
Accrued expenses	282	487

According to the management's best estimate, the carrying amount of receivables, cash and cash equivalents and trade and other current payables approximates its fair value due to short maturity terms.

Non-current payables are accounted for in the financial statements at the amortized cost (calculated by applying the effective interest rate which is close to the market interest rate), therefore their carrying amount approximates the fair value.

24. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the end of the reporting period that might have significant impact on these Consolidated financial statements.

Other Information

Other Information

INFORMATION ON SECURITIES

In June 2021, Akropolis Group successfully placed a EUR 300 million issue of 5-year bonds. The bonds were listed on the Euronext Dublin and Nasdaq Vilnius stock exchanges.

Name	Nominal value	Issue value	ISIN code	Buy-out date
AKROPOLIS GROUP, UAB	100 000 EUR	EUR 300 million	XS2346869097	2026-06-02

INFORMATION ON CREDIT RATINGS

Akropolis Group has been given long-term issuer ratings by international credit rating agencies S&P Global Ratings (S&P) and Fitch Ratings (Fitch). In May 2021, Fitch gave Akropolis Group a long-term issuer rating of BB+ with a stable outlook, and S&P gave a BB+ long-term issuer credit rating with a negative outlook. In October 2021, S&P improved the outlook of the credit rating BB+ given to Akropolis Group to a stable one.

In 2022, S&P and Fitch, in June and August, respectively, approved the credit rating of BB+ for Akropolis Group with a stable outlook.

INFORMATION ON COVENANTS

On 31 December 2022, Akropolis Group complied with all covenants under the bond issue terms and conditions set on 31 May 2021.

INFORMATION ON NON-AUDIT SERVICES

In 2022, remuneration of the Group's auditors for non-audit services amounted to EUR 2 thousand (EUR 99 thousand in 2021).

INFORMATION ON ENVIRONMENTAL ISSUES

Information related to environmental issues is disclosed in Sustainability Report.

Nasdaq Structured Table of Disclosure

The Company, acting in compliance with paragraph 24.5 of the Listing Rules of AB NASDAQ Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius (the Code) as well as its specific provisions or recommendations. In case of non-compliance with the Code or some of its provisions or recommendations, we specify it along with the reasons for such non-compliance. In addition, we provide other explanatory information in this form.

SUMMARY OF THE CORPORATE GOVERNANCE REPORT

The Company's bodies, as per its Articles of Association, are the general meeting of shareholders, the management board (the Board) and the CEO as a single-person management body. The Board is a collegial management body with three members who are elected by the general meeting of shareholders for a four-year term of office.

An audit committee (the Audit Committee) is also formed in the Company. It is composed of three members who are elected by the general meeting of shareholders for a term of office of four years. There are two independent members of the Audit Committee, including the chairman. The Audit Committee's functions are established by legal acts of the Republic of Lithuania and regulations of the Bank of Lithuania as well as the Audit Committee regulations approved by the sole shareholder of the Company.

Additional information about the Company's governance, activities and composition of the Company's management bodies and the Audit Committee, and other essential matters related to the Company's governance is provided in the Company's annual report for the financial year ended 31 December 2022.

PRINCIPLES / RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENTS
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights The corporate governance framework should ensure the equitable treatment of all shareholders		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision making process where significant corporate matters are discussed.	Not applicable	The Company has a sole shareholder.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	Yes	All the Company's shares provide the same voting, ownership, dividend and other rights.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Not applicable	The Company's shares are not offered publicly (i.e. only the Company's bonds are publicly traded).
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	Yes	The Company's Articles of Association provide that the Board must obtain approval of the shareholder of the Company prior to making any decisions relating to (among other matters): investments, transfers and/or leases of fixed assets, pledges or mortgages over fixed assets, guaranteeing or standing surety for the fulfilment of obligations of other persons, acquiring fixed assets, if the amount of such transactions exceeds EUR 1,000,000, also prior to making any decisions relating to acquisition of securities (regardless of value or type) and property and/or non-property rights carried by such securities by the right of ownership and/or any other right, as well as regarding transfer, pledge or other limitation or restriction of such securities and/or the property and/or non-property rights carried by such securities.perty rights carried by such securities.
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date, and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	Not applicable	The Company has a sole shareholder.
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	Not applicable	The Company has a sole shareholder (a legal entity established in the Republic of Lithuania). In any case, all information to investors is published in Lithuanian and English.
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company has a sole shareholder who is able to exercise the right to vote at the general meeting of shareholders both in person, and by completing the general voting ballot.
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured, and it must be possible to identify the participating and voting person.	Not applicable	The Company has a sole shareholder.

1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	Yes	Every candidate to a collegial body must declare what positions they hold and how their activities are related to the Company and other persons associated with the Company, as it is required by Article 19(9) of the Law on Companies of the Republic of Lithuania. Information about educational background and work experience is also usually provided to the general meeting of shareholders (when needed). Information on proposed audit company is provided to the shareholder prior to adoption of the decision.
1.10. Members of the company's collegial management body, heads of the administration or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	Yes	When needed, members of the Company's collegial body, heads of the administration and other competent persons related to the Company who can provide information related to the agenda participate in the general meeting of shareholders. Proposed candidates to members of the collegial body participate in the general meeting of the shareholders if it is requested.

Principle 2: Supervisory Board
2.1. Functions and liability of the supervisory board

The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.

The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.

2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	Not applicable	The Company does not have the Supervisory Board.
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	Not applicable	The Company does not have the Supervisory Board.
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them	Not applicable	The Company does not have the Supervisory Board.
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	Not applicable	The Company does not have the Supervisory Board.
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the longterm interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	Not applicable	The Company does not have the Supervisory Board.
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting, or other experts on matters pertaining to the competence of the supervisory board and its committees.	Not applicable	The Company does not have the Supervisory Board.

2.2. Formation of the supervisory board
The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective andfair corporate governance.

2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	Not applicable	The Company does not have the Supervisory Board.
2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	Not applicable	The Company does not have the Supervisory Board.
2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	Not applicable	The Company does not have the Supervisory Board.
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	Not applicable	The Company does not have the Supervisory Board.
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company related circumstances.	Not applicable	The Company does not have the Supervisory Board.
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	Not applicable	The Company does not have the Supervisory Board.
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	Not applicable	The Company does not have the Supervisory Board.

Principle 3: Management Board
3.1. Functions and liability of the management board

The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.

3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	Yes	The Company's strategy is approved by the Board and the Board follows its implementation.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	Yes	The Board performs the functions assigned to it by the Law on Companies and by the Company's Articles of Association. The Board takes into account the needs of the Company's shareholders, employees and other interest groups, striving to achieve sustainable business development.
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	Yes	The Board ensures compliance with the applicable laws and internal policies of the Company. The Board also establishes risk management and control measures to ensure the regular and direct accountability of managers, within the limits of its competence.
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	Yes	The Board ensures that indicated measures would apply in the Company, within the limits of its competence. The Company has an approved Corruption Prevention Policy in place.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	Yes	When appointing the CEO of the Company, the balance of the person's qualifications, experience and competence is taken into account.

3.2. Formation of the management board

3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	Yes	The members of the Board collectively have broad experience, qualifications, knowledge and competencies. The representation of both sexes is ensured as much as possible. More information about the experience and qualification of members of the Board is provided in the Company's annual report.
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report	Yes	The indicated information about the candidates to become members of the Board is provided to the general meeting of shareholders without violating personal data protection requirements. Information about the members of the Board is provided in the Company's annual report.

3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	Yes	All new members of the Board are familiarized with their duties and the structure and operations of the Company.
3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	Yes	The Company's Articles of Association provide that members of the Board are elected for a specific term, i.e. for four years, new members are appointed until the end of the current term of office; members of the Board can be re-elected.
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	No	Historically, the CEO of the Company is usually also the chair of the Board. However, in the Company's view, the current and past positions of the chair of the Board do not constitute obstacles for the chair of the Board to impartially carry out his duties as the chair of the Board. The chair of the Board is elected after evaluation of his experience and qualifications. Each member of the Board has the duties assigned by the Law on Companies of the Republic of Lithuania and must ensure their impartial execution.
3.2.6. Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	Yes	Each member of the Board devotes sufficient time and attention to perform the duties as member of the Board. All meetings of the Board have been attended by all members so far.
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent, it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company related circumstances.	Not applicable	The Company's Articles of Association do not provide that the Board shall perform functions of the supervisory board, therefore the members of the Board are not subject to the requirement of independence.
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	Yes	The general meeting of shareholders elects the members of the Board, therefore the general meeting of shareholders can approve the amount of remuneration to the members of the Board within the capacity prescribed by legal acts.
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	Yes	To the Company's knowledge, all members of the Board act in good faith, with care and responsibility for the benefit and the interest of the Company and its shareholders. The members of the Board are subject to confidentiality and other relevant obligations, this, inter alia, is provided for in the Rules of Procedure of the Board of the Company.
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	Yes	The Rules of Procedure of the Board of the Company provide that the Board shall carry out an assessment of its activities every year, which should include evaluation whether the Board has achieved its objectives.

Principle 4: Rules of procedure of the supervisory board and the management board of the company.

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	Not applicable	The Company does not have the Supervisory Board.
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter	Yes	According to the Rules of Procedure of the Board of the Company, Board meetings must be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured, however, in any case, meetings must be convened at least once per quarter.
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	Yes	Members of the Board are informed in advance about meetings and have sufficient time to prepare and familiarize with the provided information.
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and closely cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	Not applicable	The Company has only one collegial body, i.e. the Board.

Principle 5: Nomination, remuneration and audit committees
5.1. Purpose and formation of committees

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest. Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees.	Not applicable	The Company does not have committees within the collegial body; however, the Audit Committee is formed in the Company by a decision of its sole shareholder.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.	Yes	These functions are performed by the existing bodies of the company within their competence prescribed by applicable legal acts.
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	Yes	When necessary the Board performs these functions within its capacity prescribed by applicable legal acts.
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	Yes	The Audit Committee formed by the sole shareholder has three members. These members were selected based on their competences and experience. The chair of the Board is neither the chair, nor member of the Audit Committee.
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	Yes/No	The Audit Committee's regulations are approved by the sole shareholder of the Company. The Audit Committee submits its activity reports to the sole shareholder of the Company. Information about the composition, activities and functions of the Audit Committee is published in the Company's annual report.
5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	Yes	The Audit Committee may invite selected persons to its meetings. The chair of the Audit Committee has the possibility to directly communicate with the shareholder if necessary.
5.2. Nomination committee		
5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.	Not applicable	This committee is not formed in the Company.

5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	Not applicable	This committee is not formed in the Company.
5.3. Remuneration committee		
5.3.1. The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation	Not applicable	This committee is not formed in the Company.
5.4. Audit committee		
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee.	Yes	The Audit Committee performs functions defined in legal acts regulating the activities of the Audit Committee.
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	Yes	The representatives of the Company's administration provide the Audit Committee with all relevant information.
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	Yes	The Audit Committee, when necessary, can invite any representative of the Company and external auditors to its meetings.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	Yes	The Company does not have internal auditor, however these functions are performed by the Company's finance function, which provides the Audit Committee with necessary information. The Audit Committee also holds meetings with external auditors and receives information about audit status and results and about all relationships between the independent audit firm, the Company and its group.
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	Yes	The Audit Committee examines whether the Company complies with applicable provisions regulating the possibility of lodging a complaint or reporting suspicions of potential violations committed at the Company, acting within the limits of its competence. It should be noted that in order to implement the Law of the Republic of Lithuania on the Protection of Whistleblowers, the Company has arranged a special channel by which stakeholders can report any suspicions of potential violations.

5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	No	The regulations of the Audit Committee provide that the Audit Committee shall provide its activity report once a year to the body that elects the Audit Committee. In addition, the Audit Committee shall provide such report under the request of relevant body or whenever the Audit Committee deems necessary.

Principle 6: Prevention and disclosure of conflicts of interest

The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.

Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	Yes	Members of the Company's bodies have the duty to avoid conflicts of interests and declare them. The Rules of Procedure of the Board of the Company establish that each member of the Board must avoid a situation where his/her personal interests are or may be in conflict with the Company's interests, and in case such a situation does occur, a member of the Board must notify other members of the Board and the body that elected him/her.

Principle 7: Remuneration policy of the company

The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	Not applicable	The Company does not currently have an approved remuneration policy determining the remuneration of members of the collegial bodies. The Company considers that legal acts do not impose such an obligation, since only the Company's bonds are traded publicly. However, as far as the employees (including heads of the administration) of the Company are concerned, the Company has an approved remuneration policy, which is not public.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	Not applicable	The remuneration policy for the employees of the Company includes such work remuneration forms, which are present in the Company.
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	Not applicable	No supervisory board, performing the supervisory functions, is formed in the Company.
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	Not applicable	In all cases, termination payments are made according to the provisions of the Labour Code and concluded employment agreements. The Company follows the principles indicated in paragraph 7.4 in respect of termination payments.

7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	Not applicable	No financial incentive scheme is applied in the Company.
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	Not applicable	The Company does not publish such information. The Company considers that legal acts do not impose such obligation, since only the Company's bonds are traded publicly.
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	Not applicable	The schemes under which members of a collegial body and employees receive remuneration in shares or share options do not apply in the Company.

Principle 8: Role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes	The Company ensures that the rights and lawful interests of stakeholders are protected.
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	Yes	Stakeholders participate in the corporate governance of the Company in the manner established by applicable legal acts.
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information	Yes	Relevant information is made available in compliance with applicable legal acts.
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function	No	The Company does not have a collegial body performing the supervisory function, but the stakeholders have a possibility of reporting any illegal or unethical practices by other channels available in the Company.

Principle 9: Disclosure of information

The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.

9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:		
9.1.1. operating and financial results of the company;	Yes	This information is published in the Company's financial statements.
9.1.2. objectives and non-financial information of the company;	Yes	This information is published in the Company's annual report.
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary.	Yes	This information is published in the Company's financial statements and annual report to the extent the Company deemed necessary.
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	Yes	This information is published in the Company's annual report to the extent the Company deemed necessary according to applicable legal acts.
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	Yes	Information about the Audit Committee is provided in the Company's annual report.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	Yes	This information is published in the Company's annual report.
9.1.7. the company's transactions with related parties;	Yes	This information is published in the Company's financial statements.
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.)	Yes	The relevant information to the extent the Company deemed necessary is published in the Company's annual report.
9.1.9. structure and strategy of corporate governance;	Yes	This information is published in the Company's annual report.
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts	Yes	This information is disclosed in the Company's annual report.
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies	Yes	Consolidated information is disclosed.
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	Yes	Information about the professional experience and qualifications of members of the Company's bodies is disclosed. As legal acts do not require to disclose the remuneration, this information is not disclosed.
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	Yes	Information is disclosed through securities exchanges in Lithuania and Ireland. Information is disclosed in Lithuanian and English languages.

Principle 10: Selection of the company's audit firm

The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.

10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	Yes	Annual financial statements of the Company and its group are audited by an independent audit firm.

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10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	Yes	The Company's external auditor was selected from tender applications and after the evaluation of all recommendations provided by the Company's bodies. In addition, the Audit Committee, having evaluated information presented on tender procedures performed, shall provide recommendation regarding appointment of external auditor.
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders	Yes	The Company discloses information about amounts it has paid the auditor for non-audit services in its annual report. The Company and the Audit Committee have approved a procedure, which establishes principles how the Audit Committee approves the purchase of non-audit services from the appointed auditor in advance.

AKROPOLIS

30 March 2023

Responsibility statement of responsible persons

Hereby we confirm that, to the best of our knowledge and belief, the consolidated financial statements of Akropolis Group, UAB (hereinafter – "the Company") and its subsidiaries (hereinafter together "the Group") for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, present fairly the financial position of the Group as of 31 December 2022 and its financial performance and cash flows for the year then ended.

In addition, we confirm that the consolidated annual report includes a fair view of the development and performance of the business of the Group, the Group's financial position together with a description of the principle risks and uncertainties the Group faces.

Manfredas Dargužis
Chief Executive Officer

Gabrielė Saponaitė
Chief Financial Officer

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Registered at
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Registry manager - State
Enterprise Centre of Registers

AKROPOLIS

REAL ESTATE DEVELOPMENT & MANAGEMENT COMPANY