

**CLOSED-END INVESTMENT COMPANY FOR INFORMED INVESTORS
UAB "CAPITALICA Z114 REAL ESTATE FUND"**

**PROGRAMME FOR THE OFFERING OF BONDS OF CLOSED-END INVESTMENT COMPANY
FOR INFORMED INVESTORS UAB "CAPITALICA Z114 REAL ESTATE FUND" IN THE AMOUNT
OF UP TO EUR 17,600,000 (BEING A PART OF TOTAL EUR 20,000,000 ISSUE) AND ADMISSION
OF TOTAL EUR 20,000,000 ISSUE TO TRADING ON FIRST NORTH**

This base prospectus (the **Prospectus**) has been drawn up and published by a closed-end investment company for informed investors UAB "CAPITALICA Z114 REAL ESTATE FUND", legal entity code 305198076, with its registered address at Žalgirio st. 114, Vilnius, the Republic of Lithuania (the **Issuer** or **Company**) in connection with the public offering, listing and admission to trading of the Bonds (as defined below) to be issued by the Issuer from time to time under the Programme (as defined below) to the alternative market First North (the **First North**), administered by the regulated market operator Nasdaq Vilnius AB (**Nasdaq**).

Under this EUR 17,600,000 bond issuance programme (the **Programme**) the Issuer may from time to time publicly offer and issue up to 17,600 bonds with the nominal value of EUR 1,000 each (the **Bonds**) to retail and institutional investors of the Republic of Lithuania, Latvia and Estonia (the **Offering**). All Bonds offered, issued, listed and admitted to trading under this Prospectus from time to time by way of all separate series (the **Tranche**) under respective final terms (the **Final Terms**) will form one and the same Issue (as defined below) and have the same ISIN code.

Please note that this Programme is being a second part of total EUR 20,000,000 issue (the **Issue**), approved by the decision of the management board of the management company, UAB "CAPITALICA ASSET MANAGEMENT", legal entity code 304234719, registered address at Upės st. 21-1, Vilnius, the Republic of Lithuania (the **Management Company**), dated 13 December 2023 and the decision of the shareholders of the Issuer dated 13 December 2023 (the **Decisions**), with the first part of the Issue in the amount of EUR 2,400,000 already issued under exemption provided in Article 1(4(b)) of the Prospectus Regulation (as described below). Therefore, the Bonds issued under the exemption provided in Article 1(4(b)) of the Prospectus Regulation (as described below) and the Bonds to be issued under this Prospectus will form one and the same Issue and have the same ISIN code and shall be listed and admitted to trading on the First North.

The function of this Prospectus is to give information about the Company, the Issue and Programme, and the Bonds. Each Final Terms of the respective Tranche (together with summary and translations thereof concerning the Tranche) will be decided and announced separately in the same manner as the Prospectus and provided to the Bank of Lithuania, but without being subject to approval proceedings.

Please note that by issuing the Bonds in the total amount of the Issue EUR 20,000,000, the Company shall at all times comply with a requirement established in the Company's Articles of Association to ensure that ratio of the debt obligations of the Company and value of the Company's assets will not exceed 80%. However, it shall be noted that only paid and issued Bonds shall be considered when calculating said ratio.

The Bank of Lithuania in its capacity as the competent authority in the Republic of Lithuania under the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the **Prospectus Regulation**) on 5 March 2024 has approved this document as a Prospectus and has notified the approval of the Prospectus to the Estonian Financial Supervision Authority (in Estonian: *Finantsinspeksioon*; the **EFSA**) and to the Bank of Latvia (in Latvian: *Latvijas Banka*). All the Bonds of the Company (when issued) will be dematerialized registered bonds and will be registered with Lithuanian branch of Nasdaq CSD, SE (the merged central securities depository of the Republic of Lithuania, Latvia and Estonia, the **Nasdaq CSD**) that operates a central security depository in the Republic of Lithuania (the **Register**).

The approval by the Bank of Lithuania of this Prospectus only means that it is meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Investing into the Bonds involves risks and may not be suitable for all investors. Each prospective

investor in the Bonds must determine, based on its own independent review and, if appropriate, professional advice that the investment in the Bonds is suitable in light of its financial circumstances and objectives. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the material risks related to the Company, the operations of the Company and to the Bonds, the value of any investment in the Bonds may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in this Prospectus. Each decision to invest in the Bonds must be based on the Prospectus in its entirety. Therefore, we suggest you familiarise yourselves with the Prospectus thoroughly.

NOTICE TO ALL INVESTORS

Neither this Prospectus nor any Final Terms constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire the Bonds offered by any person in any jurisdiction in which such an offer or solicitation is unlawful, in particular this Prospectus and any Final Terms may not be distributed or published in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Lithuanian laws, including the United States of America (the **United States**), Australia, Canada, Hong Kong and Japan.

Moreover, neither this Prospectus nor any Final Terms should be considered as a recommendation by the Issuer or the Lead Manager or any other person engaged by the Issuer in connection with the Offering that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Bonds. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Bonds.

The Bonds have not been and will not be registered under the relevant laws of any state, province or territory other than the Republic of Lithuania, Estonia and Latvia and may not be offered, sold, transferred or delivered, directly or indirectly, within any other jurisdiction than the Republic of Lithuania, Estonia and Latvia, except pursuant to an applicable exemption. Notwithstanding anything to the contrary contained in this Prospectus, the Bonds shall not be offered, sold, transferred or delivered, directly or indirectly, to any Russian or Belarusian national or natural person residing in Russia or Belarus, or any legal person, entity or body established in Russia or Belarus, and regardless of nationality, residence or establishment, to any person to whom such offering, sale, transfer or delivery of the Bonds is restricted or prohibited by international sanctions, national transaction restrictions or other similar measures established by an international organisation or any country (including the European Union, the United Nations or the United States).

Distribution of copies of the Prospectus or any related documents, including any Final Terms, are not allowed in those countries where such distribution or participation in the Offering of the Bonds requires any extra measures or is in conflict with the laws and regulations of these countries. Persons who receive this Prospectus or any related document, including any Final Terms, should inform themselves about any restrictions and limitations on distribution of the information contained in this Prospectus and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. No action has been taken by the Issuer in relation to the Bonds or rights thereto or possession or distribution of this Prospectus or any Final Terms in any jurisdiction where action is required, other than in the Republic of Lithuania, Estonia and Latvia. The Issuer is not liable in cases where persons or entities take measures that are in contradiction with the restrictions mentioned in this paragraph.

INFORMATION FOR UNITED STATES INVESTORS

The Bonds have not been approved or disapproved by any United States' regulatory authority. The Bonds will not be, and are not required to be, registered with the SEC under the US Securities Act of 1933, as amended (the **Securities Act**) or on a United States securities exchange. The Company does not intend to take any action to facilitate a market for the Bonds in the United States. The Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

VALIDITY OF PROSPECTUS

The Prospectus is valid for 12 months after the date of its approval provided that the Prospectus is supplemented in case new factors, material mistakes or material inaccuracies occur, and such an obligation does not apply after the end of the validity period of the Prospectus.

LEAD MANAGER AND CERTIFIED ADVISER

Akcinė bendrovė Šiaulių bankas, legal entity code 112025254, with its registered address at Tilžės st. 149, Šiauliai, the Republic of Lithuania is the lead manager (the **Lead Manager**) in the Republic of Lithuania, Estonia and Latvia for the purposes of the Offering.

Lead Manager



Law firm Ellex Valiunas, with its registered address at Jogailos st. 4, Vilnius, the Republic of Lithuania is the certified adviser (the **Certified Adviser**) in the Republic of Lithuania for the purposes of listing and admission of the Bonds to trading on the First North.

Certified Adviser



The date of this Prospectus is 5 March 2024

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1. INTRODUCTORY INFORMATION

1.1. Applicable Law

The Prospectus has been drawn up in accordance with the Prospectus Regulation and the Delegated Regulation¹ and the Law of the Republic of Lithuania on Securities, as amended (the **Law on Securities**), and the rules promulgated thereunder. The Prospectus comprises of a registration document of the Issuer drawn up in accordance with Annex 6 of the Delegated Regulation and of securities note of the Bonds drawn up in accordance with Annex 14 of the Delegated Regulation.

This Prospectus is governed by Lithuanian law. Any disputes, relating to or arising in relation to the Bonds shall be finally settled solely by the Vilnius Court of Commercial Arbitration in accordance with its Rules of Arbitration which is granted with exclusive jurisdiction to hear, settle and/or determine any dispute, controversy, or claim (including any non-contractual dispute, controversy or claim) arising out of or in connection with the Prospectus or the Bonds. The investor may be required under national law to bear the costs of translating this Prospectus before being able to bring a claim to the competent authority in relation to this Prospectus.

Before reading this Prospectus, please take notice of the following important introductory information.

1.2. Persons Responsible

The person responsible for the information given in this Prospectus is the Company. The Company accepts responsibility for the fullness and correctness of the information contained in this Prospectus as of the date hereof. Having taken all reasonable care to ensure that such is the case, the Company believes that the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the facts, and contains no omission likely to affect its import.

[signed digitally]

The CEO of the Management Company acting on behalf of the Company

Mindaugas Liaudanskas

Without prejudice to the above, no responsibility is accepted by the person responsible for the information given in this Prospectus solely on the basis of the summary of any Tranche issued under this Prospectus and respective Final Terms, including any translation thereof, unless such summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.

1.3. Presentation of Information

Final Terms and Reading the Prospectus. The Bonds are issued in Tranches on the terms set out herein under Section "*Terms and Conditions of the Bonds*" (the **Terms and Conditions**) as completed by a document specific to each such Tranche called the final terms (the **Final Terms**) as described under respective Section "*Form of Final Terms of the Bonds*". The Prospectus should be read together with all supplements and in respect of each Tranche of Bonds with the Final Terms of such Tranche. The Final Terms of each individual Tranche will be published together with the summary drawn up for such Tranche on the website of the Company at www.capitalica.lt, and after the Bonds are listed and admitted to trading on the First North, these documents will also be published on Nasdaq website at www.nasdaqbaltic.com. The Final Terms of each individual Tranche will be published together with the

¹ Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Commission Regulation (EC) No 809/2004 (the **Delegated Regulation**).

summary drawn up for such Tranche on the website of the Company at www.capitalica.lt, and after the Bonds are listed and admitted to trading on the First North, these documents will also be published on Nasdaq website at www.nasdaqbaltic.com. The Final Terms and summary of the separate Tranches will not be approved by the Bank of Lithuania or any other supervisory authority but will be filed with the Bank of Lithuania. In the event of any inconsistency between Terms and Conditions in this Prospectus and the relevant Final Terms, the relevant Final Terms shall prevail.

Approximation of Numbers. Numerical and quantitative values in this Prospectus (e.g., monetary values, percentage values, etc.) are presented with such precision which is deemed by the Company to be sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of approximation. Exact numbers may be derived from the financial statements to the extent that the relevant information is reflected therein.

Currencies. In this Prospectus, financial information is presented in euro (EUR), the official currency of the European Union Member States in the Eurozone.

Date of Information. This Prospectus is drawn up based on information which was valid as of the date of the Prospectus. Where not expressly indicated otherwise, all information presented in this Prospectus (including the financial information of the Company, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than the date of the Prospectus, this is identified by specifying the relevant date.

Third Party Information and Market Information. For portions of this Prospectus, certain information may have been sourced from third parties. Such information is accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information has been sourced from third parties, a reference to the respective source has been provided together with such information were presented in this Prospectus. Certain information with respect to the markets in which the Company operates is based on the best assessment made by the Management. Nevertheless, investors should take into consideration that the Company has not verified the information published by third parties and while every reasonable care was taken to provide best possible assessments of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Therefore, the Company does not guarantee the accuracy of such data, estimates or other information sourced from third parties. Investors are encouraged to conduct their own investigation of the relevant markets or employ a professional consultant.

Updates. The Company will update the information contained in this Prospectus only to such extent and at such intervals and by such means as required by the applicable law or considered necessary and appropriate by the Management. The Issuer is under no obligation to update or modify forward-looking statements included in this Prospectus (please see Section 1.5 "*Forward-Looking Statements*" below).

Hyperlinks to Websites. This Prospectus contains hyperlinks to websites. The information on the websites does not form part of the Prospectus and has not been scrutinised or approved by the Bank of Lithuania, except for hyperlinks to information that is incorporated by reference in this Prospectus.

Language. The language of this Prospectus is English. Certain legislative references and technical terms may have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

1.4. Historical Financial Information and Accounting Standards

The following historical financial information has been incorporated into this Prospectus by reference under Section 4 "*Information incorporated by Reference*":

- (i) the audited financial statements of the Company for the year ended 31 December 2022 with comparable data for 2021 that is unaudited (the **Audited Financial Statements**);
- (ii) the unaudited interim financial statements of the Company for the 12-month period ended 31 December 2023 (the **Unaudited Interim Financial Statements**).

The Audited Financial Statements and Unaudited Interim Financial Statements have been prepared in accordance with the Lithuanian Financial Reporting Standards (**LFAS**) as adopted by the Republic of Lithuania. The Company's financial year starts on 1 January and ends on 31 December, the amounts are presented in thousand euros unless otherwise indicated.

The Audited Financial Statements are audited by Ernst & Young Baltic UAB, legal entity code 110878442, registered address at Aukštaičių st. 7, Vilnius, the Republic of Lithuania. The auditor Jonas Akelis is the independent auditor of the Audited Financial Statements for the year ended 31 December 2022.

Please note that the Company changed its accounting policy for investment property in 2022. The auditors of the Audited Financial Statements for the year ended 31 December 2022 have assessed the change in accounting policy (fair value accounting for investment property) and the comparative figures (2021) have also been restated accordingly in line with the adjustments to the accounting policy. The Management decided that fair value accounting for investment property should provide more relevant information to users of the financial statements. The change was made retrospectively and therefore the change in accounting policy is reflected in the comparative figures for 2021 provided for in the Audited Financial Statements for the year ended 31 December 2022. The audit report on the Audited Financial Statements for the year ended 31 December 2022 contains a disclosure notice that the financial statements for the year ended 31 December 2021 were not audited, but the impact of the change in accounting policy was assessed by the auditors in note 17 to the Audited Financial Statements for the year ended 31 December 2022 (as included in the Prospectus by way of reference). Please see Section 8 "*Historical Financial Information of the Issuer*" for more information on the disclosure of the financial information of the Company.

No other information contained in this Prospectus was audited.

1.5. Forward-Looking Statements

This Prospectus includes forward-looking statements (notably under Section 3 "*Risk Factors*", Section 13 "*Business Overview*" and Section 9 "*Reasons for Offering and Use of Proceeds*"). Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management. Certain statements are based on the beliefs of the Management as well as assumptions made by and information currently available to the Management. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Company, the macro-economic environment and other similar factors.

In particular, such forward-looking statements may be identified by use of words such as "strategy", "expect", "plan", "anticipate", "believe", "will", "continue", "estimate", "intend", "project", "goals", "targets" and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Prospectus whether as a result of such changes, new information, subsequent events or otherwise.

The validity and accuracy of any forward-looking statements is affected by the fact that the Company operates in a highly competitive business. This business is affected by changes in domestic and foreign laws and regulations (including those of the EU), taxes, developments in competition, economic, strategic, political and social conditions, clients' response to new and existing products and technological

developments and other factors. The Company's actual results may differ materially from the Management's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Company (please see Section 3 "*Risk Factors*" for a discussion of the risks which are identifiable and deemed material at the date hereof).

1.6. Use of Prospectus

This Prospectus and any Final Terms are prepared solely for the purposes of the Offering of the Bonds and admission to trading of the Bonds on the First North. This Prospectus and any Final Terms shall not be published in any jurisdiction other than the Republic of Lithuania, Estonia and Latvia and consequently the dissemination of this Prospectus and any Final Terms in other countries may be restricted or prohibited by law. This Prospectus and any Final Terms may not be used for any other purpose than for making the decision of participating in the Offering or investing into the Bonds. You may not copy, reproduce (other than for private and non-commercial use) or disseminate this Prospectus or any Final Terms without express written permission from the Company.

Any person into whose possession this Prospectus or any part of it and/or any Final Terms comes to shall observe all restrictions established in this Prospectus or applicable laws. The Company will not be liable in cases where persons take measures that are in contradiction with the applicable restrictions.

1.7. Approval of Prospectus

This Prospectus has been approved by the Bank of Lithuania on 5 March 2024. The Bank of Lithuania only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and therefore the approval should not be considered as an endorsement of the Issuer and the quality of the Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the appropriateness of investing in the Bonds.

1.8. Availability of Prospectus and Other Information

This Prospectus is available as of 5 March 2024 in an electronic format on the website of the Issuer (www.capitalica.lt). This Prospectus is also available on the website of the Bank of Lithuania (<https://www.lb.lt/lt/emitentai>). Any investor may request delivery of an electronic copy of this Prospectus (or any documents incorporated herein by reference as disclosed in Section 4 "*Information incorporated by Reference*") from the Issuer, Lead Manager or Trustee without charge by sending request by e-mail of the Issuer info@capitalica.lt or the Lead Manager broker@sb.lt, or the Trustee info@audifina.lt.

Paper copy of this Prospectus (or copies of the documents incorporated herein by reference as disclosed in Section 4 "*Information incorporated by Reference*") also the relevant Final Terms can be obtained free of charge at the premises of the Management Company (Upės st. 21-1, Vilnius, the Republic of Lithuania on business days between 10:00 – 15:00) by any investor upon prior arrangement with the Issuer by e-mail info@capitalica.lt.

All information presented on the Issuer's website which has not been incorporated by reference into this Prospectus under Section 4 "*Information incorporated by Reference*" does not form part of the Prospectus.

1.9. Definitions

In this Prospectus, the definitions will have the meaning indicated below, unless the context of the Prospectus requires otherwise. Definitions are listed in alphabetical order and the list is limited to the definitions which are considered to be of most importance. Other definitions may be defined and used elsewhere in the Prospectus, including specific definitions related to the Programme and Offering provided in the Terms and Conditions under Section 6 "*Terms and Conditions of the Bonds*" of this Prospectus.

Term	Definition
Audited Financial Statements	shall mean the audited financial statements of and for the year ended 31 December 2022, prepared in accordance with the LFAS together with the Management's annual report and independent auditor's report on the financial statements and on the annual report.
Bank of Lithuania	shall mean the Bank of Lithuania (in Lithuanian: <i>Lietuvos bankas</i>) with its registered office in Vilnius, the Republic Lithuania. The Lithuanian financial supervision authority.
Bonds	shall mean any and all the Issuer's bonds with ISIN code LT0000408551, including those to be offered and issued under this Prospectus and respective Final Terms.
Decisions	shall mean jointly the decision of the Management Board of the Management Company dated 13 December 2023 and the decision of the shareholders of the Issuer dated 13 December 2023, both approving the main terms of the Issue.
EEA	shall mean the European Economic Area.
EU	shall mean the European Union.
EUR, €, euro	shall mean the official currency of Eurozone countries, including the Republic of Lithuania, Latvia, Estonia, the euro.
EURIBOR	shall mean euro interbank offered rate.
Final Terms	shall mean the final terms of the relevant Tranche of the Bonds, where the form of the Final Terms is provided in Section 7 " <i>Form of Final Terms of the Bonds</i> ".
First North	shall mean a multilateral trading facility (alternative market) administered by Nasdaq.
Issuer or Company	shall mean a closed-end investment company for informed investors UAB "CAPITALICA Z114 REAL ESTATE FUND", legal entity code 305198076, with its registered address at Žalgirio st. 114, Vilnius, the Republic of Lithuania, e-mail info@capitalica.lt .
Issue	shall mean the aggregate of the Bonds issued or to be issued under ISIN code LT0000408551 by way of all Tranches in the amount of up to EUR 20,000,000, including the first part of the Bonds in the amount of EUR 2,400,000 issued under the exemption provided in Article 1(4(b)) of the Prospectus Regulation, the second part of the Bonds to be issued under this Prospectus in the amount of up to EUR 17,600,000, and if applicable, the third part of the Bonds to be issued in the amount of the remaining value of the Bonds not issued under new base prospectus approved by the Bank of Lithuania and published in accordance with the Prospectus Regulation after expiry of this Prospectus.
Key Executives, Key Members or Management	shall mean the following persons (separately or collectively) within the Management Company's organization structure: the Chief Executive Officer (the CEO), the Chief Financial Officer (the CFO), the Chief Risk Officer (the CRO), the Chief Compliance Officer (the CCO), fund managers of the Management Company, the members of the Management Board of

	the Management Company, and/or other positions within the Management Company that are considered as key.
LFAS	shall mean the Lithuanian Financial Reporting Standards as adopted by the Republic of Lithuania.
Management Company	shall mean UAB “CAPITALICA ASSET MANAGEMENT“, legal entity code 304234719, registered address at Upės st. 21-1, Vilnius, Lithuania, a licensed investment management company supervised by the Bank of Lithuania.
Offering	shall mean the offering of the Bonds under this Prospectus to institutional and retail investors of the Republic of Lithuania, Latvia and Estonia, which is a public offering of securities within the meaning of the Law on Securities and the Prospectus Regulation.
Programme	shall mean the second part of the Issue – an aggregate of the Bonds to be issued under this Prospectus in the amount of up to EUR 17,600,000.
Prospectus	shall mean this document, including the registration document of the Issuer and the securities notes of the Bonds.
Prospectus Regulation	shall mean Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Related Parties	shall mean jointly or separately (i) the Management Company, its subsidiaries where the Management Company indirectly or directly holds at least 10% shares or voting rights and/or (ii) all other entities where the Issuer directly or indirectly holds at least 10% shares or voting rights; (iii) any collective investment undertaking (the CIU) managed by the Management Company and any subsidiary of any such CIU where the CIU directly or indirectly holds at least 10% shares or voting rights.
Terms and Conditions	shall mean the terms and conditions of the Bonds which are provided in Section 6 “ <i>Terms and Conditions of the Bonds</i> ” of this Prospectus, applicable to all the Bonds to be issued in each of the respective Tranches, as completed by the relevant Final Terms.
Tranche	shall mean a portion of the Bonds of the Programme issued from time to time during the validity term of this Prospectus under the respective Final Terms as contemplated by the Terms and Conditions.
Unaudited Interim Financial Statements	shall mean the Company’s unaudited interim financial statements for the 12-month period ended 31 December 2023 prepared in accordance with the LFAS together with the Management’s report.

2. OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of the Bonds, the applicable Final Terms. This overview must be read as an introduction to this Prospectus and any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole and, in relation to the terms and conditions of any particular Tranche of the Bonds, the applicable Final Terms.

The below overview constitutes a general description of the Programme for the purposes of Article 25(1)(b) of the Delegated Regulation.

Issuer	Closed-end investment company for informed investors UAB "CAPITALICA Z114 REAL ESTATE FUND"
Legal Entity Identifier (LEI) of the Issuer	89450045YHYZZHDH8551
Programme Approval	The Issue and Programme has been approved by the decision of the Management Board of the Management Company dated 13 December 2023 and the decision of the shareholders of the Issuer dated 13 December 2023.
Programme Amount	Up to 17,600,000 EUR, i.e., up to 17,600 Bonds can be issued under the Programme.
Description	Bond Programme secured with a real estate Collateral.
ISIN code	LT0000408551
Method of Issue	The Bonds will be issued in Tranches under the same ISIN code. Each Tranche will be issued on different Issue Dates. The Bonds of each Tranche will all be subject to identical terms as provided in the Terms and Conditions, except that the Final Terms of different Tranches may (or will) establish different Issue Dates, Issue Prices, Yield.
Final Terms	The Bonds issued under the Programme will be issued pursuant to the Prospectus and associated Final Terms. The terms and conditions applicable to any particular Tranche of the Bonds will be the Terms and Conditions as completed by the relevant Final Terms.
Currency	The Bonds will be denominated in euros.
Denomination	The Nominal Value (denomination) of each Bond is EUR 1,000.
Maturity	The Bonds issued under the Programme by way of all Tranches will be redeemed on the Final Maturity Date, 29 June 2026, unless redeemed earlier as prescribed further.
Status of Bonds	The Bonds of the Issue (therefore, including the Programme) will be issued as secured fixed-term Bonds only. The Bonds constitute secured, unsubordinated, direct, and unconditional obligations of the Issuer which will at all times rank <i>pari passu</i> among themselves. The payment obligations of the Issuer under the Bonds together with interest thereon, in as much as such payment obligations have not been settled in due time

	and from the value of the established Collateral shall rank at least <i>pari passu</i> with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Form of Bonds	The Bonds shall be issued in dematerialized form and book-entered with Nasdaq CSD. According to the Law on Markets in Financial Instruments of the Republic of Lithuania the book-entry and accounting of the dematerialized securities in the Republic of Lithuania, which will be listed and admitted to trading on the First North, shall be made by Nasdaq CSD. Entity to be in charge of keeping the records will be the Lead Manager. The Bonds shall be valid from the date of their registration with Nasdaq CSD until the date of their redemption. No physical certificates will be issued to the Bondholders. Principal and interest accrued will be credited to the Bondholders' Securities Accounts through Nasdaq CSD.
Collateral	The whole Issue shall be secured by the Mortgage over Building, created in favour of the Trustee acting on behalf of the Bondholders. Please see Section 6.18 " <i>Collateral</i> " of the Terms and Conditions for more information in respect to the Collateral.
Rights attached to Bonds	The rights attached to the Bonds have been established in the Terms and Conditions. The main rights of the Bondholders arising from the Bonds are the right to the redemption of the Bonds and the right to receive payment of interest. The rights arising from the Bonds can be exercised by the Bondholders in accordance with the Prospectus and the applicable law. According to the Terms and Conditions as prescribed further in the Prospectus, any dispute between the Issuer and a Bondholder shall be solved by amicable negotiations and if the amicable negotiations have no outcome during a reasonable period of time, the dispute shall be settled by the Vilnius Court of Commercial Arbitration in accordance with its Rules of Arbitration (the number of arbitrators shall be three; the place of arbitration shall be Vilnius; the language of arbitration shall be English). Claims arising from the Bonds shall expire in accordance with the statutory terms arising from applicable law. After the contemplated admission of the Bonds to trading on the First North, all material information in relation to the Issuer, Programme and Bonds will be disclosed on Nasdaq website at www.nasdaqbaltic.com .
Issue Price	The Bonds may be issued at any price (at a Nominal Value or at a discount or adding to the price the interest accrued on the Bonds from the last Interest Payment Date (in case the last Interest Payment Date was before the Issue Date of the relevant Tranche)). The Issue Price and amount of each Tranche of the Bonds to be issued under the Programme will be determined by the Issuer in accordance with prevailing market conditions and established in the relevant Final Terms.
Interest	The Bonds will be interest bearing as provided, calculated and variable part of the interest rate reset in accordance with Section 6.10 " <i>Interest</i> " of the Terms and Conditions and the respective Final Terms. The accrued interest

	for the Bonds will be computed using the 30E/360 day count convention, as per the formula detailed in the Terms and Conditions. This method calculates interest based on a 360-day year, considering each month to have 30 days, regardless of the actual number of days in the month.
Redemption	<p>The Bonds shall be redeemed, i.e., the Redemption Price shall be paid to the Bondholders on the Final Maturity Date or, if applicable, on the relevant Early Redemption Date or Early Maturity Date.</p> <p>The Redemption Price paid to the Bondholder on the Final Maturity Date equals the full outstanding principal (i.e., Nominal Value) together with the unpaid interest accrued up to the Final Maturity Date (unless early redeemed, as indicated below).</p>
Early Redemption	Except for cases specified in Section 6.12(d) " <i>Extraordinary Early Redemption</i> " of the Terms and Conditions, there are no other cases where the Bondholders have a right to demand redemption of the Bonds prior the Final Maturity Date.
Early Optional Redemption of Bonds by the Issuer	<p>The Bonds shall be redeemable wholly or partially at the option of the Issuer prior to the Final Maturity Date on the following conditions:</p> <ul style="list-style-type: none"> (i) the Early Redemption Date may occur only during the period from 30 June 2024 (inclusive) until 29 June 2026 (inclusive) and shall be notified to the relevant Bondholders and the Trustee at least 10 calendar days in advance; (ii) on the Early Redemption Date, the Issuer shall pay to the Bondholders full Nominal Value of the redeemable Bonds together with the unpaid interest accrued up to the relevant Early Redemption Date (excluding) and a premium of 1 % (to be calculated from the Nominal Value of the Bonds) if the Early Redemption Date occurs from 30 June 2024 (inclusive) to 29 December 2024 (inclusive); (iii) if the Early Redemption Date occurs from 30 December 2024 (inclusive) to 29 December 2025 (inclusive) the Redemption Price to be paid to the Investor on the Early Redemption Date equals the full Nominal Value with the unpaid interest accrued up to the relevant Early Redemption Date (excluding) and a premium of 0,5% (to be calculated from the Nominal Value of the Bonds); (iv) no premium shall be paid if the Early Redemption Date is after 29 December 2025, therefore if the Early Redemption Date is after 29 December 2025, on the Early Redemption Date the Issuer shall pay to the Bondholders full Nominal Value of the redeemable Bonds together with the unpaid interest accrued up to the relevant Early Redemption Date (excluding).
Listing and Trading	Application(s) will be made for the Bonds issued under (i) the exemption provided in Article 1(4(b)) of the Prospectus Regulation and (ii) the Programme, to be listed and admitted to trading on the First North. The Issuer expects that the Bonds of the respective Tranche shall be listed and admitted to trading on the First North within 6 months as from placement thereof to the Bondholders the latest. Disregarding this, the Issuer will put

	<p>best efforts so that this term would be as short as practically possible. The Final Terms will indicate the respective Tranche's expected listing and admission date.</p>
Covenants	<p>(i) LTC ratio.</p> <p>(ii) Negative borrowing.</p> <p>(iii) Negative pledge.</p> <p>(iv) Pledge over the Collateral.</p> <p>(v) Disposal of the Building.</p> <p>(vi) Decisions.</p> <p>(vii) Reporting obligations.</p> <p>Please see Section 6.13 "<i>Covenants of Issuer</i>" of the Terms and Conditions for more information in respect to the covenants.</p>
Transfer Restrictions	<p>There are no restrictions on transfer of the Bonds as they are described in the applicable Lithuanian laws. However, the Bonds cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Lithuanian laws, including the United States, except for the exceptions to registration obligation allowed by the securities laws of the United States and its states, Australia, Canada, Hong Kong and Japan. Any person into whose possession this Prospectus or any part of it and/or any Final Terms comes to shall observe all such restrictions.</p>
Taxation	<p>All payments to be made in connection with the Bonds shall be calculated and paid taking into account any taxes and other deductions mandatory under applicable laws respectively in the Republic of Lithuania, Latvia and Estonia.</p> <p>Please see Section 15 "<i>Taxation</i>" of the Prospectus for more information in respect to taxation in each jurisdiction.</p>
Risk Factors	<p>Investing in the Issuer's Bonds involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its respective obligations under the Bonds are discussed under Section 3 "<i>Risk Factors</i>" of the Prospectus.</p>
Governing Law	<p>The Bonds shall be governed by Lithuanian law.</p>
Ratings	<p>Neither the Issuer nor the Bonds have been rated by any credit rating agencies.</p>
Waiver of Set-Off	<p>No holder of the Bonds shall be entitled to exercise any right of set off or counterclaim against moneys owed by the Issuer in respect of the Bonds.</p>
Estimated Expenses charged to Investor	<p>No expenses will be charged to the investors by the Issuer in respect to the Offering, transfer of the Bonds to the Securities Account of an investor upon Bonds' issuance and admission of the Bonds to trading on the First North.</p>

	<p>However, the investors may have to cover expenses which are related to the opening of Securities Accounts with credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the investor's purchase or selling orders of the Bonds, the holding of the Bonds or any other operations in relation to the Bonds. The Issuer will not compensate the investors for any such expenses.</p>
Use of Proceeds	<p>Financing the construction and fit-out of the Project.</p>
Lead Manager	<p>Akcinė bendrovė Šiaulių bankas, legal entity code 112025254, with its registered address at Tilžės st. 149, Šiauliai, the Republic of Lithuania.</p>
Managers	<p>In case the Issuer would assign any Manager for the purpose of the Offering the Bonds, contacts of such Manager will be indicated in the Final Terms of the respective Tranche.</p>
Trustee	<p>UAB „AUDIFINA“, a private limited liability company, legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, LT-09310 Vilnius, the Republic of Lithuania.</p>
Certified Adviser	<p>Law firm Ellex Valiunas, with its registered address at Jogailos st. 9, Vilnius, the Republic of Lithuania.</p>

3. RISK FACTORS

Investing into the Bonds issued by the Company entails various risks. Each prospective investor in the Bonds should thoroughly consider all the information in this Prospectus, including the risk factors described below. Any of the risk factors described below, or additional risks not currently known to the Management or not considered significant by the Management, could have a material adverse effect on the business, financial condition, operations or prospects of the Company and result in a corresponding decline in the value of the Bonds or the ability of the Company to redeem the Bonds. As a result, investors could lose a part or all of the value of their investments. The Management believes that the factors described below present the principal risks inherent in investing into the Bonds. The risk factors are presented in categories and where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor. The risk factors in a category are presented considering the materiality and probability of occurrence of a particular risk.

This Prospectus is not, and does not purport to be, investment advice or an investment recommendation to acquire the Bonds. Each prospective investor must determine, based on its own independent review and analysis and such professional advice as it deems necessary and appropriate, whether an investment into the Bonds is consistent with its financial needs and investment objectives and whether such investment is consistent with any rules, requirements and restrictions as may be applicable to that investor, such as investment policies and guidelines, laws and regulations of the relevant authorities, etc.

3.1. Risks related to Issuer

3.1.1. Financial Risks

Construction cost and Project's success risk

The Company invests in real estate development. Such investments are generally riskier than investments in completed properties as they do not yet generate operating income (e. g., rent). At the same time, significant costs are incurred, including construction and development costs, real estate taxes and insurance. Real estate development also poses the potential risk of investing high financial resources in projects that may be cancelled for legal and regulatory reasons, may take a very long time to complete, or may incur higher than expected costs. In addition, there is the potential for significant losses due to the inability of third parties to complete the construction works successfully. This may result in the planned work not being completed on time and at the expected cost. Thus, the facility may be constructed and begin to generate revenue later than planned or may generate less revenue than planned or not at all, and the costs of construction and maintenance may be higher than expected. This may have a significant negative impact on the Company's financial position and may limit its ability to pay Bondholders properly.

The success of the Company's investments in the Project that is under the development stage relies heavily on the decisions and experience of the Management Company, particularly in the planning of investments and negotiations with counterparties. Given that even a single unsuccessful investment can markedly impact the Company's financial performance, the Management Company diligently utilizes all available information and analytical resources in the investment planning process. Despite comprehensive due diligence procedures, it is important to note that there is no guarantee that all information used for the Project investments is exhaustive and error-free. Additionally, unforeseen external events affecting the real estate market and the Project developed by the Company cannot be ruled out.

Consequently, there exists a risk that key variables (e.g., financing costs, operating expenses, cap rate, construction and renovation costs, etc.) forming the basis of investment assumptions made by the Management Company may undergo significant and adverse changes. Adjustments to initial

calculations might be necessitated, potentially reducing the overall profitability of the Company's investment portfolio and impacting its operations, financial standing, and ability to redeem the Bonds.

Economic environment and insolvency risk

The performance of the Company relies heavily on economic conditions both within Lithuania and globally. Presently, regional and global economies are facing imbalances due to ongoing conflicts like the Ukraine-Russia war, steep rises in interest rates, volatility in energy prices, and the prolonged recovery period following the Covid-19 pandemic. In 2022 and the first three quarters of 2023, Lithuania witnessed unprecedented inflation rates, impacting *inter alia* the overall attractiveness of the investment market and subsequently restraining economic prospects. Nevertheless, as noted in the Economic scenario 2023-2026 of the Ministry of Finance of the Republic of Lithuania², in 2024, as the inflationary pressure continues to decrease, the average annual inflation is likely to decrease to 2.9 %, and from 2025, the inflation rate should come even closer to the European Central Bank's 2 %.

While there is not a significant economic downturn domestically at the moment, if one were to occur, there could be a decrease in demand for the Company's services. This could elevate the risk of the Company's tenant or other contractors facing insolvency, potentially influencing the implementation and outcomes of the Company's business strategy. Consequently, the Project may not yield the anticipated positive returns. The Company anticipates rental income upon Project completion, expected by late 2024, after signing handover deeds with tenants. While a multipurpose property offers revenue potential, achieving full occupancy initially is unlikely, leading to potential income below expectations in the first year or so.

These individual or combined factors could lead to the insolvency of the Company. The Company operates under the Law on Insolvency on Legal Entities of the Republic of Lithuania, and its insolvency might impact the ability of investors to recover their investments.

Credit and default risk of the Company

An investment in the Bonds is exposed to credit risk, implying that the Company may not fulfil its obligations arising from the Bonds in a proper and timely manner. The Company's capacity to meet these obligations and the Bondholders' ability to receive payments hinge on the financial position and operational results of the Company, both subject to the additional risks outlined in this Prospectus. In the event of the Company's insolvency, there exists a risk that Bondholders may not receive any payments related to the Bonds or a portion thereof.

The Company does not provide assurance that no defaults under this Prospectus will occur before the Final Maturity Date of the Bonds. Therefore, investors are advised to independently evaluate the creditworthiness of the Issuer before deciding to invest in the Bonds.

Liquidity risk

Liquidity risk is the risk that the Company is unable to maintain a sufficient reserve of cash and other liquid financial assets that can be used to meet its payment obligations as they fall due and to redeem the Bonds. The availability of liquidity for business activities and the ability to access long-term financing are necessary to enable the Company to meet its payment obligations in cash, whether scheduled or unscheduled. There may be difficulty in the future in accessing the financial markets, which could make it more difficult or expensive to obtain funding. There can be no assurance that the Company will be able to continue to raise financing at a reasonable cost, or at all. The Company may also be subject to solvency risks of its counterparts in its financial investments and arrangements. These may have an adverse effect on the Company's business, financial condition and results of operations. Although the

² <https://finmin.lrv.lt/media/viesa/saugykla/2024/1/Ju7QgcbcEBQ.pdf> (only in Lithuanian).

Management Company monitors its liquidity position and follows procedures to manage liquidity risk, a reduction in the Company's liquidity position could have a material adverse effect on the Company's business, financial condition, results of operations or prospects, as well as ability to redeem the Bonds at their maturity.

3.1.2. Business activities and industry risks

Multiple tenants' risk and risk of finding suitable tenants

The Project's success hinges on its tenants' success, with cashflow risk spread across multiple tenants. This setup aims to mitigate the impact on the Company's cash flow if one of tenants faces financial upheaval. While a multi-tenant property may not always maintain full occupancy, the risk of total vacancy appears. The Company is currently in the Project development stage and lacking any finalized lease agreements with significant tenants. It is planned that after the completion of the construction works, the first tenants will be able to move into the Building in Q1 of 2025, and the goal is to achieve full occupancy of the Building by the end of the 2025.

However, considering that the supply of business centers in Vilnius is constantly growing and there is sufficient competition for rental spaces, the Company to remain competitive may be required to make discounts to tenants and/or significant additional investments that cannot be evaluated in advance. Additionally, if the market experiences a slowdown, leading to increased vacancies and competitive pricing pressure, there's a risk of prolonged vacancy, resulting in lower-than-anticipated income. Despite this, the Company and the Management Company will mobilize all available resources to secure new tenants on terms favourable to their object.

Real estate market risk

Due to the ever-changing market situation, there is a risk that real estate investments may lose their value. Since the Company's activity is related to the construction (development) of real estate, the main risk is fluctuations in the real estate market, which may reduce the liquidity and value of the Company's assets. The real estate market directly depends on the state of the economy. A declining economy leads to falling rental incomes and rising unemployment. As a result, it may be more difficult for the Company to collect rent for the constructed real estate object. The real estate market may also fluctuate significantly due to increased interest rates and reduced financing options. This can lead to a decrease in buyer activity in the market and an increase in seller activity in the market. This would lead to a decrease in asset prices and transaction volumes might harm the Company's financial standing, diminish the worth and ease of selling real estate assets used as Collateral for Bondholders, ultimately impacting their ability to fulfil claims against the Issuer concerning the Bonds.

Risk of limited investment diversification

In accordance with the current Articles of Association of the Company, the Company's investment strategy is presently restricted to investments in the real estate Project. It is crucial to note that this limited investment strategy, coupled with the potential risks associated with an unsuccessful development scenario, could pose challenges and adverse effects on investors. The concentration of investments in a single Project increases the risk profile for the Company, as any setbacks or financial challenges in the development of the real estate Project may adversely affect the Issuer's financial standing, further influencing the investment's overall risk dynamics and the Company's ability to redeem the Bonds at their maturity.

Counterparty risk

The Company faces inherent counterparty risk across its business operations. For the Company, this risk primarily arises from its partners involved in developing and constructing the Project, as well as the Project's tenants. Any realization of this risk could lead to financial losses and legal proceedings. If the

Company's counterparties default, it could disrupt ongoing investment projects, affect service quality, or damage the reputations of the Company and Management Company. Despite efforts by the Company and Management Company to monitor these risks, their occurrence could negatively affect the Company's business and financial standing.

3.1.3. Legal risks

Risk of legal disputes

While the Company is currently not engaged in any legal proceedings the risk of legal disputes is currently considered remote. Nevertheless, the Company cannot guarantee the absence of future disputes with tenants or other parties, the outcomes of which are unpredictable. In the unlikely event that a dispute is resolved unfavourably for the Company, it may negatively impact its operations, financial status, and reputation. The Company may be obligated to cover awarded damages, including the legal expenses of the opposing party, incurring additional legal costs itself. These circumstances could affect the Company's capacity to fulfil obligations to investors and may influence the appeal and liquidity of the Bonds.

3.1.4. Governance and internal control risks

Management and human resources risk

With the transfer of the Company's management to the Management Company, the outcomes of the Company are contingent on the decisions made by the Management Company's team, as well as the competence and experience of its team members.

The Company's triumphs and its pursuit of growth initiatives rely heavily on capable executives and staff, particularly key officers within the Management Company and personnel possessing specialized expertise in project development, financing, operation, and maintenance.

The departure of these individuals, given their industry proficiency, familiarity with the Company's business processes, and relationships with local partners, could result in a significant adverse impact on the Company's business, financial health, operational results, or future prospects. Furthermore, the Management Company regularly faces the responsibility of evaluating the multifaceted implications – business, financial, legal, and tax – of intricate transactions that the Company engages in, whether related to new project assessments or overseeing the construction and operation of assets.

The Management Company's inability to attract additional talent or promptly appoint qualified and efficient successors for departed employees, as well as its challenges in effectively managing temporary expertise gaps or other disruptions caused by such departures, holds the potential to adversely affect the Company's business, financial status, operational results, or future prospects.

3.2. Risks related to Bonds

3.2.1. Risks concerning the terms of the Bonds

Risk of insufficient value of the Collateral

The Issue is secured by a first ranking mortgage over the Collateral under the Collateral Agreement. Apart from the Collateral, there are no other securities of third parties securing the whole Issue, including the Bonds issued under this Prospectus. Collateral consists of a real estate property currently developed and constructed by the Company as a part of the Project. As of the Collateral Agreement's date on December 19, 2023, the State Enterprise Centre of Registers mass property valuation reported an average market value for the Collateral of EUR 2,638,000, a figure explicitly documented within the terms of the Collateral Agreement. Nevertheless, pursuant to the real estate valuation report of

UAB "OBER-HAUS" nekilnojamas turtas" dated 6 February 2024, the value of the Collateral by 31 December 2023 was EUR 8,000,000.

Value of the Collateral is expected to increase following the construction progress and successful completion of the Project. However, in case of the Company's default before the construction stage is finished, the value of the Collateral could be not sufficient to cover all the Issuer's obligations towards the Bondholders of the Issue. In addition to that, in case of a negative development of Lithuanian real estate market and resulting significant drop in the value of the Collateral even after completion of the Project, the value of Collateral could be not sufficient to satisfy all claims of the Bondholders. Therefore, it is important to understand that the value of the Collateral may vary from time to time, however in case of enforcement, the Trustee's and Bondholders' claims will be satisfied from the value of the Collateral, existing at the moment of the Collateral realization that is determined and carried out in accordance with the Code of Civil Procedure of the Republic of Lithuania. It shall be noted that in case of enforcement pursuant to the Collateral Agreement and laws of the Republic of Lithuania, the foreclosure of the Collateral may be prolonged (e.g., it may be hard to find buyers of the Collateral). Moreover, please consider that the funds received upon realization of the Collateral as a first priority will be used for the satisfaction of and payment of all costs and expenses (including, without limitation, state duties, notary fees) related to or arising from enforcement (realization) of the Collateral incurred by the Trustee. Hence, the Bondholders will receive only the remaining amounts after satisfying the Trustee's claims.

Refinancing risk

Although the Issuer intends to sell the Project to repay the Bonds upon reaching their Final Maturity Date, there is a possibility that the Issuer may need to seek a loan if the sale does not proceed as planned. This introduces uncertainty, as the terms of raising new financing depend on market conditions and the Issuer's creditworthiness. In adverse debt capital market conditions, the Issuer may face challenges accessing financing sources on favorable terms or at all. The Issuer's inability to refinance its debt obligations could negatively impact its operations, financial health, earnings, and the potential recovery of Bondholders under the Bonds.

Inflation risk

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

Floating interest rate risk

The Bonds feature a dynamic interest rate structure combining a fixed component and a variable component linked to the 6M EURIBOR. The fixed interest rate remains constant until redemption, offering stability, while the variable component is subject to periodic adjustments based on the prevailing 6M EURIBOR.

As of the issuance date of this Prospectus, the 6M EURIBOR is a key determinant of the variable interest rate. Investors should be aware that changes in the 6M EURIBOR, influenced by market conditions, economic factors, and central bank policies, can impact the overall interest earned on the Bonds.

The variable interest rate is reset at regular intervals, typically every six months, introducing a level of interest rate risk. If the 6M EURIBOR increases, the variable component of the interest rate may rise, potentially enhancing the overall return to investors. Conversely, a decrease in the 6M EURIBOR could result in a reduction of the variable interest component, affecting the overall yield.

This dual-interest structure exposes investors to fluctuations in short-term interest rates, and the financial performance of the Bonds is contingent on market conditions. It is imperative for prospective investors to carefully assess their risk tolerance, market expectations, and the potential impact of changes in interest rates on their investment. The Issuer does not guarantee specific returns, and investors are encouraged to seek independent financial advice for a comprehensive understanding of the associated risks before making investment decisions.

Early redemption risk

As per the Terms and Conditions outlined in the Prospectus, the Company retains the option to redeem the Bonds prematurely. If the Company exercises this early redemption right, the investor's anticipated rate of return on their investment may be lower than initially expected.

Additionally, the Company does not provide assurance that an Extraordinary Early Redemption Event will not transpire. In the event of such an occurrence, the Company is obligated to redeem the Bonds following the procedure specified in the Prospectus. This situation could result in the investor experiencing a lower rate of return than initially anticipated.

Transaction costs/charges

When purchasing, subscribing, or selling Bonds, incidental costs, including brokerage fees, commissions, and other expenses, may arise in addition to the transaction price. Involvement of various parties, such as domestic dealers or brokers in foreign markets, may lead to unforeseen charges not disclosed in this Prospectus.

Furthermore, changes in laws in Lithuania and/or the investor's domicile, or the introduction of new legal measures, may result in additional expenses or taxes for investors, potentially reducing their return on investment.

3.2.2. Offering and admission to trading on the First North related risks

There is no active trading market for the Bonds

The Bonds represent new securities of the Issuer with limited distribution and currently lack an active trading market, making them subject to potential illiquidity and price volatility. The liquidity and price of these Bonds are intricately tied to the financial standing of the Issuer and the success of the development of the real estate Project. In the event of negative occurrences concerning the Issuer, such as financial instability or setbacks in the Project, Bondholders may face challenges in selling the bonds in the secondary market.

While applications will be submitted for the Bonds' admission to trading on the First North, acceptance by Nasdaq, admission of specific Tranches, or the development of an active trading market cannot be guaranteed. Trading on the First North, due to its smaller market size and lower volumes, may not ensure liquidity, limiting buying and selling opportunities for Bondholders. Consequently, investors may encounter challenges selling their Bonds or may need to trade them at a discount to their purchase/subscription price due to these factors.

Bonds may not be appropriate to some Investors

Investing in the Bonds may not be suitable for all investors. Potential investors must evaluate the appropriateness of the investment, considering personal circumstances and ensuring adequate financial resources to bear all associated risks, including potential capital loss. Investors should possess: (i) knowledge and experience to assess the Bonds and associated risks; (ii) access to analytical tools for portfolio impact evaluation; (iii) sufficient financial resources and liquidity; (iv) understanding of Bond terms and relevant markets; and (v) ability to evaluate economic and interest rate scenarios. The Issuer does not assess the Bonds' appropriateness for investors directly, and lack of such evaluation may

result in an unsuitable investment, even if assessed by the Lead Manager/Manager(s)/Exchange Members.

Cancelation of the Offering

The Issuer retains sole discretion over this Offering and may cancel any Tranche under the Final Terms before its Issue Date, without investor or Trustee consent. Factors influencing cancellation include market conditions, regulatory considerations, or unforeseen circumstances. If a Tranche is cancelled, Subscription Orders will be disregarded, and payments returned without interest. The Issuer is not liable for costs or losses incurred by investors, including due diligence or legal fees, in the event of Tranche cancellation.

Continuous Offering

While the Company intends to issue Bonds up to a total EUR 17,600,000 under this Prospectus needed for the financing of the Project, it is possible that not all anticipated Bonds will be issued, necessitating a new base prospectus for the remaining Programme amount. There is a risk that the Bank of Lithuania may not approve the new prospectus (or may not approve it under the same rules), potentially leading to non-publication or publication with substantial changes. Both scenarios could significantly impact total Bond proceeds. In the event of not receiving expected Bond proceeds and not ensuring alternative financing, the completion of the Project may be prolonged and delayed, affecting the Issuer's ability to redeem the Bonds in time.

4. INFORMATION INCORPORATED BY REFERENCE

The documents set out below that are incorporated by reference in this Prospectus are provided either in English or both in English (translation from the original language of the documents) and Lithuanian (original language of the documents). To the extent that there are any inconsistencies between the original language versions and the translations, the original language versions shall prevail.

The information set out shall be deemed to be incorporated in, and to form part of, this Prospectus:

- Issuer's Articles of Association – available in English and Lithuanian at www.capitalica.lt (at the bottom of the page under “Capitalica Z114 Real estate fund” of the section “Documents”);
- Issuer's Audited Financial Statements for the year ended 31 December 2022 with comparable data for 2021 that is unaudited – available in English and Lithuanian at www.capitalica.lt (at the bottom of the page under “Capitalica Z114 Real estate fund” of the section “Documents”);
- Issuer's Unaudited Interim Financial Statements for the 12-month period ended 31 December 2023 – available in English and Lithuanian at www.capitalica.lt (at the bottom of the page under “Capitalica Z114 Real estate fund” of the section “Documents”).

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus and for the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on the website does not form part of this Prospectus.

5. FINAL TERMS

In this Section the expression "necessary information" means, in relation to any Tranche of Bonds, the information which is necessary to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses, financial position and prospects of the Issuer and of the rights attaching to the Bonds and the reasons for the issuance and its impact on the Issuer.

In relation to the Bonds which may be issued under the Programme the Issuer has included in this Prospectus all of the necessary information except for information relating to the Bonds which is not known at the date of this Prospectus, and which can only be determined at the time of an individual issue of a Tranche of Bonds.

Any information relating to the Bonds which is not included in this Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Bonds will be contained in the relevant Final Terms.

For a Tranche of Bonds which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Prospectus and must be read in conjunction with this Prospectus in order to obtain all relevant information.

The terms and conditions applicable to any particular Tranche of Bonds which is the subject of Final Terms are the Terms and Conditions provided in Section 6 below as completed by the relevant Final Terms.

Following the publication of this Prospectus, if required, a supplement may be prepared by the Issuer and approved by the Bank of Lithuania in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Within the validity term of this Prospectus (5 March 2025), the Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Bonds, prepare a supplement to this Prospectus.

6. TERMS AND CONDITIONS OF THE BONDS

The following is the text of the Terms and Conditions of the Bonds which, as completed by the relevant Final Terms, will constitute terms and conditions of each Bond issued under these Terms and Conditions. Subject to this, to the extent permitted by applicable laws, the Final Terms in respect of any Tranche of Bonds may supplement, amend, or replace any information in these Terms and Conditions.

6.1. Introduction to Offering

- (a) **Terms and Conditions:** the Issuer (LEI of the Issuer – 89450045YHYZZHDH8551) has established these terms and conditions of the Bonds (the **Terms and Conditions**) for the issuance of up to EUR 17,600,000 (seventeen million six hundred thousand euros) in aggregate principal amount of Bonds, being a second part of the total EUR 20,000,000 (twenty million euros) Issue.
- (b) **Final Terms:** Bonds issued under the Terms and Conditions are issued in tranches (each a **Tranche**). Each Tranche is the subject of a final terms (the **Final Terms**) which completes these Terms and Conditions. The Bonds of each Tranche will all be subject to identical terms as prescribed in these Terms and Conditions, except that the Issue Dates (as defined below) and the Issue Prices (as defined below), Yield (as defined below) thereof may be different in respect of different Tranches. In the event of any inconsistency between these Terms and Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) **Bonds:** all subsequent references in these Terms and Conditions to "Bonds" are to the Bonds with ISIN code LT0000408551, which are the subject of the relevant Final Terms. Bonds will be secured fixed-term Bonds only. The relevant Final Terms are available for viewing at the Issuer's website at www.capitalica.lt and paper copies may be obtained at the premises of the Management Company (Upės st. 21-1, Vilnius, the Republic of Lithuania).

6.2. Definitions

Definitions: in these Terms and Conditions the following expressions have the following meanings (other capitalized terms shall have meanings assigned to them in the Prospectus):

“Agreement on Bondholders’ Protection” shall mean an agreement on protection of interests of Bondholders and collateral agency concluded between the Issuer and Trustee on 13 December 2023 under which the Trustee represents rights and interests of Bondholders and performs the task of the collateral agent for the benefit of the Bondholders, as amended, supplemented or otherwise modified from time to time.

“Admission” shall mean the listing and admission of the Bonds to trading on the First North. For the avoidance of doubt, the Bonds subject to Admission are the Bonds already issued under exemption provided in Article 1(4(b)) of the Prospectus Regulation and the Bonds to be issued under the Prospectus.

“Auction” shall mean each public auction (primary distribution) of the Bonds of the relevant Tranche organized by the Lead Manager through Nasdaq trading system pursuant to these Terms and Conditions, Auction Rules, Auction Agreement, Special Rules of Nasdaq and during which the Lead Manager, Nasdaq and Exchange Members have predetermined rights and obligations in connection with the primary distribution of the Bonds of the relevant Tranche. If an Auction of the Bonds is organized through Nasdaq, the respective announcement will be made on the Nasdaq website at www.nasdaqbaltic.com before opening of the Auction (Subscription Period) of the respective Tranche and indicated in the Final Terms of each Tranche. The Auction can be chosen by the Issuer as a sole or an additional subscription channel up to the allocated amount for such a channel indicated in the Final Terms of the respective Tranche.

“Auction Rules” shall mean each Rules of UAB "CAPITALICA Z114 REAL ESTATE FUND" Bonds Subscription Process (Auction) prepared by the Lead Manager and published on the website of Nasdaq at www.nasdaqbaltic.com before opening of the Auction (Subscription Period) of the relevant Tranche.

“Auction Agreement” shall mean each agreement on organizing the Issuer’s Bonds Subscription process concluded between the Lead Manager and Nasdaq under which the Lead Manager assigns Nasdaq and Nasdaq undertakes to provide technical infrastructure to carry out the Offering by way of an Auction through Nasdaq’s trading system in respect to the relevant Tranche.

“Bondholder” shall mean a holder of a Bond as registered with the Register.

“Bondholders’ Meeting” shall mean a meeting of the Bondholders of the Issuer convened following the requirements and procedure set forth in the Law of the Republic of Lithuania on Protection of Interests of Bondholders of Public Limited Liability Companies and Private Limited Liability Companies (the **Law on Protection of Interests of Bondholders**) and these Terms and Conditions.

“Business Day” shall mean any day, except Saturday, Sunday, a national or a public holiday of the Republic of Lithuania.

“Building” shall mean a building under reconstruction situated on the Land Plot, unique No. 1096-0017-1026.

“Certified Adviser” shall mean the Law firm Ellex Valiunas, with its registered address at Jogailos st. 9, Vilnius, the Republic of Lithuania, that is assigned by the Issuer for the purposes of Admission of the Bonds to trading on the First North.

“Certified Adviser’s Agreement” shall mean an agreement on provision of certified adviser’s services concluded by the Issuer and Certified Adviser on 29 February 2024.

“Collateral” shall mean the Building mortgaged by the Company in favour of the Trustee under the Collateral Agreement.

“Collateral Agreement or Mortgage over Building” shall mean a Lithuanian law governed maximum mortgage agreement creating a first ranking mortgage over the Collateral between the Trustee and the Company dated 19 December 2023 (notarial register No. JŠ-11927, identification code 30000134049672).

“Decisions” shall mean jointly the decision of the Management Board of the Management Company dated 13 December 2023 and the decision of the shareholders of the Issuer dated 13 December 2023.

“Delivery Versus Payment” shall mean a securities industry settlement method that guarantees the transfer of securities only happens simultaneously as the payment for the securities.

“Early Maturity Date” shall mean a Business Day before the Final Maturity Date when the Issuer must redeem all or part of the Bonds in case of any of the Extraordinary Early Redemption Event as it is set forth in Section 6.12(d) of these Terms and Conditions.

“Early Redemption Date” shall mean date(s) on which the Issuer has the right to redeem all or part of the Bonds before the Final Maturity Date as it is set forth in Section 6.12(d) of these Terms and Conditions.

“Exchange Member” shall mean a bank or investment firm to whom the status of Exchange Member has been assigned in accordance with Nasdaq Vilnius, Nasdaq Riga or Nasdaq Tallinn Member Rules and having access to GENIUM INET trading system are eligible to participate in the Auction (i.e., enter buy orders in Nasdaq trading system during the Subscription Period). The list of banks and investment firms which are Exchange Members is available on the website

<https://nasdaqbaltic.com/statistics/lt/members>.

“Extraordinary Early Redemption Event” shall mean any event as set forth in Section 6.12(d) of these Terms and Conditions.

“Final Maturity Date” shall mean a final date on which the Bonds within all Tranches must be redeemed by the Issuer from the Bondholders, and which is 29 June 2026.

“Financial Indebtedness” shall mean any indebtedness for or in respect of (i) moneys borrowed; (ii) any acceptance under any acceptance credit facility (including any dematerialised equivalent); (iii) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; (iv) receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis); (v) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price; (vi) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (vii) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in items (i) to (vi) above.

“Interest Payment Date” shall mean a date on which the interest is paid to the Bondholders, i.e., 29 June 2024, 29 December 2024, 29 June 2025, 29 December 2025, the Final Maturity Date, or, if applicable, Early Redemption Date or Early Maturity Date.

“Issue Date” shall mean a Business Day indicated in the relevant Final Terms, on which the Bonds are registered with the Register.

“Issue Price” shall mean a price of a Bond indicated in the relevant Final Terms payable by an investor latest on the relevant Payment Date for acquisition of the Bond(s), determined considering the Nominal Value of the Bonds, the Yield and the interest accrued on the Bonds from the last Interest Payment Date (in case the last Interest Payment Date was before the Issue Date of the relevant Tranche). The Issue Price may vary from Tranche to Tranche.

“Yield” shall mean a return measure for an investment over a set period of time, expressed as a percentage and determined taking into account the credit risk of the Issuer, interest payment and redemption structure of the Bonds and considering current yields of alternative debt instruments present in the Lithuanian capital market. The Yield may vary from Tranche to Tranche and will be indicated in the relevant Final Terms.

“Lead Manager” shall mean Akcinė bendrovė Šiaulių bankas, legal entity code 112025254, with its registered address at Tilžės st. 149, Šiauliai, the Republic of Lithuania, which is assigned by the Issuer for the purpose of the Offering the Bonds.

“Land Plot” shall mean a state-owned land plot at Žalgirio st. 114, Vilnius, the Republic of Lithuania, unique No. 4400-1665-3728, that is leased by the Issuer under the state land lease agreement and on which the Building under reconstruction is situated.

“Manager” shall mean a manager assigned by the Issuer from time to time for the purpose of Offering of the Bonds under the Programme and indicated in the Final Terms of the respective Tranche, if any Manager is to be engaged in connection with the Offering.

“Maximum Aggregate Nominal Value of the Programme” shall mean the maximum aggregate Nominal Value of the Bonds to be issued under this Prospectus, which amounts to EUR 17,600,000 (seventeen million six hundred thousand euros).

“Maximum Aggregate Nominal Value of the Issue” shall mean the maximum aggregate Nominal Value of the Bonds issued to be issued jointly under the exemption provided in Article 1(4(b)) of the

Prospectus Regulation and this Prospectus, which amounts to EUR 20,000,000 (twenty million euros).

“Maximum Aggregate Nominal Value of the Tranche” shall mean the maximum aggregate Nominal Value of the Bonds to be issued under the respective Tranche as indicated in the respective Final Terms.

“Minimum Investment Amount” shall mean a minimum investment amount in Bonds of the respective Tranche indicated in the relevant Final Terms.

“Nasdaq” shall mean Nasdaq Vilnius AB – Vilnius Stock Exchange, a public limited liability company organized and existing under the laws of the Republic of Lithuania, legal entity code 110057488, with its registered address at Konstitucijos ave. 29, Vilnius, the Republic Lithuania.

“Nasdaq CSD” shall mean Nasdaq CSD SE Lithuanian branch (register code 304602060).

“Nominal Value” shall mean denomination of each Bond, EUR 1,000 (one thousand euro).

“Payment Date” shall mean a Business Day indicated in the relevant Final Terms, latest on which the payment of the Issue Price must be credited to the Settlement Account pursuant to the Final Terms of the relevant Tranche, or in case of an Auction, a Business Day on which the settlement for the Bonds is made by Nasdaq CSD and the Exchange Members on the investors’ behalf in accordance with Auction Rules (i.e., Delivery Versus Payment method).

“Placement Agreement” shall mean the agreement on the placement (investment) services concluded on 6 December 2023 between the Issuer and the Lead Manager, as amended, supplemented or otherwise modified from time to time.

“Project” shall mean a real estate development project undertaken by the Issuer with regard to the Building. More information about the Project is provided in Section 13 *“Project”* of the Prospectus.

“Record Date” shall mean the third Business Day before the Interest Payment Date, Final Maturity Date, Early Redemption Date or Early Maturity Date, whichever is relevant. For the avoidance of doubt, the Record Date refers to the date on which the list of the Bondholders who are eligible to receive interest payments or other distributions is determined.

“Redemption Price” shall mean the amount payable by the Issuer to the investors upon the regular redemption (i.e., on the Final Maturity Date) or early redemption (i.e., on the Early Redemption Date or Early Maturity Date) of the Bonds, calculated in accordance with Section 6.12(b) of these Terms and Conditions.

“Register” shall mean the Lithuanian central securities depository operated by Nasdaq CSD.

“Rejection” shall mean the rejection of the occurrence of the Extraordinary Early Redemption Event by the Issuer pursuant to Section 6.12(d) of these Terms and Conditions.

“Security” shall mean a mortgage, pledge, guarantee, surety or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“Secured Obligations” shall mean any and all present and future payment obligations and liabilities (whether actual or contingent or whether owed jointly and severally or in any other capacity) of the Issuer towards the Bondholders from time to time under the Issue.

“Securities Account” shall mean an account for dematerialized securities opened in the name of Bondholder or the Issuer with credit institution or investment brokerage firm which is licensed to provide such services within the territory of the Republic of Lithuania or Latvia, or Estonia, including without limitation the Lead Manager.

“**Settlement Account**” shall mean the bank account indicated in the Final Terms opened in the name of the Lead Manager and which is designated to collect funds received from the Subscription and payment of the Bonds by the investors.

“**Special Rules of Nasdaq**” shall mean Special Procedures Market Rules of Nasdaq approved by the decision of the Management Board of Nasdaq dated 3 December 2019 No. 19-80, with all amendments.

“**Subscription Order**” shall mean a document in the form prescribed by the Issuer, Lead Manager or Manager, if any, which is submitted by the investor to the Issuer, Lead Manager or Manager, if any, for subscription of Bonds. In respect to the Auction, if any, the Subscription Order shall mean a document and/or instruction, which is submitted by the investor to the Exchange Member for the Subscription of the Bonds in the form as used and approved by the Exchange Member and that contains all information required under the Auction Rules.

“**Subscription Period**” shall mean a period indicated in the relevant Final Terms during which the Subscription Orders shall be submitted in accordance with these Terms and Conditions and the Final Terms.

“**Trustee**” shall mean UAB „AUDIFINA“, a private limited liability company established and existing under the laws of the Republic of Lithuania, legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, 09310 Vilnius, (i) with which the Issuer has concluded the Agreement on Bondholders’ Protection, (ii) which shall be the collateral agent under the Collateral Agreement(s) on behalf and for the benefit of the Bondholders, and (iii) which executes other orders specified in the Agreement on Bondholders’ Protection.

6.3. Principal Amount and issuance of Bonds, Offering Jurisdictions

- (a) Under these Terms and Conditions, the Issuer may issue Bonds:
- (i) to an aggregate principal amount of EUR 17,600,000 (seventeen million six hundred thousand euros);
 - (ii) in Tranches under the relevant Final Terms;
 - (iii) by subscribing for the Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to these Terms and Conditions and the Final Terms, and by acquiring the Bonds each subsequent Bondholder confirms these Terms and Conditions and the Final Terms.
 - (iv) in the course of the Offering, the Bonds may be publicly offered to retail and institutional investors in any or all of the Republic of Lithuania, Latvia, Estonia. The Issuer may also choose to offer the Bonds to investors in any Member State of the EEA under relevant exemptions provided for in Article 1(4) of the Prospectus Regulation. Please note that in case the Issuer would attract investors of the EEA based on the relevant exemptions provided for in Article 1(4) of the Prospectus Regulation, claims of such investors upon being registered as the holders of the Bonds in the Register will also be secured with the Collateral.

6.4. Status of Bonds

The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer which will at all times rank *pari passu* among themselves and the payment obligations of the Issuer under the Bonds together with interest thereon, in as much as such payment obligations have not been settled in due time and from the value of the established Collateral shall rank at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

6.5. Use of Proceeds

Provided that all the Bonds under the Programme are subscribed for and issued by the Company, the expected amount of gross proceeds would be up to EUR 17,600,000 (seventeen million six hundred thousand euros), less the amounts of costs and expenses incurred in connection with the Offering, as prescribed in Section 9 “Reasons for Offering and Use of Proceeds” of the Prospectus) required for the purpose of financing the construction and fit-out of the Project.

6.6. Denomination, Title, Issue Price, Yield, Transfer and Underwriting

- (i) **Denomination:** denomination (Nominal Value) of each Bond is EUR 1,000.
- (ii) **Title to Bonds:** title to the Bonds will pass to the relevant investors when the respective entries regarding the ownership of the Bonds are made in their Securities Accounts on the relevant Issue Date.
- (iii) **Issue Price:** Bonds may be issued at any price (at a Nominal Value or at a discount or adding to the price the interest accrued on the Bonds from the last Interest Payment Date (in case the last Interest Payment Date was before the Issue Date of the relevant Tranche)). The Issue Price shall be determined by the Issuer and specified in the applicable Final Terms.
- (iv) **Yield:** Yield of each Tranche set out in the applicable Final Terms will be calculated as of the relevant Issue Date on an annual basis using the relevant Issue Price. It is not an indication of future Yield.
- (v) **Transfer of Bonds:** Bonds are freely transferrable. The Bonds subscribed and paid for shall be entered to the respective book-entry Securities Accounts of the investors on a date set out in the Final Terms in accordance with the Lithuanian legislation governing the book-entry system and book-entry accounts as well as the Nasdaq CSD rules.
- (vi) **No charge:** no expenses will be charged to the investors by the Issuer in respect to the Offering, transfer of the Bonds to the Securities Account of an investor upon Bonds’ issuance and Admission of the Bonds to trading on the First North. However, the investors may have to cover expenses which are related to the opening of the Securities Accounts with credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the investor’s purchase or selling orders of the Bonds, the holding of the Bonds or any other operations in relation to the Bonds. The Issuer will not compensate the investors for any such expenses.
- (vii) **Underwriting:** no underwriting agreement has been signed neither with the Lead Manager, nor with any other persons for the purposes of this Offering.

6.7. Bonds in Book-Entry Form

The Bonds shall be issued in dematerialized form and book-entered with Nasdaq CSD. According to the Law on Markets in Financial Instruments of the Republic of Lithuania the book-entry and accounting of the dematerialized securities in the Republic of Lithuania, which will be listed and admitted to trading on the First North, shall be made by Nasdaq CSD. Entity to be in charge of keeping the records will be the Lead Manager. The Bonds shall be valid from the date of their registration until the date of their redemption. No physical certificates will be issued to the Bondholders. Principal and interest accrued will be transferred to the Bondholders through Nasdaq CSD.

6.8. Payments to Bondholders

- (a) **Payments:** payments of amounts (whether principal, interest or otherwise, including on the final redemption) due on the Bonds will be made to the Bondholders thereof, as appearing in Nasdaq

CSD on the third (3rd) Business Day preceding the due date for such payment (the **Record Date**). Payment of amounts due on the final or early redemption of the Bonds will be made simultaneously with deletion of the Bonds. The Bondholders shall not be required to provide any requests to redeem the Bonds, as upon the Final Maturity Date, Early Redemption Date or the Early Maturity Date, the Nominal Value thereof with the cumulative interest accrued shall be transferred to the Bondholders through Nasdaq CSD.

- (b) **Payments on Business Days:** if the due date for any payment in relation to the Bonds is not a Business Day, the Bondholder thereof will not be entitled to payment thereof until the next following Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms and Conditions.

6.9. Taxation

All payments to be made in connection with the Bonds shall be calculated and paid taking into account any taxes and other deductions mandatory under applicable laws respectively in the Republic of Lithuania, Latvia and Estonia.

In general, Lithuanian resident Bondholders will pay the taxes from the amounts received in connection with the Bonds themselves. For all individual Bondholders who are not Lithuanian residents, the Issuer shall make payments after the withholding or deduction has been made and shall account to the relevant authorities in accordance with the applicable laws for the amounts so required to be withheld or deducted. The Issuer will not be obliged to make any additional compensation to the Bondholders in respect of such withholding or deduction.

Please see Section 15 “*Taxation*” of the Prospectus for more information about the applicable taxes and other mandatory deductions in each the Republic of Lithuania, Latvia and Estonia.

6.10. Interest

- (a) **Interest rate:** the Issuer shall pay semi-annual interest on the Nominal Value equal to 6% (fixed) + 6M EURIBOR (variable). Coupon of the Bonds will be paid semi-annually on the Interest Payment Dates and will be calculated on the aggregate outstanding principal amount of the Bonds (i.e., the Nominal Value).
- (b) **Variable part of the interest rate and applicable cumulative interest:**
- (i) variable part of the interest rate – 6M EURIBOR – shall apply from the relevant Issue Date until the next Interest Payment Date (excluding), or, if applicable, Early Redemption Date (excluding) or Early Maturity Date (excluding). The Final Terms will indicate applicable 6M EURIBOR;
 - (ii) the new 6M EURIBOR rate for the next interest period shall apply from the last Interest Payment Date (including) until the next Interest Payment Date (excluding), or, if applicable, the Final Maturity Date (excluding), the Early Redemption Date (excluding) or the Early Maturity Date (excluding). The new 6M EURIBOR rate shall be determined using the 6M EURIBOR rate for the date which falls 3 (three) Business Days before the relevant Interest Payment Date, on which the previously applicable 6M EURIBOR is to be reset.
 - (iii) cumulative interest rate (fixed and variable parts of the interest rate) applicable for the relevant interest period will be indicated in the Final Terms of the respective Tranche, however, each Investor shall have the right to request the Issuer by email info@capitalica.lt or the Lead Manager by email broker@sb.lt to clarify the cumulative interest rate applicable for the relevant interest period. Please note that after the Bonds are listed and admitted to trading on the First North, the cumulative interest rate (fixed and variable parts of the interest

rate) applicable for the relevant interest period shall be announced by the Issuer on Nasdaq website at www.nasdaqbaltic.com each time new 6M EURIBOR rate starts to apply for the relevant interest period.

(c) **Interest periods:** interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period. The first interest period commences on the Issue Date determined in the Final Terms of the first Tranche and ends on the first Interest Payment Date (excluding) indicated in the Final Terms, or if applicable, on the Early Redemption Date (excluding) or the Early Maturity Date (excluding). The consecutive interest period begins on the previous Interest Payment Date (including) and ends on the following Interest Payment Date (excluding), or, if applicable, on the Final Maturity Date (excluding), on the Early Redemption Date (excluding) or the Early Maturity Date (excluding).

(d) **Interest calculation formula:** accrued interest in respect of the Bonds will be calculated using 30E/360 day count convention, calculated according to the formula below:

CPN = F x C/2 where:

F – Nominal Value of the Bonds on the relevant Interest Payment Date;

C – annual interest rate (%) payable on the Bonds under these Terms and Conditions and the respective Final Terms;

CPN – amount of the interest (coupon) to be paid on the Interest Payment Date.

Accrued interest between the Interest Payment Dates is calculated as follows:

AI = F x C x n / 360:

AI – accrued interest;

F – Nominal Value of the Bonds;

C – annual interest rate (%) payable on the Bonds under these Terms and Conditions and the respective Final Terms;

n – the number of days from the previous Interest Payment Date or Issue Date, if the first interest payment has not yet been made, calculated using the 30E/360 day calculation method.

(e) **Calculation agent:** the Lead Manager shall calculate the interest payments and any other payable amounts to the Bondholders under these Terms and Conditions. After consultation with the Lead Manager, the Issuer is responsible for transferring all amounts payable to the Bondholders under these Terms and Conditions to Nasdaq CSD.

6.11. Offering and Admission of Bonds

(a) **General structure of the Offering:** the Offering consists of public Offering of Bonds to retail investors and institutional investors in the Republic of Lithuania, Estonia and Latvia under the Prospectus Regulation and the Law on Securities.

Only such prospective investors will be eligible to participate in the Offering who at or by the time of placing their Subscription Orders (before the end of the Subscription Period) have opened Securities Accounts (or have the Securities Accounts opened by their nominee) with entities of their choice which are licensed to provide such services within the territory of the Republic of Lithuania and/or Estonia and/or Latvia.

The Bonds shall be offered to the investors up to the Maximum Aggregate Nominal Value of the Programme under the respective Final Terms and in the Maximum Amount of the respective Tranche as indicated in the Final Terms. However, if the demand for the Bonds of the respective Tranche exceeds the Maximum Aggregate Nominal Value of the Tranche indicated in the Final Terms, the Issuer may decide to increase the Maximum Aggregate Nominal Value of the

respective Tranche by publishing an updated Final Terms on the Issuer's website at www.capitalica.lt (and after the Bonds' admission to trading on the First North, on Nasdaq website at www.nasdaqbaltic.com) before the relevant Issue Date.

Thus, according to the information provided above, the Offering shall be structured in the following order:

- (i) the Subscription Orders as to acquisition of the Bonds shall be submitted by the investors (each Final Terms shall indicate relevant for that Tranche subscription channels):
 - a. to the Lead Manager or the Manager, if any;
 - b. to the Issuer directly, but the investors shall pay specific attention to the fact, that the Issuer will not conclude an assessment of appropriateness of the Bonds to the respective investor, as indicated in Section 3.2.2. "*Offering and admission to trading on the First North related risks*" of this Prospectus;
 - c. to the Exchange Members in accordance with the Special Rules of Nasdaq in case an Auction of the Bonds is organized through Nasdaq (as a sole or an additional to the above indicated subscription channel up to the allocated amount for such a channel indicated in the Final Terms of the respective Tranche) as being disclosed in the Final Terms of the respective Tranche.
 - (ii) the Issue Price shall be paid by the investors (or in case of an Auction, the settlement for the Bonds shall be made by the Exchange Members on the investors' behalf and in accordance with Auction Rules (i.e., Delivery Versus Payment method), where the relevant funds in the amounts subscribed by the investors are blocked in the cash accounts connected to the investors' Securities Account in advance upon placing the Subscription Orders to the Exchange Members and that shall remain blocked until and settled on the Issue Date) according to the order described further in these Terms and Conditions;
 - (iii) the Issuer shall decide on which Investors, which have provided their Subscription Orders, shall be allotted with the Bonds and to what amount, and which Investors shall not be allotted with the Bonds (i.e, allocation procedure as regulated under point (g) "*Allotment of the Bonds to the investors*");
 - (iv) the Bonds shall be registered with Nasdaq CSD and distributed to the investors;
 - (v) the Bonds will be introduced to trading on the First North.
- (b) **Subscription Orders. Invalidity of the Subscription Orders.** The Subscription Period for each respective Tranche (as indicated above) will be in the Final Terms of each Tranche.

The Subscription Order form relevant for the respective Tranche will be published on the website of the Issuer at www.capitalica.lt before opening of the respective Subscription Period or shall be provided by the Lead Manager or Manager, if any, on request of the investor (Subscription Orders for Estonian or Latvian investors shall be available in English whereas Subscription Orders for Lithuanian investors shall be available in English or Lithuanian) and shall be accepted either physically, via the internet banking system or by any other means made available by the Issuer, Lead Manager or Manager, if any. The Subscription Order shall be submitted during the indicated Subscription Period and paid not later than on the Payment Date, unless the Issuer decides to accept the Subscription Orders provided after the relevant Subscription Period and/or payments for the Bonds made after the relevant Payment Date (but not later than until the Issue Date), as prescribed below.

The Subscription Orders will be accepted by the Issuer after the Payment Date in its sole

discretion. The Lead Manager shall gather all relevant information on the submitted Subscription Orders (i.e., to the Issuer, Lead Manager, Manager(s), if any, or in case of an Auction, Subscription Orders that have been entered by the Exchange Members in Nasdaq's trading system) and after the Payment Date shall provide this information together with information on payment of the Issue Price by the respective investors to the Issuer to decide on the allotment of the Bonds. More information on the allotment procedure is provided under point (g) "*Allotment of the Bonds to the investors*" below.

For the avoidance of doubt, the procedure of accepting Subscription Orders described herein are applicable to all investors irrespectively of the investor's place of residence. Also, the treatment of Subscription Orders in the allocation is not determined on the basis of which institution or person they are made through.

Considering the subscription channels indicated in the Final Terms of the respective Tranche, the Investors wishing to subscribe/purchase the Bonds shall submit their Subscription Orders to acquire the Bonds at any time during the Subscription Period to the Issuer, Lead Manager or Manager, if any, by the following means:

- (i) at the office of the Management Company at Upės st. 21-1, Vilnius, the Republic of Lithuania, or by e-mail of the Issuer info@capitalica.lt, if signed with a qualified e-signature;
- (ii) at the office of the Lead Manager at Šeimyniškių st. 1A, Vilnius, the Republic of Lithuania, or by e-mail of the Lead Manager broker@sb.lt, if signed with a qualified e-signature; or
- (iii) at the office of the Manager or by e-mail of the Manager, indicated in the Final Terms, if signed with a qualified e-signature, in cases when a Manager is appointed by the Issuer for the purposes of the Offering and respective addresses of the Manager are provided in the Final Terms.

If an Auction of the Bonds is organized through Nasdaq, the Subscription Orders shall be submitted to the Exchange Members to be entered in Nasdaq trading system during the Subscription Period of the respective Tranche as described below in the part "*Additional provisions in respect to Subscription procedure for the Auction*". In respect to the Auction, if any, the Subscription Orders shall be submitted by means accepted and used by the Exchange Members (e.g., physically, via the internet banking system or by any other available means).

Please note that where the Subscription Orders are submitted to the Lead Manager or Manager, if any, or the Exchange Member, if an Auction is organized, new investors will be required to complete the relevant procedures (e.g., suitability and/or appropriateness tests, procedures related to the anti-money laundering or sanction) required and performed by the Lead Manager, Manager, if any, and/or the Exchange Member, if an Auction is organized, that the Subscription Orders would be accepted.

The Subscription Order shall not be considered valid and shall not be processed in the following cases:

- (i) the purchase amount indicated in the Subscription Order is less than the Minimum Investment Amount; or
- (ii) the Subscription Order was received after the Subscription Period, unless the Issuer decides otherwise; or
- (iii) subscription for the Bonds by the investor has not been fully paid by the relevant Payment Date, unless the Issuer decides otherwise; or
- (iv) the Issuer rejects the Subscription Order due to oversubscription, violation of legal acts

governing anti-money laundering prevention and/or sanctions.

The Issuer has no obligation to inform the investor about the fact that Subscription Order is invalid and reason of invalidity, but the Issuer (or the Lead Manager on the Issuer's behalf) will return the funds to the investor within 5 Business Days as from the end of the Subscription Period (or if the Issuer accepted Subscription Orders and/or payments for the Bonds after the relevant Subscription Period / Payment Date, the funds will be returned within 5 Business Days following the Issue Date). The payments shall be returned to the same investors' accounts from which the payments of the Issue Price were made, without any reimbursement for costs incurred by the investors in the course of subscribing for the Bonds and shall be net of all transfer expenses and without interest. In case of an Auction, the Exchange Members acting in accordance with internal rules and applicable laws shall inform the investors on rejection of provided Subscription Orders and remove block on the investors' funds.

- (c) **General information regarding the Subscription procedure.** By placing Subscription Orders all investors shall make irrevocable instruction for transferring the Bonds to the Securities Accounts, if the Subscription Order has not been withdrawn until the end of the Subscription Period.

By placing a Subscription Order each investor will be deemed to have read these Terms and Conditions together with the Prospectus, the Issuer's constitutional documents, also the Issuer's Audited Financial Statements. The investor may also familiarize with other documents of the Bonds, including the Decisions, Agreement on Bondholder's Protection, Collateral Agreement, the excerpts from the Placement Agreement and/or Certified Adviser's Agreement before or after placing a Subscription Order by requesting the Trustee via e-mail info@audifina.lt. Each investor can review the Subscription Order submitted by her/him/it by requesting the relevant legal entity to whom the Subscription Order was submitted, if such entity provides such a possibility.

By placing a Subscription Order the investors shall be considered as have consented to being allotted a lower number of Bonds than the number specified in such investor's Subscription Order, or to not being allotted any Bonds at all, pursuant to these Terms and Conditions.

An investor will be allowed to submit a Subscription Order either personally or via a representative whom the investor has authorized (in the form required by law) to submit the Subscription Order. More detailed information concerning the identification of investors, including requirements concerning documents submitted and the rules for acting through authorized representatives, can be obtained by investors from the entities accepting the Subscription Orders.

An investor must ensure that all information contained in the Subscription Order is correct, complete and legible. The Issuer reserves the right to reject any Subscription Orders that according to the opinion of the Issuer, Lead Manager or Manager, if any, are incomplete, incorrect, unclear or ineligible, or that have not been completed and submitted and/or have not been supported by the necessary additional documents, requested by the Lead Manager, or Manager, if any, during the Subscription Period and in accordance with all requirements set out in the terms and conditions of the Offering.

Any consequences of a form of Subscription Order for the Bonds being incorrectly filled out will be borne by the investor.

Entities acting in accordance with applicable law by placing the Subscription Orders on behalf of the investors and on their account shall submit the Subscription Orders along with a list of the investors on whose behalf the Subscription Order is placed. The list must include details required to be included in the Subscription Order form with respect to each investor listed and must be signed by persons authorised to represent the entity. The Lead Manager or Manager, if any, shall not be liable for any consequences if requirement under this Section is not satisfied and the entity

placing the Subscription Order will be treated as the investor placing the Subscription Order on its own account.

- (d) **Additional provisions in respect to Subscription procedure for the Auction.** If the Issuer would decide to organize an Auction for the relevant Tranche, the Issuer will indicate such decision in the Final Terms of the relevant Tranche and Auction Rules will be published on Nasdaq website at www.nasdaqbaltic.com before the start of the Auction (Subscription Period) of the relevant Tranche.

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

By submitting a Subscription Order to the Exchange Member, every investor (besides other acknowledgments and undertakings provided in these Terms and Conditions):

- (i) authorizes and instructs the Exchange Member through which the Subscription Order is submitted to arrange the settlement of the subscription on its/his/her behalf (taking such steps as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the subscription;
- (ii) shall ensure that when submitting a Subscription Order there are sufficient funds on the cash account connected to its/his/her Securities Account to cover the amount subscribed (i.e., the Issue Price multiplied by the amount of the Bonds subscribed);
- (iii) authorizes and instructs the Exchange Member through which the Subscription Order is submitted to block the whole Subscription amount on the investor's cash account connected to its/his/her Securities Account until the allotment of Bonds pursuant to these Terms and Conditions and Auction Rules, and registration with the Register is completed on the Issue Date;
- (iv) authorizes the Exchange Member, Issuer, Lead Manager and Nasdaq to process, forward and exchange its/his/her personal data and information in the Subscription Order in order to participate in the Offering, to accept or reject the Subscription Order and comply with these Terms and Conditions and fulfill the Issuer's obligations under these Terms and Conditions;
- (v) acknowledges that the Offering does not constitute an offer (in Lithuanian: *oferta*) of the Bonds by the Issuer in legal terms, and that the submission of a Subscription Order does not constitute the acceptance of an offer, and therefore does not in itself entitle the investor to acquire the Bonds, nor results in a contract for the sale of the Bonds between the Issuer and the investor, unless the Bonds are allotted to the investor pursuant to these Terms and Conditions and Bonds are registered with the Register on the Issue Date;
- (vi) confirms that it/she/he has got familiarized with the Prospectus, Final Terms of the Tranche and Auction Rules.

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

- (e) **Withdrawal of the Subscription Orders.** Subscription Orders for the Bonds of the respective Tranche may be withdrawn at any time until the end of the relevant Subscription Period, including when a supplement is made public concerning an event or circumstances occurring before the end of the relevant Subscription Period. The supplement to the Prospectus will be published on the Issuer's website at www.capitalica.lt (and after the Bonds' Admission to the First North, also on Nasdaq website at www.nasdaqbaltic.com). The investor who has made a Subscription Order before the publication of the supplement may withdraw such Subscription Order by submitting a written statement to the institution where the Subscription Order was made within 2 Business Days after the publication of the supplement.

Where the Bonds are purchased or subscribed through a financial intermediary (either the Lead Manager, Manager or other firms providing investment services to the investor), that financial intermediary shall inform investors of (i) the possibility of a supplement being published, (ii) investors' will be informed by the end of the next Business Day following that on which the supplement to the Prospectus is published on the website of the Issuer, and (iii) assure that the financial intermediary would assist them in exercising their right to withdraw Subscription Orders in such case.

Where the Bonds are purchased or subscribed through the Issuer itself, the Issuer will inform investors of (i) the possibility of a supplement being published, (ii) investors' will be informed by the end of the next Business Day following that on which the supplement to the Prospectus is published on the website of the Issuer, and (iii) the Issuer would ensure the investors can exercise their right to withdraw Subscription Orders as described in this Prospectus.

The above right of investors to withdraw their Subscription Order shall only apply to the relevant Tranche and not to any other Tranches of Bonds under the Programme.

Where the Bonds are purchased or subscribed through a financial intermediary (either the Lead Manager, Manager or other firms providing investment services to the investor), that financial intermediary shall inform investors of (i) the possibility of a supplement being published, (ii) Investors' will be informed by the end of the next Business Day following that on which the supplement to the Prospectus is published on the website of the Issuer, and (iii) assure that the financial intermediary would assist them in exercising their right to withdraw Subscription Orders in such case.

The above right of investors to withdraw their Subscription Order shall only apply to the relevant Tranche and not to any other Tranches of Bonds under the Programme.

The repayments will be made (or the blocked funds will be released) in accordance with the Subscription Order within 5 Business Days after making the statement on the subscription cancellation. An investor will be liable for the payment of all fees charged by the intermediary, used by the investor for the subscription of Bonds in connection with the withdrawal of the Subscription Order.

- (f) **Procedure and dates for payment for the Bonds.** Investors who placed the Subscription Orders are obliged to transfer the Issue Price, which is payable for the Bonds, to the Settlement Account on the relevant Payment Date of the respective Tranche specified in the relevant Final Terms. In case of an Auction, the Issue Price payable by the investors subscribing to the Bonds through the Exchange Members shall be blocked in advance as prescribed in these Terms and Conditions and settled by the Exchange Members in accordance with these Terms and Conditions and Auction Rules (i.e., Delivery Versus Payment method) on the Issue Date.

The Issuer has the right (but not an obligation) to accept also payments made with delay, but not later than until the Issue Date. The details of the Settlement Account shall be provided in the Final Terms. The Bonds shall be registered with the Register by Nasdaq CSD on the relevant Issue

Date if the investor submitted the Subscription Order and paid the Issue Price before or on the Issue Date.

The investors who have not been allotted any Bonds or whose Subscriptions Orders have been reduced will receive reimbursements of the payment made upon placing the Subscription Order. The reimbursement will take place within 5 Business Days as from the end of the Subscription Period of the respective Tranche (or if the Issuer accepted Subscription Orders and/or payments for the Bonds after the relevant Subscription Period / Payment Date, the funds will be returned within 5 Business Days following the Issue Date). The payments shall be returned without any reimbursement for costs incurred by the investors in the course of subscribing for the Bonds, and shall be net of all transfer expenses and without interest.

For the avoidance of doubt, in respect to the Auction (the maximum amount of the Bonds to be offered through the Auction will be indicated in the Final Terms of the respective Tranche), the investors who have not been allotted any Bonds or whose Subscription Orders have been reduced will receive reimbursements from the Exchange Members (i.e., block on the funds will be removed). Neither the Issuer nor the Lead Manager or Manager, if any, shall be responsible for any relationships between the investor and Exchange Member in connection with any operations happening on the cash account connected to the investors' Securities Account.

- (g) **Allotment of the Bonds to the investors.** After the relevant Payment Date but not later than on the Issue Date, the Issuer following the allocation rules provided herein shall decide on which investors, which have provided their Subscription Orders, shall be allotted with the Bonds and to what amount, and which investors shall not be allotted with the Bonds. Investors waive any right to complaint on any decision of the Issuer on the Bonds' allotment as disclosed under this point.

For the Issuer to make a decision on the Bonds allotment, after the Payment Date but not later than until the Issue Date, the Lead Manager shall (i) provide to the Issuer all gathered data on received Subscription Orders (i.e., by the Lead Manager itself, Managers and in case of an Auction, by Nasdaq) and payment of the Issue Price by the respective investors (except in case of an Auction, where payment for the Bonds subscribed and distribution of the Bonds are made by Delivery Versus Payment method on the relevant Issue Date) and (ii) in case of oversubscription, recommend to the Issuer to allocate the Bonds proportionally to all investors that provided the Subscription Orders and paid the Issue Price. For the avoidance of doubt, when an Auction is organized, Nasdaq will record buying orders entered in Nasdaq trading system by the Exchange Members during the Subscription Period and will provide the records journal to the Lead Manager in accordance with the Auction Agreement.

The Issuer shall accept all Subscription Orders of the investors that are considered valid pursuant to point (b) "*Subscription Orders. Invalidity of the Subscription Orders*" above and each investor shall be allocated with the amount of Bonds requested in the respective Subscription Order. In case the Maximum Aggregate Nominal Value of the Tranche is exceeded (including where (i) the Issuer exercised its right under the respective Final Terms to increase the Maximum Aggregate Nominal Value of the respective Tranche and published an updated Final Terms on the Issuer's website at www.capitalica.lt (and after the Bonds' admission to trading on the First North, on Nasdaq website at www.nasdaqbaltic.com) and/or (ii) the Maximum Aggregate Nominal Value of the Programme is reached) (i.e., oversubscription)), the Issuer following the recommendation of the Lead Manager shall allocate the Bonds proportionally to all investors that provided valid Subscription Orders and paid the Issue Price.

When the Maximum Aggregate Nominal Value of the Tranche is reached (including where (i) the Issuer exercised its right under the respective Final Terms to increase the Maximum Aggregate Nominal Value of the respective Tranche and published an updated Final Terms on the Issuer's website at www.capitalica.lt (and after the Bonds' admission to trading on the First North, on

Nasdaq website at www.nasdaqbaltic.com and/or (ii) the Maximum Aggregate Nominal Value of the Programme is reached), no more Bonds shall be allotted to the investors.

If during the Subscription Period an investor decides to decrease or increase number of the Bonds being subscribed, such investor shall provide a new Subscription Order to the entity that accepted the first Subscription Order and previously submitted Subscription Order shall be considered as terminated, or if the entity accepting Subscription Orders makes it possible to modify previously submitted Subscription Orders (e.g., via the internet banking system or by any other available means) without terminating it, an investor shall follow the rules of such entity and modify the Subscription Order until the end of the Subscription Period. Considering the decreased or increased number of the Bonds being subscribed an investor shall pay relevant Issue Price to the Settlement Account not later than until the Payment Date.

If an investor submits a Subscription Order after the expiry of the relevant Subscription Period (but prior to the Issue Date) or pays the Issue Price after the Payment Date (but prior to the Issue Date), the Issuer may decide on additional allotment of the Bonds to such investor if the Maximum Aggregate Nominal Value of the Tranche (as may be increased as described above) and the Maximum Aggregate Nominal Value of the Programme are not yet exceeded and the investor pays the Issue Price prior to the Issue Date.

Please note that neither the Issuer nor the Lead Manager or Managers, if any, on the Issuer's behalf will inform the investors on the Bonds allotment. If the investor paid for the Bonds subscribed and the Bonds have been allotted to the investor, the Bonds will be transferred to the investor's Securities Account on the Issue Date. In case the Subscription Order was rejected (or only partially satisfied) and no Bonds (or less Bonds than requested by an investor) have been allotted to the investor, the Issuer (or the Lead Manager on the Issuer's behalf) will return the funds to the investor within 5 Business Days as from the end of the Subscription Period (or if the Issuer accepted Subscription Orders and/or payments for the Bonds after the relevant Subscription Period / Payment Date, the funds will be returned within 5 Business Days following the Issue Date). The payments shall be returned to the same investors' accounts from which the payments of the Issue Price were made, without any reimbursement for costs incurred by the investors in the course of subscribing for the Bonds and shall be net of all transfer expenses and without interest. In case of an Auction, the Exchange Members acting in accordance with internal rules and applicable laws shall inform the investors on rejection of provided Subscription Orders and remove block on the investors' funds.

- (h) **Cancellation or suspension of the Offering.** The Issuer, at its own discretion, may cancel the primary distribution of the respective Tranche at any time prior to the relevant Issue Date without disclosing any reason for doing so. Any updates to the dates of opening and closing of the primary distribution of the respective Tranche or decision that the primary distribution of the respective Tranche will be suspended (postponed) and that new dates of the primary distribution of the respective Tranche will be provided by the Issuer later are subject to updating the Final Terms. In such events, Subscription Orders for the Bonds that have been made will be disregarded, and any payments made in respect of the submitted Subscription Orders will be returned without interest or any other compensation to the investors.

If the primary distribution of the respective Tranche is suspended (postponed), the Issuer shall notify the investors on suspension (postponement) of the primary distribution indicating whether the Subscription Orders made, and payments made will be deemed to remain valid after publication of updated Final Terms on the Issuer's website at www.capitalica.lt (after the Bonds' Admission to the First North, also on Nasdaq website at www.nasdaqbaltic.com). In such case, the investors will be allowed to withdraw the Subscription Orders made by submitting a relevant statement to that effect within 2 Business Days after the updated Final Terms of the Tranche have been published. For the avoidance of doubt, if the investor does not provide a withdrawal

statement, the Issuer will continue primary distribution of the respective Tranche on changed terms in accordance with published updated Final Terms of the respective Tranche and relying on previously submitted Subscription Order.

Any decision on cancellation, suspension and changes of dates of the primary distribution or other information will be published on the Issuer's website at www.capitalica.lt and/or sent to the investors via e-mail indicated by each investor in its Subscription Order. Any decision on cancellation, suspension and changes of dates of the primary distribution or other information will be published on the Issuer's website at www.capitalica.lt and/or sent to the investors via e-mail indicated by each investor in its Subscription Order. After the Bonds' Admission to the First North, all material information will be published also on Nasdaq website at www.nasdaqbaltic.com.

If the primary distribution of the respective Tranche is cancelled, suspended, or postponed, Investors that placed Subscription Orders and paid for the Bonds will get their payments back (except in case of an Auction):

- (i) if the Primary Distribution is cancelled – within 5 Business Days after the Issuer announces to the investors about the Primary Distribution's cancellation;
- (ii) if the primary distribution is suspended (postponed) – within 5 Business Days after the date on which the investor has made a statement cancelling placed Subscription Order or 5 Business Days after the date that the Issuer announces that the placed Subscription Orders are not valid.

In respect to cancelation or suspension (postponement) of the Auction, the Exchange Members shall be responsible for removing block on the investors' funds.

The timely repayment of money paid will be without any interest or compensation.

- (i) **Admission.** The Issuer shall submit an application regarding Admission of each Tranche of the Bonds to trading on the First North. The decision as to Admission of Bonds to trading on the First North shall be adopted by the Board of Nasdaq.

The Issuer expects that the Bonds of the respective Tranche shall be admitted to trading on the First North within 6 months as from placement thereof to the investors the latest. Disregarding this, the Issuer will put its best endeavors so that these terms would be as short as practicable possible.

The Issuer shall also put its best efforts to ensure that the Bonds remain listed on the First North until full redemption of Bonds pursuant to these Terms and Conditions.

The costs which are related to the Admission of the Bonds to the First North will be covered by the Issuer.

The Issuer does not intend to apply for admission of the Bonds (or part thereof) to trading on other alternative markets or regulated markets.

The Issuer has appointed law firm Ellex Valiunas to act as its Certified Adviser in relation to the Bonds' Admission and trading on the First North. The rights and duties of the Certified Adviser are prescribed in the Certified Adviser's Agreement.

The Issuer does not intend to appoint any firm to act as intermediary in secondary trading on the First North, providing liquidity through bid and offer rates.

6.12. Redemption

Bonds shall be redeemed, i.e., the Redemption Price shall be paid to the investors on the Final Maturity Date or, if applicable, on the Early Redemption Date or on the Early Maturity Date.

- (a) **Redemption Price:** The Redemption Price paid to the investor on the Final Maturity Date or, if applicable, on the Early Redemption Date or on the Early Maturity Date, equals the full outstanding principal (i.e., Nominal Value) together with the unpaid interest accrued up to the Final Maturity Date or the Early Maturity Date, or the Early Redemption Date, and early redemption premium, if applicable.
- (b) **Early optional redemption of Bonds by the Issuer:** The Bonds shall be redeemable wholly or partially at the option of the Issuer prior to their maturity on the following conditions:
- (i) early redemption may occur at the sole discretion of the Issuer on the Early Redemption Date, designated in a 10-day prior written notice to the Bondholders and the Trustee but only during the period from 30 June 2024 (inclusive) until 29 June 2026 (inclusive). The Issuer's written notice on early redemption (i) will be sent by e-mail only to those Bondholders whose e-mail addresses are known to the Issuer, Lead Manager or Manager, if any, and (ii) will be published on the Issuer's website at www.capitalica.lt. After the Bonds' Admission to trading on the First North, the Issuer's obligation to notify the Bondholders and Trustee shall be fulfilled when the Issuer at least 10-day prior to the Early Redemption Date announces its decision on early redemption of the Bonds on Nasdaq website at www.nasdaqbaltic.com;
 - (ii) the Issuer reserves the right to cancel the early redemption of the Bonds or increase the redeemable amount at any time prior to the anticipated Early Redemption Date (including) by notifying the Trustee and Bondholders until the Early Redemption Date (including) in a manner prescribed in point above;
 - (iii) in case of a partial redemption of the Bonds, the Bonds shall be redeemed from the Bondholders proportionally, if necessary, by rounding up the redeemable number of Bonds from an individual Bondholder to the nearest whole number. In the respective case, the Redemption Price shall be equal to the Nominal Value of the redeemable Bonds and interest accrued on the redeemable Bonds together with the premium if such is applicable;
 - (iv) on the Early Redemption Date, the Issuer shall pay to the Bondholders full Nominal Value of the redeemable Bonds together with the unpaid interest accrued up to the relevant Early Redemption Date (excluding) and a premium of 1 % (to be calculated from the Nominal Value of the Bonds) if Early Redemption Date occurs from 30 June 2024 (inclusive) to 29 December 2024 (inclusive);
 - (v) if Early Redemption Date occurs from 30 December 2024 (inclusive) to 29 December 2025 (inclusive) the Redemption Price to be paid to the Investor on the Early Redemption Date equals the full Nominal Value with the unpaid interest accrued up to the relevant Early Redemption Date (excluding) and a premium of 0,5% (to be calculated from the Nominal Value of the Bonds);
 - (vi) no premium shall be paid if the Early Redemption Date is after 29 December 2025, therefore if the Early Redemption Date is after 29 December 2025, on the Early Redemption Date the Issuer shall pay to the Bondholders full Nominal Value of the redeemable Bonds together with the unpaid interest accrued up to the relevant Early Redemption Date (excluding).

Premium and interest shall be calculated from the amount of the Nominal Value of the Bonds early redeemable from the respective Bondholder.

The Issuer shall have the right to redeem the Bonds before the Final Maturity Date without a premium established above in case the Bondholder breaches or there is a reasonable concern that the Bondholder might breach anti-money laundering or sanction regulations. The Issuer or the Lead Manager, or the Manager, if any, at any time is entitled to request any of the Bondholders directly or through the Trustee to provide necessary documents for the Issuer or the Lead Manager, or the Manager, if any, to perform sanction screening or other verification checks so as to implement sanction and/or anti-money laundering requirements. The Bondholders undertake to submit the requested documents or information within the time period set by the Issuer or the Lead Manager, or the Manager, if any.

- (c) **No early redemption of Bonds under the request of the Bondholders:** Except for cases specified in point (d) “*Extraordinary Early Redemption*” below, there are no other cases where the Bondholders have a right to demand redemption of the Bonds prior the Final Maturity Date.
- (d) **Extraordinary Early Redemption:** The Bondholders’ Meeting shall have the right but not the obligation to demand immediate redemption of the Bonds held by the Bondholders upon occurrence of any of the following events (the **Extraordinary Early Redemption Event**):
- (i) **Non-Payment.** The Issuer fails to make any payments under these Terms and Conditions and the Programme within 10 Business Days from the relevant due payment date, except for cases when the failure to pay is caused by a reason of *Force Majeure*.
 - (ii) **Breach of covenants.** The Issuer breaches any of the covenants set forth in Section 6.13 “*Covenants of Issuer*” of these Terms and Conditions and the Issuer has not remedied the breach in 20 Business Days as of receipt of the breach notice or has not remedied the breach within other term approved by a decision of the Bondholders’ Meeting adopted by majority of Bondholders participating in the Bondholders’ Meeting and having voting rights (other than the Related Parties).
 - (iii) **Invalidity of the Collateral Agreement.** The Collateral Agreement terminates or is regarded invalid by a final decision of the Vilnius Court of Commercial Arbitration.
 - (iv) **Liquidation.** An effective resolution is passed for the liquidation of the Issuer.
 - (v) **Insolvency.** (i) The Issuer is declared insolvent or bankrupt by a final decision of a court or admits inability to pay its debts; (ii) the Issuer enters into any arrangement with majority of its creditors by value in relation to restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or (iii) an application to initiate insolvency, restructuring or administration of the Issuer, or any other proceedings for the settlement of the debt of the Issuer is submitted to the court by the Issuer.

In case of the Issuer’s liquidation or insolvency, the Bondholders shall have a right to receive payment of the outstanding principal amount of the Bonds and the interest accrued on the Bonds according to the relevant laws governing liquidation or insolvency of the Issuer.

The Issuer shall immediately but not later than within 3 Business Days notify the Trustee of the occurrence of an Extraordinary Early Redemption Event. In the absence of such notice, the Trustee shall be entitled to proceed on the basis that no such Extraordinary Early Redemption Event has occurred or is expected to occur.

If the Trustee receives information about occurrence of a possible Extraordinary Early Redemption Event from other sources than the Issuer, then the Trustee is entitled to ask the Issuer by submitting a letter to the Issuer to confirm or reject this information. The Issuer shall reply to the Trustee in writing (i.e., Rejection). If the Issuer does not send the Rejection to the Trustee within 5 Business Days from the receipt of the Trustee’s inquiry, then the Extraordinary Early Redemption Event based on the

Trustee's inquiry is deemed to have occurred on the day the period of 5 Business Days referred above expires.

In case the Issuer in a reasoned manner (i.e., providing for the reasons why the Extraordinary Early Redemption Event has not occurred supported with documentary evidence) and acting in good faith within 5 Business Days from the date of the inquiry sent by the Trustee to the Issuer submits a Rejection to the Trustee, the Extraordinary Early Redemption Event is considered not to have occurred until relevant decision of the Bondholders' Meeting stating otherwise is adopted as specified below.

Upon the occurrence of any of the circumstances specified above and if the Issuer has not sent the Rejection to the Trustee or the Bondholders' Meeting does not approve the Rejection and due to this the Bondholders' Meeting, in accordance with the procedure established by the law, adopts a decision (which shall be adopted by a qualified majority of no less than $\frac{3}{4}$ of Bondholders, participating in the Bondholders' Meeting and having a voting right) to demand extraordinary early redemption of the Bonds, the Issuer within 10 calendar days upon receiving the respective Bondholders' Meeting decision from the Trustee shall redeem all outstanding Bonds from all Bondholders holding Bonds on the Record Date by paying the Redemption Price. The Redemption Price payable to the Bondholders on the relevant Early Maturity Date shall be determined by the Issuer following the rules set forth in Section 6.12(a) of these Terms and Conditions. The 10th Business Day calculated from the day following the day of submission of the Trustee's inquiry to the Issuer or the day the Issuer received the abovementioned Bondholders' Meeting decision to demand extraordinary early redemption of the Bonds from the Trustee, whichever is relevant, shall be the Early Maturity Date.

If the Bondholders' Meeting has not passed a decision as prescribed above within 3 months after the occurrence of any of the Extraordinary Early Redemption Event, the Bondholders shall lose the right to demand early redemption of the Bonds under this Section.

6.13. Covenants of Issuer

6.13.1. The Issuer shall be obliged to comply with the following covenants until the Bonds are fully redeemed:

(a) **LTC ratio.** The Issuer undertakes to ensure that until full redemption of the Bonds the Issuer's LTC ratio does not exceed 75% (at the date of the Prospectus the LTC ratio is 25%). The LTC shall be calculated based on the following formula:

$$\text{LTC} = \frac{\text{Net Issue Size}}{\text{Costs of the Project}} \times 100\%$$

LTC shall mean loan (debt) to cost ratio. A lower LTC ratio indicates less risk for the Bondholders, as the Issuer has a larger equity stake in the Project. The higher LTC ratio implies a greater Issuer's reliance on borrowed funds.

Net Issue Size shall mean a total amount of outstanding Bonds (Nominal Value of Bonds) and other external loans for the development of the Project on the day when the LTC ratio is being calculated, less the amounts in the bank accounts (if any) and excluding all shareholder loans and any other subordinated debt instruments permitted under point (b) below.

Costs of the Project shall mean (without double-counting) expenditure by the Issuer in carrying out the Project, including each of the following:

- (i) shareholder's equity contribution in the amount of EUR 3,200,000;
- (ii) costs incurred by the Issuer with respect to the Project by 23 February 2024 in the amount of EUR 6,267,249;

- (iii) all sums paid under the design, construction and other contracts with respect to the development of the Project starting from 24 February 2024;
- (iv) the aggregate of the invoices issued to the Issuer for other costs such as legal, accounting, notarial, project management, brokerage, marketing and other professional fees, costs and expenses (including the costs of registries and any related taxes) incurred by the Issuer in connection with the Project; operating costs, including but not limited to administrative, management and employee costs and similar book-keeping entries and other costs with respect to the Project starting from 24 February 2024;
- (v) the premium paid in respect of the insurances (other than insurances to be effected and paid for by any construction contractor) starting from 24 February 2024.

Costs of the Project shall not include VAT.

- (b) **Negative borrowing.** The Issuer shall not assume any Financial Indebtedness. The respective restriction does not apply to the Issuer in the following cases:
 - (i) issue of the Bonds in the Maximum Aggregate Nominal Value of the Issue;
 - (ii) Financial Indebtedness not exceeding EUR 50,000 in aggregate during the year;
 - (iii) non-interest bearing Financial Indebtedness incurred in the ordinary course of business of the Issuer; or
 - (iv) fully subordinated debt, from the third parties (with an exception provided for in point e) below), direct and indirect shareholders of the Issuer and/or Related Parties, including Subscription of Bonds under these Terms and Conditions by the Related Parties. For the avoidance of doubt, the Bonds subscribed under these Terms and Conditions by the Related Parties starting from the date of their subscription shall be deemed as fully subordinated and ranking below other Bonds of the Issue (including all payments under these Terms and Conditions and/or Final Terms); or
 - (v) financing provided to the Issuer by a third party/financier to fund redemption of the Bonds (i.e., refinancing of the Bonds).
- (c) **Negative pledge.** Until full redemption of the Bonds the Issuer shall ensure that the Issuer will not create or permit to subsist any Security over any of its assets, except for the Collateral Agreement, Security securing Financial Indebtedness that is allowed under point (b) above and other encumbrances that might be needed and that are required by third parties (except for financiers) for the purpose to dispose of the infrastructure and/or suprastructure related to or needed for the Project.
- (d) **Pledge over the Collateral.** The Issuer undertakes to ensure that the Mortgage over Building remains effective and registered with the Real Estate Register of the Republic of Lithuania (the **Real Estate Register**). For the sake of clarity, the Bondholders give their consent to the Issuer in advance for the following actions related to the Collateral – Building and neither Bondholders, nor the Trustee’s consent will be needed at the later stage:
 - (i) to carry out and authorize third parties to carry out land and/or construction work on the Land Plot, to finalise existing Building and to register the changes in the level of completion in the name of the Issuer;

- (ii) to carry out and authorize third parties to carry out construction (including reconstruction, major repair, repair) works on mortgaged Building;
 - (iii) if it is necessary for the completion and development of the Project, to change the purpose of the Building (or a part of it), to adjust the technical design or technical detail design, to implement the new procedure for design proposals, to apply for a new or update the current reconstruction permit, to make cadastral measurements and to implement the procedure of the division of the Building (or part of it) in parts and/or separate premises, including but not limited to the submission of the applications/requests to the Vilnius City Municipality, Real Estate Register or any other state or private entity;
 - (iv) if it is necessary for the development and completion of the Project, to change the existing and/or establish a new procedure for the use of the state-owned land plot over which the Building is located or use the Building or its parts, including but not limited to the submission of the applications/requests to National Land Service, Real Estate Register or any other state or private entity.
- (e) **Disposal of the Building.** Until full redemption of the Bonds the Issuer shall not, either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily dispose and or/transfer the ownership of the Building to any third person nor conclude any agreements for such transfer of ownership, except that:
- (i) the Issuer has the right to conclude constructions' or other relevant services' agreements under the applicable laws with third persons, provided that such agreements are concluded on terms and conditions that enable the Issuer to complete the Project and fulfil its obligations under these Terms and Conditions and Final Terms;
 - (ii) upon completion of the Project, the Issuer shall have a right to sell the Building to a third party and sale proceeds shall be used to finance the redemption of the Bonds issued under these Terms and Conditions and Final Terms;
 - (iii) before or upon completion of the Project, the Issuer has a right to lease all or any part of the Building to third parties under the conditions corresponding to the market standard subject to notification to the Trustee.

For the avoidance of doubt, this clause does not restrict the Issuer from starting or participating in negotiations on the transfer of ownership of the Building (or part of it) before the Final Maturity Date, but the transfer of ownership of the Building (or part of it) in any case shall not occur before the Final Maturity Date, or Early Redemption Date as regulated under these Terms and Conditions.

- (f) **Decisions.** To the extent it is compliant with Lithuanian laws, the Issuer undertakes to ensure that the Issuer will not make any decisions regarding the Issuer's reorganization, liquidation, restructuring, bankruptcy or restructuring procedures initiation, including the change of the Company's Management Company.
- (g) **Reporting obligations (until Bonds' admission to trading on the First North).**
 - (i) The Issuer shall provide the Trustee (that shall provide to the Bondholders upon their request) with a copy of its:
 - a) annual audited financial statements – within 4 months after the end of the reporting year. If this timeline is not feasible due to legal arrangements with auditors, the

Issuer shall provide the statements no later than 5.5 months after the end of the reporting year;

- b) unaudited semi-annual interim financial statements (balance sheet and income statement) – within 45 calendar days after the end of reporting period of 6 months;
 - c) quarterly report on performance of the LTC ratio together with the report on total amount of Costs of the Project incurred till date of the respective report, and reconciliation of such costs against the construction budget – within 45 calendar days after the end of reporting period of 3 months.
- (ii) In case the investors through the Trustee request additional documents evidencing Costs of the Project, the Issuer within 30 calendar days as of receipt of such request of the Trustee, shall provide invoices received and accounted within the last reporting period.
 - (iii) In case the Trustee from other reliable sources receives information that the Issuer's financial situation has deteriorated materially when compared to the latest available financial statements of the Issuer and/or the LTC covenant may be breached, the Trustee by sending a grounded written request to the Issuer may request the copies of the documents listed in point g(i)(c) above before the end of the reporting period indicated therein and the Issuer has an obligation to provide the Trustee with written explanation of the situation as well as requested documents within 30 calendar days from the receipt of the respective Trustee's request.
- (h) **Reporting obligations (after Bonds' admission to trading on the First North).**
- (i) The Issuer shall publish the following on Nasdaq website at www.nasdaqbaltic.com:
 - a) annual audited financial statements – within 4 months after the end of the reporting year;
 - b) unaudited semi-annual interim financial statements – within 3 months after the end of reporting period of 6 months;
 - c) quarterly report on performance of the LTC ratio together with the report on total amount of Costs of the Project incurred till date of the respective report, and reconciliation of such costs against the construction budget – within 45 calendar days after the end of reporting period of 3 months.
 - (ii) Points (g)(ii) and (g)(iii) above shall also apply in respect to this point (h). However, the Issuer will not publish documents under point (g)(ii) on Nasdaq website at www.nasdaqbaltic.com and these documents shall be available only through the Trustee.

The Issuer may deviate from the covenants set forth in this Section upon the consent provided in the decision of the Bondholders' Meeting which shall be adopted by a qualified majority of no less than $\frac{3}{4}$ of Bondholders, participating in the Bondholders' Meeting and having voting rights. Upon receiving the consent of the Bondholders in respect of particular covenant it shall be deemed that Bondholders waive their rights in respect of the Extraordinary Early Redemption Event.

6.14. Protection of Bondholders Interest

Bondholders shall have the rights provided in the Law on Protection of Interests of Bondholders of the Republic of Lithuania (the **Law on Protection of Interests of Bondholders**), the Civil Code of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania and other laws regulating the rights of Bondholders and the Trustee Agreement.

The Bondholders shall have the following main rights:

- (i) to receive the interest accrued;
- (ii) to receive the Nominal Value and the interest accrued (and the premium, if applicable) on the Final Maturity Date, or if applicable, on the Early Redemption Date or on the Early Maturity Date;
- (iii) to sell or transfer otherwise all or part of the Bonds only strictly following the Terms and Conditions and applicable laws;
- (iv) to bequeath all or part of owned Bonds to the ownership of other persons (applicable only towards natural persons);
- (v) to pledge all or part of the Bonds owned;
- (vi) to participate in the Bondholders' Meetings;
- (vii) to vote in the Bondholders' Meetings;
- (viii) to initiate the convocation of the Bondholders' Meetings following the procedure and in cases provided for in the Law on Protection of Interests of Bondholders;
- (ix) to adopt a decision to convene the Bondholders' Meeting following the procedure and in cases provided for in the Law on Protection of Interests of Bondholders;
- (x) to obtain (request) the information about the Issuer, the Programme of Bonds or other information related to the protection of his/her/its interests from the Trustee;
- (xi) to receive a copy of the Agreement on Bondholders' Protection and Collateral Agreement;
- (xii) other rights, established in the applicable laws, the Trustee Agreement or in the constitutional documents of the Issuer.

No Bondholder shall be entitled to exercise any right of set-off against moneys owed by the Issuer in respect of the Bonds. The rights of Bondholders shall be executed during the term of validity of Bonds as indicated in these Terms and Conditions and applicable Lithuanian laws.

More detailed rights of the Bondholders, rights and obligations of the Trustee being a representative of Bondholders is provided in the Agreement on Bondholders' Protection.

6.15. Bondholder's Meeting

The right to convene the Bondholders' Meeting shall be vested in the Trustee, the Bondholders who hold no less than one-tenth of the Bonds of the Issue, providing voting right in the Bondholders' Meeting and the Issuer. As a general rule, the Bondholders' Meetings are convened by a decision of the Trustee. The Bondholders and Trustee shall have the right to attend the Bondholders' Meetings. The Trustee must attend the Bondholders' Meeting in cases when the Bondholders who hold no less than one-tenth of the Bonds of the Issue providing voting right in the Bondholders' Meeting approve such a need. The CEO of the Management Company or other authorised person may also attend the Bondholders' Meeting, unless the Bondholders who hold no less than one-tenth of the Bonds of the Issue providing voting right in the Bondholders' Meeting contradict thereto.

All expenses in relation to the convening and holding the Bondholders' Meeting shall be covered by the Issuer. The Bondholders' Meeting may be held remotely using any available social platform, such as "Microsoft Teams".

A notice of convocation of the Bondholders' Meeting no later than 15 Business Days before the date of the Bondholders' Meeting shall be sent to each Bondholder via parties' e-mails, if indicated in the Subscription Order, and shall be published on the website of the Trustee, and if specifically required by the Trustee – on the website of the Issuer. If any of the Bondholders expressed his / hers / its request to get notifications on the convocation of the Bondholders' Meetings via e-mail and provided the e-mail address, the notice of convocation of the Bondholders' Meeting no later than 15 Business Days before the date of the Bondholders' Meeting shall also be send via the indicated e-mail through Trustee. The notice of convocation of the Bondholders' Meeting shall specify the details of the Issuer, the ISIN of the Bonds, time, place and agenda of the meeting.

The Trustee is obliged to ensure proper announcement on the convocation of the Bondholders' Meetings.

The Bondholders' Meeting may be convened without observing the above terms, if all the Bondholders of the Issue, the Bonds held by which carry voting right in the Bondholders' Meeting, consent thereto in writing.

A Bondholders' Meeting may take decisions and shall be held valid if attended by the Bondholders who hold more than $\frac{1}{2}$ of Bonds of the Issue (excluding the Bonds held by or for the account of the Related Parties), providing voting right in the Bondholders' Meeting. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the Bondholders' Meeting. If the quorum is not present, the Bondholders' Meeting shall be considered invalid and a repeated Bondholders' Meeting shall be convened.

A repeated Bondholders' Meeting shall be convened after the lapse of at least 5 Business Days and not later than after the lapse of 10 Business Days following the day of the Bondholders' Meeting which was not held. The Bondholders must be notified of the repeated Bondholders' Meeting not later than 5 Business Days before the repeated Bondholders' Meeting following the order, indicated above.

One Bond carries one vote. A decision of the Bondholders' Meeting shall be considered taken if more votes of the Bondholders, participating in the Bondholders' Meeting and having a voting right have been cast for it than against it, unless the Law on Protection of Interests of Bondholders requires a larger majority.

The Trustee shall chair the Bondholders' Meetings, unless that meeting decides otherwise. The meeting must also elect the secretary thereof. Minutes of the Bondholders' Meeting shall be taken. The minutes shall be signed in 2 copies (to the Issuer and to the Trustee) by the chairman and the secretary of the Bondholders' Meeting, unless signed digitally.

The decisions of the Bondholders' Meeting shall be published on the website of the Trustee after the Bondholders' Meeting as soon as possible and without any delay, except parts of the decisions, which include confidential information.

The Bondholders' Meeting shall take the following decisions, which bind all the Bondholders:

- to remove the Trustee from its position and appoint a new trustee, which meets the requirements of the applicable laws and to also oblige the Issuer to terminate the contract with the existing Trustee and to conclude the contract with the new appointed trustee;
- to indicate to the Trustee that the violation committed by the Issuer is minor, thus, there is no necessity to take action regarding protection of rights of Bondholders;
- to approve the enforcement measures in respect of the Issuer's failed commitments to Bondholders, suggested by the Issuer. This decision shall be adopted by a qualified majority of no less than $\frac{3}{4}$ of Bondholders, participating in the Bondholders' Meeting and having a voting right;

- to determine, which information the Trustee will have to provide to the Bondholders' Meetings periodically or at the request of the Bondholders and to establish the procedure of provision such information;
- to adopt other decisions which according to the provisions of Law on Protection of Interests of Bondholders are assigned to the competence of the Bondholders' Meeting.

Resolutions passed at the Bondholders' Meeting shall be binding on all Bondholders of the Issue (for the avoidance of doubt, including those Bondholders who were allotted with Bonds under this Programme), except for the cases, when in the decision of the Bondholders' Meeting the instructions to the Trustee are provided to execute certain actions.

Disputes regarding the decisions, adopted in the Bondholders' Meetings shall be settled in the Vilnius Court of Commercial Arbitration in accordance with its Rules of Arbitration. The number of arbitrators shall be three. The place of arbitration shall be Vilnius. The language of arbitration shall be English. The claim may be brought to the Vilnius Court of Commercial Arbitration by the Trustee, the Issuer or any Bondholder, if there are suspicions, that the content of the decision and/or its form, and/or its adoption procedure contradict to the laws regulating these issues or infringes the legitimate interests of the Bondholders. The term of 20 Business Days is established for provision of such claims as from the date on which the claimant found out or had to find out the respective decision.

6.16. Notices

Bondholders shall be advised on matters relating to the Bonds by a notice published in English and Lithuanian on the Issuer's website at www.capitalica.lt and, after the Bonds are admitted to trading on the First North, also on Nasdaq website at www.nasdaqbaltic.com. Any such notice shall be deemed to have been received by the Bondholders when published in the manner specified in this Section.

6.17. Trustee

- (a) **Representation of Bondholders.** On 13 December 2023 the Issuer has concluded the Agreement on Bondholders' Protection with UAB „AUDIFINA“, a private limited liability company, legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, LT-09310 Vilnius, the Republic of Lithuania.

Under the Agreement on Bondholders' Protection the Trustee has undertaken to safeguard the interests of all Bondholders of the Issue and the Issuer has undertaken to pay remuneration to the Trustee indicated therein and the fee shall be paid until full execution of the obligations, indicated in the respective decision to issue the Bonds, except for the cases when the Agreement on Bondholders' Protection ceases earlier.

The Trustee, acting on behalf of and for the benefit of the Bondholders shall also act as pledgee/mortgagee under the Collateral Agreements.

The CEO of the Management Company has the right to terminate the Agreement on Bondholders' Protection pursuant to its provisions.

- (b) **Contact data of the Trustee.**

E-mail: info@audifina.lt

Representative: Jolanta Ruzgienė

Website: <https://www.audifina.lt/>.

Each Bondholder is entitled to receive a copy of the Agreement on Bondholders' Protection concluded between the Issuer and the Trustee, applying via an e-mail of the Trustee indicated above.

(c) **Agreement on Bondholders' Protection expires:**

- (i) the Issuer fulfils all its obligations to the Bondholders;
- (ii) upon redemption of the Bonds by the Issuer on the Final Maturity Date or earlier, as provided and to the extent permitted by these Terms and Conditions;
- (iii) the Trustee ceases to meet the requirements established for a Trustee in the Law on Protection of Interests of Bondholders, including but not limited to when the Trustee acquires a status of "bankrupt" or "in liquidation";
- (iv) if other conditions established in the Law on Protection of Interests of Bondholders, the Civil Code, the Law on Insolvency of Legal Entities of the Republic of Lithuania and the Agreement on Bondholders' Protection exist.

(d) **Main rights of the Trustee:**

- (i) to receive a list of Bondholders from the Issuer;
- (ii) to receive a copy of the relevant Decision;
- (iii) to get acquainted with the documents and information which are necessary to fulfil its functions and to receive the copies of such documents;
- (iv) after having obtained the consent of the Bondholders' Meeting, to conclude contracts with third parties when it is necessary to ensure the protection of the interests of the Bondholders;
- (v) to bring an action to the Vilnius Court of Arbitration for the purpose of safeguarding the rights of the Bondholders.

(e) **Main obligations of the Trustee:**

- (i) to take actions in order that the Issuer fulfilled its obligations towards the Bondholders;
- (ii) to convene the Bondholders' Meetings;
- (iii) to publish information regarding the Bondholders' Meetings being convened under procedure of the Law on Protection of Interests of Bondholders;
- (iv) to provide the Bondholders' Meetings with all relevant documents and information;
- (v) to provide the Bondholders' Meeting, in which the question is being addressed regarding approval of the enforcement measures in respect of Issuer's outstanding commitments to Bondholders, the recommendatory opinion, whereby the reasoned opinion to approve or reject the enforcement measures suggested by the Issuer is provided;
- (vi) to execute the decisions of the Bondholders' Meetings;
- (vii) no later than within 5 Business Days as from the day of receipt of a request of the Bondholder to provide information, to gratuitously present all the information about the Issuer, the Programme or other information related to the protection of his/her/its/their interests;

- (viii) no later than within 3 Business Days from the receipt date of the Bondholder's request to provide a copy of the Agreement on Bondholders' Protection and Collateral Agreement free of charge;
- (ix) to provide the Bondholders with all other information related to the protection of their interests;
- (x) no later than on the next Business Day to inform the Issuer that the Trustee has lost the right to provide audit services (in this particular case) or acquired legal status "in bankruptcy" or "in liquidation".

6.18. Collateral

(a) Establishment, valuation, release and enforcement of the Collateral:

- (i) The Issue shall be secured by the Mortgage over the Building.
- (ii) As of the date of the Prospectus the Mortgage over Building is created, is effective and registered with the Real Estate Register.
- (iii) As of the Collateral Agreement's date on December 19, 2023, the State Enterprise Centre of Registers mass property valuation reported an average market value for the Collateral of EUR 2,638,000, a figure explicitly documented within the terms of the Collateral Agreement. Nevertheless, pursuant to the real estate valuation report of UAB „OBER-HAUS“ nekilnojamas turtas (legal entity code 111645042, registered address at Geležinio Vilko st. 18A, Vilnius, the Republic of Lithuania, certificate No. 000112) (**OBER HAUS**) dated 6 February 2024 (the **Initial Report**), by 31 December 2023 the market value of the Collateral was EUR 8,000,000. The Collateral's valuation was conducted by a property appraiser Mr. Donatas Grigalauskas, qualifications' certificate No. A 000389. It shall be noted, that OBER HAUS has given its written consent to the Issuer on disclosure of information related to the Initial Report in the Prospectus and neither OBER HAUS, nor property appraiser Mr. Donatas Grigalauskas have any material interest in the Issuer or the Collateral appraised.
- (iv) It is anticipated that the Collateral's valuations will be carried out every 6 months following the Initial Report. The Issuer will provide each valuation report to the Trustee (that shall provide to the Bondholders upon their request) upon the respective report is prepared and the Issuer received all necessary consents to disclose it, if any is required.
- (v) Notwithstanding the above, the investors shall acknowledge that the value of the Collateral may vary and in case of the enforcement against the Collateral, subject to the extent and priority noted under Section (b) below, the claims of the Trustee and Bondholders shall be fulfilled from all value of the Collateral existing at the moment of the Collateral realization that is determined and carried out in accordance with the Code of Civil Procedure of the Republic of Lithuania.
- (vi) The Trustee shall take all actions that the Trustee as the holder of the Collateral may reasonably take with the purpose to enforce mortgage over the Collateral according to the procedure provided for in the Collateral Agreement and applicable laws in case:
 - (a) the Secured Obligations are not performed in accordance with its respective terms; and
 - (b) Bondholders' Meeting has adopted a decision to enforce mortgage over the Collateral.

- (vii) The Bondholders' Meeting has the right to instruct the Trustee to take specific actions to enforce mortgage over the Collateral according to the procedure provided for in the Collateral Agreement. The Bondholders shall not have any independent power to enforce the Collateral or to exercise any rights or powers arising under the Collateral Agreement. Investors can exercise their rights in relation to the Collateral only through the Trustee pursuant to the Agreement on Bondholders' Protection.
- (viii) The Trustee shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction, from the Bondholders as to whether, and in what manner, the Trustee should exercise or refrain from exercising any rights, powers and discretions with regard to the enforcement of the Collateral. Upon such request, the Bondholders shall give their instructions or clarifications to the Trustee within the time period specified in the Trustee's request for instructions or clarifications. The Trustee may refrain from acting unless and until the Bondholders' Meeting has provided the Trustee with requested instructions or clarifications.
- (ix) The Trustee is obligated to comply with these instructions submitted under this Section unless such instructions, in reasonable opinion of the Trustee, may be contrary to the Prospectus, Collateral Agreement, Agreement on Bondholders' Protection, or applicable laws. Any such instruction from the Bondholders' Meeting will be binding on all Bondholders. The Trustee shall not be liable in front of the Bondholders for acting (or refraining from acting) as described in this Section.

(b) Application of the proceeds from enforcement of the Collateral

- (i) The proceeds from the enforcement of the Collateral shall be applied in the following order of priority:
 - (a) as a first priority – to the satisfaction and payment of all costs and expenses (including, without limitation, state duties, notary fees and valuation costs and fees) related to or arising from enforcement of the Collateral by the Trustee within the limits set forth in the Agreement on Bondholders' Protection;
 - (b) as a second priority (after the full satisfaction, payment and deduction of all claims and amounts set forth in point (a) above) – payment of the claims of the Bondholders (other than the Related Parties) arising from the Bonds;
 - (c) as a third priority (after the full satisfaction, payment and deduction of all claims and amounts set forth in point (b) above) – payment of the claims of the Bondholders which are the Related Parties.
- (ii) The Trustee shall withhold the proceeds necessary for satisfying the costs, expenses specified in point (i)(a) above and transfer the remaining proceeds to the Bondholders for satisfying their claims under points (i)(b) and (i)(c) above as further specified respectively below. The Trustee shall return the proceeds from the enforcement of the Collateral remaining after satisfying all claims under the order of priority established above to the Issuer.
- (iii) In case the proceeds remaining after satisfying the fees, costs, expenses, damages and claims under point (i)(a) above do not cover the claims under point (i)(b) above in full, the claims arising from the Bonds shall be satisfied *pro rata*.
- (iv) In case the proceeds remaining after satisfying the claims of the Bondholders which are other than the Related Parties under point (i)(b) above do not cover the claims under point (i)(c) above in full, the claims arising from the Bonds subscribed by the Related Parties

shall be satisfied *pro rata*.

- (v) The Trustee is not obliged to pay to the Bondholders or any other person any interest on the proceeds from the enforcement of the Collateral (whether deposited or not).
- (vi) In case the Trustee is required, under applicable laws, to withhold or pay any taxes in connection with payments to be made by the Trustee hereunder, the amount to be paid by the Trustee shall be reduced by the amount of respective taxes and only the net amount shall be paid by the Trustee.

6.19. Other Matters

- (a) **Purchases:** The Issuer, any Related Party may at any time purchase the Bonds in any manner and at any price on the secondary market. Bonds held by or for the account of any Related Party will not carry the right to vote at the Bondholders' Meetings and will not be taken into account in determining how many Bonds are outstanding for the purposes of the Issue and Programme.
- (b) **Force Majeure:** The Issuer, the Lead Manager and/or Nasdaq CSD, and/or any other party involved in the Offering (the **Affected Party**) shall be entitled to postpone the fulfilment of their obligations hereunder, in case the performance is not possible due to continuous existence of any of the following circumstances:
 - (i) action of any authorities, war or threat of war, rebellion or civil unrest;
 - (ii) disturbances in postal, telephone or electronic communications which are due to circumstances beyond the reasonable control of Affected Party, and that materially affect operations of any of the Affected Party;
 - (iii) any interruption of or delay in any functions or measures of the Affected Party as a result of fire or other similar disaster;
 - (iv) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of Affected Party even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or
 - (v) any other similar Force Majeure which makes it unreasonably difficult to carry on the activities of the Affected Party.

In such case the fulfilment of the obligations may be postponed for the period of the existence of the respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Affected Party shall put all best efforts to limit the effect of the above referred circumstances and to resume the fulfilment of their obligations, as soon as possible.

- (c) **Governing law:** These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of the Republic of Lithuania.
- (d) **Jurisdiction:** The disputes related to these Terms and Conditions, Final Terms or the Bonds shall be resolved through negotiations. If the parties fail to reach an agreement, the claim for resolving the dispute shall be submitted to the Vilnius Court of Commercial Arbitration in accordance with its Rules of Arbitration which is granted with exclusive jurisdiction to hear, settle and/or determine any dispute, controversy or claim (including any non-contractual dispute, controversy or claim) arising out of or in connection with these Terms and Conditions, Final Terms or the Bonds. All procedural documents shall be served via parties' e-mails indicated in the Terms and Conditions or Subscription Order. The number of arbitrators shall be three. The place of arbitration shall be Vilnius. The language of arbitration shall be English.

7. FORM OF FINAL TERMS OF THE BONDS

Set out below is the form of Final Terms which will be completed for each Tranche of Bonds issued under the Terms and Conditions.

FINAL TERMS OF THE BONDS

[Date]

CLOSED-END INVESTMENT COMPANY FOR INFORMED INVESTORS

UAB "CAPITALICA Z114 REAL ESTATE FUND"

Issue of EUR [Aggregate Nominal Value of the Tranche] Bonds

under the EUR 17,600,000 Bond Programme (being a part of total EUR 20,000,000 Issue)

This document constitutes the Final Terms for the Bonds described herein and must be read in conjunction with the Company's base prospectus drawn up by the Company, dated 5 March 2024 (the **Prospectus**) and Terms and Conditions which are provided therein. Full information on the Company and the offer of the Bonds is only available on the basis of the combination of these Final Terms, the Prospectus and Terms and Conditions. The Prospectus (including all its supplements (if any)) is and will be available for acquaintance at the Issuer's website (www.capitalica.lt). Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Bonds.

The Bonds are issued based on the decision of the Management Board of the Management Company dated 13 December 2023 and the decision of the shareholders of the Issuer dated 13 December 2023.

A summary of this Tranche of Bonds has been appended to these Final Terms. The Final Terms have been filed with the Bank of Lithuania but are not subject to approval proceedings.

1.	Issuer	Closed-end investment company for informed investors UAB "CAPITALICA Z114 REAL ESTATE FUND"
2.	Number of Tranche	[number]
3.	Maximum Aggregate Nominal Value of the Programme	EUR 17,600,000 (being a part of total EUR 20,000,000 Issue)
4.	Maximum Aggregate Nominal Value of the Tranche	EUR [amount]. [The aggregate Nominal Value of the Tranche may be increased by the Issuer up to EUR [amount] until the Issue Date]
5.	Maximum Aggregate Nominal Value of the Tranche for offering through the Auction	EUR [amount]. [n/a]
6.	Issue currency	EUR
7.	Nominal Value	EUR 1,000
8.	Issue Price	EUR [amount]
9.	Minimum Investment	EUR [amount]

	Amount	
10.	Issue Date	[date]
11.	Final Maturity Date	29 June 2026
12.	Redemption/Payment Basis	Redemption at par
13.	Interest	
	(i) Interest Payment Dates	[dates]
	(ii) Interest Rate	6% – fixed part of the interest rate; [number]% – 6M EURIBOR (variable part of the interest rate to be reset 3 Business Days before the nearest Interest Payment Date indicated in point above); Cumulative interest (fixed + variable) – [number]%.
	(iii) Interest calculation method	30E/360 day count convention
14.	Record Date	Third Business Day before the Interest Payment Date, Final Maturity Date, Early Redemption Date or Early Maturity Date, whichever is relevant.
15.	Yield	[number]% per annum.
16.	Offering jurisdictions	[The Republic of Lithuania, Estonia and Latvia]
17.	Subscription Period	[beginning and end times of period]
18.	Payment Date	[date]
19.	ISIN code	LT0000408551
20.	Expected date of Admission to trading on the First North	[date]
21.	Placing and underwriting	[Not applicable/description of entities agreeing to underwrite the Issue on a firm commitment basis and/or agreeing to place the issue without a firm commitment or on a “best efforts” basis and respective arrangements]
22.	Subscription channels	[description]

Signed on behalf of UAB "CAPITALICA Z114 REAL ESTATE FUND"

Date:

8. HISTORICAL FINANCIAL INFORMATION OF THE ISSUER

The following table is a summary of the Issuer's financial information for the financial year ended 31 December 2022 (audited), as well as comparative figures for 2021 (unaudited), also for the 12-month period ended 31 December 2023 (unaudited).

The information set out in the table below has been extracted (without any material adjustment) from and is qualified by reference to and should be read in conjunction with the Issuer's Audited Financial Statements for the year ended 31 December 2022 and Unaudited Interim Financial Statements for the 12-month period ended 31 December 2023, that are incorporated by reference to this Prospectus and form an integral part hereof (please see Section 4 "*Information incorporated by Reference*"). The Audited Financial Statements for the year ended 31 December 2022 and Unaudited Interim Financial Statements for the 12-month period ended 31 December 2023 have been prepared in accordance with the LFAS.

Please note that in 2022, the Company changed its accounting policy for investment property. Management decided that fair value accounting for investment property should provide more relevant information to users of financial statements. The change was made retrospectively and therefore the change in accounting policy is reflected in the comparative figures for 2021. The audit report for the financial year ended 31 December 2022 contains a disclosure notice that the financial statements for the year ended 31 December 2021 were not audited, but the impact of the change in accounting policy was assessed by the auditors in note 17 of the Audited Financial Statements for the financial year ended 31 December 2022.

Table 1: Balance Sheet Summary of the Company as of 31 December 2023 and 31 December 2022 as well as 31 December 2021

		2023-12-31 (unaudited)	2022-12-31 (audited)	2021-12-31 (unaudited)
A	NON-CURRENT ASSETS	8.031.684	3.456.246	3.200.000
1	Intangible Assets	31.684	-	-
2	Property, Plant and Equipment	8.000.000	3.456.246	3.200.000
3	Financial Assets	-	-	-
4	Other Non-current Assets	-	-	-
B	CURRENT ASSETS	2.807.126	938.694	181.186
1	Inventories	11.190	11.502	14.758
2	Receivables Within One Year	2.540.693	35.020	30.585
3	Short-term Investments	-	-	-
4	Cash	255.243	892.172	135.843
C	DEFERRED EXPENSES AND ACCRUED INCOME	1.727	-	-
	TOTAL ASSETS	10.840.537	4.394.940	3.381.186
D	EQUITY	7.807.830	4.299.323	3.299.536
1	Capital	5.619.068	3.325.652	2.2702.500
2	Share premium	1.083.438	176.850	
3	Revaluation Reserve (Results)	-	-	-
4	Reserves	-	-	-
5	Retained Earnings (Loss)	1.105.324	796.821	597.036
E	PROVISIONS	-	-	-
F	PAYABLES AND OTHER LIABILITIES	3.015.257	73.844	81.650
1	Payables After One Year And Other Liabilities	2.387.077	-	-

2	Payables Within One Year And Other Liabilities	628.180	73.844	81.650
G	ACCRUALS AND DEFERRED INCOME	17.450	21.773	-
	TOTAL EQUITY AND LIABILITIES	10.840.537	4.394.940	3.381.186

Source: the Financial Statements

Table 2: Income statement Summary of the Company for the year ended 31 December 2023 and 31 December 2022 as well as 31 December 2021

	2023-12-31 (unaudited)	2022-12-31 (audited)	2021-12-31 (unaudited)
Operating profit/loss	535,634	339,711	377,304

Source: the Financial Statements

Table 3: Cash flow statement Summary of the Company for the year ended 31 December 2023 and 31 December 2022 as well as 31 December 2021

	2023-12-31 (unaudited)	2022-12-31 (audited)	2021-12-31 (unaudited)
Net Cash flows from operating activities	(3,836,932)	(43,674)	40,189
Net Cash flows from financing activities	3,200,003	800,003	-
Net Cash flow from investing activities	-	-	-

Source: the Financial Statements

9. REASONS FOR OFFERING AND USE OF PROCEEDS

The overall purpose of the Issue is to attract debt financing up to total EUR 20,000,000 (twenty million euros) required for the purpose of financing the construction and fit-out of the Project. At the date of the Prospectus the Issuer has issued Bonds in the amount of EUR 2,400,000 (two million four hundred thousand euros).

Provided that all the Bonds under the Programme are subscribed for and issued by the Company, the expected amount of gross proceeds would be up to EUR 17,600,000 (seventeen million six hundred thousand euros), less the amounts of costs and expenses incurred in connection with the Offering, as prescribed below.

The Company will bear approximately up to EUR 186,600 of fees and expenses in connection with the Offering (including the maximum amount of any discretionary commission) under the Programme: up to EUR 150,000 payable for the Bonds placement services, expenses up to EUR 5,400 for the Admission of the Bonds to the First North and up to EUR 16,000 services of the Certified Adviser (within the validity of the Prospectus), and fees payable to the Trustee up to EUR 9,200 (within the validity of the Prospectus). In addition to that and during the validity term of this Prospectus the Company also expects to pay approximately up to EUR 6,000 of Nasdaq fees in connection with an Auction, if any. These costs of the Offering will be covered by the proceeds of the Offering.

10. GENERAL CORPORATE INFORMATION AND ARTICLES OF ASSOCIATION

10.1. General corporate information

The legal and commercial name of the Issuer is closed-end investment company for informed investors UAB "CAPITALICA Z114 REAL ESTATE FUND", legal entity code 305198076. Legal entity identifier (LEI) code is 89450045YHYZZHDH8551.

The Company was registered in the Register of Legal Entities of the Republic of Lithuania (the **Register of Legal Entities**) on 25 June 2019 and has been established and is operating since then under the laws of the Republic of Lithuania (including without limitation, the Law on Companies of the Republic of Lithuania, Civil Code of the Republic of Lithuania) in the form of a private limited company (in Lithuanian: *uždaroji akcinė bendrovė*).

Until 21 July 2022 (when the authorisation of the Bank of Lithuania to operate as an investment company was obtained and the Management of the company was transferred to the Management Company, UAB "CAPITALICA ASSET MANAGEMENT") the Company's activity was limited to rent of the Building located on the Land Plot. Upon transitioning into an investment company in July 2022, the Company pools the combined assets of informed investors and invests them in assets aligned with the investment strategy outlined in the Company's Articles of Association, including investments in the Project.

Upon receiving authorization as a collective investment undertaking from the Bank of Lithuania and transferring management to the Management Company, the Company adheres to the Law of Collective Investment Undertakings in Lithuania. It operates in compliance with the requirements of the Law on Collective Investment Undertakings for Informed Investors of the Republic of Lithuania and, where relevant, follows the regulations of the Law on Managers of Alternative Collective Investment Undertakings of the Republic of Lithuania.

The operational term of the Company is 5 years following 21 June 2022 when the Bank of Lithuania has approved the Articles of Association of the Company, the operational term may be extended for additional 2 years.

The latest Articles of Association of the Issuer have been registered in the Register of Legal Entities on 4 August 2023 (please see Section 4 "*Information Incorporated by Reference*").

The Issuer has not been assigned with the credit rating nor such a process have been initiated.

The contact details of the Issuer are the following:

Registered address	Žalgirio st. 114, Vilnius, the Republic of Lithuania
Country of registration	Republic of Lithuania
Phone number	+370 612 30260
E-mail	info@capitalica.lt
Website	www.capitalica.lt where all Bonds related information and documents are uploaded or will be uploaded by the Company. The information on the website does not form part of the Prospectus, unless certain of this information is incorporated by reference into the Prospectus (please see Section 4 " <i>Information Incorporated by Reference</i> ").

11. SHARE CAPITAL, SHARES AND OWNERSHIP STRUCTURE

11.1. Share Capital and Shares

The current registered and fully paid-in share capital of the Company is EUR 5,619,068 which is divided into 5,619,068 ordinary shares (the **Shares**) with the nominal value of EUR 1, all of which are fully paid. One Share carries one vote in the general meeting of shareholders.

11.2. Shareholders of Company

As at the date of this Prospectus, the shareholders holding directly over 5% of all Shares in the Company are the following:

Table 4: shareholders of the Company

No.	Name of shareholder	Number of Shares	Proportion (rounded)	Ultimate Beneficial Owner(s)
1.	UAB "CAPITALICA ASSET MANAGEMENT" (Management Company of the Issuer)	104 300	1,6%	Andrius Barštys and Arūnas Martinkevičius
2.	Open-end investment fund for informed investors Multi Asset Selection	729 142	12,8%	Adomas Kaveckas (as the manager of the fund assigned by its management company Aggressive capital, UAB)
3.	UAB "RGK Invest"	729 142	12,8%	Raimondas Gintautas Kriūnas
4.	UAB Darius Zubas Holding	729 142	12,8%	Darius Zubas
5.	UAB TABA Invest	729 142	12,8%	Tautvydas Barštys
6.	UAB "LTU INVEST"	2 598 200	46,24%	Donatas Karosas

Source: the Company

As of the date of the Prospectus, the shareholders' listed under points 2-5 in the table above voting rights attached to respectively owned Shares are transferred to the Management Company, UAB "CAPITALICA ASSET MANAGEMENT", under respective voting rights transfer agreements, as amended, supplemented or otherwise modified from time to time. Therefore, in practice all non-property rights granted to the shareholders of the Company under the Articles of Association are implemented by the Management Company.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Issuer.

12. MANAGEMENT

This Section profiles of key decision-makers, whose collective expertise and leadership contribute to the overall success of the Project and Company's ability to redeem the Bonds.

12.1. Management Structure of Company

The Company is a collective investment undertaking the management of which is delegated to the Management Company – UAB “CAPITALICA ASSET MANAGEMENT“. The Company does not have management bodies and the rights and duties of the Management Board and General Manager prescribed in the Law on Companies of the Republic of Lithuania are performed by the Management Company.

The Management Company carries out the duties stipulated in the applicable laws and is responsible for:

- (i) management, use and disposal of the Company's assets in the right of asset trust;
- (ii) risk management of the Company;
- (iii) other functions that according to legal acts are required for proper management of the Company.

12.2. Management Company

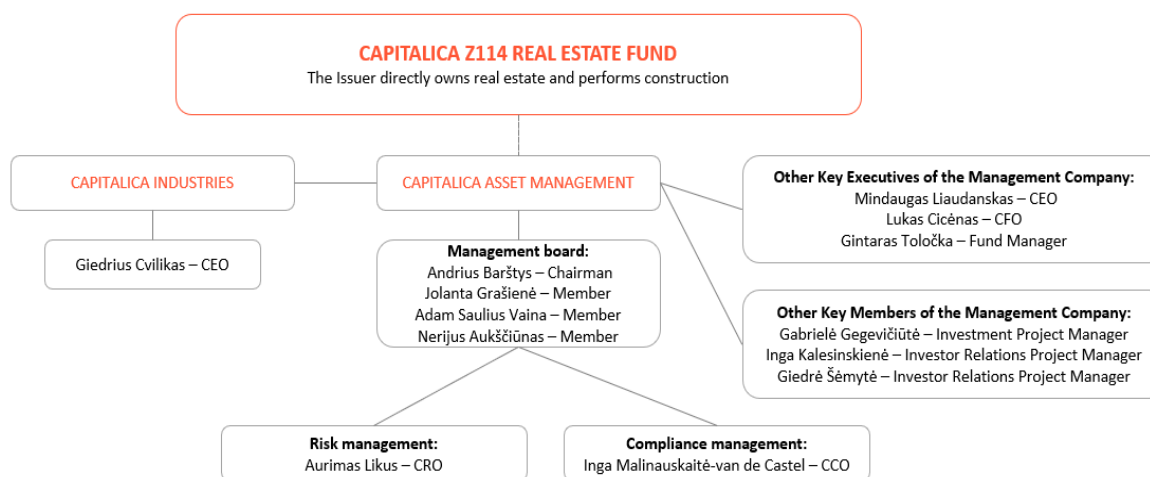
UAB “CAPITALICA ASSET MANAGEMENT“ has been operational since 2016, establishing a robust presence in the commercial property sector. Managing a portfolio worth EUR 200 million, spread across 4 closed-end funds and 12 properties, their reach extends over a vast leasable area of 78,000 sq.m. Additionally, they boast a development area spanning 32,000 sq.m. Impressively, 95% of their properties are consistently occupied, showcasing their efficacy in property management. Management Company owns the license to manage alternative collective investment entities, empowering them to oversee assets exceeding EUR 100 million and distribute investment units or shares within EEA member states. This recognition of their capability underscores their position as a trusted player in the market.

Their commitment to transparency and credibility is evident through their audit conducted by Ernst&Young Baltic. Regulatory oversight by the Bank of Lithuania ensures adherence to standards, while Šiaulių bankas AB/Swedbank AB provide essential depository services. Further solidifying their standing in the financial landscape, since 2019, the bonds issued by a closed-ended type real estate investment company UAB Capitalica Baltic Real Estate Fund I managed by the Management Company are being listed on the First North. Being active on the First North not only amplify financial instruments' visibility and attractiveness but also signifies the issuers' compliance with stringent market requirements that is ensured by the Management Company. Through astute management, regulatory compliance, and strategic financial maneuvers, Management Company continues to fortify its position as a reputable entity in the commercial property investment sphere.

12.3. Management of the Management Company

The management team of the Management Company is presented in Figure 1 below in order to create a full picture of the professionals contributing to the success of the Company and its investments. The experience and competence of these persons both individually and jointly ensure the operations, results and financial standing of the Company.

Figure 1: Management team of the Management Company



Source: the Management Company

12.4. Management Board of the Management Company

Andrius Barštys – Chairman of the Management Board, indirect shareholder of the Management Company.

More than 20 years of experience in capital markets and real estate. He headed the leading investment banking, asset management and pension fund group in the Baltics for a decade. Previous positions: Head of Investment Bank Finasta and Finasta Group.

Jolanta Grašienė – member of the Management Board.

More than 10 years of involvement in SBA Group's activities in decision-making on strategic directions and objectives of the companies, supervises their implementation, organises feasibility analysis of large projects, including investment projects, and serves on the boards of various SBA Group companies.

Adam Saulius Vaina – member of the Management Board.

Worked for top global consultancy McKinsey & Company, founded the business consulting firm Civitta, and expanded it into a network that today covers 10 European countries.

Nerijus Aukščičiūnas – member of the Management Board.

More than 20 years of experience in leading financial institutions in Lithuania and Scandinavia, in corporate banking. Was responsible for financing decisions of business clients and their financial risk management, structuring and implementation of investment project financing, and making financing decisions as a member of the credit committee.

12.5. Other Key Executives and Key Members of the Management Company

Key Executives:

Mindaugas Liaudanskas – CEO of the Management Company.

More than 10 years of experience in alternative investment fund analysis, investment portfolio construction and assessing corporate finance. Previous positions at MC Wealth Management, Ūkio bankas, AB.

Lukas Cicėnas – CFO of the Management Company.

More than 8 years experience in corporate finance management, private equity investments, evaluation and implementation of residential and commercial real estate investment projects. Previous positions at Orion Asset Management, Realco.

Gintaras Toločka – fund manager in the Management Company.

More than 10 years of experience in real estate in the Baltic States, advising companies on strategic real estate issues and acquisitions in the Baltic region. Previous positions at Newsec, SBA Urban, Inreal.

Aurimas Likus – CRO of the Management Company.

More than 15 years of experience in the corporate finance and banking sector. Specialization in analysis of large and medium-sized enterprises, risk assessment and crediting. Previous workplace SEB bank.

Inga Malinauskaitė-van de Castel – CCO of the Management Company.

More than 10 years legal & compliance professional, having distinguished experience in legal and regulatory area with very strong skills in corporate business law, data protection, financial & banking law, legal writing and compliance. Previous workplace Fjord bank, Dovre Forvaltning.

Key Members:

Gabrielė Gegevičiūtė – Investment Project Manager in the Management Company.

More than 8 years of experience analysing and developing acquisition/sale strategies for commercial real estate, brokering and advising clients on investment issues. Previous positions at Newsec, BPT real estate.

Inga Kalesinskiėnė – Investor Relations Project Manager in the Management Company.

More than 20 years of experience in advising clients on asset management, investment planning, real estate financing and other financial matters. Previous positions at Danske and SEB banks.

Giedrė Šėmytė – Investor Relations Project Manager in the Management Company.

More than 7 years of experience of market analysis, strategic partnerships, business development and innovation management, M&A. Previous positions at Women Go Tech, Kilo Health, FO Consulting.

Giedrius Cvilikas – CEO of Capitalica Industries.

More than 18 years of experience in senior positions in IT, construction, investment and finance. He was also one of 9 board members of the Lithuanian Enterprise Cluster. Previous positions at TNT, Tiltra Group, Kauno tiltai, Urban Inventors, Notus developers.

Table 5: Shares held by the Management of the Management Company

<i>Name, surname</i>	<i>Position in the Management Company</i>	<i>Indirectly owned Shares in the Management Company, %</i>	<i>Clarifying comments</i>
Andrius Barštys	Chairman of the Management Board	30	Mr. Andrius Barštys is the sole shareholder of UAB Fox Holdings, legal entity code 303016870, registered address at Šaulio st. 97,

<i>Name, surname</i>	<i>Position in the Management Company</i>	<i>Indirectly owned Shares in the Management Company, %</i>	<i>Clarifying comments</i>
			Bajorai, Vilnius dist., the Republic of Lithuania, that directly owns 30% of the authorized capital of the Management Company.

Source: the Management Company

12.6. Conflicts of Interests

(a) Internal conflicts of interests.

The Chairman of the Management Board of the Management Company, Mr. Andrius Barštys is an indirect shareholder of the Management Company. Therefore, it is possible that this shareholder may favour any of its own interests rather than those of the Management Company or the collective investment undertakings managed by it, also it is possible that the Company's and the Management Company's interests in certain situation may differ.

Additionally, member of the Management Board of the Management Company, Ms. Jolanta Grašienė is a Vice President of UAB SBA Grupė that is a direct and controlling shareholder of the Management Company holding 70% of shares in the Management Company. Hence, there exists the possibility that this particular member of the Management Board, as a person holding a senior executive position at the controlling company, may prioritize shareholder's interests over those of the Management Company or the collective investment undertakings it manages, including the Company.

Nevertheless, it shall be noted that the Management Company being a licensed entity supervised by the Bank of Lithuania implements conflicts of interest procedures in the Management Company in order to monitor and control conflicts of interest risk and ensure transparency of investment and investment supervision.

(b) Interest of natural and legal persons involved in the Offering.

The Lead Manager, Akcinė bendrovė Šiaulių bankas, is appointed by the Issuer as responsible person in the Republic of Lithuania, the Republic of Estonia and the Republic of Latvia for the purposes of Offering and Admission of the Bonds to trading on the Bond List of Nasdaq. The Issuer is paying fees (commissions) established in the Placement Agreement for the services provided by the Lead Manager.

The law firm Ellex Valiunas is appointed by the Issuer as legal adviser for the purposes of this Prospectus related matters and Issuer's representation at the Bank of Lithuania. Law firm Ellex Valiunas is also the Issuer's Certified Adviser in the First North. The Issuer is paying fees established in the representation agreement dated 11 January 2024 and in the Certified Adviser's Agreement dated 29 February 2024 for the services provided by law firm Ellex Valiūnas ir partneriai.

The Trustee, UAB "AUDIFINA" is appointed by the Issuer as Bondholders' trustee as required under the Law on Protection of Interests of Bondholders. The Issuer is paying fees established in the Agreement on Bondholders' Protection for the services provided by the Trustee.

There are no other persons appointed by the Issuer in connection with this Prospectus, Offering and Admission of the Bonds to trading on the First North as of the date of this Prospectus.

To the best knowledge of the Issuer neither the Lead Manager nor the legal adviser / Certified Adviser or the Trustee has any conflict of interest pertaining to the responsibilities assigned to them by the Issuer.

12.7. Statutory Auditors

The Company's Audited Financial Statements for the year ended 31 December 2022 were prepared in accordance with the LFAS and audited by the audit company Ernst & Young Baltic UAB, legal entity code 110878442, registered address at Aukštaičių st. 7, Vilnius, the Republic of Lithuania. The auditor Jonas Akelis is the independent auditor of the Audited Financial Statements for the year ended 31 December 2022.

The Company's Audited Financial Statements are incorporated into this Prospectus by reference. Audit company issued unqualified auditor's opinion regarding the Company's Audited Financial Statements for the year ended 31 December 2022.

13. BUSINESS OVERVIEW

13.1. History and development of Company; Principal Activities

Until 21 July 2022 (when the authorisation of the Bank of Lithuania to operate as an investment company was obtained and the Management of the company was transferred to the Management Company, UAB “CAPITALICA ASSET MANAGEMENT“) the Company’s activity was limited to rent of the Building located on the Land Plot.

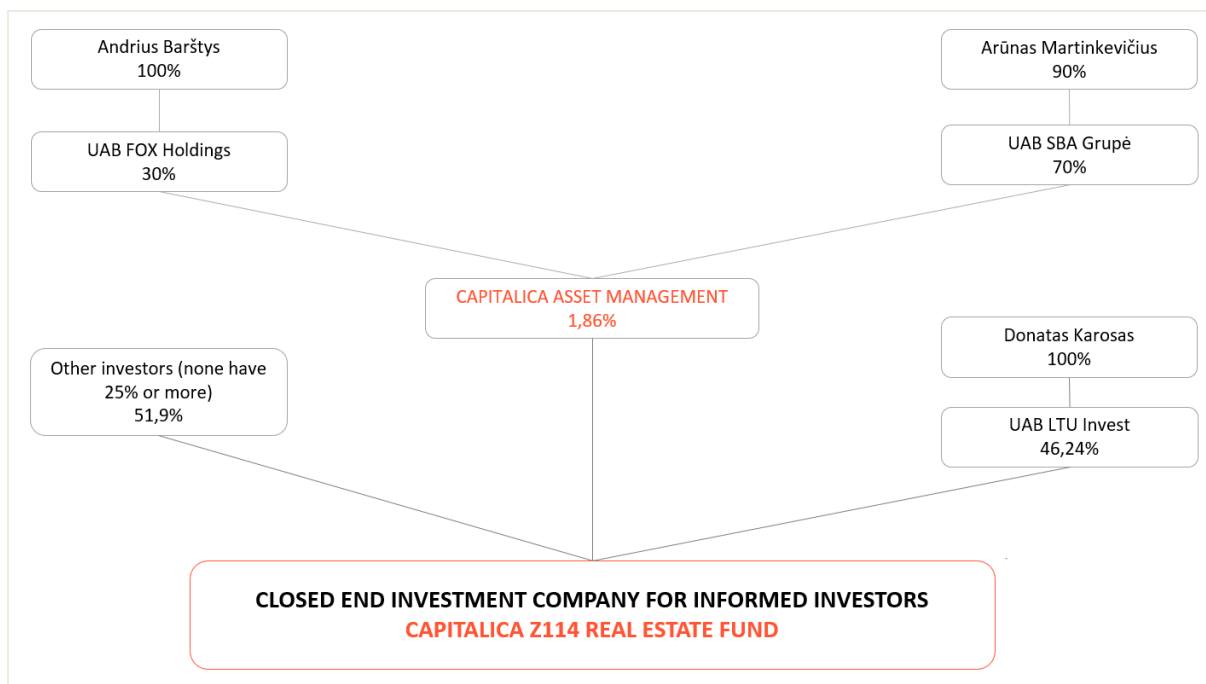
In July 2022, following the Bank of Lithuania's approval for the Company to operate as an investment company, the Company's management was transferred to the Management Company – UAB “CAPITALICA ASSET MANAGEMENT“. The primary shareholder, UAB LTU Invest, contributed to the Company a non-monetary asset complex – the Building (unique No. 1096-0017-1026) situated on the Land Plot at Žalgirio st. 114, Vilnius, the Republic of Lithuania, unique No. 4400-1665-3728, that is leased by the Company under the state land lease agreement. The remaining shares of the Company were funded through monetary contributions from individual informed investors.

According to the Articles of Association of the Company, the Company's goal is to ensure the long-term growth of the Company's return to shareholders by making investments in the Project – building a business center (as described in Section 14 “*Project Sand Offices*“) where the positive return will be ensured by leasing office space and selling the Project until the liquidation and deregistration of the Company. The Company’s geographic presence is limited to the Republic of Lithuania and the Company’s real estate portfolio consists of the Building under reconstruction (please see Section 14 “*Project Sand Offices*“ below).

When UAB “CAPITALICA ASSET MANAGEMENT“ took over the Management of the Company, the technical construction project was immediately started. The technical project was prepared by a well-known team of architects with 20 years of experience – UAB “Aketuri Architektai“. Projects authored and co-authored by these architects won multiple industry awards. After receiving the necessary demolition and construction permits, the demolition work of the old building was started in Q3 of 2023, which cost the Company EUR 130,000. In Q4 of 2023, the construction of the new office type Building began (the new Building will have the same unique No 1096-0017-1026). The main contractor for the construction of the building is UAB “INHUS“. This partner has many years of work experience in the construction sector with the largest construction companies and real estate developers in Lithuania, Scandinavia, and the United Kingdom. The entire construction project is managed by the subsidiary company of the Management Company – UAB “Capitalica Industries“. The team of this company has 18 years of experience in management positions in the construction, investment and finance sector.

13.2. Shareholding Structure

Figure 2: shareholding structure of the Company



Source: the Company

13.3. Financing of Activities

The Company uses a combination of equity injections and debt to fund its activities and development of the Project.

UAB LTU Invest stands as the main shareholder, possessing 46.24% (EUR 2,598,200) of the share capital, while the remaining 51.9% (EUR 2,916,568) belongs to individual informed investors and 1.84% (EUR 104,0300) belongs to Management Company. An additional EUR 20,000,000 is being financed through Bond Issue as disclosed in this Prospectus to cover the remaining expenses needed for the Project's development.

The Company plans to redeem the Bonds using the proceeds from the sale of the Building. Liquidity significantly increases if the Building is occupied by tenants and its sale is more profitable, which is why potential tenants are already being actively sought. It is planned that after the completion of the construction works, the first tenants will be able to move into the Building in Q1 of 2025, and the goal is to achieve full occupancy of the Building by the end of the 2025. The lease fees will secure the Company's ability to make interest payments to the Bondholders. If no buyers for the new business center are found until the Bonds' redemption term, the Company plans to redeem the Bonds by obtaining a loan from the bank and will continue actively searching for a potential buyer of the Building.

As at the date of the Prospectus, the Company has not concluded any financing agreements (credits, syndicated loans, credit lines, overdrafts, financial leasing) with external parties.

The Final Maturity Date of the Bonds is 29 June 2026. As mentioned above, the Company plans to sell the Project and use the proceeds for redemption of the Bonds. Nevertheless, the Company is also considering other sources to be used for redemption of the Bonds such as a bank loan.

13.4. Competitive Position and Competitive Strengths

The Management Company team (on behalf of the Issuer) excels in leading the development of an advanced A+ energy class offices in the Republic of Lithuania, showcasing a diverse set of competitive strengths.

In respect to the Project being developed by the Issuer as described in this Prospectus, the cornerstone of its success lies in a dedicated commitment to sustainability and energy efficiency, aligning with current environmental trends. By integrating state-of-the-art technology and innovative design, the office building is poised to meet the highest standards for energy performance, ensuring cost savings and environmental responsibility. This new business center will be located in Šnipiškės – a growing and promising part of the Lithuania capital. From here, all the most important objects are easily accessible: Vilnius central business district 1 km (2 min); city center 2,4 km (6 min); train station 5,9 km (15 min); airport 10 km (16 min), etc. Additionally, the Company's adept project management, strategic partnerships, and financial expertise contribute to the execution of this Project. With a strong focus on quality, sustainability, and effective business practices, the Company has the potential to emerge as a significant player in the competitive landscape of office building development in Vilnius.

According to the current situation of the new office market (as described in Section 13.7 “*Trend Information*”), the demand for new offices in the market is currently high, during the last 3Q of 2023, the new office supply was only 7,700 square meters, and signed new leases agreement for 17,600 square meters. New deals grew compared to the last quarter and last year, and the level of these deals is predicted to continue to grow in the coming periods, which gives the Company competitive advantages to successfully lease the business center after the constructions' works are completed. Also based on the same information, exit yields are predicted to gradually decrease with decreasing EURIBOR, which increases the probability of selling the built business center at a higher price.

13.5. Material Agreements

The Company has not entered into other than contracts entered into in the ordinary course of business (as defined below) and/or contracts entered for the purposes of the Offering and Admission to trading on the First North as indicated in the Terms and Conditions, also the Collateral Agreement securing the Issue, which could result in the Company being under an obligation or an entitlement that is material to the Company's ability to meet its obligations to the Bondholders in respect of the Bonds being issued.

Please consider that presently no material lease contracts of the Project's premises are concluded. Once material lease agreements are concluded, the Issuer will make announcements on the Issuer's website and after the Bonds are admitted on the First North, also on Nasdaq website at www.nasdaqbaltic.com.

Below are the described material contracts (material financial agreements and other contracts) entered into in the ordinary course of business which are valid as at the date of the Prospectus.

Financial agreements with external parties

The Company has not concluded any financing agreements (credits, syndicated loans, credit lines, overdrafts, financial leasing) with external parties, except that on the date of the Prospectus the Company has issued Bonds of the Issue in the amount of EUR 2,400,000 under the exemption provided in Article 1(4(b)) of the Prospectus Regulation.

Other Project related material contracts

- The design work agreement in respect to the Project concluded by the Company and Aketuri Architektai, UAB. The subject matter of this agreement is the design works for the Building complex located at Žalgirio st. 114, Vilnius, the Republic of Lithuania.
- The lease agreement for the state-owned Land Plot at Žalgirio st. 114, Vilnius, the Republic of Lithuania, unique No. 4400-1665-3728 on which the Building under reconstruction is situated concluded between the Company and the Republic of Lithuania, according to which the Company can manage the Land Plot until March 2100.

- The construction project management contract (the **Project Management Contract**) concluded by the Company and Capitalica Industries, UAB, that encompasses a range of responsibilities and activities such as project planning, coordination, budgeting, scheduling, quality control, risk management, and communication with various stakeholders.
- Main construction subcontract was signed by the Company with INHUS, UAB.

13.6. Related Party Transactions

At the date of the Prospectus, the Company has several contracts with the Related Parties, required for the operations of the Company and development of the Project:

- The Company's management is transferred to, and the Company is paying respective management fee to the Management Company under the management agreement.
- The Project Management Contract presented in Section above is concluded with a Related Party, Capitalica Industries, UAB.
- There are business service contracts with entities controlled by UAB SBA Grupė (ultimate controlling shareholder of the Management Company).

13.7. Trend Information

The information presented in this Section is a brief overview of the real estate & office market analysis conducted by Newsec, a licenced provider of property and business valuation services and has one of the region's biggest research and analysis units.

Lithuanian consumers exhibit a notable degree of confidence in their economy, surpassing that of their counterparts within the EU. This confidence is fostering increased expenditure due to several factors: minimal indebtedness among individuals, a high employment rate, moderate inflation, and rising wages. Consequently, disposable income is on the rise, as evidenced by heightened savings deposits in financial institutions. Various sectors of the economy are experiencing buoyancy due to heightened consumer spending. However, patterns of residential selection and vacation destinations may undergo alterations. Despite the current stability in inflation and robust employment conditions, securing financing for substantial ventures may encounter challenges in the near future, as lending institutions may tighten credit availability, potentially constraining individual financial liquidity.

In Vilnius, a lot of new office buildings are being built. They will offer about 130,000 square meters of space, with over half of it available in the next six months. These buildings are mostly in the city center and are high quality. Many of them already have tenants for most of their space. In the third quarter of 2023, about 17,600 square meters were rented out, and in the nine months before that, 53,200 square meters were rented. It's expected that in the fourth quarter, 22,000-27,000 square meters will be rented out. There's also about 15,000 square meters of space available for subleasing, which adds a bit to the vacancy rate but not too much. Several firms are currently leasing out surplus office space due to the increasing prevalence of remote work arrangements. However, it is noteworthy that not all enterprises intend to maintain this practice. A growing number of businesses are opting to resume office utilization, recognizing the challenges associated with remote work. Some companies are renting smaller offices, so older buildings are changing to fit their needs. In the last two years, no new big companies have come to the area, so if existing companies expand, that could create more demand for office space.

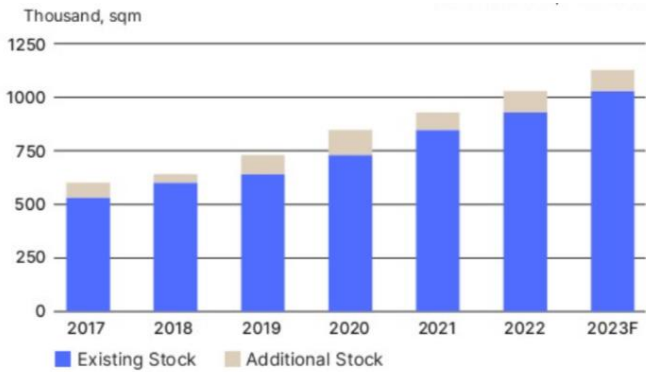
Figure 3: Vilnius Office Market 2023 Q3 Key Indicators

Key Indicators		Q-o-Q	Y-o-Y	Forecast
Supply				
Stock	1 077 100 sqm	▲	▲	▲
New supply	7 700 sqm	▼	▼	▲
Under construction	130 000 sqm	▲	▲	▼
Demand				
Take-up	17 600 sqm	▲	▲	▲
Vacancy				
Total	7.6 %	▼	◄►	▲
A class	5.5 %	▼	▲	▲
B class	9.2 %	▼	▼	▲
Rent rates				
Prime	19.0-21.5 €/sqm	◄►	▲	◄►
A class	16.0-19.0 €/sqm	◄►	▲	◄►
B class	12.0-15.5 €/sqm	◄►	▲	◄►
Yields				
Prime	6.25-6.75 %	▲	▲	▲
Secondary	7.25-8.25 %	▲	▲	▲

Source: Newsec

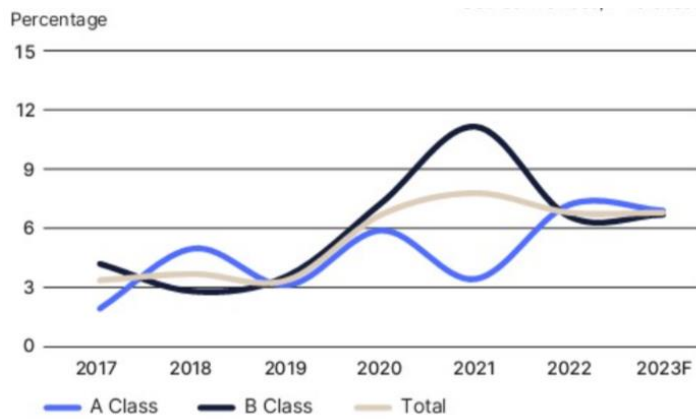
2023 stands out for its increased activity both on construction sites and in project planning. The supply of business centers in Vilnius is constantly growing. New business centers will complement new mixed-use or business-only spaces in or on the outskirts of the central business district. In the first half of the year, no new high-quality buildings were finished, so the number of empty spaces in those buildings decreased as they were rented out. However, in class B projects, more spaces became available for rent, which increased the number of vacancies there by quite a bit. It's anticipated that by the end of the year, the overall number of vacancies in all types of buildings will settle around 6-7%.

Figure 4: Vilnius Office Stock



Source: Newsec

Figure 5: Vilnius Office Vacancy Rate



Source: *Newsec*

13.8. Profit Forecasts or Estimates

The Company is not providing financial forecasts or estimates.

13.9. Significant Change in Financial Position

There has been no significant, material adverse change in the Company's financial position since the last reporting year. The Management is aware of no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year outside the course of its regular business activities.

13.10. Legal Proceedings

Management is not aware of any other ongoing legal proceedings or legal proceedings during previous reporting periods against the Company, any insolvency applications, instituted insolvency proceedings, as well as any legal proceedings in connection with fraud, economic violations, or other violations. The Issuer is not engaged in or, to the Management's knowledge, has currently threatened against it any governmental, legal, or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Company's financial position or profitability.

14. PROJECT SAND OFFICES

The Company is developing an A+ energy class business center in the rapidly developing Vilnius district, at Žalgirio st. 114. The real estate Project commenced in Q3 2023 when the Company received a permit to start the Building's reconstruction works.

At the date of the Prospectus, the existing properties are demolished and a new of 10,100 square meters general area office Building is being constructed. The Company plans to complete the construction works by the end of 2024. The estimated budget of the entire Project is EUR 25.5 million that shall be financed by the Company using current equity injections of investors (EUR 6.7 millions) and debt instruments – Bonds, as described in Section 12.3 “*Financing of Activities*”. Nevertheless, an increase in the Project's budget would result in additional capital being contributed by the shareholders to complete the Project.

The search for tenants will actively begin in the second half of 2024, and the first tenants are planned to be admitted in Q1 of 2025. Planned office rent price is 17 EUR per square meter per month.

Under current market conditions the developed and fully leased office Building would generate annually EUR 1.8 million of net operating income. It is expected to reach full occupancy in Q2 of 2025 or at least by the end of 2025, therefore at the beginning the Company might generate lower income from lease of the Project's premises. Currently, the completion of the Project is scheduled around the end of 2024.



Source: the Management Company

A strategically positioned office Building will feature 140 dedicated parking spaces that augment accessibility and appeal across diverse applications. The distinctive interior design of the Project premises and contemporary architectural elements will not only exude sophistication but will also epitomize innovation while steadfastly upholding enduring quality standards. This A+ energy class office Building will stand as a pinnacle of energy efficiency, showcasing exemplary thermal properties and state-of-the-art, heat-resistant windows that meticulously conserve energy. Notably, its construction process prioritizes minimized CO² emissions, adhering staunchly to sustainable practices within its expansive 10,100 sq. m. expanse.

Obtained BREEAM certification (BREEAM is an international sustainability standard which is met by only a select group of buildings that received the BREEAM label) underscores an unwavering commitment to sustainability, focusing on efficient building management, holistic health provisions, optimized energy and water utilization, as well as conscientious resource management. The

incorporation of resilient design elements, alongside thoughtful plantation and green space integration, will epitomize a comprehensive ecological approach, fostering an environment in harmonious equilibrium.

15. TAXATION

Introductory Remarks. The purpose of this Section is to give an overview of the tax regime applicable to the Bondholders and the Issuer. The below summary is in no way exhaustive and is not meant to constitute professional advice to any person. Tax legislation of the Bondholder's member state and of the Issuer's country of incorporation may have an impact on the income received from the Bonds. In order to establish particular tax consequences of the Offering or the ownership of the Bonds, each Bondholder is advised and strongly encouraged to seek specialist assistance.

The tax consequences listed below are described in accordance with respective Lithuanian, Latvian and Estonian laws and provisions of tax treaties that are applicable on the date of this Prospectus, subject to any change in law that may take effect after such date.

Transfers of the Bonds will not be subject to any registration or stamp duties in Lithuania, Latvia, or Estonia. Therefore, the information contained in this Section will only cover withholding and income tax issues as applicable to resident and non-resident entities as well as individuals under respective Lithuanian, Latvian and Estonian tax legislation.

Terms and definitions used for the purposes of this Section

A “**resident individual**” means a natural person who is deemed to be a resident of Lithuania under the national provisions of respectively Lithuanian / Latvian / Estonian Law on personal income tax (**PIT**) if: he / she has permanent place of residence in Lithuania / Latvia / Estonia during the tax period, or his / her personal, social or economic interests during the tax period are located in Lithuania, or he/she is present in Lithuania / Latvia / Estonia continuously or intermittently for at least 183 days in the relevant tax period or in case of Lithuania - at least 280 days in two consecutive tax periods and at least 90 days in one of these tax periods. In addition, Lithuanian / Latvian / Estonian citizen employed abroad by the government of the Lithuania / Latvia / Estonia is also considered as resident individual.

All income of a resident of Lithuania / Latvia / Estonia sourced in and outside Lithuania / Latvia / Estonia is subject to tax in respectively Lithuania / Latvia / Estonia.

A “**non-resident individual**” means a natural person who is not deemed to be a resident of Lithuania / Latvia / Estonia under the above-mentioned national provisions.

Income of a non-resident individuals sourced in Lithuania / Latvia / Estonia is subject to the respective country's income tax.

A “**resident entity**” means a legal person (except for limited partnership fund) registered in accordance with the legal acts of respectively Lithuania / Latvia / Estonia. In case of Lithuania, a collective investment undertaking established in Lithuania without a status of a legal person is also considered as resident entity.

All income of a resident entity earned in Lithuania / Latvia / Estonia and foreign states is subject to respectively Lithuanian / Latvian / Estonian corporate income tax (**CIT**) rules.

A “**non-resident entity**” means a legal person which is not established in Lithuania / Latvia / Estonia. In case of Estonia, provisions concerning non-residents also apply to a foreign association of persons or pool of assets (excluding contractual investment fund) without the status of a legal person, which pursuant to the law of the state of the incorporation or establishment thereof is regarded as a legal person for income tax purposes.

Income of non-resident entities sourced in Lithuania / Latvia / Estonia is subject to the Lithuanian / Latvian / Estonian CIT. A non-resident entity shall be considered to be operating through a permanent establishment (**PE**) in the territory of Lithuania / Latvia / Estonia, where: it permanently carries out activities in the respective country, or carries out its activities in the respective country through a

dependent representative (agent), or uses a building site, a construction, assembly or installation object in the respective country, or makes use of installations or structures in the respective country for extraction of natural resources, including wells or vessels used for that purpose. Taxation of non-resident entities acting through a PE in the respective country is the same as that of resident entities, if such a non-resident entity earns interest income through its PE in the respective country, thus, it is not separately described.

For the purposes of **capital gains taxation**, **gains** derived from the sale of securities (including the Bonds) is the difference between the acquisition cost and the sales price of such securities. Gains derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as the result of the exchange. The expenses directly related to the sale or exchange of securities may be deducted from the gains but are generally rather limited.

15.1. Lithuanian Tax Considerations

The following is a general overview of the Lithuanian tax regime applicable in Lithuania to interest received and capital gains earned upon transfer of Bonds.

Capital Gains from Sale or Exchange of Bonds. Gains received upon disposal of the Bonds by a **Lithuanian resident individual** are taxable on a cash-basis at progressive PIT rates of:

- 15%, if the total amount of income (except for employment, self-employment income, remuneration of board members and dividends) received by an individual during a calendar year does not exceed the sum of 120 Lithuanian gross average salaries, which is determined on the basis of quarterly gross average salaries as published by the Lithuanian Department of Statistics (this figure in 2024 is EUR 228,324), and
- 20%, which applies to income of an individual received during a calendar year exceeding the above-mentioned threshold.

Capital gains up to EUR 500 received by resident individuals from the sale or exchange of Bonds (including other securities) during a calendar year are tax exempt. However, such tax relief is not applicable if the capital gains are received from entities established or individuals permanently residing in a tax haven included in the List of Target Territories approved by the Minister of Finance of Lithuania.

Capital gains derived upon the disposal of the Bonds by **Lithuanian non-resident individuals** will not be subject to Lithuanian PIT.

Capital gains on disposal of Bonds earned by **Lithuanian resident entity** are included in its taxable profit and are subject to 15% CIT rate or in certain cases a reduced tax rate may apply. Capital gains received from / by collective investment undertaking shall not be taxed with Lithuanian CIT. Banks and credit unions, including branches of foreign banks in Lithuania shall pay additional 5% CIT on profits, subject to special calculation rules, exceeding EUR 2 million. In tax years of 2023 and 2024, so called "Temporary solidarity contribution" would also apply to the credit institutions (at a 60 % rate calculated on the part of net interest income that exceeds by more than 50 % the average net interest income of four financial years).

Any capital gains on alienation of Bonds received by **Lithuanian non-resident entities** will not be subject to Lithuanian CIT.

Taxation of Interest. **Lithuanian resident individuals** are subject to paying the progressive PIT (15% / 20%, as in case of taxation of capital gains) on the interest received from loans, securities (including the Bonds) and other debt obligations. Therefore, interest (coupon payments) received by Lithuanian resident individuals from the Bonds is subject to PIT in Lithuania. Tax is paid by a resident individual

himself/herself, however the total amount of interest received by resident individuals during a calendar year not exceeding EUR 500 will be tax exempt.

When interest is earned by a **Lithuanian non-resident individual**, the Company withhold 15% PIT and if it turns out at the end of the year that a part of the amount was actually subject to the 20% rate, the individual has to pay the difference himself/herself. Separate Double Tax Treaty (**DTT**) concluded and brought into effect with Lithuania may establish a lower tax rate for non-resident individuals.

The Bond interest received by a **Lithuanian resident entity** is included in its taxable profit and are subject to 15% CIT rate or in certain cases a reduced tax rate may apply. Bond interest received from / by collective investment undertaking shall not be taxed with Lithuanian CIT. Banks and credit unions, including branches of foreign banks in Lithuania shall pay additional 5% CIT on profits, subject to special calculation rules, exceeding EUR 2 million. In tax years of 2023 and 2024, so called "Temporary solidarity contribution" would also apply to the credit institutions (at a 60 % rate calculated on the part of net interest income that exceeds by more than 50 % the average net interest income of four financial years).

Bond interest received by **Lithuanian non-resident legal entity**, which is registered or otherwise organized in a state of the European Economic Area (the **EEA**) or in a state with which Lithuania has concluded and brought into effect a DTT, will not be subject to the withholding tax in Lithuania. Other Lithuanian non-resident entities will be subject to the 10% withholding tax on Bond interest in Lithuania.

In case the Issuer cannot identify the Bondholder in order to determine its eligibility for a lower tax rate or exemption from the withholding tax, payments of Bond interest to any such Bondholder will be subject to the standard 15% CIT rate to be withheld in Lithuania.

In order to enjoy DTT benefits for Bond interest **Lithuanian non-resident individuals or entities** shall apply either (i) **a reduced rate of PIT / CIT procedure** (by completing and submitting DAS-1 form to the Company before the pay-out for each calendar year) or (ii) **a special claim for a PIT / CIT refund** (by completing and submitting DAS-2 form to the Lithuanian Tax Authorities).

15.2. Latvian Tax Considerations

The following is a general overview of the Latvian tax regime applicable to interest received and capital gains realised in Latvia as well as to acquisition and transfer of Bonds.

Capital Gains from Sale or Exchange of Bonds. Capital gains on alienation of the Bonds received by **Latvian resident individuals** will be subject to Latvian PIT at a rate of 20%. The expenses of acquisition and holding of the Bonds are also included in the acquisition value of the Bonds. The respective resident individuals are liable for paying the applicable Latvian PIT. Income tax paid from the capital gains in a foreign state may be deducted from PIT payable in Latvia only if the taxpayer submits a certificate issued by the foreign tax administrator or withholding agent certifying the payment of income tax or another tax equivalent to income tax. The capital gains on exchange of the Bonds received by Latvian resident individuals will be subject to Latvian PIT only on the day when Latvian resident individuals receive the money (if Bonds are exchanged for other type of financial instrument, then taxation is postponed till the received financial instrument is sold).

Capital gains earned in Latvia and foreign states (i.e., sourced inside and outside of Latvia) on alienation of the Bonds received by **Latvian resident entities** will not be included in resident entity's taxable profit, yet profit distributions will be subject to Latvian CIT at a rate of 20% (tax base is divided by 0.8 and then the tax is applied at the rate of 20% resulting in the effective rate of 25%).

Taxation of Interest. Payments of the Bond interest received by a **Latvian resident individual** will be subject to Latvian PIT at the rate of 20%. Income tax withheld abroad can be credited from the Latvian income tax obligation based on the tax certificate showing the withheld amount, as issued by the relevant foreign withholder or tax authority. Payments of Bond interest received by:

- a **resident entity** is not subject to the Latvian CIT, yet profit distributions are subject to Latvian CIT at a rate of 20% (effective CIT rate – 25%);
- a **non-resident entity** is not subject to Latvian CIT.

In Latvia corporate profits are not taxed until they are distributed. Latvian CIT is imposed at the level of the company making the distributions at the time when such profit distributions are made. Profit distributions are taxed at the rate of 20% of the gross amount of the distribution (effective CIT rate – 25%). Latvia further does not levy any withholding tax on dividends, interest or royalties, except where payable to persons resident in a statutory low or no tax country.

Investment Account. Latvian resident individual may use an investment account (in Latvian: *leguldījumu konts*). An individual may carry out the transactions with the funds (including the Bonds) of the investment account and accounts associated with it within the framework of the investment account and accounts associated with it. The investment account has to be opened in a credit institution, its branch or a branch of a foreign credit institution, or a merchant which is in conformity with the Financial Instrument Market Law or regulation of the country of residence of the service provider equal thereto has obtained a license for the provision of the investment services, of Latvia or another Member State of the European Union, EEA state or Member State of the OECD, or the resident of such country with which Latvia has entered into a DTT. Payments of income, which is withdrawn from the investment account (i.e., the amount withdrawn from the account exceeds the amount which had been previously paid into the account) will be subject to Latvian PIT at the rate of 20%, to be withheld by the credit institution. Therefore, financial income held in the investment account may be reinvested tax-free until it is withdrawn from the account.

15.3. Estonian Tax Considerations

The following is a general overview of the Estonian tax regime applicable to interest received and capital gains realised in Estonia as well as to acquisition and transfer of Bonds.

Capital Gains from Sale or Exchange of Bonds. Gains realised by an **Estonian resident individual** are taxable on a cash-basis. Upon the sale or exchange of securities (including the Bonds) gains are subject to income tax at the rate of 20% (22% as from 1 January 2025). Since all earnings of **resident entity**, including capital gains, are taxed only upon distribution of profits (at a rate of 20 % (22 % as from 1 January 2025)), capital gains realised by resident entities are not subject to immediate taxation.

Taxation of Interest. **Estonian resident individuals** are subject to paying income tax of 20% (22% as from 1 January 2025) on the interest received from loans, securities (including the Bonds) and other debt obligations. Therefore, interest (coupon payments) received by Estonian resident individuals from the Bonds is subject to income tax in Estonia. Income tax withheld abroad can be credited from the Estonian income tax obligation based on the tax certificate showing the withheld amount, as issued by the relevant foreign withholder or tax authority. Since all earnings of **resident entities** are taxed only upon distribution (at a rate of 20 % (22 % as from 1 January 2025), interest received by Estonian resident entities is not subject to immediate taxation.

Investment Account. Estonian resident individuals may defer the taxation of their investment income by using an investment account (in Estonian: *investeeringuskonto*) for the purposes of making transactions with financial assets (including the Bonds). An investment account is a monetary account opened with the EEA or the OECD member state credit institution, through which the transactions with the financial assets, taxation of income from which (e.g., capital gains; interest, if paid by an Estonian-resident withholder, etc.) a person wants to defer, shall be made. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e., the amount withdrawn from the account exceeds the amount which had been previously paid into

the account). Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

Pension Investment Account. Estonian resident individuals who have decided to grow their Estonian mandatory funded pension (II Pillar) via pension investment account (PIA, in Estonian: *pensionini investeerimiskonto*), can also acquire the Bonds through PIA. Pension investment account is a separate bank account opened with an Estonian credit institution, which, on the one hand, is part of the mandatory funded pension system (incl. relevant benefits, such as additional contributions from the state), but on the other hand allows the person to make their own investment decisions. Like the ordinary investment account, PIA allows making of transactions with financial assets, whereas taxation of income from such assets (e.g., capital gains from the Bonds; interest, if paid by an Estonian-resident withholder) is deferred until income is withdrawn from PIA. Monetary means withdrawn from PIA are, generally, taxed at a 20% income tax rate (22% as from 1 January 2025), unless withdrawn after reaching the retirement age, in which case a 10% income tax rate or a tax exemption (depending on the method of payment) applies.

COMPANY

Closed-end investment company for informed investors

UAB "CAPITALICA Z114 REAL ESTATE FUND"

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