

**JOINT STOCK COMPANY
PUBLIC INVESTMENT DEVELOPMENT AGENCY**

Corporate code 303039520
Gedimino pr. 18/ Jogalos g. 2, Vilnius, Lithuania

**Independent Auditor's Report
regarding the set of annual financial statements
as of 31 December 2017**

UAB Balanso auditas
2018, Vilnius

INDEPENDENT AUDITOR'S REPORT

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Balanso auditas	Audit	A. Jakšto	Phone (8 5) 231 25 23
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INDEPENDENT AUDITOR'S REPORT

To:

Ministry of Finance of the Republic of Lithuania

Shareholders of the Joint Stock Company Public Investment Development Agency

Report on audit of financial statements

Opinion

We have audited the set of financial statements of the Joint Stock Company Public Investment Development Agency (hereinafter - the Company) which comprises the balance sheet as at 31 December 2017 as well as the income statement, the cash flow statement, the statement of changes in equity, the explanatory notes, including the summary of significant accounting policies for the year then ended.

In our opinion, the accompanying financial statements present in all material respects a true and fair view of the financial position of the Company as at 31 December 2017 and its financial performance results and cash flows according to Business Accounting Standards.

Basis for opinion

We have conducted our audit in accordance with the International Standards on Auditing (hereinafter – the ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Establishment in accordance with the Code of Ethics for Professional Accountants issued by the Board of the International Ethics Standards Board for Accountants (hereinafter – the IESBA Code) and requirements of the Law of the Republic of Lithuania on Audit of Financial Statements related to audit in the Republic of Lithuania. We have fulfilled our other ethical requirements related to the Law of the Republic of Lithuania on Audit of Financial Statements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

Other information comprises information presented in the Company's Activity Report, but does not cover financial statements and our auditor's report thereon. The management is responsible for presenting other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

We must also assess whether financial information contained in the Company's Activity Report corresponds to financial statements of the same financial year and whether the Activity Report has been prepared in compliance with the applicable legal requirements. In our opinion based on work performed during audit of financial statements in all material respects:

- financial data contained in the Activity Report of the Company correspond to the data of financial statements of the same financial year; and
- the Activity Report of the Company has been prepared in compliance with requirements of the Law of the Republic of Lithuania on Financial Statements of Undertakings.

Responsibilities of the Management and those charged with governance for the financial statements

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

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

The persons charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

14 March 2018

Vilnius

UAB Balanso auditas

Audit Company's Certificate No. 001287

A. Jakšto g. 12, Vilnius

Auditor Ilona Matusevičienė /signed/

Auditor's Certificate No 000171

Joint Stock Company
Public Investment Development Agency

ANNUAL ACTIVITY REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2017

GENERAL INFORMATION

The Joint Stock Company Public Investment Development Agency (hereinafter – the VIPA) was established by Resolution No 1428 of the Government of the Republic of Lithuania of 28 November 2012 on the establishment of the Joint Stock Company Public Investment Development Agency and on the investment of state assets. The VIPA was registered in the Register of Legal Entities on 11 April 2013 (the Articles of Association were updated on 27 February 2017). The Activity Report has been prepared for January – December 2017.

The VIPA is a financial institution established by the State for the purpose of financing and promoting sustainable development in different areas where market failures exist seeking profitable activities.

The type of activities of the VIPA is the provision of financial services, the administration and implementation of financial instruments aimed at implementing of the public sector investments for the modernisation of the public infrastructure and public services.

ACTIVITIES OF THE VIPA

- Implementation of financial engineering instruments (during the 2007–2013 period of financing from the European Union structural assistance), financial instruments (during the 2014–2020 period of financing from the European Union Structural Funds) and financial instruments funded from other financial sources, participation in their implementation as the manager of the holding fund (during the 2007–2013 period of financing from the European Union structural assistance), the manager of the fund of funds (during the 2014–2020 period of financing from the European Union Structural Funds), the financial intermediary and/or in other forms;

- Performance of functions of the intermediary institution as defined in the Rules for the allocation of the responsibility and functions among institutions in implementing the 2014–2020 Operational Programme for Investments of the European Union Funds approved by Resolution No 528 of the Government of the Republic of Lithuania of 4 June 2014 on the allocation of Lithuania's responsibilities and functions between institutions in implementing the Operational Programme of 2014–2020 for Investments of the European Union Funds in the cases specified in the Resolution;

- Carrying out of actions regarding the allocation of grants to cover deposits of own funds of the municipality or parts thereof that are mandatory according to the requirements of the Description of the conditions of financing of the projects co-financed from the European Union Structural Funds and the recovery of such grants in accordance with the procedure laid down in the Description of the procedure for the allocation of grants to municipalities and repayment thereof approved by Order No 1K-213 of the Minister of Finance of the Republic of Lithuania of 26 May 2016 on the approval of the description of the procedure for the allocation of grants to municipalities and repayment thereof;

- Investment, granting of loans, provision of financial suretyship services, financial lease services and/or financial guarantees from the funds of urban development, public infrastructure, improvement of energy efficiency and other funds, except for the European Union structural funds;

- Investment, granting of loans, provision of financial suretyship services, financial lease services and/or financial guarantees from the Company's equity, international financial institutions and/or private sector investments and/or funds attracted otherwise according to laws of the Republic

of Lithuania, resolutions of the Government of the Republic of Lithuania or legal acts of other authorities adopted on their basis regarding the areas of investment of state funds;

- In implementing the aforementioned activities, the VIPA attracts the private sector investments or resources to the areas where market failures are identified;
- The VIPA makes public the financial services administered and provided by it;
- The VIPA provides comments and proposals to institutions according to its competence in respect of legal acts regulating the administration and implementation of financial services;
- The VIPA disseminates and enhances the experience of the provision and administration of financial services of the Company by initiating or implementing the projects of dissemination of experience or by participating in them.

The VIPA may engage in the licensed activities or activities that require permits only having obtained the respective licenses or permits.

LEGAL ACTS REGULATING THE PERFORMANCE AND IMPLEMENTATION OF FUNCTIONS ASSIGNED TO THE VIPA

➤ In Lithuania, the Government of the Republic of Lithuania has been conferred the right to delegate the functions of the administration and/or implementation of financial instruments to national financial institutions. Pursuant to provisions of Article 12 of the Law on Investment of the Republic of Lithuania No VIII-1312 (hereinafter – the Law on Investment), the state investment policy creates favourable conditions for private investment and ensures efficient use of state funds designated for investments or their promotion in pursuit of the state economic and social development. With a view to promoting investments in the areas of renovation and development of housing and objects of public infrastructure or infrastructure meeting public interest, the State allocates the funds for the implementation of financial instruments and/or for the management of managing the funds of funds. This delegation of functions by the Government of the Republic of Lithuania to the VIPA as to the state-owned financial institution is directly related to investment directions and financial instruments defined in the Law on Investment.

➤ According to provisions of Article 12(4) and (5) of the Law on Investment, Resolution No 430 of the Government of the Republic of Lithuania of 14 June 2017 amending Resolution No 1367 of the Government of the Republic of Lithuania of 4 November 2003 on the implementation of the Law of the Republic of Lithuania on Investment, the VIPA implements loan, guarantee, venture capital investments or other instruments from resources of the 2014-2020 financing period, the funds or a part thereof designated for the financing and/or implementation of which return back and are reused for the implementation of the same objectives established at the time of creation of a financial instrument.

➤ Resolution No 528 of the Government of the Republic of Lithuania of 4 June 2014 on the allocation of Lithuania's responsibilities and functions between institutions in implementing the Operational Programme of 2014–2020 for Investments of the European Union Funds.

➤ By Resolution of 11 May 2016 amending the rules for the allocation of the responsibility and functions among institutions the VIPA was delegated the responsibility to carry out the actions

regarding the allocation of grants in accordance with the procedure laid down by the Minister of Finance of the Republic of Lithuania when a municipality is allocated a grant according to the Resolution No 1326 of the Government of the Republic of Lithuania of 26 November 2014 on the approval of the Annex to the Operational Programme of 2014–2020 for Investments of the European Union Funds for the financing of the deposit of own funds of a project promoter and/or a partner, and the recovery of this grant.

➤ Other legal acts regulating activities of the Company: the Law on Companies, the Law on Financial Institutions, the Law on Public Procurement, the Description of transparency guidelines of activities of the state-owned enterprises, the Law on Accounting, and legal acts regulating the calculation and payment of taxes.

MAIN DATA

Name	Joint Stock Company Public Investment Development Agency
Registration address	Lukiškių g. 2, Vilnius
Registered office address	Gedimino pr. 18/Jogailos g. 2, Vilnius
Phone	(8 5) 203 4977
Email	info@VIPA.lt
Authorised capital	EUR 2 001 136
Legal form	Joint stock company, private legal person of limited civil liability
Period of activities	Unlimited
Corporate code	303039520
VAT payer's code	The company is not a VAT payer
Registrar of the Register of Legal Entities	State Enterprise the Centre of Registers
Articles of Association	Registered in the Register of Legal Entities on 11 April 2013 (updated on 27 February 2017)

The VIPA has no branches or representative offices.

AUTHORISED CAPITAL. SHARES

Share capital of the VIPA is EUR 2 001 136 consisting of 69 100 units of the ordinary registered shares of the nominal value of EUR 28.96 (twenty-eight euro and ninety-six cents) per share. All shares of the VIPA are of one class – the ordinary registered shares.

The procedure and amount of payment of dividends are established by the general meeting of shareholders. The state is the owner of all shares of the VIPA. In implementing the rights conferred by the shares owned by the state in the Company the state is represented by the Ministry of Finance of the Republic of Lithuania.

MISSION, VISION, OBJECTIVES AND VALUES

MISSION

➤ To improve conditions for the development of the public infrastructure by promoting the development of the financial market, efficiently planning, establishing and managing financial instruments.

VISION

➤ To be the national development institution, efficiently functioning in capital markets and leading in the field of financing of public infrastructure.

STRATEGIC OBJECTIVES

1. To increase the amounts of resources accumulated for the financing of the public infrastructure and public interest.
2. To increase the operating efficiency of the Company.
3. To become a reliable promoter of financial instrument programmes.

VALUES

➤ Professionalism – we value competence and professionalism, and share them with our customers and partners. We always apply the highest requirements for our performance.

➤ Unity – each of us seeks common objectives of the VIPA and the State by contributing with our individual performance.

➤ Persistent pursuit of ambitious objectives – we seek to become a role model and initiate positive changes in all areas of our operations.

STRATEGIC OBJECTIVES AND THEIR MEASUREMENT INDICATORS

Strategic direction	Objective	Values of indicators		Actions, improvement priorities, comments	Responsible person
		2017 projection	2017 fact		
Growth in volume of financial instruments promoting investments in the public infrastructure	Aggregate amount of accumulated funds for the financing of the public infrastructure, EUR million	300	314.3	Funds attracted from the market are considered accumulated from the moment of signing the Agreement for the financing of the particular project. Funds in the form of funds, financial instruments or grants are considered to be accumulated when the VIPA is appointed the manager of such instruments under legal acts and agreements for the financing of such funds are signed.	Managers of divisions responsible for the implementation of programmes /financial instruments
	Return on equity, %	≥ 2.5 %	7.8 %	The indicator is used to measure the profit earned by the company compared to equity. The indicator is calculated as net profit / equity.	Financial Management Division Manager
	Share of objectives set in financing agreements, %	60	86	Calculated as a percentage average of the share of implementation of all objectives provided for in financing agreements	Managers of divisions responsible for the implementation of programmes /financial instruments

STRATEGIC OBJECTIVES AND THEIR MEASUREMENT INDICATORS

Objective	Goal	Indicator	Values of indicators		Actions, improvement priorities, comments	Responsible person
			2017 projection	2017 fact		
To increase the volumes of funds accumulated for the financing of the public infrastructure and public interest	Development of activities of the National development institution	Becoming the National development institution, %	90	90	Based on best foreign practices and considering specifics of the Lithuanian market, the plan for 2017 includes the definition of the first areas of activity, financing products, pilot projects of the VIPA as of the national development institution (hereinafter – the NDI) to be financed by the VIPA operating as the NDI in its own name and at its own risk. The aim will be to define the functions of the NDI in legal acts. In addition, the review of internal processes and the creation of new processes is also planned in order to become the NDI. other works will also be carried out (e.g., coordination of the matters of state aid, etc.). The implementation of this indicator is very much dependent on the Law on the NDI and secondary legislation and aspects of this Law affecting the operations of the NDI.	Investment and Development Division Head
	Development of projects and instruments the funding of which is provided and/or administrated with the EU SF and other funds	Number of projects and instruments implemented by the VIPA, units	≥ 7	9	Plans also include the ongoing cooperation with various ministries of the RL in order to offer financial instruments that would contribute to the implementation of their strategic objectives and efficient use of their resources. This indicator is calculated in a cumulative manner at consolidated level. The implementation of this indicator depends on the aspects enshrined in legal acts relating to the form of the national promotional institution and on the speed of adoption of such legal acts.	Investment and Development Division Head
		Attracted private and/or public funds, EUR million	0	0.8	This indicator is calculated in a cumulative manner by consolidating the proceeds of financial instruments / funds of funds and other attracted private funds (upon adoption of the law on the NDI). Attracted private and/or public resources (other than the ESI resources) are resources attracted under the former and/or currently implemented projects. This indicator is calculated at consolidated level. The implementation of this indicator depends on the aspects enshrined in legal acts relating to the form of the national development institution and on the speed of adoption of such legal acts.	Heads of Divisions responsible for the creation and implementation of programmes / financial instruments

To increase the operating efficiency of the company	Implementation and application of professional governance standards	Share of applicable governance standards in the defined applicable governance standards, %	80	80	<p>The plan is to identify the list of management standards based on corporate governance principles, which will be implemented by the VIPA in the management of the organization, and the current compliance of the organization with such standards. It is also planned to gradually introduce the standards during the period of 2018-2020. The professional governance standards will be implemented with a view to avoiding the reclassification to the general government institutions.</p> <p>This indicator is calculated in a cumulative manner taking account of the percentage value of each process being implemented.</p>	Organisation Development Division Head
	Financial stability of the company	Cost-to-income ratio	≥ 1	1.10	<p>The Company's costs and income will be continuously planned implementing only those activities that generate long-term financial value for the Company.</p> <p>This indicator is calculated as a cost to income ratio.</p>	Financial Management Division Head
		Profit (loss) before taxes, EUR million	0.1	0.28	Profit before taxes, losses (EUR million).	Financial Management Division Head
		Earnings before interest, taxes, depreciation and amortisation (EBITDA), EUR million	0.1	0.37	Earnings before interest, taxes, depreciation and amortisation.	Financial Management Division Head
	Optimisation and improvement of effectiveness of internal processes of the Company	Number of optimised processes per year, units	2	3	<p>Periodic review of separate business processes, internal arrangements and procedures with a view to minimising the costs of separate processes by at least 10%.</p> <p>The achievement of this indicator is calculated in a cumulative manner.</p>	Organisation Development Division Head
	Enhancing human capital of the Company	Annual share of employees who have voluntarily left the Company after the probation period in the total number of employees, %	20	19	<p>Hired employees undergo a very careful screening, and those who are selected after probation are provided with possibilities for the continuous development (competence building) and self-realization. Employees are continuously motivated to seek the set personal and common corporate goals, and can realise themselves in the activities that best meet their competence level.</p> <p>The ratio of employees who are retained by the Company and voluntarily leave the Company after probation to the average number of employees from the beginning to the end of the year.</p>	Organisation Development Division Head

		Average number of targeted refresher trainings/ courses per 1 employee, units	2	2	Mapping of competences of the organisation, identification of the needs development of the employee training plans on their basis meeting long-term needs of the organization. Continuous improvement of the English language skills of employees during courses and individual training.	
To ensure reliable implementation of the financial instrument programmes	Timely implementation of projects by programmes	Share of applications assessed within 30 working days or faster, % (according to the calculation methodology of the VIPA, the sample of assessment of applications consists of calendar days, thus it is assumed that 30 working days comprise 45 net days)	70	74	Continuous monitoring of the time of assessment of applications by applying the monitoring system, timely detection of problems, improvement of the applications' assessment process according to the implemented LEAN methodology. Calculation: exact number of applications assessed within 30 working or 45 net days / the total number of assessed applications x 100.	Heads of Divisions responsible for the creation and implementation of programmes / financial instruments
	Timely achievement of results of all administrated financial instruments / measures / programmes	Share of completed projects that have reached the goals of the programme of financial instruments / measures, %	95	100	Careful selection of all funded projects and their evaluation according to the standardized evaluation procedures, determination of the project risks and application of the selected risk management solutions. Continuous monitoring of the achievement of indicators by separate financial instruments / measures / programmes. Assessment of achievement of goals of the programme (measure) after implementation of the project. The indicator is calculated by dividing the number of completed projects that have achieved the programme goals by the total number of all completed projects.	Heads of Divisions responsible for the creation and implementation of programmes / financial instruments
	Customer focus	Average annual customer satisfaction with services provided by the VIPA, %	70	81	Persons directly working with the VIPA customers are competent experts in their fields, because they continuously participate in trainings and upgrade their customer servicing competences. Continuous improvement of internal processes of the VIPA to ensure efficient resolution of customer problems and increase their satisfaction. Enhancement of communication with project promoters and final beneficiaries is also planned.	Organisation Development Division

HIGHLIGHTS OF 2017

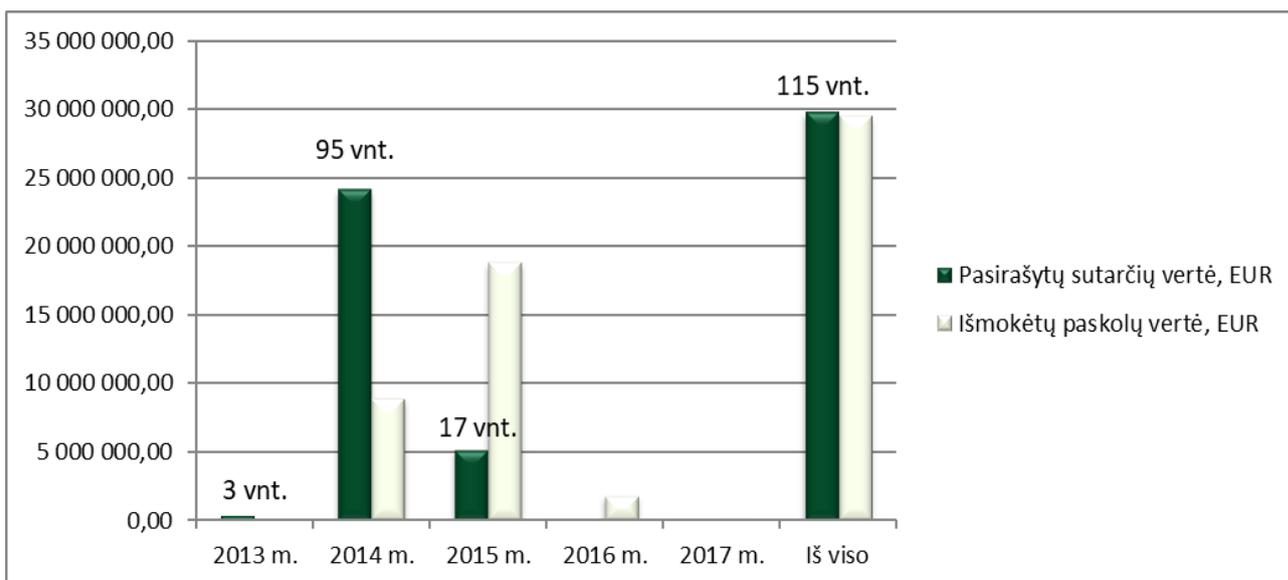
1. Funding of multi-apartment buildings' modernisation projects: Holding Fund (JESSICA) and Multi-apartment Buildings Modernisation Fund (MABMF)

Until 2017, the VIPA continued implementing the Programme of renovation (modernisation) of multi-apartment buildings according to two agreements:

- JESSICA Holding Fund (managed by the European Investment Bank);
- Multi-apartment Buildings Modernisation Fund (managed by the VIPA).

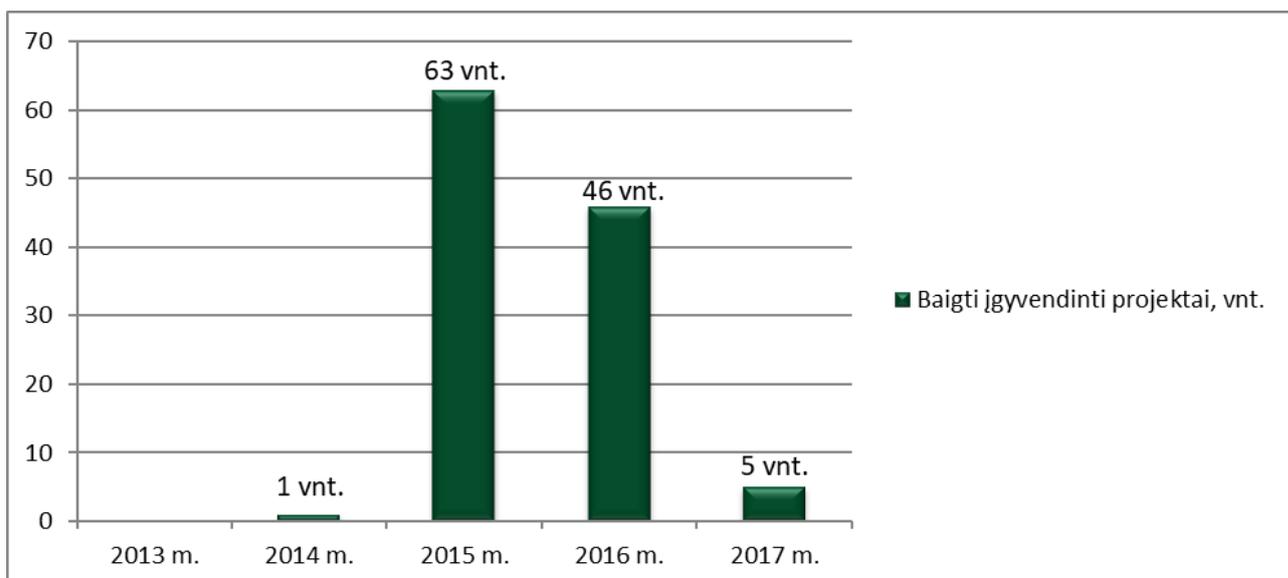
1.1. JESSICA (Funding of multi-apartment buildings' modernisation projects with funds of the 2007-2013 programming period as the financial intermediary)

In implementing the Conditional Loan Agreement concluded on 19 August 2013 by the VIPA and the CPMA with the European Investment Bank regarding the renovation (modernization) of multi-apartment buildings in carrying out the activities of the JESSICA Holding Fund, by 31 December 2017, the VIPA has concluded 115 loan agreements on the renovation (modernization) of multi-apartment buildings for EUR 29.8 million.



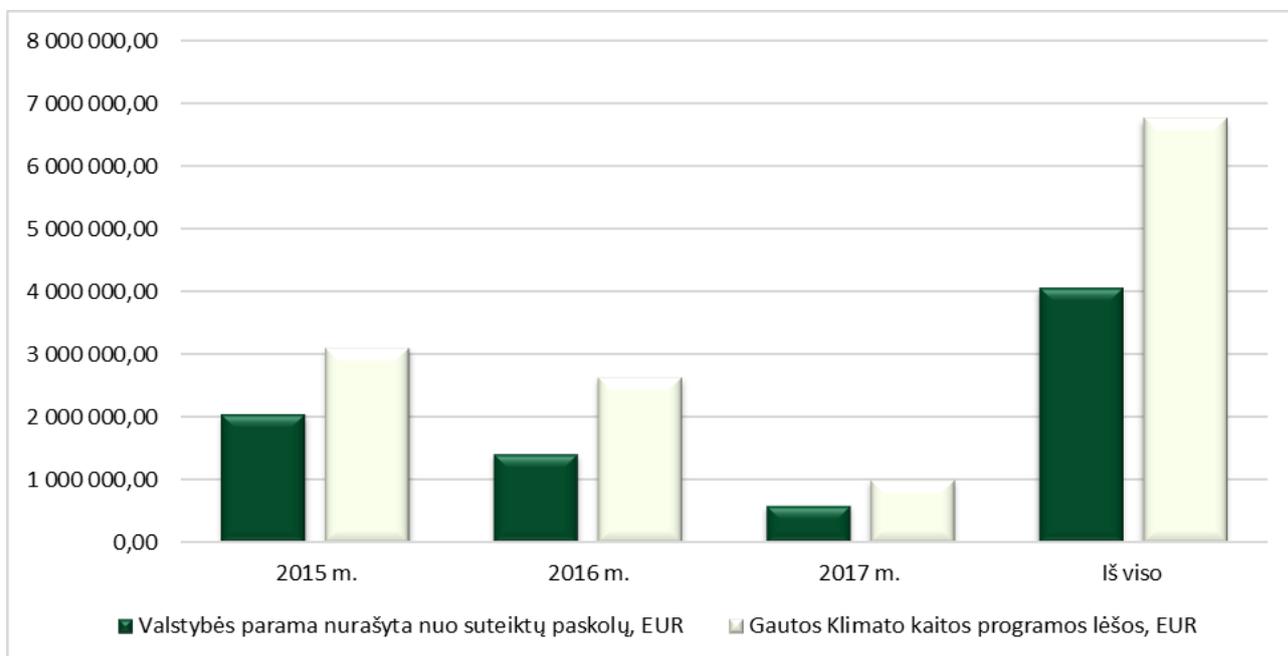
3 units; 95 units; 17 units; 115 units
2013; 2014; 2015; 2016 ;2017; Total
Value of signed agreements, EUR;
Value of disbursed loans, EUR;

As at 31 December 2017, all projects were implemented (in 2017, 5 projects were implemented, in 2016 – 46 projects, in 2015 – 63 projects, and in 2014 – 1 project), EUR 29.5 million of loans were disbursed. Loans disbursed in 2017 amounted to EUR 22 800.



Implemented projects, units
 1 unit; 63 units; 46 units; 5 units
 2013; 2014; 2015; 2016; 2017

During 2017, state support of EUR 1.6 million was allocated for energy efficiency improvement measures. EUR 0.6 of this amount were written down from granted loans and EUR 1.0 million were received under the Climate Change special programme. State support allocated for energy efficiency improvement measures under the implemented projects totalled EUR 10.8 million. Out of this amount, EUR 4.0 million were down from granted loans and EUR 6.8 million were received under the Climate Change special programme.



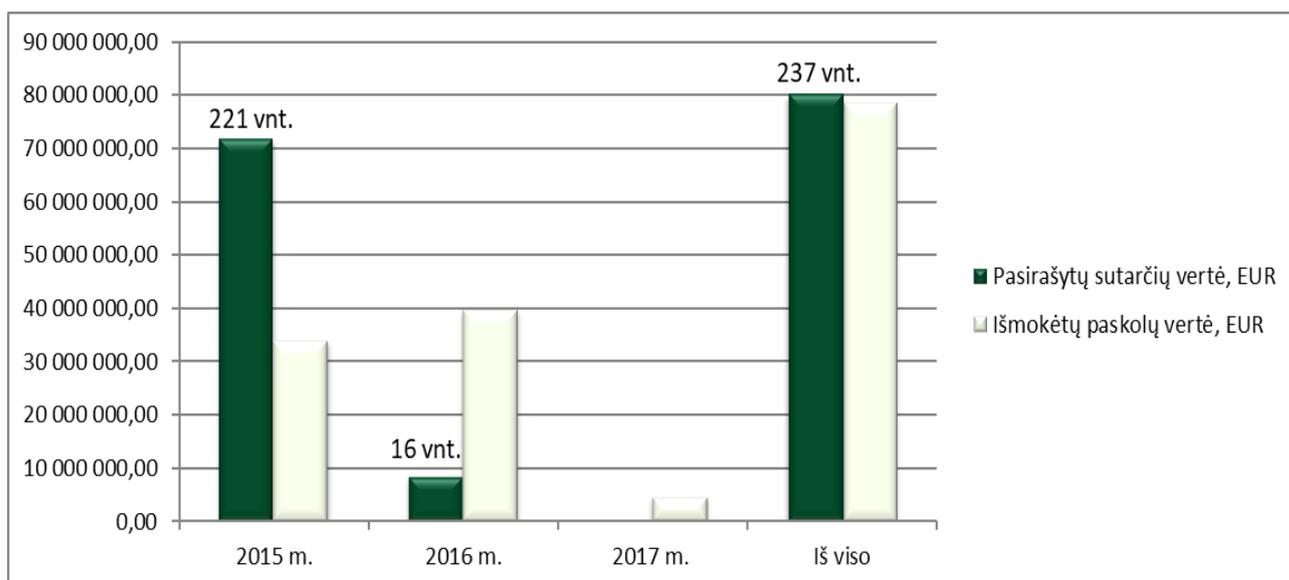
State support written down from granted loans, EUR
 Funds received under the Climate Change special programme
 2015; 2016; 2017; Total

1.2. MABMF (Funding of Multi-apartment buildings modernisation projects with the 2014-2020 programming funds as the manager of the financial instrument)

On 27 March 2015, the VIPA concluded the trilateral agreement on the establishment and funding of the Multi-apartment Buildings Modernization Fund (MABMF) with the Ministry of Finance of the Republic of Lithuania and the Ministry of Environment of the Republic of Lithuania. The VIPA was appointed the manager of the MABMF. The purpose of the MABMF is to promote the improvement of energy efficiency by investing in the modernization of multi-apartment buildings. The proceeds from the MABMF are allocated for the implementation of the lending facility by funding the projects of renovation of multi-apartment buildings. For the purpose of implementation of the MABMF, EUR 30 million were committed from 2014–2020 EU structural funds.

By Minutes No D4-141 of 27 August 2015 of the meeting of the Supervisory Committee of the MABMF held on 12 August 2015 the decision of the Supervisory Committee to increase the contribution to MABMF to EUR 74 million by additionally allocating EUR 44 million and the decision on the use by the VIPA of the funds paid back and/or to be paid back to the MABMF for the same purposes in accordance with legal acts were approved. Accordingly, on 14 September 2015, the amendment No 1S-58/BSS-2015-79/2015/19-22 to the MABMF agreement was signed.

By 31 December 2017, 237 agreements were concluded for the renovation (modernization) of multi-apartment buildings for EUR 80.1 million, of which 221 agreements were concluded in 2015 and 16 agreements – in 2016. The amount of loans disbursed during 2017 was EUR 4.7 million, and the total amount disbursed in 2015-2017 was EUR 78.3 million.



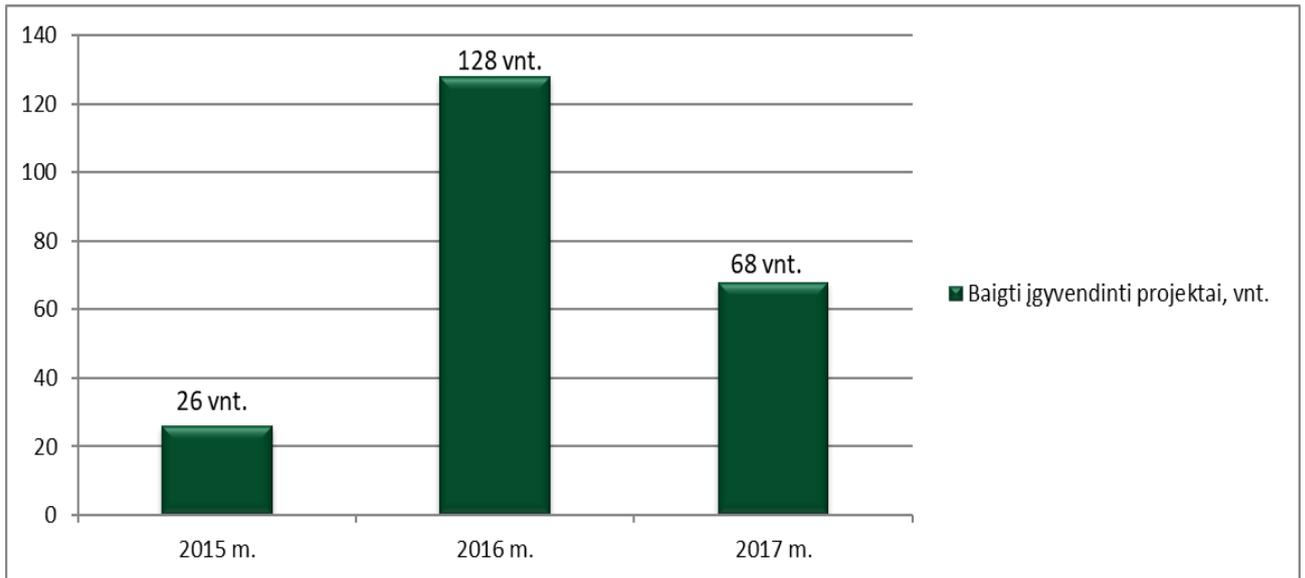
Value of signed agreements, EUR

Value of disbursed loans, EUR

221 units; 16 units; 237 units

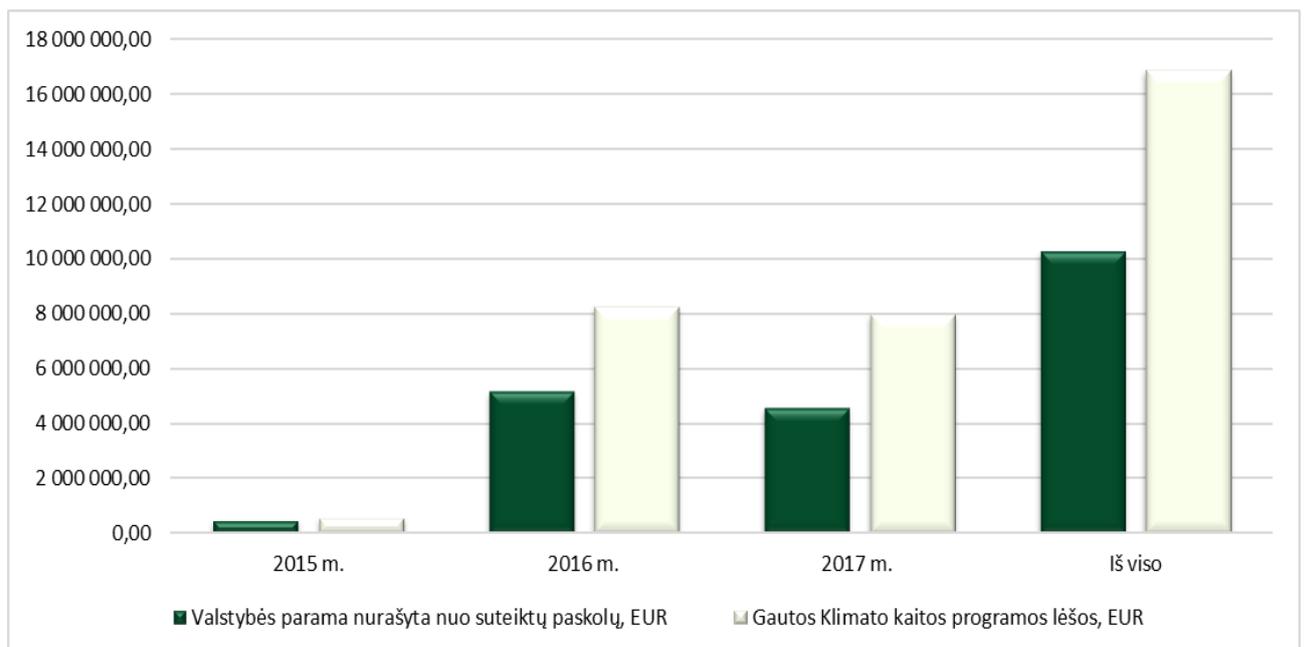
2015; 2016; 2017; Total

222 projects were implemented in total, of which 68 projects were implemented in 2017, 128 – in 2016, and 26 projects – in 2015.



Implemented projects, units
26 units; 128 units; 68 units
2015; 2016; 2017

During 2017, state support allocated for the implemented projects with respect to energy efficiency improvement measures amounted to EUR 12.6 million. Out of this amount, EUR 4.6 million were written down from granted loans and EUR 8.0 million were received from the Climate Change special programme. Total state support for energy efficiency improvement measures under the implemented projects amounted to EUR 27.2 million. Out of this amount, EUR 10.3 million were written down from granted loans and EUR 16.9 million were received under the Climate Change special programme.



State support written down from granted loans, EUR
Funds received under the Climate Change special programme, EUR
2015; 2016; 2017
26 units; 128 units; 68 units

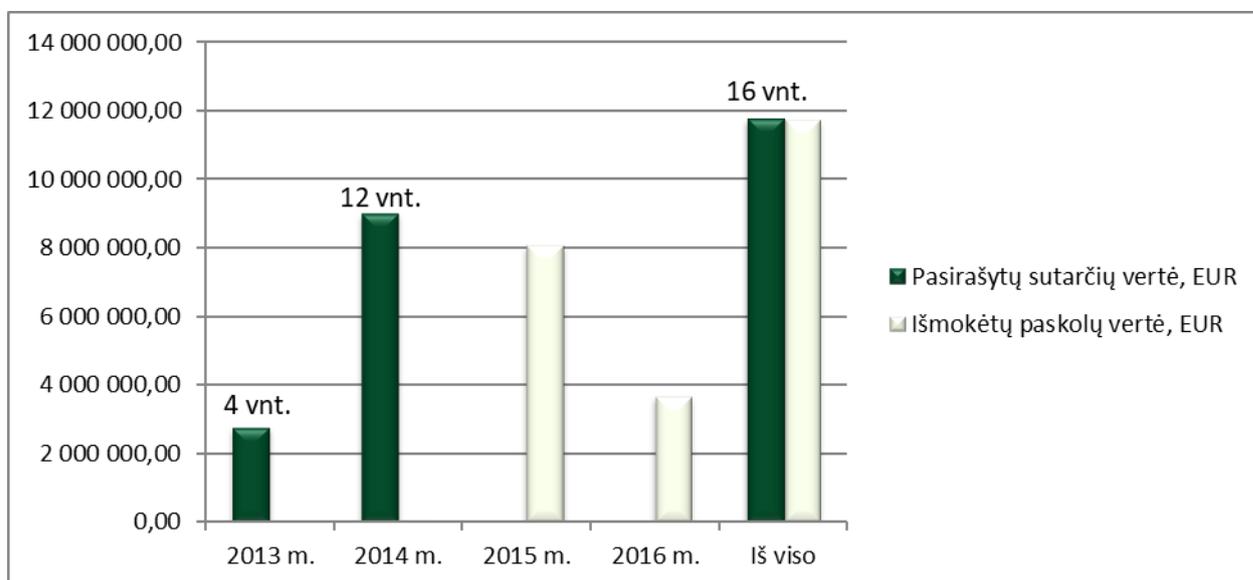
1.3. MABMF additional funding from the loan of the European Bank for Reconstruction and Development (EBRD)

On 10 May 2017, the VIPA signed the agreement with the European Bank for Reconstruction and Development (EBRD) for the loan of EUR 50 million for the renovation of multi-apartment buildings. During the term of validity of the MABMF agreement, the funds paid back and/or to be paid back to the MABMF for the financing of multi-apartment buildings renovation (modernisation) projects and for making payments of additional funding from the EBRD loan relating to the MABMF goals payment of the management fee according to the provisions of Article 44 of Regulation (EU) No 1303/2013 and other applicable legal acts of the EU and Republic of Lithuania.

By 31 December 2017, 34 agreements for the renovation (modernisation) of multi-apartment buildings were concluded for EUR 10.3 million. The amount of loans disbursed during 2017 was EUR 0.87.

2. Funding of renovation (modernisation) of dormitories of schools of higher education and vocational training institutions: JESSICA Holding Fund (JESSICA)

In implementing the Conditional Loan Agreement of 18 July 2013 concluded jointly by the VIPA and the CPMA with the European Investment Bank regarding the renovation (modernization) of dormitories of schools of higher education and vocational training institutions the VIPA concluded 16 loan agreements for the renovation (modernization) of dormitories of schools of higher education and vocational training institutions for EUR 11.8 million. As at 31 December 2017, all 16 projects were implemented (in 2016 – 13 projects and in 2015 – 3 projects were implemented), and EUR 11.8 million of loans were disbursed.



Value of signed agreements, EUR

Value of disbursed loans, EUR

4 units; 12 units; 16 units

2013; 2014; 2015; 2016; Total

After implementation of the programme, in 2017 the achievement of requirements established for the projects – energy saving, energy performance class of the building – was assessed. Considering the achieved results, the 15 % compensation of interest was granted.

3. Energy Efficiency Fund (EEF)

On 18 February 2015, the VIPA, the Ministry of Finance of the Republic of Lithuania and the Ministry of Energy of the Republic of Lithuania concluded the trilateral agreement on the establishment and financing of the Energy Efficiency Fund (EEF). The EEF was established as a fund of funds managed and administrated by the VIPA on a trust basis. The purpose of the Fund – improvement of energy efficiency by investing in public infrastructure.

The resources of the EEF are used for the implementation of two financial instruments:

➤ The financial instrument of loans for the modernisation of public buildings of the central government;

➤ The financial instrument of guarantees for the modernisation of street lighting.

The total amount of the EEF contribution – EUR 79.65 million. EUR 14.49 million were committed for the issue of guarantees for street lighting modernisation projects and EUR 65.16 million – for the granting of loans for modernisation of public buildings of the central government.

3.1. Modernisation of public buildings of the central government

By 31 December 2017, 84 loan applications for the modernisation of public buildings of the central government were received. 27 applications were assessed as eligible, 47 applications were rejected, and 20 applications were proposed for the funding by way of repayable assistance.

	Applications	Number of applications	Amount, EUR
1.	Number of applications, of which:	84	70 905 184.03
1.1.	Rejected	47	47 083 726.81
1.1.1.	Transferred to repayable assistance	20	18 793 459.05
1.2.	Under assessment	6	10 359 427.47
1.3.	Assessed	31	11 063 004.01
2.	Signed loan agreements	5	1 937 951.00

On 3 August 2017, three loan agreements were signed with the State Enterprise Property Bank for the renovation of the central government buildings at the address: Vytauto g. 28, Marijampolė (loan amount – up to EUR 190 749.24), Naujoji g. 2, Alytus (loan amount – up to EUR 181 086.18), Vasario 16-osios g. 6, Tauragė (loan amount – up to EUR 244 272.84), in the case of projects of Naujoji g. 2, Alytus and Vasario 16-osios g. 6, Tauragė the process of design is under way, and the procurement in respect of Vytauto g. 28, Marijampolė was terminated because of the excessively high offered price.

On 21 December 2017, two loan agreements were signed with the State Enterprise Property Bank for the renovation of the central government buildings at the address: T. Ševčenkos g. 13, Vilnius (loan amount – up to EUR 672 156) and L. Sapiegos g. 12, Kaunas (loan amount – up to EUR 619 703). Procurement of design services and construction works is under way.

In 2017, 19 applications were received for the financing of projects using the ESCO model. Out of these applications 5 applications for EUR 1 791 094.16 were approved. During 2017, 7 ESCO procurements were announced, of which three did not take place because no tenders were received (and two of these procurements were announced repeatedly), the remaining procurements are being carried out and their completion is envisaged for the first quarter of 2018.

On the basis of the updated ESCO procurement documents the following supplier selection procedures were launched:

Applicant	Building address	Total area of the building, sq.m	Planned loan amount, EUR
State Social Insurance Fund Board, Mažeikiai Branch	Vasario 16-osios g. 4, Mažeikiai	2 296.65	304 531.00
Kaunas Juozas Naujalis Music Gymnasium	Karaliaus Mindaugo pr. 30, Kaunas	1 939.62	329 550.05
Vilkija School of Agriculture	Čekiškės g. 128, Vilkija, Kauno r.	4 990.48	871 970.20
Kelmė Vocational Training Centre	J. Janonio g. 11, Kelmė	8 620.68	1 110 999.78
State Border Guard Service under the Ministry of the Interior of the RL	Geranionių g. 36, Dieveniškės, Šalčininkai	1 588.05	379 228.98
State Border Guard Service under the Ministry of the Interior of the RL	Gintaro g. 1, Klaipėda	2 775.54	366 774.00
Special Investigation Service of the Republic of Lithuania	A. Jakšto g. 6, Vilnius	1 694.37	267 552.82

In January 2017, the procurement procedures of three pilot ESCO projects (Rokiškis, Pakruojis, and Kaišiadorys Police Stations) were terminated because of the offered high prices and non-compliance of tenders with technical specifications. It is planned to repeatedly announce the procurement on 6 February 2018.

The procurement procedures regarding Vilnius County Police Headquarters, Utena County Police Headquarters (3 buildings), Šiauliai County Police Headquarters, Tauragė County Police Headquarters will be commenced after completion of repeated procurement of the pilot projects.

With a view to simplifying the procurement process, attracting more suppliers and potentially minimising the price of tenders, the ESCO procurement documents were adjusted by simplifying the pre-qualification selection of suppliers, the technical specification, the base of tender security providers was expanded, the conditions of rejection of tenders were amended, etc.

3.2. Guarantees for street lighting

With a view to increasing attractiveness of the financial instrument of guarantees as well as while communicating with representatives of municipalities and collecting information about possible obstacles in the implementation of potential street lighting modernisation projects, the VIPA took all actions to improve the guarantee terms. On 30 May 2017, the VIPA approved amendments to the financial instrument of guarantees by eliminating the guarantee fee, establishing that the guaranteed amount no longer depended on the share of borrowed capital in eligible expenditure and increasing the issued guarantee amount to 80% as well as introducing other amendments with a view too making the financial instrument of guarantees more attractive for banks, financing providers and applicants.

Until 31 December 2017, 4 applications were received for the issue of guarantees – Jonava District Municipality, Šilutė District Municipality, Plungė District Municipality and Telšiai District Municipality. All applications were assessed as eligible and conditional letters of guarantee

commitments were issued. The amount of 4 conditional letters of guarantee commitments issued in respect of all four applications totals EUR 2.88 million.

	Applications	Number of applications	Amount of eligible expenditure, EUR	Guarantee amount planned to be issued, EUR
1.	Number of applications, out of which:	4	5 080 364.31	2 875 544.36
1.1.	Rejected	-	-	-
1.2.	Being assessed	-	-	-
1.3.	Assessed	4	5 080 364.31	2 875 544.36
1.4.	Signed agreements	1	503.750	403.000

➤ On 12 December 2017, Jonava District Municipality, Danske bank and the VIPA signed the trilateral guarantee agreement for the implementation of the street lighting modernisation project of Jonava. The guarantee issued by the VIPA amounts to EUR 403 000.00.

➤ In 2017, Šilutė District Municipality announced the public procurement for the selection of contractors. The opening of tender envelopes was envisaged for QIII–QIV 2017, but the procurement did not take place and, therefore, will be announced repeatedly. In the next phase, banks will be inquired about the funding and the VIPA will be approached for the issue of the guarantee.

➤ In 2017, Telšiai District Municipality coordinated conditions of the technical specification and the draft agreement which were presented to the Municipal Council. The announcement of selection (of contractors/financier) is planned in H1 2018.

➤ In QIV 2017, Plungė District Municipality started the ESCO selection and the preparation of the procurement documentation which will be presented to the Municipal Council in QI 2018.

In June–July 2017, after completion of survey of all municipalities, Vilnius City Municipality, Tauragė District Municipality, Klaipėda District Municipality, Panevėžys City Municipality, Jurbarkas District Municipality and Kelmė District Municipality are planning to apply to the VIPA for the issue of the guarantee.

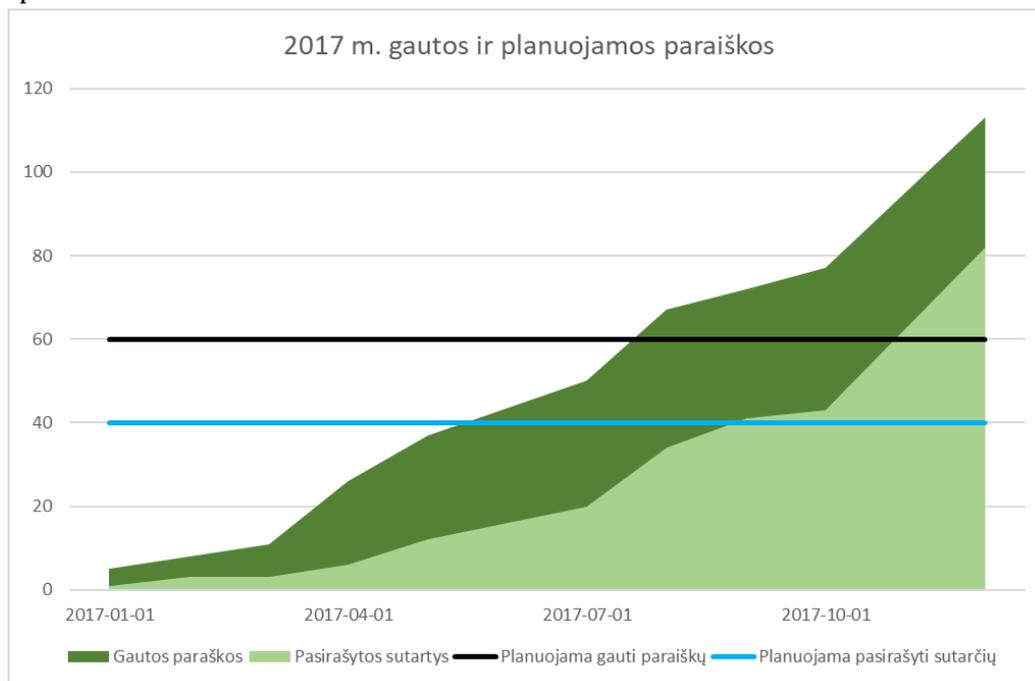
4. Repayable assistance

During the period of the first and second half of 2017, the coordination of the description of the project funding conditions of the financial instrument and the updating of the VIPA's Handbook of repayable assistance procedures was carried out according to the provisions of amended legal acts. By Order No 1-200 of the Minister of Energy of the Republic of Lithuania of 27 July 2017 the description of the project funding conditions of the financial instrument was approved and on 25 September 2017, the Ministry of Energy of the Republic of Lithuania announced the request for tenders for the funding through the financial instrument. Since 23 October 2017, the Ministry of Energy of the Republic of Lithuania has been assessing the project tenders. Given that the list of state projects has not been prepared yet, the applications cannot be submitted to the VIPA.

5. Municipal grant

The Description of the procedure for the allocation and refunding of grants to municipalities was amended by Order No 1K-254 of the Minister of Finance of the Republic of Lithuania of 29 June 2017 amending Order No 1K-213 of the Minister of Finance of the Republic of Lithuania of 26 May 2016 on

the approval of the description of the procedure for the allocation and refunding of grants to municipalities.



Applications received and planned in 2017

01/01/2017; 01/04/2017; 01/07/2017; 01/10/2017

Received applications; Signed agreements; Applications planned to be received; Agreements planned to be signed

By 31 December 2017:

- 113 applications were received for EUR 16.84 million;
- 82 funding agreements were concluded for EUR 12.6 million.

6. Cultural Heritage Fund

On 30 June 2017, the VIPA signed the trilateral agreement with the Ministry of Finance and the Ministry of Culture on the establishment of the Cultural Heritage (hereinafter – the CH) Fund. The amount of EUR 5.2 million from the EU funds will be allocated for the established Fund, also planning to attract the same amount from private investors. These proceeds will be used to finance public and private legal entities managing the objects of cultural heritage.

On 18 August 2017, the VIPA announced open public procurement for the selection of the CH Fund's financial instrument manager (hereinafter – the FIM); on expiry of the tender submission deadline no tenders were received; therefore, the banks and the Association of Lithuanian Banks were additionally approached regarding the participation in the instrument, the conditions of selection of the FIM of the CH Fund were introduced and proposals from banks were received regarding the increasing of attractiveness of the financial instrument of the CH Fund.

With a view to assessing possible project flows, the VIPA conducted a multi-layer survey – through the association of municipalities, by way of direct survey of potential applicants and by way of active communication with municipalities and identified the need for EUR 17.36 million. Potential applicants include municipal enterprises, universities with the status of the public establishment, private owners of cultural heritage objects and public owners of cultural heritage objects.

On 14 December 2017, the negotiations without publication of a notice were organised for the selection of the FIM of the CH Fund with the deadline for the submission of tenders set for 15 January 2018.

In QIII 2018, the VIPA is planning to sign the agreement with the selected manager of the financial instrument who by contributing with own funds to the proceeds of the Fund will grant loans to applicants. If financial intermediaries are not active enough and/or conditions of implementation of the financial instrument and unattractive or due to any other reasons the VIPA would modify the financial instrument (by changing the ex-ante, investment strategy), creating this way better conditions for the potential financial intermediaries to participate in the selection or the VIPA would implement the financial instrument directly, i.e. would prepare the description of the loan granting procedure, all necessary internal procedures and would appropriately grant loans for eligible projects and to final beneficiaries.

Loans for funding the CH Fund will be aimed at:

- promoting investments in the cultural heritage objects in order to adapt them for public needs;
- preserving and disclosing the valuable characteristics of the cultural objects, adapting them to different needs;
- increasing interest of Lithuanian residents in cultural heritage;
- Improving image of Lithuania as of the country attractive for tourism in the Lithuanian and foreign markets.

The Fund's proceeds for cultural, educational, economic and social needs of the objects of cultural heritage will supplement the subsidies granted for the cultural heritage objects used for the funding of heritage research, heritage management works' design and heritage management works.

7. Public buildings of municipalities

On 27 June 2017, the VIPA signed the trilateral agreement with the Ministry of Finance and the Ministry of Culture on the establishment of the Municipal Buildings Fund (hereinafter – the MBF). The proceeds of this Fund are planned to be used for the funding of projects of modernisation of municipal buildings – for this purpose EUR 17 million were allocated from the EU Funds. For the purpose of implementing the Municipal Buildings Fund it is envisaged to involve the manager of the financial instrument who, by contributing to the Fund's proceeds with own funds depending on the project implementation type will grant loans to municipalities, municipal enterprises or ESCOs (energy service companies).

On 22 December 2017, the VIPA announced open international public procurement for the selection of the MBF financial instrument, the established deadline for the submission of tenders – 12 February 2018. It is planned that the agreement with the MBF FIM should be signed in QII 2018.

The projects being funded should meet provisions of the programme of energy efficiency improvement of public buildings:

- By implementing the project, the energy efficiency of public buildings should be increased – at least C class of energy performance should be achieved, the existing efficiency of the use of floor space of public buildings should be maintained or increased.
- At least 51 % of the total floor space of the building should belong by right of ownership to the municipality and at least 51 % of the total floor space of the building should be used by managers of buildings, and there should be a written arrangement of all owners of premises of the building regarding the implementation of the energy efficiency project.
- The projects should meet the requirements of the invitation to prepare pilot projects for improving energy efficiency of public buildings belonging by right of ownership to municipalities.

The PI Housing Energy Efficiency Agency (hereinafter – the BETA) is responsible for the implementation of projects for improving energy efficiency of public buildings belonging by right of ownership to or managed by municipalities and carries out the funding of the preparation of

investment projects and the signing of partnership agreements with municipalities. According to the data submitted by the BETA, 30 public buildings of municipalities, the preliminary value of which is EUR 15 million.

When the VIPA signs the agreement with the selected manager of the financial instrument, the flow of potential projects will be formed, the manager of the financial instrument will be obligated to prepare and publish the procedure of granting of loans specifying in it all information useful for applicants, describing the areas necessary for the evaluation of projects, including the applicant's eligibility, administrative compliance, risk assessment and other criteria, the list of documents required to be submitted, the time limits and other information, and, therefore, the applicants will have the possibility to apply for the funding immediately.

8. National Development Institution

At the beginning of 2017, the managing authority initiated the feasibility study regarding activities of the National Development Authority (-ies) (hereinafter – the NDI) in Lithuania and the drafting of the LNDI. It is planned that the NDI will carry out promotional activities from its capital, state and municipal budgets and/or attracted resources of international financial institutions (including the EIB resources according to the agreement on the European Strategic Investment Fund (hereinafter – the ESIF) (hereinafter – the ESIF resources) or other resources by funding the activities/projects in the areas in which market failure and/or sub-optimal investment policies are observed.

In order to acquire the NDI status, in 2017, the VIPA has been actively involved in the process of preparation for activities of the NDI in Lithuania: submitted observations and proposals regarding amendments to the European Union Regulations No 1303/2013 and No 2015/1017 that would facilitate more effective implementation of financial instruments implemented from the EU Structural Funds and the ESIF, submitted proposals regarding amendments to Article 12 of the Law of the Republic of Lithuania on Investments, prepared a part of the initial draft of the NDI Law and continued active participation by submitting comments to the Ministry of Finance of the Republic of Lithuania and taking part in the discussions regarding improvement of the draft of this Law. In June 2017, the VIPA submitted observations for Part I of the feasibility study regarding activities of the NDI in Lithuania the presentation at the Ministry of Finance of the RL took place on 7 June 2017. The internal procedures and processes were improved and a detailed description of the procedure for the provision and calculation of state aid was prepared.

In QIII-QIV 2017, the VIPA submitted observations for the prepared draft NDI Law prepared by the MoF and related legal acts to be tabled to the Seimas of the Republic of Lithuania by end-2017;; however, the coordination of the Law with the parties concerned lasted longer than planned and, therefore, it is expected that the NDI Law will be passed during 2018 spring session of the Seimas.

The VIPA staff attended meetings of the European Association of Long-Term Investors (EALTI) where it shared information and experience with the NDIs operating in the EU, participated in the preparation of position statements of the EALTI regarding activities of the NDI. In March 2017, three employees of the VIPA went on a two-day internship to the German KfW funded by the EC TAIEX.

In January–May, VIPA prepared the full package of documents about the current and planned activities of the Agency and coordinated with the European Commission (DG COMP) the matters regarding the notification of the state aid to be provided by the NDI. In May 2017, teleconferences were organised with representatives of the EC DG COMP at the Ministry of Finance of the RL, it was agreed that as long as activities of the NDI comply with provisions of *De minimis* and General Block Exemption Regulations the official coordination of the state aid measures with the EC will not be necessary.

In order to ensure reasonable and optimal operation of the NDI, to avoid financial duplication and managing interfaces with the existing funding schemes, in autumn of 2017, the VIPA started developing the sectoral investment strategy of the public local infrastructure (in those areas where

market inconsistency is likely and new interventions can be planned, including multifunctional recreation and sports, as well as education, health care and social local infrastructure) and related documents that would enable the funding of economically viable projects without crowding out private financing by applying high standards of transparency. This sectoral investment strategy will be prepared in the first quarter of 2018.

At the beginning of 2018, VIPA is planning to prepare the strategy for attracting resources identifying in it the potential public and private investors and sources, which the VIPA could bring together for the promotional activities and assessing the necessary preconditions for attracting such investors.

It should be noted that currently the VIPA is operating as a development institution; however operations with the official status of the NDI will be possible only when the NDI Law and related secondary legislation enter into force.

9. Financial platform in the context of obligations

In implementing the Energy Efficiency Directive, on 3 November 2016 the Law on Energy Efficiency was adopted which requires that energy enterprises (energy transmission and distribution enterprises) conclude agreements with the Ministry of Energy on the annual energy savings mandatory for each energy enterprise.

Energy enterprises can save energy themselves by implementing the energy efficiency (hereinafter – the EE) projects or entrusting this obligation to another entity (e.g., to the manager of the fund investing in energy efficiency improvement projects). If energy enterprises fail to achieve the savings provided for in the agreements they might be liable to fines for the breach of agreements.

Given that the principal activity of the majority of energy enterprises is almost unrelated to the implementation of energy efficiency projects they could transfer this obligation to the entity specialising in this field (e.g., the VIPA). Accordingly, by transferring their obligations to the entity taking them over, energy enterprises would have to allocate resources for the fulfilment of such obligations.

The draft obligation scheme is the VIPA's proposal that would enable energy enterprises to fulfil their obligations established by the Law on Energy Efficiency. After fulfilment of the agreed obligations, the resources would be repaid to the obligated parties (depending on the results of investments).

These resources would be invested in different energy efficiency improvement projects and could also be contributed to the funding of the multi-apartment buildings modernisation projects.

The proposed solution facilitates in coordinating:

- the need for the Ministry of Energy to fulfil the requirements provided for in the Energy Efficiency Directive;
- the need for the Ministry of Environment to find sources of additional funding in the sphere of modernisation of multi-apartment buildings;
- the need for the obligated parties to quickly find and implement the EU projects enabling to achieve the requirements established by the Law on Energy Efficiency.

The draft scheme of obligations is currently being coordinated and discussed considering the needs of energy enterprises and their possibilities to participate in the scheme.

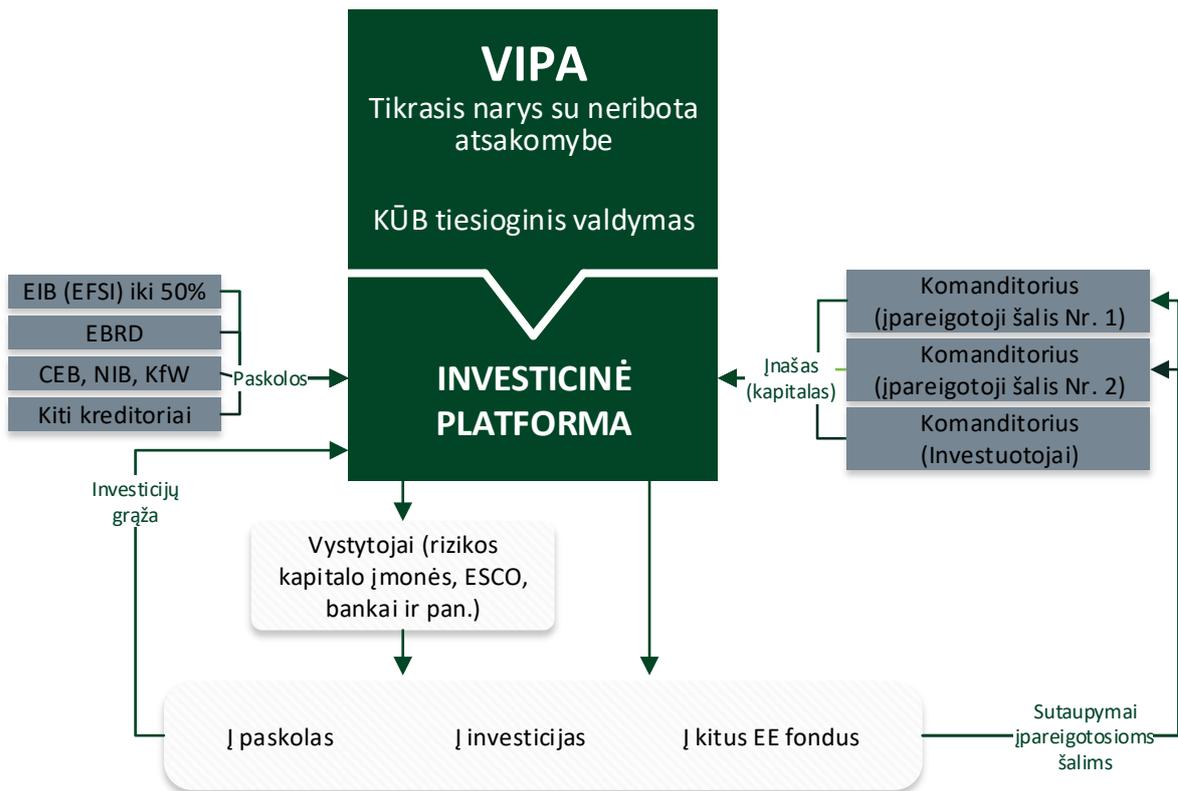
The need for this scheme has essentially been supported by:

- the Ministry of Finance;
- the Ministry of Energy;

- the Office of the Government;
- the obligated enterprises;
- the international financial institutions.

Having analysed the potential schemes of establishment of the Fund it was identified that it would be most convenient to invest into a newly set up Limited Partnership (LP) whose partners (liable for obligations of the Fund to the extent of their assets which they contributed and/or undertook to contribute to the LP) would be the obligated parties (energy enterprises), and the full member (the actual manager of the Fund) would be the VIPA.

Principal scheme of operation of the LP (multi-apartment buildings and other FP)



		VIPA Full member with unlimited liability Direct management of the LP		
EIB (EFSI) up to 50 %				Partner (Obligated Party No 1)
EBRD		INVESTMENT		Partner (Obligated Party No 2)
CEB, NIB, kfW	Loans	PLATFORM	Contribution (capital)	Partner (Investors)
Other creditors				
Return on investment	Promoters (venture capital enterprises, ESCO, banks, etc.)			
To loans	To investments	To other EE Funds		Savings for obligated parties

Establishment of the Fund (Investment Platform) and the beginning of funding of the first energy efficient projects is envisaged at the beginning of 2018.

10. Energy efficiency improvement programme for blocks

The VIPA performed the analysis in respect of the projects of modernisation of three pilot blocks including the implementation scheme, preliminary estimates of supply and demand of financial resources and the schedule of activities and sent it to the authorities concerned for their observations.

On 1 June 2016, the Government of the Republic of Lithuania adopted Resolution No 547 on the approval of the description of the procedure for the preparation and implementation of the programmes of energy efficiency improvement of blocks and on the appointment of the VIPA the provider of financing for this programme.

On 15 June 2016, the VIPA assessed the energy efficiency modernisation applications of three blocks submitted by the administrators appointed by Šiauliai, Utena and Birštonas Municipalities and prepared the energy efficiency improvement financing plans of the aforementioned blocks.

According to the approved energy efficiency improvement financing plans of Aukštakalnis Block in Utena City and the Block of the Central Part of Birštonas City, on 25 January 2017, the VIPA invited the administrators of three multi-apartment buildings of Aukštakalnis Block (Taikos g. 5, Taikos g. 29 and Taikos g. 35) in Utena City and five multi-apartment buildings of the Block of the Central Part of Birštonas City (Druskupio g. 4A, Vilniaus g. 4, Vilniaus g. 10, S. Dariaus ir S. Girėno g. 7 and B. Sruogos g. 10) to submit, by 20 February 2017, applications for soft loans for the renovation of multi-apartment buildings.

On 20 February 2017, three applications were submitted for modernisation of three multi-apartment buildings of Aukštakalnis Block (Taikos g. 5, Taikos g. 29 and Taikos g. 35) in Utena City. The applications were examined and the letters of commitment were issued.

On 26 June 2017, the plans of Šiauliai, Utena and Birštonas Municipalities regarding the need for investments in the improvement of energy efficiency of the designated blocks in 2017–2018 were updated.

11. Amendment to the Articles of Association of the VIPA

By Resolution No 1380 of the Government of the republic of Lithuania of 23 December 2015 it was established that financial assets (money) held by the State by right of ownership – EUR 1 899 776 (one million eight hundred and ninety nine thousand, seven hundred and seventy six euro) – shall be transferred as an additional contribution of the State for increasing the authorized capital of the VIPA. The Resolution further specified that the Ministry of Finance of the Republic of Lithuania, as the manager of the Company's shares held by the State by right of ownership, shall take a decision to increase the Company's authorized capital by an additional contribution of EUR 1 899 776 (one million eight hundred and ninety nine thousand, seven hundred and seventy six euro) by issuing 65 600 uncertificated ordinary registered shares. On 31 December 2015, EUR 1 899 776 (one million eight hundred and ninety nine thousand, seven hundred and seventy six euro) were transferred to the VIPA.

Order No 1K-88 of the Minister of Finance of the Republic of Lithuania of 16 March 2016 on the increase of the authorized capital of the Joint Stock Company Public Investment Development Agency and Order No 1K-259 of the Ministry of Finance of 8 February 2013 on the approval of the articles of association of the Joint Stock Company Public Investment Development Agency provided for the assignments to be fulfilled regarding registration of the increase of the authorised capital with the Register of Legal Entities. The articles of association were registered on 20 April 2016.

Amendments to the articles of association of the VIPA were approved by Order No 1K-431 of the Minister of Finance of the Republic of Lithuania of 6 December 2016 amending Order No 1K-059 of the Minister of Finance of the Republic of Lithuania of 8 February 2013 on the approval of the articles of association of the Joint Stock Company Public Investment Development Agency. The amendments were introduced following the international and national corporate governance principles, the recommendations of the Organization for Economic Co-operation and Development (OECD) and of the Baltic Institute of Corporate Governance (BICG) for Lithuania for increasing independence, transparency and effectiveness of state-owned companies. The composition of the governance structure of the VIPA was also changed and new members, including independent members of the supervisory board of management bodies, were elected. With a view to avoiding the reclassification of the VIPA to the institutions of the general government and in order to achieve high rating under the good governance index, in 2016 the VIPA was assigned A- (positive) index of good governance. The amendment of the articles of association was also aimed at creating conditions for the VIPA to become a national development institution in order to use resources of the European Fund for Strategic Investments (EFSI) more efficiently and to coordinate the EFSI funding with the EU structural and investments funds and other financial instruments in the areas where the shortage or insufficiency of funding is observed, and to ensure funding mechanisms of investment projects important to the public sector with resources of the international financial institutions and private sector.

By Order No 1K-60 of the Minister of Finance of the Republic of Lithuania of 22 February 2017 amending Order No 1K-059 of the Minister of Finance of the Republic of Lithuania of 8 February 2013 on the approval of the articles of association of the Joint Stock Company Public Investment Development Agency the composition of the Supervisory Board was changed by including a representative of the Office of the Government of the Republic of Lithuania.

MANAGEMENT BODIES AND ORGANISATIONAL STRUCTURE OF THE VIPA

Management bodies of the VIPA:

- **the general meeting of shareholders;**
- **the Supervisory Board;**
- **the Board;**
- **the Chief Executive Officer.**

The General Meeting of Shareholders is a supreme management body of the Company. Written decisions taken by the Ministry of Finance of the Republic of Lithuania are comparable to decisions of the general meeting of shareholders. The Supervisory Board is a collegial body supervising activities of the Company and providing proposals to the General Meeting of Shareholders. The Board of the Company is a collegial body elected for a term of four years. Members of the Board are elected by the Supervisory Board. The Chair of the Board is elected by the Board from among its members.

The composition of collegial bodies changed by Order No 1K-60 of the Minister of Finance of the Republic of Lithuania of 22 February 2017 amending Order No 1K-059 of the Minister of Finance of the Republic of Lithuania of 8 February 2013 on the approval of the articles of association of the Joint Stock Company Public Investment Development Agency meets the requirements regarding formation of collegial bodies of companies established in the Law on Companies of the Republic of Lithuania and in the Description of the procedure for the implementation of the property and non-property rights of the state in the state-owned companies approved by Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 and Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 on the approval of the description of the procedure for the selection of candidates to the board of a state enterprise or municipal enterprise and of the candidates to the collegial supervisory or management body elected by the general meeting of shareholders of the state enterprise or municipal enterprise. The Articles of Association of the VIPA specify that instead of the former three members the Supervisory Board shall consist of five members of whom two shall be independent members. Amendments regarding the increase of the number of independent members in the Supervisory Board to three members are planned in January 2018. The Board of the VIPA consists of three employees and/or independent members of the VIPA.

By Order No 1K-144 of the Minister of Finance of the Republic of Lithuania of 12 April 2017 on the appointment of the Supervisory Board of the Joint Stock Company Public Investment Development Agency new members of the Supervisory Board were appointed.

Members of the Supervisory Board (data of 31 December 2017)

Forename, surname	Workplace, position	Education	Beginning of the term of office
Skirmantas Jareckas	Director of BnP Finance, AB (independent member)	Vilnius University, the Bachelor's Degree in Economics Vilnius University, the Master's Degree in Economics	12 04 2017
Rūta Dapkutė-Stankevičienė	Deputy Director of the EU Investment Department of the Ministry of Finance of the RL	Vytautas Magnus University, the Bachelor's Degree in Public Administration Mykolas Romeris University, the Master's Degree in Law	12 04 2017

Arūnas Čiulada	Director of UAB Synergy Finance (independent member)	Vilnius University, the Bachelor's Degree in Business Management and Administration Vilnius Gediminas Technical University, the Master's Degree in Management and Business Administration	12 04 2017
Lina Liubauskaitė	Chief Financial and Economic Advisor to the Office of the Government of the RL, Head of the Unit	Vilnius University, the Bachelor's Degree in Economics	12 04 2017
Sigitas Mitkus	Director of the Financial Market Policy Department of the Ministry of Finance of the RL	Vilnius University, the Bachelor's Degree in Economics Vilnius University, the Master's Degree in Business Administration	12 04 2017

In 2017, 7 meetings of the Supervisory Board were held, during which the following issues were discussed and presented to the Supervisory Board:

- The strategic plan of activities of the Joint Stock Company Public Investment Development Agency;
- Annual financial statements of 2016, the Annual report of 2016 and the distribution of profit (loss) of the Joint Stock Company Public Investment Development Agency;
- Presentation of operating results and the forecast of financial position of the Joint Stock Company Public Investment Development Agency.
- Selection of Board members.
- Regarding the approval of changes in the structure of the Joint Stock Company Public Investment Development Agency and of the list of additional positions.
- Regarding the strategy for attracting resources of private investors.
- Alternative mechanisms and schemes planned to be created by the VIPA for the European Union Funds for attracting funding.
- Signing of the Cooperation agreement establishing the China-CEEC Inter-Bank Association, its advantages and opportunities.

Considering the Letter of State Expectations of the Ministry of Finance of the RL the Supervisory Board submitted to the shareholder periodic reports on the status of implementation of the operating strategy of the VIPA, the key events, the status of implementation of the annual income and cost estimate.

By Resolution No 2017/8-9 of the Supervisory Board of the Joint Stock Company Public Investment Development Agency of 24 April 2017 on the organisation of selection of members of the Board of the Joint Stock Company Public Investment Development Agency new members of the Board were appointed.

Members of the Board (data of 31 December 2017)

Forename, surname	Workplace, position	Education	Beginning of the term of office
Gvidas Dargužas	Chief Executive Officer of UAB Viešųjų investicijų plėtros agentūra	Šiauliai University, the Master's Degree in Economics	24 04 2017
Paulius Jankauskas	Deputy Chief Executive Officer of UAB Viešųjų investicijų plėtros agentūra	Vilnius Gediminas Technical University, the Bachelor's Degree of the Construction Engineer	24 04 2017
Raimonda Lauraitytė	Head of the Financial Management Division of UAB Viešųjų investicijų plėtros agentūra	Vilnius University, the Bachelor's Degree in Economics	24 04 2017

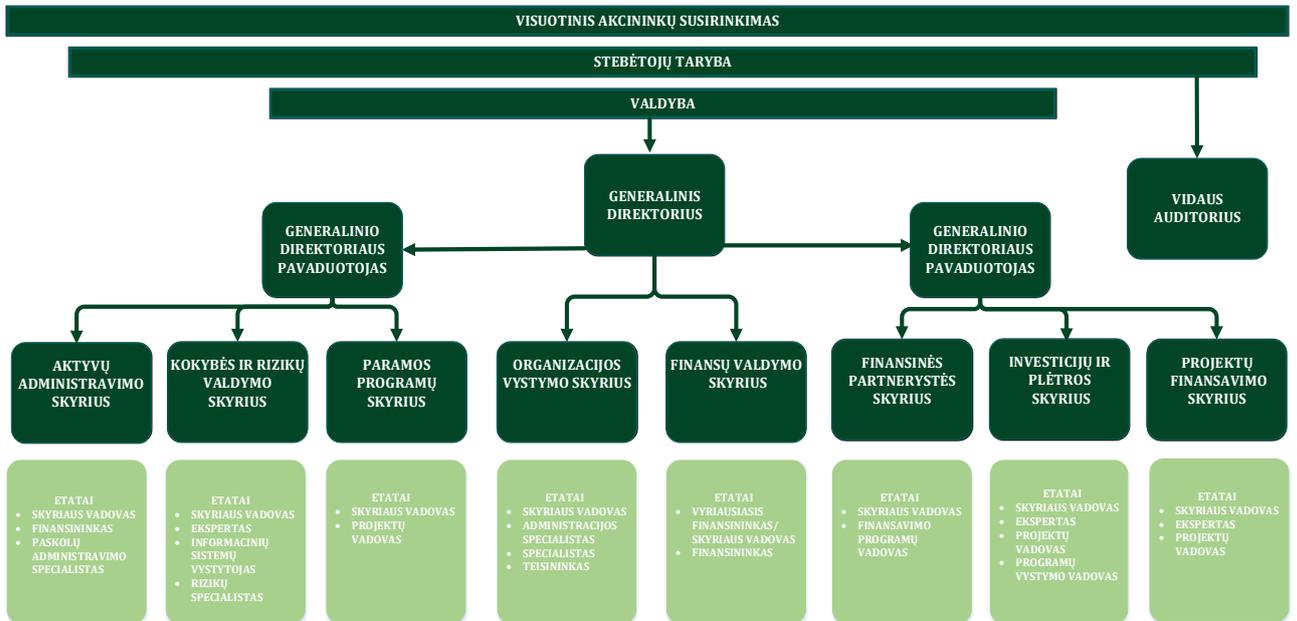
In 2017, 6 meetings of the Board were held, during which the following decisions were deliberated and adopted:

- Approval of the Annual/Interim Report of 2016 of the Joint Stock Company Public Investment Development Agency.
- Approval of the strategic plan of activities for 2017–2020 of the Joint Stock Company Public Investment Development Agency.
- Deliberation of operating results and the forecast of financial position of the Joint Stock Company Public Investment Development Agency.
- Decision on the terms and conditions of the loan agreement and on the signing of the agreement with the European Bank for Reconstruction and Development.
- Decision on the change of structure of the Joint Stock Company Public Investment Development Agency and on additional positions.
- Other matters relating to activities of the VIPA.

The Company's Manager is a single person management body who organises daily activities of the Company according to his powers. As from 2 May 2013, the position of the Chief Executive Officer of the Company is held by Gvidas Dargužas. As from 23 May 2016, the position of the Deputy Chief Executive Officer is held by Paulius Jankauskas. Since 13 September 2017, the position of the second Deputy Chief Executive Officer is held by Kristina Vaskelienė.

ORGANISATIONAL STRUCTURE

By Resolution No 2017/3-14 of the Board of the Joint Stock Company Public Investment Development Agency of 2 August 2017 a new organisational structure of the VIPA was approved taking account of further growth of the VIPA, the scope of its activities and the main aim of becoming the National Development Institution (NDI).



General Meeting of Shareholders/ Supervisory Board/ Board

Deputy Chief Executive Officer/Chief Executive Officer/ Deputy Chief Executive Officer/ Internal Auditor/
Asset Administration Division/Quality and Risk management Division/Support Programmes
Division/Organisation development Division/Financial Management Division/Financial Partnership Division/
Investments and Development Division/ Project Funding Division

Positions: Division Head; Financier; Loan Administration Specialist

Positions: Division Head; Expert; IS Developer; Risk Specialist

Positions: Division Head; Project Manager

Positions: Division Head; Administration Specialist; Specialist; Lawyer

Positions: Chief Financier/ Division Head; Financier

Positions: Division Head; Financing Programmes Manager

Positions: Division Head; Expert; Project Manager; Programme Development Manager

Positions: Division Head; Expert; Project Manager

As of 31 December 2017, the Company had 39 employees (2 of them were on the childcare leave); the average number of employees on the list – 37. In 2017, 7 employees left the Company of their own accord. Women account for the bigger part – 64 % and men – for 36 % of employees of the organisation. Distribution of employees holding managerial positions by gender – 40 % male managers and 60 % female managers.

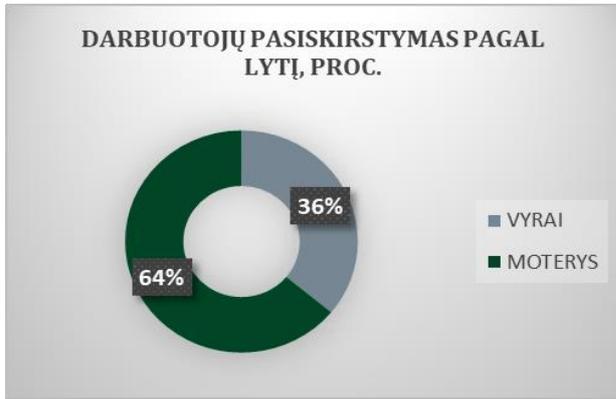


Number of employees

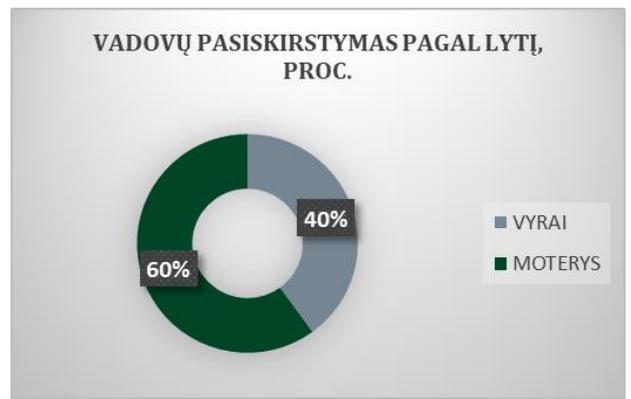
2013; 2014; 2015; 2016; 2017

Number of employees at the end of reporting period

Average number of employees on the list

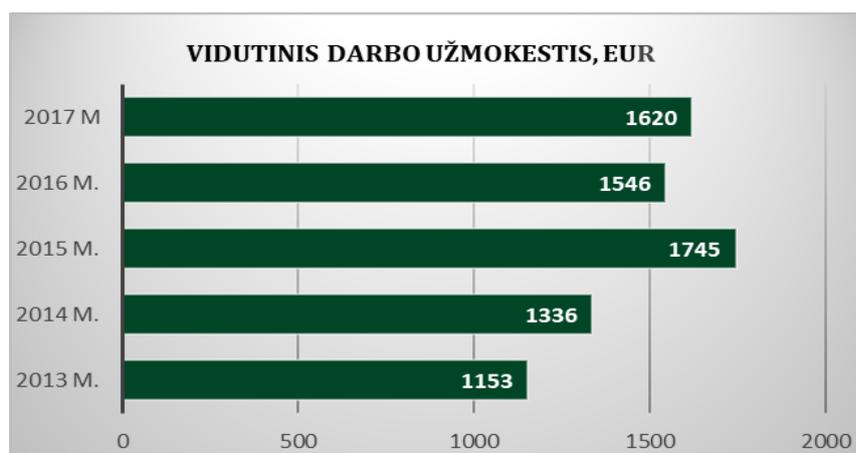


Distribution of employees by gender, %
Male / Female

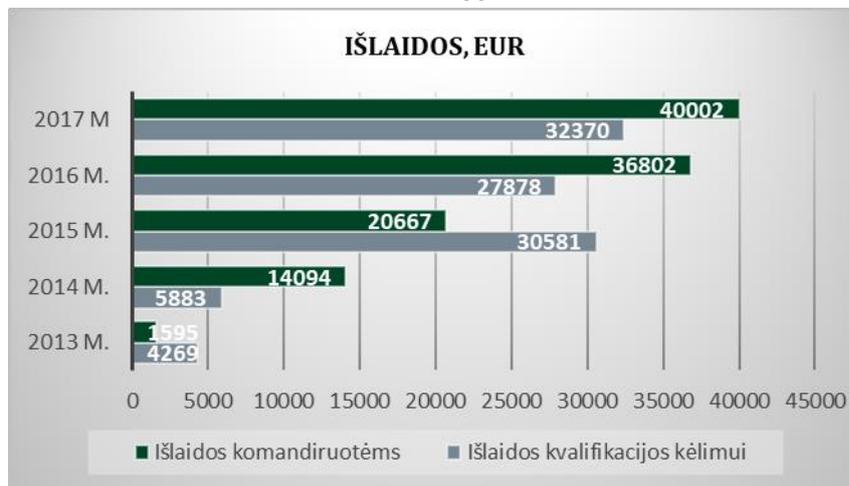


Distribution of managers by gender, %
Male / Female

In the light of amendments to the Labour Code of the Republic of Lithuania and other applicable Resolutions of the Government of the Republic of Lithuania by Order No 2017/9-54 of the Chief Executive Officer of the Joint Stock Company Public Investment Development Agency of 26 October 2017 the system of remuneration of the Joint Stock Company Public Investment Development Agency was approved. The system of remuneration regulates the uniform structure of remuneration for all employees which stimulates them to achieve the targets and their values set in the strategic plan of activities of the VIPA, to seek individual efficiency and identifies the additionally offered incentives, such as employee health insurance, the possibility to acquire additional knowledge by participating in different trainings and international projects. The VIPA employees participating in the international cooperation projects can improve their competences and share best practices with representatives of other EU Member States in the fields of energy efficiency and implementation of financial instruments. The experience of participation in similar projects helps employees to carry out strategic planning of public investments and implement investments that generate the investment return, create the added value and the change. On the basis of strategic objectives and financial possibilities of the Company the training plan for the current year is approved taking account of the missing competences. The Company organises continuous English language courses, other general internal training. Employees improve their knowledge according to individual needs in the fields of public procurement, finance, accounting, personnel, assessment of investment projects, optimisation of processes, communication.



Average wage, EUR
2017; 2016; 2015; 2014; 2013



Expenses, EUR

Expenses for business trips; Expenses for upgrading of qualifications

In 2017, the VIPA together with its employees participated in two public initiatives and supported:

- The Lithuanian Young Scientists Union (LJMS). The amount of money (EUR 500) was allocated for the award 'Best Thesis of 2016'.
- On the Christmas occasion, we presented two bicycles (of EUR 498 value) to Vilnius SOS vaikų kaimas.

The VIPA Loan Committee

The body set up by Order of the Chief Executive Officer of the VIPA which examines the documents of applications for loans for renovation (modernization) of multi-apartment buildings or loans for renovation (modernization) of dormitories, assesses the loan risk and submits proposals to the Chief Executive Officer of the VIPA on the granting of loans or change of their conditions, the loan interest rate, improvement of loan administration and their risk management procedures and performs other functions set forth in the Rules of Procedure of the Loan Committee.

The Loan Committee consists of three representatives of the VIPA and two representatives of the CPMA.

In 2017, 10 meetings of the Loan Committee were held.

The VIPA Committee for Loans and Guarantees

The body set up by Order of the Chief Executive Officer of the VIPA which examines the documents of guarantee and loan applications, except for applications for loans for renovation (modernization) of multi-apartment buildings and loans for renovation (modernization) of dormitories, assesses the guarantee or loan risk, provides proposals to the Chief Executive Officer of the VIPA regarding the granting of loans and issue of guarantees and changing their terms, reimbursement of the guarantee or interest rates, improvement of loan or guarantee administration and their risk management procedures and performs other functions set forth in the Rules of Procedure of the Loan and Guarantee Committee.

The Committee for Loans and Guarantees consists of five representatives of the VIPA.

In 2017, 17 meetings of the Committee for Loans and Guarantees were held.

Implementation of anti-corruption measures

In implementing anti-corruption measures provided for in legal acts, the Agency conducted anti-corruption assessments in two areas of activities – formation, management and administration of personnel and organisation of public procurement. Having carried out these assessments, proposals were submitted to the Management regarding the elimination and mitigation of negative effects of the corruption risk factors in these areas of activities. On 29 December 2017, the list of positions of the VIPA in the case of which when appointing a person to such positions according to the Law of the Republic of Lithuania on Prevention of Corruption the information must be obtained from the Special Investigation Service of the Republic of Lithuania.

For the purpose of better coordination of the anti-corruption policy the Anti-corruption Coordination and Control Group was set up.

According to Order No 1K-310 of the Minister of Finance of the RL of 5 August 2016 on the approval of the 2016–2025 anti-corruption programme of the Ministry of Finance of the Republic of Lithuania VIPA publishes on its internet website the information about meetings, conferences, sittings planned by managers and their deputies, their purpose, participants and time.

In 2016, the code of ethics of employees of the VIPA was approved setting forth the principles of activities of employees, work with customers and colleagues, as well as the treatment of gifts.

Suspected cases of corruption may be reported on the internet website of the VIPA.

KEY INDICATORS OF 2016 AND 2017

	2016	2017
Sales income, EUR	1 772 426	1 670 844
Net profit (loss), EUR	424 272	235 854
Earnings before interest, taxes, depreciation and amortisation (EBITDA), EUR million	574 364	372 803
EBITDA profitability ratio (EBITDA profit/sales income)	0.32	0.22
Authorised capital, EUR	2 001 136	2 001 136
Shareholders equity, EUR	3 097 947	3 039 724
Return on equity, %	13.7	7.8
Earnings (losses) per share, EUR	6	3
Number of shares	69 100	69 100
Investments, EUR	119 336	232 784
Number of employees at the end of period (individuals)	38	41

INVESTMENTS

In QI-QIV 2017, investments in fixed tangible and intangible assets totalled EUR 232 784.

REVENUE

During the reporting year 2017, the VIPA earned revenue of EUR 1 739 463. The major part (EUR 1 670 844) comprises the management fee for:

- the performance of functions of the financial intermediary in implementing the programmes of renovation (modernization) of dormitories of higher education and vocational training institutions, and multi-apartment buildings;
- the performance of functions of the manager of the Multi-apartment Buildings Modernisation Fund;
- the performance of functions of the manager of the Energy Efficiency Fund;
- the performance of functions of the manager of the Municipal Buildings Renovation Fund;

- the performance of functions of the manager of the Cultural Heritage Fund.

Other operating income – resources received (EUR 63 544) for the implementation of the international project during the previous periods, bailiffs' contributions (EUR 1 417), and other (EUR 1 300).

Income includes interest (EUR 818 598) accrued on granted loans funded from JESSICA Holding Fund. The latter amount is also recorded as expense, because interest income is owned by the European Investment Bank.

OPERATING EXPENSES

During the reporting period between 1 January and 31 December 2017, the VIPA incurred operating expenses of EUR 1 730 169 before receiving the compensation for expenses from resources of the European Union technical assistance and international projects. The major part (55 %) comprises costs related to employment relations. Other expenses comprise expenses for renting of premises, utilities, communications services, business trips, consulting and legal services, implementation of information systems, etc.

On 8 October 2013, the VIPA signed the agreement with the Ministry of Finance of the Republic of Lithuania and the Central Project Management Agency for the project 'Performance of functions of the preparation of the VIPA to implement the programme which will replace the strategy for the use of the 2007–2013 EU structural assistance during coming programming period and the operational programmes implementing it' the proceeds of which are used to compensate for the part of the institution's maintenance costs relating to the preparation for the 2014-2020 period of administration of the EU investment funds' operational programme and the administration of projects by way of repayable assistance. In 2017, the compensation of expenses comprised: EUR 154 977 of technical assistance and EUR 48 173 of international projects.

Chief Executive Officer

Gvidas Dargužas

Joint Stock Company Public Investment Development Agency, 303039520

Gedimino pr. 18 / Jogailos g. 2, LT-01103 Vilnius, Lithuania, Register of Legal Entities

BALANCE SHEET AS AT 31 DECEMBER 2017

1 March 2017 No 1

01 01 2017 - 31 12 2017

EUR

(reporting period)

(reporting accuracy level and currency)

Seq. No	Items	Note No	Reporting period	Previous reporting period
	ASSETS			
A.	NON-CURRENT ASSETS		25.909.963	28.455.548
1.	INTANGIBLE ASSETS	1	270.479	106.133
1.1.	Development works			
1.2.	Goodwill			
1.3.	Software		229.759	42.411
1.4.	Concessions, patents, licenses, trademarks and similar rights		40.720	63.722
1.5.	Other intangible assets			
1.6.	Advances paid			
2.	TANGIBLE ASSETS	2	47.908	74.392
2.1.	Land			
2.2.	Buildings and structures			
2.3.	Machinery and equipment		137	354
2.4.	Vehicles			
2.5.	Other fixtures, fittings, tools and equipment		47.771	74.038
2.6.	Investment assets			
2.6.1.	Land			
2.6.2.	Buildings			
2.7.	Prepayments and fixed assets' construction in progress			
3.	FINANCIAL ASSETS	3	25.591.576	28.275.023
3.1.	Debentures of Group companies			
3.2.	Loans to Group companies			
3.3.	Amounts receivable from Group companies			
3.4.	Shares of associates			
3.5.	Loans to associates			
3.6.	Amounts receivable from associates			
3.7.	Long-term investments			
3.8.	Amounts receivable after one year			
3.9.	Other financial assets		25.591.576	28.275.023
4.	OTHER NON-CURRENT ASSETS			
4.1.	Deferred income tax assets			
4.2.	Biological assets			
4.3.	Other assets			
B.	CURRENT ASSETS		7.117.606	10.173.569
1.	INVENTORIES		11.877	70.432
1.1.	Materials and supplies	4	6.487	18.087
1.2.	Works in progress			
1.3.	Finished products			
1.4.	Goods purchased for resale			
1.5.	Biological assets			
1.6.	Non-current tangible assets held for sale			

1.7.	Prepayments	5	5.390	52.345
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		1.801.325	3.409.200
2.1.	Trade receivables			
2.2.	Debts of Group companies			
2.3.	Debts of associates			
2.4.	Other receivables	6	1.801.325	3.409.200
3.	SHORT-TERM INVESTMENTS		1.000.000	0
3.1.	Shares of Group companies			
3.2.	Other investments		1.000.000	
4.	CASH AND CASH EQUIVALENTS	7	4.304.404	6.693.937
C.	DEFERRED EXPENSE AND ACCRUED INCOME	5	7.722	9.503
	TOTAL ASSETS		33.035.291	38.638.620

Seq. No	Items	Note No	Reporting period	Previous reporting period
	EQUITY AND LIABILITIES			
D.	EQUITY	8	3.039.724	3.097.947
1.	CAPITAL		2.001.136	2.001.136
1.1.	Authorised (subscribed) or fixed capital		2.001.136	2.001.136
1.2.	Subscribed unpaid capital (-)			
1.3.	Equities, shares (-)			
2.	SHARE PREMIUM			
3.	REVALUATION RESERVE			
4.	RESERVES	9	235.316	200.115
4.1.	Mandatory reserve or capital buffer (reserve capital)		221.329	200.115
4.2.	For acquisition of own shares			
4.3.	Other reserves		13.987	
5.	RETAINED PROFIT (LOSSES)		803.272	896.696
5.1.	Profit (loss) of the reporting year	10	235.854	424.272
5.2.	Profit (loss) of the previous year		567.418	472.424
E.	GRANTS, SUBSIDIES			
F.	PROVISIONS		12.999	16.291
1.	Provisions for pensions and similar liabilities			
2.	Tax provisions			
3.	Other provisions		12.999	16.291
G.	AMOUNTS PAYABLE AND OTHER LIABILITIES		29.978.991	35.524.382
1.	AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		27.485.351	33.864.316
1.1.	Debt liabilities			
1.2.	Debts to credit institutions	11	27.485.351	33.864.316
1.3.	Received prepayments			
1.4.	Trade payables			
1.5.	Amounts payable according to bills and checks			
1.6.	Amounts payable to Group companies			
1.7.	Amounts payable to associates			
1.8.	Other amounts payable and liabilities			
2.	AMOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES	11	2.493.640	1.660.066
2.1.	Debt liabilities			
2.2.	Debts to credit institutions		2.336.379	1.517.815
2.3.	Received prepayments		62.025	85.283

2.4.	Trade payables		24.474	7.796
2.5.	Amounts payable according to bills and checks			
2.6.	Amounts payable to Group companies			
2.7.	Amounts payable to associates			
2.8.	Income tax liabilities			
2.9.	Liabilities related to employment relationships		38.177	41.695
2.10.	Other amounts payable and current liabilities		32.585	7.477
H.	ACCRUED EXPENSE AND DEFERRED INCOME		3.577	
	TOTAL EQUITY AND LIABILITIES		33.035.291	38.638.620

Chief Executive Officer

Gvidas Dargužas

Chief Financier

Raimonda Lauraitytė

Joint Stock Company Public Investment Development Agency, 303039520

Gedimino pr. 18 / Jogailos g. 2, LT-01103 Vilnius, Lithuania, Register of Legal Entities

PROFIT (LOSS) STATEMENT AS AT 31 DECEMBER 2017

1 March 2018 No 2

01 01 2017 - 31 12 2017
(reporting period)EUR
(reporting accuracy level and currency)

Seq. No	Items	Note No	Reporting period	Previous reporting period
1.	Sales income	10	1.670.844	1.772.426
2.	Cost of sales	10	(623.955)	(624.888)
3.	Change in fair value of biological assets			
4.	GROSS PROFIT (LOSS)		1.046.889	1.147.538
5.	Sales expenses			
6.	General and administrative expenses	10	(837.196)	(646.739)
7.	Other operating results	10	66.291	(476)
8.	Income from investments shares of the parent company, subsidiaries and associates			
9.	Income from other long-term investments and loans			
10.	Other interest and similar income	10	820.926	884.791
11.	Decrease in value of financial assets and short-term investments			
12.	Interest expenses and other similar expenses		(818.598)	(884.630)
13.	PROFIT (LOSS) BEFORE TAXES		278.312	500.484
14.	Income tax		(42.458)	(76.212)
15.	NET PROFIT (LOSS)		235.854	424.272

Chief Executive Officer

Gvidas Dargužas

Chief Financier

Raimonda Lauraitytė

Joint Stock Company Public Investment Development Agency, 303039520

Gedimino pr. 18 / Jogailos g. 2, LT-01103 Vilnius, Lithuania, Register of Legal Entities

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017

1 March 2018 No 3

01 01 2017 - 31 12 2017 (reporting period)	EUR									
	(reporting accuracy level and currency)									
	Paid up authorised or fixed capital	Share premium	Own shares (-)	Revaluation reserve		Statutory reserves		Other reserves	Retained profit (loss)	Total
Fixed tangible assets				Financial assets	Mandatory reserve or capital buffer (reserve)	For acquisition of own shares				
1. Balance at the end of the reporting (annual) period preceding the previous reporting (annual) period	101.360					10.137			761.599	873.096
2. Result of change in accounting policies										
3. Result of correction of material errors										
4. Restated balance at the end of the reporting (annual) period preceding the previous reporting (annual) period	101.360					10.137			761.599	873.096
5. Increase (decrease) in value of fixed tangible assets										
6. Increase (decrease) in value of the effective hedge										
7. Purchase (sale) of own shares										
8. Profit (loss) not recognised in profit (loss) statement										
9. Net profit (loss) of the reporting period									424.272	424.272
10. Dividends									(61.117)	(61.117)
11. Other payments									(38.080)	(38.080)
12. Formed reserves						189.978			(189.978)	
13. Used reserves										
14. Increase (reduction) of the authorised capital of members' contributions (return of shares)	1.899.776									1.899.776

15. Other increase (decrease) of the authorised or fixed capital									
16. Contributions for covering of losses									
17. Balance at the end of the previous reporting (annual) period	2.001.136					200.115		896.696	3.097.947
18. Increase (decrease) in value of fixed tangible assets									
19. Increase (decrease) in value of the effective hedge									
20. Purchase (sale) of own shares									
21. Profit (loss) not recognised in profit (loss) statement									
22. Net profit (loss) of the reporting period								235.854	235.854
23. Dividends								(254.563)	(254.563)
24. Other payments								(53.500)	(53.500)
25. Formed reserves						21.214	13.987	(21.214)	13.987
26. Used reserves									
27. Increase (reduction) of the authorised capital of members' contributions (return of shares)									
28. Other increase (decrease) in authorised or fixed capital									
29. Contributions for covering of losses									
30. Balance at the end of the reporting (annual) period	2.001.136					221.329	13.987	803.272	3.039.724

Chief Executive Officer

Gvidas Dargužas

Chief Financier

Raimonda Lauraitytė

CASH FLOW STATEMENT AS AT 31 DECEMBER 2017

1 March 2018 No 4

01 01 2017 - 31 12 2017
(reporting period)EUR
(reporting accuracy level and currency)

Seq. No	Items	Note No	Reporting period	Previous reporting period
1.	Cash flows from operating activities			
1.1.	Net profit (loss)		235.854	424.272
1.2.	Depreciation and amortisation expenses		94.491	73.880
1.3.	Elimination of results of disposals of non-current tangible and intangible assets			
1.4.	Elimination of results of financing and investing activities			
1.5.	Elimination of results of other non-monetary transactions			
1.6.	Decrease (increase) in amounts receivable from Group companies and associates			
1.7.	Decrease (increase) in other amounts receivable after one year		2.683.447	772.363
1.8.	Decrease (increase) in deferred income tax			
1.9.	Decrease (increase) in inventories, excluding prepayments made		11.600	(18.073)
1.10.	Decrease (increase) in prepayments made		46.955	(52.197)
1.11.	Decrease (increase) in trade receivables			
1.12.	Decrease (increase) in debts of Group companies and associates			
1.13.	Decrease (increase) in other amounts receivable		1.607.875	4.411.578
1.14.	Decrease (increase) in current investments		(1.000.000)	
1.15.	Decrease (increase) in deferred expenses and accrued income		1.781	
1.16.	Decrease (increase) in provisions		(3.292)	
1.17.	Decrease (increase) in non-current trade payables and received prepayments		(6.378.965)	(3.480.222)
1.18.	Increase (decrease) in amounts payable after one year according to bills and cheques			
1.19.	Increase (decrease) in non-current debts to Group companies and associates			
1.20.	Increase (decrease) in current trade payables and received prepayments		811.984	(1.095.466)
1.21.	Increase (decrease) in amounts payable in one year according to bills and cheques			
1.22.	Increase (decrease) in current debts to Group companies and associates			
1.23.	Increase (decrease) in income tax liabilities			(116.893)
1.24.	Increase (decrease) in liabilities related to employment relations		(3.518)	14.302
1.25.	Increase (decrease) in other amounts payable and liabilities		25.108	(8.117)

1.26.	Increase (decrease) in accrued expenses and deferred income		3.577	
	Net cash flows from operating activities		(1.863.103)	925.427
2.	Cash flows from investing activities			
2.1.	Acquisition of non-current assets, excluding investments		(232.784)	(119.336)
2.2.	Disposal of non-current assets, excluding investments			
2.3.	Acquisition of non-current investments			
2.4.	Disposal of non-current investments			
2.5.	Loans granted			
2.6.	Loans recovered			
2.7.	Received dividends and interest			
2.8.	Other increase in cash flows from investing activities			
2.9.	Other decrease in cash flows from investing activities			
	Net cash flows from investing activities		(232.784)	(119.336)
3.	Cash flows from financing activities			
3.1.	Cash flows related to the Company's owners		(254.563)	1.838.659
3.1.1.	Issued shares			1.899.776
3.1.2.	Owners' contributions to cover losses			
3.1.3.	Purchased own shares			
3.1.4.	Dividends paid		(254.563)	(61.117)
3.2.	Cash flows related to other financing sources		(39.083)	(36.868)
3.2.1.	Increase in financial debts		-	-
3.2.1.1.	Loans received			
3.2.1.2.	Issue of bonds			
3.2.2.	Decrease in financial debts		-	-
3.2.2.1.	Loans repaid			
3.2.2.2.	Issued bonds			
3.2.2.3.	Interest paid			
3.2.2.4.	Lease (finance lease) payments			
3.2.3.	Increase in other liabilities of the Company			
3.2.4.	Decrease in other liabilities of the Company		(39.083)	(36.868)
3.2.5.	Other increase in cash flows from financing activities			
3.2.6.	Other decrease in cash flows from financing activities			
	Net cash flows from financing activities		(293.646)	1.801.791
4.	Effect of changes in exchange rates on the balance of cash and cash equivalents			
5.	Net increase (decrease) in cash flows		(2.389.533)	2.607.882
6.	Cash and cash equivalents at the beginning of the period		6.693.937	4.086.055
7.	Cash and cash equivalents at the end of the period		4.304.404	6.693.937

Chief Executive Officer

Gvidas Dargužas

Chief Financier

Raimonda Lauraitytė

EXPLANATORY NOTES TO THE SET OF FINANCIAL STATEMENTS OF 2017

GENERAL PART

The Private Limited Liability Company Public Investment Development Agency (hereinafter – the VIPA) is a legal person of limited civil liability registered with the Register of Legal Entities on 11 April 2013, corporate code 303039520, registered office address – Lukiškių g. 2, Vilnius, Lithuania, business address – Gedimino pr. 18 / Jogailos g. 2, Vilnius. The data about the VIPA are collected and stored in the Register of Legal Entities.

The type of economic activities pursued by the Company: provision of financial services, administration and implementation of financial instruments intended for the modernization of the public infrastructure and public services.

In pursuit of its activities, the VIPA implements financial engineering instruments (during the 2007–2013 period of financing from the European Union structural assistance), financial instruments (during the 2014–2020 period of financing from the European Union Structural Funds) and financial instruments funded from other financial sources, participation in their implementation as the manager of the holding fund (during the 2007–2013 period of financing from the European Union structural assistance), the manager of the fund of funds (during the 2014–2020 period of financing from the European Union Structural Funds), the financial intermediary and/or in other forms. In order to achieve the goal of its activities the Company performs the functions of the intermediary institution as defined in the Rules for the allocation of the responsibility and functions among institutions in implementing the Operational Programme of 2014–2020 for Investments of the European Union Funds approved by Resolution No 528 of the Government of the Republic of Lithuania of 4 June 2014 on the allocation of Lithuania's responsibilities and functions between institutions in implementing the Operational Programme of 2014–2020 for Investments of the European Union Funds in the cases specified in the Resolution. The VIPA grants loans to the promoters of projects of the urban public infrastructure, improvement of energy efficiency, carries out the assessment, selection and supervision of implementation of the public sector projects funded under financial instruments, provides information and proposals in drafting and improving legal acts regulating financial instruments, in implementing financial instruments, attracts the private sector investments to the public sector; promotes financial instruments, renders technical and methodological assistance in drafting financial instruments; provides information or proposals in drafting and improving legal acts regulating financial instruments and engages in other activities provided for in the articles of association.

The head of administration of the VIPA – the Chief Executive Officer Gvidas Dargužas holding this position since 2 May 2013.

As of 31 December 2017, the Company had 39 employees (2 of them were on the childcare leave); the average number of employees on the list – 37.

The data in the balance sheet, the income statement, the cash flow statement, and the statement of changes in equity and explanatory notes to the financial statements presented by the VIPA are specified in aggregate figures, expressed in euro. Financial statements of the VIPA were prepared as at 1 March 2018.

The VIPA has no branches or representative offices.

The Company did not conduct any research or development activities.

LEGAL BASIS OF ACTIVITIES OF THE VIPA

The legal basis of activities of VIPA is defined by Order No 1K-259 of the Minister of Finance of the Republic of Lithuania of 8 February 2013 on the approval of the articles of association of the Joint Stock Company Public Investment Development Agency (as amended by Order No 1K-180 of the Minister of Finance of the Republic of Lithuania of 20 May 2015 and Order No 1K-88 of the Minister of Finance of the Republic of Lithuania of 17 March 2016).

In 2016, the authorised capital of the VIPA was increased from EUR 101 360 to EUR 2 001 136 by issuing 65 600 uncertificated registered ordinary shares, each of EUR 28.96 nominal value, with the total nominal value being EUR 1 899 776. The issue price of shares is equal to their nominal value. The authorized capital of the VIPA is divided to 69 100 ordinary registered shares. As at 31 December 2017, all shares of the Company were fully paid up. As at 31 December 2017, the VIPA had not acquired its own shares. 100 % of shares of the VIPA are owned by the State whose owner's property rights are implemented by the Ministry of Finance of the Republic of Lithuania.

The objective of activities of the VIPA set in the Articles of Association – financing and promoting development in different areas in which market failures exist seeking profitable activities.

ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING PRINCIPLES

The VIPA's accounts are kept following the provisions of the Law of the Republic of Lithuania on Accounting, Business Accounting Standards and other legal acts regulating the accounting in the Republic of Lithuania. The Company's accounting is based on the principles of accrual, prudence, comparability, going concern, substance over form and other accounting principles.

The financial year of the VIPA corresponds to the calendar year.

The accounts are kept and the financial statements are prepared and presented in euro.

NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible assets, the cost of acquisition whereof is below EUR 290, irrespective of the time of their use, are expensed having started to use such assets. The minimum acquisition cost is common for all groups of intangible assets.

Intangible assets of VIPA consist of software and licences. Intangible assets are accounted for at acquisition value less the accrued amortisation and the impairment loss, if any. Intangible assets are amortised within their useful life, applying the linear amortization calculation method; the useful life of intangible assets is three years.

Expenses related to maintaining economic benefit of intangible assets are recognised as costs of the period in which the repair or maintenance services are provided.

Tangible assets of VIPA as at the date of financial statements consist of hardware and office equipment, and furniture, the cost of acquisition of which is more than EUR 290. Tangible assets are accounted for at their acquisition value less the accrued amortisation and the impairment loss, if any. Non-current tangible assets are depreciated throughout the useful life of the assets, by applying a linear method of depreciation. The useful life (in years) for different tangible assets groups is established in accordance with the provisions of the Law on Corporate Income Tax of the Republic of Lithuania of 20 December 2001, and approved by Order of the Chief Executive Officer of the Joint Stock Company Public Investment Development Agency. The useful life of computer hardware and communications equipment is three years, vehicles and equipment – five years, furniture – six years.

ACCOUNTING FOR AMOUNTS RECEIVABLE

Amounts receivable are accounted for according to 18 Business Accounting Standard 'Financial assets and financial liabilities'. They are recognised as current assets, except for those amounts receivable the repayment term of which is longer than 12 months after the balance sheet date. The latter amounts receivable are attributed to non-current financial assets.

After initial recognition, non-current financial assets are recorded in the accounting at acquisition cost.

ACCOUNTING FOR INVENTORIES

Inventories are recorded in the accounting at their acquisition cost. The cost of inventories consists of the purchase price, transportation expenses and other expenses directly attributable to their acquisition. Inventories are accounted for applying FIFO method.

TAXES

The VIPA calculates and pays taxes and other payments to the State budget and funds in the manner set forth in the Law of the Republic of Lithuania on Tax Administration and other laws.

In 2017, with respect to its operations, the VIPA had to pay contributions to the guarantee fund (0.2% from gross wage of employees), social insurance contributions payable by the employer (30.98% from gross wage of employees), deduct and pay the income tax of individuals (15% from gross wage of employees less the tax free income), deduct and pay the compulsory pension and health insurance contributions (9%/10% from gross wage of employees).

INCOME TAX

Acting in accordance with the Law of the Republic of Lithuania on Corporate Income Tax, the taxable profit of the Company is subject to a 15% corporate income tax.

The deferred income tax assets are the assets that are expected to be recovered in the future periods. Deferred income tax assets are netted with income tax liabilities in the future periods.

CAS AND CASH EQUIVALENTS

The VIPA's cash assets consist of cash held in the Company's bank accounts. The cash flow statement is prepared according to the indirect method when the net profit (loss) of the reporting period is recalculated into the amount of cash received or spent in the operating activities of the Company during the reporting period.

Cash held in bank accounts of the VIPA and used thereby for the purpose of implementing the multi-apartment building renovation (modernization) programmes, and the programmes for the renovation (modernization) of dormitories of schools of higher education and vocational training institutions, funded by the JESSICA holding fund, is not considered to be the ownership of the VIPA. The proceeds of this instrument in the VIPA's accounts are accounted for under a separate accounting code.

AUTHORISED CAPITAL AND RESERVES

The authorised capital and reserves are accounted for at nominal value.

According to the Law of the Republic of Lithuania on Companies, the Company must transfer 5 % of the profit of the reporting period to mandatory reserves, until the reserve accounts for at least 10 % of the authorised capital value. The mandatory reserve may be used only to cover the losses of the Company.

In 2017, after the distribution of profit (loss) of 2016, the mandatory reserve equal to EUR 221 329 was formed.

ACCOUNTING FOR LIABILITIES

Liabilities are registered in the accounting when liabilities arise in the context of operations. Liabilities also include the liabilities of unused holidays to the employees.

Given that resources of the Measure No 11.0.1-CPVA-V-201 'Administration of the operational programme' under the Priority 11 'Technical assistance for the administration of the operational programme' of the 2014–2020 Operational Programme for the European Union Funds' Investments, are related to the administration of the particular 2014–2020 EU structural operational programme, but do not constitute the targeted assistance to the Company, the amounts received for the acquisition of non-current assets are also attributed to other liabilities. These amounts will be used to cover the costs of depreciation of the aforementioned assets.

REVENUE ACCOUNTING

Revenue is recognised according to the accrual principle, i.e. recorded in the accounting when it is earned regardless of the time of receiving the money.

Sales revenue is represented by the fair value of the consideration received or receivable for services provided by the Company during its ordinary operating activities. Sales revenue is recognised when the amount of money can be reliably measured.

EXPENSE ACCOUNTING

Expenses are recognised on the basis of the accrual and comparability principles in the reporting period during which the related income is earned, regardless of the time of spending the money.

Costs of the Company are broken down into cost of sales and operating expenses. The cost of sales includes costs directly related to the Company's operations: salaries of responsible employees, costs of services and goods required for operations, and that can be clearly separated and identified. Operating costs include general and administrative costs necessary for ensuring the proper operations of the Company.

Expenses incurred by the Company in implementing the 2014-2020 projects 'Administration of the operational programme' are covered from the 2014-2020 EU technical assistance.

CONTINGENCIES

Contingent liabilities are not recorded in the financial statements; but they are disclosed, except for the cases when their impact upon financial results is insignificant.

Contingent assets are not recorded in financial statements, but they are disclosed in the explanatory notes to financial statements, when economic benefit are expected from such assets.

POST-BALANCE SHEET EVENTS

All events (adjusting events) occurring after the balance sheet date are accounted for in financial statements when they are related to the reporting period and have a significant impact on the financial statements.

EXPLANATORY NOTES**Note 1. Intangible assets (EUR)**

Item	Licenses	Software	Total
Acquisition value			
Beginning of the previous period	12.210	74.469	86.679
Acquired assets	61.314	18.576	79.889
End of the previous period	73.524	93.045	166.568
Beginning of the reporting period	73.524	93.045	166.568
Acquired assets		218.739	218.739
Written down assets		-1.984	-1.984
Rounding error	-1		
End of the reporting period	73.523	309.800	383.323
Accrued amortisation			
Beginning of the previous period	5.413	21.207	26.620
Estimated amortisation	4.388	29.427	33.815
Transfers	782	-782	
End of the previous period	10.583	49.852	60.435
Beginning of the reporting period	10.583	49.852	60.435
Estimated amortisation	22.219	31.953	54.172
Written down assets		-1.763	-1.763
Rounding error	1	-1	
End of the reporting period	32.803	80.041	112.844
Residual value			
Beginning of the previous period	6.797	53.262	60.059
End of the previous period	63.723	42.411	106.133
Beginning of the reporting period	63.722	42.411	106.132
End of the reporting period	40.720	229.759	270.479

The VIPA has no intangible assets acquired or being acquired under lease agreements.

Note 1. Tangible fixed assets (EUR)

Item	Machinery and equipment	Other equipment	Other fixed assets	Other fixtures, fittings, tools and equipment	Total
Acquisition value					
Beginning of the previous period	1.083	111.796	6.121		119.000
Acquired assets		27.263	12184		39.447
End of the previous period	1.083	139.059	18.305		158.447
Beginning of the reporting period	1.083	139.059	18.305		158.447
Acquired assets				14.045	14.045
Written down assets		-139.059	-18.305	157.364	
Rounding error				-815	-815
Beginning of the reporting period	1.083			170.594	171.677

Accrued amortisation				
Beginning of the previous period	513	40.097	2.168	42.778
Estimated amortisation	216	39.449	1.612	41.277
Transfers	729	79546	3780	84055
Beginning of the reporting period	729	79.546	3.780	84.055
Estimated amortisation		-79.546	-3.780	83.326
Written down assets				-702
Rounding error	217			40.200
End of the reporting period	946			122.824
				123.770
Residual value				
Beginning of the previous period	570	71.699	3.953	56.270
End of the previous period	354	59.513	14.525	74.392
Beginning of the reporting period	354	59.513	14.525	74.392
End of the reporting period	137			47.771
				47.908

The VIPA has no tangible assets acquired or being acquired under lease agreements.

Note 3. Financial assets (EUR)

Item	Last day of the reporting period	Last day of the previous reporting period
- Loans granted for renovation (modernisation of multi-apartment buildings accrued interest*	14.239.474	17.110.286
- Loans granted for renovation (modernisation of dormitories of schools of higher education and vocational training institutions accrued interest *	710.302	
	10.627.067	11.164.737
	14.733	
Total	25.591.576	28.275.023

*Interest accrued in 2016 was recorded in current assets.

The items of the non-current financial assets record the value of loans granted in relation to the implementation of the multi apartment building renovation (modernization) programmes, and the programmes for the renovation (modernization) of dormitories of schools of higher education and vocational training institutions, funded by the JESSICA holding fund. Interest accrued in 2017 receivable after a year was transferred to financial assets.

Amounts receivable are not considered to be the ownership of the VIPA. The VIPA is acting in the capacity of a financial intermediary performing the functions related to the administration of loans. The VIPA must transfer the amounts receivable to the European Investment Bank under the Conditional Loan Agreements of 18 July 2013 and 19 August 2013.

Note 4. Inventories (EUR)

Item	Last day of the reporting period	Last day of the previous reporting period
Balance at the beginning of the reporting period	18.087	14
Acquisitions of the reporting period	14.443	29.919
Write downs of the reporting period	26.043	11.846
Residual value	6.487	18.087

Note 5. Prepayments (EUR)

Deferred expenses	Last day of the reporting period	Last day of the previous reporting period
- subscription	794	254
- vehicle insurance	661	
- after-sales service of printers		181
- annual antivirus license fee	1.924	997
- expenses related to employment relations		8.071
- civil liability insurance of the management	3.343	
- membership fees	1.000	
Total	7.722	9.503

Note 6. Amounts receivable (EUR)

Amounts receivable	Last day of the reporting period	Last day of the previous reporting period
Relating to the project implemented by the VIPA	64.347	19.596
Receivable management fee	462.790	1.665.032
Other receivables	1.461	
Budget debt to the Company	55.529	41.200
Accountable persons	38	
Total	584.165	1.725.828

Amounts receivable in relation to the administration or JESSICA holding fund's resources

	Last day of the reporting period	Last day of the previous reporting period
Intereon granted loans	35,144	734.082
Current year's portion of long-term loans	1.182.016	949.290
Total	1.217.160	1.683.372

The time deposit of EUR 1 million with Šiaulių bankas (interest rate 0.25 %, maturity - 6 months) is accounted for in current investments' item 'Other investments'.

Note 7. Cash at bank (EUR)

	Last day of the reporting period	Last day of the previous reporting period
Resources of the VIPA	1.236.009	1.217.826
Resources of multi-apartment buildings' renovation (modernisation) programme	2.492.529	5.133.641
Resources of dormitories' renovation (modernisation) programme	530.161	304.301
Resources of the Project 'Horizon 2020'	38.131	38.169
Resources of the Project 'Capacity building for the implementation of financial instruments combined with other public investments'	7.574	
Total	4.304.404	6.693.937

In order to avoid risks, settlements can be made and orders are executed only by a payment order.

Resources of the programme for the renovation (modernization) of multi-apartment buildings may be used exclusively for the renovation (modernization) of multi-apartment buildings, i.e. for transfers of funds to contractors, payment of the VIPA management fee, and repayment of funds to the European Investment Bank.

Resources of the programme for the renovation (modernization) of dormitories may be used exclusively for the renovation (modernization) of dormitories, i.e. for transfers of funds to contractors, payment of the VIPA management fee, and repayments of funds to the European Investment Bank.

Note 8. Shareholders' equity

Shareholder	Number of ordinary shares (units)	Value of ordinary shares (EUR)	%
	31 12 2017	31 12 2017	31 12 2017
Ministry of Finance of the Republic of Lithuania	69.100	2.001.136	100
Total	69.100	2.001.136	100

Profit (loss) per share was computed by dividing net profit (net loss) of the Company for the reporting period by the number of shares.

Item	Last day of the reporting period (31 12 2017)	Last day of the previous reporting period (31 12 2016)
Net profit (loss) of the reporting period, EUR	235.854	424.272
Number of shares, units	69.100	69.100
Profit (loss) per share, EUR	3	6

Note 9. Reserves (EUR)

Item	Last day of the reporting period	Last day of the previous reporting period
Mandatory reserve	221.329	200.115
Other reserves (incentives for employees)	13.987	

Note 10. Retained profit (loss) (EUR)

The revenue of the VIPA comprises the management fee received for:

- performance of the financial intermediary's functions in implementing the multi apartment-building renovation (modernization) programme;
- performance of the financial intermediary's functions in implementing the programme of the renovation (modernization) of dormitories of schools of higher education and vocational training institutions;
- performance of the Multi-apartment Buildings Modernization Fund manager's functions;
- performance of the Energy Efficiency Fund manager's functions.

Item	Sales revenue of the reporting period	Sales revenue of the previous reporting period
Performance of the financial intermediary's functions	626.384	916.114
Performance of the fund manager's functions	1.044.460	856.312
Total	1.670.844	1.772.426

The balance sheet and the profit (loss) statement of the VIPA also include interest income on granted loans funded from the JESSICA holding fund's resources which must be transferred to the European Investment Bank as to the manager of the JESSICA holding fund.

Item	Interest income of the reporting period	Interest income of the previous reporting period
Interest income on loans granted for renovation (modernisation) of multi-apartment buildings	476.869	587.800
Interest income on loans granted for renovation (modernization) of dormitories of schools of higher education and vocational training institutions	341.695	295.921
Total	818.564	883.721

Item	Other income of the reporting period	Other income of the previous reporting period
Other operating income	66.291	26
Income from fines, penalties	1.532	727
Other financial revenue	830	343
Total	68.653	1.096

Expenses incurred by the VIPA in implementing of the projects 'Administration of the operational programme' and 'Information about the operational programme' of 2014-2020 are reimbursed from the 2014-2020 EU technical assistance. A part of the operating expenses is also reimbursed from resources of international projects implemented with the participation of the VIPA.

Item	Total expenses of the reporting period	Reimbursement of expenses of the reporting period	Resources from the reserve used for employee bonuses, cultural and similar purposes	Expenses of the reporting period after reimbursement	Expenses of the previous period after reimbursement
Expenses for wages and social insurance*	967.655	169.378	23.376	774.901	746.560
Depreciation and amortisation	94.589	98		94.491	73.880
Expenses for renting of premises	68.266			68.266	50.477
Utilities	23.661			23.661	14.887
Expenses for use of vehicles	5.142			5.142	7.667
Expenses for communications services	7.674			7.674	3.283
Business-trip expenses	58.207	18.205		40.002	36.803
Expenses for refresher courses	32.370			32.370	27.878
Consulting and legal services	158.316	10.890		147.426	130.127

Fixed assets					
maintenance services	46.508			46.508	20.149
Operating expenses**	225.323	4.579		220.744	127.216
Income tax expenses	42.458			42.458	76.212
Total	1.730.169	203.150	23.376	1.503.643	1.315.139

* The amount attributed to the cost of sales of the reporting period is EUR 444 076, and in the previous reporting period – EUR 590 777.

** The amount attributed to the cost of sales of the reporting period is EUR 179 879, and in the previous reporting period – EUR 34 111.

In 2017, expenses of EUR 203 150 were reimbursed from the EU technical assistance and international projects.

Note 11. Amounts payable and liabilities (EUR)

Creditors	Debts repayable			
	In one year		After one year	
	Last day of the reporting period	Last day of the previous reporting period	Last day of the reporting period	Last day of the previous reporting period
Debts to suppliers	24.474	7.796		
Liabilities related to employment relations		92		
Holiday accruals	38.177	41.603		
Accrued expenses	3.577	4.066		
Debts to credit institutions	2.336.379	1.517.815	27.485.351	33.864.316
Received prepayments	62.026	85.283		
Other amounts payable and liabilities	32.584	3.411		
Income tax liabilities				
Total	2.497.217	1.660.066	27.485.351	33.864.316

As of 31 December 2017, the holiday reserve was calculated taking account of the average wage expenses and accrued days of holidays not used until the end of the reporting period.

The item of prepayments includes:

- EUR 5 116 – loan instalments transferred by borrowers in advance;
- EUR 38 175 – resources of the Project ‘Horizon 2020’;
- EUR 17 829 – resources of the Project ‘Capacity building for the implementation of financial instruments combined with other public investments’ (multiregional support);
- EUR 906 – obligations to the European Investment Bank to cover part of the obligations of insolvent borrowers, according to the Conditional Loan Agreement signed on 19 August 2013 regarding the renovation (modernization) of multi apartment buildings).

Other amounts payable and liabilities:

- EUR 32 584 – the obligation from previous reporting periods under the project ‘Performance of functions of the preparation of the VIPA to implement the programme which will replace the strategy for the use of the 2007–2013 EU structural assistance during coming programming period and the operational programmes implementing it’.

Obligations to the European Investment Bank recorded in non-current liabilities:

- according to the Conditional Loan Agreement of 18 July 2013 regarding the renovation (modernization) of dormitories;
- according to the Conditional Loan Agreement of 19 August 2013 regarding the renovation (modernization) of multi apartment buildings).

Interest on loans payable to the European Investment Bank is recorded in the item 'Debts to credit institutions' in current liabilities.

Note 12. Contingent liabilities

Paragraph 28 of 18 Business Accounting Standard 'Financial Assets and Financial Liabilities' stipulates that financial liabilities shall be accounted for when and only when an entity assumes an obligation to deliver cash or another financial asset. Forecast transactions and originated financial guarantees that are not yet due shall not be recognised as the entity's liabilities as long as they do not meet the definition of a financial liability. Financial statements for the period ended 31 December 2017 do not include the data on the obligation assumed by VIPA to repay 11 % of non-performing loans (overdue for more than 60 days) relating to renovation (modernization) of multi-apartment buildings under the Conditional Loan Agreement No 2013-0376 of 19 August 2013 concluded with the European Investment Bank.

Note 13. Other relevant information

When performing the Conditional Loan Agreement of 19 August 2013 concluded by the VIPA and the CPMA with the European Investment Bank regarding the renovation (modernization) of multi-apartment buildings in implementing the activities of the JESSICA holding fund in Lithuania, by 31 December 2017, the VIPA had concluded 115 loan agreements regarding the renovation (modernization) of multi-apartment buildings the value of which totalled EUR 29.8 million. As at 31 December 2016, the value of actually disbursed loans was EUR 29.5 million.

When performing the Conditional Loan Agreement of 19 August 2013 concluded by the VIPA and the CPMA with the European Investment Bank regarding the renovation (modernization) of dormitories of schools of higher education and vocational training institutions, by 31 December 2017, the VIPA had concluded 16 loan agreements. Total value of the concluded agreements – EUR 11.7 million. As at 31 December 2017, all loans, i.e. EUR 11.7 million were actually disbursed.

On 18 February 2015, the VIPA signed with the Ministry of Finance of the Republic of Lithuania and the Ministry of Energy of the Republic of Lithuania the trilateral agreement on the establishment and funding of the Energy Efficiency Fund (ENEF). The ENEF was established as the fund of funds managed and administrated by the VIPA on a trust basis. The purpose of the Fund – to improve energy efficiency by investing into the public infrastructure. The total contribution of the ENEF – EUR 79.65 million.

On 27 March 2015, the VIPA concluded the trilateral agreement on the establishment and funding of the Multi-apartment Buildings Modernization Fund (MABMF) with the Ministry of Finance of the Republic of Lithuania and the Ministry of Environment of the Republic of Lithuania. The purpose of the MABMF is to promote the improvement of energy efficiency by investing in the modernization of multi-apartment buildings. On 17 September 2015, the MABMF agreement was amended by increasing to EUR 74 million the total contribution of the MABMF. The ENEF was established as the financial instrument managed and administrated by the VIPA on a trust basis. By 31 December 2017, 237 agreements on the modernization of multi-apartment buildings for EUR 80 million were concluded (returning funds were used for the over-contracting of the agreements). As at 31 December 2017, actually disbursed loans totalled EUR 78.3 million.

On 10 May 2017, the VIPA signed the agreement with the European Bank for Reconstruction and Development (EBRD) for the loan of EUR 50 million for the renovation of multi-apartment buildings. Funding received from the EBRD was earmarked for soft loans for renovation of multi-apartment buildings to which the conditions provided for in the VIPA's Description of the procedure for the renovation (modernisation) of multi-apartment buildings. In 2017, EUR 0.9 million of the EBRD loan proceeds were disbursed.

On 29 June 2017, the Ministry of Finance of the Republic of Lithuania, the Ministry of Culture of the Republic of Lithuania and the VIPA signed the agreement on the establishment and funding of the fund of funds 'Cultural Heritage Fund' (hereinafter – the CHF). The total amount of the contribution to the CHF – EUR 5.2 million. No agreements were concluded during the reporting year.

On 27 June 2017, the Ministry of Finance of the Republic of Lithuania, the Ministry of Environment of the Republic of Lithuania and the VIPA signed the agreement on the establishment and funding of the fund of funds 'Municipal Buildings Fund' (hereinafter – the MBF). The total amount of the contribution – EUR 17.3. No agreements were concluded during the reporting year.

From 1 January 2016, the funds of funds became the public sector entities and their accounting was separated from the VIPA's accounting.

Note 14. Financial relations with the Company's managers and other related persons (EUR)

Indicators	31 12 2017	31 12 2016	Balance at the end of the financial year
A. Amounts accrued during the reporting period related with employment relations:	109.057	81.658	
To managers	109.057	81.658	
To other related persons	-	-	
B. Loans granted by the Company:	-	-	
To managers and other related persons			
C. Loans received:	-	-	
From managers and other related persons			
D. Assets transferred gratis and gifts:	-	-	X
To managers			
E. Different guarantees issued in the Company's name:	-	-	
To managers and other related persons			
F. Other significant amounts accrued during the year:	-	-	
For managers			
G. Other material liabilities to the Company:	-	-	
Of managers			
Of other related persons			
H. Assets sold:	-	-	X
To managers			
To other related persons			
Average number of managers during the reporting period	4	3	X

Chief Executive Officer

Gvidas Dargužas

Chief Financier

Raimonda Lauraitytė