INVL BALTIC FARMLAND

CONFIRMATION OF RESPONSIBLE PERSONS

28 February 2020

Following on Information Disclosure Rules of the Bank of Lithuania and the Law on Securities (article 12) of the Republic of Lithuania, management of INVL Baltic Farmland, AB hereby confirms that, to the best our knowledge, the attached Consolidated and Company's Financial Statements for 2019 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give true and fair view of the assets, liabilities, financial position and profit or loss of INVL Baltic Farmland and Consolidated Group.

Presented Consolidated Annual Report for 2019 includes a fair review of the development and performance of the business and position of the company and the consolidated group in relation to the description of the main risks and contingencies faced thereby.

ENCLOSURE:

1. Consolidated and Company's Financial Statements for 2019.
2. Consolidated Annual Report for 2019.

Director — Eglė Surplienė

Person authorised to conduct accounting — Raimondas Rajeckas

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INVL BALTIC FARMLAND

AB INVL Baltic Farmland Consolidated Annual Report, Consolidated and Company's Financial Statements for the year ended 31 December 2019

prepared in accordance with International Financial Reporting Standards as adopted by the European Union presented together with independent auditor's report

Translation note:

This version of the financial statements has been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of our report takes precedence over the English language version.

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Independent auditor's report

To the shareholders of INVL Baltic Farmland AB

Report on the audit of the separate and consolidated financial statements

Our opinion

In our opinion, the separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of INVL Baltic Farmland AB ("the Company") and its subsidiaries (together "the Group") as at 31 December 2019, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 28 February 2020.

What we have audited

The Company's and the Group's separate and consolidated financial statements comprise:

- the separate and consolidated statement of financial position as at 31 December 2019;
- the separate and consolidated statements of comprehensive income for the year then ended;
- the separate and consolidated statement of changes in equity for the year then ended;
- the separate and consolidated statement of cash flows for the year then ended; and
- the notes to the separate and consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

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

No non-audit services were provided to the Company and the Group, in the period from 1 January 2019 to 31 December 2019.

Our audit approach

Overview

- Overall the Company and the Group materiality: €134 thousand (2018: €126,6 thousand), which represents 1% of total equity of the Company's and the Group's respectively.
- Our audit covered all reporting units within the Group. All reporting units are in Lithuania.
- Our audit scope covered all Group's revenues and all Group's total assets.
- Valuation of investment properties

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

Materiality

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

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

Overall Company and Group materiality	Overall materiality applied to the Company and the Group amounted to € 134 thousand (2018: €126,6 thousand).
How we determined it	1% of total equity of the Company and the Group, respectively.
Rationale for the materiality benchmark applied	We have chosen the Group's and Company's equity as the benchmark because, in our view, it is an appropriate measure of underlying performance and the benchmark against which the performance of the Group, the Company and other companies in this industry is most commonly measured by users, and is a generally accepted benchmark. The key driver of the business and determinant of the

Group's value is investments into agricultural land, whereas the Company's value represents investments into subsidiaries. Due to this, the key area of focus in the audit of the Group and in the audit of the Company is the valuation of investment property and investments into subsidiaries, respectively. Accordingly, an overall Group and Company materiality level is based on total equity.

We chose 1%, which is within the range of acceptable quantitative materiality thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above € 13 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties	
Refer to Note 2.18, Note 10 to the financial statements on pages 23 and 33, respectively. The Group's investment properties represent the most significant class of the Group's assets. The investment properties are accounted for at fair value as at the financial reporting date. Management has estimated the fair value of the Group's investment properties to be equal to € 14,719 thousand at 31 December 2019 as compared to € 13,922 thousand as at 31 December 2018. The revaluation gain of € 864 thousand (2018: € 958 thousand) was recorded as fair value gains/losses in the consolidated statement of comprehensive income. The valuation of all of the Group's investment properties was based on the independent external valuations. Valuations took into account evidence of market transactions for properties and locations comparable to those of the Group. Given the materiality of investment properties, the revaluation to fair value had a significant impact on the consolidated financial statements. We also focused on this area as the conclusions are dependent upon significant judgement involved in performing the valuation	Our procedures in relation to management expert's valuation of investment properties included: • evaluation of the independent external valuers' competence, capabilities and objectivity; • assessing the methodology used and the appropriateness of the key assumptions based on our knowledge of the agricultural land market; • checking the accuracy and relevance of the input data used; • examining selected independent valuations by obtaining market prices of agricultural land plots in the same geographical area from independent source, adjusting those for productivity parameters and comparing price per hectare of selected land plots to those used by management expert. Because of the subjectivity involved in determining valuations for investment properties, we determined a range of values that were considered reasonable to evaluate the independent property valuations used by management. The valuations used by the Group were within an acceptable range. We also considered whether or not there was bias in determining individual valuations and found no evidence of bias.

and they are most sensitive to the assumptions underlying those valuations. In particular, the most significant inputs into this valuation approach are price per hectare and adjustments for differences in key attributes such as land size and productivity. For this reason, due to existence of significant estimation uncertainty, we have given specific audit focus and attention to this area.	We found the key assumptions were supported by the available evidence and the disclosures in Note 10 to be appropriate.

How we tailored our Group audit scope

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

The group comprises of 19 entities: the Company and its subsidiaries, all located in Lithuania. All entities were audited by one engagement team in Lithuania. The group audit team performed full scope audit procedures on the financial statements of the Company and its subsidiaries.

Reporting on other information including the consolidated annual report

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

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

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

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

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

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

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

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group'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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 and the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company and the Group as at 1 December 2014. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 6 years.

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

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
28 February 2020

DETAILS OF THE COMPANY

Board of Directors

Mr. Alvydas Banys (chairman of the Board)
Ms. Indrė Mišeikytė
Mr. Darius Šulnis

Management

Ms. Eglė Surplienė (director)

Principal place of business and company code

Gynėjų str. 14,
Vilnius,
Lithuania

Company code 303299781

Banks

Luminor Bank AS Lithuanian branch
AB Šiaulių Bankas

Auditor

UAB PricewaterhouseCoopers
J. Jasinskio str. 16B,
Vilnius, Lithuania

The financial statements were approved and signed by the Management and the Board of Directors on 28 February 2020.

Ms. Eglė Surplienė
Director

Mr. Raimondas Rajeckas
Authorized person according to the agreement to conduct accounting

Consolidated and Company's statements of comprehensive income

		Group		Company	
	Notes	**2019**	**2018**	**2019**	**2018**
Revenue	6	**645**	**615**	**-**	**-**
Interest income			-	185	196
Other income		20	19	-	-
Share of net profit of subsidiaries accounted for using the equity method	5	-	-	1,012	975
Net gain from fair value adjustments on investment property	10	864	958	-	-
Land plots administration fees	7	(40)	(140)	-	-
Legal, professional and securities administration fees		(61)	(48)	(32)	(27)
(Provision for) reversal of impairment of trade receivables	13	(46)	(48)	-	-
Direct property operating expenses		(25)	(26)	-	-
Employee benefits expense		(10)	(9)	(2)	(2)
Other expenses		(6)	(6)	(5)	(4)
Operating profit		**1,341**	**1,315**	**1,158**	**1,138**
Finance costs		-	-	-	-
Profit before income tax		**1,341**	**1,315**	**1,158**	**1.138**
Income tax expense	8	(205)	(202)	(22)	(25)
NET PROFIT FOR THE YEAR		**1,136**	**1,113**	**1,136**	**1,113**
Other comprehensive income for the year, net of tax		**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,136**	**1,113**	**1,136**	**1,113**
Attributable to:					
Equity holders of the parent		1,136	1,113	1,136	1,113
Basic and diluted earnings per share (in EUR)	9	0.35	0.34		

Consolidated and Company's statements of financial position

		Group		Company	
	Notes	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
ASSETS					
Non-current assets					
Investment properties	10	14,719	13,922	-	-
Investments into subsidiaries accounted for using the equity method	5	-	-	9,347	8,335
Loans granted to subsidiaries at amortised cost	12	-	-	4,111	4,260
Total non-current assets		**14,719**	**13,922**	**13,458**	**12,595**
Current assets					
Trade and other receivables	13	302	155	14	13
Loans granted to subsidiaries at amortised cost (accrued interest)		-	-	25	60
Prepayments and deferred charges		2	1	2	1
Cash and cash equivalents	3.1	113	140	17	29
Total current assets		**417**	**296**	**58**	**103**
TOTAL ASSETS		**15,136**	**14,218**	**13,516**	**12,698**
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	14	955	955	955	955
Own shares	14	(203)	(203)	(203)	(203)
Share premium		1,387	1,387	1,387	1,387
Reserves	14	3,237	3,237	3,211	3,211
Retained earnings		8,067	7,254	8,093	7,280
Total equity		**13,443**	**12,630**	**13,443**	**12,630**
Liabilities					
Non-current liabilities					
Deferred income tax liability	8	1,511	1,387	-	-
Advances received		-	-	-	-
Total non-current liabilities		**1,511**	**1,387**	**-**	**-**
Current liabilities					
Trade payables		51	107	2	2
Income tax payable		81	50	22	25
Other current liabilities		50	44	49	41
Total current liabilities		**182**	**201**	**73**	**68**
Total liabilities		**1,693**	**1,588**	**73**	**68**
TOTAL EQUITY AND LIABILITIES		**15,136**	**14,218**	**13,516**	**12,698**

Consolidated and Company's statements of changes in equity

					Reserves			
Group	**Notes**	**Share capital**	**Own shares**	**Share premium**	**Legal reserve**	**Reserve for purchase of own shares**	**Retained earnings**	**Total**
Balance as at 31 December 2017		**955**	**(203)**	**1,387**	**153**	**3,079**	**6,631**	**12,002**
Net profit for the year		-	-	-	-	-	1,113	**1,113**
Total comprehensive income for the year		-	-	-	-	-	**1,113**	**1,113**
Transfer to reserves		-	-	-	5	-	(5)	-
Dividends approved	15	-	-	-	-	-	(485)	**(485)**
Total transactions with owners of the Company, recognised directly in equity		-	-	-	**5**	-	**(490)**	**(485)**
Balance as at 31 December 2018		**955**	**(203)**	**1,387**	**158**	**3,079**	**7,254**	**12,630**
Net profit for the year		-	-	-	-	-	1,136	**1,136**
Total comprehensive income for the year		-	-	-	-	-	**1,136**	**1,136**
Transfer to reserves		-	-	-	-	-	-	-
Dividends approved	15	-	-	-	-	-	(323)	**(323)**
Total transactions with owners of the Company, recognised directly in equity		-	-	-	-	-	**(323)**	**(323)**
Balance as at 31 December 2019		**955**	**(203)**	**1,387**	**158**	**3,079**	**8,067**	**13,443**

Consolidated and Company's statements of changes in equity (cont'd)

					Reserves			
Company	**Notes**	**Share capital**	**Own shares**	**Share premium**	**Legal reserve**	**Reserve for purchase of own shares**	**Retained earnings**	**Total**
Balance as at 31 December 2017		**955**	**(203)**	**1,387**	**132**	**3,079**	**6,652**	**12,002**
Net profit for the year		-	-	-	-	-	1,113	**1,113**
Total comprehensive income for the year		-	-	-	-	-	**1,113**	**1,113**
Dividends approved	15	-	-	-	-	-	(485)	**(485)**
Total transactions with owners of the Company, recognised directly in equity		-	-	-	-	-	**(485)**	**(485)**
Balance as at 31 December 2018		**955**	**(203)**	**1,387**	**132**	**3,079**	**7,280**	**12,630**
Net profit for the year		-	-	-	-	-	1,136	**1,136**
Total comprehensive income for the year		-	-	-	-	-	**1,136**	**1,136**
Dividends approved	15	-	-	-	-	-	(323)	**(323)**
Total transactions with owners of the Company, recognised directly in equity		-	-	-	-	-	**(323)**	**(323)**
Balance as at 31 December 2019		**955**	**(203)**	**1,387**	**132**	**3,079**	**8,093**	**13,443**

Consolidated and Company's statements of cash flows

	Notes	Group		Company	
		2019	2018	2019	2018
Cash flows from (to) operating activities					
Net profit for the year		1,136	1,113	1,136	1,113
Adjustments for non-cash items and non-operating activities:					
Net gains from fair value adjustments on investment property	10	(864)	(958)	-	-
Share of net profit of subsidiaries accounted for using the equity method	5	-	-	(1,012)	(975)
Interest income		-	-	(185)	(196)
Deferred taxes	8	124	152	-	-
Current income tax expenses	8	81	50	22	25
Allowances	13	46	48	-	-
Changes in working capital:					
Decrease (increase) in trade and other receivables		(193)	(8)	(1)	(8)
Decrease (increase) in other current assets		(1)	-	(1)	-
(Decrease) increase in trade payables		(61)	74	(5)	(7)
(Decrease) increase in other current liabilities		3	(14)	5	5
Cash flows from (to) operating activities		**271**	**457**	**(41)**	**(43)**
Income tax paid		(50)	(45)	(25)	(25)
Net cash flows from (to) operating activities		**221**	**412**	**(66)**	**(68)**
Cash flows from (to) investing activities					
Acquisition of investment properties		-	-	-	-
Proceeds from sale of investment properties	10	67	-	-	-
Loans granted		-	-	(116)	(25)
Repayment of granted loans	12	-	-	316	303
Interest received	12	-	-	169	136
Net cash flows from (to) investing activities		**67**	**-**	**369**	**414**
Cash flows from (to) financing activities					
Cash flows related to Group owners					
Dividends paid to equity holders of the parent	15	(315)	(471)	(315)	(471)
Net cash flows from (to) financing activities		**(315)**	**(471)**	**(315)**	**(471)**
Net increase (decrease) in cash and cash equivalents		**(27)**	**(59)**	**(12)**	**(125)**
Cash and cash equivalents at the beginning of the period		**140**	**199**	**29**	**154**
Cash and cash equivalents at the end of the period		**113**	**140**	**17**	**29**

Notes to the financial statements

1 General information

AB INVL Baltic Farmland (hereinafter the Company) is a joint stock company registered in the Republic of Lithuania. It was established on 29 April 2014, following the split-off of 14.45% assets, equity and liabilities from AB Invalda INVL (company code 121304349). Entities, which business is investment into agricultural land and its rent, were transferred to the Company (hereinafter split-off).

The Group consists of the Company and its directly owned subsidiaries (hereinafter the Group, Note 5).

The address of the office is Gynėjų str. 14, Vilnius, Lithuania.

The Company manages shares of entities investing into agricultural land and provides finance. Now the Company has 100% shares in 18 companies owning more than 3 thousand hectares of agricultural land in Lithuania (detailed list of subsidiaries is presented in Note 5), that is rented to farmers and agricultural companies. The Company focuses on growth of quality of owned land and environmental sustainability. The Group operates in one segment – agricultural land segment.

Investments into agricultural land are classified as long term and are recommended for investors who are satisfied with the return on rent and possible income from increase of agricultural land prices. Since prices of agricultural products are determined in the world markets, this investment allows participating in the world food supply chain.

As at 31 December 2019 and 2018 the shareholders of the Company were:

	2019		2018	
	Number of shares held	Percentage	Number of shares held	Percentage
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	977,751	29.70	977,751	29.70
Mrs. Irena Ona Mišeikienė	931,831	28.31	931,831	28.31
UAB Lucrum Investicija (sole shareholder Mr. Darius Šulnis)	479,310	14.56	479,310	14.56
Mr. Alvydas Banys	252,875	7.68	252,875	7.68
Ms. Ilona Šulnienė	185,000	5.62	185,000	5.62
Ms. Greta Mišeikytė	65,758	2.00	65,758	2.00
Ms. Indrė Mišeikytė	64,450	1.96	64,450	1.96
The Company (own shares)	63,039	1.92	63,039	1.92
Other minor shareholders	271,535	8.25	271,535	8.25
Total	3,291,549	100.00	3,291,549	100.00

All the shares of the Company are ordinary shares with the par value of EUR 0.29, and were fully paid as at 31 December 2019 and 2018. Subsidiaries did not hold any shares of the Company as at 31 December 2019 and 2018.

The Company's shares are traded on the Baltic Secondary List of NASDAQ Vilnius from 4 June 2014.

As at 31 December 2019 the number of employees of the Group and the Company was 2 and 1, respectively. As at 31 December 2018 the number of employees of the Group and the Company was 2 and 1, respectively.

According to the Law on Companies of Republic of Lithuania, the annual financial statements prepared by the Management are authorised by the General Shareholders' meeting. The shareholders hold the power not to approve the annual financial statements and the right to request new financial statements to be prepared.

2 Summary of significant accounting policies

The principal accounting policies applied in preparing the Group's and the Company's financial statements for the year ended 31 December 2019 are as follows:

2.1. Basis of preparation

Statement of compliance

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

These financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value. The financial statements are presented in thousands of euro (EUR) and all values are rounded to the nearest thousand except when otherwise indicated. From 1 January 2015 the euro became local currency of the Republic of Lithuania.

Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group/Company has adopted the new and amended IFRS and IFRIC interpretations as of 1 January 2019:

- IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019);
- IFRIC 23 *Uncertainty over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019);
- *Annual Improvements* to IFRSs 2015-2017 cycle (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement* (effective for annual periods beginning on or after 1 January 2019).

IFRS 16 *Leases*

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, that are continued to be applied by the Group. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The adoption of the standard did not have an impact on the Group's and the Company's financial statements for the year ended 31 December 2019, because the Group and the Company are not party to any agreements as lessee. The Group and the Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16. The revised accounting policy for lease income recognition is disclosed in Note 2.13 and revised disclosures is presented in Note 6.

All other amendments adopted as of 1 January 2019 had no impact on the Group's and Company's financial statements for the year ended 31 December 2019.

Standards adopted by the EU but not yet effective and have not been early adopted

Other amendments to existing standards and new standards, which are adopted by the EU, but not yet effective, are not relevant to the Group and the Company.

Standards not yet adopted by the EU

Amendments to existing standards and new standards, which are not yet adopted by the EU, are not relevant to the Group and the Company.

2 Summary of significant accounting policies (cont'd)

2.2. Basis of consolidation

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

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

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or retained earnings, as appropriate.

2.3. Functional and presentation currency

From 1 January 2015 the euro became local currency of the Republic of Lithuania. The financial statements are prepared in euro (EUR), which is local currency of the Republic of Lithuania, and presented in EUR thousand. Euro is the Company's and the Group's functional and presentation currency. The exchange rates in relation to other currencies are set daily by the European Central Bank and the Bank of Lithuania.

As these financial statements are presented in euro thousand, individual amounts were rounded. Due to the rounding, totals in the tables may not add up.

2.4. Business combinations and goodwill

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

2 Summary of significant accounting policies (cont'd)

2.5. Investment properties

Land that is held for long-term rental yields and for capital appreciation is classified as investment properties.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income within "Net gains (losses) from fair value adjustments on investment property" in the year of retirement or disposal.

2.6. Investments into subsidiaries (the Company)

Investments in subsidiaries are accounted for using the equity method of accounting.

Under the equity method, the investment in the subsidiary is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the subsidiary. Goodwill relating to a subsidiary is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of comprehensive income reflects the share of the results of operations of the subsidiary. Where there has been a change recognised in the other comprehensive income of the subsidiary, the Company recognises its share of any changes and discloses this, when applicable, in the other comprehensive income. Company's share in the changes in the net assets of the subsidiary that are not recognised in profit or loss or other comprehensive income (OCI) of the subsidiary, are recognised in equity. Unrealised gains and losses (unless the transaction provides evidence of the impairment of asset transferred) resulting from transactions between the Company and the subsidiary are eliminated to the extent of the interest in the subsidiary.

The reporting dates of the subsidiary and the Company are identical and the subsidiary's accounting policies conform to those used by the Company for like transactions and events in similar circumstances. After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss of the Company's investment in its subsidiaries. The Company determines at each reporting date whether there is any objective evidence that the investment in subsidiary is impaired. If this is the case the Company calculates the amount of impairment as being the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount in the statement of comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the subsidiary.

2.7. Financial assets

Financial assets within the scope of IFRS 9 are classified as either financial assets at fair value through profit or loss (either through other comprehensive income or through profit or loss) or financial assets measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

As the business model for the Group's and the Company's financial assets are held to collect contractual cash flows and they are solely payments of principal and interest, the Group and the Company have only financial assets measured at amortised cost. They comprised trade and other receivables, loans granted, cash and cash equivalents. The Group and the Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Financial assets are recognised when the Group/the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group/the Company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group/the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2 Summary of significant accounting policies (cont'd)

2.7 Financial assets (cont'd)

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method and presented as "interest income" in the statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

2.8. Impairment of financial assets

From 1 January 2018, the Group/the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group/the Company follows a three-stage model for impairment for financial assets other than trade receivables:

- Stage 1 – balances, for which the credit risk has not increased significantly since initial recognition, or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months;
- Stage 2 – comprises balances for which there have been a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight;
- Stage 3 – comprises balances with objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

Loans granted are considered to be low credit risk when they have a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term.

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

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

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables are classified either to Stage 2 or Stage 3:

- Stage 2 – comprises receivables for which there the simplified approach was applied to measure the expected lifetime credit losses, except for certain trade receivables classified in Stage 3;
- Stage 3 – comprises trade receivables which are overdue more than 360 days or individually identified as impaired.

The expected loss rates are based on the payment profiles of rent over a period of 36 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivable. Such forward-looking information would include:

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics);
- external market indicators; and
- tenant base.

2 Summary of significant accounting policies (cont'd)

2.9. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank account as well as deposit in bank with an original maturity of three months or less.

2.10. Financial liabilities

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at fair value through profit or loss) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Financial liabilities included in trade payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.11. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.12. Leases

Group's company is the lessor in an operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the Group's company are classified as operating leases. Payments, including pre-payments, received under operating leases (net of any incentives granted to the lessee) are credited to the statement of comprehensive income on a straight-line basis over the period of the lease. The Group account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

See Note 2.13 for the recognition of lease income.

2 Summary of significant accounting policies (cont'd)

2.13. Revenue recognition

Revenue includes lease income, interest income and other income. Other income includes penalties from tenants for overdue payments.

Lease income

Accounting policy applied from 1 January 2019

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The Group elected to recognise lease income for variable payment that depends on an index or a rate in the periods in which changes of index or rate occur. Variable lease payments that do not depends on an index or a rate are recognised as lease income in the periods in which the event or condition that triggers those payments occurs. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of lease income.

At the commencement date, the Group assesses whether the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

In the first quarter rental fee, except variable part related to land tax, is invoiced to the tenants. In the fourth quarter variable part of the rent related to land tax is invoiced to the tenants, when State tax authorities provide an estimate of the land tax and land tax expenses are recognised.

Accounting policy applied until 31 December 2018

Lease income arising from operating leases of land is accounted for on a straight-line basis over the lease terms. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of lease income.

According to agreements land rent consists of two parts – a fixed rent for a year and a variable part equal to land tax paid to the State for the year. In the first quarter fixed rental fee is invoiced to the tenants. In the fourth quarter variable part of the rent is invoiced to the tenants, when State tax authorities provide an estimate of the land tax and the lease income equal to the variable rent amount as well as land tax expenses are recognised.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2 Summary of significant accounting policies (cont'd)

2.14. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. All financial information, including the measure of profit, total assets and total liabilities, is analysed as single reporting segment - agricultural land segment, therefore is not further disclosed in these financial statements.

2.15. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in Lithuania where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The standard income tax rate in Lithuania was 15 % in 2018 and 2019. Starting from 2010, tax losses can be transferred at no consideration or in exchange for certain consideration between the group companies if certain conditions are met.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Following the provisions of Law on Corporate Income Tax the sale of shares of an entity, registered or otherwise organised in a state of the European Economic Area or in a state with which a treaty for the avoidance of double taxation has been concluded and brought into effect and which is a payer of corporate income tax or an equivalent tax, to another entity or a natural person shall not be taxed where the entity transferring the shares held more than 10% of voting shares in that entity for an uninterrupted period of at least two years. If mentioned condition is met or is expected to be met by the management of the Company, no deferred tax liabilities or assets are recognised in respect of temporary differences associated with carrying amounts of these investments.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. From 1 January 2014 current year taxable profit could be decreased by previous year tax losses only up to 70%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (cont'd)

2.16. Employee benefits

Social security contributions

The Company and the Group pay social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

Bonus plans

The Company and the Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2.17. Events after the reporting period

Events after the reporting period that provide additional information about the Group's position as at the end of the reporting period (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

2.18. Significant accounting judgements and estimates

The preparation of financial statements requires management of the Group and the Company to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Group accounting policies, management has not made any judgements, which has most significant effect on the amounts recognised in these financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant areas of estimation used in the preparation of these financial statements are discussed below.

Fair value of investment properties in consolidated financial statements

Fair value of investment properties was based on the market approach by reference to sales in the market of comparable properties. Market approach refers to the prices of the analogues transactions in the market. These values are adjusted for differences in key attributes such as land size and productivity.

The fair value of the investment properties as at 31 December 2019 was EUR 14,719 thousand (as at 31 December 2018 – EUR 13,922 thousand) (described in more details in Note 10).

3 Financial risk management

3.1. Financial risk factors

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks and managed on an overall Group level by the Management Board. After signing land administration agreement most of operational and legal risks, as well as credit risk are managed by the third party UAB INVL Farmland Management. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks. To limit operational risk, annual documentation reviews are held. This helps to limit legal risks as well in case a dispute arises and all the documentation is in place and of appropriate quality and can be used to prove the rights. Legal risk is limited as well by the fact that counterparties do not grant guarantees on each other.

The Group's and the Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Group's and the Company's operations. The Group and the Company have various financial assets such as trade and other receivables, loans granted and cash which arise directly from their operations. The Company and the Group have not used any derivative instruments and borrowings so far, as management considered that there is no necessity for them.

The main risks arising from the financial instruments are market risk (including currency risk, cash flow and fair value interest rate risk and price risk), liquidity risk and credit risk. The risks are identified and disclosed below.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, credit exposures to outstanding trade receivables and loans granted. As at 31 December 2019 the Group had a significant concentration of credit risk related to two tenants. The balance of trade receivable from tenant A comprise approximately 46% of the Group's total trade receivables, gross (before write off and provision). Impairment loss of EUR 106 thousand for the trade receivable from tenant A was recognised as at 31 December 2019 (approximately 81% of the receivable). The balance of trade receivable from tenant B comprise approximately 27% of the Group's total trade receivables, gross (before write off and provision). The trade receivable from tenant B is secured by pledge of land plots. As at 31 December 2018 the Group had a significant concentration of credit risk related to tenant A, for which the balance of trade receivable accounted for comprise approximately 44% of the Group's total trade receivables, gross (before write off and provision). 70% (EUR 52 thousand) of the receivable from tenant A was provided for in 2018. The credit risk is managed by the third party UAB INVL Farmland Management according to the agreement (Note 7). The third party seeks to ensure that lease contracts are entered into only with lessees with an appropriate credit history.

The maximum exposure to credit risk, impairment of financial assets is disclosed in Notes 12 and 13. In Note 13 is also disclosed credit risk exposure of trade receivable. There are no transactions of the Group or the Company that occur outside Lithuania.

With respect to credit risk arising from cash and cash equivalents the Group's and the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

According to the European deposit insurance scheme, cash, cash equivalents and deposits of up to EUR 100 thousand of every legal entity in each bank are covered with insurance. All the Group's and the Company's balance of cash and cash equivalents are covered with the insurance. Therefore, all cash balances have a low credit risk at the reporting date and the impairment loss determined on 12-month expected credit losses is resulted in an immaterial amount.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the banks:

	Group		Company	
	2019	2018	2019	2018
Moody's short-term ratings				
Prime-1	-	-	-	-
Prime-2	113	138	17	27
Prime-3	-	2	-	2
Not Prime	-	-	-	-
	113	140	17	29

3 Financial risk management (cont'd)

3.1 Financial risk factors (cont'd)

Market risk

Cash flow and fair value interest rate risk

The Group has no borrowings and loans granted. The Company has loans granted to its subsidiaries with fixed interest rates for one year. Therefore, the Group and the Company are not exposed to cash flow interest rate risk.

Foreign exchange risk

The Group and the Company holds assets and liabilities denominated only in the euro. Therefore, the Group and the Company are not exposed to foreign exchange risk.

Price risk

The Group is not exposed to price risk of financial instruments as it does not hold any equity securities or commodities.

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents. The liquidity risk of the Group and the Company is controlled on an overall Group level. The Group and the Company have not been facing any liquidity issues so far. The proceeds from rent and cash balances are sufficient to settle all liabilities.

The Group's liquidity ratio (total current assets / total current liabilities) as at 31 December 2019 was approximately 2,29 (1,47 as at 31 December 2018). The Company's liquidity ratio as at 31 December 2019 was approximately 0,79 (1,51 as at 31 December 2018).

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2019 and 2018 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Trade and other payables	-	51	-	-	-	51
Other liabilities	41	7	-	-	-	48
Balance as at 31 December 2019	**41**	**58**	**-**	**-**	**-**	**99**
Trade and other payables	-	107	-	-	-	107
Other liabilities	33	7	-	-	-	40
Balance as at 31 December 2018	**33**	**114**	**-**	**-**	**-**	**147**

3 Financial risk management (cont'd)

3.1 Financial risk factors (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2019 and 2018 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Trade and other payables	-	2	-	-	-	2
Other liabilities	41	6	-	-	-	47
Balance as at 31 December 2019	**41**	**8**	**-**	**-**	**-**	**49**
Trade and other payables						
Other liabilities	-	2	-	-	-	2
Balance as at 31 December 2018	33	5	-	-	-	38
Trade and other payables	**33**	**7**	**-**	**-**	**-**	**40**

3.2. Capital management

The primary objective of the capital management is to ensure that the Group and the Company maintain a strong credit health and healthy capital ratios in order to support their business and maximise shareholder value. The Company's management supervises the investments so that they are in compliance with requirements applied to the capital, specified in the appropriate legal acts, as well as provide the Group's management with necessary information.

The Group's and the Company's capital comprises share capital, share premium, reserves and retained earnings.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions and specific risks of their activity. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 2019 and 2018.

The Company is obliged to keep its equity ratio at not less than 50 % of its share capital, as imposed by the Law on Companies of Republic of Lithuania. The Company and the subsidiaries complied with this requirement as at 31 December 2019 and 2018, except one dormant subsidiary as at 31 December 2018 and 2019. There are no plans yet to rectify the situation.

4 Fair value estimation

Assets carried at fair value

The fair value hierarchy has the following levels:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's assets measured at fair value in the statement of financial position as at 31 December 2019.

	Level 1	Level 2	Level 3	Total balance
Assets of the Group				
Investment properties (Note 10)	-	14,719	-	14,719

The following table provides the fair value measurement hierarchy of the Group's assets measured at fair value in the statement of financial position as at 31 December 2018.

	Level 1	Level 2	Level 3	Total balance
Assets of the Group				
Investment properties (Note 10)	-	13,922	-	13,922

There were no transfers of assets between the levels of the fair value hierarchy during 2019 and 2018.

There were no liabilities measured at fair value in the Group's and the Company's statements of financial position.

Financial instruments that are not carried at fair value

The Group's and the Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, trade and other receivables, loans granted, trade and other payables.

The carrying amount of the cash and cash equivalents, trade and other receivables, trade and other payables of the Group and the Company as at 31 December 2019 and 2018 reasonably approximated their fair value because they are short-term and the impact of discounting is immaterial.

The carrying amount of loans granted by the Company approximates their fair value because the interest rates are reviewed at the end of each financial year and adjusted in line with market rates changes. Their fair value is based on cash flows discounted using 4.5 % interest rate as at 31 December 2019 and 2018 It is Level 3 fair value measurement.

5 Subsidiaries

The Group had the following subsidiaries, owned directly by the Company, as at 31 December 2019 and 2018:

Name	Country of incorporation and place of business	Proportion of shares (voting rights) directly held by the Company (%)	Nature of business
UAB Avižėlė	Lithuania	100.00	Agricultural landowner and lessor
UAB Beržytė	Lithuania	100.00	Agricultural landowner and lessor
UAB Dirvolika	Lithuania	100.00	Agricultural landowner and lessor
UAB Duonis	Lithuania	100.00	Agricultural landowner and lessor
UAB Ekotra	Lithuania	100.00	Agricultural landowner and lessor
UAB Kvietukas	Lithuania	100.00	Agricultural landowner and lessor
UAB Laukaitis	Lithuania	100.00	Agricultural landowner and lessor
UAB Lauknešys	Lithuania	100.00	Agricultural landowner and lessor
UAB Linažiedė	Lithuania	100.00	Agricultural landowner and lessor
UAB Pušaitis	Lithuania	100.00	Agricultural landowner and lessor
UAB Puškaitis	Lithuania	100.00	Agricultural landowner and lessor
UAB Sėja	Lithuania	100.00	Agricultural landowner and lessor
UAB Vasarojus	Lithuania	100.00	Agricultural landowner and lessor
UAB Žalvė	Lithuania	100.00	Agricultural landowner and lessor
UAB Žemgalė	Lithuania	100.00	Agricultural landowner and lessor
UAB Žemynėlė	Lithuania	100.00	Agricultural landowner and lessor
UAB Žiemkentys	Lithuania	100.00	Agricultural landowner and lessor
UAB Cooperor	Lithuania	100.00	Dormant

All subsidiary undertakings are included in the consolidation.

The following table presents the movements of investments in subsidiaries of the Company:

	2019	2018
At 1 January	**8,335**	**7,360**
Share of net profit of subsidiaries	1,012	975
Increase of share capital	-	-
At 31 December	**9,347**	**8,335**

6 Segment information and operating lease commitments

Management of the Company has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. All financial information, including the measure of profit, total assets and total liabilities, is analysed as a single reporting segment - agricultural land segment, therefore is not further disclosed in these financial statements. The Company and its subsidiaries are domiciled in Lithuania. There are no transactions of the Group or the Company that occur outside Lithuania. Therefore, the management has neither analysed revenue, nor other financial indicators by geographical areas. All revenue of the Group is received from one type of service – rent of land. Therefore, the Group has not disclosed any breakdown of revenue by product and services type and by geographical areas.

In 2019 is one customer from which the Group has received approximately 10% of its revenue. In 2018 is two customers from which each the Group has received approximately 11% of its revenue.

Operating lease commitments – Group as a lessor

The Group has entered into leases of the Group's investment properties under operating lease agreements with rentals payable yearly in two parts. First part of rent is payable until 1 April according to the most Group's lease agreements. Second part of rent related to land tax is payable in November – December. Most of the agreements have remaining terms of between 1 and 5 years. The most Group's lease agreements have clause for indexation on consumer price index or unilaterally right to increase rent by notice. Approximately 50% of land plots is leased with clause of agreement that lessee could have to pay surcharge that depends on milling wheat futures price change. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the land.

Cancellable lease agreements can be cancelled under the following terms:

- Tenants must notify the lessor 12 months in advance if they wish to cancel the rent agreement without any reason and have to pay annual rent fee for these 12 months.
- The lessor has the right to unilaterally change the rent price for the coming year and must notify the tenant about the change till 1 May of the current year. If tenants do not agree with the new rent price, they can terminate the agreement with notification of 3 months in advance.

In 2019 lease income relating to variable lease payments that do not depend on an index or a rate was EUR 29 thousand (2018: EUR 25 thousand).

6 Segment information and operating lease commitments (cont'd)

Future lease receivable under operating leases as at 31 December were as follows:

		2019	2018
Within one year			
	- non-cancellable lease	471	448
	- non-cancellable amount of cancellable lease	143	153
	- minimum lease payments total	*614*	*601*
Between 1 and 2 years			
	- non-cancellable lease	469	339
	- minimum lease payments total	469	*339*
	- cancellable amount of cancellable lease	23	146
		492	485
Between 2 and 3 years			
	- non-cancellable lease	308	349
	- minimum lease payments total	*308*	*349*
	- cancellable amount of cancellable lease	19	22
		327	371
Between 3 and 4 years			
	- non-cancellable lease	122	241
	- minimum lease payments total	*122*	*241*
	- cancellable amount of cancellable lease	3	19
		125	260
Between 4 and 5 years			
	- non-cancellable lease	99	60
	- minimum lease payments total	*99*	*60*
	- cancellable amount of cancellable lease	3	3
		102	63
After five years			
	- non-cancellable lease	240	280
	- minimum lease payments total	*240*	*280*
	- cancellable amount of cancellable lease	4	6
		244	286
Total		**1,904**	**2,066**
	- non-cancellable lease	1,709	1,717
	- non-cancellable of cancellable lease	143	153
	- minimum lease payments total	*1,852*	*1,870*
	- cancellable amount of cancellable lease	52	196

7 Agreement on the administration of land plots

The Group has signed land plot administration agreement with UAB INVL Farmland Management on 30 June 2015. UAB INVL Farmland Management, is a company owned by AB Invalda INVL. The agreement came into force on 1 July 2015. According to the agreement administration fees paid to UAB INVL Farmland Management will be 7% of annual rent revenues and 0,5% market capitalization of AB INVL Baltic Farmland. Success fee is also set, and it consists of 20% from the share of the return exceeding the pre-determined annual return of 5% plus inflation. If the carrying amount of past due trade receivables arising from the current year would exceed 5% of annual turnover (revenue plus VAT), the excess shall be fully compensated by UAB INVL Farmland Management. If the Group receive the compensated trade receivables, the compensation is returned to UAB INVL Farmland Management. The split of administration fees is presented in the table below:

	Group	
	2019	**2018**
Administration fees from rent revenues and market capitalisation	102	105
Compensation for past due trade receivables	(95)	(22)
Success fee	33	57
Total	**40**	**140**

8 Income tax

	Group		Company	
	2019	**2018**	**2019**	**2018**
Components of the income tax expenses				
Current year income tax	(81)	(50)	(22)	(25)
Deferred income tax expenses	(124)	(152)	-	-
Income tax expenses charged to profit or loss – total	(205)	(202)	(22)	(25)

There is no income tax expense (credit) recognised in other comprehensive income or directly in equity.

Deferred income tax asset and liability were estimated at 15% rates as at 31 December 2019 and 2018.

The movement in deferred income tax assets and liabilities of the Group during 2019 is as follows:

	Balance as at 31 December 2018	Recognised in profit or loss during the year	Balance as at 31 December 2019
Deferred tax asset			
Tax loss carry forward for indefinite period of time	7	(2)	5
Recognised deferred income tax asset	7	(2)	5
Asset netted with liability of the same legal entities	(7)	(2)	5
Deferred income tax asset, net			
Deferred tax liability			
Investment properties	(1,394)	(122)	(1,516)
Deferred income tax liability	(1,394)	(122)	(1,516)
Liability netted with asset of the same legal entities	7	(2)	5
Deferred income tax liability, net	**(1,387)**	**(124)**	**(1,511)**
Deferred income tax, net	**(1,387)**	**(124)**	**(1,511)**

8 Income tax (cont'd)

The movement in deferred income tax assets and liabilities of the Group during 2018 is as follows:

	Balance as at 31 December 2017	Recognised in profit or loss during the year	Balance as at 31 December 2018
Deferred tax asset			
Tax loss carry forward for indefinite period of time	16	(9)	7
Recognised deferred income tax asset	16	(9)	7
Asset netted with liability of the same legal entities	(16)	(9)	(7)
Deferred income tax asset, net	**-**	**-**	**-**
Deferred tax liability			
Investment properties	(1,251)	(143)	(1,394)
Deferred income tax liability	(1,251)	(143)	(1,394)
Liability netted with asset of the same legal entities	16	(9)	7
Deferred income tax liability, net	**(1,235)**	**(152)**	**(1,387)**
Deferred income tax, net	**(1,235)**	**(152)**	**(1,387)**

The Company has not any taxable temporary differences in 2019 and 2018 and has not recognised any deferred tax assets or liabilities.

The Group's deferred tax liability will be recovered after more than 12 months.

The reconciliation of the total income tax to the theoretical amount that would arise using the tax rate of the Group and the Company is as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
Profit before income tax	**1,341**	**1,315**	**1,158**	**1,138**
Tax calculated at the tax rate of 15 %	(201)	(197)	(174)	(171)
Tax effect of non-deductible expenses and non-taxable income	(4)	(5)	152	146
Income tax expenses recorded in the statement of comprehensive income	(205)	(202)	(22)	(25)

In 2019 and 2018 non-taxable income of the Company was share of net profit of subsidiaries accounted for using the equity method.

9 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares for 2019 and 2018 was 3,228 thousand.

The following table reflects the income and share data used in the basic earnings per share computations:

	Group	
	2019	**2018**
Net profit (loss), attributable to the equity holders of the parent	1,136	1,113
Weighted average number of ordinary shares (thousand)	3,228	3,228
Basic earnings (deficit) per share (EUR)	0.35	0.34

For 2019 and 2018 diluted earnings per share of the Group and the Company are the same as basic earnings per share.

10 Investment properties

The movements of investment properties during 2019 and 2018 were:

	2019	**2018**
Fair value hierarchy	**Level 2**	
Balance as at 1 January	**13,922**	**12,964**
Gain from fair value adjustment	864	989
Loss from fair value adjustment	-	(31)
Disposals (taken by the State for public needs)	(67)	-
Balance as at 31 December	**14,719**	**13,922**
Unrealised gains and losses for the period included within 'Net gains (losses) from fair value adjustments on investment property' in the statement of comprehensive income	**859**	**958**

Investment properties are stated at fair value and are valued by accredited valuer UAB korporacija Matininkai using sales comparison method, except land plots, which would be taken for the public needs (more described below). The valuations were performed in December 2019 and in December 2018.

The fair value represents the price that would be received selling an asset in an orderly transaction between market participants at the measurement date. An investment property's fair value was based on the market approach by reference to sales in the market of comparable properties. Market approach refers to the prices of the analogues transactions in the market. These values are adjusted for differences in key attributes such as land plot size and productivity. The most significant input into this valuation approach is price per hectare.

There were no changes to the valuation techniques during the period.

In January 2017 the Group received letters from Ministry of Transport and Communications informing about possibility to take for the purpose of Rail Baltica project 6 land plots owned by the Group. The Group had no right to sell, pledge, restructure or in any other way restrict rights to those land plots. The Group was informed that 11.23 ha of above mentioned land plots would be taken for the public needs. The ownership of these land plots was transferred to the State in first half-year of 2019. The Ministry engaged a qualified valuer who valued the land plots at amount of EUR 62 thousand, which was recognised on the Group's statement of financial position as at 31 December 2018. The Group had no objections to the results of valuation of four out of six land plots, whereas for the remaining land plots (with the carrying value of EUR 18 thousand) the Group is litigated valuation and finally agreed on valuation of EUR 23 thousand.

10 Investment properties (cont'd)

In 2nd Quarter 2019 the Group received letters from Ministry of Transport and Communications informing about possibility to take for the purpose of construction and reconstruction of local roads, related to project of Rail Baltica, 8 land plots owned by the Group (77.2 ha, with the carrying amount of EUR 403 thousand). The Group has no right to sell, pledge, restructure or in any other way restrict rights to those land plots. The Group was informed that 6.56 ha of above mentioned land plots would be taken for the public needs (the value of the land plots in the Group's statement of financial position as at 31 December 2019 was EUR 36 thousand).The Republic of Lithuania plans to finalize procedures of land redemption for public needs in the first half year of 2020. Only after the procedures have been finalized will be clear the size of the compensation received by the Group.

On 1 May 2014 changes to the Agricultural Land Acquisition temporary law entered into force, providing restrictions of the purchase of agricultural land (including restriction of purchase of shares in the legal entity owning agricultural land). These restrictions mean that the Group cannot purchase additional agricultural land and/or acquire shares in entities owning agricultural land. As a result of restrictions the land sale market in Lithuania became less liquid.

There were no other restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals during 2019 and 2018. No contractual obligations to purchase investment properties existed at the end of the period.

11 Financial instruments by category

Group	Financial assets at amortised cost	
	2019	**2018**
Assets as per statement of financial position		
Trade and other receivables excluding tax prepayments	264	121
Cash and cash equivalents	113	140
Total	**377**	**261**

Company	Financial assets at amortised cost	
	2019	**2018**
Assets as per statement of financial position		
Loans granted to subsidiaries – non-current assets	4,111	4,260
Loans granted to subsidiaries – interest	25	60
Trade and other receivables excluding tax prepayments	14	13
Cash and cash equivalents	17	29
Total	**4,167**	**4,362**

Group	Financial liabilities at amortised cost	
	2019	**2018**
Liabilities as per statement of financial position		
Trade payables	51	107
Other current liabilities excluding taxes and employee benefits	48	40
Total	**99**	**147**

11 Financial instruments by category (cont'd)

Company	Financial liabilities at amortised cost	
	2019	**2018**
Liabilities as per statement of financial position		
Trade payables	2	2
Other current liabilities excluding taxes and employee benefits	47	38
Total	**49**	**40**

12 Loans granted to subsidiaries at amortised cost

The Company's loans granted are described below:

	2019	**2018**
Loans granted to subsidiaries	4,136	4,320
Total loans granted	**4,136**	**4,320**

The movements of loans granted to subsidiaries during the year were:

Balance as at 31 December 2017	**4,538**
Loans granted during year	25
Loans repayment received	(303)
Interest charged	196
Interest received	(136)
Balance as at 31 December 2018	**4,320**
Loans granted during year	116
Loans repayment received	(316)
Interest charged	185
Interest received	(169)
Balance as at 31 December 2019	**4,136**

The contractual maturity of loans granted to subsidiaries is 31 December 2019 according to the agreements, but the Company classifies them as long term, because intends to prolong them on maturity date. Effective interest rate of loans is 4.5 %. At each year end maturity of the loans granted is prolonged for one extra year and new market interest rate is determined.

While the loans granted to the subsidiaries are the main liabilities of the subsidiaries and the fair values of investment properties owned by the subsidiaries are approximately 2 – 5.5 times higher than the carrying amounts of the loans granted, they were considered as low credit risk financial assets at the reporting date. This is because even if loans granted were covered in the case of forced sale of investment properties, the Company considers that the loss given default would amount to zero. As at 31 December 2019 and 2018, the Company's loans granted were neither overdue nor impaired and they had no history of counterparty defaults. The Company's policy is to grant loans only to the subsidiaries controlled by it. The maximum credit risk as at the financial reporting date is the carrying amount of each category of amounts receivable as indicated above. The Company does not hold any collateral, but investment properties owned by the subsidiaries are not pledged to any other party and in fact secure loans granted.

The carrying amount of loans granted by the Company approximates their fair value because the interest rates are reviewed at the end of each year and adjusted when market rates change. Their value is based on cash flows discounted using 4.5 % and interest rate as at 31 December 2019 and 2018. It is Level 3 fair value measurement.

13 Trade and other receivables

	Group	
	2019	**2018**
Trade receivables, gross	282	169
Accrued lease income, gross	65	48
Other receivables, gross	84	26
Taxes receivable, gross	38	34
Total trade and other receivable, gross	**469**	**277**
Less: provision for impairment of trade and other receivables	(110)	(60)
Less: Write off still subject to enforcement activity	(57)	(62)
Trade and other receivable net of expected credit losses	**302**	**155**

Other receivables are receivables from UAB INVL Farmland Management for compensation of past due trade receivables.

As at 31 December 2019 and 2018 the Company had receivable of EUR 14 thousand and EUR 13 thousand, which was VAT receivable arising from interest on loans granted to subsidiaries (the Company has elected to calculate VAT from interest). The receivable has to be settled until 31 March 2020.

Changes in provision for impairment of trade and other receivables for the year 2019 and 2018 have been included within 'Provision for (reversal of) impairment of trade receivables' in the statement of comprehensive income.

The Group's trade and other receivables are non-interest bearing and are generally with a credit term of 30 days.

Movements in the accumulated impairment losses on credit impaired accounts receivable of the Group and in the write-off were as follows:

	Group		
	Impairment losses	**Write off still subject to enforcement activity**	**Total**
Balance as at 31 December 2017	**74**	**-**	**74**
Restatement according to application of IFRS 9	(36)	36	-
Charge for the year	76	-	76
Write-offs charged against the provision	(29)	29	-
Recoveries of amounts previously impaired or written off	(25)	(3)	(28)
Balance as at 31 December 2018	**60**	**62**	**122**
Restatement according to application of IFRS 9			
Charge for the year	58	-	58
Write-offs charged against the provision	-	(1)	(1)
Recoveries of amounts previously impaired or written off	(8)	(4)	(12)
Balance as at 31 December 2019	**110**	**57**	**167**

13 Trade and other receivables (cont'd)

The credit risk exposure of trade receivables can be assessed on the ageing analysis disclosed below:

	Current	Less than 30 days	30–90 days	91–180 days	181 – 365 days	Credit impaired	Total
As at 31 December 2019							
Trade receivables net of write off	-	6	-	79	6	134	225
Accrued lease income	65						65
Other receivables	84	-	-	-	-	-	84
Expected credit losses	-	-	-	(2)	(1)	(107)	(110)
Trade and other receivable net of expected credit losses	**149**	**6**	**-**	**77**	**5**	**27**	**264**
As at 31 December 2018							
Trade receivables net of write off	1	4	-	15	2	85	107
Accrued lease income	48	-	-	-	-	-	48
Other receivables, gross	26	-	-	-	-	-	26
Expected credit losses	-	-	-	-	-	(60)	(60)
Trade and other receivable net of expected credit losses	**75**	**4**	**-**	**15**	**2**	**25**	**121**

As at 31 December 2019 trade receivables of EUR 73 thousand within aging group '91-180' days is secured by pledge of land plots of 11.3 hectare. As at 31 December 2018 trade receivables within aging group '91-180' days is secured by pledge of land plot of 11.3 hectare, which value was higher than the gross amount of trade receivable.

The ageing analysis of the credit impaired of trade receivables disclosed below:

	Current	Less than 30 days	30–90 days	91–180 days	181 – 365 days	More than 1 years	Total
Trade receivables net of write off as at 31 December 2019	-	1	-	-	59	74	134
Trade receivables net of write off as at 31 December 2018	-	3	-	-	73	9	85

14 Share capital, acquisition of own shares and reserves

The total authorised number of ordinary shares is 3,291,549 (as of 31 December 2018: 3,291,549 shares) with a par value of EUR 0.29 per share. All the shares of the Company were fully paid. The Company's share capital and equity was formed in accordance with the procedure set forth in the terms of split-off on 29 April 2014. The Company holds 63,039 own shares (1.92% of share capital).

There are not any changes in 2018 and 2019.

Legal reserve

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with the statutory financial statements, are compulsory until the reserve reaches 10 % of the share capital. The reserve can be used only to cover the accumulated losses.

Reserve for the acquisition of own shares

Reserve for the acquisition of own shares is formed for the purpose of buying own shares in order to keep their liquidity and manage price fluctuations. It can be formed by shareholders' decision at the Annual Shareholders Meeting from the profit available for distribution. The reserve cannot be used to increase the share capital. The reserve does not change when Company acquires own shares, but is utilised when own shares are cancelled. The shareholders can decide to transfer unused amounts of the reserve back to retained earnings at the Annual Shareholders Meeting.

15 Dividends

A dividend in respect of the year ended 31 December 2018 of EUR 0.10 per share, amounting to a total dividend of EUR 323 thousand, was approved at the annual general meeting on 22 March 2019.

A dividend in respect of the year ended 31 December 2017 of EUR 0.15 per share, amounting to a total dividend of EUR 485 thousand, was approved at the annual general meeting on 10 April 2018.

Movement in dividends payable is presented in the table below:

	Group/Company	
	Dividends payable	
	2019	**2018**
As at 1 January	**33**	**19**
Dividends paid to equity holders of the parent	(315)	(471)
Approved dividends	323	485
As at 31 December	**41**	**33**

16 Related party transactions

The related parties of the Group were the shareholders of the Company, who have significance influence (Note 1), key management personnel, including companies under control or joint control of key management and shareholders having significant influence. AB Invalda INVL and the entities controlled by AB Invalda INVL are also considered to be related parties, because the shareholders of the Company, having significance influence, also have a joint control over AB Invalda INVL group through shareholders' agreement.

The Group's transactions with related parties during 2019 and related balances as at 31 December 2019 were as follows:

2019 **Group**	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
AB Invalda INVL (accounting services)	-	15	-	1
UAB INVL Farmland Management (administration fees)	-	40	84	49
	-	55	84	50

The Group's transactions with related parties during 2018 and related balances as at 31 December 2018 were as follows:

2018 **Group**	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
AB Invalda INVL (accounting services)	-	15	-	-
UAB INVL Farmland Management (administration fees)	-	140	26	105
	-	155	26	105

16 Related party transactions (cont'd)

The Company's related parties are the subsidiaries (Note 5), shareholders, who have significance influence (Note 1), key management personnel and companies under control or joint control of key management and shareholders with significant influence. AB Invalda INVL and the entities controlled by AB Invalda INVL are also considered to be related parties, because the shareholders of the Company, having significance influence, also have a joint control over AB Invalda INVL group through shareholders' agreement.

Transactions of the Company with subsidiaries in 2019 and 2018 and related balances as at 31 December 2019 and 2018 were as follows:

Company	2019		2018	
	Interest income from related parties	Receivables from related parties	Interest income from related parties	Receivables from related parties
Loans and borrowings	185	4,136	196	4,320
VAT receivable arising from interest	-	14	-	13
	185	4,150	196	4,333

The maturity of loans granted is till 31 December 2020, effective interest rate 4.5% (Note 12). As at 31 December 2018 the maturity of loans granted was till 31 December 2019, effective interest rate 4.5% (Note 12).

The Company's transactions with other related parties during 2019 and 2018 and related balances as at 31 December 2019 and 2018 were as follows:

Company	2019		2018	
	Purchases from related parties	Payables to related parties	Purchases from related parties	Payables to related parties
AB Invalda INVL (accounting services)	3	1	3	-
	3	1	3	-

The management remuneration contains short-term employees' benefits. Key management of the Company and the Group includes Board members and the Director of the Company, respectively. In 2019 and 2018 the Group's key management compensation was EUR 2 thousand and EUR 2 thousand, respectively. In 2019 and 2018 the Company's key management compensation was EUR 2 thousand and EUR 2 thousand, respectively.

There were no loans granted during the reporting period or outstanding at the end of the reporting period.

In 2019 to the Board members, which are shareholders of the Company, were paid EUR 27 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 146 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 85 thousand of dividends, net of tax.

In 2018 to the Board members, which are shareholders of the Company, were paid EUR 40 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 256 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 119 thousand of dividends, net of tax.

17 Events after the reporting period

A dividend in respect of the year ended 31 December 2019 of EUR 0.10 per share, amounting to a total dividend of EUR 323 thousand, is to be proposed at the annual general meeting on 23 March 2020. These financial statements do not reflect this dividend payable.

INVL BALTIC FARMLAND

INVL Baltic Farmland, AB Consolidated Annual Report for the year of 2019

Approved by the Board of INVL Baltic Farmland, AB on 28 February 2020.

Translation note:
This version of the Consolidated Annual Report of 2019 is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over this translation.

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I. GENERAL INFORMATION

1 Legal basis for preparation of the Annual Consolidated Report and content of information

The Annual Consolidated Report of the public joint-stock company INVL Baltic Farmland (hereinafter may be reffered as the Company or INVL Baltic Farmland, AB) has been prepared by the Company in accordance with the Lithuanian Law on Securities of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, the Rules on the Disclosure of Information and the Guidelines on the Disclosure of Information approved by the Board of the Bank of Lithuania. The content of the consolidated annual report is disclosed according to Law on Consolidated Financial Statements of Enterprises of the Republic of Lithuania and Law on Corporate Financial Reporting of the Republic of Lithuania.

The Company informs that after evaluating the Information Disclosure Rules approved by the Bank of Lithuania and Guidelines for Non-Financial Reporting (Methodology for Providing Non-Financial Information), the information disclosing information about the Company presented in this Annual Report is divided into five (V) sections. These sections discloses information on Company's securities, the Management of the Company, the Company's and the Group's activities and other information, that Company's Management values as important to disclose. The Company notes that the information presented in the Annual Report is relevant for understanding the Company's performance, condition and impact of operations.

2 Reporting period for which the report is prepared

The report covers the financial period of INVL Baltic Farmland, AB starting from 1 January 2019 and ending on 31 December 2019. The report also discloses information from the end of the reporting period to the release of the report.

The report was audited.

3 General information about the Issuer and other companies comprising the Issuer's group

3.1. Information about the Issuer

Name of the Issuer	The public joint-stock company INVL Baltic Farmland
Code	303299781
Registered address	Gynėjų str. 14, 01109, Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	farmland@invaldainvl.com
Website	www.invlbalticfarmland.lt
LEI code	5299000AUE9M1W13ZQ36
Legal form	public joint-stock company
Date and place of registration	29 April 2014. Register of Legal Entities
Register in which data about the Company are accumulated and stored	Register of Legal Entities

3.2. Information on company's goals, philosophy and strategy

The main goal of INVL Baltic Farmland – to invest into agricultural land in Lithuania and, after renting it to farmers and agricultural companies, to ensure that income from rent will exceed inflation and make a profit from agricultural land price growth. Since prices of agricultural products are determined in the world markets, this investment allow to participate in the world food supply chain.

The public joint-stock company INVL Baltic Farmland was established on 29 April 2014 on the basis of a part of assets split-off from one of the leading asset management groups in the Baltic region Invalda INVL. INVL Baltic Farmland manages shares of 18 companies investing into agricultural land that are owning about 3 thousand hectares of agricultural land in Lithuania. More than 98% of land is rented to farmers and agricultural companies.

Shares of INVL Baltic Farmland are listed on Nasdaq Vilnius stock exchange since 4 June 2014.

The administration of the INVL Baltic Farmland group owned land, according to the basic property administration agreement signed on 30 June 2015, is transmitted to the owned company INVL Farmland Management. Management fees paid for INVL Farmland Management are 7 percent of annual rental income of the companies - land owners as well as 0.5 percent of INVL Baltic Farmland market capitalization. Moreover there is a success fee which becomes valid only when consolidated equity of companies - land owners annual growth is higher than 5 percent plus inflation (High-Water Mark principle is applicable). Success fee is 20 percent of the consolidated equity in excess of the above mentioned benchmark.

As the company has signed the property administration agreement it employs a minimum number of people.

It is prohibited for one person to have more than 500 hectares of land in Lithuania since 2014. That‘s why INVL Baltic Farmland development is limited and the generated funds are directed to the payment of dividends to shareholders.

Investments into agricultural land are classified as long term and are recommended for investors who are satisfied with the return on rent and possible income from increase of agricultural land prices.

3.3. Information about the Issuer‘s group of companies

INVL Baltic Farmland has 100% in 18 companies owning about 3 thousand hectares of agricultural land in the most fertile regions of Lithuania. Companies - land owners and joint-stock company INVL Baltic Farmland, whose shareholder is Invalda INVL – one of the leading asset management groups in the Baltic region, on 30 June 2015 have signed a basic property administration agreement with INVL Farmland Management which administrates agricultural land owned by the companies in order to ensure steady growth of income for the shareholders and the value of the land.

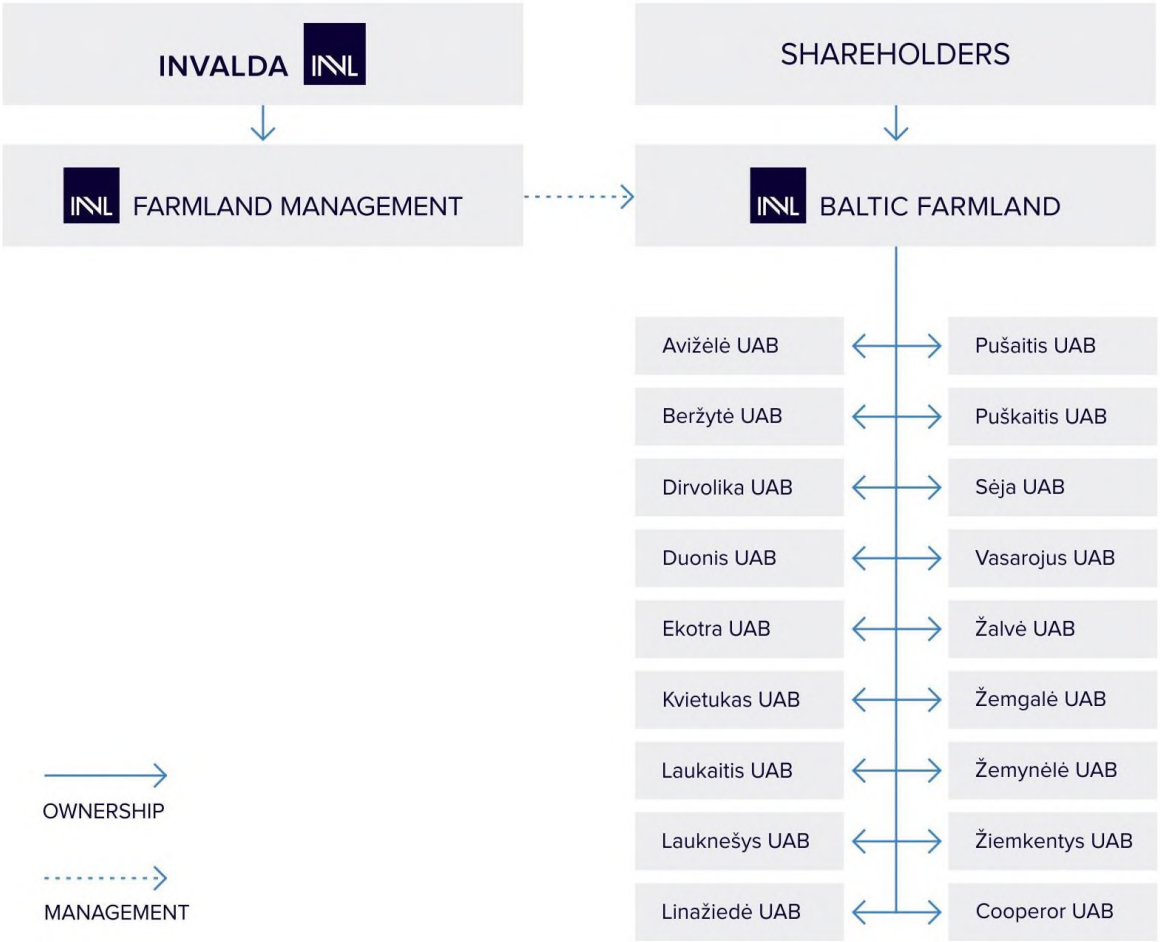


Fig. 3.3.1. Group structure of INVL Baltic Farmland, AB as of 31 December 2019

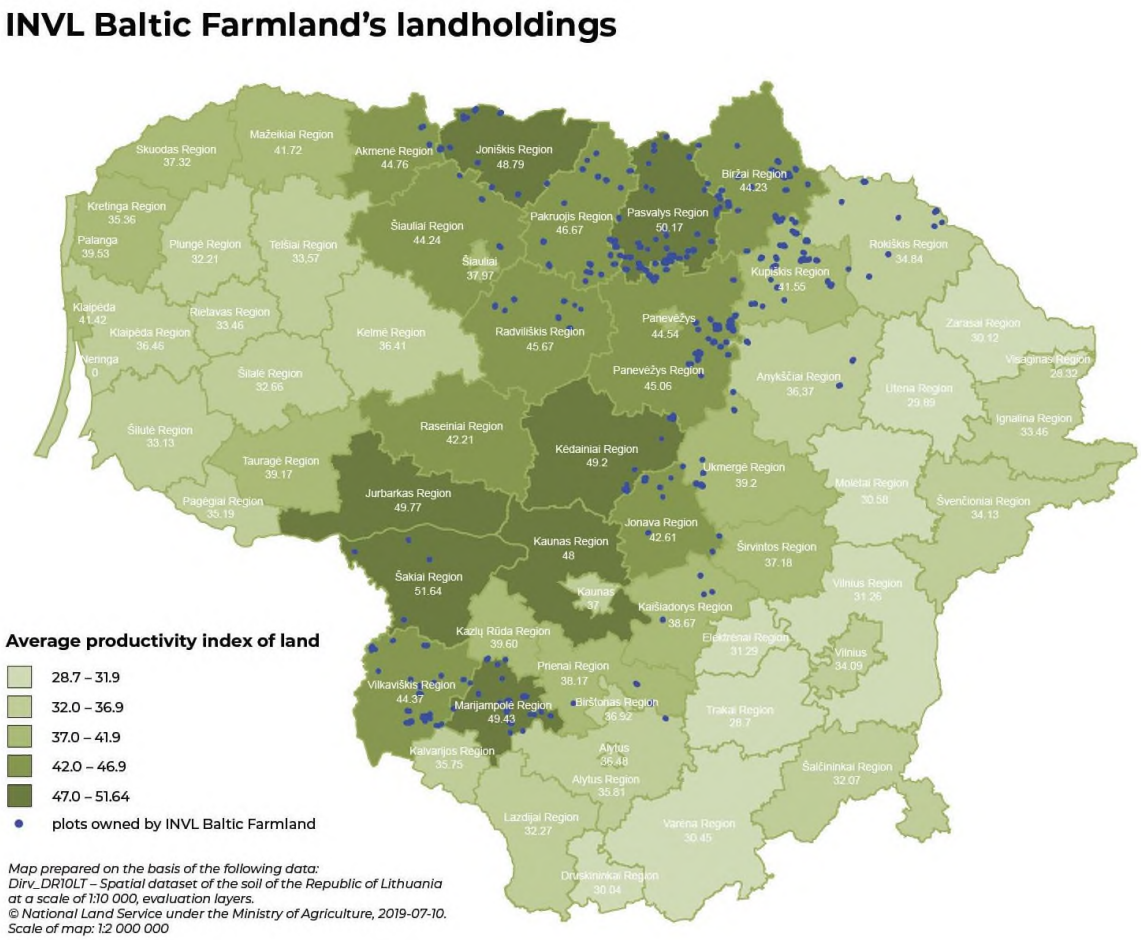


Fig. 3.3.2. Agricultural land portfolio and agricultural land fertilisation of INVL Baltic Farmland, AB
Plots belonging to the company are in the most fertile areas of Lithuania. They are highlighted in blue.

Table 3.3.3. Information about companies of INVL Baltic Farmland group*

Company name	District of company's activities	Owned land plot, hectares	Cultivated cropland area, hectares
Avizele, UAB	Rokiskis dist., Anyksciai dist.	113.82	107.51
Berzyte, UAB	Birzai dist.	150.49	145.99
Dirvolika, UAB	Akmene dist., Joniskis dist., Siauliai dist.	199.44	192.03
Duonis, UAB	Jonava dist., Kedainiai dist., Ukmerge dist.	182.38	174.64
Ekotra, UAB	Vilkaviskis dist.	238.76	228.70
Kvietukas, UAB	Pakruojis dist., Pasvalys dist.	119.55	114.22
Laukaitis, UAB	Pakruojis dist., Pasvalys dist., Siauliai dist.	204.10	193.44
Lauknesys, UAB	Birzai dist., Pasvalys dist.	109.94	107.83
Linaziede, UAB	Alytus dist., Jonava dist., Kaisiadorys dist., Prienai dist.	85.13	80.75
Pusaitis, UAB	Radviliskis dist.	82.44	81.10
Puskaitis, UAB	Marijampole dist., Prienai dist., Vilkaviskis dist.	210.74	204.20
Seja, UAB	Kedainiai dist.	86.59	83.71
Vasarojus, UAB	Anyksciai dist., Panevezys dist., Ukmerge dist.	375.73	364.85
Zalve, UAB	Kupiskis dist.	216.88	201.73
Zemgale, UAB	Birzai dist., Kupiskis dist., Panevezys dist.	241.76	232.00
Zemynele, UAB	Sakiai dist., Vilkaviskis dist.	72.57	70.81
Ziemkentys, UAB	Panevezys dist., Pasvalys dist.	414.70	402.18
	Total:	**3,105.02**	**2,985.69**

**Phase II of the Rail Baltica project will be completed in Q1 2020, 6.5556 ha of agricultural land will be taken over for public use.*

4 Agreements with intermediaries on public trading in securities

INVL Baltic Farmland, AB has signed the agreements with these intermediaries:

- Šiaulių bank, AB (Tilžės str. 149, Šiauliai, Lithuania, tel. +370 41 595 607) – the agreement on investment services, the agreement on management of securities accounting and agreement on dividend distribution.

5 Information on Issuer's branches and representative offices

INVL Baltic Farmland, AB has no branches or representative offices.

II. INFORMATION ABOUT SECURITIES

6 The order of amendment of Issuer's Articles of Association

The Articles of Association of INVL Baltic Farmland, AB may be amended by resolution of the General Shareholders' Meeting, passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania).

Actual wording of the Articles of Association of the Company is dated as of 18 April 2018. The Company's Articles of Association is published on the Company's web page *(Company's web site section „Investor Relations" → „Articles of Association". The link: https://invlbalticfarmland.com/lit/en/investor-relations/articles-of-association).*

7 Structure of the authorized capital

Table 7.1. Structure of INVL Baltic Farmland, AB authorised capital as of 31 December 2019.

Type of shares	Number of shares and total voting rights granted by the issued shares, units	Number of votes for the quorum of the General Shareholders Meeting, units*	Nominal value, EUR	Total nominal value, EUR	Portion of the authorised capital, %
Ordinary registered shares	3,291,549	3,228,510	0.29	954,549.21	100

*According to Article 27 (4) of the Law on Companies' in determining the quorum of the General Meeting of Shareholders, it is considered that the acquired own shares do not grant voting rights.

All shares are fully paid-up and no restrictions apply on their transfer.

7.1. Information about the Issuer's treasury shares

The General Shareholders Meeting of the Company that was held on 28 October 2015 approved resolution to purchase its own shares. The period during which the company could acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price – EUR 4.00, minimum one share acquisition price – EUR 2.87. During this period the Company initiated acquisition of own shares 1 time. On 21 June the company announced about acquisition of 1.92 percent of own shares. 63,039 units of shares were offered. The settlement for the acquired shares happened on 22 June 2016.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 22 March 2017 made decision to purchase its own shares. The period during which the company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price – EUR 4.50, minimum one share acquisition price – EUR 3.16. Company not initiated acquisition of own shares in 2017.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 10 April 2018 approved resolution to purchase its own shares. The period during which the company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price – EUR 5.00, minimum one share acquisition price – EUR 3.00. Company not initiated acquisition of own shares in 2018.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 22 March 2019 made decision to purchase its own shares. The period during which the company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price – EUR 5.00, minimum one share acquisition price – EUR 3.00.

On 2019 the Company not initiated acquisition of own shares.

At the end of the reporting period the amount of company's acquired own shares stayed the same and amounted to 63,039 (units) or 1.92 percent of the Companys Authorised capital. Subsidiaries of INVL Baltic Farmland have not implemented acquisition of shares in INVL Baltic Farmland directly or indirectly under the order of subsidiary by persons acting by their name.

8 Trading in Issuer's securities as well as securities, which are deemed to be a significant financial investment to the Issuer on a regulated market

Table 8.1. Main characteristics of INVL Baltic Farmland, AB shares admitted to trading

Type of shares	Ordinary registered shares
ISIN code	LT0000128753
LEI code	5299000AUE9M1W13ZQ36
Name	INL1L
Exchange	Nasdaq Vilnius
List	Baltic Secondary list
Authorised capital (EUR)	954,549.21
Nominal value of 1 share (EUR)	0.29
Shares issued, units	3,291,549
Total voting rights granted by the issued shares, units	3,291,549
Number of votes for the quorum of the General Shareholders Meeting, units*	3,228,510
Date of the beginning of listing	4 June 2014

*According to Article 27 (4) of the Law on Companies' in determining the quorum of the General Meeting of Shareholders, it is considered that the acquired own shares do not grant voting rights.

Company uses no services of liquidity providers.

Table 8.2. Trading in the company's shares 2015 - 2019 (quarterly) on NASDAQ Vilnius:

Reporting period	Price, EUR			Turnover, EUR			Last trading date	Total turnover	
	high	low	last	high	low	last		quantity	EUR
2015 1st Q	2.86	2.58	2.82	1,799.56	2.69	42.3	31.03.2015	2,455	6,647.69
2015 2nd Q	3.01	2.61	2.79	5,499.57	5.4	22.32	30.06.2015	5,086	14,277.25
2015 3rd Q	3.38	2.65	2.81	2,056.53	3.12	367.55	30.09.2015	3,346	10,215.73
2015 4th Q	3.25	2.73	2.9	1,235	8.76	0	30.12.2015	1,970	5,831.7
2016 1st Q	2.95	2.81	2.9	1,888.41	2.83	388.6	31.03.2016	7,230	20,750.74
2016 2nd Q	3.25	2.81	2.96	9,610.52	5.62	0	30.06.2016	6,943	22,061.49
2016 3rd Q	3.5	2.97	3.5	2,440.7	5.96	2,440.7	30.09.2016	2,158	6,844.82
2016 4th Q	3.65	3.15	3.34	9,074.36	3.35	66.8	30.12.2016	6,714	23,658.84
2017 1st Q	4.30	3.15	4.30	2,557.04	26.08	301	31.03.2017	2,905	10,684.95
2017 2nd Q	4.01	3.75	3.88	4,516.05	7.56	0	30.06.2017	7,854	29,872.22
2017 3rd Q	4.20	3.69	3.80	1,668.16	41.36	0	29.09.2017	2,266	8,730.19
2017 4th Q	4.20	3.78	3.89	4,908.67	19.45	0	29.12.2017	3,039	12,246.93
2018 1st Q	4.32	3.96	4.32	2,572.64	3.96	0	29.03.2018.	1,279	5,463.80
2018 2nd Q	4.80	3.90	4.08	1,697	23.40	0	29.06.2018	2,136	9,369.12
2018 3rd Q	4.34	3.80	3.80	1,414.08	8.00	380	28.09.2018	2,077	8,347.86
2018 4th Q	4.00	3.50	3.50	1,365	10.5	238	28.12.2018	1,295	4,623.38
2019 1st Q	4.00	3.42	3.58	5,982.34	10.74	0	29.03.2019	2,731	10,518.30
2019 2nd Q	3.80	3.48	3.58	887.04	54.30	662.30	28.06.2019	1,582	5,661.24
2019 3rd Q	4.10	3.42	4.00	2,455.80	7.4	72	30.09.2019	2,336	8,942.32
2019 4th Q	3.86	3.46	3.48	4,323.80	7.28	274.92	12.30.2019	3,610	13,022.18

Table 8.3. Trading in INVL Baltic Farmland, AB shares 2015 - 2019

	2015	2016	2017	2018	2019
Share price, EUR					
- open	2.800	2.950	3.340	4.300	3.500
- high	3.380	3.700	4.300	4.800	4.100
- low	2.580	2.810	3.150	3.500	3.420
- medium	2.876	3.181	3.831	4.097	3.718
- last	2.900	3.340	3.890	3.500	3.48
Turnover, units	12,857	23,045	16,064	6,787	10,259
Turnover, EUR	36,972.37	73,315.89	61,534.29	27,804,16	38,144.04
Traded volume, units	199	219	179	105	105

Table 8.4. Capitalisation*, 2015-2019

Last trading date	Number of shares granted with voting rights, units	Last price, EUR	Capitalisation, EUR
31.03.2015	3,291,549	2.82	9,282,168
30.06.2015	3,291,549	2.79	9,183,422
30.09.2015	3,291,549	2.81	9,249,252
30.12.2015	3,291,549	2.90	9,545,492
31.03.2016	3,291,549	2.90	9,545,492
30.06.2016	3,228,510	2.96	9,556,390
30.09.2016	3,228,510	3.50	11,299,785
30.12.2016	3,228,510	3.34	10,783,223
31.03.2017	3,228,510	4.30	13,882,593
30.06.2017	3,228,510	3.88	12,526,619
29.09.2017	3,228,510	3.80	12,268,338
29.12.2017	3,228,510	3.89	12,558,904
31.03.2018	3,228,510	4.32	13,947,163
30.06.2018	3,228,510	4.08	13,172,321
29.09.2018	3,228,510	3.80	12,268,338
29.12.2018	3,228,510	3.50	11,299,785
29.03.2019	3,228,510	3.58	11,558,066
28.06.2019	3,228,510	3.58	11,558,066
30.09.2019	3,228,510	4.00	12,268,338
30.12.2019	3,228,510	3.48	11,235,215

**The Company publishes Alternative performance measures (AVR), that are in use of the Company, provides indicators definitions and calculation formulas. All the information is disclosed in Appendix 4 to this Consolidated Annual report and in Company's web site section „Investor Relations" → „Reports" → „Indicator formulas". The link:https://www.invlbalticfarmland.com/lit/en/investor-relations/indicator-formulas)*

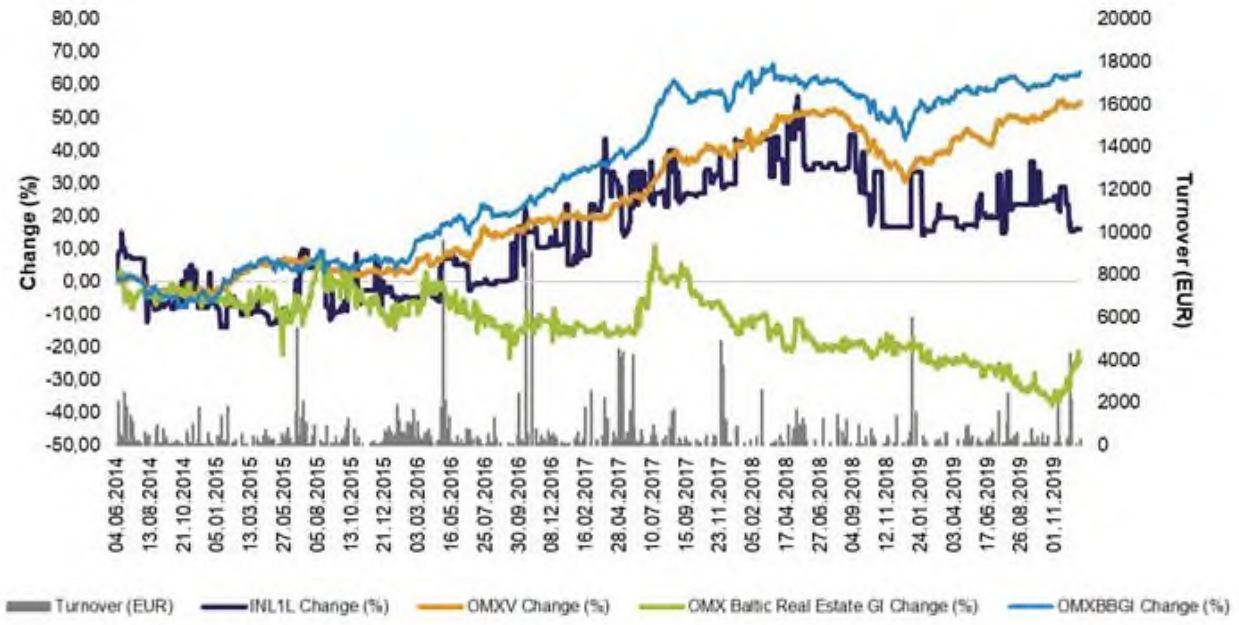


Fig. 8.1. Turnover of INVL Baltic Farmland, AB shares, change of share price and indexes[1]

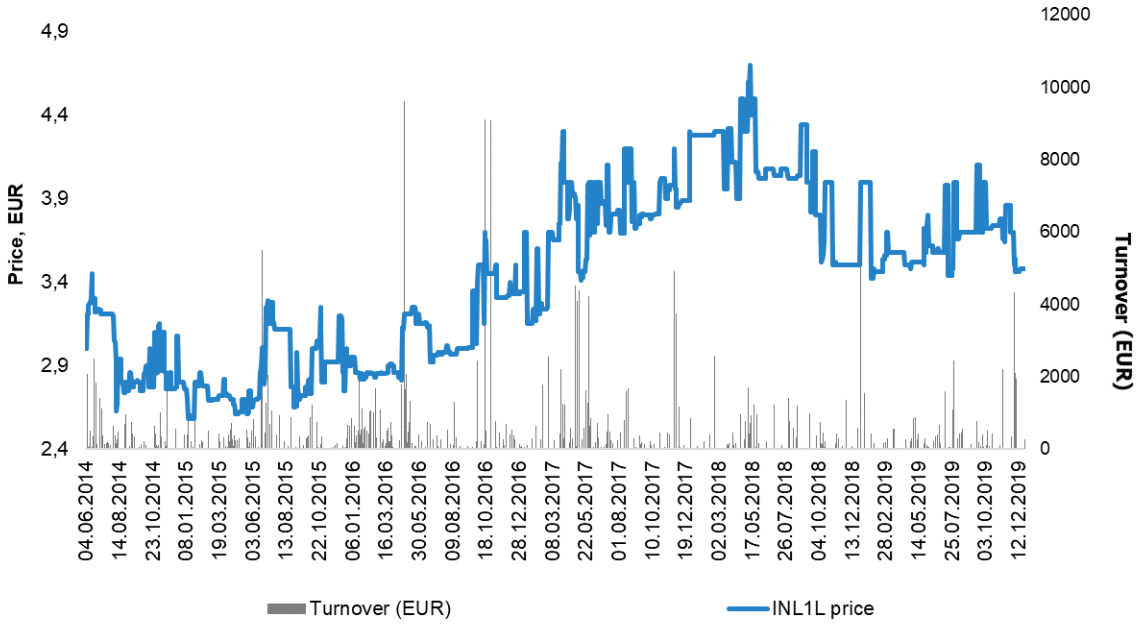


Fig. 8.2. Change of share price of INVL Baltic Farmland, AB

[1] *OMX index is an all-share index which includes all the shares listed on the Main and Secondary lists on the NASDAQ Vilnius with exception of the shares of the companies where a single shareholder controls at least 90% of the outstanding shares. The OMX Baltic Real Estate GI index is based on the Industry Classification Benchmark (ICB) developed by FTSE Group (FTSE).*

9 Dividends

The General Shareholders' Meeting decides upon dividend payment and sets the amount of dividends. The company pays out the dividends within 1 month after the day of adoption of the resolution on profit distribution.

The General Shareholders Meeting of the Company held on 10 April 2018 approved the new wording of the Dividend Payment Policy. According to the Policy, it is decided to allocate EUR 0.10 dividend per share (exceptions, which state decrease / increase of the allocated dividend is disclosed in the Company's dividend payment policy).

Persons have the right to receive dividends if they were shareholders of the company at the end of the tenth working day after the day of the General Shareholders' Meeting which issued the resolution to pay dividends.

According to the Law on Personal Income Tax and the Law on Corporate Income Tax, 15 % tax is applied to the dividends since 2014. The company is responsible for calculation, withdrawn and transfer (to the benefit of the State) of applicable taxes[2].

The General Shareholders Meeting of INVL Baltic Farmland, AB held on 22 March 2019, decided to allocate EUR 0.10 dividend per share.

Dividends were allocated to the shareholders, who at the end of the tenth business day following the day of the General Shareholders Meeting that adopted a decision on dividend payment, i.e. on 5 April 2019 were shareholders of INVL Baltic Farmland, AB.

On 17 April 2019 the company announced that will start to allocate dividends from 18 April 2019. Dividends were allocated to those shareholders of the company, who has provided existing bank accounts.

Information relevant to the dividends paid by the Company, as well as matter of dividend payments and valid Dividend payment policy is published on Company's web page.

Table 9.1. Indexes related with shares

Company's*	2015	2016	2017	2018	2019
Net Asset Value per share, EUR	3.21	3.51	3.72	3.91	4.16
Price to book value (P/Bv)	0.90	0.95	1.05	0.89	0.84
Dividend yield	2.1	2.0	1.8	4.3	2.9
Dividends/ Net profit	0.24	0.18	0.26	0.43	0.28

** The Company publishes Alternative performance measures (AVR), that are in use of the Company, provides indicators definitions and calculation formulas. All the information is disclosed in Appendix 4 to this Consolidated Annual report and in Company's web site section „Investor Relations" → „Reports" → „Indicator formulas". The link:https://www.invlbalticfarmland.com/lit/en/investor-relations/indicator-formulas)*

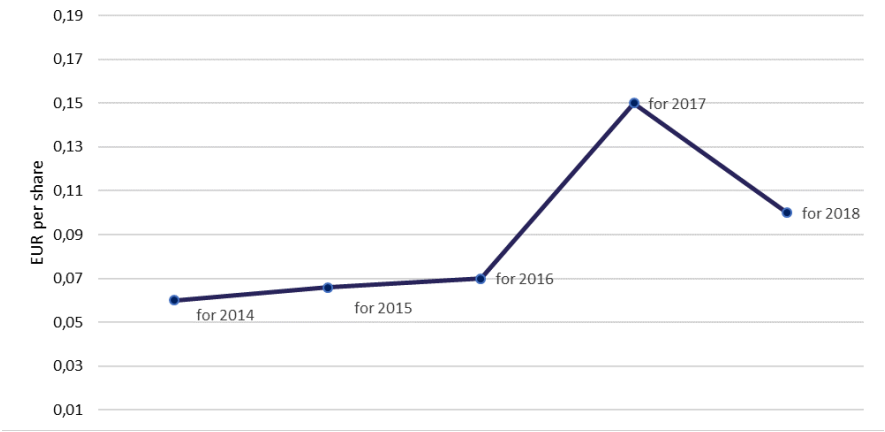


Fig. 9.1. Dividens allocation per share

[2]*This information should not be treated as tax consultation.*

10 Shareholders

10.1. Information about company's shareholders

The total number of shareholders in INVL Baltic Farmland was 3,260 on 31 December 2019. There are no shareholders entitled to special rights of control.

Table 10.1.1. Shareholders who held title to more than 5% of INVL Baltic Farmland, AB authorised capital, votes as of 31 December 2019. The votes, authorised capital held of the management of the Company (manager, members of the Board) is also be disclosed.

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of votes given by the shares held by the right of ownership, %	Indirectly held voting rights, %
LJB Investments, UAB code 300822575, Juozapavičiaus str. 9A, Vilnius	977,751	29.70	29.70	0
Irena Ona Mišeikienė	931,831	28.31	28.31	0
Lucrum Investicija, UAB code 300806471, Gynėjų str. 14, Vilnius	479,310	14.56	14.56	0
Alvydas Banys	252,875	7.68	7.68	29.70[3]
Ilona Šulnienė	185,000	5.62	5.62	0
Indrė Mišeikytė	64,450	1.96	1.96	0
Darius Šulnis	0	0	0	14.56[4]
Eglė Surplienė	0	0	0	0

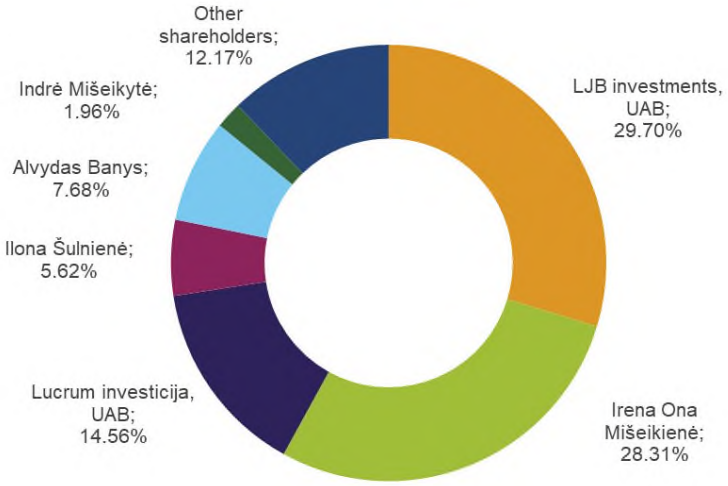


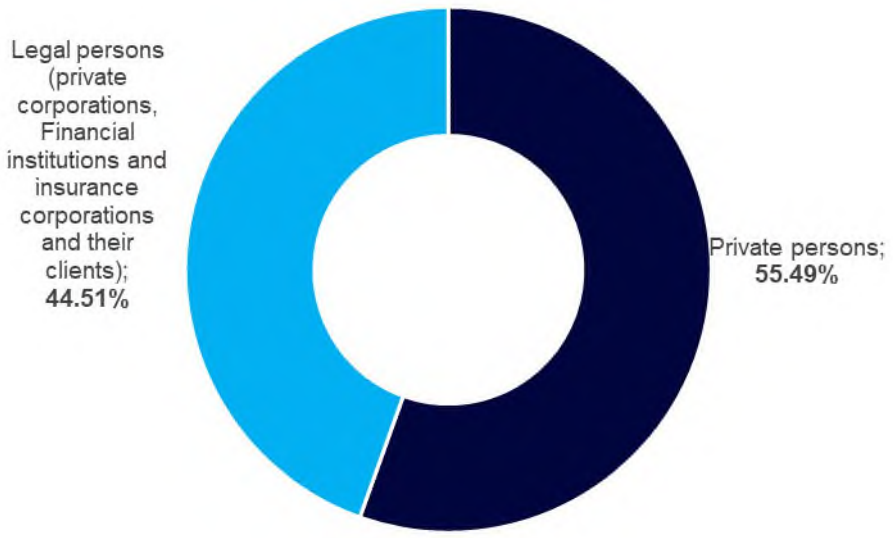
Fig. 10.1.1. Votes as of 31 December 2019

3 According to Paragraph 1 of Article 16 of the Law on Securities of the Republic of Lithuania, Alvydas Banys is deemed to hold the voting rights of LJB Investments, a company controlled by him.

4 According to Paragraph 1 of Article 16 of the Law on Securities of the Republic of Lithuania, Darius Šulnis is deemed to hold the voting rights of Lucrum investicija, a company controlled by him.

Table 10.1.2. Distribution of securities by investors' groups as of 31 December 2019

Investors	Shareholders		Share of votes given by the owned shares	
	Amount	Part, %	Amount	Part, %
Private persons	3,243	99.48	1,826,324	55.49
Legal persons (private corporations, Financial institutions and insurance corporations and their clients)	17	0.52	1,465,225	44.51
Total	**3,260**		**3,291,549**	



10.1.2. Fig. Distribution of securities by investors' groups as of 31 December 2019

Table 10.1.3. Distribution of securities by investors' groups as of 31 December 2019

Regions	Shareholders		Share of votes given by the owned shares	
	Amount	Part, %	Amount	Part, %
Lithuania	3,216	98.65	3,282,315	99.72
Other EU members	32	0.98	7 219	0.22
Non- EU countries	12	0.37	2 015	0.06
Total	**3,260**		**3,291,549**	

10.2. Rights and obligations carried by the shares

10.2.1. Rights of the shareholders

The Company's shareholders have the following property and non-property rights:

1) to receive a part of the Company's profit (dividend);
2) to receive the company's funds when the authorised capital of the company is reduced with a view to paying out the company's funds to the shareholders;
3) to receive a part of assets of the company in liquidation;
4) to receive shares without payment if the authorised capital is increased out of the Company funds, except in cases provided by the laws of the Republic of Lithuania;
5) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Shareholders' Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
6) to lend to the company in the manner prescribed by law; however, when borrowing from its shareholders, the company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders shall be prohibited from negotiating a higher interest rate;
7) other property rights provided by laws;
8) to attend the General Shareholders' Meetings;
9) to submit to the Company in advance the questions connected with the issues on the agenda of the General Meeting of Shareholders;
10) to vote at the General Shareholders' Meetings according to voting rights carried by their shares;
11) to receive information on the Company specified in the Law on Companies of the Republic of Lithuania;
12) to appeal to the court for reparation of damage resulting from nonfeasance or malfeasance by the Company's manager and the Board members of their obligations prescribed by the Law on Companies of Republic of Lithuania and other laws of the Republic of Lithuania and the Company's Articles of Association as well as in other cases laid down by laws;
13) to receive information on a public company whose shares are admitted to trading on a regulated market as specified in the Law on Companies of Financial Instruments Markets in the Republic of Lithuania;
14) other non-property rights established by laws and the Company's Articles of Association.

10.2.2. Obligations of the shareholders

The shareholders have no property obligations to the Company, except for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Shareholders' Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Shareholders' Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

The person who acquired all shares or part of shares in the company from the Company's sole shareholder must notify the company of the acquisition or transfer of shares within 5 days from the conclusion of the transaction. The notice shall indicate the number of acquired or transferred shares, including share number per class, when the different share class is acquired, the nominal share price and the particulars of the person who acquired or transferred the shares (the natural person's full name, personal number, personal code and address; the name, legal form it has taken, registration number, address of the registered office of the legal person.). A document confirming the acquisition of the shares or an acquisition extract must be added to the notice. If an acquisition extract is provided, it must include the parties to the transaction, the subject of the transaction and the date of acquisition of the shares.

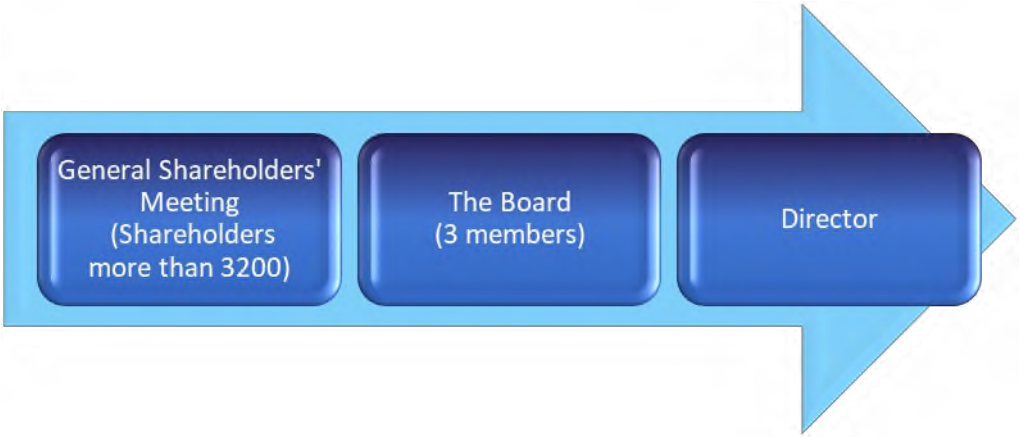
Contracts between the company and holder of all its share shall be executed in a simple written form, unless the Civil Code prescribes the mandatory notarised form.

A shareholder shall repay the Company any dividend paid out in violation of the mandatory norms of the Law on Companies, if the Company proves that the shareholder knew or should have known thereof.

Each shareholder shall be entitled to authorise a natural or legal person to represent him when maintaining contacts with the Company and other persons.

III. ISSUER'S MANAGING BODIES

11 Structure, authorities, the procedure for appointment and replacement



The governing bodies of INVL Baltic Farmland, AB are: the General Shareholders' Meeting, sole governing body – the director and a collegial governing body – the Board. The Supervisory Board is not formed.

11.1. General Shareholders' Meeting

11.1.1. Powers of the General Shareholders' Meeting

Persons who were shareholders of the Company at the close of the accounting day of the meeting (the 5th working day before the General Shareholders' Meeting) shall have the right to attend and vote at the General Shareholders' Meeting in person, unless otherwise provided for by laws, or may authorise other persons to vote for them as proxies or may conclude an agreement on the disposal of the voting right with third parties. The shareholder's right to attend the General Shareholders' Meeting shall also cover the right to speak and enquire.

The General Shareholders' Meeting may take decisions and shall be held valid if attended by the shareholders who hold the shares carrying not less than ½ of all votes. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the General Shareholders' Meeting. If a quorum is not present, the General Shareholders' Meeting shall be considered invalid and a repeat General Shareholders' Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the General Shareholders' Meeting that has not been held and to which the quorum requirement shall not apply.

An Annual General Shareholders' Meeting must be held every year at least within 4 months from the close of the financial year.

The General Shareholders' Meeting shall have the exclusive right to:

- amend the Articles of Association of the Company, unless otherwise provided for by the Law on Companies of the Republic of Lithuania;
- change the premises of the Company;
- elect members of the Board;
- dismiss the Board or its members;
- elect and dismiss the firm of auditors, set the conditions for auditor remuneration;
- determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- take a decision on the remuneration policy approval of public companies whose shares are admitted to trading on a regulated market;
- take a decision regarding conversion of shares of one class into shares of another class, approve share conversion procedure;
- take a decision to change the number of shares of the same class issued by the company and the nominal value per share without changing the authorized capital;
- take a decision to replace private limited liability company share certificates by shares;
- approve the annual financial statements report;
- take a decision on profit/loss appropriation;
- take a decision on the formation, use, reduction and liquidation of reserves;
- approve the financial statements for the purpose of deciding on the allocation of dividends for a period shorter than a financial year;

- to decide on the allocation of dividends for a period shorter than a financial year;
- take a decision on the issue of convertible debentures;
- take a decision on withdrawal for all the shareholders the pre-emption right to acquire the Company's shares or convertible debentures of the specific issue;
- take a decision to increase the authorised capital;
- take a decision to reduce the authorised capital, except the cases provided for by the Law on Companies of the Republic of Lithuania;
- take a decision for the Company to purchase its own shares;
- take a decision on the approval of the Rules for the Offering of Shares to Employees and / or Members of the Bodies (hereinafter referred to as the Share Allocation Rules);
- take a decision on the reorganisation or split-off of the Company and approve the terms of reorganisation or split-off, except the cases provided for by the Law on Companies of the Republic of Lithuania;
- take a decision on transformation of the Company;
- to take decisions on the restructuring of the Company in the cases established by the Law on Insolvency of Legal Persons of the Republic of Lithuania;
- take a decision to liquidate the Company, cancel the liquidation of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania;
- elect and dismiss the liquidator of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania.

The General Shareholders' Meeting may also decide on other matters assigned within the scope of its powers by the Articles of Association of the Company, unless these have been assigned under the Law on Companies of the Republic of Lithuania within the scope of powers of other organs of the Company and provided that, in their essence, these are not the functions of the governing bodies.

11.1.2. Convocation of the General Shareholders' Meeting of INVL Baltic Farmland, AB

The documents related to the agenda, draft resolutions on every item of agenda, documents what have to be submitted to the General Shareholders Meeting and other information related to realization of shareholders rights are published on the Company's website www.invlbalticfarmland.com section For investors, also available in the office of INVL Baltic Farmland (Gyneju str. 14, Vilnius) during working hours. Phone for information +370 5 279 0601.

The shareholders are entitled: (i) to propose to supplement the agenda of the General Shareholders Meeting submitting draft resolution on every additional item of agenda or, than there is no need to make a decision - explanation of the shareholder (this right is granted to shareholders who hold shares carrying at least 1/20 of all the votes). Proposal to supplement the agenda is submitted in writing sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company on business hours or by sending proposal to the Company by email farmland@invaldainvl.com. The agenda is supplemented if the proposal is received no later than 14 days before the General Shareholders Meeting. In case the agenda of the Meeting is supplemented, the Company will report on it no later than 10 days before the Meeting in the same way as on convening of the Meeting and (ii) to propose draft resolutions on the issues already included or to be included in the agenda of the General Shareholders Meeting at any time prior to the date of the General Shareholders meeting (in writing, sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company on business hours or by sending proposal to the Company by email farmland@invaldainvl.com) or in writing during the General Shareholders Meeting (this right is granted to shareholders who hold shares carrying at least 1/20 of all the votes); (iii) to submit questions to the Company related to the issues of agenda of the General Shareholders Meeting in advance but no later than 3 business days prior to the General Shareholders Meeting in writing sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company on business hours or by sending proposal to the Company by farmland@invaldainvl.com. All answers related to the agenda of the General Shareholders Meeting to questions submitted to the Company by the shareholders in advance, are submitted in the General Shareholders Meeting or simultaneously to all shareholders of the Company prior to the General Shareholders Meeting. The company reserves the right to answer to those shareholders of the Company who can be identified and whose questions are not related to the company's confidential information or commercial secrets.

Shareholder participating at the General Shareholders Meeting and having the right to vote, must submit documents confirming personal identity. Each shareholder may authorize either a natural or a legal person to participate and to vote on the shareholder's behalf at the General Shareholders Meeting. A power of attorney issued by a natural person must be certified by a notary. The representative has the same rights as his represented shareholder at the General Shareholders Meeting. The authorized persons must have documents confirming their personal identity and power of attorney approved in the manner specified by law which must be submitted to the Company no later than before the commencement of registration for the General Shareholders Meeting. A power of attorney issued in a foreign state must be translated into Lithuanian and legalised in the manner established by law. The Company does not establish special form of power of attorney. The persons with whom

shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Shareholders Meeting.

Shareholder is entitled to issue power of attorney by means of electronic communications for legal or natural persons to participate and to vote on its behalf at the General Shareholders Meeting. No notarisation of such authorization is required.

The power of attorney issued through electronic communication means must be confirmed by the shareholder with a safe electronic signature developed by safe signature equipment and approved by a qualified certificate effective in the Republic of Lithuania. The shareholder shall inform the Company on the power of attorney issued through the means of electronic communication by e-mail farmland@invaldainvl.com not later than on the last business day before the General Shareholders Meeting. The power of attorney and notification must be issued in writing and could be sent to the Company by electronic communication means, if the transmitted information is secured and the shareholder's identity can be identified. By submitting the notification to the Company the shareholder shall include the Internet address from which it would be possible to download software to verify an Electronic Signature of the shareholder free of charge.

The Company is not providing the possibility to attend and vote at the General Shareholders Meeting through electronic means of communication.

Shareholder or its representative may vote in writing by filling general voting bulletin. The form of general voting bulletin is presented at the Company's webpage www.invlbalticfarmland.com section For Investors. If shareholder requests, the Company shall send the general voting bulletin to the requesting shareholder by registered mail or shall deliver it in person against signature no later than 10 days prior to the General Shareholders Meeting free of charge. The filled general voting bulletin must be signed by the shareholder or its authorized representative. Document confirming the right to vote must be added to the general voting bulletin if an authorized person is voting. The filled general voting bulletin must be sent by the registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company no later than the day before of the General Shareholders Meeting. Ballots will be considered as valid if they are properly filled-in and received by the Company prior the Meeting.

For the convenience of the shareholders of INVL Baltic Farmland the company provides notifications about convocation of General Shareholders Meeting, draft resolutions as well as general voting bulletins and resolutions adopted in the Meetings on the company‘s website section *For Investors* (Shareholders' Meetings).

There was 2 (two) General Shareholders Meeting of INVL Baltic Farmland, AB during the 2019.

On 28 february 2019 INVL Baltic Farmland announced about convocation of the General Shareholders Meeting and published the draft resolutions of the General Shareholders Meeting. On 22 March 2019 the Company announced resolutions of the General Shareholders Meeting: during the meeting the Shareholders of the Company were presented with the consolidated annual report of the Company and independent auditor's report on the financial statements and annual report, approved the consolidated and companies financial statements for 2019, and approved the profit distribution (allocating EUR 0.10 dividend per share). The shareholders also made a decision regarding the purchase of own shares of the INVL Baltic Farmland.

On 19 September 2019 INVL Baltic Farmland announced about convocation of the General Shareholders Meeting and published the agenda and draft resolutions of the General Shareholders Meeting. On 18 October 2019 the Company announced resolutions of the General Shareholders Meeting: to conclude an agreement regarding carrying out of the audit of the annual financial statements of the AB INVL Baltic Farmland for 2019 financial year with the audit company PricewaterhouseCoopers and establish the payment in amount of EUR 10,900 for audit of annual financial statements set and opinion on the annual report (VAT will be calculated and payed additionally in accordance with order established in legal acts). To authorise the manager of INVL Baltic Farmland, AB to negotiate other terms and conditions of the audit services contract (including remuneration for additional services).

11.2. The Board

11.2.1. Powers of the Board

The Board shall continue in office for the 4 year period or until a new Board is elected and commences its activities, but not longer than until the date of the Annual General Shareholders’ Meeting to be held during the final year of the term of office of the Board. If individual members of the Board are elected, they shall serve only until the expiry of the term of office of the current Board.

The Board or its members shall commence their activities after the close of the General Shareholders’ Meeting which elected the Board or its members. Where the Articles of Association of the Company are amended due to the increase in the number

of its members, newly elected members of the Board may commence their activities solely from the date of registration of the amended Articles of Association. The Board shall elect the chairman of the Board from among its members.

The General Shareholders' Meeting may dismiss from the office the entire Board or its individual members (as well as the Chairman of the Board) before the expiry of their term of office. A member of the Board may resign from his post before the expiry of his term of office, notifying the Board in writing at least 14 calendar days in advance.

The Board shall have all authorities provided for in the Articles of Association of the Company as well as those assigned to the Board by the laws. The activities of the Board shall be based on collegial consideration of issues and decision-making as well as shared responsibility to the General Shareholders' Meeting for the consequences of the decisions made. Striving for as big benefit for the Company and shareholders as possible and in order to ensure the integrity and transparency of the control system, the Board closely cooperates with the manager of the Company. The procedure of work of the Board shall be laid down in the rules of procedure of the Board.

The Board shall consider and approve:

- Annual report of the Company;
- Interim report of the Company;
- the management structure of the Company and the positions of the employees;
- the positions to which employees are recruited through competition;
- regulations of branches and representative offices of the Company.

The Board shall elect and dismiss from office the manager of the Company, fix his salary and set other terms of the employment contract, approve his job description, provide incentives for and impose penalties against him. The Board of a public company whose shares are admitted to trading on a regulated market shall determine the remuneration of the manager of the company in accordance with the remuneration policy, as stated on the Law on Companies of the Republic of Lithuania.

The Board shall determine which information shall be considered to be the Company's commercial secret and confidential information. Any information which must be publicly available under the laws may not be considered to be the commercial secret and confidential information.

The Board shall take the following decisions:

- for the Company to become an incorporator or a member of other legal entities;
- to open branches and representative offices of the Company;
- to invest, dispose of or lease the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction);
- to pledge or mortgage the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions);
- to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company;
- to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company;
- other decisions assigned to the scope of powers of the Board by the Law on Companies of the Republic of Lithuania, Articles of Association or the decisions of the General Shareholders' Meeting.

The Board shall analyse and evaluate the information submitted by the manager of the Company on:

1. the organisation of the activities of the Company;
2. the financial status of the Company;
3. the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

The Board shall analyse and assess a set of Company's and consolidated annual financial statements and draft of profit/loss appropriation and together with suggestions and proposals shall submit them to the General Shareholders' Meeting together with the annual report of the Company. The Board shall analyze and evaluate the draft remuneration policy of the companies whose shares are admitted to trading on a regulated market and submit it to the General Shareholders Meeting together with proposals related to the policy.

It shall be the duty of the Board to convene and organise the General Shareholders' Meetings in due time.

11.2.2. Procedure of work of the Board

The order of the formation of the Board of the company should ensure objective, impartial and fair representation of minority shareholders of the company: names and surnames of the candidates to become members of the Board of the company, information about their education, qualification, professional background, positions taken in supervisory and management

Boards of other companies, owned block of shares in other companies, larger than 1/20, potential conflicts of interest, information on whether the candidates are applied to administrative sanctions or punishment for violations / crimes against the economy, business policy, property, property rights and property interests, or do they have no obligations neither functions which would threaten the safe and reliable operations of the company, or whether candidates meet the legal requirements made for the Managers, are disclosed not later than 10 days prior the General Shareholders' Meeting in which the election of the Members of the Board is intended, so that the shareholders would have sufficient time to make an informed voting decision

In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the Board of the company are determined with regard to the company's structure and activities. The Board evaluates its performance once a year. No evaluation of the independence of the Board members has been carried out.

Any Member of the Board of the company must confound companies property with its own property and do not use it or information which they received while holding position as the Members of the Board for personal benefit or for the benefit of third party on other way than the General Shareholders Meeting and the Board allows it.

Any Member of the Board of the company within 5 (five) days must inform the Manager or the Chairman of the company on any subsequent changes in provided information that have been submitted for shareholders prior to the election of the Member of the Board. Changes in provided information are disclosed in the company's annual report.

Each Member of the Board actively participates in the Meetings of Board and devotes sufficient time and attention to perform his duties as the Member of the Board.

6 Meetings of the Board of the company have been held in 2019. Since the start of the company, the composition of the Board has not changed and consisted from: Alvydas Banys, Indrė Mišeikytė and Darius Šulnis. Members of the Board Alvydas Banys, Darius Šulnis and Indrė Mišeikytė attended all the Meetings of the Board personally in 2019.

11.3. The Director

The manager of the Company (the Director) shall be elected and dismissed from office by the Board which shall also fix his salary, approve his job description, provide incentives and impose penalties. An employment contract shall be concluded with the Director. The Director shall assume office after the election, unless otherwise provided for in the contract concluded with him. If the Board adopts a decision on his removal from office, the employment contract therewith shall be terminated.

In his activities, the Director shall be guided by laws and other legal acts, the Articles of Association of the Company, decisions of the General Shareholders' Meeting and the Board, his job description. The Director is accountable to the Board.

The Director shall organise daily activities of the Company, hire and dismiss employees, conclude and terminate employment contracts therewith, provide incentives and impose penalties.

The Director shall act on behalf of the Company and shall be entitled to enter into transactions at his own discretion. The Director may conclude the transactions to invest, dispose of or lease the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction), to pledge or mortgage the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions), to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company, to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company, provided there is a decision of the Board to enter into these transactions.

The Director shall be responsible for:

- the organisation of activities and the implementation of objects of the company;
- preparation of the draft remuneration policy, disclosure of the remuneration policy and the remuneration report publicly on the website of a Company;
- the drawing up of the annual financial statements and preparation of the annual report of the Company;
- preparation of a draft decision on dividend allocation for a period shorter than a financial year, preparation of the interim financial statements and also, preparation of an interim report, related to decision on dividend allocation for a period shorter than a financial year. The provisions of the Law on Financial Statements of the Company regulating the preparation and publication of the annual report shall apply *mutatis mutandis* to the interim report;
- drafting of the Share Allocation Rules;
- the conclusion of the contract with the firm of auditors where the audit is mandatory or required under the Statutes of the company;

- the submission of information and documents to the General Sharholders Meeting and to the Board in cases stated in the Law on Companies or at their request;
- the submission of documents and particulars of the company to the administrator of the Register of Legal Persons;
- the submission of the documents of a public limited liability company to the Bank of Lithaunia and the Central Securities Depository of Lithuania;
- the publication of information referred to in this Law in the daily indicated in the Statutes;
- notification to shareholders and the Board of the Company about key events relevant to the Company's operations;
- the submission of information to shareholders;
- the fulfilment of other duties laid down in this Law and other laws and legal acts as well as in the Statutes and the staff regulations of the manager of the company.

The Director must keep commercial secrets and confidential information of the Company which he learned while holding this office.

12 Information about members of the Board, Company providing accounting services

The Board of INVL Baltic Farmland, AB has been elected for the new four-year term of office during the General Shareholders Meeting held on 10 April 2018. The shareholders of the Company approved the Board of the same composition as the Board operating in 2014-2018. Mr. Banys was elected as the Chairman of the Board. Mr. Šulnis and Ms. Mišeikytė were elected as the Members of the Board. From 30 June 2015 Egle Surpliene holds position as a director of the company.

Alvydas Banys – Chairman of the Board
Main workplace – Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Adviser, Chairman of the Board

The term of office	From 2018 until 2022
Educational background and qualifications	Vilnius Gediminas Technical University. Faculty of Civil Engineering. Master in Engineering and Economics. Junior Scientific co-worker. Economic‘s Institute of Lithuania‘s Science Academy.
Work experience	Since 1 July 2013 Invalda INVL, AB – Advisor Since 2007 LJB Investments, UAB – Director Since 2007 LJB Property, UAB – Director 1996 – 2006 Invalda, AB – Vice President 1996 – 2007 Nenuorama, UAB – President
Owned amount of shares in INVL Baltic Farmland	Personally: 252,875 units of shares, 7.68 % of authorised capital, 7.68 % of votes. Together with controlled company LJB Investments: 1,230,626 units of shares, 37.38 % of authorized capital, 37.38 % of votes.
Participation in other companies	Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Chairman of the Board Litagra, UAB (code 304564478, Savanorių pr. 173, Vilnius) – Member of the Board UTIB INVL Technology (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Advisory Committee Montuotojas, UAB (code 121520069, Naugarduko str. 34, Vilnius) – Member of the Supervisory Board INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) managed fund INVL Baltic Sea Growth Fund - Member of the Investment Committee

	Indrė Mišeikytė – Member of the Board Main workplace – Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Adviser, Member of the Board
The term of office	From 2018 until 2022
Educational background and qualifications	Vilnius Gedimino Technical University. Faculty of Architecture. Master in Architecture
Work experience	Since May 2012 Invalda INVL, AB – Advisor 2013 - 2019 Invalda Privatus Kapitalas, AB – Advisor Since 2002 Inreal Valdymas, UAB – Architect 2000 - 2002 Gildeta, UAB – Architect
Owned amount of shares in INVL Baltic Farmland	Personally: 64,450 units of shares, 1.96 % of authorised capital and votes
Participation in other companies	Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Member of the Board Invalda Privatus Kapitalas, AB (code 303075527, Žalgirio str. 92, Vilnius) – Member of the Board (until 29 April 2019) UTIB INVL Technology (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Advisory Committee

	Darius Šulnis – Member of the Board Main workplace – Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – President, Member of the Board
The term of office	From 2018 until 2022
Educational background and qualifications	Duke University (USA). Business Administration. Global Executive MBA. Vilnius University. Faculty of Economics. Master in Accounting and Audit. Financial broker‘s license (General) No. A109.
Work experience	2006 – 2011 Invalda, AB – President. 2011 – 2013 Invalda, AB – Advisor. Since May 2013 Invalda INVL, AB – President. 2002 – 2006 Invalda Real Estate, UAB (current name Inreal Valdymas) – Director 1994 – 2002 FBC Finasta, AB – Director

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Owned amount of shares in INVL Baltic Farmland	Personally: 0 units of shares, 0.00 % of authorised capital and votes. Together with controlled company Lucrum Investicija: 479,310 units of shares, 14.56 % of authorised capital and votes.
Participation in other companies	Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Member of the Board, the president INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) – Chairman of the Board Litagra, UAB (code 304564478, Savanorių pr. 173, Vilnius) – Member of the Board Šiaulių bankas, AB (code112025254, Tilžės str. 149, Šiauliai) – Member of the Supervisory Board INVL Baltic Sea Growth Fund (code 126263073, Gynėjų str. 14, Vilnius) - Managing Partner, Investment Committee Member

	Eglė Surplienė – Director Main workplace - Gerovės valdymas, UAB FPĮ (code 302445450, Gedimino pr. 20-27, Vilnius) – director
Educational background and qualifications	Vilnius University, Faculty of Economic Cybernetics and Finance, Economic Cybernetics studies, Economics – mathematics diploma (equivalent of Master's degree) 2009 – Award in Financial Planning (CII program and exam) certificate. 2005 – OMX Vilnius dealer certificate 1996 – General financial broker license
Work experience	October 2009 - present – Wealth manager, UAB FPI Geroves Valdymas March 2009 - present – Director, UAB DIM investment September 2014 - June 2016 – Director, UAB Margio investicija August 2006 - October 2009 – Wealth manager, VIP Clients manager, AB FBC Finasta, AB bank Finasta June 2005 - July 2006 – Project manager, UAB Zabolis ir partneriai June 1999 - June 2005 – Member, Deputy Director of the Commission, Securities Commission of Lithuania June 1995 - June 1999 – Head of Issuer Division, UAB FMI Vilfima June 1993 - June 1995 - Member of Market Regulation Division, Securities Commission of Lithuania
Owned amount of shares in INVL Baltic Farmland, AB	Personally: 0 units of shares, 0.00 % of authorised capital and votes.
Participation in other companies	Atelier investment management, UAB (code 303335430, Žemaitijos str. 8-20, Vilnius) (till January 2018 operated under the name Gerovė kūrimas, UAB) – Chairman of the Board Ars Lab limited IE – Member of the Board Gerovės valdymas, UAB FPĮ (code 302445450, Gedimino pr. 20-27, Vilnius) – director Gerovės partneriai, KŪB (code 304746185, Gedimino pr. 20, Vilnius) – full member Iniciatyvos fondas, VŠĮ (code 300657209, Gynėjų str. 14, Vilnius – director DIM investment, UAB (code 301145749, Pasakų str. 5, Vilnius) – director

Invalda INVL, AB provides accounting services and preparation of the documents related with bookkeeping for INVL Baltic Farmland, AB according to an agreement signed on 30 April 2014 No. 20140430/03.

13 Information about the Audit Committee of the company

The Audit Committee consists of 2 independent members. The members of the Audit Committee are elected by the General Shareholders' Meeting. The main functions of the Committee are the following:

- provide recommendations for the Board of the company with selection, appointment, reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit;
- monitor how the external auditor and audit company follow the principles of independence and objectivity;
- observe the preparation process of company's financial reports;
- monitor the efficiency of company's internal control and risk management systems. Once a year review the need of the internal audit function;
- monitor if the company's board and/or managers properly response to the audit firm's recommendations and comments.

The Member of the Audit Committee of INVL Baltic Farmland, AB may resign from his post before the expiry of term of office, notifying the Board of the company in writing at least 14 calendar days in advance. When the Board of the Company receives the notice of resignation and estimates all circumstances related to it, the Board may pass the decision either to convene the Extraordinary General Shareholders Meeting to elect the new member of the Audit Committee or to postpone the question upon the election of the new member of the Audit Committee until the nearest General Shareholders Meeting. In any case the new member is elected till the end of term of office of the operating Audit Committee.

13.1. Procedure of work of the audit committee

The Audit Committee is a collegial body, taking decisions during meetings. The Audit Committee may take decisions and its meeting should be considered valid, when both members of the Committee participate in it. The decision should be passed when both members of the Audit Committee vote for it. The Member of the Audit Committee may express his will – for or against the decision in question, the draft of which he is familiar with – by voting in advance in writing. Voting in writing should be considered equal to voting by telecommunication end devices, provided text protection is ensured and it is possible to identify the signature. The right of initiative of convoking the meetings of the Audit Committee is held by both Members of the Audit Committee. The other Member of the Audit Committee should be informed about the convoked meeting, questions that will be discussed there and the suggested drafts of decisions not later than 3 (three) business days in advance in writing (by e-mail or fax). The meetings of the Audit Committee should not be recorded, and the taken decisions should be signed by both Members of the committee. When both Audit Committee Members vote in writing, the decision should be written down and signed by the secretary of the Audit Committee who should be appointed by the Board of the Company. The decision should be written down and signed within 7 (seven) days from the day of the meeting of the Audit Committee.

The Audit Committee should have the right to invite the Manager of the Company, Member(s) of the Board, the chief financier, and employees responsible for finance, accounting and treasury issues as well as external auditors to its meetings. Members of the Audit Committee may receive remuneration for their work in the committee at the maximum hourly rate approved by the General Shareholders' Meeting.

The Company's Audit Committee is guided by the Regulations of the Audit Committee (hereinafter referred to as the Regulations) approved by the General Shareholders Meeting of the Company held on 22 March 2017. The Regulations are published on the Company's website in the section For investors.

13.2. Members of the Audit Committee

During the General Shareholders Meeting of INVL Baltic Farmland held on 22 March 2017, the decision to elect Dangutė Pranckėnienė, partner and auditor of Moore Stephens Vilnius, UAB and Tomas Bubinas, Chief Operating Officer at Biotechpharma, UAB for the Audit Committee for the 4 (four) years of office term has been adopted. Both members of the Audit Committee are independent, having submitted an notice certifying their independence.

During the the reporting period the composition of the Audit Committee remain unchanged.

Tomas Bubinas – Independent Member of the Audit Committee

The term of office	Since 2017 till 2021
Educational background and qualifications	2004 - 2005 Baltic Management Institute (BMI), Executive MBA 1997 - 2000 Association of Chartered Certified Accountants. ACCA. Fellow Member 1997 Lithuanian Sworn Registered Auditor 1988 - 1993 Vilnius University, Msc. in Economics
Work experience	Since 2013 Chief Operating Officer at Biotechpharma, UAB 2010 - 2012 Senior Director, Operations. TEVA Biopharmaceuticals (USA) 2004 - 2010 CFO for Baltic countries, Teva Pharmaceuticals 2001 - 2004 m. CFO, Sicor Biotech 1999 - 2001 Senior Manager, PricewaterhouseCoopers 1994 - 1999 Senior Auditor, Manager, Coopers & Lybrand.
Owned amount of shares in INVL Baltic Farmland	-

Dangutė Pranckėnienė – Independent Member of the Audit Committee

The term of office	Since 2017 till 2021
Educational background and qualifications	1995 - 1996 Vilnius Gediminas Technical University, Master of Business Administration. 1976 - 1981 Vilnius University, Master of Economics. The International Coach Union (ICU), professional coucher name, license No. E-51. Lithuanian Ministry of Finance, the auditor's name, license No. 000345.
Work experience	since 1997 the Partner at Moore Stephens Vilnius, UAB 1996 - 1997 Audit Manager, Deloitte & Touche 1995 - 1996 Lecturer, Vilnius Gediminas Technical University 1982 - 1983 Lecturer, Vilnius University
Owned amount of shares in INVL Baltic Farmland	-

14 Information on the Issuer's payable management fee, the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Managing bodies and company providing accounting services

CEO of the company is entitled only to a fixed salary. The company does not have a policy concerning payment of a variable part of remuneration to the management.

During the year 2019 to the Board members, which are shareholders of the Company, were paid EUR 27 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 146 thousand of dividends, net of tax. Natural persons, who are related to the Board members of the company, were paid EUR 85 thousand of dividends, net of tax. There were no assets transferred, no guarantees granted, no bonuses paid and no special payouts made by the

company to its managers. The Members of the Board were not granted with bonuses by other companies of INVL Baltic Farmland, AB group.

INVL Baltic Farmland, AB Group and the Company for the company providing accounting services respectively paid EUR 15 thousand and EUR 3 thousand during the reporting period (in 2018 – respectively EUR 15 thousand and EUR 3 thousand; in 2017 – respectively EUR 15 thousand and EUR 3 thousand; in 2016 – respectively EUR 15 thousand and EUR 3 thousand; in 2015 – respectively EUR 16 thousand and EUR 4 thousand).

Table 14.1. Information about calculated remuneration for the CEO of the issuer for 2017- 2019 (EUR)

	2017	2018	2019*
For members of administration (the CEO)	1,527	1,587	2,043

**As of 2019 gross salary was increased by 1.289 times - according to the law of the Republic of Lithuania, the employer taxes was shifted to the employee.*

IV. INFORMATION ABOUT THE ISSUER'S AND ITS GROUP COMPANIES' ACTIVITY

15 Overview of the Issuer and its group activity

15.1. Business environment

According to data from the Department of Statistics, in December 2019, the annual inflation rate in Lithuania was 2.7%; this figure was 1.9% in December 2018. Despite the fact that the overall annual inflation rate in Lithuania remains relatively stable, its constituent parts have changed in 2019. Comparison of the two years (2018 and 2019) shows that a greater price growth was recorded in 2019. The changes in the prices were significantly affected by the prices of vegetables that increased in the spring and summer, which growth was likely due to the weather conditions unfavourable for agricultural activities. In 2019, the average annual inflation rate was recorded in all EU countries (2019, compared to 2018). The figure was 1.5% for the EU and 1.2% for the eurozone.

In 2019, the country's gross domestic product (GDP) at the prices of that period totalled EUR 48.3 billion, the Lithuanian Department of Statistics reported. Compared to 2018, the real change of the GDP, following elimination of the effect of seasons and the number of business days, was 3.9%. In Q4 2019, the GDP at the prices of that period totalled EUR 12.6 billion, the Lithuanian Department of Statistics reported. Compared to Q3 2019, the real change of the GDP, following elimination of the effect of seasons and the number of business days, was 1.3%. The greatest positive effect on the change of the GDP was due to the added value created by industrial and service companies. The economic growth in 2019 was somewhat more rapid compared to 2018, and the growth of the GDP was 4.3% in Q1, 4.0% in Q2, 3.7% in Q3 and 3.7% in Q4.

According to the Bank of Lithuania, despite the continuing fairly rapid growth of the Lithuanian economy, certain signs of a slowdown are evident. It is currently forecast that the Lithuanian economy, which grew by 3.7% in 2019, will grow by 2.5% next year. The European Commission forecasts that the economic growth in Lithuania will slow down in 2020 due to the slow development of the economies of key export partners and that the GDP will increase by up to 2.5%. The main risks to the country's economy still include the growing tension related to international trade and the slowdown of economic growth among some of Lithuania's key foreign trade partners. As noted by the Bank of Lithuania, the activity of the country's economy is likely to decrease further. The poor and disappointing global economic development result in the cautious planning of investments in the open economic sector. Despite the fact that, to date, exports have grown more than foreign markets did, the uncertainty as to whether the occupied export market shares will continue to rapidly increase or not persists. A more moderate growth of both investments and exports (and the real economic indicators that have increased the most in the past year) is expected next year. There is also the assumption that the less active use of EU support funds will also affect the scope of investments.

In 2019, agricultural products worth EUR 2.619 billion were produced in Lithuania. The value of agricultural produce at the prices of that period increased by 14.8%. The value of the plant breeding produce increased by 22.9%, and that of the animal husbandry produce increased by 2.8%. This was affected by the 18.5% increase in the volume of the plant growing produce and the 5% increase in the purchase prices of the plant growing products. The volume of the animal husbandry produce decreased by 0.1%, but the purchase prices of this produce increased by 3.1%. The purchase prices increased the most for fruits and vegetables (33.2%), potatoes (31.6 %) and pigs (17.3%) and decreased the most for rye (5.4%) and cattle (5.2%).

Analysis of the long-term trends shows that the situation in the agricultural sector is improving, and the performance in this field is improving throughout the country. The fertility rate for grain has nearly doubled in the past ten years. The added value created by the sector has also increased considerably. All these developments encourage investments in the agricultural equipment, increase of farm sizes, and development and application of expertise and new technology intended for the upgrade of agricultural sector. Considerable support from the EU structural funds has been allocated to the agricultural and food sector and rural development in the past decade. The increase in the volume of the provided support normally results in the increase of land prices and land rents.

The growth of prices of agricultural land in the past years was significantly affected by the consistently improving national economy, the growing incomes of the market players and the activity of the market players in more expensive territories provided with well-developed communications and road and services infrastructure. The prices of plots of agricultural land are also affected by the high profitability of agricultural activities supported by EU grants for agriculture as well as the increase in the sizes of farms resulting from acquisition or lease of additional agricultural land. The supply of plots of agricultural land in Lithuania is fairly active, but the selection of land plots suitable for farming is becoming scarce. Major farmers increase their facilities by purchasing small land plots, but the supply of these shrinks each year. Fertile land plots are sold very quickly.

The restrictions on the acquisition of agricultural land enforced in Lithuania and the consistently growing purchase price of plots of agricultural land raise the demand for leased land and the lease rates. Young farmers, farmers with large farm areas

and agricultural companies are very interested in the lease of land plots since after plots of agricultural land are leased a higher probability to subsequently purchase them appears in case land owners wish to sell their land plots.

More stringent amendments to the Provisional Law on the Acquisition of Agricultural Land became effective in May 2014. These amendments do not allow related parties to acquire more than 500 hectares of land from the State or other persons. A new wording of the Law on the Acquisition of Agricultural Land became effective on 1 January 2018. According to the State Enterprise Agricultural Information and Rural Business Centre, the amendments to the law were aimed to deal with the problem of land purchase and concentration that is encountered both in the EU and globally. In the new wording of the law, the legislator has set as one of the objectives of the law the restriction on land purchase and concentration and land price speculations and the assurance of the transparency of land purchase agreements. The wording of the law enforced prior to 2018 only permitted the purchase of agricultural land to a person that has professional skills and competence, i.e. satisfies the eligibility requirements prescribed by the law. The new wording of the law enforced from 1 January 2018 does not contain any eligibility requirements. The list of persons that have the pre-emptive right to purchase private agricultural land was adjusted in the Law on the Acquisition of Agricultural Land. The new wording of the law ensures the right to purchase land for persons engaged in agricultural activities. A complex sale of land was one of the ways to diverge from the earlier Law on the Acquisition of Agricultural Land. The new wording of the law provides for the prohibition to land plot owners to set the condition of sale of a land plot providing that a person that enjoys the pre-emptive right only may avail of it if it acquires the land plot together with the other land plots offered for sale. This provision is no longer effective when land plots offered for sale have adjacent borders. The new wording of the Law on the Acquisition of Agricultural Land effective from 1 January 2018 provides that agreements of purchase and sale of land may only be executed with payments made via bank transfers. The aim of this provision is to exclude bad faith agreements and transactions. The new wording of the law also provides that related parties that manage in the Lithuanian territory by right of ownership agricultural land plots with an area greater than specified in the law (300 hectares, in certain cases 500 hectares) may conclude agreements of transfer of agricultural land plots with each other provided that the total area of the agricultural land acquired by such related parties does not increase as a result of such agreements and that the area of the agricultural land of each of these related parties does not exceed 500 hectares.

INVL Baltic Farmland owns 100% of the shares of 18 private joint-stock companies, which, taken together, have purchased a total of more than 3,000 hectares of agricultural land in Lithuania.

Starting from 30 June 2015, when the simple administration agreement was signed with INVL Farmland Management, a company managed by Invalda INVL (one of the largest asset management group in the Baltic countries), the administration of land plots was assigned to this company. The term of validity of the simple administration agreement referred to above will expire on 31 December 2020.

The enforced more stringent requirements for the acquisition of land have resulted in that companies of the INVL Baltic Farmland group are no longer able to directly invest in agricultural land in Lithuania and are unable to overtake the control of companies that manage agricultural land.

INVL Baltic Farmland is seeking to earn in the long run from the increase in land rent and from the growth of the value of land. According to the data of the property valuation conducted in Q4 2019, the value of the land plots has increased in the course of the year by 6.2% and reached EUR 14.72 million. One hectare is valuated on average at EUR 4,740.

The following graph shows the difference of prices of agricultural land in Lithuania by region:

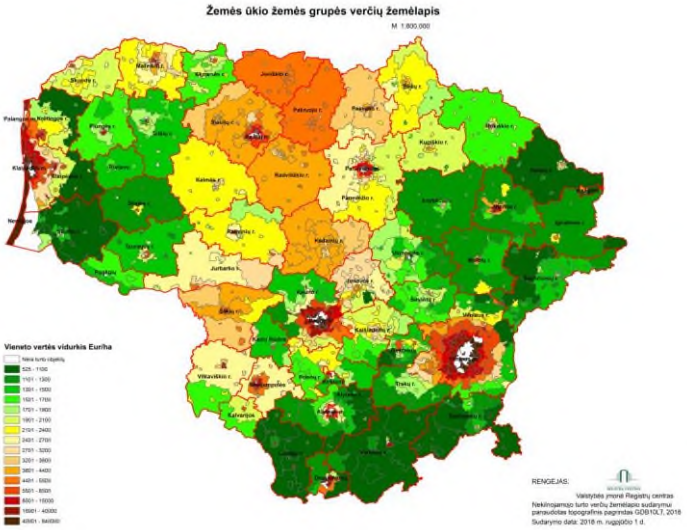

Fig. 15.1.1. Map on values of land qualified as agricultural land in Lithuania
Source: the Centre of Registers (data as of 1 August 2018) http://www.registrucentras.lt/bylos/dokumentai/ntr/masvert/zem_zu2019.pdf

GROUP KEY FIGURES

	31 December 2017	31 December 2018	31 December 2019
Controlled cultivated cropland area*, ha	2,999	2,986	2,986
Book value of land**, EUR thousand	12,964	13,922	14,719
Average rental income per hectare, EUR (not included the variable part of the rent, equal to the land lease payment payable to the state)	179	188	202
Consolidated equity, EUR thousand	12,002	12,630	13,443
Book value of one share, EUR	3.72	3.91	4.16

** Phase II of the Rail Baltica project will be completed in Q1 2020, 6.5556 ha of agricultural land will be taken over for public use. The data as of 31 December 2018 was provided not including the land taken for public needs during phase no. I, implementing the special national importance project - the project of Rail Baltica.*
***Investment properties are stated at fair value and are valued by accredited valuer UAB korporacija Matininkai using sales comparison method. The valuation was performed in December 2017, 2018 and 2019.*

THE BALANCE SHEET AND PROFIT (LOSS) SUMMARY REPORTS

Balance sheet, thousand EUR	Group			Company		
	31.12.2017	31.12.2018	31.12.2019	31.12.2017	31.12.2018	31.12.2019
Investment property	12,964	13,922	14,719	-	-	-
Investments into subsidiaries	-	-	-	7,360	8,335	9,347
Loans granted	-	-	-	4,538	4,320	4,136
Trade receivables	195	155	302	5	13	14
Cash	199	140	113	154	29	17
Other assets	1	1	2	1	1	2
Deferred income tax liabilities	1,235	1,387	1,511	-	-	-
Other liabilities	122	201	182	56	68	73
Consolidated equity	12,002	12,630	13,443	12,002	12,630	13,443
Profit (loss)	01.01.2017 – 31.12.2017	01.01.2018 – 31.12.2018	01.01.2019 – 31.12.2019	01.01.2017 – 31.12.2017	01.01.2018 – 31.12.2018	01.01.2019 – 31.12.2019
Revenue	575	615	645	-	-	-
Revaluation of investment property	629	958	864	-	-	-
Income before tax	1,044	1,315	1,341	911	1,138	1,158
Net profit	885	1,113	1,136	885	1,113	1,136

INDEXES

	2017	2018	2019
Return on Equity (ROE), %	7.58	9.04	8.71
Return on Assets (ROA), %	6.81	8.07	7.74
Liquidity ratio	3.91	1.47	2.29
Operating profit margin (pretax profit margin), %	181.57	213.82	207.91
Operating profit excluding revaluation of investment property margin, %	72.17	58.05	73.95
Earnings per share (EPS), EUR	0.27	0.34	0.35
Price earnings ratio (P/E)	14.41	10.29	9.94
Net profit margin (%)	153.91	180.98	176.12
EBITDA margin (%)	72.17	58.05	73.95

** The Company publishes Alternative performance measures (AVR), that are in use of the Company, provides indicators definitions and calculation formulas. All the information is disclosed in Appendix 4 to this Consolidated Annual report and in Company's web site section „For Intestors" → „Reports" → „Indicator formulas". The link: https://www.invlbalticfarmland.com/lit/en/investor-relations/indicator-formulas*

15.2. SIGNIFICANT ISSUER'S AND ITS GROUP EVENTS DURING THE REPORTING PERIOD, AFFECT ON THE FINANCIAL STATEMENT

FINANCIAL RESULTS AND INFORMATION RELATED TO THE DIVIDENDS

- On 28 February 2019 the Company announced an audited group results of 2018. The audited consolidated net profit of INVL Baltic Farmland, AB Group and the Company amounted to EUR 1,113 thousand, the revenue amounted to EUR 615 thousand. On 28 Februaryl 2019 the Company announced the approved audited annual financial information for 2018 together with the confirmation of responsible persons.
- On 28 February 2019 INVL Baltic Farmland informed that it is planning to earn EUR 395 thousand net profit in 2019. Consolidated revenues of INVL Baltic Farmland are forecasted at EUR 650 thousand and net profit should amount to EUR 395 thousand.
- On 8 May 2019 the Company announced financial results for 3 months of 2019 - the unaudited consolidated net profit of the AB INVL Baltic Farmland group was EUR 45 thousand and the revenue amounted to EUR 151 thousand.
- On 17 April 2019 INVL Baltic Farmland in order to implement resolutions of the General Shareholders Meeting regarding allocation of Company's profit, announced the procedure for the payout of dividends for 2018. On 10 April 2018, the General Shareholders Meeting of INVL Baltic Farmland, AB decided to allocate EUR 0.10 dividend per share. Dividends were paid to the shareholders who on 5 April 2019 were shareholders of INVL Baltic Farmland, AB. The Company informed that the dividends had been allocated from 18 April 2019.
- On July 23th the Company announced unaudited consolidated financial results of the INVL Baltic Farmland group: unaudited consolidated net profit amounted to EUR 137 thousand for 6 months of 2019 and the revenue was EUR 302 thousand. The Company published half year results for the 6 months of 2018, financial statements, factsheet and management statement.
- On 25th October 2019 INVL Baltic Farmland announced unaudited results for 9 months of 2019: unaudited consolidated net profit of the AB INVL Baltic Farmland group was EUR 247 thousand and the revenue was EUR 453 thousand.

GENERAL SHAREHOLDERS MEETING

- On 28 February 2019 INVL Baltic Farmland announced about convocation of the General Shareholders Meeting and published the draft resolutions of the General Shareholders Meeting. On 22 March 2019 the Company announced resolutions of the General Shareholders Meeting: during the meeting the Shareholders of the Company were presented with the consolidated annual report of the Company and independent auditor's report on the financial statements and annual report, approved the consolidated and companies financial statements for 2018, and approved

the profit distribution (allocating EUR 0.10 dividend per share). The shareholders also made a decision regarding the purchase of own shares of the INVL Baltic Farmland.

- On 26 September 2019 INVL Baltic Farmland announced about convocation of the General Shareholders Meeting and published the agenda and draft resolutions of the General Shareholders Meeting. On 18 October 2019 the Company announced resolutions of the General Shareholders Meeting: to conclude an agreement regarding carrying out of the audit of the annual financial statements of the AB INVL Baltic Farmland for 2019 financial year with the audit company PricewaterhouseCoopers and establish the payment in amount of EUR 10,900 for audit of annual financial statements set and opinion on the annual report (VAT will be calculated and payed additionally in accordance with order established in legal acts). To authorise the manager of INVL Baltic Farmland, AB to negotiate other terms and conditions of the audit services contract.

MANAGEMENT OF THE COMPANY

- On 29 July 2019 INVL Baltic Farmland announced about changes related to the number of votes granted by the shares. According to the wording of the Law on Securities of the Republic of Lithuania (hereinafter - the Law), effective from 21th July 2019, the shares owned by the issuer are not considered to be deducted from the total number of shares granted with voting right of the issuer and are not counted into the quorum of the General Shareholders Meeting of the issuer.
- On 29 July 2019 the Company announced notifications about disposal of voting rights. The issuer's managers are no longer considered as acting in concert and the votes of the issuer's managers are no longer counted together.
- On 16 December 2019 INVL Baltic Farmland published investor's calendar for 2020: 28 February 2020 – audited financial reports and annual report; 12 May – factsheet for 3 months of 2020; 24 July – semi–annual report of 2020; 23 October – factsheet for 9 months of 2020.

THE GROUP

The companies during the reporting period rented agricultural land for farmers and agricultural companies and performed usual.

15.3. EMPLOYEES

There is only one employee (director) at INVL Baltic Farmland, AB. Invalda INVL, AB provides accounting services for the company. Employment agreements are concluded following requirements of the Labour Code of the Republic of Lithuania. Employees are employed and laid off following requirements of the Labour Code. There are no special employees' rights and duties described in the employment agreements.

There were 2 employees working at INVL Baltic Farmland and INVL Baltic Farmland subsidiary companies on 31 December 2019 (31 December 2018 – 2; 31 December 2017 - 2; 31 December 2016 – 2; 31 December 2015 – 2).

15.4. ENVIRONMENTAL PROTECTION

Due to the corporate governance structure and the small amount of employees within the Company, it was considered inefficient to separately approve environmental policy. We seek to protect the productivity of the land while renting in land to the land tenants. By entering into contracts, the tenants are comitted to ensure the timely and proper operation of the land, not to abandon it, to prevent it from being set aside and to carry out annual agricultural work. Actions which may have negative effect on fertility of the land, is prohibited. There is also an increase in certified organic and innovative farms in leased areas of the Company.

15.5. INFORMATION ABOUT AGREEMENTS OF THE COMPANY AND THE MEMBERS OF THE BOARD, OR THE EMPLOYEES' AGREEMENTS PROVIDING FOR COMPENSATION IN CASE OF THE RESIGNATION OR IN CASE THEY ARE DISMISSED WITHOUT A DUE REASON OR THEIR EMPLOYMENT IS TERMINATED IN VIEW OF THE CHANGE OF THE CONTROL OF THE COMPANY.

There are no agreements of the company and the Members of the Board, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the company.

15.6. Information about activities of the Issuer and companies comprising the Issuer's group in the field of Research and Development

INVL Baltic Farmland, AB did not deliver major researches and expansion projects in 2019.

16 A description of the principal advantages, uncertainties encountered, risks and uncertainties

16.1. Advantages of investments

Agricultural land in Lithuania is undervalued

Agricultural land prices in Lithuania are among the lowest in the European Union, and much lower than in neighbouring Poland. This is caused by increased land fragmentation and other reasons.

Land allows saving core capital and has a low risk

After recent market turmoil, investors are paying more and more attention on capital preservation. Investment in agricultural land is backed by assets which has only a small possibility of devaluation. Historical data shows that land, in the long term, is characterized by strong core capital preservation features. Unlike investments in exhaustible metals, oil and gas resources, a well-managed agricultural land is a completely renewable resource, which remains productive forever.

Land is a good protection against inflation

Agricultural land, as an asset class, has a positive correlation with inflation. Historically, agricultural land values rose faster than inflation, therefore agricultural land is an effective insurance against inflation and a capital preservation tool. It may be attractive to investors, who are worried about governments' inflationary policies.

Land generates stable income

Unlike other popular insurance against inflation measures, such as precious metals, land provides a regular income to the investor, which, in the low interest environment, is often higher than the deposit or bond interest. Although land investment does not bring the highest income in the real estate sector, not depreciating assets with strong price growth potential and close to 100 % occupation (unlike commercial real estate, high-quality agricultural land demand is always high, regardless of the economic environment) generate the income.

Investment in land is characterized by lower income volatility

By placing agricultural land in a diversified portfolio, investors can reduce the risk of income shortage at a time when other assets generate little or no income. While the long-term rise in agricultural commodity prices positively affect the value of land, short-term fluctuations in the price of production are assumed by the farmer rather than the landowner.

Historically, land had higher yield

In developed countries agricultural land had higher profits than other asset classes, including equities, bonds and commercial real estate, despite the lower risk (measured as the standard deviation of the annual return).

Land is an attractive diversification tool

Agricultural land yield has a low or even negative correlation with traditional asset classes like stocks and bonds, and a small positive correlation with residential and commercial real estate. These features make farmland an attractive diversification tool that can reduce the impact of general market fluctuations on diversified portfolio.

Agricultural land advantages compared with other real estate investments

Investment in agricultural land is classified as a real estate, but has unique features. This allowed agricultural land to protect itself from extreme falls in the value of assets, which were experienced by residential and commercial property during the crisis.

16.2. Risk factors

Information, provided in this section, should not be considered complete and covering all aspects of the risk factors associated with the activity and securities of the public joint-stock company INVL Baltic Farmland.

Risk factors, associated with activities of INVL Baltic Farmland

Restriction of the purchase of agricultural land

The public joint-stock company INVL Baltic Farmland invests in agricultural land in Lithuania through its owned private companies. In 1 January 2014 changes to the Agricultural Land Acquisition temporary law (No. IX-1314) entered into force, providing restrictions of the purchase of agricultural land (including restriction of purchase of shares in the legal entity owning agricultural land). This law was changed from 1 January 2018 by Agricultural Land Acquisition law (No. XIII-801). These restrictions mean that the public joint-stock company INVL Baltic Farmland and its owned private companies will not be able to purchase agricultural land in Lithuania additionally and/or acquire shares in companies owning agricultural land.

Prohibition stated in the law can reduce the amount of buyers of agricultural land, owned by subsidiaries of the public joint-stock company INVL Baltic Farmland, and thus the liquidity and price of the asset.

The total investment risk

The value of the investment in agricultural land can vary in the short term, depending on the harvest, prices of agricultural products, local demand and supply fluctuations, competition between farmers and financial situation. Investment in agricultural land should be carried out in the medium and long term, so that investor can avoid the short-term price fluctuations. Investing in real estate is connected with the long-term risks. After failure of investments or under other ill-affected circumstances (having been unable to pay for the creditors) the bankruptcy proceedings may be initiated.

Agricultural production and other commodity price volatility risk

Agricultural products and other commodities prices are historically characterized by very large fluctuations, on which, in many cases, depends the price of agricultural land. The main factor affecting profitability of agricultural business is the price of the crop (wheat, canola, etc.), but fuel, labor, fertilizers' and other commodity prices also affect the cost of agricultural activity, therefore their increase lowers profit margins and reduces the ability to pay higher prices for agricultural land leases. If high fuel, fertilizer and labor costs coincide with the fall of agricultural output prices, farmers and investors in the agricultural sector may suffer a loss.

Common agricultural risk

The public joint-stock company INVL Baltic Farmland will seek to lease its owned agricultural land to farmers and agricultural companies for the highest price possible. Factors that could adversely affect the agricultural sector may be: weather conditions (floods, droughts, heavy rains, hail, frost, weeds, pests, diseases, fire, climate change related worsening conditions and others). Any of these factors, together or separately, could have a negative impact on farmers' incomes and farmland values. Part of the risks, not all, can be insured, but the insurance costs reduce agricultural profitability, thus not all Lithuanian farmers do it.

Reliance on the European Union and national subsidies

Lithuanian and the European Union farmers' activities and profits are highly dependent on the European Union's Common Agricultural Policy (CAP) - EU and national subsidies for agricultural activities. Recent changes to the CAP are valid for the period 2014 – 2020.

Elimination of direct payments could have a negative impact on agricultural land rents and values.

Land illiquidity risk

Investments in agricultural land under certain market conditions are relatively illiquid, thus finding buyers for these lands can take time. Investors may consider the investment in agricultural land only if they do not have needs for the sudden liquidity.

Risk of legislative and regulatory changes

Lithuanian law, the European Union directives and other legislative changes may affect the income of farmers and agricultural land rents. For example, changes affecting agricultural products price controls, export restrictions, customs entry or withdrawal, more stringent environmental restrictions could adversely affect the profitability of agriculture.

Tax increase risk

Tax laws change may lead to a greater taxation of the public joint-stock company INVL Baltic Farmland and its group companies, which in turn may reduce the profits and assets of the company.

Inflation and deflation risk

It is likely that during its operational period the public joint-stock company INVL Baltic Farmland will face both inflation and deflation risks as investments in agricultural land are long term. If the profit from the agriculture land rent will be less than the inflation rate, it will result in loss of purchasing power. It is estimated that investment in agricultural land profitability is highly correlated with inflation.

Credit risk

The public joint-stock company INVL Baltic Farmland will seek to lease agricultural land plots in the highest price possible to farmers in Lithuania and agricultural companies. There is a risk that tenants of the land will not fulfil their obligations - it would adversely affect the profit of the public joint-stock company INVL Baltic Farmland. Large parts of liabilities not fulfilled in time may cause disturbances in activities of the public joint-stock company INVL Baltic Farmland, there might be a need to seek additional sources of financing, which may not always be available.

The public joint-stock company INVL Baltic Farmland also bears the risk of holding funds in bank accounts or investing in short-term financial instruments.

Liquidity risk

The public joint-stock company INVL Baltic Farmland may be faced with a situation where it will not be able to settle with suppliers and other creditors in time. The company will seek to maintain adequate liquidity levels or secure funding in order to reduce this risk.

Interest rate risk

Interest rate risk mainly includes loans with a variable interest rate. The public joint-stock company INVL Baltic Farmland plans to use very small amount of debt. Rising interest rates worldwide may adversely affect the values of property - agricultural land.

Large shareholders risk

Three shareholders of the public joint-stock company INVL Baltic Farmland together with related parties hold more than 60 percent of shares and their voting will influence the election of the Members of the Boards of company, essential decisions regarding management of the public joint-stock company INVL Baltic Farmland, operations and financial position. There is no guarantee that the decisions made by the major shareholders' will always coincide with the opinion and interest of the minority shareholders. Large shareholders have the right to block the proposed solutions of other shareholders.

MARKET-RELATED RISKS

Market risk

Shareholders of the public joint-stock company INVL Baltic Farmland bear the risk of incurring losses due to adverse changes in the market price of the shares. The stock price drop may be caused by negative changes in assets value and profitability of the company, general stock market trends in the region and the world. Trading of shares of the public joint-stock company INVL Baltic Farmland may depend on comments of the brokers and analysts and published independent analyzes of the company and its activities. The unfavorable analysts' outlook of the shares of the public joint-stock company INVL Baltic Farmland may adversely affect the market price of the shares. Non-professional investors assessing the shares are advised to seek the assistance of intermediaries of public trading or other experts in this field.

Liquidity risk

If demand for shares decreases or they are deleted from the stock exchange, investors will face the problem of realization of shares. If the financial situation of the public joint-stock company's INVL Baltic Farmland deteriorates, the demand for company's shares may drop, which will lead to fall in share price.

Dividend payment risk

Dividend payment to the shareholders of the public joint-stock company INVL Baltic Farmland is not guaranteed and will depend on the profitability, investment plans and the overall financial situation of the company.

Tax and legal risk

Changes in the equity-related legislation or state tax policy can change shares attractiveness of the public joint-stock company INVL Baltic Farmland. This may reduce the liquidity of the shares of the company and/or price.

Inflation risk

When inflation increases, the risk, that the stock price change may not offset the current rate of inflation, appears. In this case, the real returns from capital gain on market shares for traders may be less than expected.

16.3. Information about the extent of risk and its management in the Company

Information on the extent of risks and management of them is disclosed in the Note 3 of consolidated and company's financial statements in 2019.

16.4. The main indications about internal control and risk management systems related to the preparation of consolidated financial statements

The Audit Committee supervises preparation of the consolidated financial statements. systems of internal control and financial risk management and how the company follows legal acts that regulate preparation of consolidated financial statements.

The Company is responsible for the supervision and final review of the consolidated financial statements. To order to manage these functions properly, the Company is using an external provider of relevant services (Invalda INVL, AB). The Company, together with the accounting service provider constantly reviews International Financial Reporting Standards (IFRS) in order to implement in time IFRS changes, analyses company's and group's significant deals, ensures collecting information from the group's companies and timely and fair preparation of this information for the financial statements, periodically informs the Board of the Company about the preparation process of financial statements.

Accounting of all the Company Group's entities is provided by the same external accounting service provider (Invalda INVL AB) by using the unified accounting system, the standard chart of accounts and by applying unified accounting principles. Standardized data collection files prepared by Excel program are used for preparation of consolidated numbers. It also facilitates the automatic reconciliation and elimination of balances and transactions between subsidiaries in the preparation of consolidated accounts. Internal control of the financial numbers of the Group's entities and of the Group financial statements is provided by CFO of external accounting service provider.

17 Significant investments made during the reporting period

During the reporting period INVL Baltic Farmland, AB has not made any acquisitions.

18 Information about significant agreements to which the issuer is a party, which would come into force, be amended or cease to be valid if there was a change in issuer's controlling shareholder

There are no significant agreements of the company which would come into force, be amended or cease to be valid if there was a change in issuer's controlling shareholder.

19 Information on the related parties' transactions

Information on the related parties' transactions is disclosed in Notes 16 of consolidated financial statements for the year ended 31 December 2019.

In addition, information regarding Transactions with Related Parties, according to the Law on Companies article 37 (2) , is published on the Company's web site – „For Investors" → „Related parties transactions". The link to the Company's web site: https://invlbalticfarmland.com/lit/en/investor-relations/related-parties-transactions.

At the time the report was published, the Company provides information about Company's Transactions with Related Parties in the Annex 3 part 5 of the consolidated annual report.

Pursuant to paragraph 10 of Article 37 (2) of the Law on Companies of the Republic of Lithuania, the Company report the amounts of the Company's transactions with related parties, which were implemented in the ordinary course of business and with the same related party in the financial year.

Name (Related party*)	Loan balance, EUR 01-01-2019	Loans granted, EUR	Repaid loans, EUR	Interest calculated, EUR	Repaid interets, EUR	Amount of loan,, EUR 31-21-2019
Avižėlė, UAB Code 303113077 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	139,599	4,000	-5,000	6,126	-5,138	139,587
Beržytė, UAB Code 30112915 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	313,047	15,000	-20,000	13,708	-11,544	310,211
Dirvolika, UAB Code 303112954 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	215,822	0	-10,000	9,356	-10,177	205,001
Duonis, UAB Code 303112790 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	277,165	16,393	-30,000	11,728	-12,259	263,027
Žemgalė, UAB Code 303112744 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	304,868	8,667	-25,000	12,898	-17,591	283,842
Linažiedė, UAB Code 303112922 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	90,673	7,000	-5,000	4,090	-6,763	90,000
Puškaitis, UAB Code 303112769 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	321,223	0	-20,000	13,572	-11,392	303,403
Kvietukas, UAB Code 303112687, Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	183,723	11,000	-40,000	7,272	-11,994	150,001
Laukaitis, UAB Code 303112694 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	266,861	21,000	-30,000	11,168	-10,818	258,211
Vasarojus, UAB Code 303112776 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	649,851	0	-5,000	28,818	-26,409	647,260
Lauknešys, UAB Code 303112655 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	147,562	0	-17,000	6,053	-2,178	134,437

The end of table is disclosed in the next page

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Žiemkentys, UAB Code 303112648 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	499,903	5,000	-33,000	21,529	-18,102	475,330
Pušaitis, UAB Code 303113102 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	112,428	0	-2,000	4,957	-5,385	110,000
Sėja, UAB Code 303113013 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	103,024	10,000	0	4,914	-7,938	110,000
Žemynėlė, UAB Code 303112559, Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	129,958	0	-7,000	5,491	-4,367	124,082
Žalvė, UAB Code 303113045, Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	250,955	10,000	-35,000	10,147	-3,729	232,373
Ekotra, UAB Code 303112623 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	313,192	10,000	-32,000	12,824	-4,489	299,527
					Viso	**4 136 292**

* Company's relationship with the other counterparty – the Companies are 100 percent managed by INVL Baltic Farmland, AB

20 Information on harmful transactions in which the issuer is a party

There were no harmful transactions (those that are not in line with issuer's goals, not under usual market terms, harmful to the shareholders' or stakeholders' interests, etc.) made in the name of the issuer that had or potentially could have negative effects in the future on the issuer's activities or business results. There were also no transactions where a conflict of interest was present between the managing bodies of the Company, controlling shareholders' or other related parties' obligations to the issuer and their private interests.

21 Significant events since the end of the financial year

There were no events since the end of the financial year.

22 Estimation of Issuer's and Group's activity last year and activity plans and forecasts

22.1. Evaluation of implementation of goals for 2019

The initial forecast of INVL Baltic Farmland for year 2019 was income of EUR 650 thousand and net profit of EUR 395 thousand.

INVL Baltic Farmland had revenue of EUR 645 thousand in 2019 and earned unaudited net profit of EUR 1,136 thousand for the year. Profit was forecasted under the assumption that the value of agricultural land holdings in the balance sheet would not change and the change in the value of trade receivables by the buyers was not assessed, but a valuation conducted by the company Matininkai showed that land holding value had increased by 6.2% to EUR 14.72 million compared to previous year, or EUR 4.74 thousand per hectare. In addition, EUR 46 thousand impairment of trade receivables was recognized and due to overdue debts at the end of the year the administration fee was reduced by EUR 95 thousand. Excluding these non-estimated factors and the related income tax expense, INVL Baltic Farmland's profit would be EUR 395 thousand. Therefore it can be stated that INVL Baltic Farmland has accomplished the calculated profit forecasts for 2019.

22.2. Activity plans and forecasts

INVL Baltic Farmland will continue focusing on enhancing the quality of owned land and environmental sustainability.

Taking into consideration the lease agreements, total income should be around EUR 652 thousand in 2020. Net profit for the year is expected to be around EUR 390 thousand. These predictions are based on the assumption that there will be no changes in land value in 2020, no land sale/acquisition transactions will be made and not predicting the changes in provision for impairment of trade receivables and the influence of trade receivables on the amount of the administration fee.

INVL Baltic Farmland's dividend policy stipulates that dividend payments to shareholders should be no less than EUR 0.10 per share, in case net profit of the reporting period is larger than previously described share of the profit attributable for dividends, the Board of the Company taking into consideration a need for investments and working capital as well as market conditions, projected cash flows and other in the opinion of the Board significant conditions can propose to the General Shareholders Meeting to pay as dividends higher share of the profit than described earlier.

V. OTHER INFORMATION

23 References to and additional explanations of the data presented in the annual financial statements and consolidated financial statements

All data is presented in consolidated and company's financial statements explanatory notes of 2019.

24 Information on audit company

The company have not approved criteria for selection of the audit company, but normally 'big 4' audit firms (Deloitte, KPMG, PricewaterhouseCoopers and Ernst and Young) are invited to participate. In the General Extraordinary Shareholders' Meeting of the company held 18 October 2019 the audit company PricewaterhouseCoopers, UAB was elected to provide audit services on annual financial statements of the company for the financial year of 2019. It was decided to conclude an agreement with the audit company to carry out of the audit of the annual financial statements of the AB INVL Baltic Farmland for 2019 financial year and establish the payment in amount of EUR 10,900 (ten thousand ninee hundred euros) for audit of annual financial statements set and opinion on the annual report (VAT will be calculated and payed additionally in accordance with order established in legal acts). To authorise the manager of INVL Baltic Farmland, AB to negotiate other terms and conditions of the audit services contract.

Audit company	PricewaterhouseCoopers, UAB
Address of the registered office	J. Jasinskio str. 16B, LT-03163, Vilnius
Enterprise code	111473315
Telephone	(+370 5) 239 2300
Fax	(+370 5) 239 2301
E-mail	vilnius@lt.pwc.com
Website	www.pwc.com/lt

No internal audit is performed in the company.

25 Data on the publicly disclosed information

The information publicly disclosed of INVL Baltic Farmland, AB during 2019 is presented on the company's website (Company's web site section „Investor Relations" → „Regulated information".
The link: https://invlbalticfarmland.com/lit/en/news-center?categories=24).

Table 25.1. Summary of publicly disclosed information

Date of disclosure	Brief description of disclosed information
28.02.2019	INVL Baltic Farmland plans to earn EUR 395 thousand net profit in 2019
28.02.2019	Regarding proposal of the Board of INVL Baltic Farmland to allocate dividends for the year 2018
28.02.2019	Audited results of INVL Baltic Farmland group of 2018
28.02.2019	Convocation of the Shareholders Meeting of INVL Baltic Farmland and draft resolutions
22.03.2019	Regarding approval of dividend allocation of INVL Baltic Farmland for the year 2018
22.03.2019	Resolutions of the Ordinary General Shareholders Meeting of INVL Baltic Farmland
22.02.2019	Audited annual information of INVL Baltic Farmland for 2018
17.04.2019	Procedure for the payout of dividends for the year 2018
08.05.2019	AB INVL Baltic Farmland factsheet for 3 months of 2019
23.07.2019	Unaudited results of INVL Baltic Farmland for 6 months of 2019

Date of disclosure	Brief description of disclosed information
29.07.2019	Regarding the number of votes granted by the shares of INVL Baltic Farmland, AB from 21th July 2019
29.07.2019	Notification about disposal of voting rights
26.09.2019	Convocation of the General Extraordinary Shareholders Meeting of INVL Baltic Farmland and draft resolutions on agenda issue
18.10.2019	Resolutions of the General Extraordinary Shareholders Meeting of INVL Baltic Farmland
25.10.2019	AB INVL Baltic Farmland unaudited results and factsheet for 9 months of 2019
16.12.2019	INVL Baltic Farmland investor's calendar for 2020

Director
Eglė Surplienė

APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS

Company	Registration information	Type of activity	Contact details
Ekotra, UAB	Code 303112623 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Puskaitis, UAB	Code 303112769 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Zemynele, UAB	Code 303112559 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Kvietukas, UAB	Code 303112678 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Lauknesys, UAB	Code 303112655 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Vasarojus, UAB	Code 303004626 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Laukaitis, UAB	Code 303112694 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Ziemkentys, UAB	Code 303112648 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com

Company	Registration information	Type of activity	Contact details
Zemgale, UAB	Code 303112744 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Avizele, UAB	Code 303113077 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company Registration date 01.08.2013	Investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Berzyte, UAB	Code 303112915 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Duonis, UAB	Code 303112790 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Pusaitis, UAB	Code 3031131032 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Zalve, UAB	Code 303113045 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Seja, UAB	Code 303113013 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Dirvolika, UAB	Code 303112954 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com

Company	Registration information	Type of activity	Contact details
Linaziede, UAB	Code 303112922 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com
Cooperor, UAB	Code 303252162 Registration address Gyneju str. 14, Vilnius Legal form – private limited liability company Registration date 27.02.2014	Carries no activity	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldainvl.com

APPENDIX 2. CORPORATE GOVERNANCE CODE

INVL Baltic Farmland, AB (hereinafter referred to as the "Company"), acting in compliance with Article 12 (3) of the Law on Securities of the Republic of Lithuania and paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form is provided.

1. Summary of the Corporate Governance Report:

Short history:

The public joint-stock company INVL Baltic Farmland was established on 29 April 2014 on the basis of a part of assets split-off from one of the leading asset management groups in the Baltic region Invalda INVL. INVL Baltic Farmland manages shares of 18 companies investing into agricultural land that are owning about 3 thousand hectares of agricultural land in Lithuania. More than 98% of land is rented to farmers and agricultural companies.

Shares of INVL Baltic Farmland are listed on Nasdaq Vilnius stock exchange since 4 June 2014.

About Company's activities:

The administration of the INVL Baltic Farmland group owned land, according to the basic property administration agreement signed on 30 June 2015, is transmitted to the owned company INVL Farmland Management (for further information please see paragraph 3.3. "Information about the Issuer's group of companies" of this annual consolidated report).

As the company has signed the property administration agreement it employs a minimum number of people. As of 31th December 2019 the Company and group had 2 employees, while Invalda INVL, AB provides accounting services and preparation of the documents related with bookkeeping for INVL Baltic Farmland, AB.

About operating environment:

It is prohibited for one person to have more than 500 hectares of land in Lithuania since 2014. That's why INVL Baltic Farmland development is limited and the generated funds are directed to the payment of dividends to shareholders.

Corporate governance structure:

- The Company's managing bodies consists of the Board, elected for the 4 years term of office, and the manager, elected by the Board (for further information please about the Issuer's governing bodies and the composition of the committees in Chapter III "Issuer's bodies" of this consolidated annual report). The Board's and the manager's activities are concentrated on the fulfilment of the Company's strategic objectives taking count of the shareholders' equity value increase.
- The Supervisory Board is not formed. Nevertheless, the Board and the Director acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results.
- The Chairman of the Board is not and has not been the manager of the Company. His current or past office constitutes has no obstacles to conduct independent and impartial supervision.
- Members of the Board are elected by the General Shareholders' Meeting. They are independent and in their actions seek the benefit to the Company and its shareholders. The Board of the Company conducts an annual self-assessment of its activities.
- The Company has an Audit Committee consisting of 2 independent members. Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.

Accountability to the Company's shareholders:

- The Company discloses and updates all information required for evaluation by the governing bodies of the Company: Information about the manager, composition of the Board, managers and Board members' education, work experience and participation in other companies is disclosed in Company's periodical reports and website.
- The company discloses information via Nasdaq news distribution service so that the public in Lithuania and other EU countries should have equal access to the information. The information is disclosed in Lithuanian and English. The company publishes its information prior to or after the trade sessions on the Nasdaq Vilnius. The company does not disclose information that may have an effect on the price of shares in the commentaries, interview or other ways as long as such information is publicly announced via Nasdaq news distribution service.

- Shareholders of the Company have equal opportunities to get familiarized and participate in adopting decisions important to the Company. The procedures of convening and conducting of the General Shareholders' Meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meetings get familiarized with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.

2. Structured table for disclosure:

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTARY
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	YES	
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	YES	
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	YES	
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	YES	
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other	YES	

foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.		
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	NO	Shareholders can vote via an attorney or by completing the general voting bulletin, as for now shareholders cannot participate and vote in General Shareholders' Meetings via electronic means of communication.
1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	YES	
1.10. Members of the company's collegial management body, heads of the administration[5] or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	YES	

[5] For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

Principle 2: Supervisory board **2.1. Functions and liability of the supervisory board** The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company. The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.		
2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	NOT APPLICABLE	Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. It performs all essential management functions and ensures accountability and control of the Director of the Company.
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.		
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.		
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent[6] members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.		
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.		
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.		
2.2. Formation of the supervisory board		

[6] For the purposes of this Code, the criteria of independence of members of the supervisory board are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

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

information about its internal structure and working procedures.		
Principle 3: Management Board **3.1. Functions and liability of the management board** The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.		
3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	YES	
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs *inter alia* the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	YES/NO	The Board's functions are discussed in the Consolidated Annual Report 11.2. section. No evaluation of the independence of the Board members has been carried out.
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	YES	
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[7] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	YES	
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	YES	
3.2. Formation of the management board		

[7] Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf

3.2.1.The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	YES	
3.2.2.Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	YES	
3.2.3.All new members of the management board should be familiarized with their duties and the structure and operations of the company.	YES	
3.2.4.Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	YES	
3.2.5.Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	YES	
3.2.6. Each member the management board should give sufficient time and attention to perform the duties of a member of the Board. If a member of the management Board participated in less than half of the board meetings during the financial year of the Company, the Company's Supervisory Board should be informed if the Supervisory Board is not formed in the Company - the General Shareholder Meeting.	YES	

3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent[8], it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	NO	No evaluation of the independence of the Board members has been carried out.
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	NOT APPLICABLE	No remuneration is paid to the members of the Board. As the members of the Board are also shareholders of the Company, more detailed information on dividends paid to the members of the Board as well as other amounts of cash and guarantees provided is disclosed in paragraph 14 of the Annual Report.
3.2.9.The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	YES	
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	YES	
Principle 4: Rules of procedure of the supervisory board and the management board of the company The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.		

[8] For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform he supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	YES/NO	The Supervisory Board is not formed. Nevertheless, the Board and the Director acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results.
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	YES	
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	YES	
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	YES	
Principle 5: Nomination, remuneration and audit committees **5.1. Purpose and formation of committees** The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest. Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.		
5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory	YES/NO	Due to the Company's management type, transfer of the management of the Company and an absence

functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees[9].		of employees, the Nomination and Remuneration Committees are not formed. Audit Committee members are elected by the General Shareholders Meeting.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.		
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.		
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.		
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.		
5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.		
5.2. Nomination committee		

[9] The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.	NOT APPLICABLE	Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.
5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.		
5.3. Remuneration committee		
The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	NOT APPLICABLE	Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.
5.4.Audit committee		
5.4.1.The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee[10].	YES	

[10] Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

5.4.2.All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	YES	
5.4.3.The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	
5.4.4.The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	NOT APPLICABLE	Due to the size of the Company, the Company does not have an internal audit function
5.4.5.The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	NOT APPLICABLE	Due to the size of the Company, the audit committee does not examine paragraph 5.4.5.
5.4.6.The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	YES/NO	The activity report is submitted once a year, together with the annual ordinary shareholders meeting
Principle 6: Prevention and disclosure of conflicts of interest The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.		
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	YES	
Principle 7: Remuneration policy of the company The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.		

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	NOT APPLICABLE	The Remunerayion policy will be submitted for approval during the Ordinary Annual Shareholders Meeting of the Company in 2019.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.		
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.		
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.		
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.		
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.		
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.		
Principle 8: Role of stakeholders in corporate governance The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value,		

jobs and financial sustainability. In the context of this principle the concept "*stakeholders*" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.		
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	YES	
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	YES	
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	NO	The Company does not provide possibility of reporting confidentially any illegal or unethical practices
Principle 9: Disclosure of information The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.		
9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:	YES	
9.1.1. operating and financial results of the company;	YES	
9.1.2. objectives and non-financial information of the company;	YES	
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES	
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	NO	The Company does not provide information related to this item.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	YES	
9.1.7. the company's transactions with related parties;	YES	

9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	YES	
9.1.9. structure and strategy of corporate governance;	YES	
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	NOT APPLICABLE	Due to the size of the Company, minimum information related to the environment, employees, research and development is published.
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	YES	
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	YES	
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	YES	
Principle 10: Selection of the company's audit firm The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.		
10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	YES	
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	YES	
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	YES	2019 the audit firm did not provided non audit services

APPENDIX 3. COMPANY'S MANAGEMENT REPORT

(Prepared in accordance with the Law of the Republic of Lithuania on Financial Reporting by Undertakings (IX-575) in force from 6 July 2019)

1. REFERENCE TO THE APPLICABLE CORPORATE GOVERNANCE CODE AND THE PLACE OF ITS PUBLICATION, AND (OR) REFERENCE TO THE ALL NECESSARY PUBLISHED INFORMATION REGARDING MANAGEMENT PRACTICES OF THE ENTITY

The Company discloses the information regarding the compliance with the applicable Corporate Governance Code in Appendix 2 of the consolidated report of 2019. The Company publishes its annual reports in the website of the Company (Company‘s web site section „Investor Relations“ → „Reports“. The link: https://invlbalticfarmland.com/lit/en/investor-relations/reports).

2. IN CASE OF DEROGATION FROM THE PROVISIONS OF THE APPLICABLE CORPORATE GOVERNANCE CODE AND (OR) WHEN THE PROVISIONS ARE NOT COMPLIED WITH, SUCH PROVISIONS AND THE REASONS THEREOF SHALL BE INDICATED

The Company discloses such information in 2 table sections “Yes/No/Irrelevant” and “Commentary” of Appendix 2 of the consolidated report of 2019 “Corporate Governance Code“. The company will provide an explanation in the " Commentary" section if it does not (of partially) follow the recommendations.

3. INFORMATION REGARDING THE LEVEL OF RISK AND RISK MANAGEMENT – MANAGEMENT OF RISKS RELATED TO THE FINANCIAL REPORTING, RISK MITIGATION MEASURES, AND INTERNAL CONTROL SYSTEMS IMPLEMENTED AT THE ENTITY SHALL BE DESCRIBED

The Company provides information regarding the level of risk, risk management, and implemented internal control systems, as well as the measures, in Clause 16.4. of the consolidated report of 2019.

4. INFORMATION REGARDING SIGNIFICANT DIRECTLY OR INDIRECTLY MANAGED HOLDINGS

The Company provides information regarding the significant directly or indirectly managed holdings in Note 5 of the explanatory note of the financial statements of 2019.

5. INFORMATION REGARDING TRANSACTIONS WITH RELATED PARTIES, ACCORDING TO THE LAW ON COMPANIES ARTICLE 37[2] (by *specifying the counterparty (legal form, name, code, register of the legal entity in which the person is stored, premises (address); name, surname, address of the natural person and the value of the transaction);*

Information regarding Transactions with Related Parties, according to the Law on Companies article 37[2], is published on the Company‘s web site – „For Investors“ → „Related parties transactions“. The link to the Company‘s web site: *https://invlbalticfarmland.com/lit/en/investor-relations/related-parties-transactions*

The Company provides information about Transactions with Related Parties at the moment of the release of the Annual report:

At the time the report was published, the Company provides information about Company‘s Transactions with Related Parties published on the Company's web site:

The table is disclosed in the next page.

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Avižėlė, UAB Code 303113077 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/161230/01 of 30-12-2016 for the amount of EUR 136 thousand. On 29th January 2019 loan agreement No. BFARM/190129/01 for the amount of EUR 4 thousand. On 31th December 2019 loan agreement No. BFARM/191231/01 for the amount of EUR 139,586.90	
Beržytė, UAB Code 30112915 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/171229/01 of 29-12-2017 for the amount of EUR 305 thousand. On 29th January 2019 loan agreement No. BFARM/190129/02 for the amount of EUR 15 thousand. On 31th December 2019 loan agreement No. BFARM/191231/02 for the amount of EUR 310,210.71	
Dirvolika, UAB Code 303112954 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/141231/03 of 31-12-2014 for the amount of EUR 215 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/141231/03 of 31-12-2014 for the amount of EUR 205 thousand.	
Duonis, UAB Code 303112790 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/161230/03 of 30-12-2016 for the amount of EUR 270 thousand. On 29th January 2019 loan agreement No. BFARM/190129/03 for the amount of EUR 10 thousand. On 19th December 2019 loan agreement No. BFARM/191219/01 for the amount of EUR 5 thousand. On 31th December 2019 loan agreement No. BFARM/191231/03 for the amount of EUR 263,028.03.	
Žemgalė, UAB Code 303112744 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/161230/04 of 30-12-2016 for the amount of EUR 297 thousand. On 29th January 2019 loan agreement No. BFARM/190129/04 for the amount of EUR 8 thousand. On 31th December 2019 loan agreement No. BFARM/191231/04 for the amount of EUR 283,842.84.	

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Linažiedė, UAB Code 303112922 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/141231/06 of 31-12-2014 for the amount of EUR 88 thousand. On 29th January 2019 loan agreement No. BFARM/190129/05 for the amount of EUR 7 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/141231/06 of 31-12-2014 for the amount of EUR 83 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/190129/05 of 29-01-2019 for the amount of EUR 7 thousand.	
Puškaitis, UAB Code 303112769 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/141231/07 of 31-12-2014 for the amount of EUR 320 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/141231/07 of 31-12-2014 for the amount of EUR 300 thousand.	
Kvietukas, UAB Code 303112687, Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/161230/05 of 30-12-2016 for the amount of EUR 179 thousand. On 29th January 2019 loan agreement No. BFARM/190129/06 for the amount of EUR 11 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/161230/05 of 30-12-2016 for the amount of EUR 139 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/190129/06 of 29-01-2019 for the amount of EUR 11 thousand.	
Laukaitis, UAB Code 303112694 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/161230/06 of 30-12-2016 for the amount of EUR 259 thousand. On 29th January 2019 loan agreement No. BFARM/190129/07 for the amount of EUR 11 thousand. On 19th December 2019 loan agreement No. BFARM/191219/02 for the amount of EUR 10 thousand. On 31th December 2019 loan agreement No. BFARM/191231/05 for the amount of EUR 258,210.94	

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Vasarojus, UAB Code 303112776 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/171229/02 of 23-12-2017 for the amount of EUR 645 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/171229/02 of 23-12-2017 for the amount of EUR 640 thousand.	
Lauknešys, UAB Code 303112655 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/141231/11 of 31-12-2014 for the amount of EUR 147 thousand. On 31th December 2019 loan agreement No. BFARM/191231/06 for the amount of EUR 134,437.12	
Žiemkentys, UAB Code 303112648 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/141231/12 of 31-12-2014 for the amount of EUR 498 thousand. On 25th March 2019 loan agreement No. BFARM/190325/01 for the amount of EUR 5 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/141231/12 of 31-12-2014 for the amount of EUR 465 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/190325/01 of 25-03-2019 for the amount of EUR 5 thousand.	
Pušaitis, UAB Code 303113102 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/141231/13 of 31-12-2014 for the amount of EUR 112 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/141231/13 of 31-12-2014 for the amount of EUR 110 thousand.	
Sėja, UAB Code 303113013 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/171229/03 of 29-12-2017 for the amount of EUR 100 thousand. On 29th January 2019 loan agreement No. BFARM/190129/08 for the amount of EUR 10 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/171229/03 of 29-12-2017 for the amount of EUR 100 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/190129/08 of 29-01-2019 for the amount of EUR 10 thousand.	

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Žemynėlė, UAB Code 303112559, Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 14th November 2018 loan agreement No. BFARM/181114/02 for the amount of EUR 7 thousand. On 31th December 2018 partial modification of the loan agreement No. BFARM/161230/07 of 30-12-2016 for the amount of EUR 120 thousand. On 31th December 2018 partial modification of the loan agreement No. BFARM/181114/02 of 14-11-2018 for the amount of EUR 7 thousand. On 31th December 2019 loan agreement No. BFARM/191231/07 for the amount of EUR 124,082.31	
Žalvė, UAB Code 303113045, Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 14th November 2018 loan agreement No. BFARM/181114/01 for the amount of EUR 18 thousand. On 31th December 2018 partial modification of the loan agreement No. BFARM/171229/04 of 29-12-2017 for the amount of EUR 232 thousand. On 31th December 2018 partial modification of the loan agreement No. BFARM/181114/01 of 14-11-2018 for the amount of EUR 18 thousand. On 31th December 2019 loan agreement No. BFARM/191231/03 for the amount of EUR 10 thousand. On 31th December 2019 loan agreement No. BFARM/191231/08 for the amount of EUR 232,373.22	
Ekotra, UAB Code 303112623 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by INVL Baltic Farmland, AB	On 31th December 2018 partial modification of the loan agreement No. BFARM/151231/01 of 31-12-2015 for the amount of EUR 312 thousand. On 19th December 2019 loan agreement No. BFARM/191219/04 for the amount of EUR 10 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/151231/01 of 31-12-2015 for the amount of EUR 280 thousand. On 31th December 2019 partial modification of the loan agreement No. BFARM/191219/04 of 19-12-2019 for the amount of EUR 10 thousand.	

6. INFORMATION REGARDING THE SHAREHOLDERS WHO HAVE SPECIAL RIGHTS OF CONTROL AND THE DESCRIPTION OF SUCH RIGHTS

There are no shareholders having special rights of control in the Company.

7. INFORMATION REGARDING ALL CURRENT RESTRICTIONS ON VOTING RIGHTS *(such as the restrictions on voting rights of persons having a certain percentage or number of the votes, the deadlines by which voting rights may be exercised or systems, according to which the property rights granted by the securities are to be separated from the holder of those securities)*

No restrictions on voting rights are applied in the Company.

8. INFORMATION REGARDING THE RULES GOVERNING THE APPOINTMENT AND DISMISSAL OF BOARD MEMBERS, AS WELL AS THE AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Board members of the Company act in accordance with the Law on Companies of the Republic of Lithuania, Articles of Association of the Company, Rules of Procedure of the Board, as well as other applicable legislation. The Board members of the Company always act for the benefit of the Company and its shareholders.

The procedure for changing the Articles of Association of INVL Baltic Farmland is no different from stated in the Law on Companies of the Republic of Lithuania.

9. INFORMATION REGARDING THE POWERS OF THE BOARD MEMBERS

The Board members of the Company act in accordance with the Law on Companies of the Republic of Lithuania, Articles of Association of the Company, Rules of Procedure of the Board, as well as other applicable legislation, and have no special powers. The Board members of the Company always act for the benefit of the Company and its shareholders.

10. INFORMATION REGARDING THE COMPETENCE OF THE GENERAL MEETING OF SHAREHOLDERS, THE RIGHTS OF SHAREHOLDERS AND IMPLEMENTATION THEREOF, IF SUCH INFORMATION IS NOT ESTABLISHED IN THE APPLICABLE LEGISLATION

The company provides information regarding the competence of the general meeting of shareholders, the rights of shareholders, and implementation thereof, as well as the procedure for convening the meetings of shareholders, in Clause 11.1.2. of the consolidated annual report of 2019.

11. INFORMATION REGARDING THE COMPOSITION OF THE MANAGEMENT, SUPERVISORY BODIES, AND THE COMMITTEES THEREOF, AS WELL AS THE FIELDS OF ACTIVITY OF THE AFORESAID BODIES AND THE MANAGER OF THE COMPANY

The company provides information on the Board members of the Company, the director, Audit Committee Members of the Company in Clauses 11.2, 11.3. and 13 of the consolidated annual report of 2019, defining the boundaries of the management's activities, also mentions other important information related to the positions held.

12. DESCRIPTION OF DIVERSITY POLICY APPLICABLE IN APPOINTING THE MANAGER OF THE COMPANY, MANAGEMENT, AND SUPERVISORY BODIES, RELATED TO THE ASPECTS SUCH AS AGE, GENDER, EDUCATION, PROFESSIONAL EXPERIENCE; OBJECTIVES OF SUCH POLICY, METHODS OF IMPLEMENTATION THEREOF, AND RESULTS OF THE REFERENCE PERIOD. IF THE DIVERSITY POLICY IS NOT APPLIED, THE REASONS THEREOF SHALL BE INDICATED

Taking into account the current organizational structure of the company and the fact that the administration of the INVL Baltic Farmland group owned land, according to the basic property administration agreement signed on 30 June 2015, is transmitted to the owned company INVL Farmland Management, INVL Baltic Farmland, as the company has signed the property administration agreement it employs a minimum number of people; election of the members of the Board the Company as well as the manager of the Company is not subject to diversity policies.

13. INFORMATION ON ALL AGREEMENTS BETWEEN SHAREHOLDERS (THEIR TERMS AND CONDITIONS)

The Company's shareholders do not have mutual agreements.

APPENDIX 4. COMPANY'S OPERATING AND FINANCIAL INDICATOR FORMULAS AND DEFINITIONS

In according with the guidelines on Alternative Performance Indicators which were published by the European Securities and Markets Authority in 2015 and came into force on 3 July 2016, the Company provide definitions and formulas (below) of the company's operating and financial indicators.
The Company's performance and financial indicators are used to evaluate the Company's financial position or status. For these indicators, the Company's investor can obtain additional information to help understand the Company's financial position and strategy.

All the information stated in Appendix 4 is provided on the website of the Company (Company‘s web site section „For Intestors“ → „Reports“ → „Indicator formulas“. The link: https://www.invlbalticfarmland.com/lit/en/investor-relations/indicator-formulas)

- **Dividend yield** – the set value of dividends paid per share for the last financial year divided by the price per share at the end of a financial period.

$$\textit{Dividend yield} = \frac{\textit{The set value of dividends paid per share for the last financial year}}{\textit{The price per share at the end of a financial period}}$$

This is a particularly an important valuation measure for investors seeking regular income. The higher the yield, the higher the payout for the shareholder compared to the price of the share.

- **Book value per share** – the Group's equity divided by the number of shares, excluding the Group's own shares, at the end of a financial period.

$$\textit{Book value per share} = \frac{\textit{The Group's equity}}{\textit{The number of shares, excluding the Group's own shares, at the end of a financial period}}$$

The book value per common share indicates the euro value remaining for common shareholders after all assets are liquidated and all debtors are paid.

- **Price to Book ratio** – the ratio of the share price at the end of a financial period to the book value per share.

$$\textit{Price to Book ratio} = \frac{\textit{The share price at the end of a financial period}}{\textit{The book value per share}}$$

Price-to-book ratio compares a firm's market to book value by dividing price per share by book value per share. This shows how the valuation is covered by equity.

- **Dividends/Net profit** – Ratio between the dividends allocated at the ongoing year for the year before and ongoing year net profit of the Company.

$$\textit{Dividends/Net profit} = \frac{\textit{Ratio between the dividends allocated at the ongoing year for the year before}}{\textit{Ongoing year net profit of the Company}}$$

The dividend payout ratio is the ratio of the total amount of dividends paid out to shareholders relative to the net income of the company. It is the percentage of earnings paid to shareholders in dividends.

- **Return on Equity (ROE)** – the ratio of net income to average equity for a financial period, measured in percentage terms.

$$\textit{Return on Equity (ROE) (measured in percentage terms)} = \frac{\textit{Net income}}{\textit{Average equity for a financial period}}$$

Return on equity excludes debt in the denominator and compares net profit for the period with total average shareholders' equity. It measures the rate of return on shareholders' investment and is, therefore, useful in comparing the profitability of the Group with its competitors.

- **Average equity** is an arithmetical average of the beginning equity and ending equity for the financial period.

  Average equity = (The beginning equity for the financial period + The ending equity for the financial period) / 2

- **Return on Assets (ROA)** – the ratio of net income to average total assets for a financial period, measured in percentage terms.

$$\text{Return on Assets (ROA) (measured in percentage terms)} = \frac{\text{Net income}}{\text{Average total assets for a financial period}}$$

  Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings.

- **Average total equity** is an arithmetical average of the beginning total assets and ending total assets for the financial period.

  Average total equity = (The beginning total assets for the financial period + The ending total assets for the financial period) / 2

- **Liquidity ratio** – the ratio of current assets to current liabilities.

$$\text{Liquidity ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

  Liquidity ratio is a financial metric used to determine a debtor's ability to pay off current debt obligations without raising external capital.

- **Operating profit margin** – the ratio of operating profit to sales, measured in percentage terms.

$$\text{Operating profit margin (measured in percentage terms)} = \frac{\text{Operating profit}}{\text{Sales}}$$

  Operating margin measures how much profit a company makes on a euro of sales, after paying for variable costs of production such as wages and raw materials, but before paying interest or tax. It is calculated by dividing a company's operating profit by its net sales.

- **Pretax profit margin** – the ratio of pretax profit to sales, measured in percentage terms.

$$\text{Pretax profit margin (measured in percentage terms)} = \frac{\text{Pretax profit}}{\text{Sales}}$$

  The pretax profit margin is the ratio of a company's pre-tax earnings to its total sales. The higher the pretax profit margin, the more profitable the company.

- **Operating profit excluding revaluation of investment property margin –** the ratio of operating profit excluding net gain from fair value adjustments on investment property to sales, measured in percentage terms.

  Operating profit excluding revaluation of investment property margin (measured in percentage terms) = (Operating profit - The net gain from fair value adjustments on investment property) / Sales

Operating profit excluding revaluation of investment property margin measures how much profit a company makes on a euro of sales, after paying for variable costs of production such as wages and raw materials, but before paying interest or tax and excluding effects of investment property revaluation. It is calculated by dividing a company's operating profit by its net sales.

- **Price earnings ratio (P/E)** – the share price at the end of a financial period divided by earnings per share (EPS).

$$\text{Price earnings ratio (P/E)} = \frac{\text{The share price at the end of a financial period}}{\text{Earnings per share (EPS)}}$$

To determine the P/E value, one simply must divide the current stock price by the earnings per share (EPS). It is used to compare a company against its own historical record or to compare aggregate markets against one another or over time.

- **Net profitability** – net profit divided by sales, expressed in percentage terms.

$$\text{Net profitability (expressed in percentage terms)} = \frac{\text{Net profit}}{\text{Sales}}$$

The net profitability is equal to how much net income or profit is generated as a percentage of revenue. It illustrates how much of each euro in revenue collected by a company translates into profit.

- **EBITDA (earnings before interest tax depreciation and amortization) profitability** – operating profit excluding net profit from a revaluation of investment assets with depreciation and amortization added back divided by sales, expressed in percentage terms.

EBITDA (earnings before interest tax depreciation and amortization) profitability (expressed in percentage terms) = (Operating profit - Net profit from a revaluation of investment assets + Depreciation and amortization) / Sales

Earnings before interest tax depreciation and amortization as a percentage of revenue.EBITDA margin can provide an investor, business owner or financial professional with a clear view of a company's operating profitability and cash flow.

- **Capitalization -** the market value of a company's equity.

*Capitalization (EUR) = (Amount of shares (units) – Amount of companys owned shares (units) * Share Price (EUR)*

Capitalization defines the market value of a company which depends on the price and volume of the company's stock at a given time. Capitalization shows the net worth of a company at a given time by market participants.