



BALTIC REAL ESTATE

CONFIRMATION OF RESPONSIBLE PERSONS

21 August 2020

Following on Information Disclosure Rules of the Bank of Lithuania and the Law on Securities (article 13) of the Republic of Lithuania, management of INVL Baltic Real Estate hereby confirms that, to the best of our knowledge, the attached Consolidated and Company's Interim Condensed Unaudited Financial Statements for the 6 months of 2020 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 Real Estate and Consolidated Group.

Presented Consolidated Report for the 6 months of 2020 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 Interim Condensed Unaudited Financial Statements for the 6 months of 2020
2. Consolidated Report for the 6 months of 2020.

Real estate fund manager of the Management Company
INVL Asset Management



Vytautas Bakšinskas

Chief Financier of the Management Company
INVL Asset Management



Justina Kontenienė

The logo consists of the letters 'INVL' in a white, bold, sans-serif font, set against a dark blue square background.

BALTIC REAL ESTATE

Special Closed-Ended Type Real Estate Investment Company's
„INVL Baltic Real Estate“ Consolidated Interim
Condensed Not-audited Financial Statements for the six
months ended 30 June 2020

prepared in accordance with International Financial Reporting Standards as adopted by the
European Union

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

GENERAL INFORMATION

Management

Management Company

UAB INVL Asset Management

Investment Committee

Mr. Vytautas Bakšinskas
Mr. Andrius Daukšas

Address and company code

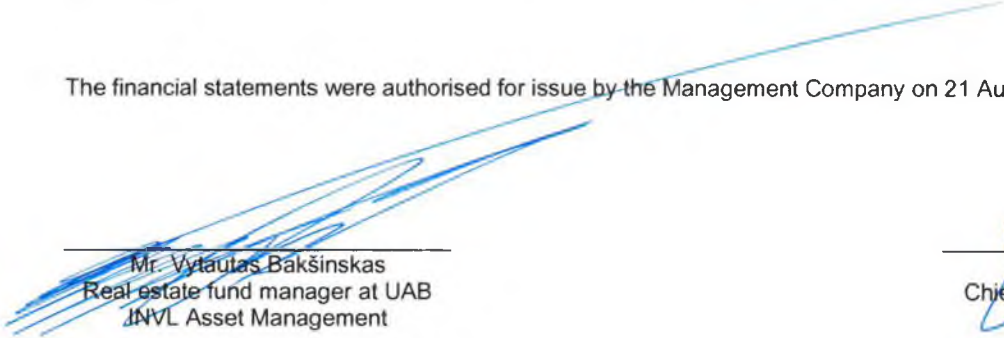
Gynėjų Str. 14,
Vilnius,
Lithuania

Company code 152105644


Banks

AB Šiaulių Bankas
AB SEB Bankas
AS "SEB banka"

The financial statements were authorised for issue by the Management Company on 21 August 2020.



Mr. Vytautas Bakšinskas
Real estate fund manager at UAB
INVL Asset Management



Justina Kontenienė
Chief financier at UAB INVL Asset
Management

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of comprehensive income

	Notes	Group		Company	
		1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Revenue	4, 5	2,293	2,979	1,571	2,123
Interest income		12	12	12	12
Other income		-	-	1	-
Net changes in fair value of investments in subsidiaries measured at fair value through profit or loss	3	-	-	263	512
Net profit from fair value adjustments on investment property		(79)	1,576	(42)	1,337
Premises rent costs	4, 5	(11)	(45)	(12)	(46)
Utilities	4	(253)	(473)	(16)	(20)
Repair and maintenance of premises	4	(541)	(1,458)	(320)	(1,177)
Management and Performance Fee	5, 16	223	(279)	223	(279)
Property management and brokerage costs	4	(19)	(12)	(179)	(190)
Taxes on property	4	(120)	(159)	(115)	(150)
Employee benefits expenses		(112)	(61)	-	-
Provision for impairment of trade receivables (reversal of impairment)	9	(2)	1	(2)	1
Depreciation and amortisation		(50)	(20)	(21)	(19)
Other expenses		(149)	(119)	(85)	(82)
Operating profit		1,194	1,942	1,278	2,022
Finance costs	6	(274)	(233)	(258)	(213)
Profit before income tax		920	1,709	1,020	1,809
Income tax credit (expenses)	7	-	(2)	-	-
NET PROFIT FOR THE PERIOD		920	1,707	1,020	1,809
Other comprehensive income for the period, net of tax		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		920	1,707	1,020	1,809
Attributable to:					
Equity holders of the parent	13	920	1,707		
Basic and diluted earnings per share (in EUR)		0.07	0.13		

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of financial position

	Notes	Group		Company	
		As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
ASSETS					
Non-current assets					
Property, plant and equipment		472	464	118	183
Investment properties	8	38,934	71,884	30,485	62,995
Intangible assets		59	60	40	40
Investments into subsidiaries measured at fair value through profit or loss	3	-	-	9,253	7,894
Financial lease receivables-long term		872	964	872	964
Deferred tax asset		5	5	-	-
Total non-current assets		40,342	73,377	40,768	72,076
Current assets					
Inventories, prepayments and deferred charges		56	185	22	165
Trade and other receivables	9	501	444	383	238
Financial lease receivables – short term		184	182	184	182
Other receivables, related to ABLV Bank, AS	12	105	150	-	-
Cash and cash equivalents		3,121	1,039	2,828	459
Total current assets		3,967	2,000	3,417	1,044
TOTAL ASSETS		44,309	75,377	44,185	73,120

(cont'd on the next page)

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

**Condensed consolidated and Company's statements of financial position
(cont'd)**

	Notes	Group		Company	
		As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	10	19,068	19,068	19,068	19,068
Share premium	10	2,478	2,478	2,478	2,478
Reserves	10	1,755	4,316	1,995	4,556
Retained earnings	10	1,261	18,162	1,021	17,822
Total equity		24,562	44,024	24,562	43,924
Liabilities					
Non-current liabilities					
Non-current borrowings	12	16,255	22,240	16,250	19,877
Non-current lease liabilities		852	953	852	953
Provisions	5	732	2,547	732	2,547
Deferred tax liability		-	-	-	-
Trade payable		-	7	-	-
Advances received		320	407	320	407
Total non-current liabilities		18,159	26,154	18,154	26,142
Current liabilities					
Current portion of non-current borrowings	12	638	2,520	638	637
Current portion of lease liabilities	12	202	200	202	200
Lease liabilities	5	-	1,506	-	1,506
Trade payables		151	376	106	154
Income tax payable		-	-	-	-
Provisions	5	-	1	-	1
Advances received		45	55	8	52
Other current liabilities	15	552	541	515	504
Total current liabilities		1,588	5,199	1,469	3,054
Total liabilities		19,747	31,353	19,623	29,196
TOTAL EQUITY AND LIABILITIES		44,309	75,377	44,185	73,120

(the end)

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of changes in equity

Group	Notes	Reserves					Total
		Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	
Balance as at 31 December 2019		19,068	2,478	784	3,532	18,162	44,024
Net profit for the six months ended 30 June 2020		-	-	-	-	920	920
Total comprehensive income for the six months ended 30 June 2020		-	-	-	-	920	920
Dividends approved	11	-	-	-	-	(20,382)	(20,382)
Transfer to reserves	10	-	-	532	(3,093)	2,561	-
Total transactions with owners of the Company, recognised directly in equity		-	-	532	(3,093)	(17,821)	(20,382)
Balance as at 30 June 2020		19,068	2,478	1,316	439	1,261	24,562

Group	Notes	Reserves					Total
		Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	
Balance as at 31 December 2018		19,068	2,478	615	2,828	10,331	35,320
Impact of the application of IFRS 16		-	-	-	-	(9)	(9)
Balance as at 31 December 2018 (restated)		19,068	2,478	615	2,828	10,322	35,311
Net profit for the six months ended 30 June 2019		-	-	-	-	1,707	1,707
Total comprehensive income for the six months ended 30 June 2019		-	-	-	-	1,707	1,707
Dividends approved	11	-	-	-	-	(1,710)	(1,710)
Transfer to reserves	10	-	-	169	704	(873)	-
Total transactions with owners of the Company, recognised directly in equity		-	-	169	704	(2,583)	(1,710)
Balance as at 30 June 2019		19,068	2,478	784	3,532	9,446	35,308

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

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

Company	Notes	Reserves					Total
		Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	
Balance as at 31 December 2019		19,068	2,478	1,024	3,532	17,822	43,924
Net profit for the six months ended 30 June 2020		-	-	-	-	1,020	1,020
Total comprehensive income for the six months ended 30 June 2020		-	-	-	-	1,020	1,020
Dividends approved	11	-	-	-	-	(20,382)	(20,382)
Transfer to reserves		-	-	532	(3,093)	2,561	-
Total transactions with owners of the Company, recognised directly in equity		-	-	532	(3,093)	(17,821)	(20,382)
Balance as at 30 June 2020		19,068	2,478	1,316	439	1,261	24,562

Company	Notes	Reserves					Total
		Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	
Balance as at 31 December 2018		19,068	2,478	855	2,828	9,787	35,016
Impact of the application of IFRS 16		-	-	-	-	(9)	(9)
Balance as at 31 December 2018 (restated)		19,068	2,478	855	2,828	9,778	35,007
Net profit for the six months ended 30 June 2019		-	-	-	-	1,809	1,809
Total comprehensive income for the six months ended 30 June 2019		-	-	-	-	1,809	1,809
Dividends approved	11	-	-	-	-	(1,710)	(1,710)
Transfer to reserves	10	-	-	169	704	(873)	-
Total transactions with owners of the Company, recognised directly in equity		-	-	169	704	(2,583)	(1,710)
Balance as at 30 June 2019		19,068	2,478	1,024	3,532	9,004	35,106

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of cash flows

	Notes	Group		Company	
		1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Cash flows from (to) operating activities					
Net profit for the period		920	1,707	1,020	1,809
Adjustments for non-cash items and non-operating activities:					
Net gains from fair value adjustments on investment property		79	(1,576)	42	(1,337)
Depreciation and amortization		50	20	21	19
Net loss from sale of non-current assets		-	-	-	-
Net changes in fair value of investments in subsidiaries measured at fair value through profit or loss	3	-	-	(263)	(512)
Interest income		(12)	(12)	(12)	(12)
Finance costs	6	274	233	258	213
Deferred taxes	7	-	2	-	-
Current income tax expenses	7	-	-	-	-
Provisions	5	(434)	(85)	(434)	(85)
Provision for impairment of trade receivables (reversal of impairment)	9	2	1	2	(1)
Changes in working capital:					
Decrease (increase) in inventories		-	-	-	-
Decrease (increase) in trade and other receivables		(57)	(252)	(145)	(261)
Decrease (increase) in other current assets		129	226	143	222
(Decrease) increase in trade payables		(1,472)	(34)	(1,345)	(11)
(Decrease) increase in other current liabilities		(170)	165	(204)	152
Cash flows from(to) operating activities		(691)	393	(917)	196
Income tax paid		-	-	-	-
Net cash flows from (to) operating activities		(691)	393	(917)	196

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CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of cash flows (cont'd)

	Notes	Group		Company	
		1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Cash flows from (to) investing activities					
Acquisition of non-current assets (except investment properties)		(158)	(30)	-	(30)
Proceeds from sale of non-current assets (except for investment properties)		44	-	44	-
Acquisition of (investment in existing) investment properties	8	(393)	(117)	(389)	(117)
Proceeds from sale of investment properties	8	32,909	-	32,502	-
Loans granted		-	-	(12,300)	-
Repayment of loans granted		-	-	11,186	-
Interest received		10	12	28	12
Proceeds from settlement of finance lease receivables		90	89	90	89
Net cash flows from (to) investing activities		32,502	(46)	31,161	(46)
Cash flows from (to) financing activities					
Cash flows related to Group owners:					
Issue of new shares		-	-	-	-
Dividends paid to equity holders of the parents		(20,028)	(1,661)	(20,028)	(1,661)
		(20,028)	(1,661)	(20,028)	(1,661)
Cash flows related to other sources of financing					
Proceeds from loans	12	-	2,023	-	2,023
Repayment of loans	12	(9,320)	(413)	(7,484)	(300)
Lease payments		(99)	(97)	(99)	(97)
Interest paid	12	(282)	(234)	(264)	(212)
		(9,701)	1,279	(7,847)	1,414
Net cash flows from (to) financing activities		(29,729)	(382)	(27,875)	(247)
Net increase (decrease) in cash and cash equivalents		2,082	(35)	2,369	(97)
Cash and cash equivalents at the beginning of the period		1,039	734	459	454
Cash and cash equivalents at the end of the period		3,121	699	2,828	357

(the end)

Notes to the interim condensed financial statements

1 General information

Special Closed-Ended Type Real Estate Investment Company INVL Baltic Real Estate (hereinafter 'the Company', previous name AB Invaldos Nekilnojamojo Turto Fondas, code 152105644) is a joint stock company registered in the Republic of Lithuania. It was established on 28 January 1997.

On 22 December 2016 the Company was issued a closed-end investment company (UTIB) licence by the Bank of Lithuania. Under the Company's Articles of Association, the Company will operate until 22 December 2046, with an extension possibility for additional term of twenty years.

As the Company obtained the status of a closed-end investment company, its management was thereafter undertaken by UAB INVL Asset Management ('the Management Company'), which is entitled to the Management Fee and the Performance Fee. Rights and duties of the Board and the head of the Company was also transferred to the Management Company.

Based on the Articles of Association, for the sake of efficiency of the Company's activities and control over its investments, an Investment Committee shall be formed by a decision of the Board of the Management Company. The Investment Committee shall consist of 3 (three) members, to the positions of which the representatives of the Management Company (employees, members of management bodies of the Management Company, other persons appointed by a decision of the Board of the Management Company) shall be appointed. Members of the Investment Committee shall be appointed and removed from office by the Board of the Management Company. An approval of the Investment Committee must be obtained for all investments of the Company and for their sale. At the moment of the release of the financial statements two 2 (members) of the Investment Committee was operating, the third member is not nominated.

The Company also signed an agreement on depository services with AB SEB Bankas, which acts as a depository of the Company's assets.

The Group consists of the Company and its directly and indirectly owned subsidiaries (hereinafter 'the Group', Note 5 of annual financial statements for year ended 31 December 2019).

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

The Group was established on 29 April 2014 by spinning-off from AB Invalda INVL (code 121304349) the investments into entities, which business is investment into investment properties held for future development, into commercial real estate and renting thereof. On 17 August 2015 the parent entity AB INVL Baltic Real Estate (hereinafter 'the Former Parent Company', code 30329973) was merged to the Company, which continues its operations under the name INVL Baltic Real Estate and became the parent of the Group.

The Group has invested in commercial real estate: business centres and manufacturing and warehouse properties in Lithuania and Latvia. All the properties generate leasing income and most of them offer prospects for further development.

The Group seeks to earn profit from investments in commercial real estate by ensuring the growth of leasing income. When it makes business sense, the Company also considers investments in the reorganisation of its existing portfolio of properties, taking advantage of their good location.

The Management Company shall manage the Company's portfolio of investment instruments following the principles of diversification (the conformity of the Company's portfolio of investment instruments to the diversification principles shall be achieved within four years after the Bank of Lithuania has issued a permission to certify the Company's incorporation documents and to choose the Depository) as set forth in the Articles of Association. The Company cannot invest directly or indirectly more than 30% of its net asset value into a single real estate object. The total amount of investments into real estate objects under construction cannot exceed 20% of net asset value of the Company. The total amount of investments into a real estate object and movable property and/or equipment necessary for its use cannot exceed 40% of net asset value of the Company. The Company cannot invest more than 30% of its net asset value into any single issuer of the instruments. More detailed requirements are set out in the Articles of Association of the Company.

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

1 General information (cont'd)

As at 30 June 2020 the Company's share capital is divided into 13,150,000 ordinary registered shares with the nominal value of EUR 1.45 each (as at 31 December 2018: 13,150,000 ordinary registered shares with the nominal value of EUR 1.45 each). All the shares of the Company were fully paid. Subsidiaries did not hold any shares of the Company. As at 30 June 2020 and 31 December 2019 the shareholders of the Company were:

	As at 30 June 2020		As at 31 December 2019	
	Number of shares held	Percentage	Number of shares held	Percentage
AB Invalda INVL	3,942,273	29.98	4,267,388	32.45
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	2,631,695	20.01	2,631,695	20.01
Mrs. Irena Ona Mišeikienė	2,498,596	19.00	2,498,596	19.00
Mrs. Ilona Šulnienė	664,710	5.05	-	-
Mr. Alvydas Banys	663,640	5.05	663,640	5.05
Other minor shareholders	2,749,086	20.91	3,088,681	23.49
Total	13,150,000	100.00	13,150,000	100.00

The Company's shares are traded on the Baltic Secondary List of Nasdaq Vilnius from 16 September 2015. Before the merger the shares of the Former Parent Company were traded on the Baltic Secondary List of Nasdaq Vilnius from 4 June 2014 until 17 August 2015.

2 Accounting policies

Basis of preparation

The interim condensed financial statements for the 6 months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's and the Company's annual financial statements as at 31 December 2019.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except adoption of new Standards and Interpretations as of 1 January 2020, noted below.

A number of new or amended standards became applicable for the current reporting period:

- Amendments to the *Conceptual Framework for Financial Reporting* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IAS 1 and IAS 8: *Definition of materiality* (effective for annual periods beginning on or after 1 January 2020);
- *Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 3 *Business Combination: Definition of a business* (effective for annual periods beginning on or after 1 January 2020);

The amendments to existing standards are not relevant to the Group and the Company for the six months ended on 30 June 2020.

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

3 Investments into subsidiaries

Investments into subsidiaries together with loans granted to subsidiaries are measured at fair value through profit or loss in the Company's stand-alone financial statements for six months ended 30 June 2020 and for the year ended 31 December 2019. It is Level 3 fair value measurement. The fair value of investments is measured at the fair value of their net assets including loans granted by the Company. The main assets of dormant entities are cash. The main assets of active subsidiaries are investment properties, which are measured at fair value using the income approach. The main liabilities of subsidiaries are borrowings from external financial institutions, which are measured using an income approach, such as a present value technique.

The breakdown of the carrying amounts of investments in subsidiaries by legal form is presented below:

	<u>As at 30 June 2020</u>	<u>as at 31 December 2019</u>
Shares	306	303
Loans granted	8,947	7,591
	<u>9,253</u>	<u>7,894</u>

Key inputs to valuation on subsidiaries as at 30 June 2020:

<u>Significant unobservable inputs</u>	<u>Value of input or range</u>
Discount rate (%)	11
Capitalisation rate for terminal value (%)	9
Vacancy rate (%)	3 - 4
Increase of rents per year (%)	1.5
Inflation (%)	1.4 – 1.6

Key inputs to valuation on subsidiaries as at 31 December 2019:

<u>Significant unobservable inputs</u>	<u>Value of input or range</u>
Discount rate (%)	11
Capitalisation rate for terminal value (%)	9
Vacancy rate (%)	3
Increase of rents per year (%)	N/A
Inflation (%)	2

The sensitivity analysis of fair value of subsidiaries as at 30 June 2020 is as follows:

Reasonable possible shift +/- (%)	<u>Increase of estimates</u>	<u>Decrease of estimates</u>
Change in Increase of rents per year and inflation by 100 bps	167	(162)
Change in expected vacancy rates by 20%	(35)	(36)
Change in discount and capitalization rate by 50 bps	(266)	298

The sensitivity analysis of fair value of subsidiaries as at 31 December 2019 is as follows:

Reasonable possible shift +/- (%)	<u>Increase of estimates</u>	<u>Decrease of estimates</u>
Change in expected vacancy rates by 20%	(33)	34
Change in discount and capitalization rate by 50 bps	(271)	304

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(all amounts are in EUR thousand unless otherwise stated)

3 Investments into subsidiaries (cont'd)

The table below shows changes in financial instruments in Level 3 during the 1st Half Year of 2020:

Fair value as at 31 December 2019	7,894
Gains and losses recognized in profit or loss (within 'Net changes in fair value of investments in subsidiaries measured at fair value through profit or loss')	263
Granted loan	12,300
Repaid loan with interest	(11,204)
Fair value as at 30 June 2020	9,253

The table below shows changes in financial instruments in Level 3 during the 1st Half Year of 2019:

Fair value as at 31 December 2018	6,553
Gains and losses recognized in profit or loss (line 'Net changes in fair value of investments in subsidiaries measured at fair value through profit or loss')	512
Fair value as at 30 June 2019	7,065

The main part of investments into subsidiaries together with loans granted are loans granted to Latvian entities. In 2015 50% of these loans were acquired by the Former Parent Company at a price below their estimated fair value, which was measured as 50% of fair value of net assets of subsidiaries, over which control was obtained by the Former Parent Company. On the acquisition day, the difference amounted to EUR 1,014 thousand. As the fair value was not determined based on observable inputs, this '1 day profit' was not recognised immediately but is deferred and is recognised during the estimated maturity of the loans. During the 1st Half Year of 2020 and 2019 the Company has recognised EUR 101 thousand and EUR 101 thousand of this '1 day profit' within 'Net changes in fair value of investments in subsidiaries measured at fair value through profit or loss' in the statement of comprehensive income, respectively. As at 30 June 2020 all '1 day profit' is recognised. As at 31 December 2019 unrecognised part of '1 day profit' was EUR 101 thousand. Therefore, the total fair value of loans granted by the Company was EUR 8,947 thousand and EUR 7,692 thousand as at 30 June 2020 and as at 31 December 2019, respectively (their carrying amount – EUR 8,974 thousand and EUR 7,591 thousand, respectively). It is Level 3 measurement.

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(all amounts are in EUR thousand unless otherwise stated)

4 Segment information

Management of the Company has determined the operating segments based on the reports reviewed by the Investment Committee that are used to make strategic decisions. The Investment Committee analyses performance of the Group on property-by-property basis of owned premises, while leased premises are reported on a combined basis. Performance is evaluated based on net operating income. Net operating income is calculated by deducting from revenue premises rent costs (excluding provision for onerous contract), utilities expenses, repair and maintenance expenses, property management and brokerage costs, taxes on property and insurance costs. Segment assets and liabilities are not reported to the Investment Committee. Management of the Company has determined following reportable segments:

- Owned property in Lithuania. The reportable segment comprises four on a property-by-property basis (after the sale of IBC business center on 6 March 2020 there left 3 segments), which are aggregated. The operating segments have similar economic characteristics, because all owned premises are located in Vilnius, Lithuania. These are office buildings. Most of them have further development opportunities. All properties are multi-tenant. Corporate tenants dominate, but some premises are also leased to governmental and retail tenants.
- Owned property in Latvia. Revenue is earned from warehouse located in Riga, Latvia.

The following table presents performance of reportable segments of the Group for the six months ended 30 June 2020:

	Owned property in Lithuania	Owned property in Latvia	Total
Six months ended 30 June 2020			
Rent income	1,403	283	1,686
Other revenue (utilities and other service)	605	-	605
Revenue	2,008	283	2,291
Expenses			
Premises rent costs	(33)	(2)	(35)
Utilities	(253)	-	(253)
Repair and maintenance of premises	(532)	(43)	(575)
Property management and brokerage costs	(7)	(12)	(19)
Taxes on property	(116)	(4)	(120)
Insurance costs	(6)	(2)	(8)
Net operating income for the period	1,061	220	1,281

From 1 January 2018 property management services is provided by subsidiary UAB Proprietas to the Company. The previous agreement for property management services with external entity ended on 31 December 2018. Therefore, from 1 January 2018 on the Group level property management costs are not incurred, but the Group has incurred additional employee benefits expenses which is not included into reportable segment expenses.

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4 Segment information (cont'd)

The following table presents performance of reportable segments of the Group for the six months ended 30 June 2019:

	Owned property in Lithuania	Owned property in Latvia	Total
Six months ended 30 June 2019			
Rent income	2,047	275	2,322
Other revenue (utilities and other service)	655	-	655
Revenue	2,702	275	2,702
Expenses			
Premises rent costs	(53)	(2)	(55)
Utilities	(472)	(1)	(473)
Repair and maintenance of premises	(1,439)	(29)	(1,468)
Property management and brokerage costs	(1)	(11)	(12)
Taxes on property	(152)	(7)	(159)
Insurance costs	(5)	(1)	(6)
Net operating income for the period	580	224	804

The following table presents reconciliation of the Group's operating profits from net operating income, rent costs and revenue.

	01.01.2020 – 30.06.2020				01.01.2019 – 30.06.2019			
	Net operating income to operating profit	Repair and maintenance of Premises rent costs	Revenue		Net operating income to operating profit	Repair and maintenance of Premises rent costs	Revenue	
From reportable segment	1,281	(35)	(575)	2,291	804	(55)	(1,468)	2,977
Provision for onerous contracts	24	24	-	-	10	10	-	-
Other revenue not included in reportable segments	2	-	-	2	2	-	-	2
Add back insurance costs and other expenses (included within 'other expenses')	42	-	34	-	16	-	10	-
Management and Performance Fee	223	-	-	-	(279)	-	-	-
Impairment of trade receivables (reversal of impairment)	(2)	-	-	-	1	-	-	-
Employee benefits expenses	(112)	-	-	-	(61)	-	-	-
Depreciation and amortisation	(51)	-	-	-	(20)	-	-	-
Other expenses	(149)	-	-	-	(119)	-	-	-
Other income	2	-	-	-	-	-	-	-
Interest income	12	-	-	-	12	-	-	-
Net gains from fair value adjustments on investment	(79)	-	-	-	1,576	-	-	-
Total	1,193	(11)	(541)	2,293	1,942	(45)	(1,458)	2,979

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4 Segment information (cont'd)

The table below presents distribution of the Group non-current assets (other than financial instruments and deferred tax assets) by geographical area as at 30 June 2020 and 31 December 2019:

	Lithuania	Latvia	Total
As at 30 June 2020	31,097	8,368	39,465
As at 31 December 2019	64,006	8,402	72,408

5 Revenue, lease expenses and provisions

Revenue

The Group, as a lessor, leases the Group's investment property in accordance with the lease agreements for commercial property. Most of the contracts have a maturity from 1 to 6 years.

Analysis of revenue by category:

	Group		Company	
	1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Rent income	1,686	2,322	1,403	2,045
Utilities revenue	225	459	6	10
Other services revenue	382	198	162	68
Total revenue	2,293	2,979	1,571	2,123

From 1 January 2018 subsidiary UAB Proprietas provide property management services for the Company and utilities and other services to the tenants of the Company. Therefore, from 1 January 2018 most of utilities and other services revenue is earned by the subsidiary, not by the Company.

The Group has earned rent income from both owned and subleased premises, but after adoption of IFRS 16 in 2019 the sublease is recognised as finance lease. Therefore, from 2019 all revenue is from owned premises.

	Group		Company	
	1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Rent income from owned premises	1,686	2,322	1,403	2,045
Other revenue from owned premises	607	657	168	78
Total revenue	2,293	2,979	1,571	2,123

Analysis of revenue of the Group by geographical areas:

	Group	
	1 st Half Year 2020	1 st Half Year 2019
Lithuania	2,008	2,703
Latvia	285	276
Total	2,293	2,979

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5 Revenue, lease expenses and provisions (cont'd)

Expenses and provisions

The Company was leasing premises from an external party until August 2017 under the lease agreement of 10 August 2007, except for one property, which is leased until the expiry of the current sublease agreement (31 December 2025). The Company had paid a one off deposit in the amount of EUR 825 thousand corresponding to the 6 months rental fee amount which will be set-off against the last part of lease payment at the termination of the lease. The rent payments are subject to an indexation at the end of August each year on the basis of harmonised consumer price index, if the latter is more than 1%, but there is a cap for annual indexation of 3.8%. In November of 2016 the amendment to the lease agreement was signed. According to the amendment, EUR 275 thousand of prepayments was set off against lease payables in 2016, EUR 450 thousand of prepayments was set off in 2017, and EUR 100 thousand of prepayments has to be set off in 2025.

The lease agreement of 10 August 2007 is an onerous contract, therefore there is a provision of EUR 38 thousand and EUR 62 thousand to cover the loss anticipated in connection with this contract recognised in the statement of financial position as at 30 June 2020 and 31 December 2019, respectively. This amount represents the present value of forecast of indexation of future rent payment, which is not measured by recognizing lease liabilities in accordance with IFRS 16.

The changes in the provision for onerous contract during the 1st Half Year of 2020 and 2019 are presented below:

	<u>1st Half Year 2020</u>	<u>1st Half Year 2019</u>
As at 1 January	62	95
Re-estimation of provision at the end of the reporting period	-	-
Amount used (recognised as a reduction of 'Premises rent costs')	-	-
The reversal of the discount effect and changes in the discount rate	(24)	(10)
As at 30 June	38	85
	As at 30 June 2020	As at 31 December 2019
Non-current	38	61
Current	-	1
Total	38	62

As at 30 June 2020 the Company recognised non-current provision for the Performance Fee of EUR 694 thousand (as at 31 December 2019 - EUR 2,486 thousand)

The changes in the provision for the Performance Fee is presented below:

	<u>1st Half Year 2020</u>	<u>1st Half Year 2019</u>
As at 1 January	2,486	811
Re-estimation of provision at the end of the reporting period	(410)	117
Reclassification of payable to "Other current liabilities"	(1,382)	(192)
As at 30 June	694	736

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6 Finance costs

	Group		Company	
	1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Interest expenses of bank borrowings	(251)	(222)	(235)	(202)
Interest expenses of borrowings from related parties	(13)	-	(13)	-
Interest expenses arising from the lease liabilities	(10)	(11)	(10)	(11)
Unwinding of the discount effect of provision for onerous contract	-	-	-	-
Other financial expenses	-	-	-	-
	<u>(274)</u>	<u>(233)</u>	<u>(258)</u>	<u>(213)</u>

7 Income tax

	Group		Company	
	1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Components of the income tax expenses				
Current income tax expense	-	-	-	-
Prior year current income tax correction	-	-	-	-
Deferred income tax expense	-	2	-	-
Income tax expense charged to profit or loss – total	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>

8 Investment properties

The movements of investment properties of the Group were:

	Other investment properties valued using sales comparison method	Other investment properties valued using sales comparison method	Properties leased out by the entity	Investment properties held for future redevelopment	Total
	Level 1	Level 2	Level 3	Level 3	
Fair value hierarchy					
Balance as at 31 December 2018	-	4,490	53,455	350	58,295
Subsequent expenditure	-	-	113	-	113
Gain from fair value adjustment	-	399	1,177	-	1,576
Loss from fair value adjustment	-	-	-	-	-
Balance as at 30 June 2019	-	4,889	54,745	350	59,984
Balance as at 31 December 2019	32,904	4,894	34,086	-	71,884
Subsequent expenditure	-	-	38	-	38
Gain from fair value adjustment	5	20	(104)	-	(79)
Disposals	(32,909)	-	-	-	(32,909)
Balance as at 30 June 2020	-	4,914	34,020	-	38,934
Unrealized gains or losses for the period, included within 'Net gain (losses) on fair value adjustments of investment property' in profit or loss	-	20	(104)	-	(84)

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8 Investment properties (cont'd)

The movements of investment properties of the Company were:

	Other investment properties valued using sales comparison method	Other investment properties valued using sales comparison method	Properties leased out by the entity	Investment properties held for future redevelopment	Total
Fair value hierarchy	Level 1	Level 2	Level 3	Level 3	
Balance as at 31 December 2018	-	1,040	48,653	-	49,693
Subsequent expenditure	-	-	113	-	113
Gain from fair value adjustment	-	249	1,088	-	1,337
Loss from fair value adjustment	-	-	-	-	-
Balance as at 30 June 2019	-	1,289	49,854	-	51,143
Balance as at 31 December 2019	32,498	1,293	29,204	-	62,995
Subsequent expenditure	-	-	34	-	34
Sale	(32,502)	-	-	-	(32,502)
Gain from fair value adjustment	4	23	(69)	-	(42)
Balance as at 30 June 2020	-	1,316	29,169	-	30,485
Unrealized gains or losses for the period, included within 'Net gain (losses) on fair value adjustments of investment property' in profit or loss	4	23	(69)	-	(42)

During the 1st Half Year of 2019 the reconstruction expenses of EUR 9 thousand have incurred and were capitalised and added to the acquisition cost of investment property, located at Gynėjų 14, Vilnius. During the 1st Half Year of 2020 and 2019 the reconstruction expenses of EUR 35 thousand and EUR 104 thousand have incurred additionally for the investment properties, located at Palangos 4, Vilnius. Also during the 1st Half Year of 2020 the Group incurred EUR 4 thousand expenses related to investment property in Latvia, which were recognized in the value of the property. During the 1st Half Year of 2020 the Group/the Company have paid outstanding payables from 2019 for subsequent expenditure for investment properties of EUR 355 thousand and the Group and the Company have paid EUR 38 thousand and 34 thousand, respectively, for subsequent expenditures during 2020. During the 1st Half Year of 2019 the Group/the Company has paid outstanding payables from 2017 for subsequent expenditure for investment properties of EUR 4 thousand and has paid EUR 113 thousand for subsequent expenditures during 2019. During the 1st Half Year of 2019 the Group/the Company incurred higher expenses for the renovation of premises than in the first half year of 2019 recognised in the statement of comprehensive income for the preparation of premises for the new long term leases (in the first half year of 2019 were incurred repair expenses of EUR 1,148 thousand, of which attributable to IBC Business Center EUR 883 thousand, and in first half year of 2020 were incurred repair expenses of EUR 301 thousand in all real estate objects).

On 6 March 2020 the IBC Business Centre on A. Juozapavičiaus and Šeimyniškių streets in Vilnius was sold to the closed-end investment fund for informed investors Lords LB Baltic Green Fund (V), which is managed by Lords LB Asset Management UAB. The real estate at the address Kalvarijų Street 11a belonging to the INVL Baltic Real Estate company Roveliją was also sold. The value of the transaction was EUR 33 million, EUR 32,909 thousand of transaction value were assigned to the value of investment property. The remaining amount was attributed to sold tangible fixed assets together with investment property and accrued rental income.

Investment properties are measured at fair value. During the 1st Half Year of 2020 and in 2019, properties leased out by the entity and investment properties held for future redevelopment in Lithuania were valued as at 30 April 2020 and 31 October 2019, respectively, by an accredited valuer UAB OBER-HAUS Nekilnojamosis Turtas (hereinafter together with SIA OBER-HAUS Vertešanas Serviss referred to as 'Oberhaus') using the income approach. During the 1st Half Year of 2020 and in 2019 investment properties located in Latvia were valued as at 30 April 2020 and 31 October 2019, respectively, by an accredited valuer SIA OBER-HAUS Vertešanas Serviss using a market approach for land and using an income approach for warehouse. There were no significant changes in the market during period from valuation date till end of reporting periods that could have an effect on the value of investment properties, therefore the updated valuation was not performed as at 30 June 2020 and as at 31 December 2019.

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8 Investment properties (cont'd)

The split of carrying amounts of the properties leased out by the entity by type:

	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Offices premises in city centre – Lithuania	29,169	29,204	29,169	29,204
IBC related investment property	-	32,498	-	32,498
Warehouse – Latvia	4,851	4,882	-	-
	34,020	66,584	29,169	61,702

Description of valuation techniques used and key inputs to valuation on investment properties located in Lithuania as at 30 June 2020:

	Valuation technique	Significant unobservable inputs	Range (weighted average) Oberhaus
Properties leased out by the entity	Discounted cash flows	Discount rate (%)	8.0 – 9.0 (8.91)
		Capitalisation rate for terminal value (%)	7.5 – 8.0 (7.74)
		Vacancy rate (%)	0-50
		Office premises in city centre - Rent price EUR per sq. m. (without VAT)	5 – 20.2 (12.37)

All inputs in the Company are the same as in the Group.

Description of valuation techniques used and key inputs to valuation on investment properties located in Lithuania as at 31 December 2019:

	Valuation technique	Significant unobservable inputs	Range (weighted average) Oberhaus
Properties leased out by the entity	Discounted cash flows	Discount rate (%)	8.0 – 9.0 (8.51)
		Capitalisation rate for terminal value (%)	7.5 – 8.0 (7.74)
		Vacancy rate (%)	0-25
		Office premises in city centre - Rent price EUR per sq. m. (without VAT)	7.41 – 20.3 (12.48)

All inputs in the Company are the same as in the Group.

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8 Investment properties (cont'd)

Description of valuation techniques used and key inputs to valuation on investment properties located in Latvia as at 30 June 2020:

	Valuation technique	Significant unobservable inputs	Value of input or range Oberhaus
Properties leased out by the entity	Discounted cash flows (five years estimated)	Discount rate (%)	11
		Capitalisation rate for terminal value (%)	9
		Vacancy rate (%)	3 - 4
		Increase of rents per year (%)	1,5
		Inflation (%)	1,4 – 1,6

Oberhaus is used for valuation of current contractual rent prices and has indexed these prices by input of increase of rents per year.

Description of valuation techniques used and key inputs to valuation on investment properties located in Latvia as at 31 December 2019:

	Valuation technique	Significant unobservable inputs	Value of input or range Oberhaus
Properties leased out by the entity	Net operating income capitalisation method	Yield (%)	9
		Vacancy rate (%)	3

The sensitivity analysis of investment properties located in Lithuania valued using income approach as at 30 June 2020 is as follows:

Group Reasonable possible shift +/- (%)	Increase of estimates		Decrease of estimates	
	Properties leased out by the entity		Properties leased out by the entity	
Change in future rental rates by 10 %		1,806		(1,795)
Change in expected vacancy rates by 20%		(260)		371
Change in discount and capitalization rate by 50 bps		(1,743)		2,069
Company Reasonable possible shift +/- (%)	Increase of estimates		Decrease of estimates	
	Properties leased out by the entity		Properties leased out by the entity	
Change in future rental rates by 10 %		1,806		(1,795)
Change in expected vacancy rates by 20%		(260)		371
Change in discount and capitalization rate by 50 bps		(1,743)		2,069

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8 Investment properties (cont'd)

The sensitivity analysis of investment properties located in Latvia valued using income approach as at 30 June 2020 is as follows:

Reasonable possible shift +/- (%)	Increase of estimates	Decrease of estimates
Change in Increase of rents per year by 100 bps or change in future rental rates by 1%	167	(162)
Change in expected vacancy rates by 20%	(35)	(36)
Change in discount and capitalization rate by 50 bps	(266)	298

The sensitivity analysis of investment properties located in Lithuania valued using income approach as at 31 December 2019 is as follows:

Group	Increase of estimates	Decrease of estimates
Reasonable possible shift +/- (%)	Properties leased out by the entity	Properties leased out by the entity
Change in future rental rates by 10 %	1,984	(1,888)
Change in construction costs by 10%	-	-
Change in expected vacancy rates by 20%	(240)	337
Change in discount and capitalization rate by 50 bps	(1,744)	2,053

Company	Increase of estimates	Decrease of estimates
Reasonable possible shift +/- (%)	Properties leased out by the entity	Properties leased out by the entity
Change in future rental rates by 10 %	1,984	(1,888)
Change in expected vacancy rates by 20%	(240)	337
Change in discount and capitalization rate by 50 bps	(1,744)	2,053

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8 Investment properties (cont'd)

The sensitivity analysis of investment properties located in Latvia valued using income approach as at 31 December 2019 is as follows:

Reasonable possible shift +/- (%)	Increase of estimates	Decrease of estimates
Change in Increase of rents per year and inflation by 100 bps	54	(53)
Change in expected vacancy rates by 20%	(33)	34
Change in discount and capitalization rate by 50 bps	(271)	304

As at 30 June 2020 the Group's investment properties with carrying amount of EUR 38,755 thousand (EUR 71,298 thousand as at 31 December 2019) were pledged to the banks as collateral for the loans.

As at 30 June 2020 the Company's investment properties with carrying amount of EUR 30,387 thousand (EUR 62,897 thousand as at 31 December 2019) were pledged to the banks as collateral for the loans.

As at 31 December 2016 a written consent was required for sale of investment property from AB SEB bankas as a depository service provider. According to the Lithuanian Law on Collective Investment Undertakings, the sale price of investment properties may not be lower by more than 15% of the value determined by the independent qualified valuer. Having concluded a contract on sale of investment properties, when the above-described condition is not satisfied, the Management Company must, in exceptional cases and provided that interests of participants of the Company are not harmed, notify the supervisory authority thereof immediately.

On 28 September 2018 the Group signed a preliminary agreement regarding the sale of 20.6 hectares of land plots in Latvia. In order for the transaction to be completed, the buyer of the land plots must by the end of April 2019 sign a lease agreement for the properties planned to be built on the land plots, and also make an advance payment and perform other actions envisaged in the agreement. If the parties fulfil all the stipulated conditions, the transaction could be completed by 1 July 2019. The conditions were not completed, and the agreement was terminated on 30 April 2019.

There were no restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals during the 1st Half Year of 2020 and 2019. No contractual obligations to purchase, construct, repair or enhance investment properties existed at the end of the period.

9 Trade and other receivables

	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Trade receivables, gross	473	358	384	188
Accrued lease income, gross	38	100	38	100
Taxes receivable, gross	38	56	-	-
Total trade and other receivable, gross	549	514	422	288
Less: provision for impairment of trade and other receivables	(44)	(37)	(37)	(32)
Less: Write off still subject to enforcement activity	(4)	(33)	(2)	(18)
Trade and other receivable net of expected credit losses	501	444	383	238

Changes in provision for impairment of trade and other receivables for the year 2020 and 2019 have been included within 'Provision for impairment of trade receivables' in the statement of comprehensive income.

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9 Trade and other receivables (cont'd)

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 2018	16	39	55
Charge for the year	-	-	-
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(5)	(5)
Recoveries of amounts previously impaired or written off	-	(1)	(1)
Balance as at 30 June 2019	16	33	49
Balance as at 31 December 2019	37	33	70
Charge for the year	7	-	7
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(24)	(24)
Recoveries of amounts previously impaired or written off	-	(5)	(5)
Balance as at 30 June 2020	44	4	48

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

	Company		
	Impairment losses	Write off still subject to enforcement activity	Total
Balance as at 31 December 2018	16	24	40
Charge for the year	-	-	-
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(5)	(5)
Recoveries of amounts previously impaired or written off	-	(1)	(1)
Balance as at 30 June 2019	16	18	34
Balance as at 31 December 2019	32	18	50
Charge for the year	5	-	5
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(13)	(13)
Recoveries of amounts previously impaired or written off	-	(3)	(3)
Balance as at 30 June 2020	37	2	39

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9 Trade and other receivables (cont'd)

The credit quality of trade receivables of the Group can be assessed on the ageing analysis disclosed below:

	Group						Total
	Current	Less than 30 days	30–60 days	61–90 days	More than 90 days	Credit impaired	
As at 30 June 2020							
Trade receivables net of write off	218	83	44	38	31	55	469
Accrued lease income	38	-	-	-	-	-	38
Expected credit losses	-	-	-	-	-	(44)	(44)
Trade and other receivable net of expected credit losses	256	83	44	38	31	11	463
As at 31 December 2019							
Trade receivables, gross	225	41	15	3	-	41	325
Accrued lease income	100	-	-	-	-	-	100
Expected credit losses	-	-	-	-	-	(37)	(37)
Trade and other receivable net of expected credit losses	325	41	15	3	-	4	388

The credit quality of trade receivables of the Company can be assessed on the ageing analysis disclosed below:

	Company						Total
	Current	Less than 30 days	30–60 days	61–90 days	More than 90 days	Credit impaired	
As at 31 June 2020							
Trade receivables net of write off	170	64	41	38	23	46	382
Accrued lease income	38	-	-	-	-	-	38
Expected credit losses	-	-	-	-	-	(37)	(37)
Trade and other receivable net of expected credit losses	208	64	41	38	23	9	383
As at 31 December 2019							
Trade receivables, gross	93	30	10	1	-	36	170
Accrued lease income	100	-	-	-	-	-	100
Expected credit losses	-	-	-	-	-	(32)	(32)
Trade and other receivable net of expected credit losses	193	30	10	1	-	4	238

As at 30 June 2020 and 31 December 2019 most of trade receivables were secured by advances received from tenants.

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

	Current	Less than 30 days	30–60 days	61–90 days	91–180 days	More than 180 days	Total
Trade receivables net of write off as at 30 June 2020	-	-	-	-	8	38	46
Trade receivables net of write off as at 31 December 2019	-	-	-	5	1	17	23

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(all amounts are in EUR thousand unless otherwise stated)

9 Trade and other receivables (cont'd)

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

	Current	Less than 30 days	30-60 days	61-90 days	91-180 days	More than 180 days	Total
Trade receivables net of write off as at 30 June 2020	-	-	-	1	10	44	55
Trade receivables net of write off as at 31 December 2019	-	-	-	5	1	17	23

10 Share capital and reserves

As at 30 June 2020 the Group's/Company's share capital is divided into 13,150,000 ordinary registered shares with the nominal value of EUR 1.45 each.

All the shares of the Company were fully paid.

On 9 April 2020 the annual general meeting has decided to transfer from retained earnings EUR 532 thousand to the legal reserve from retained earnings and EUR 3,093 thousand transferred from the reserve of purchase of own shares to retained earnings.

On 26 April 2019 the annual general meeting has decided to transfer from retained earnings EUR 169 thousand to the legal reserve and EUR 704 thousand to the reserve of purchase of own shares.

11 Dividends

On 9 April 2020 The Ordinary General Meeting of the Company changed dividend payment policy by setting the minimum amount of dividends at EUR 0.09, if the legal and contractual requirements do not restrict the payment of dividends.

A dividend in respect of the year ended 31 December 2018 of EUR 0.13 per share, amounting to a total dividend of EUR 1,710 thousand, was approved at the annual general meeting on 26 April 2019.

Payment of dividends of EUR 1.55 per share and total dividends of EUR 20,382 thousand in respect of the year ended 31 December 2019 was approved at the Annual General Meeting of Shareholders on 9 April 2020.

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

12 Borrowings

	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Non-current:				
Non-current bank borrowings	16,250	22,235	16,250	22,235
Non-current other borrowings	5	5	-	-
	<u>16,255</u>	<u>22,240</u>	<u>16,250</u>	<u>22,235</u>
Current:				
Current portion of non-current borrowings	638	2,520	638	637
Borrowings from related parties	-	1,506	-	1,506
	<u>638</u>	<u>4,026</u>	<u>638</u>	<u>2,143</u>
Total borrowings	<u>16,893</u>	<u>26,266</u>	<u>16,888</u>	<u>24,378</u>

All borrowings are expressed in EUR.

Borrowings with fixed or floating interest rate (with changes in 3 and 6 months period) were as follows:

Interest rate type:	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Fixed	5	1,511	-	1,506
Floating	16,888	24,755	16,888	22,872
	<u>16,893</u>	<u>26,266</u>	<u>16,888</u>	<u>24,378</u>

As at 30 June 2020 and at 31 December 2019 all Group entities have complied with bank loan covenants.

On 23 February 2018 the Board of the Financial and Capital Market Commission in Latvia adopted a decision on the unavailability of deposits at ABLV Bank AS. On 12 June 2018 it was announced that the Financial and Capital Market Commission has approved ABLV Bank AS voluntary liquidation. Because ABLV Bank, AS ceased to be bank after voluntary liquidation process was approved, the previous deposit became as other receivables from ABLV Bank, AS. They comprise legally from three part:

- the Group claim of EUR 5 thousand from ABLV Bank, AS in liquidation process;
- blocked guaranteed compensation of EUR 100 thousand according to Latvian deposit insurance systems, which was paid at the beginning of July 2020.
- the Group owned funds of EUR 45 thousand in possession of the ABLV Bank, AS (restored amount of deposits). This amount was set off upon repayment of the borrowing.

On May 2020 the Group repaid the borrowing to ABLV Bank, AS (during the 1st Half of 2020 was paid EUR 1,880 thousand).

On 10 April 2018 the Company has signed an amendment of to the borrowing agreement with AB Šiaulių bankas. According to the amendment the new credit limit of EUR 23,926 thousand is set. It consists of two parts. The first part amounts to EUR 22,926 thousand and could be disbursed until 31 May 2019. The second part is a credit line of EUR 1,000 thousand, which could be disbursed until 22 December 2022. Furthermore, the settlement schedule and interest rate were changed. In May of 2019 the Company used remaining part of the first loan (EUR 2,023 thousand). On 31 December 2019 the Group / Company had used EUR 935 thousand of credit line. In the 1st Half 2020 the Group / Company returned the used part of the credit line to AB Šiaulių bankas and EUR 4,750 thousand of the first part of the borrowing using the funds from the sale of IBC business center. In November 2019 Invalda INVL granted EUR 1,500 thousand to the Company. The initial repayment term was 31 January 2020, which was extended until 31 March 2020. The loan was repaid on 9 March 2020 together with interest, in total EUR 1,519 thousand.

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

13 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 the six months ended 30 June 2020 and 2019 was 13,150 thousand.

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

	Group	
	1st Half Year 2020	1st Half Year 2019
Net profit, attributable to the equity holders of the parent	920	1,707
Weighted average number of ordinary shares (thousand)	13,150	13,150
Basic earnings per share (EUR)	<u>0,07</u>	<u>0.13</u>

For the 1st Half Year of 2020 and 2019 the Group diluted earnings per share are the same as basic earnings per share.

14 Liquidity risk

The Group's liquidity ratio (total current assets including assets held for sale / total current liabilities) as at 30 June 2020 was approximately 2.5 (as at 31 December 2019 – 0.4). The Company liquidity ratio as at 30 June 2020 was approximately 2.3 (as at 31 December 2019 – 0,3).

The table below summarises the maturity profile of the Group's financial liabilities as at 30 June 2020 and at 31 December 2019 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Interest bearing borrowings	-	267	790	16,952	-	18,009
Lease liabilities	-	55	164	876	10	1,105
Trade and other payables	-	151	-	-	-	151
Provision for onerous contract	-	-	-	31	8	39
Other liabilities	469	12	-	-	-	481
Balance as at 30 June 2020	469	485	954	17,859	18	19,785
Interest bearing borrowings	-	1,839	2,612	23,115	-	27,566
Lease liabilities	-	55	164	876	119	1,214
Trade and other payables	-	374	2	7	-	383
Provision for onerous contract	-	-	1	42	20	63
Other liabilities	114	305	1	-	-	420
Balance as at 31 December 2019	114	2,573	2,780	24,040	139	29,646

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

14 Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company financial liabilities as at 30 June 2020 and at 31 December 2019 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Interest bearing borrowings	-	267	790	16,946	-	18,003
Lease liabilities	-	55	164	876	10	1,105
Trade and other payables	-	106	-	-	-	106
Provision for onerous contract	-	-	-	31	8	39
Other liabilities	469	11	-	-	-	480
Balance as at 30 June 2020	469	439	954	17,853	18	19,733
Interest bearing borrowings	-	260	777	23,109	-	24,146
Lease liabilities	-	55	164	876	119	1,214
Trade and other payables	-	154	-	-	-	154
Provision for onerous contract	-	-	1	42	20	63
Other liabilities	114	298	-	-	-	412
Balance as at 31 December 2019	114	767	942	24,027	139	25,989

Provision for onerous contract is disclosed in the tables above, because it is a financial liability arising from the unavoidable cost of meeting the obligation of contract. The amounts disclosed are undiscounted future loss amounts used to calculate provision.

15 Other current liabilities

Other current liabilities are presented in the table below:

	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
<u>Financial liabilities</u>				
Dividends payable	469	114	469	115
Performance Fee	-	-	-	-
Other amounts payable	12	306	11	297
	481	420	480	412
<u>Non – financial liabilities</u>				
Salaries and social security contributions payable	27	19	-	-
Tax payable	44	102	35	92
	71	121	35	92
Total other current liabilities	552	541	515	504

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

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 (hereinafter 'the Other related parties') 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 transactions with related parties during the six months ended 30 June 2020 and related balances as at 30 June 2020 were as follows:

1st Half Year 2020 Group	Revenue and other income from related parties	Purchases (including provision) and interest from related parties	Receivables from related parties	Payables to related parties (excluding provision)
AB Invalda INVL (accounting services)	-	7	-	-
AB Invalda INVL (loan)	-	13	-	-
Other related parties (maintenance and repair services)	-	140	-	20
Other related parties (rent, utilities and other)	172	3	7	-
Other related parties (management services provided by the Management Company)	-	(223)	-	48
	<u>172</u>	<u>(60)</u>	<u>7</u>	<u>68</u>

The Group transactions with related parties during the six months ended 30 June 2019 and related balances as at 30 June 2019 were as follows:

1st Half Year 2019 Group	Revenue and other income from related parties	Purchases (including provision) and interest from related parties	Receivables from related parties	Payables to related parties (excluding provision)
AB Invalda INVL (accounting services)	-	7	-	-
Other related parties (maintenance and repair services)	-	228	-	40
Other related parties (rent, utilities and other)	165	4	9	-
Other related parties (management services provided by the Management Company)	-	279	-	217
	<u>165</u>	<u>518</u>	<u>9</u>	<u>257</u>

The related parties of the Company are subsidiaries, shareholders who have significant influence (Note 1), key managers, key managers and shareholders with significant influence, controlled or jointly controlled entities. AB Invalda INVL and its controlled companies are also assigned to related parties, as the Company's shareholders having significant influence also jointly control the Invalda INVL group under the shareholder agreement.

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

16 Related party transactions (cont'd)

The Company transactions with related parties during the six months ended 30 June 2020 and related balances as at 30 June 2020 were as follows:

1st Half Year 2020 Company	Revenue and other income from related parties	Purchases (including provision) and interest from related parties	Receivables from related parties	Payables to related parties (excluding provision)
Loans granted to subsidiaries	-	-	8,947	-
AB Invalda INVL (borrowings)	-	13	-	-
AB Invalda INVL (accounting services)	-	3	-	-
Other related parties (maintenance and repair services)	-	30	-	3
Other related parties (rent, utilities and other)	149	-	-	-
Other related parties (management services provided by the Management Company)	-	(223)	-	48
Property administration and other services from subsidiaries	-	189	-	-
	<u>149</u>	<u>12</u>	<u>8,947</u>	<u>51</u>

Loans granted to Latvian entities are subordinated to the bank borrowings and can be repaid only upon maturity of the bank borrowings in 2020. The repayment date of the loans granted to subsidiaries in Lithuania is 31 December 2019. The Company measured the loans granted to subsidiaries at fair value and did not recognise interest income separately.

The Company transactions with related parties during the six months ended 30 June 2019 and related balances as at 30 June 2019 were as follows:

1st Half Year 2019 Company	Revenue and other income from related parties	Purchases (including provision) and interest from related parties	Receivables from related parties	Payables to related parties (excluding provision)
Loans granted to subsidiaries	-	-	6,975	-
AB Invalda INVL (accounting services)	-	3	-	-
Other related parties (maintenance and repair services)	-	74	-	3
Other related parties (rent, utilities and other)	134	-	-	-
Other related parties (management services provided by the Management Company)	-	279	-	217
Property administration and other services from subsidiaries	-	202	61	42
	<u>134</u>	<u>558</u>	<u>7,036</u>	<u>262</u>

According to dividend distribution report, based on the shareholder list as at 24 April 2020 (the day of accounting of rights), the Company paid to AB Invalda INVL EUR 6,117 thousand of dividends, net of tax, and paid to other shareholders, who have significance influence, EUR 8,245 thousand of dividends, net of tax.

According to the dividend distribution report prepared according to the list of former shareholders as of 13 May 2019 (the day of accounting of rights), the Company paid out dividends after tax in total EUR 554 thousand to Invalda INVL AB and EUR 692 thousand to other significant shareholders.

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

17 Impact of COVID-19

The Group was not significantly affected by the COVID-19 virus pandemic. Due to the quarantine announced in Lithuania, which lasted from 16 March 2020 to 16 June 2020, Group's operations were not disrupted, as the Group can perform all the operations remotely. However, some of the Company's tenants in Lithuania operate in the field of catering, retail and their activities were banned or restricted during quarantine. These tenants were entitled to state support (up to 50% of the rent from the start of quarantine until August 2020) if the lessor provides the tenant with at least 30% discount. Therefore, during the 1st Half of 2020 the Company rental income decreased by EUR 55 thousand. At the Group level the impairment of trade receivables was not significantly affected by the COVID-19 virus pandemic. Prior to the issuance of these reports, most tenants receiving state rent support covered their overdue rent payments. The Group did not request or received any financial support directly due to the COVID-19 virus pandemic. Considering the tenant structure and the impact of the coronavirus pandemic at the beginning of this year on the tenants' activities and the Group results, it can be predicted that pandemic will not have a significant impact on this year's results, if there will be no significant changes in the 2nd Half of 2020. However, in the pessimistic scenario of a pandemic development in Lithuania, the Group may experience an additional decrease in rental income, which is currently not possible to estimate. The Group also postponed the lease payments of part of the tenants until the beginning of the next year (as at 30 June 2020, EUR 123 thousand of such lease payments are included in the caption of current trade receivables). Interest is accrued on postponed payments (EUR 2 thousand recognised in the first half of 2020).

18 Events after reporting period

Due to resolution of the General Shareholders Meeting of the Company that was held on 9 April 2020 on material changes in the incorporation documents of the Company and change of depository an obligation has arisen for the Company to buy back the shares of the Company of shareholders opposing the decisions or not participating in the meeting or abstaining from voting. The Company's shares buy-back began on 7 July 2020 and will last till 9 November 2020. The share buy-back price per share is EUR 1.8526, according to net assets value as at 30 April 2020. The total number of shares that could be submitted for buy-back is 2,551,838. Therefore, the value of the share redemption obligation is EUR 4,728 thousand.



INVL

BALTIC REAL ESTATE

The special closed-ended type real estate investment company
INVL Baltic Real Estate, Consolidated Report
for 6 months of 2020

Translation note:

This version of the Consolidated Report for the 6 months of 2020 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 Semi-Annual Consolidated Report and content of information

The semi-annual Consolidated Report of the public joint-stock company Special closed-ended type real estate investment company „INVL Baltic Real Estate“ (hereinafter may be referred as the Company or INVL Baltic Real Estate) has been prepared by the Company in accordance with 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 semi-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 semi-annual Report is divided into five (V) sections. These sections disclose 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 Real Estate, starting from 1 January 2020 and ending on 30 June 2020. The report includes significant events that occurred since the end of the reporting period.

The report was not audited.

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

3.1. INFORMATION ABOUT THE ISSUER

Name	Special closed-ended type real estate investment company „INVL Baltic Real Estate“
Company code	152105644
Registration address	Gynėjų str. 14, 01109, Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	breinfo@invl.com
Website	www.invlbalticrealestate.com
LEI code	529900GSTE0HKA0R1M59
Legal form	joint-stock company
Company type	special closed-ended type real estate investment company
Date and place of registration	28 January 1997; Register of Legal Entities
Date of the Supervisory authority approval of collective investment entity formation documents	22 December 2016
Register in which data about the Company are accumulated and stored	Register of Legal Entities
Management company	INVL Asset Management, UAB, code 126263073, licence No. VĮK-005
Depository	SEB bankas, AB, code 112021238, bank licence No. 2

3.2. INFORMATION ON COMPANY'S GOALS AND STRATEGY

INVL Baltic Real Estate (hereinafter – the Company or INVL Baltic Real Estate) – real estate investment company that was founded on 28 January 1997, former name – Invaldos Nekilnojamo Turto Fondas, AB. On 17 August 2015 the Company was merged with its parent company; therefore the Company took over all its rights and obligations.

On 22 December 2016 the Bank of Lithuania issued the closed-ended type investment company operating license enabling INVL Baltic Real Estate to engage in the closed-ended type investment company's activities under the Law of the Republic of Lithuania Collective Investment Undertakings. The special closed-ended type real estate investment company will operate 30 years from receiving the special closed-ended real estate investment company license, the term of company's activity may be further extended for a period of no longer than 20 years. Upon receipt of the license, the company's management was transferred to the Management company INVL Asset Management (hereinafter – the Management company). The rights and duties of the Board and the head of the Company were also transferred to the Management company.

According to the Articles of Association of the Company, the Management company formed an Investment Committee, which based on powers vested by the Management company, also participates in the management of the Company.

INVL Baltic Real Estate seeks to ensure the growth of rental income and earn from investments in commercial real estate. The companies owned by INVL Baltic Real Estate have invested in commercial real estate: business centers, manufacturing and warehouse properties at strategically attractive locations in Lithuania and Latvia. All the properties are characterized by high occupancy rates and generate stable financial flows. In addition, most of them has further development potential.

INVL Baltic Real Estate shares have been listed on Nasdaq Vilnius Baltic Secondary trading list since 4 June 2014. Since the start of trading until the end of the reporting period the share price of INVL Baltic Real Estate on the Nasdaq Vilnius exchange has risen 21.39%. The company has approved a Dividend Payment policy on 9th April 2020, which stipulates the annual payment of dividend per share of no less than EUR 0.09.

3.3. INFORMATION ABOUT THE ISSUER'S GROUP OF COMPANIES

Companies of INVL Baltic Real Estate - the structure of the group companies is disclosed below. At the moment of the release of the report the Company owns 4 real estate properties in Vilnius and Riga. The amount of owned real estate properties reduced due to the sale of IBC business centre located at A Juozapaviciaus str. and Seimyniskiu str. in Vilnius.

3.3.1. COMPANIES OF INVL BALTIC REAL ESTATE (DATA AS OF 30 JUNE 2020):

Company	Registration information	Shares (voting rights) directly or indirectly held by the Company	Type of activity	Contact details
Roveliija, UAB	Code 302575846 Address – Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010	100 percent	investments into commercial rental real estate	Tel. +370 5 2790601 breinfo@invl.com
Proprietas, UAB	Code 303252098 Address – Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 27.02.2014	100 percent	investments into commercial rental real estate	Tel. +370 5 2790601 proprietas@invl.com
DOMMO grupa SIA	Code 40003733866 Address – Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia Legal form – private limited liability company Registration date 17.03.2005	100 percent	investments into commercial rental real estate	Tel. +370 5 2790601 breinfo@invl.com
DOMMO biznesa parks SIA	Code 40003865398 Address – Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia Legal form – private limited liability company Registration date 13.10.2006	100 percent	investments into commercial rental real estate	Tel. +370 5 2790601 breinfo@invl.com

Continued on the next page

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DOMMO SIA	Code 40003787271 Address – Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia Legal form – private limited liability company Registration date 05.12.2005	100 percent	Real estate	Tel. +370 5 2790601 breinfo@invl.com
DBP Invest SIA	Code 40103463830 Address – Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia Legal form – private limited liability company Registration date 28.09.2011	100 percent	carries no activity	
Perspektyvi Veikla, UAB	Code 302607087 Address – Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 25.03.2011	100 percent	carries no activity	Tel. +370 5 2790601 breinfo@invl.com

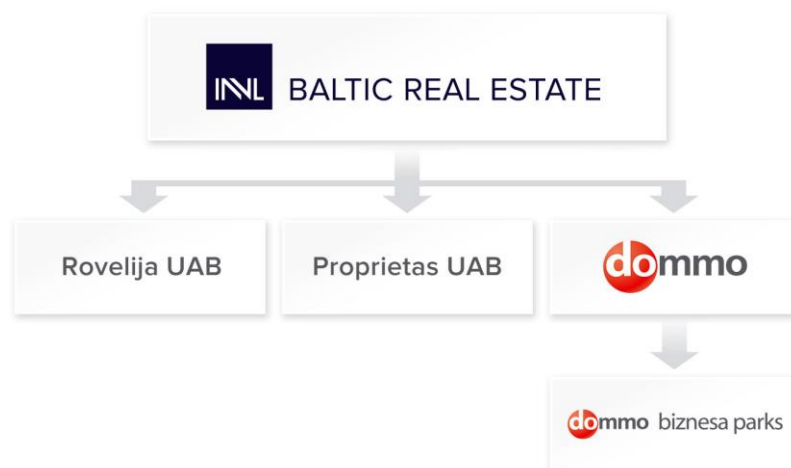


Fig. 3.3.2. Simplified group structure of INVL Baltic Real Estate as of 30 June 2020.

3.3.3. REAL ESTATE OBJECTS OWNED BY GROUP COMPANIES IN VILNIUS (LITHUANIA)

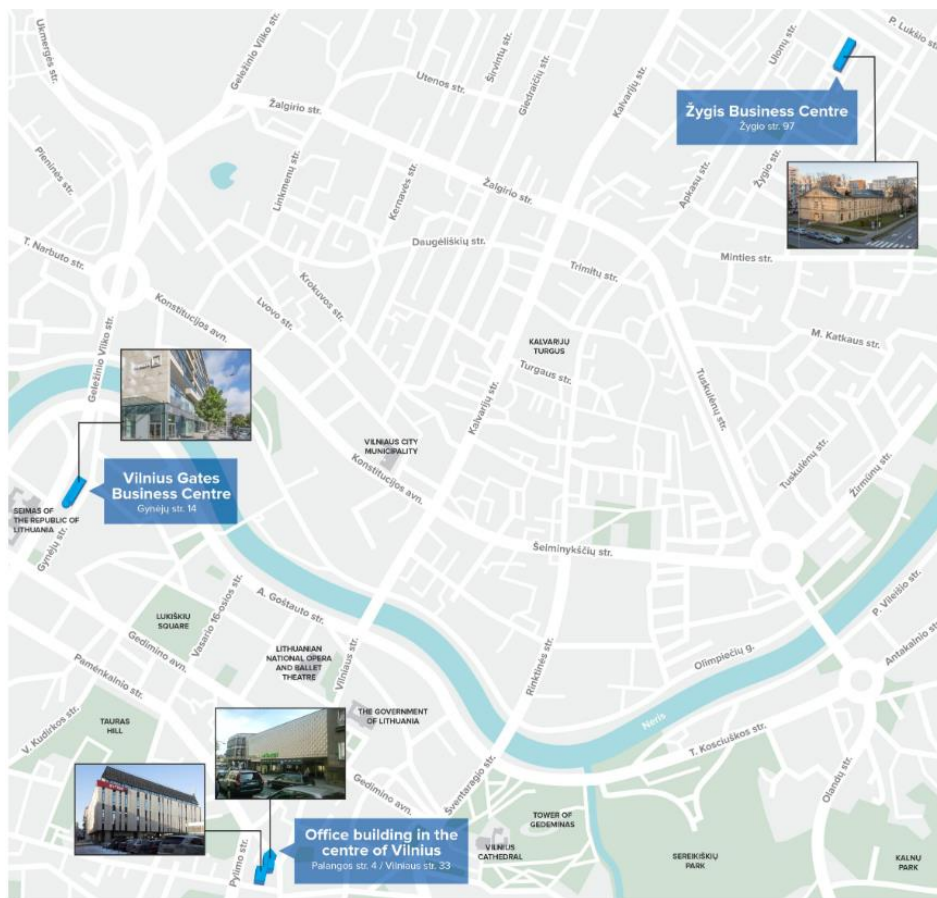


Fig. 3.3.2. Real estate objects owned by group companies of INVL Baltic Real Estate in Vilnius (Lithuania)

INVESTMENTS IN REAL ESTATE

VILNIAUS VARTAI

VILNIUS GATES BUSINESS CENTRE

AREA 8,100 SQ.M.

Vilnius Gates is an excellent choice for those who value the chance to work in the very centre of the capital city, right beside Vilnius’s main street – Gedimino Avenue – and one of the city’s key transport arteries – Geležinio Vilko Street.

Renovated and reorganised, this business centre in an exclusive urban area is now even more luminous and convenient. Flexible planning of space and the option of a separate entrance just for your company ensure a sense of comfort and distinctiveness.

INVL Baltic Real Estate owns two floors of premises in this complex – they start from the playful inverted glass frustum edifice with a restaurant on the ground floor and continue along Gynėjų Street, also 67 parking spaces in the on the on ground and underground areas. The Company acquired the premises at the end of 2015.



The full Vilnius Gates complex comprises more than 53 sq. m. of varied-use premises, making it a highly attractive location for restaurants and providers of healthcare, fitness and other services. It’s an ideal setting for service centres, creative agencies, providers of financial and legal services, IT firms and startups.

For more information please visit www.vvartai.lt.

Basic information	
Total area	8,100 sq. m
Leased area	7,200 sq. m
Land area	0.26 ha
Property market value at the end of June 2020	EUR 15.5 million
Occupancy at the end of June 2020	95 percent



Main tenants: INVL Asset Management, BAIP, Etronika, Rockit, restaurant Stebuklai, Go Vilnius.

Address Gyneju str. 14, Vilnius



OFFICE BUILDING IN THE CENTRE OF VILNIUS

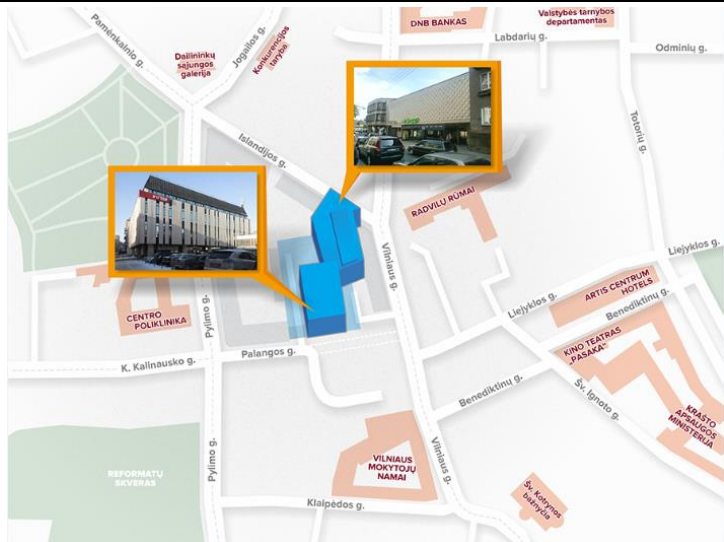
AREA 9,800 SQ.M.

Business centre is located in one of the busiest places in the Old Town of Vilnius, between Vilnius, Pamenkalnio, Islandijos and Palangos streets.

Vilnius Old Town - one of the most important components of the city and its centre, the oldest part of the city of Vilnius, situated on the left bank of the Neris River. Old Town area - protected and managed in accordance with the special heritage protection well, small business and residential function are being supported. There is a closed, guarded parking and underground garage in the area, convenient public transport access.

The cooperation space Talent Garden Vilnius, occupying more than 2,000 sq. m, operates in the business center. The campus has over 230 workplaces, more than half of which are in private offices, as well as a 150-seat modern conference hall.

Radvilų Palace, Teacher's House, Lithuanian Technical Library, St. Catherine's Church and other cultural attractions, cafes, restaurants are located near the building.



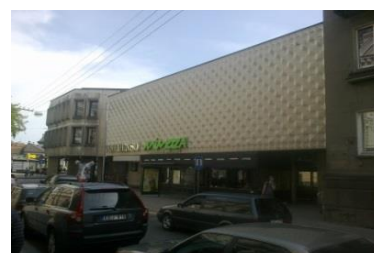
Block A basic information

Total area	5,100 sq. m
Leased area	3,900 sq. m
Land area	0.49 ha (total area of the complex)
Property market value at the end of June 2020	EUR 6.0 million
Occupancy at the end of June 2020	95 percent (total complex occupancy)



Block B basic information

Total area	4,700 sq. m
Leased area	2,900 sq. m
Land area	0.49 ha (total area of the complex)
Property market value at the end of June 2020	EUR 6.1 million
Occupancy at the end of June 2020	95 percent (total complex occupancy)



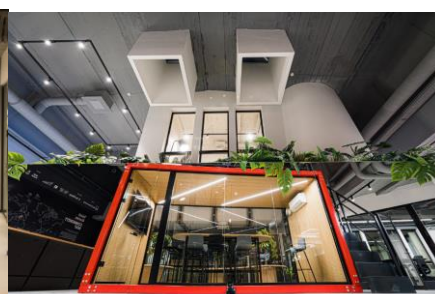
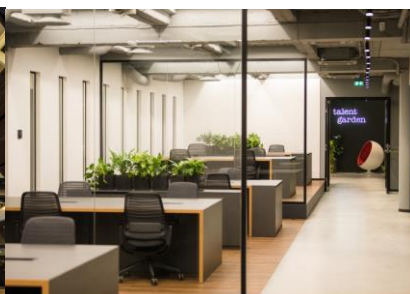
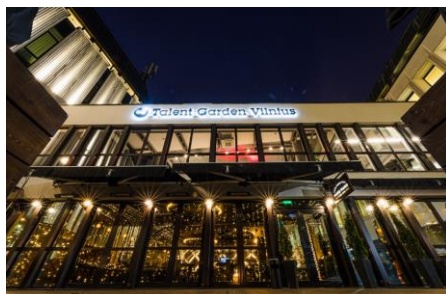
Main tenants: Talent Garden Vilnius, TransferGo, Telia LT, Uncle Sam's.

Address: Palangos str. 4/ Vilniaus str. 33, Vilnius.



Talent Garden Vilnius' opened on 12th December 2019 and was established on a campus of more than 2,000 sq. m. on Vilniaus Street (Vilniaus g. 33). The space is also host to the first Startup Museum in the country, a creation of Vilnius's tourism and development agency Go Vilnius. The campus features a total of over 230 workplaces, more than half of which are in private offices, as well as a 150-seat modern conference hall.

More about the project: <https://talentgarden.org/>



ŽYGIO VERSLO CENTRAS **ŽYGIS BUSSINESS CENTRE**
AREA 3,200 SQ.M.

Zygio business centre – the yellow brick, authentic nineteenth century architecture, renovated office building, perfectly adapted to modern office activities.

The building stands in the Northern Town – in a strategically attractive, busy part of Vilnius, easily accessible by car and public transport.

Other commercial and business centres, banks, the State Tax Inspectorate, Social Insurance, Employment Exchange, medical clinics and various business services companies, attracting large flows of people, are located nearby.

Also, even four large shopping centres – Domus Gallery, Ogmios miestas, Hyper Rimi, Banginis-Senukai, are located near the business centre. Distance to the centre of Vilnius is about 3.5 km. 70 spots covered parking lot is installed next to the building.



Basic information

Total area	3,200 sq. m
Leased area	2,900 sq. m
Land area	0.4 ha
Property market value at the end of June 2020	EUR 3.0 million
Occupancy at the end of June 2020	69 percent



Main tenants: School Žirniukas, Innoforce.
Address: J. Galvydzio str. 7 / Zygio str. 97, Vilnius.



IBC class A and B business centres at Seimyniskiu str. 1a, Seimyniskiu str. 3, A.Juozapaviciaus str. 6, Slucko str. 2 in Vilnius*

* On 6 March 2020 a real estate sale transaction was completed with the subsidiary companies Juozapavičiaus 6 UAB and Ateira UAB of the closed-end investment fund for informed investors Lords LB Baltic Green Fund (V), which is managed by Lords LB Asset Management UAB, regarding the sale of the IBC Business Centre on A. Juozapavičiaus and Šeimyniškių streets in Vilnius which the Company owns. Also sold was real estate at the address Kalvarijų Street 11a belonging to the INVL Baltic Real Estate company Roveliją. Transaction value – EUR 33 million. For further information please visit Company’s wb site (Section For investors → News). Link: <https://bre.invl.com/lit/en/naujienu-centras>.

2.3.2. REAL ESTATE OBJECTS OWNED BY GROUP COMPANIES IN RIGA (LATVIA)

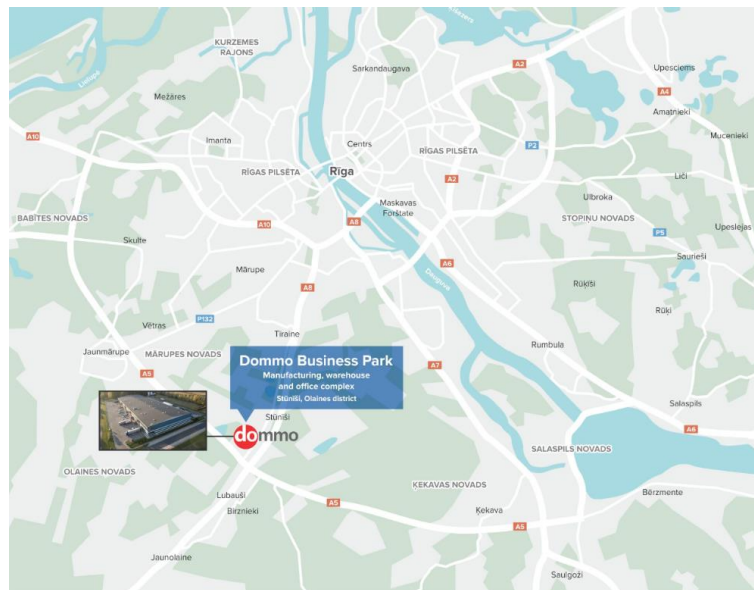


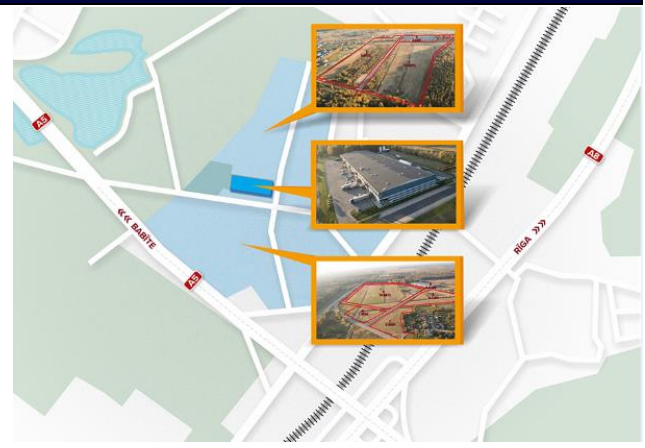
Fig. 2.3.3. Real estate objects owned by group companies of INVL Baltic Real Estate in Riga (Latvia)

DOMMO BUSINESS PARK MANUFACTURING, WAREHOUSE AND OFFICE COMPLEX
 AREA 12,800 SQ.M.

Dommo Business Park manufacturing/warehouse and office premises complex in Latvia.

The area is strategically well-located, to the right of Jelgava road, in front of the intersection with Jurmala - Tallinn bypass. Distance to the centre of Riga and the airport is 13 km, the port - 16 km.

The area is suitable for the development of logistics centres.



Basic information

Total area	12,800 sq. m
Leased area	12,800 sq. m
Land area	58.21 ha
Property market value at the end of June 2020	EUR 8.4 million
Occupancy at the end of June 2020	100 percent



Main tenant: Bohnenkamp, Tente, Rewico Baltikum, Inservise.

Address: Stūņi, Olaines region.



II. FINANCIAL INFORMATION AND SIGNIFICANT EVENTS

4 Overview of the Issuer and its group activity

4.1. COMMENT MADE BY INV L ASSET MANAGEMENT REAL ESTATE FUND MANAGER VYTAUTAS BAKŠINSKAS



INVL Baltic Real Estate's consolidated net operating income from its properties in the first half of 2020 was EUR 1.28 million, or 59.3% more than in the same period of 2019 (when it was EUR 0.8 million). INVL Baltic Real Estate's consolidated revenue in the first half of 2020 was EUR 2.29 million, or 23% less than in the same period of 2019 (when it was EUR 2.98 million). Of that, consolidated leasing income from property holdings decreased 27.4% to EUR 1.7 million. The decrease in leasing income was influenced by the completion in March of the sale of the IBC Business Centre, while the other properties that INVL Baltic Real Estate owns maintained a high level of occupancy and increased their leasing income. Net profit for the first half of the year was Eur 0.92 million, or 46% less than in the corresponding period of 2019. The reduction of net profit essentially was due to the significant change in the value of investment assets recorded in 2019.

The Vilnius Gates Business Centre's leasing income in the first half of 2020 was EUR 0.59 million, or 4.6% more than in the same period a year before (when it was EUR 0.57 million).

Leasing income at the Žygis Street 97 Business Centre in the first half of 2020 was EUR 0.11 million, or 6.9% more than in the corresponding period of 2019 (when in was EUR 0.1 million).

The first half of 2020 stood out for the successful start of activities of the Talent Garden Vilnius coworking space, which helped increase the leasing income of the property at Palangos St. 4 / Vilniaus St. 33 by 24.55% to EUR 0.48 million (from EUR 0.39 million in 2019). Talent Garden Vilnius's operating results were negatively impacted by the quarantine declared in the country, but just after the end of the quarantine its occupancy reached 80%.

The coronavirus negatively impacted the company's results, but that impact was not material. The total discounts given to tenants whose activities were banned during the quarantine amounted to approximately EUR 50,000.

We are pleased with the company's positive results and for our part will strive to further increase the value of the assets being held.

4.2. OPERATIONAL ENVIRONMENT

Minor changes took place in business center occupancy in the middle of 2020. They were caused by the development of new facilities, the migration of tenants, the pandemic and its management measures. Currently, business center vacancy rate amounts to approx. 2.8 percent of Class A, approx. 4.2 percent of Class B1 and approx. 4.3 percent of Class B2 premises. All segments face a common challenge of the increased number of home workers. It is likely that if this form of work persists in the future, tenants will take advantage of the opportunity to save. As supply in the market grows every year, competition between segments will increase. The funds released due to the reduction of the space of rented premises can be used for a better office location, and tenants of small premises in particular are likely to combine work from home and co-working spaces.

Rental price ranges have not changed during the half year. The price of Class A office premises is EUR 14–17 / sq.m., Class B1 - EUR 11–14 / sq.m. and Class B2 - EUR 7–10 / sq.m. Due to the pandemic and the particularly rapid development of business centers, rental prices have fallen slightly, but these discounts are more related to the tenant-landlord relationship, the size of the rented premises, the duration of the contracts and additional rental costs.

High occupancy of Vilnius business centers, stable rental prices and attractive sales conditions determine the continuous growth of the capital's office space market. If the efforts to avoid protracted construction due to the pandemic are successful, it is planned to complete 12 objects this year (approx. 120,000 sq. m). The figures of the development plans for next year are even more impressive, with twice as many objects (almost 300,000 sq. m) planned. On the other hand, at this point some of the objects only exist on drawings, so there is a possibility that their development may be delayed. If work from home persists, such a sharp rise in new space offering could lead to a significant increase in vacancy and lower rental prices, which could plunge the office market into a few years of stagnation.

The main factors that have shaped the Kaunas office market this year are the increased supply of offices and the pandemic. These circumstances gave the tenants a little more bargaining power in negotiating both the rental prices and the terms of the contract. The business centers opened at the end of 2019 significantly increased the vacancy rate of Class A business centers. If last year tenants were offered about 9 percent of all high-end premises, by mid-2020, vacancies had risen to 16.7 percent.

In the second quarter of this year, vacant Class B1 premises in Kaunas accounted for about 12 percent (slightly less than last year - 14.5 percent), and B2 - for 13.0 percent (14.0 percent).

There were no significant changes in office rental prices in the first half of this year, but due to the pandemic, tenants can expect small discounts and slightly more liberal rental conditions. The price range of new contracts is EUR 12-13 / sq.m. in Class A centers, EUR 9-11 / sq.m. in B1, and EUR 6-9 / sq.m. in B2 business centers.

The development plans for 2020 in Kaunas remained unchanged. It is expected that 6 new business centers will be opened in the temporary capital this year, which will offer the market a little more than 40,000 sq. m. Development plans for 2021 remain vague. It is known about the intention to develop only 3 new projects with 15,000 sq.m. of premises. The slightly slower development is determined not only by the inability to absorb new space, but also by the uncertainty of the impact of the pandemic on the real estate market, the country's and the world's economy. On the other hand, slower development will ensure the sustainability of this market segment.

Despite the particularly cautious development of offices, Klaipėda faces difficulties in filling vacant premises, although the city has a relatively large choice of premises and rental prices that are lower than those in Vilnius and Kaunas. The vacancy of Class A business centers has increased from 22.0 percent at the end of 2019 to 27.7 percent in the middle of this year, the vacancy rate of Class B1 premises - from 4.0 to 5.5 per cent and B2 - from 5.3 to 6.7 percent.

There were no changes in rental prices. Class A premises are currently still available for rent at the rate of EUR 9-12 / sq.m., the rent of Class B1 premises stands at EUR 7-11 / sq.m., and premises in B2 segment are currently available at the rate of EUR 5-7 / sq. m. It is likely that the continued low occupancy of Class A business centers could lead to a minor price war. On the other hand, rental prices in segment B are not high anyway, so it is likely that the differences in occupancy between the various classes may decrease slightly in the future.

In 2020, the Riga warehousing and logistics market should be supplemented by about 123,000 sq. m of newly-built warehouses, thus reaching 1,200,000 sq. m. of space available for rent. The largest project is the development of Rimi warehouses, which is about 41,000 sq.m. Due to the pandemic, rental prices did not increase and have stabilized at approx. EUR 4.1 / sq. m. on average.

Sources:

https://www.inreal.lt/file/1/7/5/1/Ekonomikos-ir-NT-rinkos-apzvalga-2020_I-pusmetis_INREAL-Siauliu-bankas-COBALT_2020-07-23.pdf
[https://cbre.lv/wp- https://cbre.lv/wp-content/uploads/2020/07/Baltics-Industrial-MarketView-2019-2020.pdf](https://cbre.lv/wp-content/uploads/2020/07/Baltics-Industrial-MarketView-2019-2020.pdf)

4.3. KEY FIGURES OF INVL BALTIC REAL ESTATE

EUR million	Group		
	30.06.2018	30.06.2019	30.06.2020*
Managed common area	56,876 sq. m	56,876 sq. m	33,900 sq. m
Managed rental area	46,576 sq. m	46,876 sq. m	29,700 sq. m
The real estate value	57.5	60.0	38.9
Cash	0.6	0.7	3.1
Other assets	1.2	2.0	2.3
Assets	59.3	62.7	44.3
Equity	34.1	35.3	24.6
Borrowings from credit institutions	23.1	24.2	16.9
Other payables	2.1	3.2	2.8
Total equity and liabilities	59.3	62.7	44.3
Total equity for one share	EUR 2.59	EUR 2.685	EUR 1.87

*Changes in financial indicators for 30 June 2020, compared to the same period in 2018 and 2019, was affected by the decrease in the Company's managed real estate portfolio due to the sale of the IBC business center on 6th March 2020. The value of the transaction amounted to EUR 33 million.

4.4. RESULTS OF INVL BALTIC REAL ESTATE

EUR million	Group		
	01.01.2018 – 30.06.2018	01.01.2019 – 30.06.2019	01.01.2020 – 30.06.2020*
Revenue	2.9	3.0	2.3
<i>rental income from owned premises</i>	2.2	2.3	1.6
<i>rental income from subleased premises</i>	0.1	-	-
<i>other revenue</i>	0.6	0.7	0.7
Investment property revaluation	0,85	1.6	(0.1)
Net operating income from owned properties	1.7	0.8	1.3
Profit before tax	1.9	1.7	0.9
Net profit	1.9	1.7	0.9
Earnings per share	EUR 0.15	EUR 0.13	EUR 0.07

Net asset value of the Company amounted to EUR 24,561,436 or EUR 1.8678 per share on 30th June 2020*. At the same period in 2019, the net asset value amounted to EUR 35,307,971 or EUR 2.685 per share.

* Changes in financial indicators for 30 June 2020, compared to the same period in 2018 and 2019, was affected by the decrease in the Company's managed real estate portfolio due to the sale of the IBC business center on 6th March 2020. The value of the transaction amounted to EUR 33 million.

More detail information on the net asset value of the Company as well as change of the net asset value per share is stated in the website of the Company (*the Company's web site section "for investor" → "Financial information and reports" → "net asset value"*). Link <https://bre.invl.com/lit/en/for-investors/reportsfinancial-information-and-reportsfinancial-information-and-reports/net-asset-value>

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

4.5.1. SIGNIFICANT ISSUER'S EVENTS

REPURCHASE OF OWN SHARES OF THE COMPANY DUE TO MATERIAL CHANGES IN THE INCORPORATION DOCUMENTS

- On 25th June 2020 the Company announced about convocation of the General Shareholders Meeting on 9th April 2020 on repurchase of own shares of the Company due to material changes in the incorporation documents of the Company and taking into account that an obligation has arisen for the Company to buy back the shares of the Company of shareholders opposing the decisions or not participating in the meeting or abstaining from voting, on 25 June 2020 the Management Company provides an approved detailed procedure for the buy-back of the Company's shares, according to which the buy-back of the Company's shares shall be carried out. At the same time, it is announced that on 7 July 2020 share buy-back of the Company's shares begins and will last till 9 November 2020. The share buy-back price per share is EUR 1.8526, according to NAV as of 30 April 2020.

For more information please visit Company's website. The Company's web site section "For investor" → „Share buy-back 2020". Link <https://bre.invl.com/lit/en/for-investors/share-buy-back-2020>

MANAGEMENT OF THE COMPANY

- On 18th May 2020 the Company informs that the the Management Company of INVL Baltic Real Estate approved the Prospectus and approved its publication. The Prospectus was submitted to the Bank of Lithuania in accordance with the Law on Managers of Alternative Investment Undertakings of the Republic of Lithuania, article 40 (9).

GENERAL SHAREHOLDERS MEETINGS

- On 18th April 2020 the Company announced about convocation of the General Shareholders Meeting on 9th April 2020. The Meeting was held at the premises of the Company, located at Gyneju str. 14, Vilnius. The draft agenda of

the General Shareholders Meeting of INVL Baltic Real Estate was announced - including questions regarding presentation of the consolidated annual report for 2019 and independent auditor's report on the financial statements and consolidated annual report of the Company. The agenda of the meeting also includes issues related to the approval of the consolidated and stand-alone of financial statements for 2019, profit distribution, recast of the dividend payment policy and approval of the Remuneration policy. Also amendment of the Articles of Association approval of new wording of the Articles of Association and appointment of the authorized person to sign new wording of the Articles of Association, termination of the depository service agreement between Company and AB SEB bankas and conclusion of a new depository service agreement with AB Šiaulių bankas. on buy-back of shares the Company due to the material change of the Articles of Association and change of the depository services provider and the main principles of the procedure for buy-back of shares. Shareholders meeting as it was announced, was held on 9th April 2020. On 30th March 2020 the Company announced that due to the pandemic of coronavirus, the shareholders meeting will be held, but shareholders of the Company are strongly urged to use the right to vote on the issues in the agenda of the general shareholders meeting by submitting properly completed general voting bulletins to the Company in advance.

INFORMATION RELATED TO THE ALLOCATION OF DIVIDENDS

- On 9th April 2020 the Company 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 2019. The General Shareholders Meeting of INVL Baltic Real Estate decided to allocate EUR 1.55 dividend per share. Dividends were paid to the shareholders who on 24th April 2020 were shareholders of the Company. The Company informed that the dividends will be allocated from 7th May 2020.

FINANCIAL INFORMATION

- On 18th March 2020 the Company announced the audited annual information for 2019 together with the Confirmation of the Responsible persons and factsheet. The audited consolidated net profit of INVL Baltic Real Estate group amounted to EUR 10.40 million, the revenue was EUR 5.90 million for the period of 2019 (for 2018 – consolidated net profit was EUR 3.17 million, revenue was EUR 5.82 million). The audited net profit of INVL Baltic Real Estate itself amounted to EUR 10.63 million in 2019 and EUR 3.37 million in 2018.
- On 18th March 2020 the Company announced that the net asset value of the Company amounted to EUR 44,024,833 or EUR 3,3479 per share on 31st December 2019.
- On 30th April 2020 the Company announced the results for 3 months of 2020. Unaudited consolidated net profit of the INVL Baltic Real Estate group was EUR 0.4 millions, revenue was EUR 1.49 millions for 3 months of 2020 (for 3 months of 2019 consolidated net profit was EUR 0.24 millions, revenue was EUR 1.54 millions). The unaudited net profit of INVL Baltic Real Estate itself amounted to EUR 0.45 millions for 3 months of 2020 and EUR 0.29 millions for 3 months of 2019.
- On 30th April 2020 the Company announced that the net asset value of the Company amounted to EUR 44,428,162 or EUR 3.3786 per share on 31st March 2020.
- 25th May 2020 on repurchase of own shares the Company announced correction for investor's calendar for 2020.
- 25th June 2020 the net asset value as of 30th April 2020 was announced. According to the published net asset value, the shares of the Company will be repurchased from these shareholders of the Company who did not vote at the Meeting regarding material changes in the incorporation documents of the Company and express their wish to do so. The unaudited, interim net asset value of INVL Baltic Real Estate amounted to EUR 24,361,588 or EUR 1.8526 per share on 30th April 2020.

INVESTMENTS

- On 28th February 2020 the Company gave notification that, as of the expiration on 28 February 2020 of the Letter of Intent signed between INVL Baltic Real Estate and the fund managed by Lords LB Asset Management, a transaction on the possible sale of Assets, regarding possible sale transaction of Company's real estate about which was announced on 19th December 2019, had not been made.
- On 5th March 2020 the Company gave notification that taking into account the upcoming inside information disclosure and seeking to ensure protection of the shareholder's interest of INVL Baltic Real Estate (hereinafter may be referred as the Company), the Company submitted a request to Nasdaq Vilnius to suspend trading in INVL Baltic

Real Estate shares (ISIN LT0000127151) from 5th March 2020 (inclusive) until the announcement of the inside information disclosure.

- The Company gave notification that, after negotiations were renewed, on 6th March 2020 a real estate sale transaction was completed with the subsidiary companies Juozapavičiaus 6 UAB and Ateira UAB of the closed-end investment fund for informed investors Lords LB Baltic Green Fund (V), which is managed by Lords LB Asset Management UAB, regarding the sale of the IBC Business Centre on A. Juozapavičiaus and Šeimyniškių streets in Vilnius which the Company owns. Also sold was real estate at the address Kalvarijų Street 11a belonging to the INVL Baltic Real Estate company Roveliją. The value of the transaction is EUR 33 million. It is assessed that its impact on INVL Baltic Real Estate's 2019 profit will be EUR 7.6 million and its impact on the company's net asset value (NAV) per share will be EUR 0.58. At the end of September 2019, INVL Baltic Real Estate's NAV per share was EUR 2.72. The proceeds of the transaction will be used for pay-outs to shareholders and to reduce outstanding loans of the Company.
- On 10th March 2020 the Company gives notification that, after relinquishing ownership of the IBC Business Centre in Vilnius on 6 March 2020, the Company temporarily is not in conformity with the largest allowed level of debt specified in INVL Baltic Real Estate's Articles of Association. The Articles of Association envisage that up to 50 percent of the value of the real estate belonging to the Company may be borrowed on its behalf. The Law on Collective Investment Undertakings currently in effect allows a real estate fund's ratio of loans to real estate value to be up to 80 percent. Taking preliminary data for 31 December 2019, at the time of this announcement INVL Baltic Real Estate's ratio of loans to equity was approximately 56 percent. The Company's management company, INVL Asset Management UAB, is taking measures and preparing an action plan upon whose implementation would eliminate the discrepancy in the Company's loan to equity ratio.

The Company discloses publicly available information in Nasdaq Vilnius stock exchange news section ([link](#)), Central Storage Facility database ([link](#)), and in Company's web site ([link](#)).

4.5.2. SIGNIFICANT GROUP'S EVENTS

There were no important events in the activities of the real estate companies in the first half of 2020. The companies performed usual activity during the reporting period.

5 Significant events of the Issuer and its group since the end of the reporting period

After the reporting period until the release of the report the Issuer and the group companies performed usual activity. No significant events were noted.

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

6.1. EVALUATION OF IMPLEMENTATION OF GOALS

INVL Baltic Real Estate has succeeded in achieving the essential goals of improving the company's performance, as well as to start successful operations of the Talent Garden Vilnius cooperation space.

6.2. ACTIVITY PLANS AND FORECASTS

INVL Baltic Real Estate will seek to continue to earn from investment in commercial real estate, ensuring rental income growth, cost optimization. Investments managed by INVL Baltic Real Estate allows us to expect a constant increase in the value of the property.

III. INFORMATION ABOUT SECURITIES

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

According to the Articles of Association of the Company, the Articles of Association of INVL Baltic Real Estate may be amended by the decision of the General Shareholders' Meeting, passed by more than 3/4 of votes (except in cases stated in the Law on Companies of the Republic of Lithuania and in cases stated in Company's Articles of Association).

During the reporting period, Company's Articles of Association was not amended. The General Shareholders Meeting of the Company held on 9th April 2020, approved the new wording of the Articles of Association, which will be changed after the approval of the Bank of Lithuania and after mandatory share purchase procedure (the Company has an obligation to purchase shares from the shareholders who voted against or did not vote during the General Shareholders Meeting for changes in the incorporation documents of the Company (Articles of Association and depository services agreement).

Currently actual wording of the Articles of Association of INVL Baltic Real Estate is dated as of 5th June 2019. The Articles of Association is available on the Company's website (*the Company's web site section "for investor" → "Legal-documents" → "articles-of-association"*). Link <https://bre.invl.com/lit/en/for-investors/articles-of-association>

8 Structure of the authorized capital

8.1. SHARE CAPITAL CHANGES

Table 8.1. Structure of INVL Baltic Real Estate authorised capital as of 30 June 2020.

Type of shares	Number of shares, units	Total voting rights granted by the issued shares, units	Nominal value, EUR	Total nominal value, EUR	Portion of the authorised capital, %
Ordinary registered shares	13,150,000	13,150,000	1.45	19,067,500	100

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

8.2. INFORMATION ABOUT THE ISSUER'S TREASURY SHARES

INVL Baltic Real Estate or its portfolio companies have not implemented acquisition of shares in INVL Baltic Real Estate directly or indirectly under the order of subsidiary by persons acting by their name.

9 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

9.1. table. Main characteristics of INVL Baltic Real Estate shares admitted to trading

Shares issued, units	13,150,000
Shares with voting rights, units	13,150,00
Nominal value, EUR	1.45
Total nominal value, EUR	19,067,500
ISIN code	LT0000127151
LEI code	529900GSTE0HKA0R1M59
Name	INR1L
Exchange	AB Nasdaq Vilnius, XLIT
List	Baltic Secondary list
Listing date	04.06.2014
Included into indexes	B8600GI, OMX BALTIC REAL ESTATE GI, (SE0004384188) B8600PI, OMX BALTIC REAL ESTATE PI, (SE0004384477) OMXBGI, OMX BALTIC ALL SHARE GROSS INDEX, (SE0001849977) OMXBPI, OMX BALTIC ALL SHARE PRICE INDEX, (SE0001849985) VILSE, OMX VILNIUS INDEX, (LT0000999963)

Company has signed a market-making agreement with Šiaulių bankas, AB on 1 March 2016.

Table 9.2. Trading in INVL Baltic Real Estate shares

	30-06-2018	30-06-2019	30-06-2020
Share price, EUR:			
open	2.360	2.420	3.000
high	2.420	2.540	3.880
low	2.210	2.100	1.890
medium	2.179	2.466	2.663
last	2.300	2.440	1.900
Turnover, units	202,827	97,241	239,127
Turnover, EUR	442,046.92	239,751.00	636,853.71
Traded volume, units	393	227	1,414

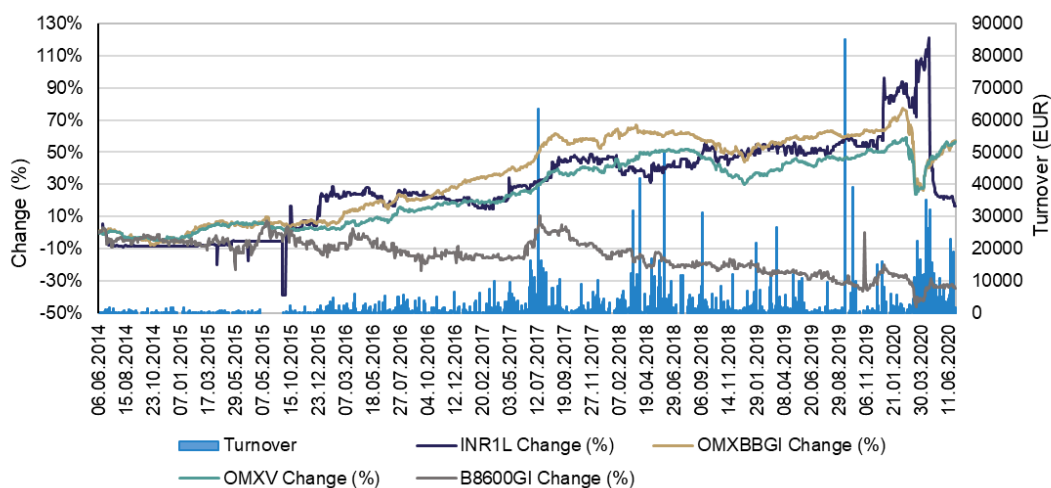


Fig. 9.3. INVL Baltic Real Estate change of share price and indexes¹

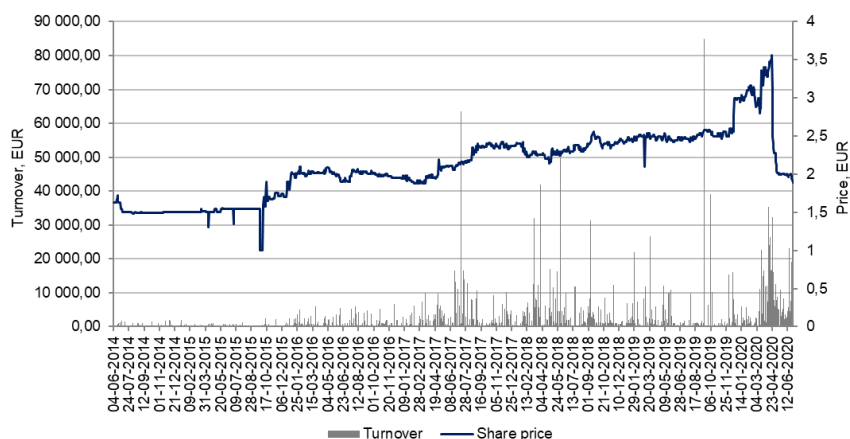


Fig. 9.4. Change of share price of INVL Baltic Real Estate and turnover

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).

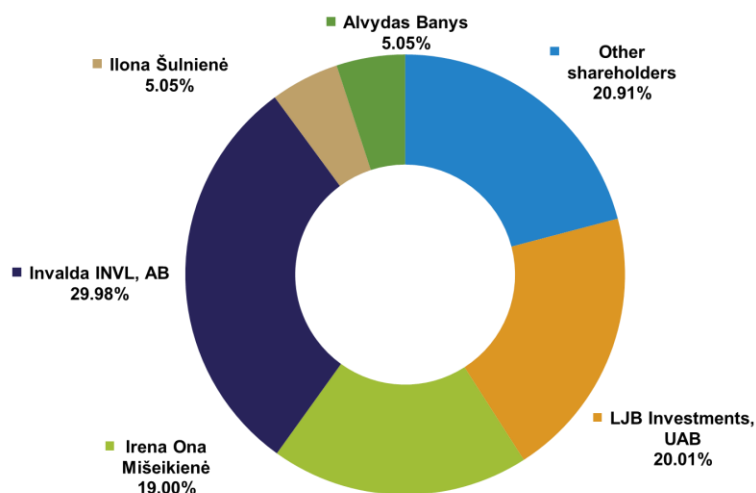
10 Shareholders

10.1. INFORMATION ABOUT COMPANY'S SHAREHOLDERS

The total number of shareholders in INVL Baltic Real Estate was about 3,700 on 30 June 2020. There are no shareholders entitled to special rights of control.

10.1.1. table. Shareholders who held title to more than 5% of INVL Baltic Real Estate authorised capital and/or votes as of 30 June 2020.

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of the votes, %		
			Share of votes given by the shares held by the right of ownership, %	Indirectly held votes, %	Total, %
LJB Investments, UAB code 300822575, Juozapavičiaus str. 9A, Vilnius	2,631,695	20.01	20.01	0	20.01
Irena Ona Mišeikienė	2,498,596	19.00	19.00	0	19.00
Invalda INVL, AB code 121304349, Gynėjų str. 14, Vilnius	3,942,273	29.98	29.98	2.46 ²	32.44
Alvydas Banys	663,640	5.05	5.05	20.01 ³	25.06
Ilona Šulnienė	664,710	5.05	5.05	0	5.05



10.1.1. Fig. Votes as of 30 June 2020

10.2. RIGHTS AND OBLIGATIONS CARRIED BY THE SHARES

Property, non-property rights and obligations to shareholder granted by the Company's shares in the first half of 2020 are not different from the the description of the rights and obligations carried by the shares presented in the Company's consolidated annual report for 2019.

² According to section 1 of article 16 of the Law on Securities of the Republic of Lithuania, Invalda INVL, AB is considered to hold the voting rights of the controlled company UAB Imoniu grupe Inservis.

³ According to section 1 of article 16 of the Law on Securities of the Republic of Lithuania, Alvydas Banys is considered to hold the voting rights of the controlled company UAB LJB Investments.

11 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.

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 Lithuanian Law on Personal Income Tax and the Lithuanian 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 taxes⁴.

The General Shareholders Meeting of the Company held on 9th April 2020 approved the new wording of the Dividend payment policy which stipulates the yearly payment of dividends per share of no less than EUR 0.09.

On 9th April 2020, the General Shareholders Meeting of INVL Baltic Real Estate decided to allocate EUR 1.55 dividend per share. On 6th March 2020, the Company successfully completed the sale of the IBC Business Center for EUR 33 million. The company offered to distribute the received funds to the dividend allocation for 2019.

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 24th April 2020 were shareholders of the Company.

The Company started to allocate dividends for the year 2019 from 7th May 2020. Dividends were allocated to those shareholders of the company, who have 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.

11.1. Table. Indexes related with shares*

Company's	30 June 2018	30 June 2019	30 June 2020**
Net Asset Value per share, EUR	2.59	2.69	1.87
Price to book value (P/Bv)	0.89	0.91	1.02
Dividend yield	5.7	5.3	81.6

**Changes in financial indicators for 30 June 2020, compared to the same period in 2018 and 2019, was affected by the sale of the IBC business center on 6th March 2020, and dividend allocation for the year 2019, allocating EUR 1.55 per share.

*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 the Company's web site section „For Intestors“ → „Reports“ → „Indicator formulas“. The link is provided <https://bre.invl.com/lit/en/for-investors/reports/formulas-of-performance-indicators>

⁴This information should not be treated as tax consultation.

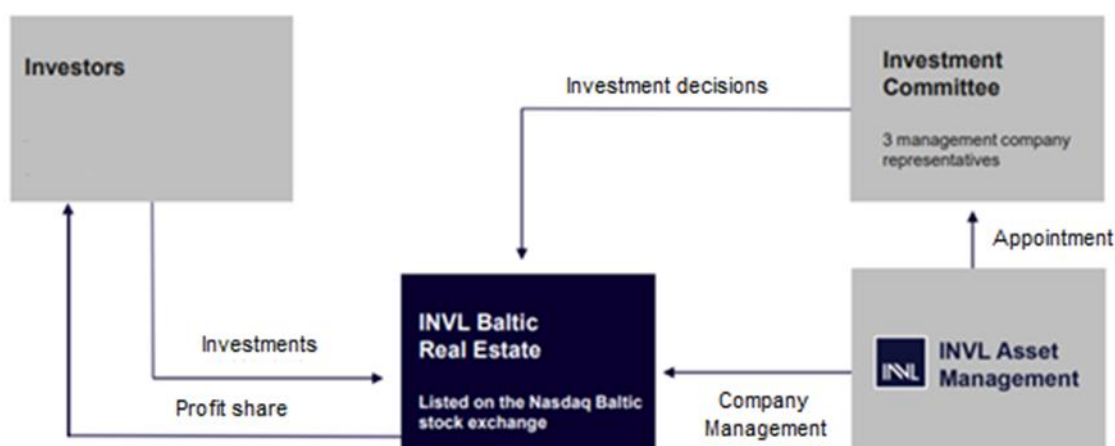
IV. ISSUER'S MANAGING BODIES

12 Issuer's managing bodies

The management of INVL Baltic Real Estate was transferred to the Management company INVL Asset Management on 22 December 2016 as the Bank of the Republic of Lithuania granted INVL Baltic Real Estate with the license of the closed-ended type investment company. The rights and duties of the Board and the Manager of the Company were also transferred to the Management Company. Managing bodies of the Company is not formed.

In order to ensure management efficiency and control of investments, the Management company formed an Investment Committee of INVL Baltic Real Estate.

The Management company is responsible for convening and organizing the highest management body of the Company - the General Shareholders Meeting.



12 fig. Structure of the Management of the Company

Detailed information on the structure of the management of the Company before the CEF license was granted is published in the consolidated annual report for the year 2016 of INVL Baltic Real Estate. The report is published on the Company's website section *For Investors*.

The General Manager of the Management company is Laura Križinauskienė.

Darius Šulnis (the chairman), Nerijus Drobavičius and Vytautas Plunksnis are members of the Board of the Management company since 19 January 2015. After the reporting period (on 14th January 2019) the Board of Management Company was re-elected for the new 4 years of office, after the Bank of Lithuania granted their permission. The composition of the Board remained unchanged: Darius Šulnis (the Chairman), Nerijus Drobavičius and Vytautas Plunksnis. During the reporting period the Board of the Management company remained unchanged.

Currently there are 2 (two) members in the Investment Committee: Vytautas Bakšinskas and Andrius Daukšas.

The Advisory Committee is not formed.



Darius Šulnis - Chairman of the Board of the Management company.

Main workplace – Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) - president

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	2015 – October 2017 General manager of INVL Asset Management, UAB Since May 2013 Invalda INVL, AB – President 2006 – 2011 Invalda, AB – President. 2011 – 2013 Invalda, AB – Advisor 2002 – 2006 Invalda Real Estate, UAB (current name Inreal Valdymas) – Director 1994 – 2002 FBC Finasta, AB – Director
Owned amount of shares in INVL Baltic Real Estate	-
Participation in other companies	Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Member of the Board, the President Šiaulių bankas, AB (code 112025254, Tilžės str. 149, Šiauliai) – Member of the Supervisory Board INVL Baltic Farmland, AB (code 303299781, Gynėjų str. 14, Vilnius) – Member of the Board Litagra, UAB (code 304564478, Savanorių ave. 173, Vilnius) – Member of the Board INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) managed fund INVL Baltic Sea Growth Fund – Investment Committee Member



Nerijus Drobavičius – Member of the Board of the Management company

Main workplace – INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius)
Private Equity Partner

Educational background and qualifications	In 1998 graduated Vytautas Magnus University and gained his Bachelor's degree in Business management. Graduated Vytautas Magnus University in 2000 and gained his Master's degree in banking and finance.
Work experience	Since 2015 till August 2018 Head of Finance unit of INVL Asset Management, UAB. From August 2018 – Private Equity Partner of INVL Asset Management, UAB Since 2014 works at Invalda INVL, AB group 2012 – 2014 Independent financial expert 2007 – 2011 CFO in Sanitas Group 2001 – 2007 Sampo Bank. Head of Accounting and Reporting unit, later – CFO of the bank
Owned amount of shares in INVL Baltic Real Estate	-

Continued of the next page

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<p>Participation in other companies</p>	<p>INVL Technology, CEF (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Investment Committee Andmevara AS (code 10264823, Parnu mnt. 158, 11317, Tallinn, Estonia) – Chairman of the Supervisory Board Inservis, UAB (code 126180446, A.Juozapavičiaus str. 6, Vilnius) – Chairman of the Board Imoniu grupe Inservis, UAB (code 301673796, Gynėjų str. 14, Vilnius) – Chairman of the Board Jurita, UAB (code 220152850, Justiniškių str. 64, Vilnius) – Chairman of the Board BSGF Sanus, UAB (code 304924481, Gynėjų str. 14, Vilnius) - Director Montuotojas, UAB (code 121520069, Naugarduko str. 34, Vilnius) - Member of the Supervisory Board (until 07 2020) InMedica, UAB (code 300011170, L. Asanavičiūtės str. 20-201, Vilnius) – Chairman of the Board INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) managed fund INVL Baltic Sea Growth Fund – Investment Committee Member</p>
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Vytautas Plunksnis – Member of the Board of the Management company
Main workplace – INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius)
 Head of Private Equity

<p>Educational background and qualifications</p>	<p>Graduated the studies in economics at Kaunas University of Technology in 2001, gained Bachelor's degree in Management. Financial broker's licence (General) No. G091.</p>
<p>Work experience</p>	<p>Since 2016 - INVL Asset Management, UAB, Head of Private Equity Funds 2009 – 2015 Fund Manager at Invalda INVL, AB 2006 – 2009 Finasta Asset Management, UAB – analyst, fund manager, strategic analyst 2004 ELTA redactor (business news) 2002 – 2004 Baltic News Service business journalist</p>
<p>Owned amount of shares in INVL Baltic Real Estate</p>	<p>Personally: 1,000 units of shares; 0.01% of authorised capital and votes.</p>

<p>Participation in other companies</p>	<p>INVL Technology, CEF (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Investment Committee Norway Registers Development AS (code NO 985 221 405, Lokketangen 20 B, 1337 Sandvika, Norway) – Member of the Board NRD Systems, UAB (code 111647812, Gynėjų str. 14, Vilnius) – Member of the Board NRD CS, UAB (code 303115085, Gynėjų str. 14, Vilnius) – Member of the Board Algoritmu sistemos, UAB (code 125774645, Gynėjų str. 14, Vilnius) – Chairman of the Board Investuotoju Asociacija (code 302351517, Konstitucijos pr. 23, Vilnius) – Chairman of the Board NRD Companies AS (code NO 921 985 290, Lokketangen 20 B, 1337 Sandvika, Norway) – Member of the Board BC Moldova-Agroindbank SA (MAIB) (code 1002600003778, 9 Cosmonautilor stree, Chisinau, Moldova) – Member of the Supervisory Board, Chairman of the Supervisory Board (from 07 2020)</p>
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Montuotojas, UAB (code 121520069, Naugarduko str. 34, Vilnius) - Chairman of the Supervisory Board (until 06 2020), Member of the Board (from 07 2020)
 Eco Baltia, AS (code 40103446506, Krasta str. 105, Riga, Latvia)- Chairman of the Supervisory Board (from 06 2020)
 PET Baltija, AS (code 42103029708, 18 Aviācijas Str. Jelgava, Latvia) - Chairman of the Supervisory Board (from 06 2020)
 BSGF Salvus, UAB (code 305160086, Gynėjų str. 14, Vilnius) – Consultant (from 07 2020)
 INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) managed fund
 INVL Baltic Sea Growth Fund – Investment Committee Member



Laura Križinauskienė – General Manager of the Management company

Main workplace – INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius)
 General manager

Educational background and qualifications	Vilnius Gediminas Technical University, Master's degree in Management and Business Administration
Work experience	2016-2017 Danske Bank A/S Lithuanian branch – Operational manager, Head of Global Function 2012-2016 Baltpool UAB – general manager, member of the Board 2010-2012 Finasta bank AB – Director of the Capital market department 2005-2012 held various positions in Finasta FMĮ AB, Finasta bank AB, Finasta investicijų valdymas (currently INVL Asset Management)
Owned amount of shares in INVL Baltic Real Estate	-
Participation in other companies	FMI Finasta, UAB (code 304049332, Gynėjų str. 14, Vilnius) – Member of the Board IPAS INVL Asset Management (code 40003605043, Smilšu iela 7-1, Riga, Latvia) – Member of the Supervisory Board AS INVL atklātais pensiju fonds (code 40003377918, Smilšu iela 7-1, Riga, Latvia) – Member of the Supervisory Board



Vytautas Bakšinskas – Member of the Investment Committee,

Main workplace – INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius)
 Real estate fund manager

Work experience	Since 2 January 2017 – Real Estate Fund Manager at INVL Asset Management 2016 – 31.12.2016 – director at Dizaino institutas, UAB 2016 – 31.12.2016 – director at Variagis, UAB 2014 – 31.12.2016 – director at Riešės investicija, UAB 2013 – 31.12.2016 – director at Tripolio valda, UAB 2013 – 31.12.2016 – director at Paralelių valda, UAB
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	<p style="text-align: right;"><i>The beginning of the information is on the previous page</i></p> <p>2013 – 31.12.2016 – director at Dipolio valda, UAB 2013 – 31.12.2016 – director at Etanija, UAB 2012 – 31.12.2016 – director at Justiniškių valda, UAB 2011 – 31.12.2016 – head of Lease department at Inreal valdymas, UAB 2015-06 – 2016-01 – director at Elniakampio namai, UAB 2014-03 – 2016-06 – director at Akvilas, UAB 2014-03 – 2015-07 – director at Aikstentis, UAB 2014-03 – 2015-07 – director at Trakų kelias, UAB 2013-01 – 2013-02 – project manager at Naujoji švara, UAB 2010-04 – 2013-02 – project manager at Sago, UAB 2008-11 – 2011-08 – project manager at Inreal valdymas, UAB 2007-01 – 2008-10 – assistant of project manager at Inreal valdymas, UAB</p>
Owned amount of shares in INVL Baltic Real Estate	-
Participation in other companies	Proprietas, UAB (code 303252098, Gynėjų str. 14, Vilnius) - Director



Andrius Daukšas – Member of the Investment Committee,
 Main workplace – INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius)
 Investment manager

Educational background and qualifications	Master's degree in banking at the Faculty of Economics of Vilnius University. Financial broker's license (general) No. G311.
Work experience	Since 22 December 2016 – Investment Manager at INVL Asset Management 3 January 2016 – 21 December 2016 – deputy director at INVL Baltic Real Estate December 2014 - January 2016 – director at INVL Baltic Real Estate March 2010 – 21 December 2016 - investment manager at Invalda INVL 2008-2010 - director of the Treasury Department of the bank Finasta 2004-2008 - an accountant, later - the department manager of securities accounting at FBC Finasta
Owned amount of shares in INVL Baltic Real Estate	Personally: 5,000 units of shares, 0.04% of authorised capital and votes.
Participation in other companies	Imonių Grupe Inservis, UAB (code 301673796, Gynėjų str. 14, Vilnius) - Member of the Board, director Inservis, UAB (code 301673796, Gynėjų str. 14, Vilnius) - Member of the Board Jurita, UAB (code 220152850, Justiniškių str. 64, Vilnius) - Member of the Board Kelio Zenklai, UAB (code 185274242, Vilkiaviškio dist., Pilviškių village Geležinkelio str. 28) - Member of the Board Informacinio verslo paslaugu imone, UAB (code 123043773, Eigulių str. 21, Vilnius) - Chairman of the Board, Director (from 08 2020)

Power of the General Shareholders Meeting and convocation procedure of the General Shareholders Meetings of the Company, also the description of rights and obligations of the Management Company of INVL Baltic Real Estate and objectives and functions of the Investment Committee during the reporting period wasn't any different than disclosed in the Consolidated Annual Report of INVL Baltic Real Estate for the year 2019 (IV chapter 12 section „Structure, authorities, the procedure for appointment and replacement“).

During the reporting period (starting - 1st January 2020, ending – 30th June 2020) 15 (fifteen) Investment Committee meetings were held. All the appointed members of the Investment Committee– Vytautas Bakšinskas and Andrius Daukšas - participated in these meetings. The Board of the Management Company is familiarized with the agenda and related material of the Investment Committee meetings.

During the reporting period 1 (one) General Shareholders Meeting was held. The meeting took place on 9th April 2020. The shareholders of the Company was introduced with the consolidated annual report for 2019 and independent auditor's report on the financial statements and consolidated annual report of the Company. The agenda of the meeting also includes issues related to the approval of the consolidated and stand-alone of financial statements for 2019, profit distribution, recast of the dividend payment policy and approval of the Remuneration policy. Also amendment of the Articles of Association approval of new wording of the Articles of Association and appointment of the authorized person to sign new wording of the Articles of Association, termination of the depository service agreement between Company and AB SEB bankas and conclusion of a new depository service agreement with AB Šiaulių bankas. on buy-back of shares the Company due to the material change of the Articles of Association and change of the depository services provider and the main principles of the procedure for buy-back of shares.

13 Information about the Audit Committee of the company.

The Audit Committee consists of 2 (two) independent members. The members of the Audit Committee are elected by the decision of the General Shareholders' Meeting. The members of the Audit Committee are proposed by the Management company and the shareholders of the company. The Audit Committee is elected for a four-year term of office.

The main functions of the Audit Committee are the following:

- provide recommendations to the Management company with selection, appointment, reappointment and removal of an external audit company of the Company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit of the Company;
- monitor how the external auditor and audit company follow the principles of independence and objectivity;
- observe the process of preparation of financial reports of the Company;
- monitor the efficiency of the internal control and risk management systems of the Management company directly related to the management of the Company. Once a year review the need of the dedicated internal audit function for the Company within the Management company;
- monitor if the Management company gives due consideration to the recommendations or comments provided by the audit company regarding management of the Company;
- The Audit Committee reports its activities to the Company's ordinary General Shareholders Meeting by submitting a written report on Audit Committee activities during the last financial year.

Any member of the Audit Committee should have the right to resign upon submitting a 14 (fourteen) days written notice to the Management company. When the Management company receives the notice of resignation of a member of the Audit Committee and considers all circumstances related to the resignation, it may decide - either to convene an Extraordinary General Shareholders Meeting to elect new member of the Audit Committee, or to postpone the question on the election of the new member of the Audit Committee till the next General Shareholders Meeting of the Company. The new member is elected till the end of term of office of the operating Audit Committee.

The General Shareholders Meeting which took place on 11 April 2017 decided to elect Dangutė Pranckėnienė, the partner at Moore Stephens Vilnius, UAB, and Tomas Bubinas, CFO at Biotechpharma UAB to the Audit Committee of INVL Baltic Real Estate for the 4 (four) years term of office. Both members are independent.



Dangutė Pranckėnienė – Independent Member of the Audit Committee

The term of office	Since 2017 until 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 Real Estate	-



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 Real Estate	-

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

After the Bank of Lithuania issued the closed-ended type investment company operating license for INVL Baltic Real Estate on 22 December 2016, the rights and duties of the Board and the head of the Company are implemented by the asset management company INVL Asset Management, which took over the management of INVL Baltic Real Estate.

The management fee payable to the Management Company (hereinafter – Management Fee) is the remuneration for management of the assets of the Company, which shall be payable for each quarter of a calendar year. The Management Fee for a full quarter of a calendar year shall be 0.25% of the weighted average capitalisation of the Company. The Performance Fee shall be additionally paid to the Management Company under the procedure set in the Articles of Association. During the

reporting period the Management fee payable to the Management Company was EUR 187 thousand and a Performance Fee EUR 1,382 thousand.

The members of the Board and the members of the investment committee of the Management Company do not receive remuneration for these duties. They are paid the salary according to the employment contract with the Management Company.

During the reporting period company's managing bodies, which are mentioned in the section 11 of the report, were paid EUR 7,905 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 managing bodies. The managing bodies were not granted with bonuses by other companies of INVL Baltic Real Estate group.

During the reporting period INVL Baltic Real Estate Group and the Company for the company providing accounting services respectively paid EUR 7 thousand and EUR 3 thousand (in 2019 respectively paid EUR 7 thousand and EUR 3 thousand).

V. OTHER INFORMATION

15 Agreements with intermediaries on public trading in securities

INVL Baltic Real Estate has signed these agreements with this intermediary:

- Siauliu bankas (Seimyniskiu str. 1A, Vilnius, Lithuania. tel. +370 5 203 2233) – the agreement on management of securities accounting, the market maker services agreement, service agreement on the payment of dividends and agreement regarding investment services.
- AB SEB bankas (Gedimino pr. 12, Vilnius, Lithuania tel. +370 5 268 2800) – agreement on depository services.

16 Information on Issuer's branches and representative offices

INVL Baltic Real Estate has no branches or representative offices.

17 A description of the principal risks and uncertainties

During the six months of 2020 there were no significant changes from the information about the principal risks and uncertainties disclosed in the latest Consolidated annual report. For the next six months of this financial year, there aren't expecting any changes in principal risks and uncertainties rather than already disclosed in the latest annual report of the Company.

Principal risk and uncertainties of the Company are published in the web page of INVL Baltic Real Estate. All the information is disclosed in the Company's web site section „For Intestors“ → „Investment risks“. The link is provided <https://bre.invl.com/lit/en/for-investors/investment-risks>

18 Significant investments made during the reporting period

In 2020 In the first half of the year, the main investments made by INVL Baltic Real Estate were to into development of the Rock IT space in the Vilnius Vartais business center, the amount of investments amounted to EUR 85 thousand.

19 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.

20 Information on the related parties' transactions

Information on the related parties' transactions is disclosed in 16 point of explanatory notes of consolidated interim condensed financial statements for the six months ended 30 June 2020.

21 Disclosure of the impact of the COVID-19 pandemic

18th March 2020 the Company announced that in the opinion of the management of INVL Baltic Real Estate, the Company's activities will be insignificantly affected by coronavirus. Although the virus may affect the decline in rental income, management does not expect the decrease in rental income to be material. In addition, the Company emphasizes that it has sufficient financial resources to fulfill all its liabilities and to implement planned activities. In the event of a change in circumstances or with clearer consequences, the Company will to provide the information in a separate notice. The Company's management company INVL Asset Management, UAB does not foresee any malfunction of the management of the Company due to coronavirus.

The management of the Company evaluated the coronavirus effect on Companys performance and states that pandemic had a negative impact on the company's results, but the impact was not significant - the total amount of discounts granted to tenants whose activities were affected during quarantine amounted to about EUR 50 thousand. Considering the tenant structure of INVL Baltic Real Estate and the impact of the coronavirus pandemic at the beginning of this year on the tenants' activities and the company's results, it can be predicted that pandemic will not have a significant impact on this year's results.

22 Information regarding transactions with related parties

Information regarding Transactions with Related Parties, according to the Law on Companies article 37², is published on the Company's web site – „For Investors“ → „Related parties transactions“. The link to the Company's website: <https://bre.invl.com/lit/en/for-investors/documents/legal-documents/related-parties-transactions>

Related party transaction policy of UTIB Baltic Real Estate was approved during the General Shareholders Meeting held on 26th March 2018. The policy is published on the Company's website: <https://bre.invl.com/lit/en/for-investors/documents/legal-documents>

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:

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Rovelija, UAB Code 302575846 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	A loan agreement with Rovelija, UAB was signed on 25th October 2018 No. BRE/181025/01 for the amount of EUR 10 thousand. The loan was return on 31th December 2018.	
Rovelija, UAB Code 302575846 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	A loan agreement with Rovelija, UAB was signed on 28th December 2018 No. BRE/181228/01 for the amount of EUR 286,237.	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	A loan agreement with Proprietas, UAB was signed on 30th November 2018 No. BRE/181228/02 for the amount of EUR 54,665.67	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	A settlement with Proprietas UAB on the determination of the remuneration and its payment procedure was signed on 28-12-2017, the settlement was an annex to a 28/12/2017 Property Simple Administration Agreement No. 28/12/2017 signed on 28th December 2017. Remuneration is determined on the basis of the documentation of Transaction Services of Proprietas, UAB, applying 5 percent performance overcharge	
Inservis, UAB Code 126180446 Juozapavičiaus str. 6, Vilnius, Lithuania Register of Legal Entities	100 percent managed by Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Proprietas, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed an annex No. 30 to Service Purchase - Sales Agreement (dated 2nd May 2011 No. 2011/05/01-03) on 9th October 2018 regarding the maintenance of engineering systems in the facility Juozapavičiaus 6, Vilnius. Transaction value EUR 145.20 with VAT per month.	
Inservis, UAB Code 126180446 Juozapavičiaus str. 6, Vilnius, Lithuania Register of Legal Entities	100 percent managed by Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Proprietas, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed an annex No. 29 to Service Purchase - Sales Agreement (dated 2nd May 2011 No. 2011/05/01-03) on 9th October 2018 regarding the maintenance of engineering systems in the facility Palangos 4, Vilnius. Transaction value EUR 60.50 with VAT per month.	

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Inservis, UAB Code 126180446 Juozapavičiaus str. 6, Vilnius, Lithuania Register of Legal Entities	100 percent managed by Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Proprietas, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed an annex No. 31 to Service Purchase - Sales Agreement (dated 2nd May 2011 No. 2011/05/01-03) on 9th October 2018 regarding the on new hourly rates for technical facilities services in the facilities served.	
Inservis, UAB Code 126180446 Juozapavičiaus str. 6, Vilnius, Lithuania Register of Legal Entities	100 percent managed by Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Rovelija, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed a settlement on 2nd January 2019 regarding supplementing and amending the lease agreement for non-residential premises dated on 1st February 2010. Transaction value EUR 592.03 with VAT per month. The settlement was terminated after sale of the premises.	
Inservis, UAB Code 126180446 Juozapavičiaus str. 6, Vilnius, Lithuania Register of Legal Entities	100 percent managed by Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Rovelija, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed an agreement on 2nd January 2019 regarding the maintenance and provision of services for the facility's general use facilities for facility and facility maintenance services. Transaction value EUR 16.69 with VAT per month. The settlement was terminated after sale of the premises.	
Invalda INVL, AB Code 121304349 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	Shareholder of UTIB INVL Baltic Real Estate, owning 30 percent of shares in the Company	Proprietas, UAB, 100 percent owned by UTIB INVL Baltic Real Estate on 21th December 2018 signed a settlement to accounting service provision contract No. 20140531/02. Amount of salary changed to EUR 605 with VAT per month.	
INVL Asset Management, UAB Code 126263073 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	The Company signed a settlement to a Non-residential Lease Agreement (dated 30th October 2015 No. 2015-10-30/1) with INVL Asset Management, UAB on 28th September 2018. On the basis of the settlement additional premises was rented. Transaction value EUR 3,149.45 with VAT per month.	
Inservis, SIA Code 40203041770 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by the subsidiary of Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Dommo Grupa, SIA, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed a Services Agreement No. PL-2018/01/11 on 1st November 2018. Hourly service charges is provided in the contract.	
Inservis, SIA Code 40203041770 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by the subsidiary of Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Dommo Bizness parks, SIA, UAB, indirectly managed by UTIB INVL Baltic Real Estate signed a Premises Lease Agreement No. 27122018/1 on 27th December 2018. Transaction value EUR 309.60 with VAT per month.	

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Inservis, SIA Code 40203041770 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by the subsidiary of Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Dommo Bizness parks, SIA, UAB, indirectly managed by UTIB INVL Baltic Real Estate signed a Services Agreement No. 01/01/2019-DBP on 1st February 2018, regarding repairment work in the premises. Transaction value EUR 14,001.80 with VAT.	
Inservis, SIA Code 40203041770 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by the subsidiary of Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Dommo Bizness parks, SIA, UAB, indirectly managed by UTIB INVL Baltic Real Estate signed a Services Agreement No. 01/02/2019-DBP on 1st February 2018, regarding repairment work in the premises. Transaction value EUR 10,357.47 with VAT.	
Inservis, SIA Code 40203041770 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by the subsidiary of Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Dommo Bizness parks, SIA, Code 40003865398, indirectly managed by UTIB INVL Baltic Real Estate signed a Services Agreement No. 01/02/2020 on 26th February 2020, regarding repairment work in the premises. Transaction value EUR 27,956.95 with VAT.	
DBP Invest, SIA Code 40103463830 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	Indirectly managed by UTIB INVL Baltic Real Estate	Dommo Grupa, SIA, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed a Loan Agreement No. 26062018/1 on 26th June 2018. Loan amount – EUR 200.	
DBP Invest, SIA Code 40103463830 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	Indirectly managed by UTIB INVL Baltic Real Estate	Dommo Grupa, SIA, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed a Loan Agreement No. 16012019/1 on 16th January 2019. Loan amount – EUR 500.	
DBP Invest, SIA Code 40103463830 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	Indirectly managed by UTIB INVL Baltic Real Estate	Dommo Grupa, SIA, 100 percent owned by UTIB INVL Baltic Real Estate signed a Loan Agreement No. 08012020/1 on 8th January 2020. Loan amount – EUR 350.	
Dommo SIA Code 40003787271 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	Indirectly managed by UTIB INVL Baltic Real Estate	IPAS INVL Asset Management, Code 40003605043, 100 percent owned by Invalda INVL, AB signed a Premises Lease subagreement No. 19/12/2019 on 19th December 2019. Transaction value EUR 140 without VAT per month per workplace and utility costs.	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	A loan agreement with Proprietas, UAB was signed on 19th September 2019. No BRE/190919/01 for the amount of EUR 250,000.	

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Invalda INVL, AB Code 121304349 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	Shareholder of UTIB INVL Baltic Real Estate, owning 30 percent of shares in the Company	A loan agreement with Invalda INVL, AB was signed on 26th November 2019. No P/191126/01 for the amount of EUR 1,500,000. The Company is the Borrower. The Company returned a loan on 9th March 2020 No. P/191126/01 for the amount of EUR 1,500,000 EUR according to the loan agreement	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	A loan agreement with Proprietas, UAB was signed on 8th October 2019. No BRE/191008/01 for the amount of EUR 60,000.	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	The Company has signed a Share Purchase agreement on 12-12-2019, according to which increases Authorised capital of Proprietas UAB by additional cash contribution which amounts to EUR 232,000 (increasing the Authorised capital from EUR 20,300 to EUR 252,000, issuing 800,000 units of ordinary registered shares with the nominal value of EUR 0.29). Increased authorised capital of Proprietas UAB registered in the Register of Legal Entities on 19-12-2019.	
Rovelija, UAB Code 302575846 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	The Company has signed a Share Purchase agreement on 12-12-2019, according to which increases Authorised capital of Proprietas UAB by additional cash contribution which amounts to EUR 5,800 (increasing the Authorised capital from EUR 348,000 to EUR 353,800, issuing 20,000 units of ordinary registered shares with the nominal value of EUR 0.29). Increased authorised capital of Rovelija UAB registered in the Register of Legal Entities on 18-12-2019.	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	The Company entered into an agreement on 09-01-2020 regarding partial amendment of the Loan Agreement No. BRE/181228/02 as of 28-12-2018 signed with Proprietas UAB. Extension of loan repayment term has been made.	
Rovelija, UAB Code 302575846 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	The Company entered into an agreement on 09-01-2020 regarding partial amendment of the Loan Agreement No. BRE/181228/01 as of 28-12-2018 signed with Rovelija UAB. Extension of loan repayment term has been made. The loan was return on 19th May 2020.	

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	A loan agreement with Proprietas, UAB was signed on 26th March 2020 No. BRE/200326/01 for the amount of EUR 10.85 million. The loan was return on 8th May 2020.	
Dommo Grupa SIA Code 40003733866 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by UTIB INVL Baltic Real Estate	Dommo Grupa, SIA, 100 percent owned by UTIB INVL Baltic Real Estate signed a Loan Agreement No. BRE/200522/1 on 22th May 2020. Loan amount – EUR 1.45 million	
Dommo Bizness parks, SIA Code 40003865398 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent indirectly managed by UTIB INVL Baltic Real Estate	Dommo Grupa, SIA, 100 percent owned by UTIB INVL Baltic Real Estate and Dommo Biznesa Parks, SIA 100 percent indirectly owned by UTIB INVL Baltic Real Estate signed a Loan Agreement No. DG/25052020/1 on 25th May 2020. Loan amount – EUR 1.43 million	Loan was granted by Dommo Grupa SIA Code 40003733866 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia
Inservis, SIA Code 40203041770 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by the subsidiary of Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Dommo Bizness parks, SIA, Code 40003865398, indirectly managed by UTIB INVL Baltic Real Estate signed a Services Agreement No. 28/05/2020 on 28th May 2020, regarding repairment work in the premises. Transaction value EUR 11,040.43 with VAT.	
DBP Invest, SIA Code 40103463830 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	Indirectly managed by UTIB INVL Baltic Real Estate	Dommo Grupa, SIA, 100 percent owned by UTIB INVL Baltic Real Estate signed a Loan Agreement No. 13072020/1 on 13th July 2020. Loan amount – EUR 150.	

23 Information related to the compliance with the Governance Code

During the six months of 2020 there were no significant changes in principles and recommendations contained in the Governance Code rather than disclosed in the latest Consolidated annual report of the Company.

Real estate fund manager of the Management Company
 INVL Asset Management

Vytautas Bakšinskas