

The logo consists of the letters 'INVL' in a bold, white, sans-serif font, enclosed within a white square border.

# BALTIC REAL ESTATE



## Special Closed-End Type Real Estate Investment Company's „INVL Baltic Real Estate“

Consolidated Annual Report, Consolidated and Company's Financial  
Statements for the year ended 31 December 2021 prepared in accordance with  
International Financial Reporting Standards as adopted by European Union

**Vytautas Bakšinskas,  
Real estate fund manager of the  
Management Company of INVL Baltic Real  
Estate, signs the Consolidated and the  
Company's financial statements for the year  
2021, also Consolidated Annual Report for  
the year 2021 and Confirmation of  
responsible persons with a qualified  
electronic signature.**

**Agnė Vainauskienė,  
Chief financier of the Management  
Company of INVL Baltic Real Estate, signs  
the Consolidated and the Company's  
financial statements for the year 2021 and  
Confirmation of responsible persons with a  
qualified electronic signature.**

## **CONFIRMATION OF RESPONSIBLE PERSONS**

18 March 2022

Following on Information Disclosure Rules of the Bank of Lithuania and the Law on Securities (article 12) of the Republic of Lithuania, management of INVL Baltic Real Estate hereby confirms that, to the best of our knowledge, the attached Consolidated and Company's Financial Statements for 2021 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 Annual Report for 2021 includes a fair review of the development and performance of the business and position of the company and the consolidated group in relation to the description of the main risks and contingencies faced thereby.

### **ENCLOSURE:**

1. Consolidated and Company's Financial Statements for 2021.
2. Consolidated Annual Report for 2021.

Real estate fund manager of the Management Company  
INVL Asset Management

Vytautas Bakšinskas  
(The document is signed with a qualified  
electronic signature)

Chief financier of the Management Company  
INVL Asset Management

Agnė Vainauskienė  
(The document is signed with a qualified  
electronic signature)

**Translation note:**

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

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**Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE**  
company code 152105644, Gynėjų str. 14, Vilnius, Lithuania

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
(all amounts are in EUR thousand unless otherwise stated)

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## **DETAILS OF THE COMPANY**

### **Management**

#### **Supervisory Board**

Mrs. Eglė Surplienė  
Mr. Raimondas Rajeckas  
Mr. Audrius Matikiūnas

#### **Management Company**

UAB INVL Asset Management

#### **Investment Committee**

Mr. Vytautas Bakšinskas  
Mr. Andrius Daukšas

### **Address of registered office and company code**

Gynėjų str. 14,  
Vilnius,  
Lithuania

Company code 152105644

### **Banks**

AB Šiaulių Bankas  
AB SEB Bankas  
AS "SEB banka"

### **Auditor**

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

The financial statements were authorised for issue by the Management Company on 18 March 2022.

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

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Agnė Vainauskienė  
Chief financier at UAB INVL  
Asset Management

## Consolidated and Company's statements of comprehensive income

	Notes	Group		Company	
		2021	2020	2021	2020
<b>Revenue</b>	7	<b>2,733</b>	<b>3,901</b>	<b>1,509</b>	<b>2,771</b>
Interest income		17	26	17	26
Other income		8	14	-	6
Net changes in fair value of investments into subsidiaries designated at fair value through profit or loss	5	-	-	885	306
Net gains from fair value adjustments on investment property	11	2,854	4,961	2,395	5,004
Premises rent costs	6, 7	(78)	(112)	(75)	(113)
Utilities	6	(321)	(386)	(34)	(36)
Repair and maintenance of premises	6	(500)	(908)	(226)	(523)
Management and Performance Fee	7, 18	(388)	(767)	(388)	(767)
Property management and brokerage costs	6	(30)	(29)	(150)	(292)
Taxes on property	6	(109)	(162)	(95)	(154)
Employee benefits expenses		(154)	(202)	-	-
Provision for impairment of trade receivables	13	(5)	(2)	1	2
Depreciation and amortisation		(104)	(103)	(27)	(36)
Other expenses		(254)	(359)	(135)	(213)
<b>Operating profit</b>		<b>3,669</b>	<b>5,872</b>	<b>3,677</b>	<b>5,981</b>
Finance costs	8	(278)	(481)	(278)	(465)
<b>Profit before income tax</b>		<b>3,391</b>	<b>5,391</b>	<b>3,399</b>	<b>5,516</b>
Income tax credit (expense)	9	8	25	-	-
<b>NET PROFIT FOR THE YEAR</b>		<b>3,399</b>	<b>5,416</b>	<b>3,399</b>	<b>5,516</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>3,399</b>	<b>5,416</b>	<b>3,399</b>	<b>5,516</b>
Attributable to:					
Equity holders of the parent		3,399	5,416	3,399	5,516
Basic and diluted earnings per share (in EUR)	10	0.37	0.41		

## Consolidated and Company's statements of financial position

	Notes	Group		Company	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		414	480	94	117
Investment properties	11	29,616	24,133	20,797	15,774
Intangible assets		14	17	-	-
Investments into subsidiaries designated at fair value through profit or loss	5	-	-	9,801	9,026
Finance lease receivables-long term		589	778	589	778
Deferred tax asset		42	37	-	-
<b>Total non-current assets</b>		<b>30,675</b>	<b>25,445</b>	<b>31,281</b>	<b>25,695</b>
<b>Current assets</b>					
Inventories, prepayments and deferred charges		65	37	52	24
Short term loans granted		-	-	-	5,000
Trade and other receivables	13	196	228	94	606
Finance lease receivables -short term		189	186	189	186
Other receivables, related to ABLV Bank, AS	16	-	5	-	-
Cash and cash equivalents	3.1	1,901	16,034	1,205	10,392
<b>Total current assets</b>		<b>2,351</b>	<b>16,490</b>	<b>1,540</b>	<b>16,208</b>
<b>TOTAL ASSETS</b>		<b>33,026</b>	<b>41,935</b>	<b>32,821</b>	<b>41,903</b>

## Consolidated and Company's statements of financial position (cont'd)

	Notes	Group		Company	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Equity attributable to equity holders of the parent</b>					
Share capital	14	11,689	19,068	11,689	19,068
Own shares	14	-	(187)	-	(187)
Share premium	14	2,478	2,478	2,478	2,478
Reserves	14	2,479	1,755	2,719	1,995
Retained earnings	14	3,640	5,757	3,400	5,517
<b>Total equity</b>		<b>20,286</b>	<b>28,871</b>	<b>20,286</b>	<b>28,871</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Non-current borrowings	16	8,777	9,121	8,777	9,121
Non-current lease liabilities		606	816	606	816
Provisions	7	259	1,617	259	1,617
Advances received		124	162	124	162
<b>Total non-current liabilities</b>		<b>9,766</b>	<b>11,716</b>	<b>9,766</b>	<b>11,716</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings	16	365	365	365	365
Current portion of lease liabilities		228	220	228	220
Trade payables		1,675	83	1,579	117
Income tax payable		-	7	-	-
Provisions	7	34	23	34	23
Advances received		130	40	68	11
Other current liabilities	17	542	610	495	580
<b>Total current liabilities</b>		<b>2,974</b>	<b>1,348</b>	<b>2,769</b>	<b>1,316</b>
<b>Total liabilities</b>		<b>12,740</b>	<b>13,064</b>	<b>12,535</b>	<b>13,032</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>33,026</b>	<b>41,935</b>	<b>32,821</b>	<b>41,903</b>

(the end)

## Consolidated and Company's statements of changes in equity

Group	Notes	Share capital	Share premium	Own shares	Reserves		Retained earnings	Total
					Legal reserve	Reserve for purchase of own shares		
<b>Balance as at 31 December 2019</b>		<b>19,068</b>	<b>2,478</b>	-	<b>784</b>	<b>3,532</b>	<b>18,162</b>	<b>44,024</b>
Net profit for the year		-	-	-	-	-	5,416	5,416
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>5,416</b>	<b>5,416</b>
Purchase of own shares	14	-	-	(187)	-	-	-	(187)
Dividends approved	15	-	-	-	-	-	(20,382)	(20,382)
Transfer to reserves	14	-	-	-	532	(3,093)	2,561	-
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	<b>(187)</b>	<b>532</b>	<b>(3,093)</b>	<b>(17,821)</b>	<b>(20,569)</b>
<b>Balance as at 31 December 2020</b>		<b>19,068</b>	<b>2,478</b>	<b>(187)</b>	<b>1,316</b>	<b>439</b>	<b>5,757</b>	<b>28,871</b>
Net profit for the year		-	-	-	-	-	3,399	3,399
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>3,399</b>	<b>3,399</b>
Purchase of own shares	14	-	-	(11,017)	-	-	-	(11,017)
Decrease of share capital	14	(7,379)	-	11,204	-	(3,825)	-	-
Dividends approved	15	-	-	-	-	-	(967)	(967)
Transfer to reserves	14	-	-	-	276	4,273	(4,549)	-
<b>Total transactions with owners of the Company, recognised directly in equity</b>		<b>(7,379)</b>	-	<b>187</b>	<b>276</b>	<b>448</b>	<b>(5,516)</b>	<b>(11,984)</b>
<b>Balance as at 31 December 2021</b>		<b>11,689</b>	<b>2,478</b>	-	<b>1,592</b>	<b>887</b>	<b>3,640</b>	<b>20,286</b>



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

Company	Notes	Share capital	Share premium	Own shares	Reserves		Retained earnings	Total
					Legal reserve	Reserve for purchase of own shares		
<b>Balance as at 31 December 2019</b>		<b>19,068</b>	<b>2,478</b>	-	<b>1,024</b>	<b>3,532</b>	<b>17,822</b>	<b>43,924</b>
Net profit for the year		-	-	-	-	-	5,516	5,516
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>5,516</b>	<b>5,516</b>
Purchase of own shares	14	-	-	(187)	-	-	-	(187)
Dividends approved	15	-	-	-	-	-	(20,382)	(20,382)
Transfer to reserves	14	-	-	-	532	(3,093)	2,561	-
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	<b>(187)</b>	<b>532</b>	<b>(3,093)</b>	<b>(17,821)</b>	<b>(20,569)</b>
<b>Balance as at 31 December 2020</b>		<b>19,068</b>	<b>2,478</b>	<b>(187)</b>	<b>1,556</b>	<b>439</b>	<b>5,517</b>	<b>28,871</b>
Net profit for the year		-	-	-	-	-	3,399	3,399
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>3,399</b>	<b>3,399</b>
Purchase of own shares	14	-	-	(11,017)	-	-	-	(11,017)
Decrease of share capital	14	(7,379)	-	11,204	-	(3,825)	-	-
Dividends approved	15	-	-	-	-	-	(967)	(967)
Transfer to reserves	14	-	-	-	276	4,273	(4,549)	-
<b>Total transactions with owners of the Company, recognised directly in equity</b>		<b>(7,379)</b>	-	<b>187</b>	<b>276</b>	<b>448</b>	<b>(5,516)</b>	<b>(11,984)</b>
<b>Balance as at 31 December 2021</b>		<b>11,689</b>	<b>2,478</b>	-	<b>1,832</b>	<b>887</b>	<b>3,400</b>	<b>20,286</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

**Consolidated and Company's statements of cash flows**

	Notes	Group		Company	
		2021	2020	2021	2020
<b>Cash flows from (to) operating activities</b>					
Net profit for the year		3,399	5,416	3,399	5,516
<b>Adjustments for non-cash items and non-operating activities:</b>					
Net gains from fair value adjustments on investment property	11	(2,854)	(4,961)	(2,395)	(5,004)
Depreciation and amortization		104	103	27	36
Net loss from sale of non-current assets		-	-	-	-
Net changes in fair value of investments into subsidiaries designated at fair value through profit or loss	5	-	-	(885)	(306)
Interest income		(17)	(26)	(17)	(26)
Interest expenses	8	278	481	278	465
Deferred taxes	9	(8)	(32)	-	-
Current income tax expenses	9	-	7	-	-
Provisions	7	169	474	169	474
Gains/losses on financial liabilities at amortised cost		-	(5)	-	-
Loss from lease liabilities remeasurement due to indexation		14	14	14	14
Provision for impairment of trade receivables	13	5	2	(1)	(2)
<b>Changes in working capital:</b>					
Decrease (increase) in inventories		-	-	-	-
Decrease (increase) in trade and other receivables		26	215	512	(365)
Decrease (increase) in other current assets		(23)	248	(28)	141
(Decrease) increase in trade payables		76	(1,540)	(54)	(1,334)
(Decrease) increase in other current liabilities		(2)	(257)	(52)	(276)
<b>Cash flows from (to) operating activities</b>		<b>1,167</b>	<b>139</b>	<b>967</b>	<b>(667)</b>
Income tax paid		(4)	-	-	-
<b>Net cash flows from (to) operating activities</b>		<b>1,163</b>	<b>139</b>	<b>967</b>	<b>(667)</b>

(cont'd on the next page)

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER  
2021

(all amounts are in EUR thousand unless otherwise stated)

**Consolidated and Company's statements of cash flows (cont'd)**

	Notes	Group		Company	
		2021	2020	2021	2020
<b>Cash flows from (to) investing activities</b>					
Acquisition of non-current assets (except investment properties)		(31)	(209)	-	(6)
Sale of non-current assets (except investment properties)		-	148	-	148
Acquisition of (investment in existing) investment properties	11	(2,629)	(393)	(2,628)	(390)
Proceeds from sale of investment properties	11	-	52,750	-	52,260
Increase in share capital of subsidiaries		-	-	-	-
Loans granted		-	-	(7,510)	(18,375)
Repayment of loans granted		-	-	12,618	12,531
Interest received		18	25	20	43
Proceeds from settlement of finance lease receivables		186	182	186	182
<b>Net cash flows from (to) investing activities</b>		<b>(2,456)</b>	<b>52,503</b>	<b>2,686</b>	<b>46,393</b>
<b>Cash flows from (to) financing activities</b>					
Cash flows related to Group owners					
Purchase of treasury shares	14	(11,017)	(187)	(11,017)	(187)
Dividends paid to equity holders of the parents		(981)	(20,046)	(981)	(20,046)
		(11,998)	(20,233)	(11,998)	(20,233)
Cash flows related to other sources of financing					
Proceeds from loans	16	-	-	-	-
Repayment of loans	16	(343)	(16,706)	(343)	(14,870)
Lease payments		(220)	(203)	(220)	(203)
Interest paid	16	(279)	(505)	(279)	(487)
		(842)	(17,414)	(842)	(15,560)
<b>Net cash flows from (to) financing activities</b>		<b>(12,840)</b>	<b>(37,647)</b>	<b>(12,840)</b>	<b>(35,793)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(14,133)</b>	<b>14,995</b>	<b>(9,187)</b>	<b>9,933</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>16,034</b>	<b>1,039</b>	<b>10,392</b>	<b>459</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>1,901</b>	<b>16,034</b>	<b>1,205</b>	<b>10,392</b>

(the end)

## Notes to the 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-ended investment company, its management was thereafter undertaken by UAB INVL Asset Management ('the Management Company'), which is entitled to the Management Fee (Note 2.12) and the Performance Fee (Note 2.12).

Based on the Articles of Association, for the sake of efficiency of the Company's activities and control over its investments, an Investment Committee was formed by a decision of the Board of the Management Company. The Investment Committee consists 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) were 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.

On 29 April 2021, the Ordinary General Meeting of Shareholders of the Company approved the establishment of the Supervisory Board of the Company. The Supervisory Board is a collegial body supervising the activities of the Company. The Supervisory Board ensures the representation of the interests of the Company's and the company's shareholders, the accountability of this body to the shareholders and the objective and impartial supervision of Company's activities. At the moment of the release of the financial statements three members of the Supervisory Board was operating.

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

In 2021 and 2020 the group consisted of the Company and its directly and indirectly owned subsidiaries (hereinafter 'the Group', Note 5).

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 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.

**Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE**  
**company code 152105644, Gynėjų str. 14, Vilnius, Lithuania**

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

**1 General information (cont'd)**

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.

As at 31 December 2021 and 31 December 2020 the shareholders of the Company were:

	2021		2020	
	Number of shares held	Percentage	Number of shares held	Percentage
AB Invalda INVL	1,889,123	23.43	3,949,123	30.03
Mrs. Irena Ona Mišeikienė	1,308,596	16.23	2,498,596	19.00
UAB LJB property (controlling shareholder Mr. Alvydas Banys)	1,251,695	15.53	-	-
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	-	-	2,631,695	20.01
Mrs. Šulnienė Ilona	664,710	8.25	664,710	5.05
Mr. Alvydas Banys	663,640	8.23	663,640	5.05
The Company (own shares)	-	-	100,431	0.76
Other minor shareholders	2,283,650	28.33	2,641,805	20.10
<b>Total</b>	<b>8,061,414</b>	<b>100.00</b>	<b>13,150,000</b>	<b>100.00</b>

All the shares of the Company are ordinary shares with the par value of EUR 1.45, and were fully paid as at 31 December 2021 and 2020. Subsidiaries did not hold any shares of the Company as at 31 December 2021 and 2020.

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.

As at 31 December 2021 the number of employees of the Group and the Company was 10 and nil, respectively. As at 31 December 2020 the number of employees of the Group and the Company was 9 and nil, respectively.

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

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

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## 2 Summary of significant accounting policies

The principal accounting policies applied in preparing the Group's and the Company's financial statements for the year ended 31 December 2021 are as follows:

### 2.1. Basis of preparation

#### Statement of compliance

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

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

#### Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group/Company has adopted the new and amended IFRS and IFRIC interpretations as of 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest rate benchmark (IBOR) reform – phase 2* (effective for annual periods beginning on or after 1 January 2021);
- Amendment to IFRS 4 *Insurance Contracts – deferral of IFRS 9* (effective for annual periods beginning on or after 1 January 2021);
- Amendments to IFRS 16 *Covid-19-Related Rent Concessions* – (effective for annual periods beginning on or after 1 January 2021).

All amendments adopted as of 1 January 2021 had no impact on the Group's and Company's financial statements for the year ended 31 December 2021.

IBOR reform had no impact for the Group, as all borrowings are EURIBOR linked, therefore there was no need to transition to alternative benchmark interest rates. Changes in how EURIBOR is determined (determination has shifted from a quotes-based to a transactions-based methodology) had no impact on interest rates applied, as for all EURIBOR linked borrowings three months EURIBOR is subject to a 0% floor. Before and after the changes in how EURIBOR is determined EURIBOR was negative, therefore 0% floor was applicable to arrive at interest rate and therefore those changes had no impact on interest rate itself and no effect on future cash flows. The financial liabilities denominated at EURIBOR based interest rate are disclosed in Note 16.

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

The Group/the Company is currently assessing the impact of the amendments, described below and adopted by the EU, on its financial statements:

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023).

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).

The amendments to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

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

#### Standards not yet adopted by the EU.

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

## **2 Summary of significant accounting policies (cont'd)**

### **2.2. Basis of consolidation**

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

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

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

### **2.3. Functional and presentation currency**

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

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

### **2.4. Business combinations and goodwill**

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

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

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

The Group and the acquiree may have a pre-existing relationship or other arrangement before negotiations for the business combination began, or they may enter into an arrangement during the negotiations that is separate from the business combination. In either situation, the Group identifies any amounts that are not part of what the Group and the acquiree (or its former owners) exchanged in the business combination. The Group recognises as part of applying the acquisition method only the consideration transferred for the acquiree, and the assets acquired, and liabilities assumed in the exchange for the acquiree.

## **2 Summary of significant accounting policies (cont'd)**

### **2.4 Business combinations and goodwill (cont'd)**

The Group identifies any pre-existing relationships to determine which ones have been effectively settled. Typically, a pre-existing relationship will be effectively settled, since such a relationship becomes an "intercompany" relationship upon the acquisition and is eliminated in the post-combination financial statements. If the pre-existing relationship effectively settled is a debt financing issued by the acquiree to the Group, the Group effectively is settling a receivable. The Group recognises a gain or loss if there is an effective settlement of a pre-existing relationship. When there is more than one contract or agreement between the parties with a pre-existing relationship or more than one pre-existing relationship, the settlement of each contract and each pre-existing relationship is assessed separately. Settlement gains and losses from noncontractual relationships are measured at fair value on the acquisition date.

### **2.5. Property, plant and equipment**

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable. Depreciation is calculated using the straight-line method over the estimated useful lives of 3 to 6 years.

The asset residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant, and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income within "other income" in the year the asset is derecognised.

### **2.6. Investment properties**

Properties that are held for long-term rental yields and for capital appreciation are classified as investment properties. Where the Group/Company owns the buildings, but not the land on which they are built, land is leased from the municipality under operating lease. Land held under operating leases is classified and accounted for by the Group/Company as investment property when the rest of the definition of investment property is met.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. The fair value of investment property is determined annually by qualified independent valuers (Note 11).

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group/Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

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

### **2.7. Intangible assets other than goodwill**

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets other than goodwill are assessed to be finite. Intangible assets are amortised using the straight-line method over their expected useful lives 3 years.

Intangible assets not yet available for use, such as technical development projects where the related property is not built, are tested annually for impairment and whenever there is an indication that the intangible asset may be impaired.



## **2 Summary of significant accounting policies (cont'd)**

### **2.8. Investments into subsidiaries (the Company)**

The business model of the Company is to manage investment into subsidiaries together with loans granted to subsidiaries as one portfolio and evaluate their performance on a combined fair value basis. On this basis information on portfolio is provided to the Management Company and the Investment Committee. Therefore, the portfolio is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Consequently, such portfolio of financial assets is measured at fair value through profit or loss. If the Company grant short-term loans to subsidiaries for purpose not related with investment activities they are classified as financial assets measured at amortised cost, because they are solely payments of principal and interest and are held to collect contractual cash flows.

At initial recognition, the Group/the Company measures portfolio of investment into subsidiaries at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

If the fair value of the financial asset at initial recognition differs from the transaction price, it is recognised at fair value and '1 day gain' is recognised only if that fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets. In all other cases the difference between the fair value at initial recognition and the transaction price is deferred. For loans granted measured at fair value through profit or loss this difference is recognised using the straight-line method over the estimated maturity of financial asset.

### **2.9. Financial assets**

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

As the business model for the Group's and the Company's other financial assets (except financial assets described in Note 2.8) is held to collect contractual cash flows and they are solely payments of principal and interest, other financial assets are measured at amortised cost. They comprised short-term loans granted, trade and other receivables, cash and cash equivalents. The Group and the Company reclassifies debt instruments when and only when its business model for managing those assets changes.

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

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

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

## **2 Summary of significant accounting policies (cont'd)**

### **2.10. Impairment of financial assets**

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

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

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

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

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

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

- Stage 2 – comprises receivables for which the simplified approach was applied to measure the expected lifetime credit losses, except for certain trade receivables classified in Stage 3;
- Stage 3 – comprises trade receivables which are overdue more than 90 days (except is reasonable explanation for that) or individually identified as impaired.

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

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

### **2.11. Cash and cash equivalents**

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

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

## **2 Summary of significant accounting policies (cont'd)**

### **2.12. Performance Fee and Management Fee**

The Management Fee is remuneration paid to the Management Company for management of the assets of the Company, which is payable for each quarter of a calendar year and is 0.375% of the quarterly weighted average capitalisation of the Company, calculated according to the Articles of Association. From 1 January 2018 the rate of the Management Fee was changed to 0.25% of the quarterly weighted average capitalisation of the Company.

The quarterly payable Management Fee is recorded as financial liability and is accounted for at amortised cost.

The Performance Fee depends on the return earned by the Company, which is calculated for the whole Company rather than for an individual shareholder and is based on internal rate of return. The Performance Fee amounts to 20% of return in excess of the annual internal rate return of 8% (a high water-mark principle is applied). The Performance Fee is paid to the Management Company on a quarterly basis if both conditions are met - the internal rate of return and the stock price growth (including dividends) exceed 8% annually.

The Performance Fee is accounted as a provision on a quarterly basis until the conditions, as described above, for the payment of the Performance Fee are satisfied, when payable part of the Performance Fee is recorded as financial liability and is further accounted for at amortised cost.

The first period for the calculation of the Performance Fee started from 30 November 2016 according to the Articles of Association of the Company, where initial amount for calculation of internal rate of return is net assets value of the Company as at 30 November 2016 (it is amounted to the equity of the Group as at 30 November 2016). If, after that date, the capitalisation of the Company (market value of the issued shares of the Company) is more than net assets value of the Company and internal rate of return calculated on the basis of net assets value is more than 8%, then payable Performance Fee is calculated based on net assets value of the Company. If the capitalisation of the Company is less than net assets value of the Company and internal rate of return calculated on the basis of capitalisation is more than 8%, then payable Performance Fee is calculated based on the capitalisation of the Company. After the Performance Fee becomes payable, the new period for calculating of the Performance Fee starts, where initial amount for calculation of internal rate of return is the capitalisation of the Company or net asset value of the Company as at the end of previous period - depends on which based on these amounts payable part of the Performance Fee is calculated.

More detailed requirements are set out in the Articles of Association of the Company.

### **2.13. Financial liabilities**

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

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

#### Trade payables

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

#### Borrowings

Borrowings are recognised initially at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group/Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

## **2 Summary of significant accounting policies (cont'd)**

### **2.14. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the profit or loss. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Provisions for onerous contracts

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. A provision for onerous lease contracts is recognised when the expected benefits to be derived by the Group/Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

#### Provisions for the Performance Fee

The Company is obliged to pay the Performance Fee to the Management Company (Note 2.12). There is an obligation to pay the Performance Fee, which becomes payable only in the event of outperformance of the benchmark when both conditions are met as described in Note 2.12 and the Company's Articles of Association.

As services are provided over time, the obligating past event arises and a provision for the Company's management services needs to be recognised. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

### **2.15. Share capital**

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

### **2.16. Leases**

#### Group and Company are the lessor in an operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the Group and the Company as the lessor are classified as operating leases. Payments, including pre-payments, received under operating leases (net of any incentives granted to the lessee) are credited to the statement of comprehensive income on a straight-line basis over the period of the lease.

Any changes in the scope or the consideration for a lease, that was not part of the original terms and conditions of the lease, for example, rent concessions given which were not contemplated as part of the original terms and conditions of the lease, are accounted for as lease modifications.

The Group/the Company accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments, including any amounts recorded as prepaid or accrued lease payments at the time of the modification, as income on a straight-line basis over the remaining lease term.

Property leased out under operating leases is included in investment property in the statement of financial position (Note 11). See Note 2.17 for the recognition of rental income.

## **2 Summary of significant accounting policies (cont'd)**

### **2.16 Leases (cont'd)**

#### Group and Company are the lessees

From 1 January 2019, leases where the Group and/or the Company are lessees, are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company/the Group.

The right-of-use asset is measured at its cost which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group and/or the Company. The lease liabilities are measured at the net present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company/ the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

The Company and the Group are exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

### **2.17. Revenue recognition**

#### Lease income

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

#### Utilities and other services income

Revenue from utilities and other services from is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, this consideration may include discounts, trade allowances, rebates.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### Interest income

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

## **2 Summary of significant accounting policies (cont'd)**

### **2.18. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Company and the Investment Committee that makes strategic decisions.

### **2.19. Borrowing costs**

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **2.20. Current and deferred income tax**

From 1 January 2018 all income of Collective Investment Undertakings is not subject to taxation.

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

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

The standard income tax rate in Lithuania was 15 % in 2020 and 2021. Starting from 2010, tax losses can be transferred within Lithuania at no consideration or in exchange for certain consideration between the group companies if certain conditions are met.

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

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

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

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

From 1 January 2018 according to the new Corporate Income Tax Act of Latvia the annual profit is not taxed. Corporate income tax would be paid on distributed profit, including conditional distributed profit as for example: expenditure not related to economic activities, some loans granted to related parties, some provisions for doubtful debts. The tax rate on (net) distributed profit would be 20/80. From 1 January 2018 tax losses incurred before 31 December 2017 can be carried forward for 5 consecutive years to reduce up to 50% of tax base of distributed profit in Latvia. From 1 January 2018 the tax base would be reduced by the gain on sale of shares, if the shares were held for an uninterrupted period of at least 36 months. The excess gain can be transferred and utilized in the future periods.

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

## **2 Summary of significant accounting policies (cont'd)**

### **2.21. Employee benefits**

#### Social security contributions

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

#### Bonus plans

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

### **2.22. Significant accounting judgements and estimates**

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

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

#### Judgements

In the process of applying the accounting policies, management has made the following judgements, which had the most significant effect on the amounts recognised in these financial statements:

#### The Group acts as principal in relation to utility and other services

The management has concluded that the Group acts as a principal in relation to utility and other services. Although the most of services rendered to the tenants is performed by other parties, the Group has a right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the entity's behalf. From tenant perspective the Group combines the services provided by other parties in providing the specified service to them. According to the management the Group is primarily responsible for fulfilling the promise to provide services and has discretion in establishing the price for the services.

#### Estimates and assumptions

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

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

## **2 Summary of significant accounting policies (cont'd)**

### **2.22. Significant accounting judgements and estimates (cont'd)**

#### **Fair value of investment properties**

Fair value of investment properties was based either on the market approach by reference to sales in the market of comparable properties or the income approach by reference to rentals obtained from the subject property or similar properties. Market approach refers to the prices of the analogues transactions in the market. These values are adjusted for differences in key attributes such as property size, location. Discounted cash flow projections in the income approach are based on estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current (at the date of the statement of financial position) market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The future rental rates were estimated depending on the actual location, type, and quality of the properties, and taking into account market data and projections at the valuation date.

The Company's investment properties located in Lithuania have to be valued twice a year by qualified independent valuer in accordance with the Lithuanian Law on Collective Investment Undertakings. In the process of valuation, the Management has discussions with the qualified independent valuer about significant unobservable inputs

The fair value of the investment properties of the Group and the Company as at 31 December 2021 was EUR 29,616 thousand and EUR 20,797 thousand, respectively (as at 31 December 2020 – EUR 24,133 thousand and EUR 15,774 thousand, respectively) (described in more details in Note 11).

#### **Fair value of investments into subsidiaries in stand-alone financial statements**

The fair values of investments into subsidiaries together with loans granted to subsidiaries are determined by using valuation techniques, primarily discounted cash flows. The fair value of these investments was measured at the fair value of their net assets, including loans granted by the Company. The main assets of subsidiaries are investment properties, which are measured at fair value using the income or market 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 models used to determine fair values are periodically reviewed and compared against historical results to ensure their reliability.

The fair value of the investments in subsidiaries as at 31 December 2021 was EUR 9,801 thousand (as at 31 December 2020 – EUR 9,026 thousand) (described in more details in Note 5).

#### **The provision for the Performance Fee**

The amount of provision for the Performance Fee represents the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The provision is calculated on the basis of the net assets value of the Company, which equals to the equity of the Group. The Performance Fee would become payable only if the stock price growth (including dividends) exceeded 8% annually. As described in Note 2.12, the payable Performance Fee could be based on net assets value or on the capitalisation of the Company. The Company cannot control stock price of the Company shares, therefore the timing and the amount of the Performance Fee payable in future are uncertain.

As at 31 December 2021 provision was calculated as an amount equal to 20% of return in excess of the annual internal rate of return of 8% for period from 30 June 2021 till 31 December 2021. For this period internal rate of return based on net assets value of the Company amounted to 20.38%. Initial amount for calculation of internal rate of return for this period was capitalisation of the Company as at 30 June 2021, as internal rate of return for period from 31 March 2020 till 30 June 2021 based on the capitalisation of the Company amounted to 36.33% and exceeded 8%, but the capitalisation was less than net assets value of the Company as at 30 June 2021.

As at 31 December 2020 provision was calculated as an amount equal to 20% of return in excess of the annual internal rate of return of 8% for period from 31 March 2020 till 31 December 2020. For this period internal rate of return based on net assets value of the Company amounted to 55.19%. Initial amount for calculation of internal rate of return for this period was capitalisation of the Company as at 31 March 2020, as internal rate of return for period from 30 September 2019 till 31 March 2020 based on the capitalisation of the Company amounted to 55.09% and exceeded 8%, but the capitalisation was less than net assets value of the Company as at 31 March 2020.

As at 31 December 2021 the Company recognised non-current provision for the Performance Fee of EUR 219 thousand (as at 31 December 2020 - EUR 1,556 thousand) (Note 7).



### 3 Financial risk management

#### 3.1. Financial risk factors

The risk management function within the Group is carried out in respect of financial risks, operational risks, and legal risks. On an overall Group level strategical risk management was executed by the Management Company. Operational risk management is carried out at each entity level by directors. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

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

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

#### Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, deposits, credit exposures to outstanding trade receivables and loans granted. The Group/Company seeks to ensure that rental contracts are entered into only with lessees with an appropriate credit history, from some of lessees advance lease payments are required.

The maximum exposure to credit risk and impairment of trade and other receivables is disclosed in Note 13. The maximum exposure to credit risk for loans granted to subsidiaries measured at fair value through profit or loss are their carrying amounts (Note 5). In Note 13 is also disclosed credit quality of trade receivable. There are no transactions of the Group or the Company that occur outside Lithuania and Latvia.

As at 31 December 2021 the Group and the Company had no significant concentrations of credit risk.

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

According to the European deposit insurance scheme, cash, cash equivalents and deposits of up to EUR 100 thousand of every legal entity in each bank are covered with insurance. All the Group's balance of cash and cash equivalents are covered with the insurance, except for the Company's cash and cash equivalents, because the Company is a collective investment undertaking. The insured amounts of cash placed on AS "SEB banka" accounts were exceeded by EUR 113 thousand and insured amounts of cash placed on AB Šiaulių bankas accounts were exceeded by EUR 188 thousand as at 31 December 2021 (by EUR 13 thousand and by EUR 5,257 thousand, respectively, as at 31 December 2020).

All cash balances have a low credit risk at the reporting date and the impairment loss determined on 12-month expected credit losses is resulted in an immaterial amount.

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

	Group		Company	
	2021	2020	2021	2020
Moody's short-term ratings				
Prime-1	1,354	1,330	946	1,045
Prime-2	547	14,704	259	9,347
Not rated	-	-	-	-
	<u>1,901</u>	<u>16,034</u>	<u>1,205</u>	<u>10,392</u>

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**3 Financial risk management (cont'd)**

**3.1 Financial risk factors (cont'd)**

Market risk

*Cash flow and fair value interest rate risk*

The Group's/Company's exposure to the risk of changes in market interest rates relates primarily to the debt obligations with floating interest rates. The borrowings from related party AB Invalda INVL were with fixed interest rates for one year.

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates (EURIBOR), with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's and the Company's equity other than current year profit impact.

	<b>Increase in basis points</b>	<b>Group</b>	<b>Company</b>
<b>2021</b>			
EUR	+50 bps	(46)	(46)
<b>2020</b>			
EUR	+50 bps	(47)	(47)

As at 31 December 2021 and 2020 EURIBOR were negative and according to borrowings agreements was equalled to zero.

*Foreign exchange risk*

The Group and the Company holds assets and liabilities denominated only in the Euro, which is functional and presentation currency of the Group. Therefore, the Group and the Company are not exposed to foreign exchange risk.

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet their commitments at a given date in accordance with strategic plans. The liquidity risk of the Group's operation in Lithuania and the Company is controlled on an overall Group level. The liquidity risk of the Group's operation in Latvia is controlled on an entity level. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The liquidity risk management is divided into long-term and short-term risk management.

The aim of the short-term liquidity management is to meet daily needs for funds. Short-term liquidity for the Group and the Company is controlled through monthly monitoring of the liquidity status and needs of funds.

Long-term liquidity risk is managed by analysing the predicted future cash flows taking into account the possible financing sources. Before approving the new investment projects the Group and the Company evaluate the possibilities to attract needed funds.

The Group's liquidity ratio (total current assets / total current liabilities) as at 31 December 2021 and 2020 was approximately 0.79 and 12.23, respectively. The Company's liquidity ratio as at 31 December 2021 and 2020 was approximately 0.56 and 12.32.

As at 31 December 2021 the current assets were lower than current liabilities by EUR 623 thousand in the Group and EUR 1,229 thousand in the Company. The management of the Group and the Company forecasted the cash flows of the Group and the Company for 2022 and the forecast indicates that the Group and the Company will have sufficient funds to cover liabilities, which fall due in 2022. The Group and the Company could use additional liquidity source - overdraft up to EUR 1,000 thousand available according to borrowing agreement with AB Šiaulių bankas to meet its liabilities. Additionally, the Group and the Company has initiate negotiation with the bank regarding additional borrowing to refinance additional investments.

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**3 Financial risk management (cont'd)**

**3.1 Financial risk factors (cont'd)**

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2021 and 2020 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	-	148	444	8,801	-	9,393
Leasing liabilities	-	60	181	622	-	863
Trade and other payables	-	1,675	-	-	-	1,675
Provision for onerous contract	-	16	18	40	-	74
Other liabilities	437	22	-	-	-	459
<b>Balance as at 31 December 2021</b>	<b>437</b>	<b>1,921</b>	<b>643</b>	<b>9,463</b>	<b>-</b>	<b>12,464</b>
Interest bearing borrowings	-	150	451	9,393	-	9,994
Leasing liabilities	-	59	178	845	-	1,082
Trade and other payables	-	83	-	-	-	83
Provision for onerous contract	-	5	17	62	-	84
Other liabilities	451	24	-	-	-	475
<b>Balance as at 31 December 2020</b>	<b>451</b>	<b>321</b>	<b>646</b>	<b>10,300</b>	<b>-</b>	<b>11,718</b>

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2021 and 2020 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	-	148	444	8,801	-	9,393
Leasing liabilities	-	60	181	622	-	863
Trade and other payables	-	1,579	-	-	-	1,579
Provision for onerous contract	-	16	18	40	-	74
Other liabilities	437	17	-	-	-	454
<b>Balance as at 31 December 2021</b>	<b>437</b>	<b>1,820</b>	<b>643</b>	<b>9,463</b>	<b>-</b>	<b>12,363</b>
Interest bearing borrowings	-	150	451	9,393	-	9,994
Leasing liabilities	-	59	178	845	-	1,082
Trade and other payables	-	117	-	-	-	117
Provision for onerous contract	-	5	17	62	-	84
Other liabilities	451	20	-	-	-	471
<b>Balance as at 31 December 2020</b>	<b>451</b>	<b>351</b>	<b>646</b>	<b>10,300</b>	<b>-</b>	<b>11,748</b>

### 3 Financial risk management (cont'd)

#### Liquidity risk (cont'd)

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.

#### 3.2. Capital management

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

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

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions and specific risks of their activity. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is obliged to keep its equity ratio at not less than 50 % of its share capital, as imposed by the Law on Companies of Republic of Lithuania. The Company and the Group complied with this requirement as at 31 December 2021 and 2020, except for two subsidiaries in 2021 and three subsidiaries in 2020. There are no plans yet to rectify the situation in Lithuania. Pursuant to the Latvian Commercial Law the authorised share capital of a private limited liability company must be not less than EUR 2,800. As of 31 December 2021 and 2020, all Latvian subsidiaries complied with this requirement.

Starting from 2020 the Company has the right to pay dividends without bank consent if the ratio of EBITDA (earnings before interest, tax, depreciation and amortization) plus inflows from subsidiaries (dividends or repayment of granted loan) divided by the sum of debt service costs (interest and principal repayments) and dividends would be higher than 1.1. In addition, 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.

### 4 Fair value estimation

#### Assets carried at fair value

The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets measured at fair value in the statement of financial position as at 31 December 2021.

	Level 1	Level 2	Level 3	Total balance
<b>Assets of the Group</b>				
Investment properties (Note 11)	-	6,626	22,990	29,616
<b>Assets of the Company</b>				
Investment properties (Note 11)	-	2,630	18,167	20,797
Investment into subsidiaries (Note 5)	-	-	9,801	9,801

There were no transfers of assets between the Level 1 and Level 2 and between Level 2 and Level 3 of the fair value hierarchy during 2021.

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(all amounts are in EUR thousand unless otherwise stated)

**4 Fair value estimation (cont'd)**

*Assets carried at fair value (cont'd)*

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets measured at fair value in the statement of financial position as at 31 December 2020.

	Level 1	Level 2	Level 3	Total balance
<b>Assets of the Group</b>				
Investment properties (Note 11)	-	3,629	20,504	24,133
<b>Assets of the Company</b>				
Investment properties (Note 11)	-	-	15,774	15,774
Investment into subsidiaries (Note 5)	-	-	9,026	9,026

There were no transfers of assets between the Level 1 and Level 2 and between Level 2 and Level 3 of the fair value hierarchy during 2020.

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

*Financial instruments that are not carried at fair value*

The Group's and the Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, deposits, trade and other receivables, trade and other payables, non-current and current borrowings, provision for onerous contract.

The carrying amount of the cash and cash equivalents, deposits, trade and other receivables, trade and other payables of the Group and the Company as at 31 December 2021 and 2020 approximated their fair value because they are short-term and the impact of discounting is immaterial.

The carrying amount of borrowings of the Group and the Company and provision for onerous contract as at 31 December 2021 and 2020 approximated their fair value. Bank borrowings have floating interest rate and were renegotiated recently, therefore their interest rate represents the current market rate. The interest rates of borrowings from related party are reviewed at the end of each financial year and adjusted in line with market rates changes, therefore it was concluded that their fair value approximates carrying amount. The fair values of non-current borrowings are based on discounted cash flows using a current interest rate. They are classified as level 3 fair values in the fair value hierarchy due to use of unobservable inputs, including own credit risk.

**5 Investments into subsidiaries and short-term loans granted to subsidiaries**

The Group had the following subsidiaries directly or indirectly owned by the Company as at 31 December 2021:

Name	Country of incorporation and place of business	Proportion of shares (voting rights) directly/indirectly held by the Company/Group (%)	Nature of business
UAB Rovelijia*	Lithuania	100.00	Real estate owner and lessor (from March 2020 dormant)
UAB Perspektyvi veikla	Lithuania	100.00	Dormant
UAB Proprietas*	Lithuania	100.00	Real estate owner and lessor
SIA Dommo Grupa*	Latvia	100.00	Real estate owner and lessor
SIA Dommo Biznesa Parks	Latvia	100.00	Real estate owner and lessor

\*These subsidiaries are directly owned by the Company.

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**5 Investments into subsidiaries and short term loans granted to subsidiaries (cont'd)**

The Group had the following subsidiaries directly or indirectly owned by the Company as at 31 December 2020:

<b>Name</b>	<b>Country of incorporation and place of business</b>	<b>Proportion of shares (voting rights) directly/indirectly held by the Company/Group (%)</b>	<b>Nature of business</b>
UAB Roveliija*	Lithuania	100.00	Real estate owner and lessor (from March 2020 dormant)
UAB Perspektyvi veikla	Lithuania	100.00	Dormant
UAB Proprietas*	Lithuania	100.00	Real estate owner and lessor
SIA Dommo Grupa*	Latvia	100.00	Real estate owner and lessor
SIA Dommo Biznesa Parks	Latvia	100.00	Real estate owner and lessor
SIA Dommo	Latvia	100.00	Real estate management
SIA DBP Invest	Latvia	100.00	Dormant

\*These subsidiaries are directly owned by the Company.

All subsidiary undertakings listed in the tables above are included in the consolidation.

In 2021 the company has increased the share capital of its subsidiary UAB "Proprietas" by EUR 116 thousand. The capital increase was made by setting off part of the loan granted to the subsidiary. In addition, two of the subsidiaries in Latvia SIA "Dommo" and SIA "DBP Invest" were merged with SIA "Dommo Grupa".

In 2020 the Company has not invested into or sold any subsidiaries.

The Company has not any significant restriction on the ability of an unconsolidated subsidiary to transfer funds to the Company.

Fair value of 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 in 2021 and 2020. 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 split of carrying amounts of the investment into subsidiaries by legal components is as follows:

	<b>2021</b>	<b>2020</b>
Shares	221	142
Loans granted	9,580	8,884
	<b>9,801</b>	<b>9,026</b>

Key inputs to valuation on subsidiaries as at 31 December 2021 and 2020:

<b>Significant unobservable inputs</b>	<b>Value of input or range, 2021</b>	<b>Value of input or range, 2020</b>
Discount rate (%)	10	10
Capitalisation rate for terminal value (%)	9	9
Vacancy rate (%)	2	2-3
Increase of rents per year (%)	1.3-1.5	0-1.5
Inflation (%)	1.3-1.4	1.4-1.6

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

**5 Investments into subsidiaries and short-term loans granted to subsidiaries (cont'd)**

Fair value of investments into subsidiaries (cont'd)

The sensitivity analysis of fair value of subsidiaries as at 31 December 2021 is as follows:

Reasonable possible shift +/- (%)	Increase of estimates	Decrease of estimates
Change in Increase of rents per year by 100 bps	95	(93)
Change in expected vacancy rates by 20%	(26)	27
Change in discount and capitalization rate by 50 bps	(274)	307

The sensitivity analysis of fair value of subsidiaries as at 31 December 2020 is as follows:

Reasonable possible shift +/- (%)	Increase of estimates	Decrease of estimates
Change in Increase of rents per year by 100 bps	166	(162)
Change in expected vacancy rates by 20%	(31)	31
Change in discount and capitalization rate by 50 bps	(267)	298

The following table presents the movement in Level 3 instruments for the year ended 31 December 2021 and 2020:

<b>Fair value as at 31 December 2019</b>	<b>7,894</b>
Gains and losses recognised in profit or loss (within 'Net changes in fair value of investment into subsidiaries designated at fair value through profit or loss')	306
Investment into share capital	-
Loan granted during a year (Note 18)	2,525
Loan repaid during a year (Note 18)	(1,699)
<b>Fair value as at 31 December 2020</b>	<b>9,026</b>
Gains and losses recognised in profit or loss (within 'Net changes in fair value of investment into subsidiaries designated at fair value through profit or loss')	885
Investment into share capital (set off with loans granted)	116
Loan granted during a year (Note 18)	200
Loan repaid during a year (Note 18)	(426)
<b>Fair value as at 31 December 2021</b>	<b>9,801</b>
<b>Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of 2021</b>	<b>885</b>
<b>Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of 2020</b>	<b>306</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

**5 Investments into subsidiaries and short-term loans granted to subsidiaries (cont'd)**

Fair value of investments into subsidiaries (cont'd)

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 2021 and 2020 the Company has recognised nil 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' was recognised. Therefore, the total fair value of loans granted by the Company was EUR 9,580 thousand and EUR 8,884 thousand as at 31 December 2021 and as at 31 December 2020, respectively (their carrying amount – EUR 9,580 thousand and EUR 8.884 thousand, respectively). It is Level 3 measurement.

Short-term loans granted to subsidiaries

In 2020 the Company has received cash from disposed investment properties and cash amount exceeded the banks limits from which negative interests are applied. The Company has transferred cash to subsidiaries' bank accounts to mitigate expenses of negative interests by granting interest-free short-term loans.

The movements of short-term loans granted to subsidiaries of the Company were:

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
<b>At 1 January</b>	<b>5,000</b>	-
Loans granted during year	7,310	15,850
Loans repayment received	(12,310)	(10,850)
<b>At 31 December</b>	<b>-</b>	<b>5,000</b>

**6 Segment information**

Management of the Company has determined the operating segments based on the reports reviewed by the Investment Committee of the Management Company that are used to make strategic decisions. The Investment Committee analyses performance of the Group on property-by-property basis of owned premises. 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 the following reportable segments:

- Owned property in Lithuania. The reportable segment comprises three operating segments on a property-by-property basis, which are aggregated (in 2020 there were 2 such segments). 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.



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**6 Segment information (cont'd)**

The following table presents performance of reportable segments of the Group for the year ended 31 December 2021:

	Owned property in Lithuania	Owned property in Latvia	Total
<b>Year ended 31 December 2021</b>			
Rent income	1,130	557	1,687
Other revenue (utilities and other service)	1,036	-	1,036
<b>Revenue</b>	<b>2,166</b>	<b>557</b>	<b>2,723</b>
<b>Expenses</b>			
Premises rent costs	(71)	(3)	(74)
Utilities	(319)	(2)	(321)
Repair and maintenance of premises	(542)	(24)	(566)
Property management and brokerage costs	(1)	(29)	(30)
Taxes on property	(95)	(14)	(109)
Insurance costs	(5)	(3)	(8)
<b>Net operating income for the period</b>	<b>1,133</b>	<b>482</b>	<b>1,615</b>

The following table presents performance of reportable segments of the Group for the year ended 31 December 2020:

	Owned property in Lithuania	Owned property in Latvia	Total
<b>Year ended 31 December 2020</b>			
Rent income	2,221	564	2,785
Other revenue (utilities and other service)	1,065	-	1,065
<b>Revenue</b>	<b>3,286</b>	<b>564</b>	<b>3,850</b>
<b>Expenses</b>			
Premises rent costs	(73)	(3)	(76)
Utilities	(386)	-	(386)
Repair and maintenance of premises	(909)	(70)	(979)
Property management and brokerage costs	(7)	(22)	(29)
Taxes on property	(155)	(7)	(162)
Insurance costs	(10)	(3)	(13)
<b>Net operating income for the period</b>	<b>1,746</b>	<b>459</b>	<b>2,205</b>

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6 Segment information (cont'd)

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

	2021				2020			
	Net operating income to operating profit	Premises rent costs	Repair and maintenance of premises	Revenue	Net operating income to operating profit	Premises rent costs	Repair and maintenance of premises	Revenue
<b>From reportable segment</b>	<b>1,615</b>	<b>(74)</b>	<b>(566)</b>	<b>2,723</b>	<b>2,205</b>	<b>(76)</b>	<b>(979)</b>	<b>3,850</b>
Provision for onerous contracts and lease liabilities recalculation impact	(4)	(4)	-	-	(36)	(36)	-	-
Other revenue not included in reportable segments	3	-	-	3	4	-	-	4
Rent revenue not included in reportable segment due to application of IFRS 16	7	-	-	7	47	-	-	47
Add back insurance and other costs (included within 'other expenses')	74	-	66	-	84	-	71	-
Brokerage cost on sale of investment property	-	-	-	-	-	-	-	-
Management and Performance Fee	(388)	-	-	-	(767)	-	-	-
Impairment of trade receivables	(5)	-	-	-	(2)	-	-	-
Employee benefits expenses	(154)	-	-	-	(202)	-	-	-
Depreciation and amortisation	(104)	-	-	-	(103)	-	-	-
Other expenses	(254)	-	-	-	(359)	-	-	-
Other income	25	-	-	-	40	-	-	-
Net gains from fair value adjustments on investment property	2,854	-	-	-	4,961	-	-	-
<b>Total</b>	<b>3,669</b>	<b>(78)</b>	<b>(500)</b>	<b>2,733</b>	<b>5,872</b>	<b>(112)</b>	<b>(908)</b>	<b>3,901</b>

The table below presents distribution of the Group non-current assets (other than financial instruments and deferred tax assets) by geographical area as at 31 December 2021 and 2020:

	Lithuania	Latvia	Total
As at 31 December 2021	21,225	8,819	30,044
As at 31 December 2020	16,271	8,359	24,630

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**7 Revenue, lease expenses, lease commitments, provisions**

Revenue

The Group being the lessor has entered into commercial property leases of the Group's investment properties under operating lease agreements. The majority of the agreements have remaining terms of between 1 and 6 years.

Analysis of revenue by category:

	Group		Company	
	2021	2020	2021	2020
Rent income	1,694	2,832	1,500	2,580
Utilities revenue	222	327	1	10
Other services revenue	817	742	8	181
<b>Total revenue</b>	<b>2,733</b>	<b>3,901</b>	<b>1,509</b>	<b>2,771</b>

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.

Analysis of revenue of the Group by geographical areas:

	Group	
	2021	2020
Lithuania	2,173	3,333
Latvia	560	568
<b>Total</b>	<b>2,733</b>	<b>3,901</b>

In 2020 there was one customer in Latvia, from which the group received 12.9% of its revenue, in 2021 the Group has one customer in Latvia, from which was received 16% of revenue.

In 2021 there were three customers, from which the Company received more than 10% of its revenue: 27% was received from two non-related parties and 24% from one of the subsidiaries. 2020 there was customers, from which the Company had received more than 10% of its revenue.

The Group's future rentals receivable under non-cancellable and cancellable operating leases as at 31 December 2020 and 2019 are as follows:

	2021	2020
Within one year		
- non-cancellable lease	404	556
- non-cancellable amount of cancellable lease	1,031	986
- <i>minimum lease payments, total</i>	1,435	1,542
- cancellable amount of cancellable lease	152	62
	1,587	1,604
Within two years		
- non-cancellable lease	349	389
- non-cancellable amount of cancellable lease	560	562
- <i>minimum lease payments, total</i>	909	951
- cancellable amount of cancellable lease	322	426
	1,231	1,377

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7 Revenue, lease expenses, lease commitments, provisions (cont'd)

Revenue (cont'd)

Within three years

- non-cancellable lease	261	340
- non-cancellable amount of cancellable lease	118	487
- <i>minimum lease payments, total</i>	379	827
- cancellable amount of cancellable lease	572	240
	951	1,067

Within four years

- non-cancellable lease	215	253
- non-cancellable amount of cancellable lease	-	66
- <i>minimum lease payments, total</i>	215	319
- cancellable amount of cancellable lease	629	530
	844	849

Within five years

- non-cancellable lease	107	208
- non-cancellable amount of cancellable lease	-	-
- <i>minimum lease payments, total</i>	107	208
- cancellable amount of cancellable lease	277	556
	384	764

After five years

- non-cancellable lease	-	104
- non-cancellable amount of cancellable lease	-	-
- <i>minimum lease payments, total</i>	-	104
- cancellable amount of cancellable lease	194	453
	194	557

Total

	<b>5,191</b>	<b>6,218</b>
- non-cancellable lease	1,336	1,850
- non-cancellable of cancellable lease	1,709	2,101
- <i>minimum lease payments, total</i>	3,045	3,951
- cancellable amount of cancellable lease	2,146	2,267
	<b>5,191</b>	<b>6,218</b>

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7 Revenue, lease expenses, lease commitments, provisions (cont'd)

Revenue (cont'd)

The Company's future rentals receivable under non-cancellable and cancellable operating leases as at 31 December 2021 and 2020 are as follows:

	2021	2020
Within one year		
- non-cancellable lease	798	932
- non-cancellable amount of cancellable lease	498	493
- <i>minimum lease payments, total</i>	1,296	1,425
- cancellable amount of cancellable lease	113	4
	1,409	1,429
Within two years		
- non-cancellable lease	743	766
- non-cancellable amount of cancellable lease	183	127
- <i>minimum lease payments, total</i>	926	893
- cancellable amount of cancellable lease	126	310
	1,052	1,203
Within three years		
- non-cancellable lease	655	716
- non-cancellable amount of cancellable lease	118	125
- <i>minimum lease payments, total</i>	773	841
- cancellable amount of cancellable lease	78	51
	851	892
Within four years		
- non-cancellable lease	609	630
- non-cancellable amount of cancellable lease	-	66
- <i>minimum lease payments, total</i>	609	696
- cancellable amount of cancellable lease	176	56
	785	752
Within five years		
- non-cancellable lease	304	584
- non-cancellable amount of cancellable lease	-	-
- <i>minimum lease payments, total</i>	304	584
- cancellable amount of cancellable lease	126	121
	430	705
After five years		
- non-cancellable lease	-	292
- non-cancellable amount of cancellable lease	-	-
- <i>minimum lease payments, total</i>	-	292
- cancellable amount of cancellable lease	194	308
	194	600
Total	<b>4,721</b>	<b>5,581</b>
- non-cancellable lease	3,109	3,920
- non-cancellable of cancellable lease	799	811
- <i>minimum lease payments, total</i>	3,908	4,731
- cancellable amount of cancellable lease	813	850
	<b>4,721</b>	<b>5,581</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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**7 Revenue, lease expenses, lease commitments, provisions (cont'd)**

Revenue (cont'd)

The Company's and the Group's future rentals receivable under finance lease as at 31 December 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Year 1	202	202
Year 2	202	202
Year 3	202	202
Year 4	202	202
Year 5	-	202
After 5 years	-	-
Total	808	1,010
Unearned interest	(30)	(46)
	<u><b>778</b></u>	<u><b>964</b></u>

For the cancellable lease agreements, tenants must notify the administrator 1–6 months in advance if they wish to cancel the rent agreement. One agreement has 9 months notification and tenant has to pay for the cancellation 2 months' rent fee penalty and penalty based on initial repair cost incurred to prepare premises to rent proportionally to remaining term of rent. According to some agreements, the tenants have the right to cancel the rent agreement within 6–30 months of the start of lease term. According to non-cancellable lease agreements tenants must pay the penalty equal to rentals receivable during the whole remaining lease period.

Most of lease agreements have a clause enabling upward revision of the rental charges on an annual basis according to prevailing market conditions.

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 based on 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 have to be set off in 2025.

The lease expenses of the Group from short term agreements amounted to EUR 79 thousand and EUR 84 during the year ended 31 December 2021 and 2020, respectively. The lease expenses of the Company from short-term agreements amounted to EUR 72 thousand and EUR 77 thousand during the year ended 31 December 2021 and 2020, respectively.

The lease agreement of 10 August 2007 is an onerous contract, therefore there is a provision of EUR 48 thousand and EUR 35 thousand to cover the loss anticipated in connection with this contract recognised in the statement of financial position as at 31 December 2021 and 2020, respectively. In addition, after the sale of investment property located at Gyneju 14, Vilnius, the Company/the Group is committed to further ensure to rent the parking places for one of previous tenant of Gyneju 14. The commitment is onerous contract, therefore, additional provision of onerous contract amounting for 49 thousand EUR was formed as at 31 December 2020, therefore there is a provision of EUR 26 thousand as at 31 December 2021. These amounts represent the present value of future cash flows related to the lease contracts. Future cash flows projections are based on the estimates of future rent income from subleased premises, contractual lease payments.

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**7 Revenue, lease expenses, lease commitments, provisions (cont'd)**

Expenses and provisions (cont'd)

The changes in the provision for onerous contract is presented below:

	<u>2021</u>	<u>2020</u>
<b>As at 1 January</b>	<b>84</b>	<b>62</b>
Re-estimation of provision at the end of the year	13	23
Amount used (recognised as a reduction of 'Premises rent costs')	(23)	(1)
Unwinding of the discount and changes in the discount rate	-	-
<b>As at 31 December</b>	<b>74</b>	<b>84</b>
Non-current	40	61
Current	34	23

As at 31 December 2021 the Company recognised non-current provision for the Performance Fee of EUR 219 thousand (as at 31 December 2020: EUR 1,556 thousand) (Notes 2.12 and 2.22).

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

	<u>2021</u>	<u>2020</u>
<b>As at 1 January</b>	<b>1,556</b>	<b>2,486</b>
Re-estimation of provision at the end of the year	179	452
Reclassification of payable part to 'other current liabilities'	(1,516)	(1,382)
<b>As at 31 December</b>	<b>219</b>	<b>1,556</b>

**8 Finance costs**

	<b>Group</b>		<b>Company</b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest expenses of bank borrowings	(260)	(448)	(260)	(432)
Interest expenses of borrowings from related parties	-	(13)	-	(13)
Unwinding of the discount of provision for onerous contract	-	-	-	-
Lease interest	(18)	(20)	(18)	(20)
Other financial expenses	-	-	-	-
	<u>(278)</u>	<u>(481)</u>	<u>(278)</u>	<u>(465)</u>

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**9 Income tax**

	Group		Company	
	2021	2020	2021	2020
<b>Components of the income tax (expenses)/credit</b>				
Current income tax (expense)/credit	-	(4)	-	-
Prior year current income tax correction	-	(3)	-	-
Deferred income tax (expense)/credit	8	32	-	-
Income tax (expense)/credit charged to profit or loss – total	8	25	-	-

There is no income tax expense (credit) recognised in other comprehensive income. Deferred income tax asset and liability were estimated at 15% rates as at 31 December 2021 and 2020.

The movement in deferred income tax assets and liabilities of the Group during 2021 is as follows:

	Balance as at 31 December 2020	Recognised in profit or loss during the year	Transfer of tax losses within group	Balance as at 31 December 2021
<b>Deferred tax asset</b>				
Tax loss carry forward	1,142	-	(3)	1,139
Investment properties	-	-	-	-
Deferred tax asset available for recognition	1,142	-	(3)	1,139
Less: unrecognised deferred tax asset from tax losses carried forward	(1,105)	8	-	(1,097)
Less: unrecognised deferred tax asset due to future uncertainties	-	-	-	-
Recognised deferred income tax asset	37	8	(3)	42
Asset netted with liability of the same legal entities	-	-	-	-
<b>Deferred income tax asset, net</b>	<b>37</b>	<b>8</b>	<b>(3)</b>	<b>42</b>
<b>Deferred tax liability</b>				
Investment properties	-	-	-	-
Deferred income tax liability	-	-	-	-
Liability netted with asset of the same legal entities	-	-	-	-
<b>Deferred income tax liability, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax, net</b>	<b>37</b>	<b>8</b>	<b>(3)</b>	<b>42</b>

After changes in Latvian Income Tax Law the tax losses from Latvian entities could be carried forward not for indefinite period of time, but for 5 consecutive years. Deferred tax asset arising from the tax losses from Latvian entities amounted to EUR 1,048 thousand and 1,054 thousand (all amount is unrecognised, expiry date 31 December 2022)) as at 31 December 2021 and 2020, respectively.

The Group's deferred tax assets will be recovered within than 12 months as of 31 December 2021.



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9 Income tax (cont'd)

The movement in deferred income tax assets and liabilities of the Group during 2020 is as follows:

	Balance as at 31 December 2019	Recognised in profit or loss during the year	Balance as at 31 December 2020
<b>Deferred tax asset</b>			
Tax loss carry forward	1,108	34	1,142
Investment properties	9	(9)	-
Deferred tax asset available for recognition	1,117	25	1,142
Less: unrecognised deferred tax asset from tax losses carried forward	(1,095)	(10)	(1,105)
Less: unrecognised deferred tax asset due to future uncertainties	(9)	9	-
Recognised deferred income tax asset	13	24	37
Asset netted with liability of the same legal entities	(8)	8	-
<b>Deferred income tax asset, net</b>	<b>5</b>	<b>32</b>	<b>37</b>
<b>Deferred tax liability</b>			
Investment properties	(8)	8	-
Deferred income tax liability	(8)	8	-
Liability netted with asset of the same legal entities	8	(8)	-
<b>Deferred income tax liability, net</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax, net</b>	<b>5</b>	<b>32</b>	<b>37</b>

Following the provisions of the Lithuanian Law on Corporate Income Tax, all income of closed-end investment companies operating in accordance with the Lithuanian Law on Collective Investment Undertakings are not subject to taxation. Therefore, the Company has not any taxable temporary differences in 2021 and 2020 and has not recognised any deferred tax assets or liabilities.

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

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**9 Income tax (cont'd)**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Profit before income tax</b>	<b>3,391</b>	<b>5,391</b>	<b>3,399</b>	<b>5,516</b>
Tax calculated at the tax rate of 0 %	-	-	-	-
Tax effect of non-deductible expenses and non-taxable income	(1)	5	-	-
Deferred tax expenses arising from write-down, or reversal of a previous write-down, of deferred tax asset due to changes in probability to utilise it	2	(1)	-	-
Prior year current income tax correction	-	(3)	-	-
Differences in tax rates in subsidiaries (15% instead of 0%)	7	24	-	-
Income tax (expense)/credit recorded in the statement of comprehensive income	<u>8</u>	<u>25</u>	<u>-</u>	<u>-</u>

Following the provisions of the Lithuanian Law on Corporate Income Tax, all income of closed-end investment companies operating in accordance with the Lithuanian Law on Collective Investment Undertakings are not subject to taxation.

**10 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 year ended 31 December 2021 was as follows:

<b>Calculation of weighted average for the year 2021</b>	<b>Number of shares (thousand)</b>	<b>Par value (EUR)</b>	<b>Issued/365 (days)</b>	<b>Weighted average (thousand)</b>
Shares issued as at 31 December 2020	13,050	1.45	365/365	13,050
Own shares acquired as at 9 February 2021	-	1.45	325/365	-
Own shares acquired as at 23 February 2021	(1,191)	1.45	311/365	(1,015)
Own shares acquired as at 9 March 2021	(10)	1.45	297/365	(8)
Own shares acquired as at 28 March 2021	(3,788)	1.45	278/365	(2,885)
Shares issued as at 31 December 2021	<u>8,061</u>	1.45	-	<u>9,142</u>

The weighted average number of shares for the year ended 31 December 2020 was as follows:

<b>Calculation of weighted average for the year 2020</b>	<b>Number of shares (thousand)</b>	<b>Par value (EUR)</b>	<b>Issued/365 (days)</b>	<b>Weighted average (thousand)</b>
Shares issued as at 31 December 2019	13,150	1.45	366/366	13,150
Own shares acquired as at 9 November 2020	(100)	1.45	52/366	(14)
Shares issued as at 31 December 2020	<u>13,050</u>	1.45	-	<u>13,136</u>

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**10 Earnings per share (cont'd)**

	Group	
	2021	2020
Net profit (loss), attributable to the equity holders of the parent	3,399	5,416
Weighted average number of ordinary shares (thousand)	9,142	13,136
Basic earnings (deficit) per share (EUR)	0.37	0.41

For 2021 and 2020 diluted earnings per share of the Group are the same as basic earnings per share.

**11 Investment properties**

The movements of investment properties of the Group were:

	Other investment properties valued using transaction price	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	
<b>Fair value hierarchy</b>					
<b>Balance as at 31 December 2019</b>	<b>32,904</b>	<b>4,894</b>	<b>34,086</b>	-	<b>71,884</b>
Subsequent expenditure	-	-	38	-	38
Disposal	(32,908)	(1,414)	(18,428)	-	(52,750)
Gain from fair value adjustment	4	149	4,808	-	4,961
Loss from fair value adjustment	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>-</b>	<b>3,629</b>	<b>20,504</b>	-	<b>24,133</b>
Additions	-	2,628	1	-	2,629
Subsequent expenditure	-	-	-	-	-
Disposal	-	-	-	-	-
Gain from fair value adjustment	-	369	2,485	-	2,854
Loss from fair value adjustment	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>6,626</b>	<b>22,990</b>	-	<b>29,616</b>
Unrealized gains or losses for the period, included within 'Net gain (losses) on fair value adjustments of investment property' in profit or loss	-	369	2,485	-	2,854

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11 Investment properties (cont'd)

The movements of investment properties of the Company were:

	Other investment properties valued using transaction price	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	
<b>Fair value hierarchy</b>					
<b>Balance as at 31 December 2019</b>	<b>32,498</b>	<b>1,293</b>	<b>29,204</b>	<b>-</b>	<b>62,995</b>
Subsequent expenditure	-	-	35	-	35
Transfer to other valuation level	-	-	-	-	-
Disposal	(32,502)	(1,330)	(18,428)	-	(52,260)
Gain from fair value adjustment	4	37	4,963	-	5,004
Loss from fair value adjustment	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>15,774</b>	<b>-</b>	<b>15,774</b>
Additions	-	2,628	-	-	2,628
Subsequent expenditure	-	-	-	-	-
Disposal	-	-	-	-	-
Gain from fair value adjustment	-	2	2,393	-	2,395
Loss from fair value adjustment	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>2,630</b>	<b>18,167</b>	<b>-</b>	<b>20,797</b>
Unrealized gains or losses for the period, included within 'Net gain (losses) on fair value adjustments of investment property' in profit or loss	-	2	2,393	-	2,395

Investment properties of the Group are office buildings warehouses and properties held for future development. The majority of buildings and warehouses are leased out under the operating lease agreements and generate rental income.

The direct operating expenses arising from investment properties can be allocated as follows:

	Group		Company	
	2021	2020	2021	2020
To properties that generated rental income	631	1,077	531	1,046
To properties that did not generate rental income	106	66	49	33
	<b>737</b>	<b>1,143</b>	<b>580</b>	<b>1,079</b>

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(all amounts are in EUR thousand unless otherwise stated)

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## 11 Investment properties (cont'd)

During 2021 The Company acquired the real estate located at Vilniaus Street 37-4 in Vilnius from state enterprise Turto Bankas and private individuals for EUR 2,628 thousand (including the costs directly related to the purchase of the investment property) The total area of the acquired facilities is 1,653.49 sq. m. while the area of the land plot is 0.1185 ha.

On 6 March 2020 the IBC Business Centre on A. Juozapavičiaus and Šeimyniškių streets in Vilnius were 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 Roveliija was also sold. The value of the transaction was EUR 33 million, EUR 32,908 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.

On 30 September 2020 the investment property on Gynėjų street in Vilnius was sold to the Tvarus projektas UAB. The value of the transaction was EUR 20 million, 18,842 thousand of transaction value were assigned to the value of investment property. The remaining amount was attributed to sold tangible and intangible fixed assets together with investment property and accrued rental income.

During 2020 the reconstruction expenses of EUR 35 thousand were incurred additionally for the investment properties, located at Palangos 4, Vilnius. Also during 2020 the Group incurred EUR 3 thousand expenses related to investment property in Latvia, which was recognized in the value of the property. During 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 35 thousand, respectively, for subsequent expenditures during 2020.

Investment properties are measured at fair value. During 2021, properties leased out by the entity in Lithuania were valued as at 31 October 2021 and 30 April 2021, respectively, by an accredited valuer UAB OBER-HAUS Nekilnojamas Turtas (hereinafter together with SIA OBER-HAUS Vertešanas Serviss referred to as 'Oberhaus') using the income approach. During 2021 investment properties located in Latvia were valued as at 31 October 2021 and 30 April 2021, respectively, by an accredited valuer SIA OBER-HAUS Vertešanas Serviss using a market approach for land and using an income approach for warehouse.

Investment properties were measured at fair value. During 2020, properties leased out by the entity in Lithuania were valued as at 31 October 2020 and 30 April 2020, respectively, by an accredited valuer UAB OBER-HAUS Nekilnojamas Turtas (hereinafter together with SIA OBER-HAUS Vertešanas Serviss referred to as 'Oberhaus') using the income approach. During 2020 investment properties located in Latvia were valued as at 31 October 2020 and 30 April 2020, 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 period that could have an effect on the value of investment properties, therefore the updated valuation was not performed as at 31 December 2021 and 31 December 2020.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The fair value represents the price that would be received selling an asset in an orderly transaction between market participants at the measurement date, in compliance with the International Valuation Standards set out by the International Valuation Standards Committee. An investment property's fair value was based either on the market approach by reference to sales in the market of comparable properties or the income approach by reference to rentals obtained from the subject property or similar properties. Market approach refers to the prices of the analogue's transactions in the market. These values are adjusted for differences in key attributes such as property size, location, and quality of interior fittings. The most significant input into this valuation approach is price per square metre.

Income approach is based on the assumption that defined correlation between net activity future income and fair value of the objects exists. For properties leased out by the entity main inputs include:

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

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(all amounts are in EUR thousand unless otherwise stated)

**11 Investment properties (cont'd)**

Investment properties held for future redevelopment were estimated taking into account the following estimates (in addition to the inputs noted above):

- Sales prices based on the valuers' experience and knowledge of market conditions of residential and commercial properties;
- Costs to complete that are based on the valuers' experience and knowledge of market conditions and term sheets outlined in approved detailed plans. Costs to complete also include a reasonable profit margin;
- Completion dates, as properties under construction require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, and compliance with environmental regulations. Based on management's experience with similar developments, all relevant permits and approvals are expected to be obtained. However, the completion date of the development may vary depending on, among other factors, the were no changes to the valuation techniques during the period;
- Profit on cost ratio reflecting current market assessment of profitability margin of developments projects. It is based on the internal rate of returns for similar projects.

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

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Offices premises in city centre – Lithuania	18,167	15,774	18,167	15,774
Warehouse – Latvia	4,823	4,730	-	-
	<b>22,990</b>	<b>20,504</b>	<b>18,167</b>	<b>15,774</b>

Description of valuation techniques used and key inputs to valuation on investment properties located in Lithuania as at 31 December 2021:

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range (weighted average)</b>
			<b>Oberhaus</b>
Properties leased out by the entity	Discounted cash flows	Discount rate (%)	9
		Capitalisation rate for terminal value (%)	7.5
		Vacancy rate (%)	0-25
		Office premises in city centre - Rent price EUR per sq. m. (without VAT)	4.93-20 (13.88)

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 2020:

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range (weighted average)</b>
			<b>Oberhaus</b>
Properties leased out by the entity	Discounted cash flows	Discount rate (%)	9
		Capitalisation rate for terminal value (%)	7.5
		Vacancy rate (%)	0-30
		Office premises in city centre - Rent price EUR per sq. m. (without VAT)	5-16 (12.46)

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

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(all amounts are in EUR thousand unless otherwise stated)

**11 Investment properties (cont'd)**

Description of valuation techniques used and key inputs to valuation on investment properties located in Latvia as at 31 December 2021:

	Valuation technique	Significant unobservable inputs	Value of input or range Oberhaus
Properties leased out by the entity	Discounted cash flows (five year estimated)	Discount rate (%)	10
		Capitalisation rate for terminal value (%)	9
		Vacancy rate (%)	2
		Increase of rents per year (%)	1.3 – 1.5
		Inflation (%)	1.3-1.4

Description of valuation techniques used and key inputs to valuation on investment properties located in Latvia as at 31 December 2020:

	Valuation technique	Significant unobservable inputs	Value of input or range Oberhaus
Properties leased out by the entity	Discounted cash flows (five year estimated)	Discount rate (%)	10
		Capitalisation rate for terminal value (%)	9
		Vacancy rate (%)	2 – 3
		Increase of rents per year (%)	0 – 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.

The sensitivity analysis of investment properties located in Lithuania valued using income approach as at 31 December 2021 is as follows:

Group/Company	Increase of estimates	Decrease of estimates
	Properties leased out by the entity	Properties leased out by the entity
Reasonable possible shift +/- (%)		
Change in future rental rates by 10 %	1,800	(2,000)
Change in construction costs by 10%	-	-
Change in expected vacancy rates by 20%	(500)	300
Change in discount and capitalization rate by 50 bps	(1,300)	1,200

The sensitivity analysis of investment properties located in Latvia valued using income approach as at 31 December 2021 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%	95
Change in expected vacancy rates by 20%	(26)	27
Change in discount and capitalization rate by 50 bps	(274)	307

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(all amounts are in EUR thousand unless otherwise stated)

**11 Investment properties (cont'd)**

The sensitivity analysis of investment properties located in Lithuania valued using income approach as at 31 December 2020 is as follows:

<b>Group/Company</b>	<b>Increase of estimates</b>	<b>Decrease of estimates</b>
	<b>Properties leased out by the entity</b>	<b>Properties leased out by the entity</b>
<b>Reasonable possible shift +/- (%)</b>		
Change in future rental rates by 10 %	1,600	(1,700)
Change in construction costs by 10%	-	-
Change in expected vacancy rates by 20%	(400)	200
Change in discount and capitalization rate by 50 bps	(1,100)	1,100

The sensitivity analysis of investment properties located in Latvia valued using income approach as at 31 December 2020 is as follows:

<b>Reasonable possible shift +/- (%)</b>	<b>Increase of estimates</b>	<b>Decrease of estimates</b>
	Change in Increase of rents per year by 100 bps or change in future rental rates by 1%	166
Change in expected vacancy rates by 20%	(31)	31
Change in discount and capitalization rate by 50 bps	(267)	298

As at 31 December 2021 the Group's investment properties with carrying amount of EUR 18,137 thousand (EUR 15,744 thousand as at 31 December 2020) were pledged to the banks as collateral for the loans (Note 16).

As at 31 December 2021 the Company's investment properties with carrying amount of EUR 18,137 thousand (EUR 15,744 thousand as at 31 December 2020) were pledged to the banks as collateral for the loans (Note 16).

As of 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.

There were no other restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals in 2021 and 2020.

No contractual obligations to purchase, construct, repair or enhance investment properties existed at the end of the period.

**12 Financial instruments by category**

<b>Group</b>	<b>Financial assets at amortised cost</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets as per statement of financial position</b>		
Financial lease receivables	778	964
Other receivables	-	5
Trade and other receivables excluding tax prepayments	173	145
Cash and cash equivalents	1,901	16,034
<b>Total</b>	<b>2,852</b>	<b>17,148</b>



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(all amounts are in EUR thousand unless otherwise stated)

12 Financial instruments by category (cont'd)

Company	Financial assets at amortised cost	Assets at fair value through the profit and loss	Total
<b>31 December 2021</b>			
<b>Assets as per statement of financial position</b>			
Financial lease receivables	778	-	778
Investments into subsidiaries designated at fair value through profit or loss	-	9,801	9,801
Trade and other receivables excluding tax prepayments	94	-	94
Cash and cash equivalents	1,205	-	1,205
<b>Total</b>	<b>2,077</b>	<b>9,801</b>	<b>11,878</b>

Company	Financial assets at amortised cost	Assets at fair value through the profit and loss	Total
<b>31 December 2020</b>			
<b>Assets as per statement of financial position</b>			
Financial lease receivables	964	-	964
Investments into subsidiaries designated at fair value through profit or loss	-	9,026	9,026
Short term granted loan	5,000	-	5,000
Trade and other receivables excluding tax prepayments	606	-	606
Cash and cash equivalents	10,392	-	10,392
<b>Total</b>	<b>16,962</b>	<b>9,026</b>	<b>25,988</b>

Group	Financial liabilities at amortised cost	
	2021	2020
<b>Liabilities as per statement of financial position</b>		
Borrowings	9,142	9,486
Lease liabilities	834	1,036
Provision for onerous lease contract	74	84
Trade payables	1,675	83
Other current liabilities excluding taxes and employee benefits	459	475
<b>Total</b>	<b>12,184</b>	<b>11,164</b>

Company	Financial liabilities at amortised cost	
	2021	2020
<b>Liabilities as per statement of financial position</b>		
Borrowings	9,142	9,486
Lease liabilities	834	1,036
Provision for onerous lease contract	74	84
Trade payables	1,579	117
Other current liabilities excluding taxes and employee benefits	454	471
<b>Total</b>	<b>12,083</b>	<b>11,194</b>

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(all amounts are in EUR thousand unless otherwise stated)

13 Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
Trade receivables, gross	189	164	93	613
Accrued lease income, gross	33	26	33	26
Taxes receivable, gross	23	83	-	-
<b>Total trade and other receivable, gross</b>	<b>245</b>	<b>273</b>	<b>126</b>	<b>639</b>
Less: provision for impairment of trade and other receivables	(49)	(44)	(32)	(32)
Less: Write off still subject to enforcement activity	-	(1)	-	(1)
<b>Trade and other receivable net of expected credit losses</b>	<b>196</b>	<b>228</b>	<b>94</b>	<b>606</b>

Changes in provision for impairment of trade and other receivables for the year 2021 and 2020 have been included within 'Provision for impairment of trade receivables' in the statement of comprehensive income.

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		Total
	Impairment losses	Write off still subject to enforcement activity	
<b>Balance as at 31 December 2019</b>	<b>37</b>	<b>33</b>	<b>70</b>
Charge for the year	12	-	12
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(27)	(27)
Recoveries of amounts previously impaired or written off	(5)	(5)	(10)
<b>Balance as at 31 December 2020</b>	<b>44</b>	<b>1</b>	<b>45</b>
Charge for the year	6	-	6
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(1)	(1)
Recoveries of amounts previously impaired or written off	(1)	-	(1)
<b>Balance as at 31 December 2021</b>	<b>49</b>	<b>-</b>	<b>49</b>

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

	Company		Total
	Impairment losses	Write off still subject to enforcement activity	
<b>Balance as at 31 December 2019</b>	<b>32</b>	<b>18</b>	<b>50</b>
Charge for the year	5	-	5
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(15)	(15)
Recoveries of amounts previously impaired or written off	(5)	(2)	(7)
<b>Balance as at 31 December 2020</b>	<b>32</b>	<b>1</b>	<b>33</b>
Charge for the year	-	-	-
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	-	-
Recoveries of amounts previously impaired or written off	-	(1)	(1)
<b>Balance as at 31 December 2021</b>	<b>32</b>	<b>-</b>	<b>32</b>

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2021

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13 Trade and other receivables (cont'd)

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

	Current	Less than 30 days	30–60 days	Group 61–90 days	More than 90 days	Credit impaired	Total
<b>As at 31 December 2021</b>							
Trade receivables net of write off	87	38	4	3	3	54	189
Accrued lease income	33	-	-	-	-	-	33
Expected credit losses	-	-	-	-	-	(49)	(49)
<b>Trade and other receivable net of expected credit losses</b>	<b>120</b>	<b>38</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>173</b>
<b>As at 31 December 2020</b>							
Trade receivables net of write off	52	46	7	-	7	51	163
Accrued lease income	26	-	-	-	-	-	26
Expected credit losses	-	-	-	-	-	(44)	(44)
<b>Trade and other receivable net of expected credit losses</b>	<b>78</b>	<b>46</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>7</b>	<b>145</b>

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

	Current	Less than 30 days	30–60 days	Company 61–90 days	More than 90 days	Credit impaired	Total
<b>As at 31 December 2021</b>							
Trade receivables net of write off	33	23	-	1	-	36	93
Accrued lease income	33	-	-	-	-	-	33
Expected credit losses	-	-	-	-	-	(32)	(32)
<b>Trade and other receivable net of expected credit losses</b>	<b>66</b>	<b>23</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>4</b>	<b>94</b>
<b>As at 31 December 2020</b>							
Trade receivables net of write off	520	44	7	-	4	37	612
Accrued lease income	26	-	-	-	-	-	26
Expected credit losses	-	-	-	-	-	(32)	(32)
<b>Trade and other receivable net of expected credit losses</b>	<b>546</b>	<b>44</b>	<b>7</b>	<b>-</b>	<b>4</b>	<b>5</b>	<b>606</b>

The impairment losses for not credit impaired trade receivables is not recognised, because it is immaterial. As at 31 December 2021 and 2020 most of trade receivables were secured by advances received from tenants.

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

	Current	Less than 30 days	30–90 days	90–180 days	More than 180 days	Total
Trade receivables net of write off as at 31 December 2021	1	-	1	1	51	54
Trade receivables net of write off as at 31 December 2020	5	1	2	2	41	51

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

	Current	Less than 30 days	30–90 days	90–180 days	More than 180 days	Total
Trade receivables net of write off as at 31 December 2021	-	-	-	-	36	36
Trade receivables net of write off as at 31 December 2020	1	1	-	-	35	37

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(all amounts are in EUR thousand unless otherwise stated)

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## **14 Share capital and reserves**

As at 31 December 2021 and 31 December 2020 the Company's and the Group's share capital was divided into 8,061,414 and 13,150,000 ordinary registered shares respectively with the nominal value of EUR 1.45 each. All the shares of the Company were fully paid. As at 31 December 2021 and 31 December 2020 The Company held nil and 100,431 own shares (0.76% of share capital) respectively

### *Changes during 2021*

On 29 April 2021 EUR the annual general meeting has decided to transfer from retained earnings EUR 276 thousand to the legal reserve and 4,274 thousand from retained earnings to reserves for purchase of own shares.

Due to resolution of the General Shareholders Meeting of the Company that was held on 14 January 2021 on material changes in the incorporation documents of the Company 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 25 January 2021 and lasted till 25 March 2021. The share buy-back price per share was EUR 2.2103, according to net assets value as at 30 November 2020. The total number of shares that could be submitted for buy-back was 8,988,051. During buyback 4,988,155 shares (37.93% of share capital) were acquired for EUR 11.047 thousand, including brokerage fees. 29 April 2021, it was determined that in 30 November 2020 the value of the net assets was overestimated. The recalculated share buy-back price per share was EUR 2.2043. EUR 30 thousand were paid to the redeemed shareholders in excess. The losses incurred by the Company due to the excessive redemption price of the unit were covered by the Management Company. Losses covered by the Management Company reduce the acquisition cost of own shares.

According to the decision of shareholders 5,088,586 of acquired own shares were cancelled, and the reserve for the acquisition of own shares was decreased by EUR 3,825 thousand, the value of own shares cancelled amounted for EUR 11,204 thousand and share capital was decreased by EUR 7,379 thousand. The changes in share capital were registered in the Register of Legal entities on 26 July 2021. From 26 July 2021 the total authorised number of ordinary shares is 8,061,414 with the par value of EUR 1.45 per share, the Company's authorized share capital is equal to EUR 11,689,050,30.

### *Changes during 2020*

On 26 April 2020 EUR the annual general meeting has decided to transfer from retained earnings EUR 532 thousand to the legal reserve and 3,093 thousand from reserves for purchase of own shares to retained earnings.

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 lasted 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. During buy-back 100,431 shares (0.76% of share capital) were acquired for EUR 187 thousand, including brokerage fees. The acquired shares were settled on 11 November 2020.

### Legal reserve

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

### Reserve for the acquisition of own shares

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

## **15 Dividends**

Payment of dividends of EUR 0.12 per share and total dividends of EUR 967 thousand in respect of the year ended 31 December 2020 was approved at the Annual General Meeting of Shareholders on 29 April 2021.

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.

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(all amounts are in EUR thousand unless otherwise stated)

**16 Borrowings**

	Group		Company	
	2021	2020	2021	2020
<b>Non-current:</b>				
Non-current bank borrowings	8,777	9,121	8,777	9,121
Non-current other borrowings	-	-	-	-
	<u>8,777</u>	<u>9,121</u>	<u>8,777</u>	<u>9,121</u>
<b>Current:</b>				
Current portion of non-current borrowings	365	365	365	365
Borrowings from related parties	-	-	-	-
	<u>365</u>	<u>365</u>	<u>365</u>	<u>365</u>
<b>Total borrowings</b>	<b><u>9,142</u></b>	<b><u>9,486</u></b>	<b><u>9,142</u></b>	<b><u>9,486</u></b>

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	
	2021	2020	2021	2020
Fixed	-	-	-	-
Floating	9,142	9,486	9,142	9,486
	<u>9,142</u>	<u>9,486</u>	<u>9,142</u>	<u>9,486</u>

The carrying amounts of assets pledged to the banks to secure the repayment of borrowings are as follows:

	Group		Company	
	2021	2020	2021	2020
Investment properties (Note 11)	18,137	15,744	18,137	15,744
Cash	259	9,347	259	9,347
	<u>18,396</u>	<u>25,091</u>	<u>18,396</u>	<u>25,091</u>

Weighted average effective interest rates of borrowings for the period:

	Group		Company	
	2021	2020	2021	2020
Borrowings	<u>2.77%</u>	<u>2.65%</u>	<u>2.77%</u>	<u>2.67%</u>

As at 31 December 2021 and 2020 all Group entities have complied with bank loan covenants.

In 2020 the Group /the 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 centre, additionally EUR 7,150 thousand of the borrowing was returned using the funds from the sale of investment properties located at Gynėjų 14, Vilnius. Additional amendment to the borrowing agreement with AB Šiaulių bankas was signed in October 2020, the monthly credit instalment was reduced to EUR 28.6 thousand from previous EUR 50 thousand.

In November 2019 AB Invalda INVL has granted loan of EUR 1,500 thousand to the Company. The initially maturity of borrowings 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.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

**16 Borrowings (cont'd)**

In May 2020 the Group repaid the borrowing to ABLV Bank, AS (during 2020 EUR 1,880 thousand was paid out of which EUR 1,835 thousand was paid by the Group's owned funds and EUR 45 thousand set of with the ABLV Bank, AS (restored amount of deposits).

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 as at 31 December 2019:

- the Group claim of EUR 5 thousand from ABLV Bank, AS in liquidation process, which was paid at the beginning of October 2021.
- 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.
- 

Changes in liabilities arising from financing activities are presented in the table below:

	<b>Group</b>		<b>Company</b>	
	Borrowings and lease liabilities	Dividends payable (Note 15, 17)	Borrowings and lease liabilities	Dividends payable (Note 15, 17)
<b>As at 31 December 2019</b>	<b>27,419</b>	<b>115</b>	<b>25,531</b>	<b>115</b>
Cash flows from (to) financing activities	(17,414)	(20,046)	(15,560)	(20,046)
Impact of IFRS 16 (recognition of lease liabilities)	72	-	72	-
Interest expenses (Note 8)	481	-	465	-
Increase of lease liabilities recalculation due to indexation	14	-	14	-
Set-off of amount in possession of ABLV Bank, AS	(45)	-	-	-
Derecognition of borrowings	(5)	-	-	-
Approved dividends	-	20,382	-	20,382
<b>As at 31 December 2020</b>	<b>10,522</b>	<b>451</b>	<b>10,522</b>	<b>451</b>
Cash flows from (to) financing activities	(842)	(981)	(842)	(981)
Interest expenses (Note 8)	278	-	278	-
Increase of lease liabilities recalculation due to indexation and modification	18	-	18	-
Approved dividends	-	967	-	967
<b>As at 31 December 2021</b>	<b>9,976</b>	<b>437</b>	<b>9,975</b>	<b>437</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

**17 Other current liabilities**

Other current liabilities are presented in the table below:

	Group		Company	
	2021	2020	2021	2020
<b><u>Financial liabilities</u></b>				
Dividends payable	437	451	437	451
Performance Fee (Note 7, 2.22)	-	-	-	-
Other amounts payable	22	24	17	20
	<u>459</u>	<u>475</u>	<u>454</u>	<u>471</u>
<b><u>Non – financial liabilities</u></b>				
Salaries and social security contributions payable	31	17	-	-
Tax payable	52	118	41	109
	<u>83</u>	<u>135</u>	<u>41</u>	<u>109</u>
<b>Total other current liabilities</b>	<b><u>542</u></b>	<b><u>610</u></b>	<b><u>495</u></b>	<b><u>580</u></b>

**18 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's transactions with related parties during 2021 and related balances as at 31 December 2021 were as follows:

2021	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)
<b>Group</b>				
AB Invalda INVL (accounting services)	-	25	-	-
Other related parties (maintenance and repair services)	-	118	-	11
Other related parties (rent, utilities and other)	8	16	1	-
Other related parties (management services provided by the Management Company)	-	388	-	1,533
	<u>8</u>	<u>547</u>	<u>1</u>	<u>1,544</u>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

**18 Related party transactions (cont'd)**

The Group's transactions with related parties during 2020 and related balances as at 31 December 2020 were as follows:

<b>2020</b>	<b>Revenue and other income from related parties</b>	<b>Purchases (including provision) and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties (excluding provision)</b>
<b>Group</b>				
AB Invalda INVL (accounting services)	-	15	-	-
Other related parties (borrowings)	-	13	-	-
Other related parties (maintenance and repair services)	-	213	-	9
Other related parties (rent, utilities and other)	257	12	-	7
Other related parties (management services provided by the Management Company)	-	766	-	22
	<u>257</u>	<u>1,019</u>	<u>-</u>	<u>38</u>

In November 2019 AB Invalda INVL has granted loan of EUR 1,500 thousand to the Company. The initially maturity of borrowings was 31 January 2020, which was extended until 31 March 2020. The borrowing was repaid on 9 March 2020. Effective interest rate – 4.5%.

The Company's related parties are the subsidiaries, shareholders (Note 1), which have significance influence, key management personnel and companies under control or joint control of key management and shareholders with significant influence. AB Invalda INVL and the entities controlled by AB Invalda INVL (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.

Transactions of the Company with subsidiaries in 2021 and balances as at 31 December 2021 were as follows:

<b>2021</b>	<b>Revenue and other income from related parties</b>	<b>Purchases and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties</b>
<b>Company</b>				
Loans to subsidiaries	-	-	9,580	-
Rent	362	-	23	-
Other	-	182	-	28
	<u>362</u>	<u>182</u>	<u>9,603</u>	<u>28</u>

The repayment date of the loans granted to subsidiaries in Lithuania is 31 December 2022. As described in Note 2.8, the Company measured the loans granted to subsidiaries at fair value and did not recognise interest income separately.



**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

**18 Related party transactions (cont'd)**

Transactions of the Company with subsidiaries in 2020 and balances as at 31 December 2020 were as follows:

<b>2020</b>	<b>Revenue and other income from related parties</b>	<b>Purchases and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties</b>
<b>Company</b>				
Loans to subsidiaries	-	-	13,884	-
Rent	312	-	378	-
Other	2	320	113	71
	314	320	14,375	71

The repayment date of the loans granted to subsidiaries in Lithuania is 31 December 2021, except for interest-free short-term loan – 30 June 2021. As described in Note 2.8, the Company measured the loans granted to subsidiaries at fair value and did not recognise interest income separately.

The Company's transactions with other related parties during 2021 and related balances as at 31 December 2021 were as follows:

<b>2021</b>	<b>Revenue and other income from related parties</b>	<b>Purchases (including provision) and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties (excluding provision)</b>
<b>Company</b>				
AB Invalda INVL (accounting services)	-	13	-	-
Other related parties (maintenance and repair services)	-	51	-	2
Other related parties (rent, utilities and other)	-	9	-	-
Other related parties (management services provided by the Management Company)	-	388	-	1,533
	-	461	-	1,535

The Company's transactions with other related parties during 2020 and related balances as at 31 December 2020 were as follows:

<b>2020</b>	<b>Revenue and other income from related parties</b>	<b>Purchases (including provision) and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties (excluding provision)</b>
<b>Company</b>				
AB Invalda INVL (accounting services)	-	7	-	-
Other related parties (borrowings)	-	13	-	-
Other related parties (maintenance and repair services)	-	48	-	3
Other related parties (rent, utilities and other)	220	7	-	7
Other related parties (management services provided by the Management Company)	-	766	-	22
	220	841	-	32

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

**18 Related party transactions (cont'd)**

In November 2019 AB Invalda INVL has granted loan of EUR 1,500 thousand to the Company. The initially maturity of borrowings was 31 January 2020, which was extended until 31 March 2020. The borrowing was repaid on 9 March 2020. Effective interest rate – 4.5%.

The movements of borrowings from AB Invalda INVL and its subsidiaries were:

	Group		Company	
	2021	2020	2021	2020
<b>At 1 January</b>	-	1,506	-	1,506
Borrowings received during the year	-	-	-	-
Borrowings repaid during the year	-	(1,500)	-	(1,500)
Interest charged	-	13	-	13
Interest paid	-	(19)	-	(19)
<b>At 31 December</b>	-	-	-	-

The movements of loans granted to subsidiaries of the Group were:

	Company	
	2021	2020
<b>At 1 January</b>	<b>13,884</b>	<b>7,591</b>
Loans granted during year	7,510	18,375
Loans repayment received	(12,734)	(12,531)
Changes in fair value of loans granted	922	467
Interest received	(2)	(18)
<b>At 31 December</b>	<b>9,580</b>	<b>13,884</b>

The management remuneration contains short-term employee benefits. Key management of the Company and the Group includes the Management Company and member of Investment Committee.

	Group		Company	
	2021	2020	2021	2020
Wages, salaries and bonuses	1	1	-	-
Social security contributions	-	-	-	-
Management Fee (Note 2.12)	209	315	209	315
Performance Fee (Note 2.12) (change in provision)	179	452	179	452
<b>Total key management compensation</b>	<b>389</b>	<b>768</b>	<b>388</b>	<b>767</b>

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

During 2021 the Company paid to AB Invalda INVL EUR 216 thousand of dividends, net of tax, and paid to other shareholders, who have significance influence, EUR 329 thousand of dividends, net of tax.

During 2020 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.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(all amounts are in EUR thousand unless otherwise stated)

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## **19 Impact of COVID-19**

The Group was not significantly affected by the COVID-19 virus pandemic. Due to the quarantine announced in Lithuania, 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. In 2020 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. The Company granted 30% discount to these tenants. Therefore, during the 2020 the Group/Company have provided with EUR 78 thousand of discount. During the of 2021 the Group/Company have provided with EUR 58 thousand of discount on its own initiative (there are not any state support to tenants in 2021). In addition, in the 2020 the Company/Group deferred rent payment to part of the tenants until the beginning of 2021. Interest are being accrued on deferred payments (EUR 5 thousand was recognized in 2020). 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, tenants that had received discounts or deferred payments 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.

## **20 Events after the reporting period**

The Group/Company together with the design firm Viltekta has submitted for consideration by the Vilnius City municipality design proposals for reconstruction of the administrative building at Palangos Street 4 / Vilniaus Street 33 which the Company owns. The reconstruction is expected to increase the complex's above-ground area by approximately 3600 square metres.

On 18 February 2022 a real estate sale and purchase agreement was concluded on the purchase of two garages with part of the land plot at Vilniaus Street 37 in Vilnius. The Company acquired the real estate from private individuals for a total price of EUR 425 thousand.

On 14 January the Company received a notification on the acquisition and on the disposal of voting rights. AB Invalda INVL controlling 23.43% of the Company's share capital transferred the Company's shares to its subsidiary INVL Life UAB. INVL Life UAB directly controls 23.43% issued share, AB Invalda INVL directly controls nil and indirectly – 23.43% of Company's shares

### Dividends

A dividend in respect of the year ended 31 December 2020 of EUR 0.12 per share, amounting to a total dividend of EUR 967 thousand, is to be proposed at the annual general meeting for the year of 2021. These financial statements do not reflect this dividend payable



INVL

# BALTIC REAL ESTATE

THE SPECIAL CLOSED-ENDED TYPE REAL ESTATE INVESTMENT COMPANY

## INVL BALTIC REAL ESTATE

CONSOLIDATED ANNUAL REPORT FOR THE YEAR OF 2021

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## I. GENERAL INFORMATION

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

The Annual Consolidated Report of the public joint-stock company Special closed-ended type real estate investment company „INVL Baltic Real Estate“ (hereinafter – **“the Company”** or **“INVL Baltic Real Estate”**) has been prepared by the Company in accordance with the Lithuanian Law on Securities of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, the Rules on the Disclosure of Information and the Guidelines on the Disclosure of Information approved by the Board of the Bank of Lithuania. The content of the consolidated annual report is disclosed according to Law on Consolidated Financial Statements of Enterprises of the Republic of Lithuania and Law on Corporate Financial Reporting of the Republic of Lithuania.

The Company informs that the information disclosed in this Annual Consolidated Report is divided into five (V) sections. These sections disclose General information about the Issuer, 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 2021 and ending on 31 December 2021. The report also discloses information from the end of the reporting period to the release of the report.

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

#### 3.1. INFORMATION ABOUT THE ISSUER

<b>Name</b>	Special closed-ended type real estate investment company „INVL Baltic Real Estate“
<b>Code</b>	152105644
<b>Registration address</b>	Gynėjų str. 14, 01109, Vilnius, Lithuania
<b>Telephone</b>	+370 5 279 0601
<b>Fax</b>	+370 5 279 0530
<b>E-mail</b>	<a href="mailto:breinfo@invl.com">breinfo@invl.com</a>
<b>Website</b>	<a href="http://www.invlbalticrealestate.lt">www.invlbalticrealestate.lt</a>
<b>LEI code</b>	529900GSTEOHKA0R1M59
<b>Legal form</b>	joint-stock company
<b>Company type</b>	special closed-ended type real estate investment company
<b>Date and place of registration</b>	28 January 1997; Register of Legal Entities
<b>Date of the Supervisory authority approval of collective investment entity formation documents</b>	22 December 2016
<b>Register in which data about the Company are accumulated and stored</b>	Register of Legal Entities
<b>Management company</b>	INVL Asset Management, UAB, code 126263073, licence No. VĮK-005
<b>Depository</b>	SEB bankas, AB, code 112021238, bank licence No. 2* * On 9 April 2020 April the General Meeting of Shareholders of the Company decided on the change of the Company's depository from AB SEB bankas (code 112021238) to AB Šiaulių bankas (code 112025254). On 6 January 2021 the Supervisory Authority of the Bank of Lithuania has issued a permit to the Company to change the depository to AB Šiaulių bankas (code 112025254). At the time of the release of the Annual Report the change of the depository has not been implemented yet.

### 3.2. INFORMATION ON COMPANY'S GOALS AND STRATEGY

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. From 26 July 2021, the Company has a collegial supervisory body – the Supervisory Board. The Company's management bodies are not formed.

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 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. The company has approved a Dividend Payment policy on 9 April 2019 which stipulates the annual payment of dividend per share of no less than EUR 0.09. It is noted that in accordance with the provisions of the dividend payment policy, the Company may allocate both lower and higher dividends per share than it is expected in the policy.

### 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 – during the reporting period the group owned real estate properties in Vilnius and Riga. The number of real estate properties managed by the Company increased compared to the reporting period of 2020 due to completed purchase transactions - during 2021, the Company has acquired real estate located at Vilniaus st. 37, Vilnius and later after the reporting period – on 18 February 2022 the Company acquired two garages and the part of the plot of the land that is also located at Vilniaus st. 37, Vilnius.



Fig. 3.3.1. Simplified group structure of INVL Baltic Real Estate as of 31 December 2021



### 3.3.1. Real estate objects owned by group companies in Vilnius (Lithuania)



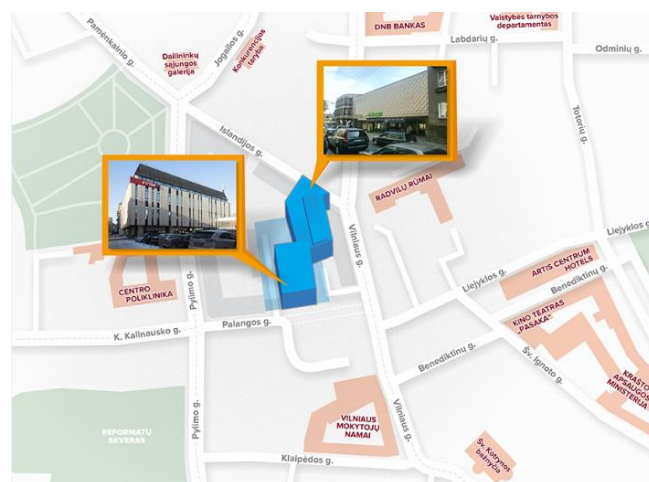
Fig. 3.3.2. Real estate objects owned by group companies of INVL Baltic Real Estate in Vilnius (Lithuania)

#### OFFICE BUILDING IN THE CENTRE OF VILNIUS, PALANGOS STR. 4 / VILNIAUS STR. 33 AREA 10,000 SQ.M.

Business centre is 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.

In the business center operates more than 2,000 square meters Talent Garden Vilnius cooperation space. In total, the space has more than 230 workplaces, more than half of which are in private offices, as well as a modern conference hall with 150 seats. 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	4,000 sq. m
Land area	0.49 ha (total area of the complex)
Property market value at the end of 2021	EUR 8.1 million
Occupancy at the end of 2021	98 percent (total complex occupancy)



### Block B basic information

Total area	4,900 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 2021	EUR 6.4 million
Occupancy at the end of 2021	98 percent (total complex occupancy)



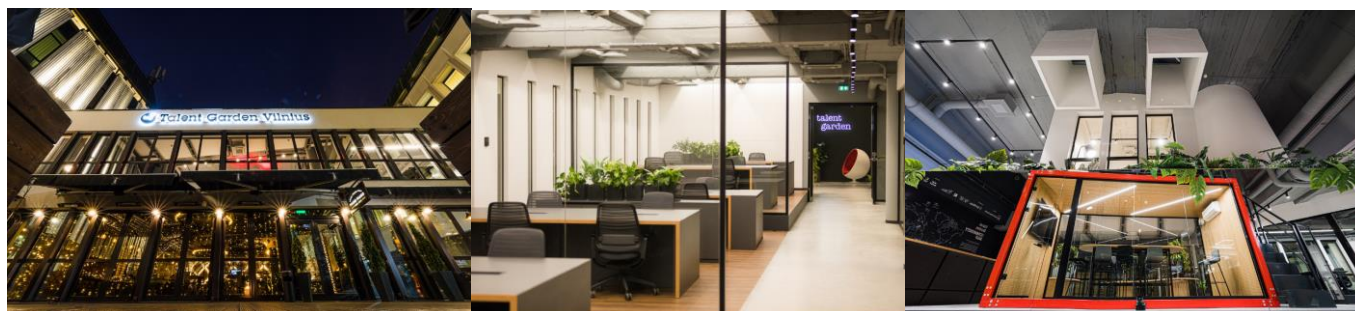
Address Palangos str. 4/ Vilniaus str. 33, Vilnius.

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



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: <http://talentgardenvilnius.lt/>



**ŽYGIS BUSSINESS CENTRE**  
AREA 3,300 SQ.M.ŽYGIO  
VERSLO CENTRAS

Žygis 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 miestai, 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	3,300 sq. m
Leased area	2,900 sq. m
Land area	0.4 ha
Property market value at the end of 2021	EUR 3.7 million
Occupancy at the end of 2021	100 percent
Address	Zygio str. 97A, Vilnius.



Main tenants School "Žiniukas", Innoforce, UAB

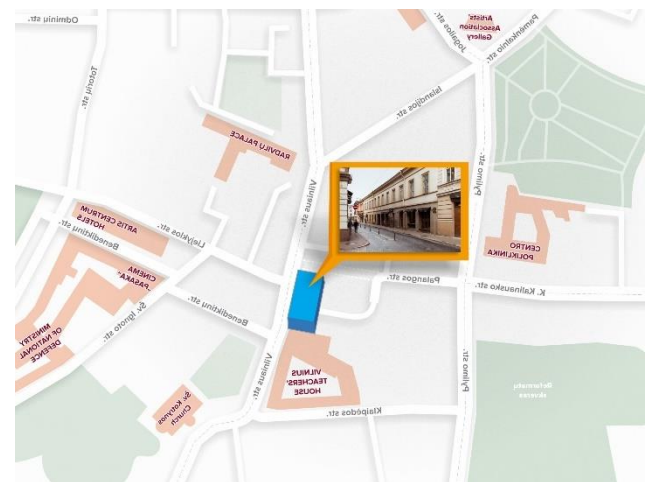


pradinė mokykla  
**„ŽINIUKAS“**  
vaikai gali daugiau

**BUILDING IN THE CENTRE OF VILNIUS, VILNIAUS STR. 33-4**  
AREA 1,700 SQ.M.

The building is located in a prestigious part of Vilnius, in Old Town. It is one of the most important components of the city and its centre, located on the left bank of the Neris river. The property is positioned near Gediminas Avenue, which is considered the most prestigious street in Vilnius. The building's environment is dominated by older buildings of city centre-specific architecture, with various commercial premises, hotels, numerous cafes, restaurants, and other attractions.

Currently, the building is not being rented and a reconstruction project is in the process of being prepared for it. Once this project is implemented, the building will be adapted to commercial and catering activities.





### Basic information

Total area	1,700 sq. m.
Land area	0.12 ha
Property market value at the end of 2021	2.6 mln. EUR
Address:	Vilniaus str. 37-4, Vilnius.



### 3.3.2. Real estate objects owned by group companies in Riga (Latvia)

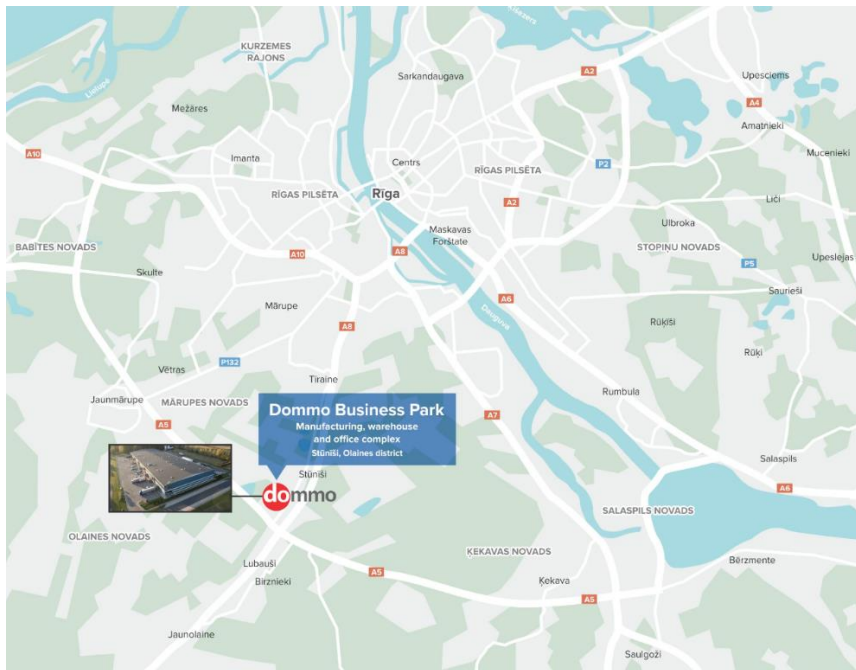
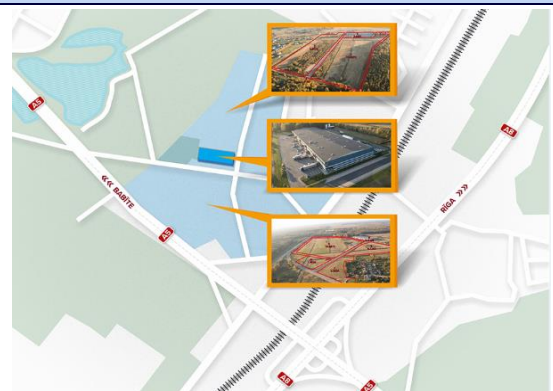


Fig. 3.3.3. Real estate objects owned by group companies of INVL Baltic Real Estate in Riga (Latvia)

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

Dommo Business Park 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 and lease area	12,800 sq. m
Leased area	12,800 sq. m
Land area	58.21 ha
Property market value at the end of 2021	EUR 8.8 million
Occupancy at the end of 2021	100 percent
Address	Stūnyši, Olainės region.



Main tenants	Bohnenkamp, Tente, Rewico Baltikum, Inservis.
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Bohnenkamp  
Moving Professionals

TENTE



REWICO Baltikum

## II. FINANCIAL INFORMATION AND SIGNIFICANT EVENTS

### 4. Overview of the Issuer and its group activity

#### 4.1. COMMENT MADE BY INVL ASSET MANAGEMENT REAL ESTATE FUND MANAGER VYTAUTAS BAKŠINSKAS



Recent years have been particularly successful in achieving long-term results for the company.

The net operating income of INVL Baltic Real Estate from its own objects in 2021 amounted to EUR 1.6 million, or 27% less than in 2020 (EUR 2.2 million), however 25% more than in 2020 (EUR 1.3 million) from own unsold objects. The operating income of INVL Baltic Real Estate in 2021 amounted to EUR 2.7 million or 30% less than in 2020 (EUR 3.9 million), of which consolidated rental income from its own objects decreased by 40% to EUR 1.7 million. The decline in both consolidated rental income and consolidated income is due to the IBC and Vilnius vartai sale transactions carried out in 2020.

Last year was the second year of operation of the company-managed collaboration space Talent Garden Vilnius, which, despite the challenges posed by the pandemic, was extremely successful and allowed significantly improving the company's results. We are pleased that Talent Garden Vilnius has managed to maintain a high level of occupancy and continuously improves its financial performance throughout the two-year period of the pandemic. Thanks to the successful operation

of Talent Garden Vilnius and other lease agreements signed in previous periods, in 2021 the net rental income of the object located at Palangos g. 4/Vilniaus g. 33 increased by 44% and amounted to EUR 1.1 million year on year.

The group's net profit in 2021 amounted to EUR 3.4 million, the value of the assets under management increased by EUR 5.5 million in 2021 and amounted to EUR 29.6 million at the end of the year. The equity value at the end of the year was EUR 20.3 million. The equity value per share was EUR 2.52 and increased by 19% over the year (after assessing dividends paid in 2021).

Last year, the company acquired for €2.4 million assets located at Vilniaus g. 37 – administrative premises with an area of 1,552 sq. m and 0.1185 ha of land – at the auction organised by the State Enterprise Turto bankas. In subsequent additional transactions, the company acquired from private individuals part of a 101 sq. m undeveloped roofed area and two garages on the same plot. Additional transactions will ensure smoother implementation of the company's planned restructuring and repair plans. After completion of the design and overhaul of the building, at the end of 2023, the Company will offer about 1,600 sq. m of rented space of the highest-class offices on the second and third floors of building and commercial premises on the first floor.

Last year, we paid great attention to the preparation of project proposals for the reconstruction of property owned by the company at Palanga g. 4/Vilniaus g. 33, which were presented to the public in January 2022. We are glad that together with the architects who prepared the project proposals, we found the best solutions for the renewal of Ryšių rūmai. Our plan is that after the reconstruction, the complex's surface area should increase by about 3,600 sq. m.

The objects managed by INVL Baltic Real Estate in 2021 were marked by high occupancy rates and improved performance. The global pandemic did not have a significant impact on the company's performance. We are glad that our customers remain loyal and trust INVL Baltic Real Estate as a reliable and long-term partner. In the coming years, we will continue to meet our clients' expectations and increase value for investors.

#### 4.2. OPERATIONAL ENVIRONMENT

The impact of the pandemic on the real estate market created the "roller coaster" effect – a sharp drop, a relatively short period of stabilisation, and a rise to unprecedented heights – this is how the market looked in the two years of fighting the devastating pandemic.

In 2021, the market supply of commercial offices was supplemented by over 100,000 sq. m. Further expansion is also not slowing down: in the new centre of Vilnius alone, over the next few years, about 100,000 sq. m of offices will open its doors, excluding the new projects currently under preparation in Krokuvos and Lvivo streets. The development of new offices is not limited to the neighbourhood of Šnipiškės; new projects are also planned in Naujamiestis, Pilitė, Pašilaičiai and Lazdyniai. It is likely that the pandemic will cut off part of the rented space of companies, although it is too early to decide on a further business model.

Despite the pandemic, we managed to avoid major changes in business centres. If a number of subletting transactions took place in the second half of 2020, then quite a few tenants dealt with the development of the rented area this year. The relatively small price difference between Class B and A business centres means that older, unmodernised offices are most under pressure. On the other hand, migration between different classes of business centres is also limited by rental conditions – not all available areas meet the needs of tenants. Currently, the number of available premises is around 4.5% in Class A business centres and around 5% in Class B1 and B2 business centres.

Office rental prices in Vilnius can be considered constant, with indexation rates linked to existing contracts being the main contributors to their change. Long-term discounts have a much greater impact on the annual income flow, which is why short-term discounts are used more often, exempting tenants from taxation in the first months and securing a higher income stream in the future. The price of Class A office space is €14–17/ sq. m, Class B1 – €11–14/sq. m., Class B2 – €7–10/ sq. m.

Kaunas is actually transforming the supply of both commercial and residential assets over the last year and next few years. Located in the country's centre, the city is at the confluence of two rivers and has a truly unique and attractive geographical location and the potential to become one of the regional hubs. The new Rail Baltica track connecting Lithuania and Western Europe to Kaunas

adds to its attractiveness. During 2021, no significant expansion of new business centres took place in Kaunas, and project openings are planned for 2022 or 2023.

The number of business centres in the so-called "temporary capital" decreased slightly in 2021. The most striking changes occurred in Class A buildings, where available premises stand at 8%. In B1 and B2, vacancy fell to 9%. Although these indicators are higher than currently in the capital, they are sufficient to ensure the desire of developers for further development. As in the case of Vilnius, office rental prices can be considered as settled down, with Class A centres ranging from €12–13/sq. m, to B1 – €9–11/sq. m, and B2 – €6–9/sq. m.

The development of Klaipėda business centres lives on quiet promises. There are many projects in the desk drawers of developers, and some of them should certainly see the light of day. The new supply would provide an answer to the question whether the port city really has no need for the development of business centres or whether simply the existing supply does not meet the needs of the market. Among the three major cities, the demographic situation in Klaipėda is the worst, so there is a chance that the first version is more reasoned. On the other hand, even in this case, new developments could accelerate the city's recovery. The most significant projects of the future include a business centre in the complex Mėmel City, Tech Zity, and reconstruction of PC Mega with the construction of a business centre.

The number of available premises in Klaipėda is gradually decreasing and currently reaches about 25% in the Class A segment, 7% – B1, and 6% in B2 business centres. Given the relatively small total area of the business centres, new projects can significantly increase the vacancy or modern offices can attract more activities to the port city. Price changes have been avoided this year. Class A premises can still be rented for €9–12/sq. m, B1 for €7–11/sq. m, and B2 – €5–7/sq. m.

In 2021, the Covid-19 pandemic had a smaller impact on the logistics sector in Latvia than on other real estate sectors. Rental prices remain stable: €4.2–4.7/sq. m in Riga city and €3.5–4.2/sq. m in the area surrounding Riga.

Sources:

[https://www.inreal.lt/file/1/9/3/7/Ekonomikos-ir-NT-rinkos-apzvalga-2021-H1\\_INREAL-Siauliu-bankas-COBALT-CityNow\\_2021-08-10\\_compressed.pdf](https://www.inreal.lt/file/1/9/3/7/Ekonomikos-ir-NT-rinkos-apzvalga-2021-H1_INREAL-Siauliu-bankas-COBALT-CityNow_2021-08-10_compressed.pdf)

#### 4.3. RESULTS OF INV L BALTIC REAL ESTATE

EUR million	Group			Company		
	01.01.2019 – 31.12.2019	01.01.2020 – 31.12.2020	01.01.2021 – 31.12.2021	01.01.2019 – 31.12.2019	01.01.2020 – 31.12.2020	01.01.2021 – 31.12.2021
Income (revenue)	5.90	3.90	<b>2.73</b>	4.21	2.77	<b>1.51</b>
rental income from owned premises	4.6	2.83	<b>1.69</b>	4.1	2.58	<b>1.50</b>
other revenue	1.3	1.07	<b>1.04</b>	0.1	0.19	<b>0.01</b>
Investment property revaluation**	11.50	4.96	<b>2.85</b>	11.21	5.00	<b>2.40</b>
Net operating income from owned properties*	2.03	2.20	<b>1.61</b>	-	-	-
Profit before tax**	10.40	5.39	<b>3.39</b>	10.62	5.52	<b>3.40</b>
Net profit**	10.42	5.42	<b>3.40</b>	10.63	5.52	<b>3.40</b>
Earnings per share**	EUR 0.79	EUR 0.41	<b>EUR 0.37</b>	EUR 0.81	EUR 0.42	<b>EUR 0.37</b>

\*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 Investors“ → „Financial information and reports“. The link is provided <https://bre.invl.com/en/for-investors/financial-information-and-reports/>. Also, for the convenience of investors, the Company provides AVR in Annex 4 to the Annual Report.

\*\* The increase of the results in 2019 was mainly influenced by the revaluation of the assets of IBC Business Center at its actual sale price dated 06-03-2020. Financial results of 2020 have influenced by sale transaction of Business Centre Vilnius Vartai completed on 30-09-2020.

The consolidated income (revenue) of INV L Baltic Real Estate in 2021 amounted to EUR 2.7 million or 31 percent less than in 2020 (EUR 3.9 million), while consolidated operating income from own objects decreased by 40 percent to EUR 1.7 million.

## 4.4. FINANCIAL RATIOS\*

EUR million	Group			Company		
	2019**	2020**	2021	2019**	2020**	2021
Return on Equity (ROE), %	26.27	14.86	<b>13.83</b>	26.92	15.15	<b>13.83</b>
Return on Assets (ROA), %	15.41	9.23	<b>9.07</b>	16.29	9.59	<b>9.10</b>
Debt ratio	0.42	0.31	<b>0.39</b>	0.40	0.31	<b>0.38</b>
Debt – Equity ratio	0.71	0.45	<b>0.63</b>	0.66	0.45	<b>0.62</b>
Gearing ratio	0.36	-0.29	<b>0.26</b>	0.35	-0.03	<b>0.28</b>
Liquidity ratio	0.38	12.23	<b>0.79</b>	0.34	12.32	<b>0.56</b>
Pre-tax profit margin, %	176.39	138.20	<b>124.08</b>	252.08	199.06	<b>225.25</b>
Normalized operating profit, thousand EUR	1,280	1,323	<b>969</b>	945	1,091	<b>559</b>
Normalized operating profit margin, %	21.71	33.91	<b>35.45</b>	22.44	39.37	<b>37.03</b>
Borrowings to value of investment properties, %	36.5	39.3	<b>30.9</b>	-	-	-
Interest coverage ratio	2.72	2.87	<b>3.73</b>	-	-	-
Bank's debt service coverage ratio	0.99	0.08	<b>1.61</b>	-	-	-
Net profit margin, %	176.75	138.84	<b>124.37</b>	252.36	199.06	<b>225.25</b>
Earnings per share (EPS), EUR	0.79	0.41	<b>0.37</b>	0.81	0.42	<b>0.37</b>
Price to earnings ratio (P/E)	3.80	5.27	<b>6.30</b>	3.70	5.14	<b>6.30</b>

\*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 Investors“ → „Financial information and reports“. The link is provided <https://bre.invl.com/en/for-investors/financial-information-and-reports/>. Also, for the convenience of investors, the Company provides AVR in Annex 4 to the Consolidated Annual Report.

\*\* The increase of the results in 2019 was mainly influenced by the revaluation of the assets of IBC Business Center at its actual sale price dated 06-03-2020. The financial results of 2020 have influenced by the sale transaction of Business Centre Vilnius Vartai completed on 30-09-2020.

## 4.5. KEY FIGURES OF INV L BALTIC REAL ESTATE

EUR million	Group			Company		
	31.12.2019	31.12.2020	31.12.2021	31.12.2019	31.12.2020	31.12.2021
Managed common area	56,876 sq. m	26,000 sq. m	<b>27,700 sq. m</b>	43,800 sq. m	13,200 sq. m	<b>14,900 sq. m</b>
Managed rental area	47,176 sq. m	22,600 sq. m	<b>24,200 sq. m</b>	34,100 sq. m	9,800 sq. m	<b>11,400 sq. m</b>
The real estate value	71.88	24.13	<b>29.62</b>	63.0	15.77	<b>20.80</b>
Investments into subsidiaries (including loans granted to subsidiaries)	-	-	-	7.89	9.03	<b>9.80</b>
Long-term prepayment under the sublease agreement	-	-	-	-	-	-
Cash	1.04	16.03	<b>1.90</b>	0.46	10.39	<b>1.21</b>
Other assets	2.46	1.78	<b>1.51</b>	1.77	6.71*	<b>1.01</b>
<b>Assets</b>	<b>75.38</b>	<b>41.94</b>	<b>33.03</b>	<b>73.12</b>	<b>41.90</b>	<b>32.82</b>
Equity	44.02	28.87	<b>20.29</b>	43.92	28.87	<b>20.29</b>
Borrowings from credit institutions	24.76	9.49	<b>9.14</b>	22.87	9.49	<b>9.14</b>
Borrowings from Invalda INVL group	1.51	-	-	1.51	-	-
Other payables	5.09	3.58	<b>3.6</b>	4.82	3.54	<b>3.39</b>
<b>Total equity and liabilities</b>	<b>75.38</b>	<b>41.94</b>	<b>33.03</b>	<b>73.12</b>	<b>41.90</b>	<b>32.82</b>
<b>Total equity for one share</b>	<b>EUR 3.35</b>	<b>EUR 2.21</b>	<b>EUR 2.52</b>	-	-	-

\* In 2020, the Company granted EUR 5 mln. loan to a its' subsidiary to avoid negative interest on bank balances. The loan is shown in Other assets.



#### 4.6. NET ASSET VALUE OF INVL BALTIC REAL ESTATE

The Net Asset Value (hereinafter - "NAV") is calculated by deducting liabilities from the Company's assets, including Management Fee Liabilities and Success Fee Liabilities. This amount is used to calculate the value of the Company's share, which is equal to the Company's NAV divided by the number of shares issued and paid by the Company. The number of shares issued and paid does not include:

1.1. The shares acquired by the Company.

1.2. The Company's shares, which the Company acquires based on the submitted but not executed order, in connection with the redemption of shares, in respect of which a liability to purchase these shares has been recognized in the Company's financial statements in accordance with IAS requirements.

The value of a share is determined to four decimal places and rounded according to mathematical rules.

The Company's NAV is calculated and published on a quarterly basis, with the exceptions provided for in the Company's Articles of Association.

Information about the company's net asset value is updated every quarter: data for the first and third quarters are provided within a month of the end of the period, while half-year data is provided within two months and full-year data within four months of the end of the period.

Date	Net asset value per share, EUR	Net asset value, EUR	Recalculated net asset value per share, EUR*	Allocated dividends per share, EUR*
30 11 2016**	0.4203	27,633,382	2.1014	
31 12 2016	0.4726	31,072,202	2.3629	
31 03 2017	0.4781	31,431,866	2.3903	
30 06 2017	0.4838	31,811,344	2.4191	0.06
30 09 2017	0.4924	32,374,388	2.4619	
31 12 2017	0.5150	33,860,074	2.5749	
31 03 2018	2.4984	32,853,366	2.4984	0.13
30 06 2018	2.5900	34,058,027	2.5900	
30 09 2018	2.6147	34,382,903	2.6147	
31 12 2018	2.6859	35,319,397	2.6859	
31 03 2019	2.7033	35,548,100	2.7033	
30 06 2019	2.6850	35,307,971	2.6850	0.13
30 09 2019	2.7185	35,748,715	2.7185	
31 12 2019	3.3479	44,024,833	3.3479	
31 03 2020	3.3786	44,428,162	3.3786	
30 04 2020***	1.8526	24,361,588	1.8526	1.55
30 06 2020	1.8678	24,561,436	1.8678	
30 09 2020****	2.2270	23,602,043	2.2270	
30 11 2020*****!	2.2103 (reviewed 2.2043)	28,843,807 (reviewed 28,765,348)	2.2103 (reviewed 2.2043)	
31 12 2020!	2.2124 (reviewed 2.2095)	28,870,287 (reviewed 28,832,682)	2.2124 (reviewed 2.2095)	
31 03 2021	2.2295	17,972,963	2.2295	
30 06 2021	2.1874	17,633,254	2.1874	0.12
30 09 2021	2.2362	18,027,324	2.2362	
31 12 2021	2.5164	20,285,578	2.5164	

\* Net asset value per share and allocated dividends are recalculated considering the changed nominal value per share (EUR 1.45).

\*\* Initial net asset value per share: EUR 2.1014, revaluated by the nominal value per share being EUR 1.45.

\*\*\* Considering resolution of the General Shareholders Meeting of the Company that was held on 9 April 2020 on repurchase of own shares of the Company due to material changes in the incorporation documents of the Company, the net asset value as of 30 April 2020 is announced. According to the published net asset value, the shares of the Company were repurchased from the 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.

\*\*\*\* If the Company's net asset value on 30 September 2020 were calculated using the redeemable share liability calculated on the basis of the number of shares actually redeemed and not on the total number of redemption shares submitted, the net asset value would be EUR 28,143,520 or EUR 2.1567 per share.

\*\*\*\*\* According to the 23 December 2020 Company's announcement of the convocation of the General Extraordinary Shareholders Meeting, which was held on 14 January 2021, if the shareholders of the Company make the decisions provided in the agenda of the Meeting, the process of buy-back of shares of Company due to material changes in the incorporation documents of the Company should take place. Therefore, the Company announced the Company's 30 November 2020 net asset value, according to which, the shares of the Company are repurchased from the shareholders of the Company who wish so and who did not vote at the Meeting regarding the material changes in the incorporation documents of the Company.

! The Company's management company INVL Asset Management, UAB, performing the usual operational control measures, determined that in determining the value of the Company's net assets of 30 November 2020 and 31 December 2020, the error occurred. Accordingly, the adjusted values of the Company's net assets are presented: (i) the Company's net asset value as of 30 November 2020 was EUR 28,765,348, or EUR 2.2043 per share. The difference from the previously announced net asset value is 0.27 percent. (ii) the Company's net asset value as of 31 December 2020 was EUR 28,832,682, or EUR 2.2095 per share. The difference from the previously announced net asset value is 0.13 percent. This discrepancy in the value of the Company's net assets did not have any negative consequences for the Company's shareholders. The Company's share buy-back, which ran from 25 January 2021 to 25 March 2021 (inclusive), was carried out based on a net asset value of 30 November 2020, that value was 0.27 percent higher than the above revised net asset value of 30 November 2020. The difference between the incorrect and the net asset value applied during the share buy-back process will be compensated by the Management Company.

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

##### 4.7.1. Significant Issuer's events

###### INVESTMENT ACTIVITY

In 2021, INVL Baltic Real Estate acquired the real estate located at Vilniaus str. 37, Vilnius\*:

Date of the purchase deals	24 September 2021 11 November 2021
Object	Part of the building and land plot at Vilniaus Street 37-4 in Vilnius and the roof
Seller	The state enterprise Turto Bankas / Private individuals
Acquisition cost of the property	EUR 2.6 million



\* In 2022, INVL Baltic Real Estate additionally purchased from private individuals two garages with a part of the land plot for a total price of EUR 425,000. These real estate objects are also located at Vilniaus str. 37, Vilnius.

###### MANAGEMENT OF THE COMPANY

- Taking into account resolution of the General Shareholders Meeting that was held on 14 January 2021 on repurchase of own shares of the Company due to material changes in the incorporation documents (Articles of Association) 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 15 January 2021 the Management Company INVL Asset Management, UAB provided an approved detailed procedure for the buy-back of the Company's shares, according to which the buy-back of the Company's shares was carried out. The buy-back of the Company's shares lasted from 25 January 2021 until 25 March 2021 (inclusive). The buy-back price per share was EUR 2.2103, according to NAV as of 30 November 2020. During the share buy-back process, 11 shareholders submitted applications to the Company for the buy-back of the shares of the Company. During the redemption process of the Company's shares, the Company acquired 4,988,155 Company's shares for EUR 11 mln.
- The General Shareholders meeting of INVL Baltic Real Estate held on 29 April 2021 approved the reduction of the authorized capital of the Company to cancel 5,088,586 units of ordinary registered own shares acquired by INVL Baltic Real Estate during the buy-back of shares process and approved the formation of a supervisory board of the Company. To implement these changes, the General Shareholders Meeting of the Company approved the amendments of the Articles of Association of the Company as well as approved the new wording of the Articles of Association. On 26 July 2021, after the registration of the new wording of the Articles of Association of INVL Baltic Real Estate in the Register of Legal Entities, the procedure of the reduction of the authorized capital of the Company ended, during which the 5,088,586 units of the ordinary registered shares, acquired by the Company through the share redemption processes, were cancelled. In addition, on 3 August 2021 the Company received the permission of the Bank of Lithuania to amend the Articles of Association of the Company and the members of the Supervisory Board took up their duties in the Company.

*INFORMATION RELATED TO THE ALLOCATION AND DISTRIBUTION OF DIVIDENDS*

- The General Shareholders' Meeting of INVL Baltic Real Estate, held on 29 April 2021, decided to allocate a dividend of EUR 0.12 per share for the year 2020. Dividends were paid to the shareholders who on 13 May 2021 were shareholders of the Company. The dividends were allocated from 27 May 2021.

*OTHER SIGNIFICANT EVENTS*

- On 11 January 2021 the Company received a notification from the Bank of Lithuania informing that the Company was allowed to change the depository service provider. The decision of the Company's shareholders to change the Company's depository from AB SEB bankas to AB Šiaulių bankas has been taken at the shareholders' meeting on 9 April 2020. At the time of the release of the Annual Report the change of the depository has not been implemented yet.
- On 2 February 2021 the Company received a notification from the Bank of Lithuania informing that the Company was allowed to change the Articles of Association of the Company. On 31 December 2020, a new wording of the Articles of Association of Company was registered in the Register of Legal Entities. The new wording of the Articles of Association was approved on 9 April 2020 during the General Shareholders Meeting. Amendments to the Articles of Association were made to increase the maximum level of borrowed capital allowed in the Company's activities to the level established by the Law on Collective Investment Undertakings of the Republic of Lithuania.
- On 27 April 2021 INVL Baltic Real Estate received a notification from the Bank of Lithuania informing that the Company was allowed to change the Articles of Association of the Company. On 6 April 2021, a new wording of the Articles of Association of Company was registered in the Register of Legal Entities. The new wording of the Articles of Association was approved on 14 January 2021 during the General Shareholders Meeting. Amendments to the Articles of Association were made (i) to indicate the right of the Company to acquire its own shares in order to reduce the difference between their price and the net asset value of the Company, which arises (or may arise) at the trading venue where the Company's shares are traded, and (ii) to ensure that the rules for calculating and paying the performance fee paid by the Company comply with good international practice.
- On 29 April 2021 INVL Baltic Real Estate received a notification from Invalda INVL by which the Company was informed about the Board decision of Invalda INVL from 29 April to suspend permanently the execution of the guidelines for the trading in the Company's shares. The Board of Invalda INVL made the above-mentioned decision, considering (i) the decision of the General Meeting of Shareholders of the Company of 14 January 2021, to approve the new wording of the Articles of the Association where the right of the Issuer to acquire its own shares is indicated and (ii) the decision of the General Meeting of Shareholders of the Company of 29 April 2021, to approve the procedure of the Issuer's own shares acquisition.
- On 30 April 2021 the Company announced that the Company's management company INVL Asset Management, UAB, performing the usual operational control measures, determined that during the determination process of the value of the Company's net assets of 30 November 2020 and 31 December 2020, the error occurred. Accordingly, the adjusted values of the Company's net assets were presented.
- On 3 August 2021, the Company received a notification from the Bank of Lithuania informing that the Company was allowed to change the Articles of Association of the Company. On 26 July 2021, a new wording of the Articles of Association of Company was registered in the Register of Legal Entities. The new wording of the Articles of Association was approved on 29 April 2021, during the General Shareholders Meeting. The Articles of Association of the Company are amended to comply with the legal requirements applicable to the Company, i. y. to form the Company's supervisory body - the Supervisory Board. The Articles of Association are also amended due to the reduction of the authorized capital, which was reduced to cancel 5,088,586 units of ordinary registered own shares acquired by the Company during the buy-back of shares process.

The Company publishes all publicly available information on the Nasdaq Vilnius website ([link](#)), on the Central Regulatory Information Base ([link](#)), as well as on the Company's website (For investors → Regulated information). Link: <https://bre.invl.com/en/news/>).

**4.7.2. Significant group's events**

No significant another group events than are indicated above by the Issuer, were recorded during the reporting period. The Group companies carried on their normal activities.

**5. Significant events of the Issuer and its group since the end of the financial year**

- On 3 January 2022 the Company announced, that the Company together with the design firm Viltakta has submitted for consideration by the Vilnius City municipality design proposals for reconstruction of the administrative building at Palangos Street 4 / Vilniaus Street 33 which the Company owns. The reconstruction is expected to increase the complex's above-ground area by approximately 3600 square metres.
- On 14 January 2022 the Company received the notifications of the Company's managers and shareholders on the acquisition and disposal of voting rights. Respectively, the structure of shareholders holding or controlling more than 5% of the Company's share capital and/or voting rights has changed.
- On 18 February 2022 a real estate sale and purchase agreement was concluded on the purchase of two garages with part of the land plot at Vilniaus Street 37 in Vilnius. The Company acquired the real estate from private individuals for a total price of EUR 425,000.

The Company publishes all publicly available information on the Nasdaq Vilnius website ([link](#)), on the Central Regulatory Information Base ([link](#)), as well as on the Company's website (For investors → Regulated information). Link: <https://bre.invl.com/en/news/>).

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

### **6.1. Evaluation of implementation of goals for 2021**

In 2021, INVL Baltic Real Estate succeeded in achieving its key goals - the successful restructuring of assets under management, which allowed to achieve extremely successful results and earn significant returns for the company's shareholders.

### **6.2. Activity plans and forecasts**

INVL Baltic Real Estate will continue to earn from investments in commercial real estate, ensuring the growth of rental income and cost optimisation. Features of the managed assets of INVL Baltic Real Estate make it reasonable to expect continuous growth in the value of assets.

## 7. Disclosure of the impact of the COVID-19 pandemic

The Group was not significantly affected by the COVID-19 virus pandemic in 2021. Due the COVID-19 virus pandemic in 2021, Group's operations were not disrupted, as the Group can perform all the operations remotely. However, the pandemic affected the Company's tenants, whose activities were partially restricted during the quarantine. Due to these reasons, it was more difficult to find new tenants for the vacated premises and to rent them out at higher prices. In total, the Company provided a EUR 58,000 rental rebate to tenants.

### III. INFORMATION ABOUT SECURITIES

#### 8. 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 amended three times:

- On 2 February 2021 the Company received a notification from the Bank of Lithuania informing that the Company was allowed to change the Articles of Association of the Company. On 31 December 2020, a new wording of the Articles of Association of Company was registered in the Register of Legal Entities. The new wording of the Articles of Association was approved on 9 April 2020 during the General Shareholders Meeting. Amendments to the Articles of Association were made to increase the maximum level of borrowed capital allowed in the Company's activities to the level established by the Law on Collective Investment Undertakings of the Republic of Lithuania.
- On 27 April 2021 INVL Baltic Real Estate received a notification from the Bank of Lithuania informing that the Company was allowed to change the Articles of Association of the Company. On 6 April 2021, a new wording of the Articles of Association of Company was registered in the Register of Legal Entities. The new wording of the Articles of Association was approved on 14 January 2021 during the General Shareholders Meeting. Amendments to the Articles of Association were made (i) to indicate the right of the Company to acquire its own shares in order to reduce the difference between their price and the net asset value of the Company, which arises (or may arise) at the trading venue where the Company's shares are traded, and (ii) to ensure that the rules for calculating and paying the performance fee paid by the Company comply with good international practice.
- On 3 August 2021, the Company received a notification from the Bank of Lithuania informing that the Company was allowed to change the Articles of Association of the Company. On 26 July 2021, a new wording of the Articles of Association of Company was registered in the Register of Legal Entities. The new wording of the Articles of Association was approved on 29 April 2021, during the General Shareholders Meeting. The Articles of Association of the Company are amended to comply with the legal requirements applicable to the Company, i. y. to form the Company's supervisory body - the Supervisory Board. The Articles of Association are also amended due to the reduction of the authorized capital, which was reduced to cancel 5,088,586 units of ordinary registered own shares acquired by the Company during the buy-back of shares process.

Currently actual wording of the Articles of Association of INVL Baltic Real Estate is dated as of 26 July 2021. The Articles of Association is available on the Company's website (Section in the website For investors → Legal documents. Link: <https://bre.invl.com/en/for-investors/legal-documents/>)

#### 9. Structure of the authorized capital

##### 9.1. SHARE CAPITAL CHANGES

Table 9.1.1. Structure of INVL Baltic Real Estate authorized capital as of 31 December 2021.

Type of shares	Number of shares and total voting rights granted by the issued shares, units	Nominal value, EUR	Total nominal Value and authorised capital, EUR	Portion of the authorised capital, %
Ordinary registered shares	8,061,414	1.45	11,689,050.30	100

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

##### 9.2. INFORMATION ABOUT THE ISSUER'S TREASURY SHARES

###### 9.2.1. Share redemption

During the share redemption process, which took place between 25 January 2021 and 25 March 2021 (inclusive), the Company acquired 4,988,155 units of own shares from the Company's shareholders. The Company's share redemption process was carried out in compliance with the resolution adopted by the Company's General Meeting of Shareholders on 14 January 2021 to amend the material provisions of the Company's incorporation documents and, if such duty of the Company arises, to redeem the Company's shares from the shareholders who object to the Company's decisions, or who were absent from the General Meeting, or who have abstained from voting at the General Meeting. On 15 January 2021, UAB INVL Asset Management, the Management Company, approved and announced the Procedure for Redemption of the Company's Shares which was followed during the Company's share redemption process.

After the share redemption process has ended, the number of own shares held by the Company increased to 5,088,586 shares (calculating together with the Company's shares redeemed from the Company's shareholders during the Company's share redemption process in 2020, when the Company acquired 100,431 units of own shares).

On 29 April 2021, the ordinary general meeting of shareholders adopted the decision to reduce the authorised capital of the Company in order to annul 5,088,586 units of own ordinary registered shares acquired by the Company during the share redemption processes. On 26 July 2021, a new wording of the Company's Articles of Association was registered with the Register of Legal

Entities, the Company's authorised capital reduction procedure was completed, and the shares acquired by the Company during the share redemption processed were annulled.

**Based on the data as of 31 December 2021, the Company's authorised capital amounts to EUR 11,689,050.30. The authorised capital of the Company is divided into 8,061,414 units of ordinary registered shares with the par value of EUR 1.45 each. The Company has not acquired any of its shares.**

### 9.2.2. Purchase of own shares

The General Shareholders Meeting of the Company that was held on 29 April 2021 made decision to purchase its own shares. The period during which the company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - the last announced net asset value per share, the minimal one share acquisition price - EUR 1.45.

**Company not initiated acquisition of own shares in 2021.**

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

Table 10.1. Main characteristics of INVL Baltic Real Estate shares admitted to trading

Shares issued, units	8,061,414
Shares with voting rights, units	8,061,414
Number of votes for the quorum of the General Shareholders Meeting, units	8,061,414
Nominal value, EUR	1.45
Total nominal value, EUR	11,689,050,30
ISIN code	LT0000127151
LEI code	529900GSTE0HKA0R1M59
Ticker	INR1L
Exchange	Nasdaq Vilnius
List	Baltic Secondary list
Listing date	04.06.2014
Included into indexes	OMX VILNIUS INDEX (VILSE) STOXX Global Total Market Price Index (TW1P) STOXX All Europe Total Market Price Index (TE1P) OMX Baltic Benchmark Gross Index (OMXBGGI) STOXX EU Enlarged TMI (Price) EUR (EUETMP) OMX Baltic Benchmark Price Index (OMXBBPI) OMX Baltic Benchmark Capped Price Index (OMXBBCPP) OMX Baltic All Share Gross Index (OMXBGI) OMX Baltic All Share Price Index (OMXBPI) OMX Baltic Real Estate PI (B8600PI) OMX Baltic Real Estate GI (B8600GI) OMX Baltic Benchmark Capped Gross Index (OMXBBCPG)

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



Table 10.2. Trading in the company's shares on Nasdaq Vilnius\*

Reporting period	Price, EUR			Turnover, EUR			Last trading date	Total turnover	
	high	low	last	high	low	last		units	EUR
2017 1st Q	0.399	0.375	0.397	9,985.26	2.35	0	31.03.2017	175,498	67,609.54
2017 2nd Q	0.449	0.386	0.424	16,547.66	7.02	338.95	30.06.2017	366,537	151,781.03
2017 3rd Q	0.480	0.415	0.471	63,552.70	27.53	0	29.09.2017	457,150	196,305.46
2017 4th Q	0.485	0.465	0.475	10,304.66	11.75	687.80	29.12.2017	201,801	95,575.01
2018 1st Q	2.42	0.476	2.26	41,834.75	2.36	41,834.75	03.29.2018	108,793	228,569.82
2018 2nd Q	2.36	2.12	2.30	49,996.02	61.02	2,001.14	06.29.2018	94,034	213,477.10
2018 3rd Q	2.56	2.28	2.48	31,417.80	111.56	999.44	28.09.2018	60,284	144,223.46
2018 4th Q	2.52	2.32	2.42	12,226.06	59.52	433.18	28.12.2018	32,269	77,646.76
2019 1st Q	2.54	2.10	2.50	26,646.30	2.52	1,604.00	2019.03.29	58,518	143,881.60
2019 2nd Q	2.54	2.40	2.44	12,057.50	15	1,185.84	2019.06.28	38,723	95,869.40
2019 3rd Q	2.58	2.42	2.58	84,949.22	9.84	278.64	2019.09.30	50,954	129,517.18
2019 4th Q	3.20	2.46	3.00	39,175.68	33.28	3,536.76	2019.12.30	45,810	118,648.98
2020 1st Q	3.88	2.80	3.34	22,598.62	62	11,780.96	31.03.2020	52,930	167,651.88
2020 2nd Q	3.84	1.89	1.90	35,325.84	478	1,263.46	30.06.2020	186,197	469,201.83
2020 3rd Q	2.14	1.82	2.08	32,519.47	27.9	11,526.96	30.09.2020	80,497	152,693.78
2020 4th Q	2.20	1.88	2.16	17,695.54	41.48	15,268.92	30.12.2020	150,755	302,313.21
<b>2021 1st Q</b>	<b>2.32</b>	<b>2.18</b>	<b>2.24</b>	<b>308,35.24</b>	<b>100.7</b>	<b>657.98</b>	<b>31.03.2021</b>	<b>80,538</b>	<b>264,296.22</b>
<b>2021 2nd Q</b>	<b>2.47</b>	<b>2.22</b>	<b>2.34</b>	<b>28,996.17</b>	<b>23.4</b>	<b>386.8</b>	<b>30.06.2021</b>	<b>154,950</b>	<b>270,999.82</b>
<b>2021 3rd Q</b>	<b>2.42</b>	<b>2.24</b>	<b>2.31</b>	<b>13,509.77</b>	<b>2.31</b>	<b>2.31</b>	<b>30.09.2021</b>	<b>48,870</b>	<b>113,758.93</b>
<b>2021 4th Q</b>	<b>2.35</b>	<b>2.25</b>	<b>2.33</b>	<b>12,083.66</b>	<b>2.29</b>	<b>3,476.06</b>	<b>30.12.2021</b>	<b>25,208</b>	<b>57,815.25</b>

\* Taking in account the change in the nominal value per share to EUR 1.45, after the Articles of the Association was registered on 15th January 2018.

Table 10.3. Trading in INVL Baltic Real Estate shares 2017 – 2021

	2017	2018*	2019	2020	2021
Share price, EUR:					
open	0.39	0.475	2.42	3.00	<b>2.22</b>
high	0.485	2.56	3.20	3.88	<b>2.45</b>
low	0.375	0.48	2.10	1.82	<b>2.2</b>
medium	0.43	2.25	2.51	2.32	<b>2.28</b>
last	0.475	2.42	3.00	2.16	<b>2.33</b>
Turnover, units	1,200,986	295,380	194,005	470,379	<b>309,566</b>
Turnover, EUR	511,271.04	663,917.14	487,917.16	1,091,860.70	<b>706,870.22</b>
Traded volume, units	565	612	396	2,691	<b>2451</b>

\* Taking in account the change in the nominal value per share to EUR 1.45, after the Articles of the Association was registered on 15th January 2018

Table 10.4. Capitalisation 2017 - 2021

Last trading date	Number of shares having voting rights, units	Last price, EUR	Capitalisation, EUR
31.03.2017	65,750,000	0.397	26,102,750
30.06.2017	65,750,000	0.424	27,878,000
29.09.2017	65,750,000	0.471	30,968,250
29.12.2017	65,750,000	0.475	31,231,250
31.03.2018*	13,150,000	2.26	29,719,000
30.06.2018	13,150,000	2.30	30,245,000
29.09.2018	13,150,000	2.48	32,612,000
29.12.2018	13,150,000	2.42	31,823,000
29.03.2019	13,150,000	2.50	32,875,000
28.06.2019	13,150,000	2.44	32,086,000
30.09.2019	13,150,000	2.58	33,927,000
30.12.2019	13,150,000	3.00	39,450,000
31.03.2020	13,150,000	3.34	43,921,000
30.06.2020	13,150,000	1.90	24,985,000
30.09.2020	13,150,000	2.08	27,352,000
30.12.2020	13,049,569	2.16	28,187,069
<b>31.03.2021</b>	<b>8,061,414</b>	<b>2.24</b>	<b>18,057,567.36</b>
<b>30.06.2021</b>	<b>8,061,414</b>	<b>2.34</b>	<b>18,863,708.76</b>
<b>30.09.2021</b>	<b>8,061,414</b>	<b>2.31</b>	<b>18,621,866.34</b>
<b>30.12.2021</b>	<b>8,061,414</b>	<b>2.33</b>	<b>18,783,094.62</b>

\* The Articles of the Association was registered on 15th January 2018, after the nominal value per share was changed to EUR 1.45





Fig. 10.1. INVL Baltic Real Estate change of share price and indexes<sup>1</sup> (resource: Nasdaq Baltic, Baltic market indexes)

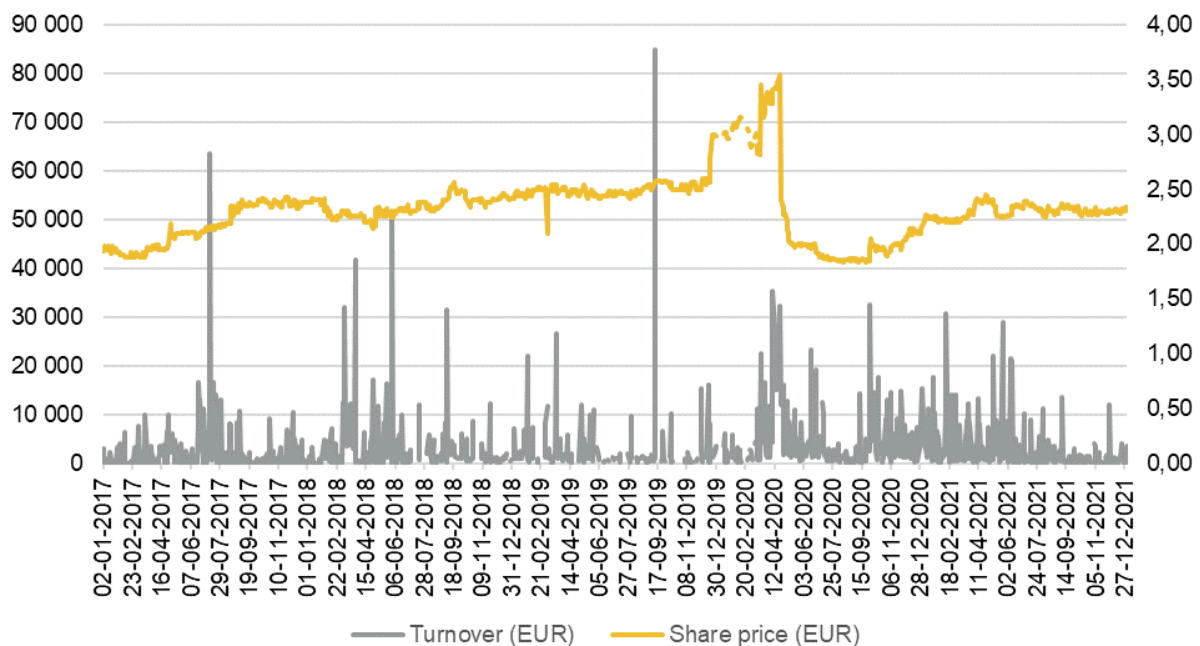


Fig. 10.2. Change of share price of INVL Baltic Real Estate and turnover

<sup>1</sup> The OMX Baltic Benchmark index (OMXBB – PI, GI, CAP) tracks the largest and most traded shares from all the industry sectors represented on the Nasdaq Baltic Market. The OMX Baltic Real Estate GI index is available at the Baltic level. Based on the FTSE Group's Industry Classification Benchmark (ICB), each shows the trend in a specific industry and enables the comparison of companies in that industry. Indexes for each ICB industry and super sector are calculated in euros for the stocks on the Main and Secondary lists of the Nasdaq Baltic exchanges. is based on the Industry Classification Benchmark (ICB) developed by FTSE Group (FTSE).

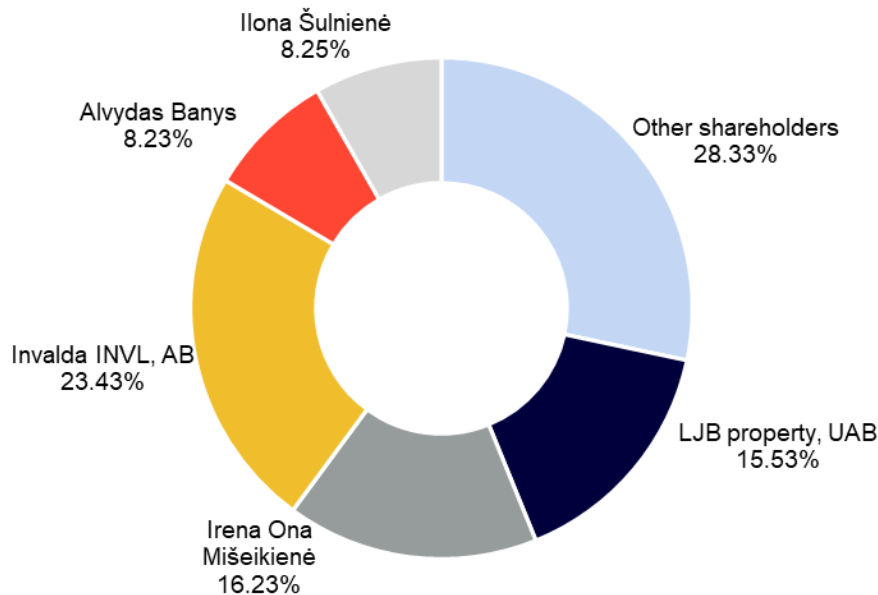
## 11. Shareholders

## 11.1. INFORMATION ABOUT COMPANY'S SHAREHOLDERS

The total number of shareholders in INVL Baltic Real Estate was 4,022 on 31 December 2021. There are no shareholders entitled to special rights of control.

Table 11.1.1. Shareholders who held title to more than 5% of INVL Baltic Real Estate authorised capital and/or votes as of 31 December 2021.

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held and share of votes given by the shares held by the right of ownership, %	Indirectly held votes, %	Balsų dalis iš viso, proc.
LJB property, UAB, code 300822529	1,251,695	15.53	0	15.53
Alvydas Banys	663,640	8.23	15.53 <sup>2</sup>	23.76
Irena Ona Mišeikienė	1,308,596	16.23	0	16.23
Invalda INVL, AB, code 121304349,	1,889,123	23.43	0	23.43
Ilona Šulnienė	664,710	8.25	0	8.25

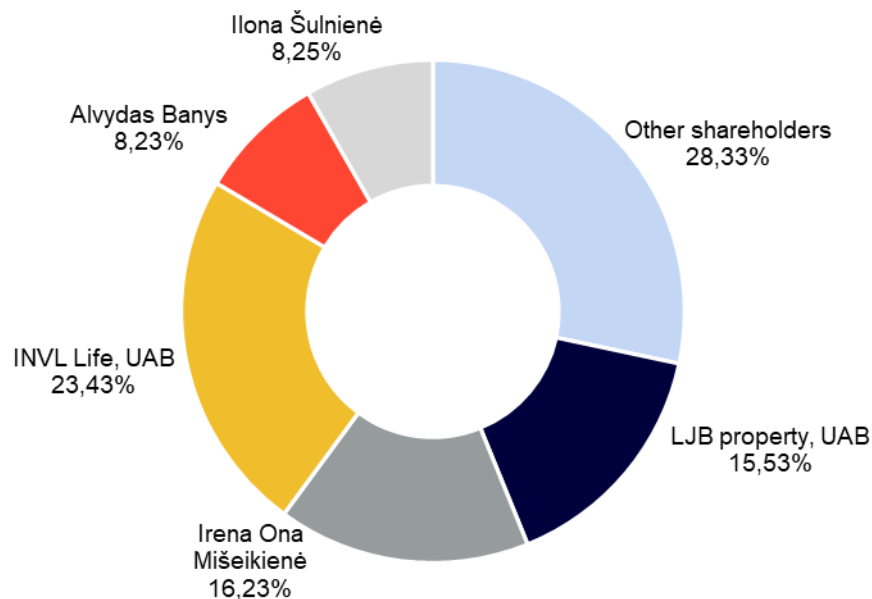


11.1.1. Fig. Votes as of 31 December 2021

<sup>2</sup> 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 property

Table 11.1.2. Shareholders who held title to more than 5% of INVL Baltic Real Estate authorised capital and/or votes as of 14 January 2022.

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held and share of votes given by the shares held by the right of ownership, %	Indirectly held votes, %	Balsų dalis iš viso, proc.
LJB property, UAB, code 300822529	1,251,695	15.53	0	15.53
Alvydas Banys	663,640	8.23	15.53 <sup>3</sup>	23.76
Irena Ona Mišeikienė	1,308,596	16.23	0	16.23
INVL Life, UAB, code 305859887 <sup>4</sup>	1,889,123	23.43	0	23.43
Invalda INVL, AB, code 121304349,	0	0	23.43 <sup>4</sup>	23.43 <sup>4</sup>
Ilona Šulnienė	664,710	8.25	0	8.25



11.1.2. Fig. Votes as of 14 January 2022

<sup>3</sup> 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 property

<sup>4</sup> 100% of shares of INVL Life, UAB are held by Invalda INVL, AB, code 121304349

## 11.2. RIGHTS AND OBLIGATIONS CARRIED BY THE SHARES

### 11.2.1. Rights of the shareholders

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

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

### 11.2.2. Obligations of the shareholders

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

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

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

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

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

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

## 12. 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.

The General Shareholders Meeting of the Company held on 9 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 (when the nominal value per share is EUR 1.45). It is noted that in accordance with the provisions of the dividend payment policy, the Company may allocate both lower and higher dividends per share than it is expected in the policy.

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 taxes<sup>5</sup>.

On 29 April 2021, the General Shareholders Meeting of INVL Baltic Real Estate decided to allocate EUR 0.12 dividend per share.

Dividends were allocated to the shareholders, who at the end of the tenth business day following the day of the General Shareholders Meeting that adopted a decision on dividend payment, i. e. on 13 May 2021 were shareholders of the Company.

The Company started to allocate dividends for the year 2020 from 27 May 2021. 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.

#### 12.1. Table. Indexes related with shares\*

Company's	2017	2018	2019	2020	2021
Net Asset Value per share**, EUR	2.57	2.69	3.35	2.21	2.52
Price to book value (P/Bv)	0.92	0.90	0.90	0.98	0.93
Dividend yield	2.5	5.4	4.3	71.80	5.20
Dividends/ Net profit	0.22	0.54	0.16	3.76	0,28

\*The Company publishes Alternative performance measures (AVR), that are in use of the Company, provides indicators definitions and calculation formulas. All the information is disclosed in the Company's web site section „For Investors“ → „Financial information and reports“. The link is provided <https://bre.invl.com/en/for-investors/financial-information-and-reports/>. Also, for the convenience of investors, the Company provides AVR in Annex 4 to the Consolidated Annual Report.

\*\*Nominal value per share – EUR 1.45



12.1.1. Fig. Growth of net asset value, EUR/share and dividend allocation

<sup>5</sup> This information should not be treated as a tax consultation.

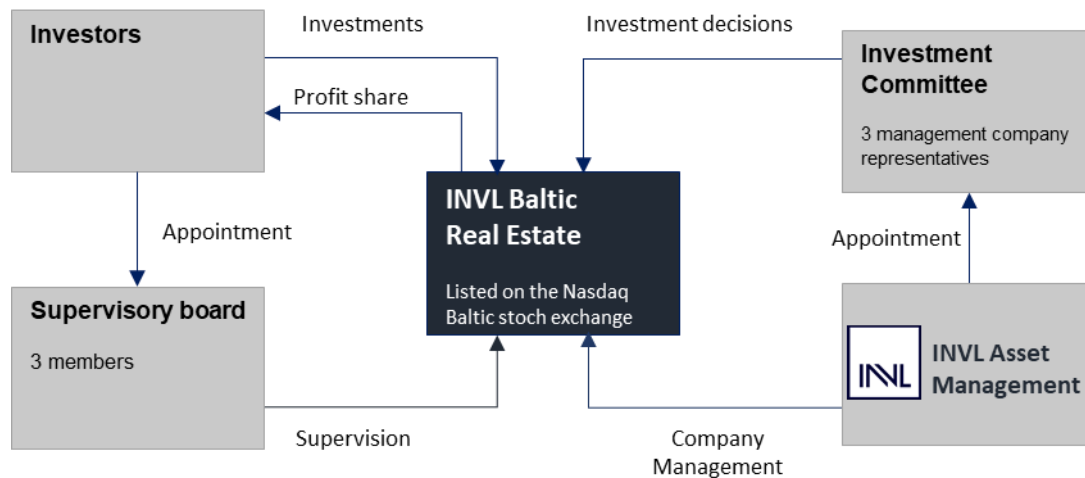
## IV. ISSUER'S MANAGING BODIES

### 13. Structure, authorities, the procedure for appointment and replacement

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. From 26 July 2021, the Company has a collegial supervisory body - the supervisory board. The Company's management bodies are not formed.

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.



13.1 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.

#### 13.1. GENERAL SHAREHOLDERS' MEETING

##### 13.1.1. Powers of the General Shareholders' Meeting

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

The general meeting of Shareholders can take decisions and shall be deemed quorate irrespective of the number of votes carried by Shares held by the Shareholders present thereat. An Annual General Shareholders' Meeting must be held every year at least within 4 months from the close of the financial year.

All decisions of the general meeting of Shareholders of the Company shall be taken by a 3/4 majority of votes carried by Shares of the Shareholders present in the meeting, except for the decisions indicated below, which shall be taken by a 2/3 majority of votes carried by Shares of the Shareholders present in the meeting, i.e., decisions:

- to elect and remove a certified auditor or audit firm and establish terms of payment for audit services.
- to approve sets of annual and interim financial statements.
- on extension of the Term of Activities of the Company and making related amendments to the Articles of Association.

The below-indicated decisions of the general meeting of Shareholders of the Company can be taken only after taking into account the recommendations given by the Board of the Management Company and/or the Investment Committee of the Company and with regard to specified consequences of a relevant decision, i.e., decisions regarding:

- amending the Articles of Association of the Company.
- redemption of Shares.
- formation, use, reduction and cancellation of reserves.

- increase or reduction of the authorised capital.
- reorganisation, spin-off or transformation of the Company.
- merger of the Company with other collective investment undertakings.
- approval of the agreement with the Depository, appointment of the person authorised to sign the approved agreement with the Depository on behalf of the Company, change of the Depository.
- liquidation of the Company or extension of the Term of Activities of the Company.
- restructuring of the Company.

In case draft decisions are proposed not by the Management Company but by Shareholders, the Management Company must, no later than within 5 (five) Business Days after presentation of such a draft decision to the Company, prepare a relevant recommendation and announce it in the way draft decisions are announced. In any case recommendations of the Management Company regarding all draft decisions on relevant issues of the agenda must be announced no later than 3 (three) Business Days until the date of the general meeting of Shareholders.

In case the general meeting of Shareholders takes a decision not following the recommendations given by the Management Company, the Management Company shall not be responsible if such decisions violate requirements for management of the Company or there are other negative consequences.

### **13.1.2. Convocation of the General Shareholders' Meeting of INVL Baltic Real Estate**

The right to initiate convocation of the meeting is vested in the Management Company, the Supervisory Board of the Company and Shareholders, owning at least 1/10 of all the votes in the General Shareholder Meeting.

The convocation of a General Shareholders' Meeting is organised by the Management Company.

The shareholders are entitled:

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

The shareholder participating at the Meeting and having the right to vote, must submit the documents confirming personal identity. A person who is not a shareholder shall, in addition to this document, submit a document confirming the right to vote at the Meeting. The requirement to provide the documents confirming personal identity does not apply when voting in writing by filling in a general ballot paper.

Each shareholder may authorize either a natural or a legal person to participate and to vote on the shareholder's behalf at the Meeting. An authorised person has the same rights as his represented shareholder at the Meeting unless the authorized person's rights are limited by the power of attorney or by the law. The authorized persons must have the document confirming their personal identity and power of attorney approved in the manner specified by law which must be submitted to the Company no later than before the commencement of registration for the Meeting. The Company does not establish special form of the power of attorney. A power of attorney issued by a natural person must be certified by a notary. A power of attorney issued in a foreign state must be translated into Lithuanian and legalised in the manner established by law. The persons with whom shareholders concluded the agreements on the disposal of voting right, also have the right to attend and vote at the Meeting.

Shareholder is entitled to issue power of attorney by means of electronic communications for legal or natural persons to participate and to vote on its behalf at the Meeting. No notarisation of such authorization is required. The power of attorney issued through electronic communication means must be confirmed by the shareholder with a safe electronic signature developed by safe signature equipment and approved by a qualified certificate effective in the Republic of Lithuania. The shareholder shall inform the Company on the power of attorney issued through the means of electronic communication by e-mail breinfo@invl.com not later than on the last business day before the Meeting. The power of attorney and notification must be issued in writing and could be sent to the Company by electronic communication means if the transmitted information is secured and the shareholder's identity can be



identified. By submitting the notification to the Company, the shareholder shall include the internet address from which it would be possible to download software to verify an electronic signature of the shareholder free of charge.

The Company is not providing the possibility to attend and vote at the Meeting through electronic means of communication. Shareholder or its representative may vote in writing by filling general voting bulletin. The form of general voting bulletin is presented at the Company's webpage [www.invlbalticrealestate.com](http://www.invlbalticrealestate.com) section For Investors. If shareholder requests, the Company shall send the general voting bulletin to the requesting shareholder by registered mail or shall deliver it in person against signature no later than 10 days prior to the General Shareholders Meeting free of charge. The filled general voting bulletin must be signed by the shareholder or its authorized representative. Document confirming the right to vote must be added to the general voting bulletin if an authorized person is voting. The filled general voting bulletin must be sent by the registered mail to the Company at Gynėju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company no later than the day before of the General Shareholders Meeting. Ballots will be considered as valid if they are properly filled-in and received by the Company prior the Meeting.

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

#### **There were 2 (two) General Shareholders Meetings of INVL Baltic Real Estate during the 2021.**

**On 14 January 2021**, during the General Extraordinary Shareholders Meeting of the Company, the shareholders of the Company decided on: (i) the amendment of the Articles of Association of Company and approval of new wording of the Articles; (ii) the approval of the application of the principles of setting the Performance Fee; (iii) the buy-back of shares of Company due to the material change of the Articles of Association; (iv) the main principles of the procedure for buy-back of shares of the Company.

**On 29 April 2021**, during the General Ordinary Shareholders Meeting of the Company, the shareholders of the Company were introduced with the consolidated annual report for 2020, independent auditor's report on the financial statements and consolidated annual report of the Company, the competence of the Management Company of the Company to approve the remuneration policy of INVL Baltic Real Estate and the activity report of the Audit Committee. Moreover, the shareholder of the Company decided on: (i) the assent to the remuneration report of the Company, as a part of the consolidated annual report of the Company for the year 2020; (ii) approval of the consolidated and stand-alone financial statements for 2020 of the Company; (iii) distribution of profit of the Company; (iv) the reduction of the authorised capital of the Company; (v) purchase of own shares of the Company; (vi) the formation of the Supervisory Board of the Company and the election of members of the Supervisory Board; (vii) the approval of the Company's Supervisory Board remuneration policy and the determination of the remuneration of the independent member of the Supervisory Board of the Company; (viii) the amendment of the Articles of Association of the Company and the approval of the new version of the Articles of Association; (ix) the approval of the new wording of the Policy for the Company's Transactions with Related Parties; and (x) the election of members of the Audit Committee of the Company.

### 13.2. MANAGEMENT COMPANY, THE INVESTMENT COMMITTEE AND THE SUPERVISORY BOARD

Since the Central Bank of the Republic of Lithuania granted the license of closed-ended type investment company to INVL Real Estate, the management of the Company has been transferred to the Management Company, therefore, following the Law of the Republic of Lithuania on Collective Investment Undertakings, and the rights and duties of the Board and the head of the Company, as set in the Law of the Republic of Lithuania on Companies, have been transferred to the Management Company.

The Management Company is responsible for convocation and organisation of the General Shareholders Meeting of the Company, giving notices about publicly not disclosed information under the procedure set by legal acts, organisation of activities of the Company, proper management of information about activities of the Company and performance of other functions assigned to the Management Company.

The Management Company has the right:

- to perform all actions of management bodies of the Company and other actions assigned to the competence of the Management Company according to effective legal acts and/or defined in the Articles of Association.
- to get the Management Fee and the Performance Fee, as they are defined in the Articles of Association.
- to conduct and perform transactions in connection with management of the assets of the Company at the expense and in the interests of the Company.
- to make deductions from assets of the Company provided for in the Articles of Association.
- subject to approval of the general meeting of Shareholders, to instruct a company, having the right to provide relevant services, to perform some of its management functions.
- other rights established in the Articles of Association and legal acts of the Republic of Lithuania.

The Management Company must:

- act in a fair, correct and professional manner on the terms best for the Company and its Shareholders and in their interests and ensure integrity of the market.
- act carefully, professionally, and prudently.
- have and use means and procedures necessary for its activities.
- have reliable administration and accounting procedures, electronic data processing control and security measures and a proper mechanism of internal control, including the rules on personal transactions in financial instruments conducted by employees of the Management Company and transactions in financial instruments conducted at the expense of the Management Company.



- ensure that documents of and information about taken investment decisions, conducted transactions would be kept for at least 10 years after the date of taking an investment decision, conduction of a transaction or performance of an operation, unless legal acts set a longer term of keeping documents.
- have such an organisational structure that would help to avoid conflicts of interest. When it is impossible to avoid conflicts of interest, the Management Company must ensure that Shareholders are treated fairly.
- ensure that persons taking decisions on management of the Company would have qualification and experience established by the Supervisory Authority, be of sufficiently good repute.
- ensure that assets of the Company would be invested according to the investment strategy set in the Articles of Association and requirements set in legal acts of the Republic of Lithuania.
- prepare the Prospectus, the key investor information document, annual and semi-annual reports under the procedure set by legal acts.
- perform other duties set in the Articles of Association and legal acts of the Republic of Lithuania.

The Company's management agreement with the Management Company must be approved by the General Shareholders Meeting. The currently valid Management agreement between the Management company and INVL Baltic Real Estate was signed on 5 January 2018, the wording of the Management agreement was approved during the General Shareholders Meeting held on 29 December 2017.

The Management Company can be replaced by a decision of the General Shareholders Meeting of the Company.

The Management Company can be replaced by a decision of the General Shareholders Meeting in cases mentioned below:

- the Management Company is liquidated.
- the Management Company undergoes restructuring.
- bankruptcy proceedings are initiated against the Management Company.
- the Supervisory Authority takes a decision to restrict or cancel the rights provided for in the license of the Management Company related to management of investment companies.
- the Management Company commits a material breach of the agreement, Articles of Association or legal acts;
- in other circumstances in compliance with applicable legislation.

The Management Company could be replaced after receipt of a prior permission of the Bank of Lithuania.

The Management company ensuring the management of INVL Baltic Real Estate has the General manager, the Board of the Company and the Investment Committee, formed by the decision of the Board.

The General Manager of the Management company is Laura Križinauskienė (from 2nd October 2017).

The Board of the Management Company operates following the Civil Code of the Republic of Lithuania, the Law of the Republic of Lithuania on Companies, other legal acts, Articles of Association of the Company, the resolutions of the General Shareholders Meetings, decisions of the Board and Regulations of the Board.

The Board acts in furtherance of the declared strategic objectives in view of the need to optimize shareholder value and to ensure that the rights and interests of persons other than the company's shareholders (e.g., employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.

The procedure of work, rights, and responsibilities of the members of the Board of the Management Company are set in the Regulations of the Board.

Darius Šulnis (the Chairman), Nerijus Drobavičius and Vytautas Plunksnis are the members of the Board of the Management Company since 19 January 2015. 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

For the sake of efficiency of the Company's activities and control over its investments, an Investment Committee is being formed by a decision of the Board of the Management company. At the end of the reporting period there were 2 (two) members of the Investment Committee: Vytautas Bakšinskas and Andrius Daukšas.

The Investment Committee of the Management company is the collegial investment and management decision-making body responsible for adopting decisions regarding the management of the Managed company's assets and representing and protecting the Managed Company's interests. According to Company's Articles of Association Investment Committee shall consist of 3 (three) members, 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 to their positions. Members of the Investment Committee shall be appointed by a decision of the Management Company. 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.

The procedure of formation, responsibilities, functions of the Investment Committee, decision-making procedure and other procedures of the Investment Committee is set in the Regulations of the Investment Committee of INVL Baltic Real Estate.

Currently there are 2 (two) members in the Investment Committee, appointed from the representatives of the Management Company: Vytautas Bakšinskas and Andrius Daukšas. Egidijus Damulis was withdrawn from the position of the member of the Investment Committee from 13 February 2017, by the decision of the Board of the Management company.

During the reporting period 23 Investment Committee meetings were held.

From 26 July 2021, the Company has a collegial supervisory body – the Supervisory Board. The members of the Supervisory Board – Raimondas Rajeckas, Audrius Matikiūnas and Eglė Surplienė – took office in the Company. The nominations latter were approved at the Company’s shareholders’ meeting held on 29th April 2021.

Supervisory Board is a collegial body supervising the activities of the Company. The Supervisory Board shall be elected by the General Meeting of Shareholders for a term of 4 years. The Supervisory Board shall elect the Chairperson of the Supervisory Board from among its members. The competence of the Supervisory Board is determined by laws. The responsibilities, functions, decision-making practices, and procedures of the Supervisory Board shall be laid down in the Rules of Procedure adopted by the Supervisory Board.

During the reporting period 1 meeting of the Supervisory Board of the Company was held.

## 14. Information about members of the Board of the Management Company, general manager, members of the Investment Committee and member of the Supervisory Board of the Company

### 14.1. THE ISSUER'S MANAGEMENT BODIES

The management of INVL Baltic Real Estate was transferred to the management company INVL Asset Management on 22 December 2016 as soon as the Central Bank of the Republic of Lithuania INVL Baltic Real Estate the license of closed-ended type investment company. The rights and duties of the Board and the head of the Company were also transferred to the Management Company. The Company has a collegial supervisory body – the Supervisory Board. The Company’s management bodies are not formed.

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. 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.

There are 3 (three) members in the Supervisory Board of the Company: Raimondas Rajeckas, Audrius Matikiūnas and Eglė Surplienė (the Chairman of the Board of the Supervisory Board and an Independent member).



#### **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  
2006 – 2011 Invalda, AB – President. 2011 – 2013 Invalda, AB – Advisor. Since May 2013  
Invalda INVL, AB – President  
2002 – 2006 Invalda Real Estate, UAB (current name Inreal Valdymas) – Director  
1994 – 2002 FBC Finasta, AB – Director

#### **Owned number 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) – Chairman 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

*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 2014 works at Invalda INVL, AB group  
 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  
 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 number of shares in INVL Baltic Real Estate**

8,000 units of shares

**Participation in other companies**

INVL Technology, CEF (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Investment Committee  
 Inservis, UAB (code 126180446, A. Juozapavičiaus str. 6, Vilnius) – The Chairman of the Board  
 Imoniu grupė Inservis, UAB (code 301673796, Gynėjų str. 14, Vilnius) – The Chairman of the Board  
 Jurita, UAB (code 220152850, Justiniškių str. 64, Vilnius) – The Chairman of the Board  
 BSGF Sanus, UAB (code 304924481, Gynėjų str. 14, Vilnius) – Director  
 UAB „InMedica“ (codas 300011170, L. Asanavičiūtės str. 20-201, Vilnius) – The Chairman of the Board  
 INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) managed fund INVL Baltic Sea Growth Fund – Investment Committee Member  
 MBL A/S (CVR-no 12825242) – Member of the Board  
 MBL Poland Sp. z.o.o. (ul. Sulejowskiej 45d, 97-300 Piotrków Trybunalski, Polska, KRS 0000065219) – Member of the Supervisory Board



**Vytautas Plunksnis –**

Member of the Board

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

**Educational background and qualifications**

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.

**Work experience**

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

**Owned number of shares in INVL Baltic Real Estate**

Personally: 1,000 units of shares; 0.01% of authorised capital and votes.

**Participation in other companies**

INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) managed fund INVL Baltic Sea Growth Fund – Investment Committee Member  
Eco Baltia AS (Maskavas str. 240-3, Rīga, Latvia, 40103435432) – Chairman of the Supervisory Board  
SIA Eco Baltia vide (Ropažu nov., Stopiņu pag., Rumbula, Getliņu iela 5, Latvia, 40003309841) – member of the Supervisory Board  
Ecoservice, UAB (Minsko pl. 26A, LT-13278, Vilnius, code 123044722) – member of the Board  
BSGF Salvus UAB (Gynėjų str. 14, Vilnius, Lithuania 305160086) - Consultant  
Montuotojas, UAB (code 121520069, Granito g. 3-10, Vilnius) – member of the Board  
SIA B2Y (Maskavas iela 322A, Rīga, Latvia 40103243404) – member of the Board  
INVL Technology (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Investment Committee  
Novian Systems, UAB (code 125774645, Gynėjų str. 14, Vilnius) – Chairman 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  
NRD Companies AS (code NO 921 985 290 MVA, Lokketangen 20 B, 1337 Sandvika, Norway) – Member of the Board (from January 2019)  
Norway Registers Development AS (code NO 985 221 405 MVA, Lokketangen 20 B, 1337 Sandvika, Norway) – Member of the Board  
BC „MAIB“ SA (Constantin Tănase str. 9/1, Kišiniovas, Moldova 1002600003778) – Chairman of the Supervisory Board  
Investuotoju Asociacija (code 302351517, Konstitucijos pr. 23, Vilnius) – Chairman of the Board

**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 number 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, Variagis, UAB, Riešės investicija, UAB, Dipolio valda, UAB, Tripolio valda, UAB, Paralelių valda, UAB, Etanija, 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

**Owned number 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 number of shares in INVL Baltic Real Estate**

Personally: 5,000 units of shares, 0.04% of authorised capital and votes.

**Participation in other companies**

Imoniu 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  
 Vernitas, AB (code 193052526, Stoties str. 16, Marijampolė) - Member of the Supervisory Board

**Eglė Surplienė –**

Chairman of the Supervisory Board and Independent member of the Supervisory Board

*Main workplace* - Gerovės valdymas, UAB FPI (code 302445450, Gedimino pr. 20-27, Vilnius)  
– Director**The term of office**

Since 2021 till 2025

**Educational background and qualifications**

Vilnius University, Faculty of Economic Cybernetics and Finance, Economic Cybernetics studies, Economics – mathematics diploma (equivalent of Master's degree)  
 2009 – Award in Financial Planning (CII program and exam) certificate.  
 2005 – OMX Vilnius dealer certificate  
 1996 – General financial broker license

**Work experience**

Since 2018 general partner at limited partnership Gerovės partneriai  
 Since 2015 director INVL Baltic Farmland, UAB  
 Since 2014 Chairman of the Board at Atelier Investment management, UAB  
 Since 2009 wealth manager at UAB FPI Geroves Valdymas  
 2006 - 2009 wealth manager, VIP Clients manager at AB FBC Finasta, AB bank Finasta  
 2005 - 2006 project manager at Zabolis ir partneriai, UAB  
 1999 – 2005 member, Deputy Director of the Commission at Securities Commission of Lithuania  
 1995 - 1999 Head of Issuer Division at UAB FMI Vilfima  
 1993 - 1995 member of Market Regulation Division at Securities Commission of Lithuania

**Owned number of shares  
in INVL Baltic Real Estate**

-

**Participation in other  
companies**

Atelier Investment Management, UAB (code 303335430, Žemaitijos str. 8-20, Vilnius) – Chairman of the Board  
 Gerovės valdymas, UAB FPI (code 302445450, Jogailos str. 3-103, LT-01116) – Director  
 Gerovės partneriai, KŪB (code 304746185, Jogailos str. 3-103, LT-01116) – Full member  
 DIM investment, UAB (code 301145749, Pasakų str. 5, Vilnius) – Director

**Raimondas Rajeckas –**

Member of the Supervisory Board

*Main workplace* – Invalda INVL, AB (code 121304349, Gynėjų 14, Vilnius, Lithuania)  
 CFO

**The term of office**

Since 2021 till 2025

**Educational background  
and qualifications**

2001 Vilnius University, Faculty of Economics, Master of Science in Accounting and Auditing  
 1999 Vilnius University, Faculty of Economics, Bachelor of Science in Business Administration and Management

**Work experience**

Since 2006 CFO at Invalda INVL  
 2001 – 2006 CFO at Valmeda, AB  
 2000 – 2001 CFO at Galincius, AB  
 2000 – 2001 CFO at Invaldos Marketingas, UAB (current name Inreal Valdymas. UAB)  
 2000 – 2002 Accountant at Gildeta, AB  
 1998 – 2000 Accountant at Invalda, AB

**Owned number of shares  
in INVL Baltic Real Estate**

-

**Participation in other  
companies**

Raimondas Rajeckas holds management positions in companies controlled by Invalda INVL:

- member of the Board at Įmonių grupė Inservis, UAB
- director at MD PARTNERS, UAB
- director at Invalda INVL Investments, UAB
- director at Cedus, UAB
- director at Cedus Invest, UAB
- director at Regenus, UAB
- director at Consult Invalda, UAB
- director at RPNG, UAB
- director at MGK invest, UAB
- director at MBGK, UAB
- director at Aktyvo, UAB
- director at Aktyvus valdymas, UAB
- director at public institution Iniciatyvos Fondas

**Audrius Matikiūnas –**

Member of the Supervisory Board

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

Head of Legal and Product Management team in Private Equity unit at INVL Asset Management, UAB

<b>The term of office</b>	2021 – 2025 m.
<b>Educational background and qualifications</b>	2010 Mykolas Romeris university, Master of Laws 2008 Mykolas Romeris university, Bachelor of Laws
<b>Work experience</b>	Since 2021 Alternative Investment Selection Team Leader at INVL Asset Management, UAB Since 2018 member of the Board at investment manager Mundus, UAB Since 2016 Head of Legal and Product Management team in Private Equity unit at INVL Asset Management, UAB 2012 – 2016 compliance officer at SEB bankas, AB 2010 – 2012 lawyer bankas Finasta, AB 2007 – 2010 lawyer at SEB bankas, AB
<b>Owned number of shares in INVL Baltic Real Estate</b>	-
<b>Participation in other companies</b>	Audrius Matikiūnas is an employee of INVL Baltic Real Estate Management company UAB INVL Asset Management Member of the Board at investment manager Mundus, UAB Member of the Supervisory Board at INVL Technology

## 15. 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 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.

### 15.1. PROCEDURE OF WORK OF THE AUDIT COMMITTEE

The Audit Committee informs about its activities to the Company's ordinary General Shareholders Meeting by submitting a written report.



The Audit Committee is a collegial body, taking decisions during meetings. The Audit Committee may take decisions and its meeting should be considered valid when both members of the Committee participate in it. The decision should be passed when both members of the Audit Committee vote for it. The member of the Audit Committee may express his will – for or against the decision in question, with the draft of which he is familiar with – by voting in advance in writing. Voting in writing should be considered equal to voting by telecommunication end devices, provided text protection is ensured and it is possible to identify the signature.

The right of initiative of convoking the meetings of the Audit Committee is held by both members of the Audit Committee. The other member of the Audit Committee should be informed about the convoked meeting, questions that will be discussed there and the suggested drafts of decisions not later than 3 (three) business days in advance in writing (by e-mail or fax). The meetings of the Audit Committee should not be formed as a written protocol, if the taken decisions are signed by both members of the Committee. When both Audit Committee members vote in writing, the decision should be written down and signed by the secretary of the Audit Committee who should be appointed by the Management company. The decision should be written down and signed within 7 (seven) days from the day of the meeting of the Audit Committee.

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

The Company's Audit Committee is guided by the Regulations of the Audit Committee (hereinafter referred to as the Regulations) approved by the General Shareholders Meeting of the Company held on 11 April 2017. The Regulations are published on the Company's website in the section *For investors*.

## 15.2. MEMBERS OF THE AUDIT COMMITTEE

During the General Shareholders Meeting of the Company held on 29 April 2021 Dangutė Pranckėnienė, partner and auditor of Moore Stephens Vilnius, UAB and Tomas Bubinas, director of Biotechpharma, UAB were elected for the Audit Committee of the Company for the 4 (four) years of office term. Both members of the Audit Committee are independent, having submitted a notice certifying their independence.



**Tomas Bubinas** –  
Independent Member of the Audit Committee

<b>The term of office</b>	Since 2021 till 2025
<b>Educational background and qualifications</b>	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
<b>Work experience</b>	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.
<b>Owned number of shares in INVL Baltic Real Estate</b>	-



**Dangutė Pranckėnienė** –  
Independent Member of the Audit Committee

<b>The term of office</b>	Since 2021 till 2025
<b>Educational background and qualifications</b>	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.
<b>Work experience</b>	since 1997 the Partner at Moore Mackonis, UAB 1996 - 1997 Audit Manager, Deloitte & Touche 1995 - 1996 Lecturer, Vilnius Gediminas Technical University 1982 - 1983 Lecturer, Vilnius University
<b>Owned number of shares in INVL Baltic Real Estate</b>	-

## 16. Information on the Issuer's payable management fee, the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Company's 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 Management company INVL Asset Management.

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. By the decision of the General Shareholders' Meeting of the Company held on 29th December 2017, the Management Fee was reduced from 1.5% to 1.0%, the Management Fee for a calendar year shall be 0.25% for the quarter of the year of the weighted average capitalization 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 209 thousand and EUR 1 516 thousand success fee payable (in 2020 the Management fee to the Management Company amounted to EUR 315 thousand and EUR 1 382 thousand success fee payable, in 2019 the Management fee to the Management Company amounted to 331 thousand EUR and 238 thousand EUR success fee, in 2018 the Management fee to the Management Company amounted to EUR 307 thousand and EUR 50 thousand success fee payable, whereas in 2017 - the Management fee payable to the Management Company amounted to EUR 296 thousand and EUR 386 thousand success fee payable).

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. According to Article 23 (3) of the Law on Financial Statements of Enterprises of the Republic of Lithuania, the Company must publish the Remuneration Report from the year 2020. As the Company does not have any employees, in the appendix no. 5 the Company discloses the remuneration of the General Manager of the Management Company, members of Board of the Management Company and members of the UTIB Investment Committee appointed by the Management Company (hereinafter - the Management). The remunerations of the General manager and Board members of the Management Company are calculated on the basis of the proportion of the Management Company's management income (including management and success fee revenues) received from the Company within the total income of the Management Company. The remunerations of the members of the Investment Committee of the Company are calculated in accordance with the part of the time actually allocated to the Company's management (for more details see Appendix 5 to the Annual Report).

According to the decision of the General Meeting of the Shareholders of the Company hold on 29 April 2021 it was set the hourly remuneration of the elected independent member of the Supervisory Board at EUR 145 per hour. The other Members of the Supervisory Board do not receive remuneration for these duties.

During the reporting period the Members of the Board of the Management Company and the Members of the Investment Committee were paid EUR 612 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 Invalda INVL, AB - the company providing accounting services – respectively paid EUR 25 thousand and EUR 13 thousand during the reporting period (in 2020 respectively EUR 15

thousand and EUR 7 thousand during the reporting period, in 2019 – respectively paid EUR 15 thousand and EUR 7 thousand, in 2018 – respectively paid EUR 15 thousand and EUR 8 thousand, in 2017 – respectively paid EUR 12 thousand and EUR 10 thousand, in 2016 – respectively paid EUR 12 thousand and EUR 10 thousand).

Invalda INVL, AB and INVL Asset Management, UAB provide accounting services and preparation of the documents related with bookkeeping for INVL Baltic Real Estate according to an accounting services agreement.

## V. OTHER INFORMATION

### 17. Agreements with intermediaries on public trading in securities

INVL Baltic Real Estate has signed these agreements with the following intermediaries:

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

\* On 9 April 2020 April the General Meeting of Shareholders of the Company made a decision on the change of the Company's depository from AB SEB bankas (code 112021238) to AB Šiaulių bankas (code 112025254). On 6 January 2021 the Supervisory Authority of the Bank of Lithuania has issued a permit to the Company to change the depository to AB Šiaulių bankas (code 112025254). At the time of the release of the Annual Report the change of the depository has not been implemented yet.

### 18. Information on Issuer's branches and representative offices

INVL Baltic Real Estate has no branches or representative offices.

### 19. A description of the principal risks and uncertainties

Information, provided in this document, should not be considered complete and covering all aspects of the risk factors associated with public company's INVL Baltic Real Estate activity and securities. There are only basic risks and their descriptions provided in this report. Detailed descriptions of the risks are published on the Company's website.

#### 19.1. GENERAL RISK FACTORS IN THE BUSINESS FIELD WHERE THE GROUP OPERATES

##### *General risk*

The value of an investment into real estate can fluctuate in the short-term depending on the general economic situation, real estate lease and sale prices, demand and supply fluctuations. Investments into real estate should be made for a medium or long period in order that the investor could avoid the risk of short-term price fluctuations. Investments into real estate are related to higher-than-average risk. If investments are not profitable or in case of other unfavourable circumstances (inability to pay creditors in time), bankruptcy proceedings can be instituted against the Company. Redemption of the Shares is limited, i.e., a shareholder cannot demand that the Company or the Management Company, which took over its management, would redeem the Shares. But a shareholder will have a possibility to sell Shares in the secondary market.

##### *Real estate development risk*

Real estate projects developed by the Company can take longer than planned or cost more than planned and return on investments of the Company may decrease for this reason. Managing this risk, the Company will assign sufficient resources for control over the budgets and performance terms of real estate development projects.

##### *Risk of inflation and deflation*

There is a risk that in case of inflation the value of a Share will grow slower than the inflation, which would result in the return lower than inflation. In such a case, the real return earned by persons who sold the Shares of the Company in the market from increase in the value of the Shares can be smaller than expected. In case of deflation, there would be a risk that the value of the Company's investments will decrease by reason of the drop of the general price level.

##### *Macroeconomic environment*

Real estate development tends to follow the general developments in the macroeconomic environment. Interest rates, unemployment, inflation, private consumption, capital expenditure and other macroeconomic indicators have significant influence on real estate developments and hence the operations and the potential profitability of the Group.

Favourable developments in the macroeconomic environment increase demand for real properties, allow the real estate companies to increase rent rates of properties and other prices related to activities of the Group. Adverse developments increase pressure on real estate prices, rent rates and yields. Hence the Group's results are dependent on general macroeconomic environment and adverse developments in the environment might lead to reconsideration of some of the Group's development plans, negative pressure on prices and rents of the Group's properties or other changes in relation to the Group's properties that might have a material adverse effect on the Group's business, results of operations, financial condition and profitability.

##### *Cyclicity of the real estate sector*

Real estate development is a cyclical sector. The number of real estate related transactions fluctuates significantly depending on the stage of the real estate cycle. In the Baltic countries has been relatively high lately as a fast growth in prices fuelled by availability of cheap financing was followed by a steep decline as a result of financial crisis. In the future the Baltic real estate

market might regain the lost momentum, again inflating the price levels, which might be followed by overheating of the market and downward pressure on the prices, thus, starting the next real estate cycle.

## 19.2. RISK FACTORS CHARACTERISTIC OF THE GROUP

### *Risk of the management and human resources*

The success of the Company's investments will largely depend on decisions taken by persons in the Management Company who are responsible for management of the Company and on experience and capabilities of the said persons. There is no guarantee that the same persons will always remain responsible for management of the Company, however efforts will be used that activities of the Company would always be taken care of by properly qualified persons.

### *Dependence on external financing*

The Group's cash inflows currently are sufficient to finance operating cash outflows and to pay monthly instalments of repayments and interests' payments of bank borrowings. However, further development of the Group's activities will require substantial amounts of capital to fund capital expenditures. For this reason, failure to secure adequate levels of external financing might limit the Group's growth plans and place it at competitive disadvantage as compared to well-capitalized peers. Failure to obtain external financing may lead to forced sale of assets at unfavourable prices or even cause insolvency which may have a material adverse effect on the Group's business, results of operation or financial condition and may destroy the shareholders' value.

### *Risk related to lease agreements*

The Group's lease agreements may be divided into two categories: non-cancellable fixed-term lease agreements and cancellable lease agreements entered for an unspecified term. For the cancellable lease agreements, tenants must notify the administrator 1-6 months in advance if they wish to cancel the rent agreement.

The Group seeks to use both types of agreements, depending on the market situation and the properties in question. Lease agreements entered for an unspecified term involve nevertheless a risk that many such agreements may be terminated within a short period of time. The Group aims at renewing the fixed term lease agreements flexibly in cooperation with its tenants. There are, however, no guarantees that the Group will be successful in this. To prevent tenants from terminating the lease agreements, the Group may also be forced to agree on the reduction of rent fees. The reduction of rent fees payable to the Group under a large number of lease agreements and/or concurrent termination of a large number of lease agreements could have a material adverse effect on the Group's business, results of operations and financial condition.

### *Reliance on the administrator of the Company's property*

On 2 January 2013 the Company has entered into an agreement with a third party for property management and administration services on part of Company's asset portfolio. An agreement was terminated on 1 January 2018, after the Company's subsidiary Proprietas, UAB and the Company signed a property management and administration agreement. The detailed list of buildings, administered, based on this agreement is provided in Section 2.3. of the Company's consolidated annual report "Information about the Issuer's group of companies". Under this agreement the third party, as an administrator of the property, is committed to increase Company's value and maintain high quality of service for buildings' tenants and employees. In case of change in administrative prices in the market, new contracts under less favourable conditions can be entered into with administrator, which may directly influence the increase in Company's costs.

### *Interest rate risk*

There is a risk that in case of fast recovery of the global economy or increase in inflation, central banks will increase interest rates and it will be more expensive to service loans in connection with the Company's investments, therefore, the value of the Company's investments can decrease. To avoid this risk, the Management Company shall seek that the Company would get most of its loans at fixed interest rates. If it seems necessary, the Company shall hedge against interest rate risk when entering relevant transactions.

Rising interest rates will increase the Group's debt service costs, which will reduce the return on investment. If considered necessary, the Group will manage interest rate risk by entering financial derivatives' contracts.

### *Leverage risk*

Leverage risk is related to possible depreciation of real estate objects acquired with borrowed money. The bigger the leverage, the higher probability of this risk is.

### *Credit risk*

The Company has given and may have given loans to other companies, therefore, in case of deterioration of the financial condition of those companies, there is a risk that the Company will not get back all the loans granted by it.

#### *Liquidity risk*

This is a risk to incur losses due to low liquidity of the market when it becomes difficult to sell assets at the desired time at the desired price. In management of this risk, the Company will regularly monitor the real estate market, will get ready for the property sale process in advance, in this way reducing the liquidity risk. Acquiring Shares, the shareholders also assume the risk of securities liquidity – in case of a drop in demand for Shares or delisting them from the stock exchange, investors would find it difficult to sell them. In case of deterioration of the Company's financial situation, the demand for Shares, as well as their price may decrease. Liquidity risk also covers the cash flow disruption risk incurred by the Company due to late payments and/or full default on monetary obligations by insolvent tenants.

#### *Total investment risk*

The value of the investment in real estate can vary in the short term, depending on the general economic conditions, rent and purchase prices of real estate, demand and supply fluctuations, etc. Investment in real estate should be carried out in the medium and long term, so that the investor could avoid short-term price fluctuations. Investing in real estate is related to higher than medium risks. Failure of investments of the Group or under other ill-affected circumstances (having been unable to pay for the creditors) can have a significant adverse effect on the Group's performance and financial situation or in the worst-case scenario bankruptcy proceedings may be initiated.

#### *Investment diversification risk*

This is a risk that one bad investment can have a significant effect on the results of the Company. To reduce this risk, the Company will have a sufficient number of different real estate objects in its portfolio, in this way maintaining the proper diversification level.

#### *Tenants' risk*

The Company will seek to let real estate objects at as high prices as possible. Though currently the rent is paid in time (overdue obligations of tenants are very small and are not significant for activities of the Company), there is a risk that upon change (deterioration) of the economic situation the tenants will default on their obligations – this would have a negative impact on the profit and cash flows of the Company. In case of late performance of a large part of obligations, the ordinary business of the Company may be disrupted, it may be necessary to search for additional sources of financing, which may be not always available. The Company, in case of failure to earn planned income from lease or to maintain a high percentage of occupation of the buildings, can face the problem of costs that are not compensated by permanent tenants. This risk may manifest itself in case of big increase in the supply of rented premises and reduction in demand, drop-in rental fees. In case of a failure to let the premises at planned prices or in planned scopes, also in case current tenants terminate their lease agreements, the income of the Company could decrease, whereas fixed costs would remain the same. Accordingly, the profit of the Company would decrease.

#### *Risk of valuation of the Company's assets*

The assets of the Company will be evaluated according to the main rules set in the Articles of Association and the Accounting Policy of the Management Company. Valuation of individual assets held by the Company shall be performed by the independent appraiser, however such valuation of assets shall be only determining the value of the assets, which does not automatically mean the exact sale price of an investment held by the Company, which depends on many circumstances, for example, economic and other conditions, which cannot be controlled. Thus, the sale price of investments held by the Company can be higher or lower than the value of assets determined by a property appraiser.

#### *Competition risk*

The Company, investing into investment objects, will compete with other investors, including, without limitation, with other investment companies or real estate investment funds. Thus, there is a risk that competition with other investors will demand that the Company would conduct transactions at less favourable conditions than it would be possible in other cases.

### 19.3. RISK FACTORS RELATED TO THE COMPANY'S SHARES (INVESTMENTS THERETO)

#### *Market risk*

Acquisition of Shares entails the risk to incur losses due to unfavourable changes in the Share price in the market. A drop in the price of the Shares can be caused by negative changes in the value of assets and profitability of the Company, general share market trends in the region and in the world. Trade in Shares can depend on comments of financial brokers and analysts and announced independent analyses about the Company and its activities. If the analysts give an adverse opinion about prospects of the Shares, this can also have a negative effect on the price of Shares in the market. In assessing Shares, non-professional investors are advised to address intermediaries of public trading or other specialists in this field for help.

#### *Dividend payment risk*

Though the Company has approved its dividend payment policy, payment of dividend to Shareholders is not guaranteed and will depend on profitability of activities, investments plans and the general financial situation.

#### *Liquidity of the Issuer's Shares is not guaranteed*



It may be possible that in case an investor wants to urgently sell the Issuer's securities (especially a large number of them), demand for them on the exchange will not be sufficient. Therefore, sale of shares can take some more time, or the investor may be forced to sell shares at a lower price. Analogous consequences could appear after the exclusion of the Company's Shares from the Secondary List of Nasdaq. Besides, in case of deterioration of the Company's financial situation, demand for the Shares of the Company and, at the same time, their price may decrease.

#### 19.4. THE MOST IMPORTANT RISK FACTORS DURING THE REPORTING PERIOD

In 2021 the most important risk factor was Tenants' risk. A description of the risk factor and a brief commentary:

In the year 2021 the company was operating in the face of the Covid-19 pandemic. Evaluating the effects of coronavirus of 2021, the impact of the pandemic on the Company was minor, but the pandemic affected the Company's tenants, whose activities were partially restricted during the quarantine. Due to these reasons, it was more difficult to find new tenants for the vacated premises and to rent them out at higher prices.

##### *Tenants' risk*

The Company will seek to let real estate objects at as high prices as possible. Though currently the rent is paid in time (overdue obligations of tenants are very small and are not significant for activities of the Company), there is a risk that upon change (deterioration) of the economic situation the tenants will default on their obligations – this would have a negative impact on the profit and cash flows of the Company. In case of late performance of a large part of obligations, the ordinary business of the Company may be disrupted, it may be necessary to search for additional sources of financing, which may be not always available. The Company, in case of failure to earn planned income from lease or to maintain a high percentage of occupation of the buildings, can face the problem of costs that are not compensated by permanent tenants. This risk may manifest itself in case of big increase in the supply of rented premises and reduction in demand, drop in rental fees. In case of a failure to let the premises at planned prices or in planned scopes, also in case current tenants terminate their lease agreements, the income of the Company could decrease, whereas fixed costs would remain the same. Accordingly, the profit of the Company would decrease.

#### 19.5. THE MAIN INDICATIONS ABOUT INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

#### 19.6. INFORMATION ON FINANCIAL RISK MANAGEMENT OBJECTIVES USED FOR HEDGING MEASURES WHICH HEDGE ACCOUNTING AND OF PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK WHERE THE COMPANY GROUP USES FINANCIAL INSTRUMENTS AND IS AN IMPORTANT EVALUATION OF THE PROPERTY, OWN CAPITAL, LIABILITIES, REVENUE AND EXPENSES.

The information is disclosed in Note 3 to the consolidated and the company's 2021 financial statements.

## 20. Issuer's and its group companies' non – financial results. Information related to social responsibility, environment and employees

### 20.1. RESPONSIBLE BUSINESS ACTIONS IN THE COMPANY

The management of the Company is transferred to the asset management company INVL Asset Management, which applies the Policy of Equal Opportunities in its activities. The Policy specifies that the Company organizes its activities in a way that employees, despite of their duties and the need to upgrade their qualifications, are secure about equal working conditions, opportunities to develop competence, etc. Equally, the same benefits are granted regardless of the gender, race, nationality, language, origin, social status, beliefs or convictions, age, sexual orientation, disability, ethnicity, religion, marital status, intention of having children's or membership of the political party or association.

INVL Asset Management has joined the UN-supported Principles for Responsible Investment (PRI) in the middle of 2017.

The PRI, founded in 2006, is a global network of over 1700 investors, aims to assess the investment implications of environmental, social and governance (ESG) factors. An economically efficient, sustainable global financial system is considered a necessity for long-term value creation. Investors who support the PRI voluntarily work to apply the principles in their investment activities.

Six specific responsible investment Principles are outlined by the PRI. They provide a menu of possible actions for incorporating ESG issues into investment practice – from investment analysis and decision-making to their incorporation into ownership policies and practices. Additionally, signatories to the Principles are encouraged to promote the Principles' acceptance in the investment industry and to work together for their effective implementation.

## 20.2. EMPLOYEES

At the end of 2021, as well as in 2020, 2019, 2018, 2017 and in 2016 INVL Baltic Real Estate did not have any employees. The management of the company were transferred to the Management Company.

There were 10 employees working at INVL Baltic Real Estate portfolio companies on 31 December 2021, 9 – in 2020, 11- in 2019, 8 - employees – in 2018, 6 employees – in 2017, 4 employees – in 2016 and 2015. Number of employees in the portfolio Companies has changed in 2018 due to the concluded administrative agreement between the Company's portfolio company UAB Proprietas and the Company itself, also because of the need to perform administrative services.

## 20.3. ENVIRONMENTAL PROTECTION

Talent Garden Vilnius among Company's real estate portfolio pays special attention to environmental protection. Talent Garden Vilnius is a coworking space located at Vilniaus str 33 and managed by the Company. Opened in 2019, the coworking space incorporates the latest in ventilation, air conditioning, heating and indoor lighting technologies to save energy. The facility actively collects waste, uses smart water and electrical appliances that conserve natural resources.

## 20.4. INFORMATION ABOUT ACTIVITIES OF THE ISSUER AND COMPANIES COMPRISING THE ISSUER'S GROUP IN THE FIELD OF RESEARCH AND DEVELOPMENT

INVL Baltic Real Estate did not deliver major research and expansion projects in 2021.

## 20.5. ADDITIONAL NON - FINANCIAL INFORMATION

As the management of the Company has been transferred to the Management Company, the number of employees of which does not exceed 500 (the number of employees of the Management Company as of 31 December 2021 was 132), and the Company itself has no employees, the Company is not subject to the requirements for the preparation of a non-financial statement.

According to the Regulation (EU) 2019/2088 of the European Parliament and Council of 27 November 2019 on sustainability disclosure in the financial services sector, information related to the integration of sustainability requirements in the Company's investment decisions and identification of risks related to sustainability is disclosed in the Prospectus (prepared in accordance with the provisions of the Law on Collective Investment Undertakings of the Republic of Lithuania) of the Company.

## 21. Information about agreements of the Company and its managing bodies, members of the formed committees, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control (official offering) of the Company.

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

## 22. Significant investments made during the reporting period

Last year, the company acquired for EUR 2.4 million assets located at Vilniaus g. 37 – administrative premises with an area of 1,552 sq.m. and 0.1185 ha of land – at the auction organised by the State Enterprise Turto bankas. In subsequent additional transaction, the Company acquired from private individuals part of a 101 sq. m. undeveloped roofed area. Transactions will ensure smoother implementation of the company's planned restructuring and repair plans.

## 23. 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, and their effect, unless, the nature of the arrangements and their disclosure would cause serious harm to the issuer

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.



## 24. Information about any control systems in the employee share plan that are not exercised directly by employees

The company has no employees; therefore, the application of the matter is not relevant.

## 25. Information on the related parties' transactions

Information on the related parties' transactions is disclosed in consolidated annual financial statements' 18 note of explanatory notes for the year of 2021.

In addition, information regarding Transactions with Related Parties, according to the Law on Companies article 37 (2), is published on the Company's web site – „For Investors“ → „Legal documents“. The link to the Company's web site: <https://bre.invl.com/en/for-investors/legal-documents/>

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

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

Related party*	Transaction value, Eur	
	Sale income from related party (excluding interest income)	Purchase costs from related party (excluding interest expenses)
<b>AB Invalda INVL</b> Code 121304349 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	-	14,813
<b>UAB Inservis</b> Code 126180446 Juozapaviciaus str. 6, Vilnius, Lithuania Register of Legal Entities	-	51,369
<b>UAB INVL Asset Management</b> Code 126263073 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	-	1,732,564
<b>UAB Proprietas</b> Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	362,474	181,575

Related party*	Balance of loans granted 01-01-2021, Eur	Loans granted during 2021, Eur	Loans taken over in 2021, Eur	Accrued interest taken over in 2021, Eur	Interest accrued during 2021, Eur	Loans recovered during 2021, Eur	Interest paid during 2021, Eur	Balance of granted loans on 31-12-2021, Eur
<b>SIA DBP Invest</b> Code 40103463830 Lapegļes", Stuniši, Olaines dist., Latvia Register of Enterprises of the Republic of Latvia	10,229	-	-	-	99	8,000	2,327	-
<b>SIA Dommo Grupa</b> Code 40003733866 Lapegļes", Stuniši, Olaines dist., Latvia Register of Enterprises of the Republic of Latvia	305,000	-	-	-	-	-	-	305,000
<b>SIA Dommo Biznesa Parks</b> Code 40003865398 Lapegļes", Stuniši, Olaines dist., Latvia	975,000	-	-	-	-	300,000	-	675,000

Register of Enterprises of the  
Republic of Latvia

**UAB Rovelijā**

Code 302575846

Gynėjų str. 14, Vilnius,  
Lithuania

Register of Legal Entities

-	900,000	-	-	-	900,000	-	-
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**UAB Perspektyvi Veikla**

Code 302607087

Gynėjų str. 14, Vilnius,  
Lithuania

Register of Legal Entities

-	910,000	-	-	-	910,000	-	-
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**UAB Proprietas**

Code 303252098

Gynėjų str. 14, Vilnius,  
Lithuania

Register of Legal Entities

5,387,338	5,700,000	-	21,836	10,616,000	-	493,174
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Note. Loans with Latvian subsidiaries are interest-free. The loan movement with the Latvian subsidiaries reveals new loans granted or loans acquired during 2020 and 2021. In 2015 during the reorganization, the Company has taken over from the former parent company merged with the Company the claim rights to the Latvian subsidiaries arising from acquired loans and other accounts receivable, which are carried at fair value and whose acquisition value in the Company differs from the value of accounts receivable in Latvian subsidiaries. These accounts payable are not subject to interest. Also the former parent company on 28 July 2015 was granted an additional loan of EUR 150,000 to SIA Dommo Biznesa Parks. 2020 SIA Dommo Biznesa Parks repaid this loan. Also, the Company did not apply interest on loans during 2021 granted to subsidiaries when their purpose was to transfer cash balances from the Company to avoid negative interest rates charged by the banks on account balances.

The part of the loan of EUR 116,000 granted to UAB Proprietas was set off against the increase of the authorized capital of UAB Proprietas.

In April 2021, after the reorganization, SIA DBP Invest was merged with SIA Dommo Grupa. Thus, the loan granted to SIA DBP Invest was taken over by SIA Dommo Grupa and repaid to the Company, together with the accrued interest.

\* The relation between the Company and the Related party is described in Part 5 of Annex 3 of the Consolidated Annual Report. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate. Transactions amounts are disclosed for one year period, regardless of whether the transactions were concluded before or after the entry into force of Article 37 (2) of the Law on Companies.

## 26. Information on harmful transactions in which the issuer is a party

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

## 27. References to and additional explanations of the data presented in the annual financial statements and consolidated financial statements

All data is presented in consolidated and company's financial statements of explanatory notes for the year of 2021.

## 28. Information on Audit Company

The company have not approved criteria for selection of the audit company. The audit of the annual financial statements of the company for the financial year of 2020 was provided by the audit company PricewaterhouseCoopers. On 27 October 2020, the Extraordinary Shareholders Meeting of the Company decided to conclude an agreement with UAB PricewaterhouseCoopers to carry out of the audit of the annual financial statements of the INVL Baltic Real Estate for 2020, 2021, and 2022 years and establish the payment in the amount of EUR 17,400 per year (VAT will be calculated and paid additionally in accordance with the order established in legal acts). The amount of remuneration for audit services will be recalculated (increased) every year according to the average annual inflation of April month of the current year published by the Department of Statistics under the Government of the Republic of Lithuania, calculated according to the harmonized index of consumer prices (HICP). The Management Company of the Company reserves the right to increase the remuneration of the audit company by no more than 20 percent annually from the remuneration paid to the audit firm in the previous year in accordance with the terms of the audit services agreement. In 2021 the actual cost of audit services was EUR 17,540 after inflation indexation.

<b>Audit Company</b>	PricewaterhouseCoopers, UAB
<b>Address of the registered office</b>	J. Jasinskio str. 16B, LT-03163, Vilnius
<b>Code</b>	111473315
<b>Telephone</b>	(+370 5) 239 2300
<b>E-mail</b>	<a href="mailto:vilnius@lt.pwc.com">vilnius@lt.pwc.com</a>
<b>Website</b>	<a href="http://www.pwc.com/lt">www.pwc.com/lt</a>

No internal audit is performed in the company.

## 29. Data on the publicly disclosed information

The information publicly disclosed by INVL Baltic Real Estate during 2021 is presented on the company's website Company's website (For investors → Related information). Link: <https://bre.invl.com/en/news/>.

Table 29.1. Summary of publicly disclosed information

Headline	Message Category	Published
INVL Baltic Real Estate announcement on planned transactions of the managers of the company	Notification on material event	4 January 2021
The new wording of the Articles of Association of INVL Baltic Real Estate was registered	Other information	6 January 2021
INVL Baltic Real Estate received permission to change the depository	Other information	11 January 2021
Notification on transactions on the Issuer's securities	Notifications on transactions concluded by managers of the companies	11 January 2021
Notifications about acquisition and disposal of voting rights (together with the Company's shareholder structure after the change of voting rights)	Acquisition or disposal of a block of shares	11 January 2021
Resolutions of the General Extraordinary Shareholders Meeting of INVL Baltic Real Estate	General meeting of shareholders	14 January 2021
Announcement of share buy-back procedure and beginning of share buy-back of INVL Baltic Real Estate	Notification on material event	15 January 2021
INVL Baltic Real Estate received permission to change the Articles of Association	Notification on material event	2 February 2021
INVL Baltic Real Estate will redeem its own shares	Acquisition or disposal of the issuer's own shares	23 February 2021
Notice on the acquisition of own shares	Acquisition or disposal of the issuer's own shares	24 February 2021
Notifications about the disposal of voting rights (together with the Company's shareholder structure after the change of voting rights)	Acquisition or disposal of a block of shares	25 February 2021
Announcement of net asset value of INVL Baltic Real Estate as of 31 December 2020	Notification on material event	26 February 2021
Audited results of INVL Baltic Real Estate group of 2020	Notification on material event	26 February 2021
INVL Baltic Real Estate will buy-back its own shares	Acquisition or disposal of the issuer's own shares	9 March 2021
Audited results of INVL Baltic Farmland group of 2020	Notification on material event	18 March 2021

Headline	Message Category	Published
Error correction : Audited results of INVL Baltic Farmland group of 2020	Notification on material event	18 March 2021
Regarding the approval of INVL Baltic Real Estate document	Other information	25 March 2021
Announcement on the end of the buy-back of INVL Baltic Real Estate shares	Notification on material event	26 March 2021
Notice on the acquisition of own shares	Acquisition or disposal of the issuer's own shares	29 March 2021
Notifications about disposal of voting rights (together with the Company's shareholder structure after the change of voting rights)	Acquisition or disposal of a block of shares	29 March 2021
The new wording of the Articles of Association of INVL Baltic Real Estate was registered	Other information	7 April 2021
Convocation of the General Ordinary Shareholders Meeting of INVL Baltic Real Estate and draft resolutions on agenda issue	General meeting of shareholders	7 April 2021
Regarding amendments to incorporation documents of INVL Baltic Real Estate, formation of supervisory board, reduction of authorized capital and dividend allocation for the year 2020	Notification on material event	7 April 2021
INVL Baltic Real Estate received permission to change the Articles of Association	Notification on material event	27 April 2021
Resolutions of the General Ordinary Shareholders Meeting of INVL Baltic Real Estate	General meeting of shareholders	29 April 2021
Audited annual information of INVL Baltic Real Estate for 2020	Annual information	29 April 2021
Shareholders of INVL Baltic Real Estate approved dividends allocation for the year 2020, approved amendments to incorporation documents, formation of the supervisory board as well as reduction of authorized capital	Notification on material event	29 April 2021
INVL Baltic Real Estate announces the permanent suspension of planned transactions of the managers of the company	Notification on material event	29 April 2021
Announcement of INVL Baltic Real Estate's net asset value as at 31 March 2021 and revision of net asset values for the end of 2020	Notification on material event	30 April 2021
INVL Baltic Real Estate Interim information for 3 months of 2021	Notification on material event	30 April 2021
Notice on the reduction of the authorised capital	Notification on material event	13 May 2021
Regarding the approval of the candidates for the members of the Supervisory Board	Other information	19 May 2021
Procedure for the payout of dividends for the year 2020	Notification on material event	26 May 2021
Notification on transactions on the Issuer's securities	Notifications on transactions concluded by managers of the companies	15 June 2021
The new wording of the Articles of Association of INVL Baltic Real Estate was registered	Other information	26 July 2021
Notice on the cancellation of own shares	Acquisition or disposal of the issuer's own shares	26 July 2021

Headline	Message Category	Published
INVL Baltic Real Estate announces an updated authorized capital structure	Total number of voting rights and capital	26 July 2021
Notifications about acquisition of voting rights (together with the Company's shareholder structure after the change of voting rights)	Acquisition or disposal of a block of shares	30 July 2021
INVL Baltic Real Estate received permission to change the Articles of Association	Notification on material event	3 August 2021
Announcement of net asset value of INVL Baltic Real Estate on 30 June 2021	Notification on material event	23 August 2021
INVL Baltic Real Estate Interim unaudited information for 6 months of 2021	Interim information	23 August 2021
INVL Baltic Real Estate won the auction organized by Turto bankas	Notification on material event	26 August 2021
INVL Baltic Real Estate acquires building at Vilniaus Street 37-4, Vilnius	Notification on material event	24 September 2021
INVL Baltic Real Estate has signed a deed of assignment for the building at Vilniaus Street 37-4, Vilnius	Notification on material event	29 September 2021
INVL Baltic Real Estate Unaudited Interim information for 9 months of 2021	Notification on material event	29 October 2021
Announcement of net asset value of INVL Baltic Real Estate on 30 September 2021	Notification on material event	29 October 2021
INVL Baltic Real Estate investor's calendar for 2022	Other information	10 December 2021

Table 29.2. Summary of the notifications on transactions in INVL Baltic Real Estate shares concluded by managers of the Company during 2021.

Date	Person	Number of securities	Security price (EUR)	Total Value Of transaction (EUR)	Form of transaction	Type of transaction	Place of transaction	Form of settlement
7 January 2021	Invalda INVL, AB	2,060,000	2.2103	4,553,218	sale	share sale-purchase	XOFF	money
10 June 2021	Nerijus Drobavičius	8,000	2.328675	18,629.4	acquisition	share sale-purchase	AUTO	money

#### Explanations:

AUTO – automated trade concluded on a regulated market.

XOFF – trade concluded outside the regulated market

Real estate fund manager of the Management Company

INVL Asset Management

Vytautas Bakšinskas

(The document is signed with a qualified electronic signature)

## APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS

Company	Registration information	Type of activity	Contact details
Rovelija, UAB	Code 302575846 Address – Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010	investments into commercial rental real estate (until March 2020).  From March 2020, carries no activity after completion of IBC business centre sale transaction	Tel. +370 5 2790601 <a href="mailto:breinfo@invl.com">breinfo@invl.com</a>
Perspektyvi Veikla, UAB	Code 302607087 Address – Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 25.03.2011	carries no activity	Tel. +370 5 2790601 <a href="mailto:breinfo@invl.com">breinfo@invl.com</a>
Proprietas, UAB	Code 303252098 Address – Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 27.02.2014	investments into commercial rental real estate	Tel. +370 5 2790601 <a href="mailto:proprietas@invl.com">proprietas@invl.com</a>
DOMMO grupa SIA	Code 40003733866 Address – Lapegles, Stūniši, Olaines pag., Olaines nov., LV-2127 Latvia Legal form – private limited liability company Registration date 17.03.2005	investments into commercial rental real estate	Tel. +370 5 2790601 <a href="mailto:breinfo@invl.com">breinfo@invl.com</a>
DOMMO biznesa parks SIA	Code 40003865398 Address – Lapegles, Stūniši, Olaines pag., Olaines nov., LV-2127 Latvia Legal form – private limited liability company Registration date 13.10.2006	investments into commercial rental real estate	Tel. +370 5 2790601 <a href="mailto:breinfo@invl.com">breinfo@invl.com</a>

## APPENDIX 2. CORPORATE GOVERNANCE CODE

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

### 1. Summary of the Corporate Governance Report:

The management of INVL Baltic Real Estate was transferred to the management company INVL Asset Management on 22 December 2016 as soon as the Central Bank of the Republic of Lithuania granted special closed-ended type real estate investment company INVL Baltic Real Estate the license of closed-ended type investment company. The rights and duties of the Board and the head of the Company were also transferred to the Management company. From 26 July 2021, the Company has a collegial supervisory body – the Supervisory Board. The Company's management body is not formed.

The Management Company is responsible for convocation and organisation of the general meeting of Shareholders of the Company, giving notices about publicly not disclosed information under the procedure set by legal acts, organisation of activities of the Company, proper management of information about activities of the Company and performance of other functions assigned to the Management company.

The CEO, the Board, the Investment committee formed by a decision of the Board and the Supervisory Board of the Company formed by the decision of the General Meeting of the Shareholders of the Company are acting to ensure the management of INVL Baltic Real Estate in the Management company (more about the competencies of the management bodies, formation and procedure of work is set in the IV section "Issuer's Managing Bodies" of the report).

The information concerning the compliance with the Governance code after INVL Baltic Real Estate received the license of closed-ended type investment company is provided below.

The information concerning the compliance with the Governance code before the issue of the license of closed-ended type investment company corresponds the information submitted in the Appendix 2 of the annual report for the year 2015 and is available on Company's website.

### 2. Structured table for disclosure:

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTARY
<b>Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights</b>		
The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	YES	The Company discloses all regulated information (including notices on convening shareholders' meetings) through the news distribution platform of AB Nasdaq Vilnius. This ensures that this information is available to the widest possible audience in the Republic of Lithuania and other EU countries. Information is provided simultaneously in both Lithuanian and English. The Company publishes information before or after the trading session of Nasdaq Vilnius AB. The Company timely updates the information on its website and complies with the requirements of Part 5 of the Information Disclosure Guidelines "On the Publication of Regulated and Other Information on the Issuer's Website" approved by the decision of the Supervisory Authority of the Bank of Lithuania. All shareholders have equal rights to participate in the general meetings of shareholders of the Company.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	YES	The shares constituting the authorized capital of the Company grant equal rights to all shareholders of the Company.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The rights of the shareholders are described in the Articles of Association of the Company, which are publicly announced on the Company's website and in the section "Rights and obligations granted by the Shares" of the Company's annual report.



<p>1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.</p>	YES	<p>All shareholders of the Company have equal opportunities to get acquainted and participate in making decisions that are important for the Company. The approval of the General Meeting of Shareholders is obtained in the cases specified in Section V of the Law on Companies falling within the competence of the General Meeting of Shareholders.</p>
<p>1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.</p>	YES	<p>Shareholders are informed about convening of the General Meetings of Shareholders in accordance with the requirements of legislation and the Company's articles of association – adhering to the notification deadlines and methods and means of announcement. The opportunity to participate in the Meeting is supplemented by the option of voting by ballot or authorizing another person to represent the shareholder. The General Meeting of Shareholders is always held at the Company's headquarters. In the notice of the General Meeting of Shareholders being convened, the Company does not restrict the right of shareholders to submit new draft decisions either before or during the meeting, and this is clearly stated in the notice of the General Meeting of Shareholders being convened in both Lithuanian and English.</p>
<p>1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.</p>	YES	<p>All documents and information relevant to the Company's general meetings of shareholders, including the notice of the convened meeting, draft resolutions, draft resolutions of the meeting are public and simultaneously published in Lithuanian and English through the Nasdaq Vilnius regulated notice distribution system and additionally published on the Company's website in the Regulated Information sections. and Shareholders' Meetings.</p>
<p>1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	YES	<p>Shareholders of the Company may exercise their right to vote in the General Meeting in person or through a representative upon issuance of proper proxy or having concluded an agreement on the transfer of their voting rights in the manner compliant with the legal regulations, also the shareholder may vote by completing the General Voting Ballot in the manner provided by the Law on Companies.</p>
<p>1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.</p>	NO	<p>Shareholders can vote via an attorney or by completing the general voting bulletin, as for now shareholders cannot participate and vote in General Shareholders' Meetings via electronic means of communication.</p>
<p>1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if</p>	YES	<p>If these issues are on the agenda of the general meeting of shareholders, all required information on the proposed collegial body, audit company are specified in the draft decisions of the general meeting of shareholders.</p>



these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.

1.10. Members of the company's collegial management body, heads of the administration<sup>6</sup> or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.

YES

Representatives of the Company's Management Company always attend the Company's shareholders' meetings, i.e. a member of the Board or a member of the Investment Committee or a representative responsible for the Company's financial statements

## Principle 2: Supervisory board

### 2.1. Functions and liability of the supervisory board

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

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

2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.

YES

The Supervisory Board acts in good faith for the benefit of the Company and its shareholders

2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.

YES

The Supervisory Board treats all shareholders fairly and impartially

2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.

YES

The Supervisory Board is independent in passing decisions.

2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent<sup>7</sup> members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.

YES

The Supervisory Board members are impartial in passing decisions and clearly voice their will regarding the decisions passed.

2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.

NOT APPLICABLE

The Company is a non-taxable entity

<sup>6</sup> For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

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

2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.

YES

The supervisory board is provided with all necessary information.

## 2.2. Formation of the supervisory board

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

2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.

YES

The members of the supervisory board elected by the general meeting of shareholders of the Company ensure the diversity of qualifications, professional experience and competences, and the supervisory board consists of members with appropriate implementation of gender equality

2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.

YES

According to the Articles of Association of the Company, the supervisory board is elected by the general meeting of shareholders for a period of 4 years, i.e., the maximum period permitted by the legislation of the Republic of Lithuania.

2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.

YES

Chair of the supervisory board is a person whose current or past positions constitute no obstacles to carry out impartial activities.

2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.

YES

Each member devotes sufficient time and attention to perform their duties as a member of the supervisory board and their other professional obligations do not interfere with the proper performance of the duties of a member of the supervisory board.

2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.

YES

The Company submitted to the shareholders received proposals concerning the candidates for the members of the supervisory board with additional references to their independence.

2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.

YES

According to the decision of the General Meeting of the Shareholders of the Company hold on 29 April 2021 it was set the hourly remuneration of the elected independent member of the Supervisory Board at EUR 145 per hour. The other Members of the Supervisory Board do not receive remuneration for these duties.

2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.

NO

The supervisory board has not carried out an assessment of its activities because the supervisory board of the acts less than one year.

### Principle 3: Management Board

#### 3.1. Functions and liability of the management board

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

3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board.

The Company's investment strategy is provided for in the Company's Articles of Association. The Management Company of the Company is responsible for the implementation of the investment strategy.

3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.

NOT APPLICABLE

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board.

The Management Company of the Company is responsible for convocation and organisation of the general meeting of Shareholders, giving notices about publicly not disclosed information under the procedure set by legal acts, organisation of activities of the Company, proper management of information about activities of the Company and performance of other functions assigned to the Management Company.

3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board. The compliance with the laws and the provisions of the Company's internal policies is ensured by the Management Company and its employees. Supervised by the Supervisory Board.

3.1.4. Moreover, the management board should ensure that the measures included into the [OECD Good Practice Guidance](https://www.oecd.org/daf/anti-bribery/44884389.pdf)<sup>8</sup> on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board. The Management Company of the Company has approved the Code of Ethics, which establishes the ethical standards relevant to the activities of the Company.

<sup>8</sup> Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: <https://www.oecd.org/daf/anti-bribery/44884389.pdf>

3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board. The managers and investment decision-makers of a Management Company must be of sufficiently good reputation and have sufficient work experience to ensure sound and transparent management.

The candidatures of all managers and investment decision-makers of the Company's Management Company have been approved by the Bank of Lithuania.

### 3.2. Formation of the management board

3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.

Due to the specifics of the Company's activities, the General Shareholders Meeting of the Company does not elect the members of the Board of the Management Company. The managers and investment decision-makers of a Management Company must be of sufficiently good reputation and have sufficient work experience to ensure sound and transparent management. The candidatures of all managers and investment decision-makers of the Company's Management Company should be approved by the Bank of Lithuania.

3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.

NOT APPLICABLE

Due to the specifics of the Company's activities, the General Shareholders Meeting of the Company does not elect the members of the Board of the Management Company. Information about the education, qualification, professional experience and participation in the management of other companies of the managers of the Management Company and members of the Investment Committee of the Company is presented in the annual report of the Company.

3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company.

3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company.

3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.

Due to the specifics of the Company's activities, the General Shareholders Meeting of the Company does not elect the members of the Board of the Management Company, whose elect the Chairman of the Board of the Management Company.

3.2.6. Each member of the management board should give sufficient time and attention to perform the duties of a member of the Board. If a member of the management Board participated in less than half of the board meetings during the financial year of the Company, the Company's Supervisory Board should be informed if the Supervisory Board is not formed in the Company - the General Shareholder Meeting.

Due to the specifics of the Company's activities, attendance of the Management Company's Board meetings is not recorded in the Annual report of the Company.

The Company discloses information on the number of the Company's Investment Committee meetings.

3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent<sup>9</sup>, it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.

Due to Company's management specifics, independency criteria is not applicable to the managers of the Management Company.

3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.

The management fee, payable to the Management Company is disclosed in the Annual Report of the Company, according to the valid management agreement between the Company and the Management Company.

The managers of the Management Company and appointed members of the Investment Committee receive remuneration according to the employment contract signed between them and the Management Company.

3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.

The duty of the Company's Management Company to act honestly, fairly and professionally on the best terms and conditions for the Company and its shareholders and to ensure market integrity is enshrined in the Company's Articles of Association.

3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.

Due to Company's management specifics, the managers of the Management Company do not carry out assessment of its activities.

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

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

4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where

YES/NO

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board.

<sup>9</sup> For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.



necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.

The Board of the Management Company closely cooperates with the members of the Supervisory Board of the Company.

4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterrupted resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.

YES/NO

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board.

Meetings of the Management Company's Board and the Company's Supervisory Board are held at such intervals as to ensure uninterrupted resolution of essential issues of the Company's management and supervision.

4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.

YES/NO

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board.

The Board of the Management Company and the Supervisory Board of the Company are notified of the meeting being convened and all materials relevant to the issues on the agenda of the meeting are submitted to them.

4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.

YES/NO

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board.

When the Board of the Management Company and the Supervisory Board of the Company have to speak on the same issue, their meetings are coordinated.

## Principle 5: Nomination, remuneration and audit committees

### 5.1. Purpose and formation of committees

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.

Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended

NOT APPLICABLE

Due to the Company's management type and an absence of employees, the Nomination and Remuneration Committees are not formed. Audit Committee members are elected by the General Shareholders Meeting.

that the collegial body should form the nomination, remuneration and audit committees<sup>10</sup>.

5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.

5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.

5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.

5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.

5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.

## 5.2. Nomination committee

<sup>10</sup> The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

5.2.1. The key functions of the nomination committee should be the following:

- 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected;
- 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought;
- 3) devote the attention necessary to ensure succession planning.

NOT APPLICABLE

Due to the Company's management type and an absence of employees, the Nomination Committee is not formed.

5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.

### 5.3. Remuneration committee

The main functions of the remuneration committee should be as follows:

- 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so;
- 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned;
- 3) review, on a regular basis, the remuneration policy and its implementation.

NOT APPLICABLE

Due to the Company's management type, the Remuneration Committee is not formed.

### 5.4. Audit committee

5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee<sup>11</sup>.

YES

In its activities, the Audit Committee of the Company follows the legal acts regulating the activities of the Audit Committee, as well as the regulations of the Audit Committee approved by the General Meeting of Shareholders of the Company.

<sup>11</sup> Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.



<p>5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.</p>	YES	<p>The Management Company of the Company ensures that:</p> <ol style="list-style-type: none"> <li>1) the members of the Audit committee are properly introduced to the activities of the Company, are provided with complete information relating to the Company's specific accounting, financial and other operational features;</li> <li>2) the Audit committee is informed of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. The Audit committee is furnished with complete information on particulars of accounting, financial and other operations of the Company;</li> <li>3) The Audit committee is informed of the work programme of internal and external auditors, and should receive internal and external audit report.</li> <li>4) etc.</li> </ol>
<p>5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.</p>	YES	<p>The Audit committee has the right to invite to its meetings the manager and members (member) of the Board of the Management Company, the chief financier, employees responsible for finance, accounting and treasury issues, external auditors and other persons, whose presence is admitted necessary considering questions scheduled for the Audit committee meeting.</p>
<p>5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.</p>	YES	<p>The Management Company of the Company ensures that the audit committee is informed of the work programme of internal and external auditors, and should receive internal and external audit report</p>
<p>5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.</p>	NO	<p>The Audit Committee of the Company does not examine if the Company complies the functions stated in 5.4.5.</p>
<p>5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.</p>	YES / NO	<p>In accordance with the provisions of the Audit Committee, the Audit Committee submits its activity reports to the Annual General Meeting of Shareholders.</p>

#### Principle 6: Prevention and disclosure of conflicts of interest

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

<p>Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.</p>	YES / NO	<p>Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board.</p> <p>The Management Company must have such an organisational structure that would help to avoid conflicts of interest. When it is impossible to avoid conflicts of interest, the Management Company must ensure that Shareholders are treated fairly.</p>
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**Principle 7: Remuneration policy of the company**

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

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	YES	<p>The Company is subject to the remuneration policy of the Management Company, which is approved by the Board of the Management Company. The Company's Supervisory Board has a separate remuneration policy, which is approved by the Company's General Meeting of Shareholders.</p> <p>Remuneration policies are reviewed in accordance with legal requirements.</p>
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	YES	<p>The Management Company's remuneration policy covers all forms of remuneration that may be paid, i. ie: fixed part of remuneration, variable part of remuneration (allocated based on the Company's and / or employee's performance). The Company may pay pension contributions to the third pillar pension funds for the benefit of employees, as well as non-monetary benefits may be provided to the Company's employees.</p>
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	YES/NO	<p>The Company is subject to the remuneration policy of the Management Company, which is approved by the Board of the Management Company. The Company's Supervisory Board has a separate remuneration policy, which is approved by the Company's General Meeting of Shareholders.</p> <p>The remuneration of the members of the Supervisory Board does not depend on the performance of the company.</p>
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	NOT APPLICABLE	<p>The Company is subject to the remuneration policy of the Management Company, which is approved by the Board of the Management Company. The Company's Supervisory Board has a separate remuneration policy, which is approved by the Company's General Meeting of Shareholders.</p> <p>According to the policies, the Company does not have the policy of termination payments.</p>
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	YES / NO	<p>The Company is subject to the remuneration policy of the Management Company, which is approved by the Board of the Management Company. The Company's Supervisory Board has a separate remuneration policy, which is approved by the Company's General Meeting of Shareholders.</p> <p>According to the remuneration policy of the Management Company, which applies for the Company as well, the part of the variable remuneration assigned to the employee of the Management Company (in whole or in part) may be allocated as the option of Invalda INVL AB at his choice. Their payment on a pro rata basis is realized through the attribution of shares (i.e. the granting or acquisition of the right to acquire the respective amounts of shares at different terms), in accordance with the procedure and conditions established in the option agreements.</p>

7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.

YES

The Company publishes a remuneration report on its website

7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.

YES/NO

The Company is subject to the remuneration policy of the Management Company, which is approved by the Board of the Management Company. The Company's Supervisory Board has a separate remuneration policy, This policy and its amendments are approved by the Company's General Meeting of Shareholders.

#### Principle 8: Role of stakeholders in corporate governance

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

8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.

YES

The Company respects the rights of stakeholders and their legitimate interests.

8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.

YES / NO

The Company has no employees. The Company provides opportunities for the Company's investors (shareholders) to participate in the management of the Company in accordance with the procedure established by the Company's Articles of Association and legal acts.

8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.

YES

The Company's investors (shareholders) are provided with information that is required to be provided by applicable legislation and other information relevant to the Shareholders at the discretion of the Management Company.

8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.

NO

The Company does not provide possibility of reporting confidentially any illegal or unethical practices

#### Principle 9: Disclosure of information

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

9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:

YES

The information referred to below in this recommendation is disclosed in notifications of material events published through the Nasdaq Vilnius Information Disclosure System, the Company's website, and the Company's annual and interim information documents, to the extent required by legislation and the International Financial Reporting

Standards applicable in the European Union. The information is also disclosed in presentations to investors of the Company.

9.1.1. operating and financial results of the company;	YES	Company publishes interim and annual reports.
9.1.2. objectives and non-financial information of the company;	YES	Company publishes interim and annual reports.
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	Published on the Company's website.
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES / NO	<p>Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. The company has a supervisory board.</p> <p>The Company's website provides information on the members of the Board of the Company's Management Company, the General Director, Company's investment committee members and the Supervisory Board members.</p>
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	YES / NO	<p>The management of the Company is transferred to the Management Company, which carries the functions of the Board and the Manager of the Company.</p> <p>The Company's website provides information on the members of the Company's Investment Committee.</p>
9.1.6. potential key risk factors, the company's risk management and supervision policy;	YES	The Company publishes on its website the general risk factors of the business area in which the Group operates; group-specific risk factors; risk factors related to the Company's shares.
9.1.7. the company's transactions with related parties;	YES	The Company publishes the Company's transactions with related parties on its website.
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	NO	Due to the Company's management type - transfer of the Company's management to the Management Company - the Company itself does not have any employees.
9.1.9. structure and strategy of corporate governance;	YES	The Company's strategy is provided for in the Company's Articles of Association, which are published on the Company's website.
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	NO	The company is not required to prepare and publish a non-financial statement.

9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.

YES

The Company prepares a consolidated report and consolidated financial statements

9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.

YES

Information about the education, qualification, professional experience and participation in the management of other companies of the managers of the Management Company, members of the Investment Committee and the Supervisory Board of the Company is presented in the annual report of the Company.

The Company also publishes a remuneration report.

9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.

YES

The Company publishes all information through the information disclosure system of the Nasdaq Vilnius Stock Exchange and on the Company's website so that it is accessible to everyone and at the same time.

#### Principle 10: Selection of the company's audit firm

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

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

YES

The Company is audited by an independent audit company UAB PricewaterhouseCoopers

10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.

YES/NO

In 2020, the Management Company of the Company proposed to the General Meeting of the Shareholders the audit firm, which will audit annual financial statements of the Company for 2020, 2021, and 2022 years, as the Supervisory Board of the Company was formed only in 2021.

10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.

YES

The Company undertakes to disclose if the audit company would have received payment from the Company for non-audit services provided.



## APPENDIX 3. COMPANY'S MANAGEMENT REPORT

(Prepared in accordance with the Law of the Republic of Lithuania on Financial Reporting by Undertakings (IX-575) in force from 1 January 2021)

### 1. reference to the applicable corporate governance code and the place of its publication, and (or) reference to the all necessary published information regarding management practices of the entity

The Company discloses the information regarding the compliance with the applicable Corporate Governance Code in Appendix 2 of the consolidated report of 2021. The Company publishes its annual reports in the website of the Company (*Company's web site section "For investors" → "Financial information and reports". The link <https://bre.invl.com/en/for-investors/financial-information-and-reports/>*).

### 2. in case of derogation from the provisions of the applicable corporate governance code and (or) when the provisions are not complied with, such provisions and the reasons thereof shall be indicated

The Company discloses such information in sections "Yes/No/Irrelevant" and "Commentary" of Appendix 2 of the consolidated report of 2021 "Corporate Governance Code".

### 3. information regarding the level of risk and risk management – management of risks related to the financial reporting, risk mitigation measures, and internal control systems implemented at the entity shall be described

The Company provides information regarding the level of risk, risk management, and implemented internal control systems, as well as the measures, in Clause 18.6 of the consolidated report of 2021.

### 4. information regarding significant directly or indirectly managed holdings

The Company provides information regarding the significant directly or indirectly managed holdings in Clause 5 of the financial statement of 2021.

### 5. Information regarding transactions with related parties, according to the Law on Companies article 37<sup>2</sup> (by specifying the counterparty (legal form, name, code, register of the legal entity in which the person is stored, premises (address)); name, surname, address of the natural person and the value of the transaction);

Information regarding Transactions with Related Parties, according to the Law on Companies article 37<sup>2</sup>, is published on the Company's web site – „For Investors” → „Legal documents”. The link to the Company's website: <https://bre.invl.com/en/for-investors/legal-documents/>

Related party transaction policy of UTIB Baltic Real Estate was approved during the General Shareholders Meeting held on 29<sup>th</sup> April 2021. 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
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 22 <sup>th</sup> May 2020. Loan amount – EUR 1.45 million. Loan balance as of 31 <sup>st</sup> December 2021 – EUR 0,3 mln. An agreement was signed on 28 December 2021 to extend the loan repayment term until 31 December 2023.	
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 8 <sup>th</sup> October 2020 No. BRE/201008/01 for the amount of EUR 5 mln. The loan was repaid on 26 <sup>th</sup> February 2021.	
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	SIA Dommo Biznesa Parks, a company indirectly managed by UTIB INVL Baltic Real Estate by 100 percent, signed a loan agreement no. BRE / 201020/1 on 20 <sup>th</sup> October 2020. The amount of the loan is EUR 1,075,000. Loan balance as of 31 <sup>st</sup> December 2021 – EUR 675,000. An agreement was signed on 28 December 2021 to extend the loan repayment term until 31 December 2023.	
Proprietas, UAB Code 303252098	100 percent managed by UTIB INVL Baltic Real Estate	On 31 <sup>st</sup> December 2020, the Company entered into a loan agreement no. BRE / 201230/01 with UAB Proprietas for the amount of EUR 387,338.47.	

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities		On 8th December 2021, a part of the loan was repaid, the remaining part of the loan was repaid on 31 December 2021.	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	On 18th January 2021, the company entered into a loan agreement no. BRE / 210118/01 with UAB Proprietas for the amount of EUR 5,5 mln. An agreement was signed on 23 June 2021 to extend the loan repayment term until 30 June 2022.  The loan was repaid on 27 <sup>th</sup> September 2021	
Rovelija, UAB Code 302575846 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	On 18th January 2021, the company entered into a loan agreement no. BRE / 210118/02 with UAB Rovelija in the amount of EUR 900,000. An agreement was signed on 23 June 2021 to extend the loan repayment term until 30 June 2022.  The loan was repaid on 27 <sup>th</sup> September 2021	
Perspektyvi Veikla, UAB Code 302607087 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent indirectly managed by UTIB INVL Baltic Real Estate	On 18th January 2021, the company entered into a loan agreement no. BRE / 210118/03 with UAB Perspektyvi veikla for the amount of EUR 910,000.  The loan was repaid on 24 <sup>th</sup> May 2021	
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 a company 100% owned by the company, signed the appendix no. 32 to 02-05-2011 Service Purchase - Sale Agreement No. 2011/05 / 01-03 on the provision of technical farm maintenance services at the facility located at Žygio str 97, Vilnius. The subscription fee for extended services increased from EUR 421.24 plus VAT to EUR 491.24 plus VAT.	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	On 21th June 2021, the company entered into a loan agreement no. BRE /210621/01 with UAB Proprietas for the amount of EUR 200,000. The loan was repaid on 31 December 2021.	
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	On 2 August 2021, the Company signed the Service Provision Agreement No. 20130701/20 amendment on increasing the price of accounting services to EUR 1,750 / month. without VAT.	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	On 2nd August 2021 100 percent UTIB INVL Baltic Real Estate company UAB Proprietas signed an agreement with AB Invalda INVL 20140531/02 on increasing the price of accounting services to 1,300 Eur / month. without VAT.	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	On 1st October 2021, the Company signed an agreement to the Asset Administration Agreement No. 12/28/2017 on the revision of the list of assets under administration.	
Proprietas, UAB Code 303252098 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by UTIB INVL Baltic Real Estate	On 8th December 2021, the Company signed a Share Subscription Agreement, on the basis of which the Company will increase the share capital of UAB Proprietas from EUR 252,300 to EUR 368,300 by issuing 400,000 ordinary registered shares with a nominal value of EUR 0.29. The authorized capital of UAB Proprietas has been registered in the Register of Legal Entities on 16 December 2021.	

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	On 28th December 2021, the Company entered into a loan agreement no. BRE / 211228/01 with UAB Proprietas in the amount of EUR 493,174.02.	
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	IPAS INVL Asset Management, Code 40003605043, 100 percent owned by Invalda INVL, AB signed a Service contract No. 21/04/2021 on 21th April, 2021 about Legal support for reorganization. Transaction value EUR 900.80 without VAT.	

#### 6. information regarding the shareholders who have special rights of control and the description of such rights

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

#### 7. information regarding all current restrictions on voting rights (such as the restrictions on voting rights of persons having a certain percentage or number of the votes, the deadlines by which voting rights may be exercised or systems, according to which the property rights granted by the securities are to be separated from the holder of those securities)

No restrictions on voting rights are applied in the Company.

#### 8. information regarding the rules governing the appointment and dismissal of board members, as well as the amendment of the company's articles of association

The management of the Company is transferred to the Management company UAB INVL Asset Management which exercises the functions of the Head and the board of the Company. The Rules of Procedure of the Board are applicable to the board members of the Management company. The provisions governing the appointment and dismissal of board members are not provided for by the aforementioned Rules, except for the possible resignation and procedures related thereof. A person who seeks to become the Board member of the Management company shall obtain a prior permit from the Supervision Service of the Bank of Lithuania (hereinafter – the Bank of Lithuania) to occupy a corresponding post. Moreover, such person shall fill in the Form of the Questionnaire of the Manager approved by the Bank of Lithuania and comply with the indicated requirements.

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).

#### 9. information regarding the powers of the board members

The management of the Company is transferred to the Management company UAB INVL Asset Management which exercises the functions of the Head and the board of the Company. The Board members of the Management company act in accordance with the Law on Companies of the Republic of Lithuania, Articles of Association of the Management company, Rules of Procedure of the Board, as well as other applicable legislation, and have no special powers. The Board members of the Management company always act for the benefit of the Company and its shareholders.

#### 10. information regarding the competence of the general meeting of shareholders, the rights of shareholders and implementation thereof, if such information is not established in the applicable legislation

The company provides information regarding the competence of the general meeting of shareholders, the rights of shareholders, and implementation thereof, as well as the procedure for convening the meetings of shareholders, in Clause 12.1 of the consolidated annual report of 2021.

#### 11. information regarding the composition of the management, supervisory bodies, and the committees thereof, as well as the fields of activity of the aforesaid bodies and the manager of the company

The management of the Company is transferred to the Management company UAB INVL Asset Management which exercises the functions of the Head and the Board of the company. There is a Supervisory Board in the Company. The Company provides information regarding the board members of the Management company, General Manager of the Management company, the members of the Investment Committee and the members of the Supervisory Board of the Company in Clause 13 of the consolidated annual report of 2021.

The board members of the management company, General Manager of the management company, the members of the Investment Committee and members of the Supervisory Board of the company act in accordance with the Rules of Procedure of the Board, Provisions of the General Manager, Provisions of the Investment Committee and Rules of Procedure of the Supervisory Board. In addition to this, the board members of the Management company, General Manager of the Management company, the members of the Investment Committee and members of the Supervisory Board always act for the benefit of the Company and its shareholders.



**12. description of diversity policy applicable in appointing the manager of the company, management, and supervisory bodies, related to the aspects such as age, gender, education, professional experience, objectives of such policy, methods of implementation thereof, and results of the reference period. if the diversity policy is not applied, the reasons thereof shall be indicated**

The management of the Company is transferred to the asset management company INVL Asset Management, which applies the Policy of Equal Opportunities in its activities. The Policy specifies that the Company organizes its activities in a way that employees, despite of their duties and the need to upgrade their qualifications, are secure about equal working conditions, opportunities to develop competence, etc. Equally, the same benefits are granted regardless of the gender, race, nationality, language, origin, social status, beliefs or convictions, age, sexual orientation, disability, ethnicity, religion, marital status, intention of having children's or membership of the political party or association.

INVL Asset Management has joined the UN-supported Principles for Responsible Investment (PRI) in the middle of 2017.

The PRI, founded in 2006, is a global network of over 1700 investors, aims to assess the investment implications of environmental, social and governance (ESG) factors. An economically efficient, sustainable global financial system is considered a necessity for long-term value creation. Investors who support the PRI voluntarily work to apply the principles in their investment activities.

Six specific responsible investment Principles are outlined by the PRI. They provide a menu of possible actions for incorporating ESG issues into investment practice – from investment analysis and decision-making to their incorporation into ownership policies and practices. Additionally, signatories to the Principles are encouraged to promote the Principles' acceptance in the investment industry and to work together for their effective implementation.

**13. shareholders (their terms and conditions)**

The Company's shareholders do not have mutual agreements.

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

In accordance with the guidelines on Alternative Performance Indicators which were published by the European Securities and Markets Authority in 2015 and came into force on 3 July 2016, the Company provides definitions and formulas (below) of the company's operating and financial indicators.

The Company's performance and financial indicators are used to evaluate the Company's financial position or status. For these indicators, the Company's investor can obtain additional information to help understand the Company's financial position and strategy.

All the information stated in Appendix 4 is provided on the website of the Company (Company's web site section „For Investors“ → „Financial information and reports“ . The link: <https://bre.invl.com/en/for-investors/financial-information-and-reports/>)

**Dividend yield** – dividends attributable to shareholder paid per share for the last financial year divided by the price per share at the end of a financial period.

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

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

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

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

The book value per common share indicates the remaining value for shareholder after all assets are liquidated and all liabilities are covered.

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

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

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

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

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

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

**Return on Equity (ROE)** – ratio between net income and average equity of a financial period, measured in percentage terms.

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

Return on equity excludes debt in the denominator and compares net profit for the period with total average shareholders' equity. It measures the rate of return on shareholders' investment.

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

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

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

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

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA indicates how efficient a company is using its assets to generate earnings.

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

$$\text{Average total equity} = (\text{The beginning total assets of a financial period} + \text{The ending total assets of a financial period}) / 2$$

**Debt ratio** – ratio between total liabilities and total assets.

$$\text{Debt ratio} = \frac{\text{Total liabilities}}{\text{Total assets}}$$

The debt ratio is a financial ratio that measures the extent of a company's leverage. It can be interpreted as the proportion of a company's assets that are financed by debt.

**Debt to Equity ratio** – ratio between total liabilities and Shareholders' equity.

$$\text{Debt to Equity ratio} = \frac{\text{Total liabilities}}{\text{Shareholders' equity}}$$

The debt to Equity ratio is calculated by dividing a company's total liabilities by its shareholder equity. The ratio is used to evaluate a company's financial leverage.

**Gearing ratio** – ratio between net debt and sum of net debt and equity. Net debt is the difference between borrowings and cash and cash equivalents.

$$\text{Gearing ratio} = \frac{\text{Net debt}}{\text{Net debt} + \text{equity}}$$

Gearing ratio is analysis ratio of a level of net debt compared to equity capital. Lower gearing ratio means greater financial stability. However, borrowings are a way for companies to leverage their value to increase profits for shareholders.

**Liquidity ratio** – ratio between current assets, including assets classified as held for sale, and current liabilities.

$$\text{Liquidity ratio} = \frac{\text{Current assets (including assets classified as held for sale)}}{\text{Current liabilities}}$$

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

**Quick ratio** – ratio between current assets (excluding inventories, prepayments and deferred charges and current loans granted) and current liabilities.

$$\text{Quick ratio} = \frac{\text{Current assets (excluding inventories, prepayments and deferred charges and current loans granted)}}{\text{Current liabilities}}$$

The quick ratio is an indicator of a company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets.

**Normalized operating profit** - operating profit excluding interest income, net gains (losses) from fair value adjustments on investment property and other income adding the re-estimation of provision for the Performance Fee.

$$\text{Normalized operating profit} = \text{Operating profit} - \text{Interest income} - \text{Net gains (losses) from fair value adjustments on investment property} - \text{Other income} + \text{The re-estimation of provision for the Performance Fee.}$$

Normalized operating profit is measurement of the companies operating profit and allows viewing operating trends and identifying strategies to improve operating performance and assists in comparing performance across reporting periods on a consistent basis by excluding item that are not indicative of the companies core operating performance.

**Normalized operating profit margin** – ratio between normalized operating profit and sales, measured in percentage terms.

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

Normalized operating profit margin is a operating profit margin excluding item that are not indicative of the companies core operating performance.

**Pre-tax profit margin** – ratio between pre-tax profit and sales, measured in percentage terms.

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

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

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

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

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

**Borrowings to value of investment properties** – ratio between borrowings and investment properties.

$$\text{Borrowings to value of investment properties} = \frac{\text{Borrowings}}{\text{Investment properties}}$$

This indicator shows the proportion of the investment assets financed by borrowed funds.

**Interest coverage ratio** – ratio calculated as normalized operating profit divided by borrowings' interest expenses. The latter amounted to interest expenses of bank borrowings plus interest expenses of borrowings from related parties.

$$\text{Interest coverage ratio} = \frac{\text{Normalized operating profit}}{\text{Borrowings' interest expenses}^*}$$

\*Borrowings' interest expenses = Interest expenses of bank borrowings + Interest expenses of borrowings from related parties

The purpose of this ratio is to give an indication of the companies general ability to service the interests of it's debts.

**Bank's Debt Service Coverage Ratio** – ratio between normalized operating profit and bank's debt service costs. Bank's debt service costs is during reporting period paid interest, commitment fees according to borrowings' agreements and principal repayments.

$$\text{Bank's Debt Service Coverage Ratio} = \frac{\text{Normalized operating profit}}{\text{Bank's debt service cost}^*}$$

\*Bank's debt service cost = Interest paid during reporting period, commitment fees according to borrowings' agreements and principal repayments.

The purpose of this ratio is to give an indication of the companies general ability to service its debt.

**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.

*Net operating income = 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.*

Net operating income is a calculation used to analyze the profitability of real estate investments that generate income. Net operating income equals all revenue from the property minus all reasonably necessary operating expenses.

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

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

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

## APPENDIX 5. REMUNERATION REPORT

### ***Brief overview of the Company's activities in 2021***

In 2021, INVL Baltic Real Estate earned EUR 3.4 million of consolidated net profit, or 37% less than in the previous year. By the end of 2021, the value of the company's consolidated equity, reached EUR 20.3 million, or EUR 2.52 per non-redeemable share.

The consolidated net operating income of INVL Baltic Real Estate from own objects amounted to EUR 1.6 million as at 31 December 2021 and was 27% lower than in the respective period last year. The company's consolidated income was EUR 2.7 million or 31% lower than in 2020 in the same period, of which consolidated operating income from own objects decreased by 39%, down to EUR 1.7 million. This was influenced by the sale of the IBC Business Centre and Vilnius vartai completed during 2020.

Looking at future prospects, the Company continues its work in developing the existing property and increasing its value, and is ready to invest in non-standard, creative solutions that would help to earn a high return for investors and expand the real estate management business.

The year 2021 was also second successful year of the coworking space Talent Garden Vilnius - Talent Garden Vilnius, taking into account the epidemiological situation influenced by Covid-19, not only enjoys a sufficiently large occupancy of the space but also successfully competes in the collaborating spaces market.

### ***Management of the company***

The management of INVL Baltic Real Estate is delegated to UAB INVL Asset Management (hereinafter referred to as the Management Company), which also performs the functions of the Board and Managers of INVL Baltic Real Estate. Given that and taking into account the fact that INVL Baltic Real Estate has to approve the remuneration policy (hereinafter referred to as the Policy) in accordance with Article 37<sup>3</sup> of the Law on Companies of the Republic of Lithuania, it is established that the Company is subject to the Policy of the Management Company, the provisions of which are adapted in order to reveal as much as possible the transparency of remuneration of the persons considered to be managers of INVL Baltic Real Estate, the accountability of the management and to enable the shareholders, potential investors and stakeholders to get a comprehensive and reliable picture of the wages paid to each manager of INVL Baltic Real Estate. Moreover, from 26 July 2021, the Company has a collegial supervisory body – the Supervisory Board. The General Meeting of Shareholders, held on 29 April 2021 approved the Remuneration Policy of the Supervisory Board of the Company. For the purposes of this Report, the General manager of the Management Company, members of the Board of the Management Company, members of the CEIC Investment Committee appointed by the Management Company (hereinafter referred to as the Management) and the members of the Supervisory Board of the Company (hereinafter referred to as the members of the Supervisory Board) shall be considered to be managers of INVL Baltic Real Estate.

### ***Official monthly wage***

The regular remuneration of the Management includes the official monthly wage, employee fees and additional benefits granted irrespective of the performance results and paid to all employees meeting the established criteria in accordance with the procedure in force in the Management Company (e.g. pension contributions to voluntary pension funds). In addition to the official monthly wage or remuneration received in a different form, a supplementary component may be paid - the variable wage allocated depending on the fulfilment of the Company's annual business plan and/or budget and the fulfilment of the Management's individual plans and tasks. The official monthly wage is determined in such a way as to ensure proper proportions between the official monthly wage and the bonus components. The official monthly wage constitutes a sufficiently high proportion of the total remuneration paid so that it makes it possible to implement a flexible incentive policy.

According to the decision of the General Meeting of the Shareholders of the Company hold on 29 April 2021 it was set the hourly remuneration of the elected independent member of the Supervisory Board at EUR 145 per hour. The other Members of the Supervisory Board do not receive remuneration for these duties.

### ***Bonuses and the procedure for payment thereof***

A bonus, including the deferred part thereof, may be granted and/or paid to the Management only in the case of a sustainable financial situation in the Company, taking into account the Company's performance results, and only if the results of the annual individual assessment of the Management are positive. In assessing the individual performance results of the Management, non-financial criteria, such as adherence to internal rules and procedures, communication with clients and investors, compliance with rules, enhancement of professional qualifications, etc., are also taken into account. If the financial performance results of the Company in a given year are negative or the Company has failed to achieve the established business objectives, the Company has the right to make a decision not to pay the bonus or part thereof, or to reduce the amount of previously estimated bonus, as well as the payment of such amounts earned previously, by defining the period of such non-payment or reduction which may not be shorter than 1 year. No such adjustment or deferral was applied during the reporting period. Likewise, the Board of the Management Company is entitled to demand that the Management refunds all or part of the bonus paid to it if it subsequently becomes clear that the bonus was paid to it as a result of the Management's bad faith or errors in the accounts.

The bonus is paid to Management in accordance with the following payment terms:

- 60% of the bonus amount is paid in a single payment in accordance with the procedure and within the time limits established by the decision of the Board of the Management Company;
- the remaining part of the bonus (i.e. the remaining 40% of the bonus) is paid to the employee on a pro rata basis within three years, i.e. the deferred portion of the bonus is distributed proportionally over the entire deferral period, beginning not earlier than 1 year after the end of the employee's performance assessment and is paid on a yearly basis by disbursing the

portion of the bonus calculated pro rata. In individual cases, the competent body of the Management Company has the right to decide on a longer deferral period (usually not longer than 5 years) taking into consideration the business cycle of activities of the Management Company and/or respective collective investment undertaking or pension fund and other criteria provided for in the legislation.

As a rule, the bonus is paid in money. The Management Company, in accordance with the principle of proportionality, does not apply the requirement regarding the mandatory payment of the bonus in financial instruments. However, if the Management Company provides for such possibility, the bonus may be replaced by other incentives, by granting financial instruments or equivalent instruments (share options, contributions to a private pension fund) at the discretion of the Management itself.

Upon termination of the employment relationship, regardless of the grounds for termination of the employment relationship, the deferred part of the bonus payable will not be paid out.

The variable remuneration component for 2021 will be allocated in 2022, after the approval of the financial statements for 2021. In the allocation of this portion of the remuneration, account will be taken, inter alia, of the real estate purchase transaction carried out by INVL Baltic Real Estate during the reporting period. More information about the transaction is available at: [INVL Baltic Real Estate acquires building at Vilniaus Street 37-4, Vilnius.](#)

The remunerations of the General manager and Board members of the Management Company are calculated on the basis of the proportion of the Management Company's management income (including management and success fee revenues) received from the Company within the total income of the Management Company. The remunerations of the members of the Investment Committee of the Company are calculated in accordance with the part of the time actually allocated to the Company's management. Amounts of remuneration allocated and paid to Management for the years 2019, 2020 and are presented in the tables on the pages below.

**Breakdown of wages allocated and paid during 2021:**

Name Surname, Position	ID code	1. Regular remuneration, in EUR 000s			2. Variable remuneration, in EUR 000s		3. One-time payments, in EUR 000s	4. Contributi ons to pension funds, in EUR 000s	5. Total remuner ation, in EUR 000s	6. Portion of variable remune- ration in %*
		Official annual re- muneration	Other payouts	Reward in kind	Annual bonuses*	Multiannual results bonuses*				
Laura Križinauskienė, General manager of the Management Company	[sensitive data]	13.33	-	-	7.84	-	-	3.76	24.93	31,44
Darius Šulnis, Chairman of the Board of the Management Company	[sensitive data]	5.24	-	-	-	-	-	-	5.24	-
Nerijus Drobavičius, Member of the Board of the Management Company	[sensitive data]	10.67	-	-	8.19	-	-	0.03	18.89	43,37
Vytautas Plunksnis, Member of the Board of the Management Company	[sensitive data]	8.18	-	-	1.83	-	-	1.59	11.60	15,72
Vytautas Bakšinskas, Member of the Investment Committee	[sensitive data]	81.97	-	-	148.74	-	-	1.59	232.30	64,03
Andrius Daukšas, Member of the Investment Committee	[sensitive data]	42.65	-	-	23.80	-	-	2.17	68.62	34,68

Raimondas Rajeckas, Member of the Supervisory Board	[sensitive data]	-	-	-	-	-	-	-	-
Audrius Matikūnas, Member of the Supervisory Board	[sensitive data]	-	-	-	-	-	-	-	-
Eglė Surplienė, Chairman of the Supervisory Board**	[sensitive data]	-	-	-	-	-	-	-	-

\* The variable remuneration component for 2021 will be allocated in 2022, after approval of financial statements for 2021.

\*\* It is set an hourly salary of EUR 145 (excluding taxes) for an independent member of the Supervisory Board Eglė Surplienė. For 2021 no remuneration was paid to Egle Surpliene.

**Breakdown of wages allocated and paid during 2021 in other undertakings of the Group of the Company:**

Name Surname, Position	ID code	1. Regular remuneration, in EUR 000s			2. Variable remuneration, in EUR 000s		3. One-time payments, in EUR 000s	4. Contributions to pension funds, in EUR 000s	5. Total remuneration, in EUR 000s	6. Portion of variable remuneration in %*
		Official annual remuneration	Other payouts	Reward in kind	Annual bonuses*	Multiannual results bonuses*				
Vytautas Bakšinskas, Member of the Investment Committee**	[sensitive data]	0.96	-	-	-	-	-	-	0.96	-

\* The variable remuneration component for 2021 will be allocated in 2022, after approval of financial statements for 2021.

\*\*Other members of the Management did not receive remuneration from other companies of the Group of the Company.

**Breakdown of wages allocated and paid during 2020:**

Name Surname, Position	ID code	1. Regular remuneration, in EUR 000s			2. Variable remuneration, in EUR 000s		3. One-time payments, in EUR 000s	4. Contributions to pension funds, in EUR 000s	5. Total remuneration, in EUR 000s	6. Portion of variable remuneration in %*
		Official annual remuneration	Other payouts	Reward in kind	Annual bonuses*	Multiannual results bonuses*				
Laura Križinauskienė, General manager of the Management Company	[sensitive data]	18.61	-	-	4.69	-	-	4.61	27.91	16.80
Darius Šulnis, Chairman of the Board of the Management Company	[sensitive data]	9.75	-	-	-	-	-	-	9.75	-
Nerijus Drobavičius, Member of the Board of the Management Company	[sensitive data]	13.39	-	-	-	-	-	0.04	13.43	-



Vytautas Plunksnis, Member of the Board of the Management Company	[sensitive data]	13.27	-	-	-	-	-	1.98	15.25	-
Vytautas Bakšinskas, Member of the Investment Committee	[sensitive data]	80.13	-	-	141.88	-	-	1.59	223.6	63.45
Andrius Daukšas, Member of the Investment Committee	[sensitive data]	42.61	-	-	22.70	-	-	0.85	66.16	34.31

**Breakdown of wages allocated and paid during 2020 in other undertakings of the Group of the Company:**

Name Surname, Position	ID code	1. Regular remuneration, in EUR 000s			2. Variable remuneration, in EUR 000s		3. One-time payments, in EUR 000s	4. Contributions to pension funds, in EUR 000s	5. Total remuneration, in EUR 000s	6. Portion of variable remuneration in %*
		Official annual re- muneration	Other payouts	Reward in kind	Annual bonuses*	Multiannual results bonuses*				
Vytautas Bakšinskas, Member of the Investment Committee**	[sensitive data]	0.96	-	-	-	-	-	-	0.96	-

\*\*Other members of the Management did not receive remuneration from other companies of the Group of the Company.

As a rule, the bonus is paid in money. The Management Company, in accordance with the principle of proportionality, does not apply the requirement regarding the mandatory payment of the bonus in financial instruments. The managers of the Company are not granted shares of the Company, nor are there any share options for the Company's shares with them. In accordance with the Policy of the Management Company in force in the Company, the portion of the variable remuneration allocated to the employee of the Management Company (all or part of it) may be allocated in the options of AB Invalda INVL. Their pro rata payment is realised through the assignment of shares (i.e. the grant or obtaining of the right to acquire the relevant quantities of shares at different terms) under the procedures and conditions laid down in the option agreements.

**Comparison of wages allocated and paid over the last five years**

Due to the fact that the management of the Company is delegated to the Management Company and its management bodies are not formed, and the Company itself does not have employees, the annual changes in remuneration and the full-time equivalent changes in average remuneration, based on the employees of the Company who are not members of the management bodies, cannot be compared. It is also not possible to provide information on the annual changes in the remuneration of the members of the Supervisory Board and the average remuneration, as the members of the Supervisory Board do not receive remuneration.

Since only the remunerations of the members of the Investment Committee of the Company are calculated on the basis of the actual part of the time allocated to the management of the Company and their remunerations depend on the performance of the Management Company related to the activities of the Company, therefore, the table below reflects only the remunerations of the members of the Investment Committee and the financial results of the Company.

The remuneration of the Investment Committee***	ID code	2017 (in EUR 000s)	2018 (in EUR 000s)	2019 (in EUR 000s)	2020 (in EUR 000s)	2021 (in EUR 000s)
Vytautas Bakšinskas, Member of the Investment Committee	[sensitive data]	95.66	72.08	113.97	224.56	233.62
Andrius Daukšas, Member of the Investment Committee	[sensitive data]	36.26	34.92	47.35	66.16	68.62

\*\*\* Total remuneration received from the Company and other companies of the Group

The Company's results	2017 (in EUR 000s)	2018 (in EUR 000s)	2019 (in EUR 000s)	2020 (in EUR 000s)	2021 (in EUR 000s)
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Net profit per share****	0.27	0.24	0.79	0.41	0.37
Net profit	3.577	3.169	10.423	5.416	3.399
Assets	57.989	59.896	75.377	41.935	33.026

\*\*\*\* Recalculated with the par value per share at EUR 1.45.

The Company's Remuneration Report, together with the Policy and the Remuneration Policy of the Supervisory Board, is publicly available on INVL Baltic Real Estate website at <https://bre.invl.com/lit/en>