SPECIAL CLOSED-END TYPE REAL ESTATE INVESTMENT COMPANY

INVL Baltic Real Estate

(incorporated in Lithuania with limited liability, corporate ID code 152105644, licensed as a special closed-end type investment company)

Prospectus of offering of up to 2,893,000 existing Offer Shares, with a nominal value of EUR 1.45 each of Special Closed-End Type Real Estate Investment Company INVL Baltic Real Estate

This prospectus (the "Prospectus") was prepared by the special closed-end type real estate investment company INVL Baltic Real Estate (the "Company") for the purpose of offering (the "Offering") by Invalda INVL AB (the "Selling Shareholder") of up to 2,893,000 Offer Shares, with a nominal value of EUR 1.45 each (the "Offer Shares" or the "Sale Shares"). All the shares of the Company (including the Sale Shares) are registered with Lithuanian branch of Nasdaq CSD SE (the merged central securities depository of Lithuania, Latvia and Estonia; "Nasdaq CSD") under ISIN LT0000127151.

The Offering consists of: (i) public offering in the Republic of Lithuania; and (ii) a private placement to Institutional Investors outside of the United States of America (excluding Lithuania) in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). The Offering also covers private offering of Offer Shares to individually identified non-institutional and non-qualified investors. The above Offering to Institutional Investors and to non-institutional and non-qualified investors is not public and will be conducted in reliance on the appropriate exemptions in those jurisdictions where they will be conducted. The Offer Shares are not offered publicly in any country other than Lithuania.

This Prospectus does not constitute an offer to buy, or the solicitation of an offer to buy, the Offer Shares to any person in any jurisdiction in which it is unlawful to make any such offer to such person. The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under any securities laws of any state or other jurisdiction of the United States and are not being offered or sold within the United States or to, or for the account or benefit of, US persons (for more information please see Section 1.8 *Selling Restrictions*).

The Offer Shares are being offered, as specified in this Prospectus, subject to cancellation or modification of the Offering and subject to certain other conditions.

This Prospectus constitutes a prospectus in the form of a single document within the meaning of Article 3 of European Union (EU) Directive 2003/71/EC, as amended (the "Prospectus Directive") and has been prepared in accordance with the provisions of the European Commission Regulation (EC) 809/2004, as amended and the Law of the Republic of Lithuania on Securities, as amended (the "Law on Securities") and the rules promulgated thereunder. This Prospectus has been filed with and was approved on 23 April 2018, by the Bank of Lithuania (in Lithuanian: *Lietuvos bankas*, the "LB"), which is the competent authority for the purposes of the relevant implementing measures of the Prospectus Directive in Lithuania. Based on Articles 4 and 5 of the Law on Securities, Lithuania is the home member state of the Issuer and LB is solely authorized to approve this Prospectus. The Prospectus together with its summary translated in Lithuanian has been published on the website of the Issuer www.invlbalticrealestate.lt and (for informational purposes only) of the Management Company, as described below www.invl.com.

Although the whole text of this document should be read, the attention of persons receiving this document is drawn, in particular, to the Section headed *"Risk Factors"* contained in Part III of this document. All statements regarding the Group's business, financial position and prospects as well as the Offering should be viewed in light of the risk factors set out in Part III of this document.

All the shares of the Company (including the Sale Shares) are currently listed on the Secondary List of Nasdaq Vilnius AB ("Nasdaq"). On 23 March 2018 the closing price of Shares in the Company on Nasdaq was EUR 2.26. No other securities are currently issued by the Company and/or admitted to trading on any regulated market.

Prospective Investors may purchase the Offer Shares during the Offering Periods which are expected to last from from 2 May 2018 till 13 July 2018, from 18 August 2018 till 26 September 2018 and from 2 November 2018 till 27 December 2018 (the "Offering Periods"). The offer price per one Offer Share shall be established based on the formula, indicated in the Prospectus (the "Offer Price").

The management company of the Issuer, INVL Asset Management UAB (the "Management Company"), which is also executing the Offering of Shares of its managed Company.

The date of this Prospectus is 23 April 2018

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I IMPORTANT INFORMATION

Prospectus. This Prospectus has been prepared by the Company in connection with the Offering, solely for the purpose of enabling any prospective investor to consider an investment in the Offer Shares. The information contained in the Prospectus has been provided by the Issuer and other sources identified herein. This Prospectus is a prospectus in the form of a single document within the meaning of the Prospectus Directive and the Prospectus Regulation. This Prospectus has been prepared in accordance with Annex XV (Minimum Disclosure Requirements for the Registration Document for Securities Issued by Collective Investment Undertakings of the Closed-end Type) and Annex III (Minimum Disclosure Requirements for the Share Securities Note) of the Prospectus Regulation. A summary of the Prospectus contains the key information items set out in Annex XXII (Disclosure Requirements in Summaries) of the Prospectus Regulation.

In addition to that, the Issuer has decided to also refer to the proportionate schedule set out in Annex XXV of the Prospectus Regulation, following Article 26b of the Prospectus Regulation, as the Company is attributable to medium-sized enterprise. This is due to the reason that the Company had employed less than 250 employees and its consolidated annual net turnover did not exceed EUR 50,000,000 as of 31 December 2017.

1.1 Responsibility for this Prospectus

Persons Responsible. The person responsible for the information provided in this Prospectus is INVL Baltic Real Estate AB, corporate ID code 152105644, with the registered office at Gynėjų str. 14, Vilnius, Lithuania. The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and members of the Board of INVL Asset Management UAB (the "Management Company") – Mr. Darius Šulnis (Chairman), Mr. Nerijus Drobavičius and Mr. Vytautas Plunksnis as well as of the General Manager of the Management Company Mrs. Laura Križinauskienė, also members of the Investment Committee of the Company Mr. Andrius Daukšas and Mr. Vytautas Bakšinskas having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Darius Šulnis Chairman of the Board of the Management Company	Nerijus Drobavičius Member of the Board of the Management Company	Vytautas Plunksnis Member of the Board of the Management Company
Laura Križinauskienė General Manager of the Management Company	Andrius Daukšas Member of the Investment Committee of the Company	Vytautas Bakšinskas Member of the Investment Committee of the Company

Limitations of Liability. Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in this Prospectus solely on the basis of the summary of this Prospectus, unless such summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Furthermore, the Management Company, the Selling Shareholder and the legal advisor to the Company, Selling Shareholder or to the Management Company expressly disclaim any liability based on the information contained in this Prospectus, the summary of this Prospectus or individual parts thereof and will not accept any responsibility for the correctness, completeness, verification or import of such information. or any other information provided by the Issuer or the Selling Shareholder in connection with the Offer Shares or their distribution, as well as Offering, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether made in the past or the future. No information contained in this Prospectus or disseminated by the Company in connection with the Offering may be construed to constitute a warranty or representation, whether express or implied, made by the Management Company, the Selling Shareholder or the legal advisors to any parties. The Management Company assumes no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this document or any such statement.

Neither the Company nor the Selling Shareholder nor the Management Company or the legal advisors will accept any responsibility for the information pertaining to the Offering, the Group or its operations, where such information is disseminated or otherwise made public by third parties either in connection with this Offering or otherwise.

By participating in the Offering, investors agree that they are relying on their own examination and analysis of this Prospectus (including the financial statements of the Group which form an indispensable part of this Prospectus) and any information on the Company and/or on the Group that is available in the public domain. Investors should also acknowledge the risk factors that may affect the outcome of such investment decision (as presented in Section III *Risk Factors*).

Investors should not assume that the information in this Prospectus is accurate as of any other date than the date of this Prospectus. The delivery of this Prospectus at any time after the conclusion of it will not, under any circumstances, create any implication that there has been no change in the Company's (its Group's) affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date. In case until the term of validity of this Prospectus or until closing of the last part of the Offering (unless all the Offer Shares will be sold by the Selling Shareholder earlier), material changes in operations of the Issuer occur, they will be reflected in supplements to the Prospectus, which will be subject to an approval by the LB. The supplement (if any) will be published in the same manner as the Prospectus.

In the case of a dispute related to this Prospectus, the plaintiff may have to resort to the jurisdiction of the Lithuanian courts and consequently a need may arise for the plaintiff to cover relevant state fees and translation costs in respect of this Prospectus or other relevant documents.

1.2 Notice to Prospective Investors

Prospective Investors are expressly advised that an investment in the Offer Shares entails financial risk and that they should therefore read this Prospectus in its entirety (including the IFRS Financial Statements of the Group which form an indispensable part of this Prospectus), in particular Section *Risk Factors* hereof, when considering an investment in the Offer Shares. In making an investment decision, prospective Investors must rely on their own examination, analysis and enquiry of the Issuer, and the information contained in this Prospectus and the terms of the Offering, including the merits and risks involved with an investment in the Offer Shares.

Any decision to invest in the Offer Shares offered hereby should be based solely on this Prospectus (and any supplement hereto, if any), taking into account that any summary or description, set forth in this Prospectus, of legal provisions, accounting principles or comparison of such principles, corporate structuring or contractual relationships is for information purposes only and should not be construed as legal, accounting or tax advice as to the interpretation or enforceability of such provisions, information or relationships.

Except for the mandatory provisions of law, no person is authorized to give any information or to make any representation in connection with the Offering other than as contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Selling Shareholder or the Management Company.

The distribution of this Prospectus and the Offering of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Offer Shares offered hereby in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions, including those set out under Section 1.8 *Selling Restrictions*. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

As a condition for the purchase of any Offer Shares in the Offering, each purchaser will be deemed to have made, or in some cases be required to make, certain representations and warranties, which will be relied upon by the Company, the Management Company and others. The Selling Shareholder reserves the right, at its sole and absolute discretion, to reject any purchase of Offer Shares that the Selling Shareholder, the Management Company or any agents believe may give rise to a breach or a violation of any law, rule or regulation. Please see, in particular, Section 1.8 *Selling Restrictions*.

The Offer Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

1.3 Presentation of Financial and Other Information

Financial Information. This Prospectus contains incorporated by reference audited financial statements and financial information of the Company and its Subsidiaries (the "Group") for the years ended 31 December 2017 and 2016 that have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Please also refer to Section 1.5 *Information Incorporated by Reference*.

The Group was established on 29 April 2014 by spinning-off from Invalda INVL AB the investments into entities, the business of which is investments into investment properties held for future development, into commercial real estate and renting thereof. After completion of the indicated spin-off, the parent of the Group was INVL Baltic Real Estate AB (code 303299735, the "Former Parent Company"). On 17 August 2015, the Former Parent Company was merged to Invaldos nekilnojamojo turto fondas AB, representing more than 90% of total assets, revenues and expenses of the consolidated Group (the "Merger"). As a result of the Merger the Former Parent Company ceased to exist and Invaldos nekilnojamojo turto fondas AB changed its name to INVL Baltic Real Estate AB and became the parent of the Group.

The IFRS Financial Statements were audited by PricewaterhouseCoopers UAB, with its registered office at J. Jasinskio str. 16B, Vilnius, Lithuania (for more information please see Section 4.1 *Statutory Auditors*).

The Prospectus also contains Profit forecast for the year ended 31 December 2018 (the "Forecast" or the "Prospective Financial Information"). The Profit Forecast is accompanied by the Independent Assurance Report issued by PricewaterhouseCoopers UAB.

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

Dating of Information. This Prospectus is drawn up based on information which was valid on 31 December 2017. Where not expressly indicated otherwise, all information presented in this Prospectus (including the financial information of the Company, the facts concerning Company's and Subsidiaries' operations and any information on the markets in which they operate) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than 31 December 2017, this is identified by either specifying the relevant date or by the use of expressions as "*the date of this Prospectus*", "*to date*", *"until the date hereof"* and other similar expressions, which must all be construed to mean the date of this Prospectus (23 April 2018).

Currencies. In this Prospectus, the financial information is presented in Euro (EUR), i.e. the official currency of the EU Member States participating in the Economic and Monetary Union, including in Lithuania (as from 1 January 2015). Amounts originally available in other currencies have been converted to Euro as of the date for which such information is expressed to be valid. With respect to the state fees, taxes and similar country specific values, information may occasionally be presented in currencies other than EUR. The exchange rates between such currencies and Euro may change from time to time.

Updates. The Company will update the information contained in this Prospectus only to such extent, at such intervals and by such means as required under Article 11 of the Law on Securities (if applicable). The Company is under no obligation to update or modify forward-looking statements included in this Prospectus.

Third Party Information and Market Information. With respect to certain portions of this Prospectus, some information may have been sourced from third parties, in such cases indicating the source of such information in the Prospectus. Such information has been accurately reproduced as far as the Company is aware and is able to ascertain from the information published by such other third parties that no facts have been omitted, which would render the reproduced information inaccurate or misleading. Certain information with respect to the markets, on which the Company and its Subsidiaries are operating, is based on the best assessment made by the Management of the Company (the "Management"). With respect to the industry, in which the Company and its Subsidiaries are active, and certain jurisdictions, in which its operations are being conducted, reliable market information might be unavailable or incomplete. While every reasonable care was taken to provide the best possible estimate of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Investors are encouraged to conduct their own investigation into the relevant market or seek professional advice. Information on market shares represents views of the Management, unless specifically indicated otherwise.

If when describing certain parts of the Prospectus, the source is not indicated hereof, this shall mean that the respective information is prepared and presented by the Company itself.

Non-IFRS Financial Measures. The Company uses certain Non-IFRS financial measures, as provided in Section 1.6 *Definitions and Abbreviations* (Debt Ratio, Gearing Ratio, Interest Coverage Ratio, Net Operating Income, Net Profit Margin, Normalized Operating Profit, Normalized Operating Profit Margin, and ROE). Non-IFRS Financial measures used in the Prospectus are not audited. These Non-IFRS measures constitute Alternative Performance Measures as defined by the guidance issued by the European Securities and Markets Authority (ESMA).

1.4 Forward Looking Statements

This Prospectus includes forward-looking statements. Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management. Certain statements are based on the belief of the Management as well as assumptions made by and information currently available to the Management. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Company and the Subsidiaries, the macro-economic environment and other similar factors.

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

The validity and accuracy of any forward-looking statements is affected by the fact that the Company and the Subsidiaries operate in a competitive business. This business is affected by changes in domestic and foreign laws and regulations, taxes, developments in competition, economic, strategic, political and social conditions and other factors. The Company's and the Subsidiaries' actual results may differ materially from the Management's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Company and the Subsidiaries (please see Section III *Risk Factors* for a discussion of the risks which are identifiable and deemed material at the date hereof).

1.5 Information Incorporated by Reference

The following information is incorporated in this Prospectus by reference in accordance with Article 28 of the Prospectus Regulation:

- Group's consolidated audited financial statements for the year ended 31 December 2017 together with the consolidated annual report and the independent auditor's report (they may be found at http://www.nasdaqbaltic.com/upload/reports/inr/2017_ar_en_eur_con_ias.pdf);
- Group's consolidated audited financial statements for the year ended 31 December 2016 together with the consolidated annual report and the independent auditor's report (they may be found at http://www.nasdaqbaltic.com/upload/reports/inr/2016_ar_en_eur_con_ias.pdf);
- Articles of Association of the Company (they may be found at https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=818969&messageId=1029232);
- Dividend Payment Policy of the Company (it may be found at https://bre.invl.com/files/docs/2017-12-29%20VAS/3_%20Dividend%20payment%20policy_INVL%20Baltic%20Real%20Estate%20(project).pdf.

It is possible to get acquaintance with the aforementioned documents on the websites of the Company at www.invlbalticrealestate.lt, of Nasdaq at www.nasdaqbaltic.com, also on the website of the central base of regulated information of Lithuania at www.crib.lt.

Documents on Display. Throughout the lifetime of this Prospectus, the aforementioned documents, as well as (i) the Independent assurance report on Prospective Financial Information to the Board of the Management Company; (ii) the executive summaries of valuation reports of real estate property of the Group, registered in Lithuania (No. 48225 VAT_2017 MKA VHAN, No. 48087 VAT_2017 GDR VHAN, No. 48657 VAT_2017 AGU VHAN, No. 48138 VAT_2017 SVA VHAN, No. 48526 VAT_2017 AGU VHAN and No. 48215 VAT_2017 DGR VHAN), prepared by an independent asset appraiser Ober-Haus Nekilnojamas Turtas UAB (code 111645042, registered at Geležinio Vilko str. 18A, Vilnius, Lithuania, qualification certificate of the asset appraiser's company No. 000112, issued on 1 August 2012), (iii) the executive summaries of valuation reports of real estate property of the Group, registered in Lithuania (No. LT-17-11-16-3259, No. LT-17-11-16-3260, No. LT-17-11-16-3261, No. LT-17-11-16-3262, No. LT-17-11-16-3263 and No. LT-17-11-16-3264), prepared by an independent asset appraiser Newsec valuations UAB (code 126212869, registered at Konstitucijos ave. 21C, Vilnius, Lithuania, qualification certificate of the asset appraiser's company No. 000170, issued on 1 August 2012) and (iii) the executive summaries of valuation reports of real estate property of the Group, registered in Latvia (No. 02-1959/2017, prepared by independent asset appraisers Ober Haus Vertesanas Serviss SIA (code 4003411495, registered at Gustava Zemgala gatve 76, LV-1039, Riga, Latvia, qualification certificate of the real estate property appraiser's company No. 5, issued on 4 September 2008, certificate valid till 4 September 2018) respectively, which are attached to this Prospectus (for more information please see Section 4.18 *Third Party Information and Statement by Experts and Declarations of any Interest*) may also be inspected at the head office of the Company located at Gynėjų str. 14, Vilnius, Lithuania. Any interested party may obtain a copy of these documents from the Company without charge.

1.6 Definitions and Abbreviations

In this Prospectus, the definitions in capital letters will have the meanings indicated below unless the context of the Prospectus requires otherwise. Definitions are listed in alphabetical order and the list is limited to the definitions which are considered to be of more importance. Other definitions may be defined elsewhere in the Prospectus.

Alternative Performance Measures or APMs	The alternative performance measures within the meaning of the ESMA Guidelines on Alternative Performance Measures. The APMs are presented in this Prospectus because the Group believes that they are among the measures used by Management to evaluate the financial performance of the Group and they could be used by possible and current investors and other interested parties to perform their own evaluation.
Articles of Association	Articles of Association of the Company
Audit Committee	Audit Committee of the Company
Offer Shares or Sale Shares	Up to 2,893,000 existing Shares of the Company, to be offered by the Selling Shareholder to the Investors during the Offering
Class A office	The Building Owners and Managers Association (BOMA) definition for the most prestigious buildings competing for premier office users with rents above average for the area. Class A office buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence
Class B office	The Building Owners and Managers Association (BOMA) definition for buildings competing for a wide range of users with rents in the average range for the area. Class B building finishes are fair to good for the area and systems are adequate, but the building does not compete with Class A at the same price
Company or Issuer	INVL Baltic Real Estate AB (former name Invalda nekilnojamojo turto fondas AB), a public limited liability company, acting as a special closed-end type real estate investment company, established and existing under the laws of the Republic of Lithuania, corporate ID code 152105644, with its registered address at Gynėjų str. 14, Vilnius, Lithuania, which

	following the reorganisation as indicated in Section 4.3 *History and Development of the Group* has taken over of all the assets, rights and obligations of the Former Parent Company
Controlled Company	A specially established company which is controlled by the Company by exercising direct decisive influence on it (currently all the Subsidiaries are deemed as Controlled Companies)
Debt Ratio	Total liabilities/Total assets. Debt ratio is a measure of financial leverage which highlights the ratio of total liabilities to total assets. The analysis of the Group's financial leverage (or capital structure) is essential to evaluate its long-term risk and return prospects
Depository	SEB bankas AB, a public limited liability company established and existing under the laws of the Republic of Lithuania, corporate ID code 112021238, with its registered address at Gedimino ave. 12, Vilnius, Lithuania, to which all the assets of the Company were transferred for keeping after issuance of the Licence
EPS	Basic earnings per share have been calculated by dividing net profit for the period attributable to equity shareholders of the parent by the weighted average number of ordinary shares of the Company
EU	European Union
EUR, €, Euro	The lawful currency of the European Union Member States that adopted the single currency, including Lithuania
Former Parent Company	INVL Baltic Real Estate AB, which existed before the Merger to Invalda nekilnojamojo turto fondas AB (currently, the Company), which was finalised on 17 August 2015 and which ceased to exist after the Merger to the Company
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)
Gearing Ratio	Net Debt/(Net Debt + Total Equity). Net Debt = Total Borrowings – Cash and cash equivalents. Gearing Ratio is analysis ratio of a level of 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
General Meeting	General Meeting of Shareholders of the Company
Group or Group Companies	Company and all its Subsidiaries collectively
IAS	International Accounting Standards as adopted by the European Union
IFRS	International Financial Reporting Standards as adopted by the European Union
IFRS Financial Statements	Group's consolidated audited financial statements for the years ended 31 December 2017 and 31 December 2016 together with the annual reports and independent auditor's reports on the financial statements and on the annual report
Institutional Investors	Qualified institutional investors as defined in article 2.1 (e) of the Prospectus Directive, invited or accepted by the Management Company to participate in the Offering submitting the Purchase Orders, including without limitation (i) legal persons and organisational units without legal personality that are Lithuanian residents within the meaning of the applicable laws, (ii) entities managing securities portfolios on a discretionary basis, acting on behalf of persons whose accounts they manage and for whom they intend to acquire the Offer Shares, (iii) legal persons and organisational units without legal personality with a registered office outside the Republic of Lithuania (except in the United States of America) who are non-U.S. persons within the meaning of Regulation S
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. The purpose of this ratio is to give an indication of the Group's general ability to service its debt
Investors	Institutional Investors collectively with the Retail Investors
Investment Committee	Investment Committee of the Company, formed by the Management Company
Key Executives	The Manager (General Manager) and the Board of the Management Company as well as members of the Investment Committee of the Company collectively
Law on Accounting	Law of the Republic of Lithuania on Accounting (as amended from time to time)
Law on Collective Investment Undertakings	Law of the Republic of Lithuania on Collective Investment Undertakings (as amended from time to time)
Law on Companies	Law of the Republic of Lithuania on Companies (as amended from time to time)

Law on Insurance of Deposits and Liabilities to Investors	Law of the Republic of Lithuania on Insurance of Deposits and Liabilities to Investors (as amended from time to time)
Law on Markets in Financial Instruments	Law of the Republic of Lithuania on Markets in Financial Instruments (as amended from time to time)
Law on Securities	Law of the Republic of Lithuania on Securities (as amended from time to time)
LB	Bank of Lithuania
Licence	The licence of a closed-end type investment company, issued to the Company by the LB on 22 December 2016
Major Shareholders	The Company's major shareholders Invalda INVL AB, LJB Investments UAB, Irena Ona Mišeikienė and Alvydas Banys as indicated in Section 4.12 *Major Shareholders*
Management	The Management Company and Key Executives collectively
Management Board or Board	The Board of the Management Company
Management Company	INVL Asset Management UAB, a licensed asset management company, established and existing under the laws of the Republic of Lithuania, corporate ID code 126263073, with its registered address at Gynėjų str. 14, Vilnius, Lithuania, which manages the Company and its assets and also executes the Offering of Shares of its managed Company under the provisions of the Law on Collective Investment Undertakings
Management Fee	The fee for management of assets of the Company payable to the Management Company
Manager	Manager of the Management Company (General Manager)
Member State	A Member State of the European Economic Area
Merger	The merger of the Former Parent Company to the Company under the Terms of Reorganisation of the Former Parent Company and the Company of 30 June 2015, approved by the general meeting of shareholders of the Former Parent Company, dated 10 August 2015 and by the sole shareholder of the Company on 10 August 2015, which was finalised on 17 August 2015
N/A	'not applicable'
Nasdaq	Nasdaq Vilnius AB (Vilnius stock exchange), a public limited liability company established and existing under the laws of the Republic of Lithuania, corporate ID code 110057488, with its registered address at Konstitucijos ave. 29, Vilnius, Lithuania
Nasdaq CSD	Lithuanian branch of Nasdaq CSD, SE, the merged central securities depository of Lithuania, Latvia and Estonia, the clearing and settlement institution of the Baltics, with its registered office in Riga, Latvia
Nasdaq Corporate Governance Code	Corporate Governance Code for the Companies Listed on Nasdaq
Net Asset Value, NAV	The difference between the value of assets owned by the Company and long-term and current liabilities of the Company
Net Operating Income	Calculated by deducting from revenue premises rent costs (excluding provision for onerous contract), utilities expenses, repair and maintenance of premises expenses, property management and brokerage costs, taxes on property and insurance costs
Net profit margin	Net profit/Revenue, measured in percentage terms. The net profit margin measures the ratio of net profit and sales revenue, providing information about the Group's profitability from the overall operations including the Group's financing and tax items. Higher margin means higher the Group's operations profitability
NNN Lease	Triple Net Lease – a lease agreement that designates the lessee (the tenant) as being solely responsible for all the costs relating to the asset being leased in addition to the rent fee applied under the lease
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
Normalized operating profit margin	Normalized operating profit/Revenue, measured in percentage terms. The normalized operating profit margin measures the ratio of normalized operating profit and sales revenue, providing information about the Group's profitability from the operations of its business and is independent both of the Group's financing and tax items. Higher margin means higher business operations profitability
Occupancy rate	Is a percentage of the total leasable area of the property that is leased under lease agreements at some particular date
Offering	The offering of the Offer Shares based on this Prospectus
Offering Periods	The periods during which the Investors may submit orders for the purchase and acquisition of the Offer Shares in accordance with the terms and conditions of this Prospectus

Offer Price	The price per each Offer Share which will be determined in accordance with the terms and conditions of the Prospectus
Performance Fee	Fee payable to the Management Company for exceeding the requested minimal return to be earned for investors
Placement Agreement	The agreement to be concluded between the Selling Shareholder and the Management Company related to the Offering
Prospectus	This document, prepared for the purpose of the Offering, its annex, information incorporated by reference and all the supplements (if any)
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (as amended from time to time)
Prospectus Regulation	Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (as amended from time to time)
Purchase Order	An order, placed by the Investors for purchase of the Offer Shares
Real Estate Company	A company, the main activities of which are real estate acquisition, reconstruction, lease, trade and/or development
Register of Legal Entities	Register of Legal Entities of the Republic of Lithuania
Related Parties	As defined in International Accounting Standard 24 *Related Party Disclosures*
Retail Investors	Individuals and corporate entities (legal persons) and non-corporate entities other than individuals, not being the Institutional Investors, who intend to purchase Offer Shares in the Offering
ROE	Net profit/Average Total equity. Return on equity excludes debt in the denominator and compares net profit for the period with total average shareholders' equity. Average equity is an arithmetical average of the beginning equity and ending equity of a financial period. It measures the rate of return on shareholders' investment and is, therefore, useful in comparing the profitability of the Group with its competitors
Section	A section of this Prospectus
Selling Shareholder	Invalda INVL AB, a public limited liability company established and existing under the laws of the Republic of Lithuania, corporate ID code 121304349, with its registered address at Gynėjų str. 14, Vilnius, the Republic of Lithuania
Shares	Any ordinary registered shares of the Company with the nominal value of EUR 1.45 each issued and outstanding at any time
Subsidiaries	Subsidiaries of the Company Rovelija UAB, DOMMO grupa SIA, Perspektyvi veikla UAB, Proprietas UAB, DOMMO biznesa parks SIA, DOMMO SIA and DBP Invest SIA collectively
Summary	The summary of this Prospectus
Takeover Directive	Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (as amended from time to time)
Term of Activities of the Company	30 years as from receipt of the Licence from the LB, dated 22 December 2016. The Term of Activities may be extended for no more than 20 years, under the procedure set in the Articles of Association
USD, $, US$ or U.S. Dollars	The lawful currency of the United States of America
VAT	The value added tax applicable in the Republic of Lithuania
WALT	Weighted average lease term. It is a sum o all the lease agreement terms in a property weighted by square meters of each lease agreement

1.7 Use of this Prospectus

This Prospectus is prepared solely for the purposes of the Offering of the Offer Shares; it may not be construed as a warranty or a representation to any person not participating or not eligible to participate in the Offering or trade in the Shares. No public offering of the Shares is conducted in any jurisdiction other than Lithuania and consequently the dissemination of this Prospectus in other countries may be restricted or prohibited by law. The Prospectus cannot be used for any purpose other than for informational. Prior to making a decision to participate or refrain from participating in the Offering the prospective investors should read this document. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved. It is forbidden to copy, reproduce (other than for private and non-commercial use) or disseminate this Prospectus without express written permission from the Company.

1.8 Selling Restrictions

This Prospectus constitutes a prospectus within the meaning of the Prospectus Directive and the Law on Securities (which transposed the Prospectus Directive into the Lithuanian law), for the purpose of giving the information with regard to the Company and the Shares it intends to offer pursuant to this Prospectus, which is necessary to enable prospective Investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company.

This Prospectus constitutes a prospectus in the form of a single document within the meaning of Article 5.3 of the Prospectus Directive and Article 6 of the Law on Securities. This Prospectus has been filed with, and was approved by the LB, which is the competent authority in Lithuania to approve this document as a prospectus.

No Public Offering outside Lithuania

This Prospectus has been prepared on the basis that there will be no offers of the Offer Shares, other than the Offering to the public in the territory of Lithuania in accordance with the Prospectus Directive, as implemented in Lithuania. Accordingly, any person making or intending to make any offering, resale or other transfer within the EEA, other than in Lithuania, of the Offer Shares may only do so in circumstances under which no obligation arises for the Company, the Selling Shareholder or the Management Company to produce an approved prospectus or other offering circular for such offering. Neither the Selling Shareholder nor the Management Company have authorized, nor will any of them authorize, the making of any offer of the Offer Shares through any financial intermediary, other than public Offering in Lithuania made by the Management Company under this Prospectus.

No action has been or will be taken by the Company, the Selling Shareholder or the Management Company in any jurisdiction other than Lithuania that would permit any offering of the Offer Shares, or the possession or distribution of this Prospectus or any other offering material relating to the Company or the Shares in any jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Shares may be distributed or published, in or from any country or jurisdiction.

The distribution of this Prospectus and the Offering in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions on the distribution of this Prospectus and the Offering, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions. This Prospectus does not constitute an offer to subscribe for or buy any of the Offer Shares offered hereby to any person in any jurisdiction other than Lithuania.

European Economic Area

This Prospectus has been approved by the LB, being the competent authority in Lithuania. However, in relation to each member state of the EEA (other than Lithuania) which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Management Company has represented and agreed that it has not made and will not make any offer of Shares in that Relevant Member State prior to that Relevant Member State's competent authority receiving a certificate of approval of the LB attesting that the Prospectus has been drawn up in accordance with the Law on Securities together with a copy of the Prospectus accompanied, if applicable, by a translation of the summary produced under the responsibility of the Company and the due publication of the Prospectus in accordance with that Relevant Member State's applicable rules.

United States

The Offer Shares have not been, and will not be, registered under the US Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S under the US Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the US Securities Act.

The Management Company has agreed that it will not offer, sell or deliver the Offer Shares within the United States or to, or for the account or benefit of, US persons and that it will have sent to each dealer to which it sells Offer Shares during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Offer Shares within the United States or to, or for the account or benefit of, US persons.

This Prospectus has been prepared by the Company for use in connection with the public offer and sale of the Offer Shares in Lithuania only. The Selling Shareholder and the Management Company reserve the right to reject any offer to purchase the Offer Shares, in whole or in part, for any reason.

Canada

This Prospectus is not, and under no circumstances is to be construed as, a Prospectus, an advertisement or a public or private offering of the securities described herein in any province or territory of Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence.

Japan

The Shares have not been and will not be registered under the Securities and Exchange Law of Japan (Law No. 25 of 1948, as amended), and are not being offered or sold and may not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (which term as used herein includes any corporation or other entity organized under the laws of Japan), or to others for offering or sale, directly or indirectly, in Japan or to, or for the account of, any resident of Japan.

II SUMMARY

This Summary is made up of disclosure requirements known as “Elements” in accordance with the Annex XXII (Disclosure Requirements in Summaries) of the Prospectus Regulation. These elements are numbered in Sections A – E (A.1 – E.7) below. This Summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of ‘not applicable’. In this Summary, the definitions in capital letters will have the meanings, as indicated in Section 1.6 *Definitions and Abbreviations*.

Section A — Introduction and warnings

Element	*Title*	*Disclosure*
A.1	Introduction and warnings	This Summary is not the prospectus for the public Offering of the Offer Shares and should be read merely as an introduction to the same. This Summary presents the facts and circumstances that the Company considers important with respect to the Company’s business and the public Offering of the Company’s Offer Shares and is a summary of certain information appearing in more detail elsewhere in the Prospectus. Any decision to participate in the Offering and invest in the Company’s Shares should be based by each Investor on the Prospectus (including any amendments or supplements thereto) as a whole and not merely on this Summary. Prospective Investors are cautioned that where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant state, have to bear the costs of translating the entire Prospectus before court proceedings are initiated. The Company accepts civil liability in respect of this Summary (including any translation hereof) solely in the case where this Summary is found to be misleading, inaccurate or inconsistent when read together with the Prospectus as a whole or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent by the Issuer to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries	Not applicable. This Prospectus was prepared solely for the purpose of the Offering, as described herein. Thus, it may not be used for any sale or subsequent resale and/or final placement of securities by financial intermediaries.

Section B — Issuer

Element	*Title*	*Disclosure*
B.1	Legal and commercial name	Special closed-end type investment company “INVL Baltic Real Estate” (INVL Baltic Real Estate UTIB).
B.2	Domicile/legal form/legislation/ country of incorporation	The Issuer is a public limited liability company, acting as a special closed-end type real estate investment company, with its registered address at Gynėjų str. 14, Vilnius, Lithuania. The Issuer is incorporated and operates under the Law on Collective Investment Undertakings, Law on Companies, Law on Securities and other applicable legal acts of the Republic of Lithuania.
B.5	Group description. Position of the Company within the Group	The Issuer does not belong to the group of companies as it is described in the applicable Lithuanian laws, i.e. the Issuer is not controlled by any persons, as it is indicated in the Law on Companies – individually none of shareholders of the Company has Shares thereof, entitling to more than 1/2 of votes in the General Meeting. The Company together with the Subsidiaries form a Group of companies, as indicated below.

Company	Registration country	as at the date of the Prospectus Share of the stock held by the Group (%)
Rovelija UAB	Lithuania	100
DOMMO grupa SIA	Latvia	100
Perspektyvi veikla UAB*	Lithuania	100
Proprietas UAB	Lithuania	100
DOMMO biznesa parks SIA*	Latvia	100

DOMMO SIA*	Latvia	100
DBP Invest SIA*	Latvia	100

** Indirectly owned Subsidiaries*

B.6

Persons, directly or indirectly, having interest in the Company's capital or voting rights notifiable under Lithuanian law and the amount of such interest. Voting rights of major shareholders. Direct or indirect control of the Company

On the day of this Prospectus the authorised capital of the Company is EUR 19,067,500 and is divided into 13,150,000 ordinary registered Shares with a nominal value of EUR 1.45 each. All the Shares issued by the Company entitle to equal voting rights to their holders.

In the table below the information is provided on shareholders of the Company having more than 5% of authorised capital of the Company on the date of this Prospectus.

Shareholder	Number of owned shares and votes directly	Percentage owned directly, %	Indirectly held votes, %	Total, %
Invalda INVL AB	4,238,747	32.23	0	32.23
LJB Investments UAB	2,631,695	20.01	0	20.01
Irena Ona Mišeikienė	2,498,596	19.00	0	19.00
Alvydas Banys	663,640	5.05	20.01(*)	25.06

Source: the Company

** According to Part 6 of Paragraph 1 of Article 26 of the Law on Securities, it is considered that Alvydas Banys has votes of LJB Investments UAB, a company controlled by him.*

No Shareholders' Agreements are in effect in the Company or its Subsidiaries.

Apart from the information, indicated in this Section, the Company has no information about any other possible control over the Issuer.

B.7

Selected historical key financial information. Narrative description of significant change to the Company's financial condition and operating results subsequent to the period covered by selected historical key financial information

The Group was established on 29 April 2014 by spinning-off from Invalda INVL AB the investments into entities, which business is investment into investment properties held for future development, into commercial real estate and renting thereof.

The following tables disclose selected financial information of the Group (EUR thousand) for the years ended 31 December 2017 and 31 December 2016 that are extracted without material adjustment from the IFRS Financial Statements as well as key ratios and indicators.

The ratios and indicators set in the table below are provided to illustrate certain aspects of the business of the Group and its financial performance. Most of these ratios and indicators are Alternative Performance Measures as defined by the guidance issued by the European Securities and Markets Authority (ESMA). Some of these ratios and indicators are used by the Management to evaluate the performance of the Group, while others are provided for the benefit of possible investors into the Company. These ratios and indicators are not calculated in accordance with the IFRS, but they are calculated based on the data extracted from the IFRS Financial Statements. The Management believes that the ratios and indicators set forth below are customary and often used by public companies to illustrate their business and financial performance. They are not uniformly defined and are calculated differently by other entities and may therefore be not comparable with the measures presented by other entities, including companies operating in the same sector as the Group.

Table 1. Statements of the financial position, EUR thousand

	Year ended 31 December	
	2017	**2016**
ASSETS		
Investment properties	56,341	52,410
Other non-current assets	251	174
Current assets	1,397	2,625
Total assets	**57,989**	**55,209**
EQUITY AND LIABILITIES		
Total equity	**33,861**	**31,073**
Non-current borrowings	20,162	20,792
Other non-current liabilities	1,207	990
Current borrowings and current portion of non-current borrowings	1,519	815
Other current liabilities	1,240	1,539
Total liabilities	**24,128**	**24,136**
Total equity and liabilities	**57,989**	**55,209**

Source: IFRS Financial Statements

Table 2. Statements of the comprehensive income, EUR thousand

	Year ended 31 December	
	2017	**2016**
Revenue	6,203	6,290
Operating profit	4,050	1,051
Profit for the reporting period before tax	3,577	490
Net profit for the reporting period	3,577	4,507

Source: IFRS Financial Statements

Table 3. Statements of the cash flows, EUR thousand

	Year ended 31 December	
	2017	**2016**
Net cash flows from (to) operating activities	2,177	1,795
Net cash flows from (to) investing activities	(1,346)	(5,860)
Net cash flows from (to) financial activities	(1,171)	4,423
Net (decrease) increase in cash and cash equivalents	(340)	358

Source: IFRS Financial Statements

Table 4. Key ratios and indicators

	Year ended 31 December	
	2017	**2016**
Managed rental area, sq.m	46,276	48,476
Earnings per share (EPS) as presented in the IFRS Financial Statements[1]	0.05	0.07
Earnings per share (EPS) restated due to reverse share split, EUR[2]	0.27	0.37
NAV per Share as announced through Nasdaq stock exchange, EUR[3]	0,5150	0.4726
NAV per share restated due to reverse Share split, EUR[4]	2.5749	2.3629
Net operating income from owned properties, EUR thousand	2,678	2,349
Normalized operating profit, EUR thousand	2,048[5]	1,703[6]
Normalized operating profit margin, %	33.02%	27.07%
Net profit margin, %	57.67%	71.65%
Return on equity (ROE), %	11.02%	18.15%
Gearing ratio	0.39	0.40
Debt ratio	0.42	0.44
Interest coverage ratio	4.34	3.11

Source: IFRS Financial Statements, the Company (unaudited)

B.8	Selected key pro forma financial information	Not applicable. The Prospectus does not contain pro forma financial information.
B.9	Profit forecast	The Forecast for the year ending 2018 and the actual information of the Group are summarized in the table below:

Thousand, EUR	**Year ended 31 December**		
	2016 – actual	**2017 – actual**	**2018 – forecast**
Rental income	5,184	5,148	4,924
Net operating income for the year*	2,002	2,522	3,687
Operating profit for the year	1,051	4,050	3,028
Net profit for the year	4,507	3,577	2,566

1 In the IFRS Financial Statements EPS was calculated before occurred reverse share split, when Shares' nominal value was EUR 0.29.

2 The indicators are recalculated as consequence of reverse share split after Shares' nominal value was changed from EUR 0.29 to EUR 1.45 on 15 January 2018.

3 Before occurred reverse Share split NAV per Share was calculated by dividing NAV by 65,750,000 Shares with the nominal value of EUR 0.29 each.

4 The indicators are recalculated as consequence of reverse Share split after the Shares' nominal value was changed from EUR 0.29 to EUR 1.45 on 15 January 2018 and the number of Shares was decreased from 65,750,000 till 13,150,000.

5 4,050 (operating profit) – 25 (other income) – 2,326 (net gains from fair value adjustment) +349 (re-estimation of provision for The Performance Fee) = 2,048.

6 1,051 (operating profit) – 15 (other income) – 147 (net gains from fair value adjustment) +814 (re-estimation of provision for The Performance Fee) = 1,703.

		Total equity	31,073	33,861	34,751
		Net assets value per share recalculated as consequence of reverse share split, EUR**	2.3629	2.5749	2.6427

* Net operating income (NOI) is calculated as revenue after deducting the premises rent costs (excluding the change in the provision for onerous contract), utilities expenses, repair and maintenance expenses, property management and brokerage costs, taxes on property and insurance costs. Calculation of NOI is provided in the Note 6 of the IFRS Financial Statements for the year 2017 and in the Note 8 of the IFRS Financial Statements for the year 2016. The reconciliation of NOI to operating profit is provided below NOI is included as a supplemental item, since the management believes that NOI, when considered in conjunction with cash flow from operating, investing and financing activities, may provide useful information. NOI is not an indicator of operating activities calculated in accordance with the IFRS and should not be considered as a substitute for operating profit, net profit, cash flow from operations or other profit/loss or cash flow data determined in accordance with the IFRS. It should be noted that NOI is not a uniform or standardized measure and the calculation of NOI, accordingly, may vary significantly from company to company, and by itself provides no grounds for comparison with other companies.

The table below presents the reconciliation of the Group's net operating income to operating profit for the year; and the reconciliation of operating profit to net profit for the year.

Thousand, EUR	**Year ended 31 December**		
	2016 – actual	**2017 – actual**	**2018 – forecast**
Net operating income for the year	**2,002**	**2,522**	**3,687**
Net gains from fair value adjustments on investment property	147	2,326	-
Management and performance fee	(819)	(645)	(312)
Other expenses and income	(279)	(153)	(347)
Operating profit for the year	**1,051**	**4,050**	**3,028**
Finance costs	(561)	(473)	(455)
Income tax credit (expense)	4,017	-	(7)
Net profit for the year	**4,507**	**3,577**	**2,566**

** Net assets value per share is calculated as the total equity, which is calculated from the Group's consolidated data provided in the IFRS Financial Statements, divided by 13,150,000 shares with the nominal value of EUR 1.45 each. On 15 January 2018 occurred reverse Share split when the nominal value of Shares was changed from EUR 0.29 to EUR 1.45 and the number of the Shares was changed from 65,750,000 to 13,150,000.

The Prospective Financial Information is accompanied by the Independent Assurance Report issued by PricewaterhouseCoopers UAB.

B.10	Qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications in the audit reports on the historical financial information incorporated by reference to this Prospectus.
B.34	Investment objective and policy, including any investment restrictions with a description of the instruments used	**Description of the Investment Objective and Policy** The purpose of the Company is to accumulate and invest the shareholders' funds seeking the largest return from investments into investment objects indicated below. Diversifying investments and managing the risk, the Management Company shall seek to reduce the risk and to prevent possible reduction of investments value and to create value by selecting investment objects and making use of other market participants' experience. The aim of the Company is to earn return for shareholders' benefit from investments into land, buildings and/or premises that make separate real estate objects, real estate objects under construction, which are planned to be constructed within an acceptable period, securities and money market instruments of Real Estate Companies if assets of such companies are invested into real estate corresponding to the investment strategy of the Company, investment units or shares of real estate collective investment undertakings established in the European Union Member States, supervision over which is no less strict than in the Republic of Lithuania, movable property and equipment necessary for operating real estate objects in the investment portfolio of

		the Company, transferrable securities and money market instruments admitted to trading on the multilateral trading facility and other investment objects not prohibited by legal acts. The Management Company shall invest up to 100% of the Net Asset Value into investment objects indicated in paragraph above directly or by use of Real Estate Companies. Investing directly or by use of Real Estate Companies, the Management Company shall (acting on behalf of the Company) seek to acquire commercial and/or mixed purpose investment objects indicated above, which generate or can generate regular income. The Company shall seek to increase return on investments, making efforts that assets under its management would generate regular long-term income and their value would grow. Therefore, assets held by the Company shall be managed and acquisition of new assets shall be made taking into account value creation for shareholders of the Company. The Company may own investment objects directly and it may own securities of Real Estate Companies. When investing through Real Estate Companies, the Depository is to be provided with documents in connection with investments into Real Estate Companies in order that the Depository could perform its functions provided for in legal acts. The Company shall not use a benchmark. **Investment Restrictions** The Management Company shall manage the portfolio of investment objects of the Company following these main principles of diversification (the conformity of the portfolio of assets of the Company to the following principles shall be achieved within four years after the LB issued a permission to certify the Company's incorporation documents and to choose a Depository (after the day on which the LB issued a permission to engage in activities of a closed-end type investment company)): 1. no more than 20% of the net assets accounting for assets of the Company can be invested: 1.1. into transferrable securities and money market instruments entered onto the trade list of the market, which according to the Law on Markets in Financial Instruments is considered regulated and operating in the Republic of Lithuania or in another Member State, and/or 1.2. into transferrable securities and money market instruments, admitted to trading on the market operating, recognised, supervised and available to the public in another Member State according to set rules, and/or 1.3. into transferrable securities and money market instruments, admitted to trading on the market operating, recognised, supervised and available to the public in another state (other than Member States) according to set rules, and/or 1.4. into new transferrable securities issued by issuers established in the Member States of the European Union, if the issue terms provide for the obligation to have these securities admitted to trading on a regulated market and if they are admitted to trading no later than within one year after their issue, and/or 1.5. into investment units and shares of harmonised collective investment undertakings and into investment units and shares of such collective investment undertakings, which meet the following conditions: 1.5.1. the sole purpose of such undertakings is to accumulate persons' funds by public offering of investment units or shares and by splitting them to collectively invest them into transferrable securities and/or other planned liquid assets and investment units or shares of which must be redeemed at any time upon request of their holder, these undertakings are licensed in the Republic of Lithuania and their supervision is no less strict than in the European Union or licensed in such a State, where supervision is no less strict than in the European Union, and the supervisory authority cooperates with the relevant supervisory authority of another Member State or third country; 1.5.2. protection of rights of participants in the undertakings, including regulation of separation of assets, borrowing, lending and gratuitous transfer of assets, is no less strict that established for harmonised collective investment undertakings according to the Law on Collective Investment Undertakings; 1.5.3. the undertakings present semi-annual and annual reports on their activities, enabling to assess their assets and liabilities, profit and activities during a reporting period; 1.5.4. no more than 10% of their net assets, according to their documents of incorporation, can be invested into investment units or shares of other collective investment undertakings, and/or 1.6. into deposits for a term no longer than 12 months, which can be collected upon demand in a credit institution, domiciled in a Member State or in another State, where risk limiting supervision is no less strict than in the European Union, and/or 1.7. into financial derivatives (including those which entitle only to receipt of money), which meet the following conditions: 1.7.1. they are admitted to trading in markets, which are deemed regulated according to the Law on Markets in Financial Instruments and which operate in the Republic of Lithuania or in another Member State, and/or in a market operating, recognised, supervised and available to the public according to rules set in another Member State, and/or in a market operating, recognised, supervised and available to the public according to rules set in another State (other than Member States), or that are traded beyond the limits of the markets indicated above;

		1.7.2. they are linked to investment instruments indicated in paragraphs 1.1 – 1.6 above, financial indexes, interest rates, currencies and currency exchange rates, to which the Company will invest; 1.7.3. the counterparty to the transaction conducted beyond the limits of the markets indicated in paragraph 1.7.1 above meets criteria set by the supervisory authority and is subject to risk limiting supervision; 1.7.4. they are traded beyond the limits of the markets indicated in paragraph 1.7.1 above, but they can be checked, reliably and exactly valuated every day and sold or otherwise realised for a consideration at any time at their fair value, and/or 1.8. into money market instruments, which are not admitted to trading on a regulated market, however the issue or issuer of such instruments are regulated in order to protect investors and their savings and such instruments: 1.8.1. are issued or guaranteed by the government, regional government, municipality or the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, the government of a third country or of the entities forming a federal state, or an international organisation, that at least one Member State is a member of, or 1.8.2. are issued by an entity, securities of which are admitted to trading on the regulated markets indicated in paragraph 1.7.1 above, or 1.8.3. are issued or guaranteed by the entity, whose operational risk is supervised according to requirements of the European Union law or such requirements, which are no less strict than in the European Union, or 1.8.4. are issued by a company meeting criteria approved by the supervisory authority, capital and reserves of which are equal to at least EUR 10 million and which draws up consolidated financial statements and performs the function of financing the company group, when transferrable securities of at least one company within its group are admitted to trading on a regulated market, or which is used for issuing securities financed with bank loans, and investments into such money market instruments are protected no less than indicated in paragraph 1.7.1 above, and/or 1.9. into transferrable securities and money market instruments, admitted to trading on the multilateral trading facility or not admitted to trading in the markets meeting criteria indicated in paragraph 1.7.1 above; 2. no more than 30% of net assets accounting for assets of the Company can be invested into one real estate object and/or Real Estate Company. This investment restriction does not apply to investments into Controlled Companies, if these companies invest the received funds into real estate objects, provided that: 2.1. a Controlled Company meets all requirements for investing assets applicable to the Company, when the Company invests 100% of net assets accounting for its assets into such a company; 2.2. the Company together with a Controlled Company meets all requirements for investing assets applicable to the Company, when the Company invests more than 30%, but less than 100% of net assets accounting for its assets into the Controlled Company; 2.3. the Depository is provided with all documents and information in connection with investments into the Controlled Company, which are necessary for the Depository for proper performance of its functions; 3. the total amount of investments into real estate objects under construction cannot exceed 20% of net assets accounting for the assets of the Company; 4. 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 assets accounting for the assets of the Company; 5. the total amount of investments into securities, money market instruments issued by the same Controlled Company and liabilities of the Company due to financial derivatives transactions with that company cannot exceed 30% of net assets accounting for the assets of the Company; 6. the total amount of investments into investment instruments indicated in paragraph 5 hereof and investment objects indicated in paragraph 4 hereof, into which such Real Estate Company and the Company has invested, cannot exceed 30% of net assets accounting for the assets of the Company. All investment decisions in connection with assets of the Company must be taken with regard do restrictions on investing assets of the Company provided for in applicable legal acts. Investment portfolio of the Company can fail to meet the set diversification requirements for 4 years after the date when the LB issued a permit to certify documents of its incorporation and choose a Depository (issued a License to engage in activities of a closed-end investment company; this was done on 22 December 2016). In all cases, the right not to meet the set diversification requirements does not cancel the duty of the Management Company to invest assets of the Company in compliance with the above requirements. If after the end of the 4 years term investment requirements are violated for reasons that the Management Company cannot control, any non-conformity must be eliminated as soon as possible, but in any case no later than within one year. This term can be longer only in exceptional

		cases, when the Management Company cannot correct the situation due to reasons beyond its control. In such a case, after the end of the one-year term, the Management Company must immediately inform the LB in writing about the situation and reasons for it. The notification must also indicate the expected date of fulfilment of the requirement. The Company is aware of the following non-compliance to the above requirements: in the case of Vilniaus Vartai business complex the investment constitutes 41.55 percent of Issuers Net Asset Value as at 31 December 2017.
B.35	Borrowing and/or leverage limits	If necessary, funds may be borrowed in the name of the Company in order to additionally finance investment objects acquired by the Company (or by use of Real Estate Companies) and in this way, seek higher investment return. The Management Company can take a decision to borrow in the name of the Company up to 50% of real estate value for not longer than until the end of activities of the Company. The level of borrowings of the Group was 38.5% of its investment property market value as of 31 December 2017 (41.2% as of 31 December 2016). The Company may lend its assets to companies that are directly controlled by the Company.
B.36	Regulatory status together with the name of any regulator	The Issuer operates its activities as a special closed-end type real estate investment company, regulated by the Law on Collective Investment Undertakings. The activities of the Issuer are supervised by the LB.
B.37	A brief profile of a typical investor for whom the collective investment undertaking is designed	Investment into the Company is connected with higher than average, long term risk. According to the Key Investor Information Document (KIID), Company's Shares are in the highest (7th) risk bracket. Therefore, Shares of the Company are suitable only for investors, who seek higher long term returns but could afford to take higher than average risk, including loss of principal.
B.38	Where more than 20% of the gross assets may be: (a) invested, directly or in-directly, in a single underlying asset, or (b) invested in one or more collec-tive investment undertakings which may in turn invest more than 20% of gross assets in other collective invest-ment undertak-ings, or (c) exposed to the creditworthiness or solvency of any one counter-party the identity of the entity should be dis-closed together with a description of the exposure (e.g. counter-party) as well as	Not applicable, as the Issuer has not invested more than 20% of its gross assets in objects, indicated in this Section and is not exposed to the creditworthiness or solvency of single counter-party.

	information on the market in which its securities are admitted	
B.39	Where a collective invest-ment undertaking may invest in excess of 40% of its gross assets in another collective invest-ment undertaking the summary should briefly explain either: (a) the exposure, the identity of the underlying collective invest-ment undertak-ing, and provide such information as would be required in a summary note by that collective investment undertaking; or (b) where the securities issued by an underlying collective invest-ment undertaking have already been admitted to trading on a regulated or equivalent market, the identity of the underlying collective invest-ment undertaking	Not applicable, as the Issuer is not allowed investing in excess of 40% of its gross assets in another collective investment undertaking.
B.40	Description of the Issuer's service providers including the maximum fees payable	The expenses incurred by the Company, which might be covered with assets of the Company, consist of: – the management fee payable to the Management Company (the "Management Fee") is the remuneration for management of the assets of the Company, which shall be payable for each quarter of a calendar year. The Management Fee for a full quarter of a calendar year shall be 0.25% of the weighted average capitalisation of the Company; – expenses related to services provided by the Depository. According to the Depository Services Agreement the minimum amount of depository fee is EUR 5,000 per quarter while the annual fee for the services of the Depository shall not exceed 0.11% of the average annual Net Asset Value of the Company; – remuneration to property and business appraisers;

		– accounting expenses of the Company, expenses of services of determining the value of Shares; – expenses related to acquisition, management and sale of investment objects; – consultancy expenses; – expenses of preparing and amending prospectuses and the Articles of Association; – expenses related to obtaining and modifying licences and permits; – expenses related to Admission of Shares of the Company to trading on a regulated market and remuneration to the operator of the regulated market for its services; – expenses related to services provided by Nasdaq CSD; – expenses for notaries public and registers; – expenses related to loans obtained in the name of the Company, etc. The Performance Fee shall be additionally paid to the Management Company under the procedure set in the Articles of Association. The Performance Fees and its effect expenses shall not be included in the maximum amount of expenses indicated in paragraph below. The total amount of expenses paid from the assets of the Company and related to the activities of the Company shall not exceed 10% of the average annual Net Asset Value of the Company. This expense limit shall not include expenses incurred by the Company, exclusively related to maintenance and/or development of real estate objects owned by it (including, without limitation, expenses of construction of real estate objects, public utilities expenses, object cleaning services, expenses for manned security, expenses of geodesic and cadastre measurements, etc.). Expenses of the Company, exclusively related to improvement of a specific real estate object, shall be deemed a part of the Company's investments into a relevant real estate object and shall not be subject to the total limit of expenses indicated in paragraph above.
B.41	Identity and regulatory status of any invest-ment manager, investment advis-or, custodian, trustee or fiduc-iary (including and delegated custody arrangements)	The investment manager (Management Company), which manages the assets of the Issuer is INVL Asset Management UAB, a licensed asset management company (holding the licence of management company No. VĮK-005, issued by the LB), established and existing under the laws of the Republic of Lithuania, corporate ID code 126263073, with its registered address at Gynėjų str. 14, Vilnius, Lithuania. The custody (Depository), which keeps the assets of the Company is SEB bankas AB, a public limited liability company established and existing under the laws of the Republic of Lithuania, corporate ID code 112021238, with its registered address at Gedimino ave. 12, Vilnius, Lithuania, holding the licence of a bank No. 2, issued by the LB.
B.42	Description of how often the Net Asset Value is determined and how such Net Asset Value is communicated to investors	The Management Company must ensure that real estate objects forming the investment portfolio of the Company or planned to be acquired are valuated by at least two independent property appraisers, having the right to engage in real estate valuation business, who shall present separate conclusions. In case the investment portfolio of the Company contains real estate objects located outside the Republic of Lithuania, the Management Company must ensure that its value is determined by at least one real property appraiser meeting requirements for real property appraisers set in legal acts of a relevant foreign state. Heads or employees of the Management Company, the Company or the Depository cannot be a real property appraiser. The same real property appraiser can perform valuation of assets the Company for no longer than 3 years in sequence. The Net Asset Value shall be calculated by deducting liabilities, including the Management Fee commitments and the Performance Fee commitments, from the assets of the Company. The calculation of the Net Asset Value must be based on the fair value of the assets and liabilities of the Company. The fair value is the value, for which it is possible to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. Calculations of the Net Asset Value shall be performed at least once per three months based on property valuations performed by independent property appraisers, having the right to engage in such a business. An external property appraiser can be replaced by reason of negative comments of the auditor, the LB, a material breach or improper fulfilment of the agreement for provision of services, material deterioration of the appraiser's reputation, cancellation of the qualification certificate issued by a competent governmental authority, discontinuation of the appraiser's business and in other cases for important reasons. Real estate objects forming assets of the Company shall be deemed valuated if their value has been established no earlier than 6 months before and only in case there have been no essential economic changes or essential changes in real estate market prices, due to which new valuation must be performed. Management Company should give a decent evaluation should material changes in real estate value occur.

<table>
<tr><td></td><td></td><td>The value of Real Estate Companies shall be determined according to their values presented by an independent business appraiser, having the right to engage in such a business. The business appraiser must meet the qualification, transparency and experience requirements provided for in the accounting policy of the Management Company and the rules for calculation of the Net Asset Value and in legal acts.

The calculation of the Net Asset Value shall be performed as on the last day of a calendar quarter and the set value shall be announced:
– for the first quarter of a calendar year and for the first three cumulative quarters of a calendar year – no later than within one month after the end of the reporting quarter;
– for half a year – no later than within 2 months after the end of the reporting half a year;
– for a year – no later than within 4 months after the end of the reporting year.

The calculation of the Net Asset Value is discussed in detail in the accounting policy of the Management Company and the rules for calculation of the Net Asset Value.</td></tr>
<tr><td>B.43</td><td>In the case of an umbrella collective investment undertaking, a statement of any cross liability that may occur between classes or investment in other collective investment undertaking</td><td>Not applicable as the Issuer acts as a special collective investment undertaking, and not as an umbrella collective investment undertaking.</td></tr>
<tr><td>B.44</td><td>Where a collective investment undertaking has not commenced operations and no financial statements have been made up as at the date of the registration document, a statement to that effect</td><td>Not applicable.</td></tr>
<tr><td>B.45</td><td>A description of the collective investment undertaking’s portfolio</td><td>The largest and key investments of the Group currently are investments into real estate objects in Lithuania and Latvia. The value of separate real estate objects, owned by the Group is provided in table below.

Table 5. Value of separate real estate objects (EUR thousand)
<table>
<tr><th>Object</th><th>Value as at the date of the Prospectus (Newsec)</th><th>Value as at the date of the Prospectus (Ober-Haus)</th><th>Percentage of all the portfolio (Newsec)</th><th>Percentage of all the portfolio (Ober-Haus)</th></tr>
<tr><td>IBC business center block A, Vilnius</td><td>2,047</td><td>2,140</td><td>4.3%</td><td>3.8%</td></tr>
<tr><td>IBC business center block B, Vilnius</td><td>6,926</td><td>6,550</td><td>14.6%</td><td>11.7%</td></tr>
<tr><td>IBC business center block C, Vilnius</td><td>191</td><td>230</td><td>0.4%</td><td>0.4%</td></tr>
<tr><td>IBC business center block D, Vilnius</td><td>1,605</td><td>1,270</td><td>3.4%</td><td>2.3%</td></tr>
<tr><td>IBC business center block F, Vilnius</td><td>5,375</td><td>6,670</td><td>11.3%</td><td>11.9%</td></tr>
<tr><td>IBC business center block G, Vilnius</td><td>6,759</td><td>5,440</td><td>14.2%</td><td>9.7%</td></tr>
<tr><td>Office building block A at Palangos str. 4, Vilnius</td><td>4,242</td><td>5,000</td><td>8.9%</td><td>8.9%</td></tr>
<tr><td>Office building block B at Palangos str. 4, Vilnius</td><td>3,871</td><td>3,500</td><td>8.2%</td><td>6.2%</td></tr>
<tr><td>Žygio business center, Vilnius</td><td>2,590</td><td>2,700</td><td>5.5%</td><td>4.8%</td></tr>
</table></td></tr>
</table>

		Residential house at Kalvarijų str. 11, Vilnius	334	350	0.7%	0.6%
		Dommo business park, Riga[7]	-	8,101	-	14.4%
		Vilniaus vartai complex at Gynėjų str. 14, Vilnius	13,480	14,166	28.4%	25.2%
		Parking places at Tumėno str. 4	53	62	0.1%	0.1%
		Total	**47,473**	**56,179**	**100.0%**	**100.0%**
		Source: Asset valuation reports, the Company				
B.46	An indication of the most recent net asset value per security (if applicable)	The last Net Asset Value was established as of 31 December 2017, when the number of Shares issued was still 65,750,000. Thus, the Net Asset Value of the Company was EUR 33,861 thousand, Net Asset Value per Share was EUR 0.515. On 15 January 2018 a reverse Share split occurred, when the nominal value of Shares was changed from EUR 0.29 to EUR 1.45 and the number of Shares was changed from 65,750,000 to 13,150,000. Therefore, the Net Asset Value per Share is 2.5749 after recalculation when the number of Shares issued is 13,150,000. Further Net Asset Values (including the Net Asset Values, under which the Offer Price of different Offering Periods will be established) will published by the Company as done until approval of the Prospectus, i.e. via the material event notifications and it will not require supplement of the Prospectus.				

Section C — Securities

Element	*Title*	*Disclosure*
C.3	Number of shares issued and fully paid/issued but not fully paid. Nominal value of share	As of the day of this Prospectus the authorised capital of the Company is EUR 19,067,500 and is divided into 13,150,000 ordinary registered Shares with a nominal value of EUR 1.45 each. As of the day of this Prospectus all the Shares issued are fully paid and there are no other types of shares issued by the Company.
C.7	Dividend policy	The Company has approved its dividend payment policy, which is incorporated by reference to this Prospectus, in its General Meeting, dated 15 January 2016 and amended in the General Meting, dated 29 December 2017. General principles of this policy are as follows: – based on the fact that valid legal acts and contractual obligations of the Company don't restrict the Company's right to pay dividends, dividends make such a part of the profit that for every single ordinary registered share it is 0.13 euro, unless, if there will be need of investments, also taking account the Company's net flow adequacy, the general financial situation or negative market trends, the payment of dividends could make negative effect to the Company's operations; – in case net profit of the reporting period is larger than previously described portion of the profit attributable for dividends, the Investment Committee taking into consideration a need for investments and working capital as well as market conditions, projected cash flows and other in the opinion of the Investment Committee significant conditions can propose to the General Meeting to pay as dividends higher portion of the profit than described earlier. Decision to pay dividends is approved by the General Meeting distributing profit of the Company available for distribution. The Company has not projected to pay dividends for the shorter period than a financial year. Apart from that the Articles of Association (Part X thereof), which are incorporated by reference to this Prospectus, foresee the following rules of dividend payment: Decision on payment of dividend shall be taken by the General Meeting taking into account the recommendations of the Management Company. In case of payment of interim dividend, a set of financial statements of the Company must be drawn up and audited no earlier than 30 days before making a decision to distribute dividend. The Company shall pay the distributed dividend within one month after the date of the decision of the General Meeting to pay dividend, except for those cases when the Management Company decides to postpone payment of dividend following the Articles of Association. The Management Company can, by its reasoned decision, postpone payment of dividend if payment of dividend: – would result in violation of the requirements for diversification of investments of the Company; or – would pose a threat for sustainable finances of the Company; – would pose a risk for proper fulfilment of obligations assumed by the Company or would pose a risk that the Company would be unable to complete the transactions of acquisition of investment objects or of additional investments into them that started to be implemented

[7] This asset was valued only by Ober Haus Vertesanas Serviss SIA.

		(implementation of a transaction in this case is understood as a process from commencing negotiations with a counterparty until closing (fulfilment) of the transaction). The Management Company must take a relevant decision and resume payment of dividend, ensuring that dividend would be paid to shareholders no later than within one month after the moment of disappearance of the grounds for suspension of payment of dividend, but in any case, payment of dividend cannot be postponed for more than one year after the date of taking a relevant decision of the General Meeting to pay dividend. Dividend payable to shareholders shall be transferred to the bank accounts indicated by the shareholders or (if a shareholder's data is unknown) to a deposit account under the procedure set by legal acts. The Company shall pay dividend in Euros. The right to receive dividend shall be vested in persons who were shareholders or had the right to dividend on any other lawful grounds at the end of the record date of the General Meeting. Following the above dividend payment policy, the Company suggested and the General Meeting approved payment of dividends for the financial years 2017 in an amount of EUR 1,709,500, i.e. EUR 0.13 for one Share. For the year 2016 the General Meeting approved payment of dividends in an amount of EUR 789,000, i.e. EUR 0.012 for one Share (when nominal value of Share was EUR 0.29 and the total number of Shares was 65,750,000).

Section D – Risks

Ele-ment	*Title*	*Disclosure*
D.2	Key risks specific to the Issuer	Investments into Shares of the Company (holding a Licence) are related to higher than average, long-term risk. The Company cannot guarantee that the shareholders will get invested funds back. Therefore, Shares of the Company are suitable only for investors, who seek higher long term returns but could afford to take higher than average risk, including loss of principal. ***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. ***Cyclicality 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. Cyclicality 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. ***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 small number of large projects.*** A small number of large projects in or near the capital cities of Lithuania and Latvia form substantially all of the Group's development business. Concentration of large projects may increase the volatility of the Group's results and increase its exposure to risks attaching to individual projects. Larger projects may also lead to proportionally larger cost overruns, which may negatively affect the Group's operating margins. ***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. The level of borrowings of the Group was 38.5% of its investment property market value as of 31 December 2017 (41% as of 31 December 2016). ***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. ***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. ***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. ***Risk related to the duty to redeem shares of the Company.*** Legal acts provide for a duty of the Company in certain circumstances to redeem its Shares from the shareholders that requested such redemption. Accordingly, if the Company becomes subject to the duty to offer to the shareholders redemption of its own Shares and if such a redemption is requested by the shareholders holding a significant number of Shares, the Company can be forced to sell its investments urgently, which can significantly reduce the return earned by the Company from sale of its investments.

		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.

Section E – Offer

Element	*Title*	*Disclosure*
E.1	Total net proceeds. Estimate of total expenses of the Offering (including estimated expenses charged to the investor)	The Company will not receive any proceeds of the Offering resulting from the sale of the Offer Shares and all the net proceeds from the sale of the Offer Shares will be received by the Seling Shareholder. Following the preliminary calculations, fixed expenses, related to this Offering, which will be covered by the Company shall comprise of up to EUR 50 thousand (including, without limitation, the legal counsel, fee to the LB for approval of the Prospectus, fees for preparation of the Prospectus, auditors' fees). Investors will not be charged expenses by the Issuer, Selling Shareholder or the Management Company, related to the Offering. However, the Investors must bear all costs and fees charged by the respective financial institution through which they submit their Purchase Order. This may include costs and fees for the submission, amendment or cancellation of a Purchase Order, or for the settlement of the transaction. These costs and fees may vary depending on the rules and prices established by the particular financial institution.
E.2a	Reasons for the offering/Use of proceeds/Estima-ted net amount of proceeds	The Company will not receive any proceeds of the Offering resulting from the sale of the Offer Shares and all the net proceeds from the sale of the Offer Shares will be received by the Seling Shareholder. The Offering will provide the Selling Shareholder with a partly realisation of its investment in the Company. The Selling Shareholder believes that the Offering will: – Provide an ongoing liquid market for the Shares of the Issuer going forward; – Diversify the Company's shareholder base; – Further enhance the Group's public profile, its activities and status with clients, customers, investors and business partners; – Retain the Company's access to the capital markets in the future, if needed.
E.3	Terms and conditions of the offering	On the basis of this Prospectus, the Selling Shareholder is offering up to 2,893,000 Offer Shares which represent up to 22% of the Company's share capital. The Offering consists of: (i) public offering in the Republic of Lithuania; and (ii) a private placement to Institutional Investors outside of the United States of America (excluding Lithuania) in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). The Offering also covers private offering of Offer Shares to individually identified non-institutional and non-qualified investors. The above Offering to Institutional Investors and to non-institutional and non-qualified investors is not public and will be conducted in reliance on the appropriate exemptions in those jurisdictions where they will be conducted. The Offer Shares are not offered publicly in any country other than Lithuania. The Selling Shareholder reserves the right to sell in total a smaller number of Offer Shares than 2,893,000, without disclosing any reason for doing so. In such case, the number of Offer Shares to be sold to the Investors may be reduced. Thus, the maximum size of the Offering is fixed at 2,893,000 Offer Shares. No minimal size of the Offering is established. No separate tranches have been created in the Offering for the various categories of investors or markets. Furthermore, there is no restriction or thresholds on the amount of the Offer Shares that will be allocated to each category of investors. This is due to the reason that the Offer Shares shall be served and sold according the time priority principle (first come-first serve), i.e. the first Investors, which will provide their Purchase Orders shall be sold the Offer Shares first up to the time and amount, when the Purchase Orders for all the Offer Shares (2,893,000) shall be provided and fully paid, unless the Offering is suspended or cancelled. **Expected Offering Periods** The expected Offering Periods[8] below lists expected key dates relating to the Offering on or around which the events listed below should occur. The Selling Shareholder reserves the right to change the timetable of the Offering. Should the Selling Shareholder decide to materially adjust the dates set out in the timetable, the relevant supplement to the Prospectus will be provided to the LB for the approval and published (upon the approval) in compliance with applicable regulations, as well as market practices in Lithuania. from 2 May 2018 till 4 July 2018 (from 9 a.m. until 5 p.m. Vilnius time) – Acceptance of the Purchase Orders from the Investors from 18 August 2018 till 18 September 2018 (from 9 a.m. until 5 p.m. Vilnius time) – Acceptance of the Purchase Orders from the Investors from 2 November 2018 till 13 December 2018 (from 9 a.m. until 5 p.m. Vilnius time) – Acceptance of the Purchase Orders from the Investors

[8] Taking into consideration that the Company has announced its investor's calendar for the financial year 2018, the Offering Periods cover only this financial year. If needed, the Offering Periods will also be announced for the year 2019 later, following the requirements of the applicable laws and market practices in Lithuania.

		Right to Participate in the Offering by Retail Investors In order to subscribe for the Offer Shares, the Retail Investors must have securities accounts with a financial institution which is a member of Nasdaq (hereinafter – the financial institution). Subscription Orders will be accepted only from those Retail Investors who, at the time of placing their Purchase Orders, have opened securities accounts with the financial institutions at Investor's choice licensed to provide such services within the territory of Lithuania, Latvia or Estonia. **Offer Price** The Offer Shares are being offered at the Offer Price, which is established based on this formula: OP = NAV/Shares, where OP – Offer Price applicable to the particular Offering Period; NAV – the latest Net Asset Value (the difference between the value of assets owned by the Company and long-term and current liabilities of the Company), which was announced prior to commencement of the particular Offering Period; Shares – number of outstanding Shares of the Company (13,150,000). The Offer Price is the same for all the Investors. However, taking into consideration that following the requirements of the applicable legal acts and the Articles of Association, the calculations of the Net Asset Value is performed and announced at least once per three months, the Offer Price during the different Offering Periods may be different (depending on the announced NAV). In any case it will be ensured, that during the same Offering Period the Offer Price calculated based on the above formula shall be the same. **Procedure of provision of the Purchase Orders** The Purchase Orders for purchase of the Offer Shares will be accepted from the Investors during the Offering Periods (from 9 a.m. until 5 p.m. Vilnius time) at the offices of the Management Company, at the addresses Gynėjų str. 14, Vilnius, Savanorių ave. 349, Kaunas, and Minijos str. 19, Klaipėda. They may also be accepted at other addresses, indicated by the Management Company, if also additional intermediaries (not only the Management Company) will be engaged in the Offering. A complete and up to date list of addresses and other respective information (e.g. exact premises, exact timing, etc.) will be available at the internet address of the Management Company at www.invl.com. The Purchase Orders will be accepted on the orders in Lithuanian or in English (for persons who are not Lithuanian residents). Retail Investors have to come to the office of the Management Company (or at other address (if applicable), as indicated above) to sign the Purchase Order. Institutional Investors are allowed to submit a signed copy of the Purchase Order by fax or email and are not required to submit an original document. Each Investor may subscribe for the minimum of five hundred Offer Shares. Any consequences of a form of Purchase Order for the Offer Shares being incorrectly filled out will be borne by the Investor. Firms managing securities portfolios on a discretionary basis should place bids for the Offer Shares by submitting the Purchase Order form along with a list of investors on whose behalf the Purchase Order is placed. The list must include details required to be included in the Purchase Order form with respect to each investor listed and must be signed by persons authorised to represent the firm. The Purchase Orders are unconditional, irrevocable (subject to the withdrawal right, if a supplement to the Prospectus is published, as indicated below), may not include any reservations and are binding on the Investor until receipt of the Offer Shares in the Offering or until the date of suspension, cancellation or modification of the Offering. **Procedure and dates for payment for the Offer Shares and distribution thereof to the Investors** By submitting a Purchase Order, each Investor will authorise and instruct the institution operating the Investor's cash account connected to its/his/her securities account (which may or may not also be the financial institution through which the Purchase Order is being submitted) to block not later that within 3 business days as from provision of the Purchase Order the whole transaction amount on the Investor's cash account until the settlement is completed or until funds are released in accordance with this Prospectus. The transaction amount to be blocked will be equal to the Offer Price multiplied by the Offer Shares, the Investor wishes to purchase. The Investor must ensure that within the indicated 3 business days there are sufficient funds on his/her/its cash account to settle the transaction. If blocked funds are insufficient within this term, the Purchase Order will be deemed null and void to the extent funds are insufficient. Payments for the Offer Shares are interest free. Consequently, for the avoidance of any doubt, there will be no allotment date, established in this Offering and the purchase-sale of the Offer Shares in different Offering Periods will be executed straight (but not later than on the 5th day) after the Purchase Order will be provided by each separate Investor and after he/she/it accumulates sufficient amount of funds for blocking and settlement the transaction on his/her/its cash account connected to his/her/its securities account. The Offer Shares shall be served and sold according the time priority principle (first come-first serve), i.e. the first Investors, which will provide their Purchase Orders shall be sold the Offer

		Shares first up to the time and amount, when the Purchase Orders for all the Offer Shares (2,893,000) shall be provided and fully paid, unless the Offering is suspended or cancelled. The Management Company shall ensure that the above time priority principle is duly ensured when executing and settling the Offering. When this aggregate principal amount of the Offer Shares is reached, no more Offer Shares shall be sold to the Investors. If the situation is such that the respective Investor, providing the Purchase Order, reaches and exceeds the aggregate principal amount of the Offer Shares, his/her/its Purchase Order will be reduced accordingly, so that the principle amount of the Offer Shares (2,893,000) is not exceeded. **Distribution of the Offer Shares to the Investors and Trading** The Offer Shares allocated to each separate Investor during each separate Offering Period will be transferred to their securities accounts not later than T+8 day after submitting a Purchase Order. The title to the Offer Shares will pass to the relevant Investor when the respective entries regarding acquisition of the Offer Shares are made in his/her/its securities account.
E.4	Interests material to the offering/ Conflicting interests	The Management Company has a contractual relationship with the Selling Shareholder in connection with the Offering and has been mandated to execute the Offering. The Management Company advises the Selling Shareholder in connection with the Offering and coordinates the structuring and execution of the transaction. Furthermore, the Management Company is involved in the Prospectus preparation process. If the transaction is successfully executed, the Management Company will receive a commission which depends on the actual value of the sold Offer Shares. The Management Company or its affiliates may acquire in connection with the Offering the Offer Shares as Investors and hold or sell those Shares for their own account, also outside of the offering period, which shall not constitute a preferential allotment. The Management Company does not intend to disclose the extent of such investments or transactions unless required by law. The Management Company and its affiliates have engaged in and may in the future engage in, investment banking, advisory services and other commercial dealings in the ordinary course of business with the Company and the Selling Shareholder and any of its affiliates. The Management Company and its affiliates have received and may receive in the future customary fees and commissions for these transactions and services.
E.5	Name of the person or entity offering to sell the security. Lock-up agreements: parties involved; period of lock-up	The Offering is being executed by the Selling Shareholder (Invalda INVL AB) which at the day of the Prospectus is the largest shareholder of the Company holding 32.23% of the Shares. In the course of the Offering the Selling Shareholder is selling up to 22% (up to 2,893,000 units) of the existing ordinary registered Shares of the Company. The Selling Shareholder has appointed INVL Asset Management – a Management Company of the Issuer, a private limited liability company established and existing under the laws of the Republic of Lithuania, corporate ID code 126263073, with its registered address at Gynėjų str. 14, Vilnius, Lithuania, to execute the Offering in Lithuania under the provisions of the Law on Collective Investment Undertakings. The Management Company may also engage other intermediaries for execution of the Offering. This, however, would not impact the possible expenses, related to the Offering. No lock-up agreements were signed with respect to the Offering.
E.6	Immediate dilution. Amount and percentage of immediate dilution if existing shareholder not subscribing during offering	As only the existing Offer Shares are being offering during the Offering and no new Shares are being issued by the Company, no dilution effect will be experienced by the existing shareholders of the Company, which will not participate in the Offering.
E.7	Estimated Expenses charged to the investor by the Company	Not applicable. Investors will not be charged expenses by the Issuer, Selling Shareholder or the Management Company, related to the Offering. However, the Investors must bear all costs and fees charged by the respective financial institution through which they submit their Purchase Orders. This may include costs and fees for the submission, amendment or cancellation of a Purchase Order, or for the settlement of the transaction. These costs and fees may vary depending on the rules and prices established by the particular financial institution.

III RISK FACTORS

Before investing in the Offer Shares, potential Investors should carefully consider the risk factors presented below and other information contained in this Prospectus. If one or more of the risks described below actually materialize, it could have, individually or in combination with other circumstances, a significant, unfavorable impact on the Group's operations, in particular on its cash flow, financial position, results of operations and outlook, or the market price of the Shares. Before purchasing the Offer Shares, potential Investors should be aware that making such an investment involves significant risks, including the risks described below and elsewhere in this Prospectus, such as those set forth under the Section Forward-Looking Statements. Potential Investors should consider carefully the factors described below in addition to the remainder of this Prospectus before purchasing the Offer Shares. The risks and uncertainties described below are not the only ones the Issuer and/or the Group face. Additional risks and uncertainties of which the Group is not aware or that the Group currently believes are immaterial may also have a material adverse effect on its business, financial condition, results of operations and prospects. If any of the events described in the risk factors below occur, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those anticipated in the forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Prospectus.

It cannot be excluded that over time the list of the risks specified below will no longer be complete or comprehensive. Consequently, these risks cannot be considered as the only risks to which the Group is exposed as at the date of the Prospectus. The order of the risk factors described below is not an indication of the probability of their occurrence, intensity or importance. The Group may be exposed to additional risks and adverse factors of which the Group is unaware or which are believed to be immaterial as at the date of the Prospectus. The occurrence of events described as risks may result in a decline in the market price of the Shares and, consequently, Investors who purchase the Shares could lose a part or all of their investment.

3.1 General Risk Factors in the Business Field Where the Group Operates

Risk factor, related to the change of the legal status of the Company

After the issuance of the Licence by the LB on 22 December 2016, the Company started to operate not only according to the Law on Companies and Law on Securities and other related legal acts, as it was until obtaining a Licence, but also under the Law on Collective Investment Undertakings and other related legal acts, which establish certain specific obligations in respect of the protection of Company's shareholders and certain operating restrictions, e.g. the Company is entitled to invest the managed funds following the requirements of the investment strategy of the Company, certain limitations of the applicable laws are applied to the Company with regards its investments, their diversification, management thereof, etc. Furthermore, the Company's operating expenses might be increased because of the requirements to conduct periodic property's assessment, protect the Company's property in the Depository and other.

It should also be noted that investments into Shares of the Company (holding a Licence) are related to higher than average, long-term risk. The Company cannot guarantee that the shareholders will get invested funds back. Therefore, Shares of the Company are suitable only for investors, who seek higher long term returns but could afford to take higher than average risk, including loss of principal.

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.

A global sovereign debt crisis could result in higher borrowing costs and more limited availability of credit, as well as impact the overall industry, in which the Group operates and the financial health of the Group's counterparties

Due to possible recession and financial disturbance in Europe the availability of capital might be limited and therefore the cost of borrowing could increase. Poor macroeconomic conditions in certain EU Member States might negatively affect the commercial situation of many banks operating in Europe. In addition, the risk of lower consumer confidence can have an adverse impact on financial markets and economic conditions in the EU and throughout the world and, in turn, the market's anticipation or reflection of these impacts could have a material adverse effect on the Group's business in a variety of ways:

- difficulty or inability to acquire capital for further business expansion and to cover financial obligations of current debt;
- increased risk of weak financial conditions for the Group's counterparties resulting from prevailing macroeconomic conditions;
- exposure to increased bank risk, if banks which issue letters of credit or other forms of guarantees to the Group in lieu of a cash security deposit from its counterparties: such banks may fail to pay when the Group seeks to draw on these letters of credit.

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.

Geopolitical risk

There is a risk that geopolitical changes can have an effect on activities of the Company (e.g. conflicts of States, internal conflicts in neighbouring States, insurrections, wars) and for this reason the investment value of the Company can decrease or it may be impossible to sell the Company's investments at the desired time for the desired price.

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.

Eurozone risk

Any possible turmoil related to one or several of the Eurozone economies may affect the Group's operating environment, either directly or indirectly through common currency and monetary policy changes. Prolonged and deep national budget deficits of any Eurozone countries may adversely impact all the area's attractiveness. Full or partial collapse of the Eurozone might have a material impact on the Group's business.

Cyclicality 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. Cyclicality 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.

Risks relating to doing business in the Baltic States

Lithuanian, Latvian and Estonian markets as emerging markets are subject to greater risks than more mature markets, including legal, economic and political risks. Lithuania, Latvia and Estonia have experienced significant political, legal and economic changes and liberalization during the last two decades of transition from the planned economy to a market economy.

For the purposes of accession to the EU, Lithuania, Latvia and Estonia implemented significant social and economic changes, as well as reforms of their legal and regulatory framework. As a result, the volume of Lithuanian, Latvian and Estonian legislation and other regulations has increased and is expected to increase further pursuant to the obligation to apply European Community law.

Lithuanian, Latvian and Estonian civil codes and corporate, competition, securities, environmental and other laws have been substantially revised during the last two decades as part of Lithuania's, Latvia's and Estonia's transition to a market economy and to meet EU requirements and standards. The new legislation remains in part largely untested in courts and no clear administrative or judicial practice has evolved.

Changes in customer preferences

Real estate sub-markets where the Group is operating in (commercial real estate) are subject to changing customer trends, demands and preferences. In particular, customer trends, demands and preferences may vary depending on economic factors, as well as customer preferences for the style of developments. The Group reassesses different risks, including potential changes in customer preferences, at different phases of a project. Should the Group find changes in customer preferences or other potential threats to the profitability of a project, the Group tries to adjust the project outline to meet the changed market expectations. However, there can be no assurance that the Group will be able to recognise such changes and adapt its existing developments or planned developments in timely fashion to suit such changes in customer preferences. If customer preferences in the markets where the Group operates cease to favour the Group's developments, this could have an adverse effect on the business, results of operations and financial condition of the Group.

Increase of salaries

The Group is dependant on administrative services which are labour cost sensitive. Though workforce is cheaper in Lithuania and in Latvia than in western EU Member States, the difference should decrease constantly as the Lithuanian and Latvian economies are catching up with the average of the EU. Willing to remain competitive and retain its relations with administrators, contractors and other third parties the Issuer may be forced to increase its expenses on administrative services at a faster pace than it used to do previously. If the Issuer fails to retain healthy relations with third party service providers by increasing these costs, this may have a considerable adverse effect on the Issuer's financial situation and business results.

3.2 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.

Reliance on the performance of the Management Company

The Company's asset portfolio is externally managed and the Company rely on the Management Company, and the experience, skill and judgment of the Management Company, in identifying, selecting and negotiating the acquisition of suitable investments. Furthermore, the Company is dependent upon the Management Company's successful implementation of the Company's investment policy and investment strategies, and ultimately on its ability to create a property investment portfolio capable of generating shareholder returns. There can be no assurance that the Management Company will be successful in achieving the Company's objectives.

The Management Company is also responsible for carrying out the day-to-day management and administration of the Company's affairs and, therefore, any disruption to the services of the Management Company could cause a significant disruption to the Company's operations until a suitable replacement is found.

Transactions with related parties

There are quite a few transactions with related parties. Detailed information about such transactions is presented in Section 4.13 *Related Party Transactions*. Following applicable taxation legislation, transactions with related parties must be conducted at arm's length. In spite of the fact that the Company's Management uses all efforts in order to ensure the conformity with the above-mentioned standard, a theoretical taxation risk remains here, i.e. the risk that applicable taxes will be calculated according to prices applicable at arm's length in case it is determined that certain transactions were conducted disregarding this principle, also the risk that relevant fines and default interest will be imposed. Besides, neither the Company nor its Subsidiaries have approved their transfer pricing policy.

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.

The Group is exposed to various risks due to long duration of real estate development projects

The core business of the Group is to ensure steady return from the current portfolio of assets. However, in order to achieve that the Group has to work on real estate development projects. The process of real estate development from the identification of the potential project to the disposal of the developed property usually lasts several years. Accordingly, the Group's acquisition and development activities are subject to significant risks of non-completion and loss due to:

- changing market conditions, which may result in diminished opportunities for acquiring desired properties, higher than expected development costs, lower than expected rental rates and lower than expected disposal prices;
- competition from other market participants, which may diminish the Group's opportunities for acquiring desired properties on favourable terms or at all;
- the Group's inability to acquire land at commercially acceptable terms or obtain detailed planning, including construction rights to the acquired land;
- budget overruns and completion delays;

- the Group's potential inability to obtain financing on favourable terms or at all for individual projects or in the context of multiple projects being developed at the same time;
- failure to meet the covenants in financing agreements, which may result in the lenders accelerating the repayments of loans under cross-default provisions;
- defects in the legal title to land acquired by the Group, or defects in approvals or other authorisations relating to land held by the Group;
- defects in acquired or developed properties, including latent defects in construction work that may not reveal themselves until many years after the Group has put a property in service and potential environmental damages;
- potential significant amendments to the existing governmental rules and regulations or fiscal or monetary policies or introducing of a new governmental rules and regulations or fiscal or monetary policies applicable to the Group's existing and future operations;
- potential liabilities relating to the acquired land (incl. for example obligation to make certain investments and potential environmental damages), properties or entities owning properties for which the Group may have limited or no recourse;
- property appraisers use assumptions, which are not stable and subject to changing market conditions which leads to fluctuations in property values.

Although many of these risks are beyond the control of the Group, any negative change in one or more of the factors listed above could adversely affect the business, results of operations and financial condition of the Group.

Dependence on small number of large projects

A small number of large projects in or near the capital cities of Lithuania and Latvia form substantially all of the Group's development business. Concentration of large projects may increase the volatility of the Group's results and increase its exposure to risks attaching to individual projects. Larger projects may also lead to proportionally larger cost overruns, which may negatively affect the Group's operating margins. Geographic focus on capital cities of Lithuania and Latvia makes the Group vulnerable in case of a downturn in the property market in any of those cities.

Management believes that relatively few major projects in a limited number of geographic locations will continue representing a major part of the Group's business in the foreseeable future. If the Group fails to achieve the expected margins or suffers losses on one or more of these large projects or if the property markets significantly deteriorate in Riga or Vilnius, this could have a material adverse effect on the Group's results of operations or financial condition.

Inaccuracy of the Forecast

The Group's profitability partly depends on its ability to forecast market prices, rents, property related costs, anticipated working capital needs, availability of financing, property values, etc. In connection with the Group's acquisition of property for its development business, the Group bases the purchase prices it agrees for the property in part on projections of development costs, property values at the time of sale, future market rents, availability of financing and anticipated working capital etc. If the Group's projections are inaccurate, it could experience lower profits, which could have a material adverse effect on its results of operations and financial condition. The same risk is applicable regarding the Forecast, included in this Prospectus.

Lack of insurance cover and specific reserves for indemnifying damages

The properties belonging to the Group could suffer physical damage caused by natural disasters, fire or other causes, resulting in losses which may be not fully compensated by insurance. The Group has obtained insurance coverage for its properties, which it believes to be in line with standard industry practice. The insurance covers, for example, losses and liability resulting from fire, break-in, diffusion, robbery, vandalism, pipe leakages, lightning, explosion, implementation of the extinguishing system storm, etc.

However, liability insurance aimed to cover damage caused to third parties is only some of the Group Subsidiaries' insurance policies. A number of the Subsidiaries have valid business interruption insurance. However, insurance coverage is subject to limits and limitations and some risks (e.g. certain natural disasters and terrorist acts) are not covered by insurance for various reasons (e.g. because such risks are uninsurable or the cost of insurance is, according to Management's belief, prohibitively high when compared to risk).

Even if the insurance is adequate to cover Group's direct losses, the Group could be adversely affected by loss of earnings caused by or relating to its properties. The occurrence of any of the above referred harmful effects or insufficient insurance coverage may have a material adverse effect on the business, results of operations and financial conditions of the Group. This *inter alia* means that the Group could:

- lose capital invested in the affected property as well as anticipated future lease income or sale proceeds from that property;
- be held liable to repair damage caused by the event; and
- remain liable for any debt or other financial obligation related to that property.

In addition to that the Group does not maintain separate funds nor does it set aside reserves for the above-referred types of events.

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 into for an unspecified term. For the cancellable lease and sublease agreements, tenants must notify the administrator 3–6 months in advance, if they wish to cancel the rent agreement and have to pay 3–12 months' rent fee penalty for the cancellation. According to non-cancellable lease and sublease agreements tenants must pay the penalty equal to rentals receivable during the whole remaining lease period.

The Group seeks to use both types of agreements, depending on the market situation and the properties in question. Lease agreements entered into for an unspecified term involve nevertheless a risk that a large number of 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. In order 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.

Technical risks

Although the Company invests in the maintenance of its existing properties and conducts a thorough technical examination of potential investment targets, its properties could be subject to technical problems such as construction defects, other hidden defects and contamination. Elimination of these problems could require substantial investments and, thus, have an adverse effect on Company's financial position and cash flow.

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. In order 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 into relevant transactions.

Furthermore, interest rate risk mainly includes loans with a variable interest rate. On 26 August 2014, the Company and Šiaulių bankas AB entered into a credit agreement for EUR 15.35 million credit (on 29 January 2016 a credit was increased by EUR 4.5 million, on 10 April 2018 credit limit was increased to EUR 24 million) with variable interest rate – 6 month EURIBOR and fixed margin. In addition to that, on 15 July 2015 the Subsidiary Dommo Biznesa Parks SIA and ABLV Bank AS entered into a credit agreement in an amount of 3 million with variable interest rate – 3 month EURIBOR and fixed margin. 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 into 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. The level of borrowings of the Group was 38.5% of its investment property market value as of 31 December 2017 (41% as of 31 December 2016).

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.

Risk of spin-off from Invalda INVL AB

On 29 April 2014, the Company took over 30.9% of the assets, equity and liabilities of Invalda LT AB (currently, Invalda INVL AB). If certain obligations of Invalda INVL AB were not known at the time of the spin-off and for this reason were not distributed to all companies operating after the spin-off, all the companies operating after the spin-off will be liable for them jointly and severally. The liability of each of those companies for these obligations will be limited by the amount of the equity, assigned to each of them according to the terms of spin-off. Thus, there is a risk that if the obligations of Invalda INVL AB are not distributed, the Company will be liable for obligations of Invalda INVL AB, which according to the terms of spin-off are assigned to the Company. The Company does not have any information that the reorganisation of Invalda INVL AB was performed improperly and/or that some of the obligations of Invalda INVL AB are not distributed.

Reorganisation risk

The Company after the reorganisation, which was finalised on 17 August 2015 – the Merger of Former Parent Company with the Company (previous name – Invalda nekilnojamojo turto fondas AB), which continues its activities after the Merger, took over all the assets, equity and liabilities of the Former Parent Company (for more information on the reorganisation please see Section 4.3 *History and Development of the Group*). For any and all the obligations of the Former Parent Company after the reorganisation, the Company took responsibility.

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. In order 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 financial intermediaries

The Company will also incur risk by keeping funds in bank accounts or investing into short-term financial instruments. Currently, no short-term financial instruments are being acquired, excess funds are kept in bank accounts or are used to cover obligations of the Company.

Risk of insolvency of the Company

In case of realisation of one or several of the risks indicated in this Section, which would have a negative effect on the value and/or liquidity of investments of the Company, this can result in the Company's solvency problems, when the Company will be incapable of fulfilling its obligations. In such a case, shareholders can lose all their funds invested into the Company.

The Group's reputation may be damaged

The Group's ability to attract purchasers of property, attract and retain tenants, raise the necessary financing for the development projects as well as retain personnel in its employment may suffer if the Group's reputation is damaged. Matters affecting the Group's reputation may include, among other things, the quality and safety of its premises and compliance with laws and regulations. Any damage to the Group's reputation due to, for example, including but not limited to the aforementioned matters, may have a material adverse effect on the business, results of operations and financial condition of the Group.

Dependence on IT systems

The Group is dependent on a variety of 3rd party developed and used IT systems and web-based solutions for operations, including internal accounting and management information systems, handling of customer and tenant information, project designs and specifications, and general administrative functions. Failures or significant disruptions to the 3rd parties' IT systems could prevent them from providing their services to the Group efficiently. Furthermore, should the 3rd parties experience a significant security breakdown or other disruption to their IT systems, sensitive information could be compromised and their operations could be disrupted which in turn could harm Group's relationship with its customers and suppliers, or otherwise have a material adverse effect on the Group's business, results of operations and financial condition.

Lack of internal documentation regulating data processing operations may result in costs for adapting to EU's General Data Protection Regulation ("GDPR")

The Group Companies are not yet GDPR compliant. The Company is currently in the process of selecting an advisor for assisting to comply with GDPR. The Group Companies should adhere to GDPR by 25 May 2018. The Group Companies will incur additional costs to adapt to GDPR, especially if IT systems and business processes would need to be adapted. The Group Companies may also be late to adapt to GDPR.

The companies which do not adhere to GDPR requirements until 25 May 2018 are subject to penalties in the amount of up to EUR 10 – 20 million or 2 – 4% of total worldwide turnover of the company of the preceding financial year depending on the severity of the infringement. However, the risk of a penalty is reduced considering the limited scope of personal data processed by the Group Companies, and the personal data processing not being one of its core activities.

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 two property appraisers, 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.

Risk related to the duty to redeem shares of the Company

Legal acts provide for a duty of the Company in certain circumstances to redeem its Shares from the shareholders that requested such redemption (please see Articles of Association). Accordingly, if the Company becomes subject to the duty to offer to the shareholders redemption of its own Shares and if such a redemption is requested by the shareholders holding a significant number of Shares, the Company can be forced to sell its investments urgently, which can significantly reduce the return earned by the Company from sale of its investments. This risk is planned to be managed by means stipulated in the Articles of Association.

3.3 Risk Factors Related to the Company's Shares (investments thereto)

Past performance risk

The past performance of the Company and its investments is not a reliable indication of the future performance of the investments held by the Company.

No guarantee of return

The shareholders and investors of the Company should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that any appreciation in the value of the Shares will occur or that the investment objectives of the Company will be achieved. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company.

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.

Turmoil in emerging markets could cause the value of the Shares to suffer

Financial or other turmoil in emerging markets has in the recent past adversely affected market prices in the world's securities markets for companies operating in the affected developing economies. There can be no assurance that renewed volatility stemming from future financial turmoil, or other factors, such as political unrests that may arise in other emerging markets or otherwise, will not adversely affect the value of the Shares even if the Lithuanian economy remains relatively stable.

The market value of Shares may be adversely affected by future sales or issues of substantial amounts of Shares

All the Shares of the Company may be provided for sale without any restrictions and there can be no assurance as to whether or not they will be sold on the market.

The Company cannot predict what affect such future sales or offerings of Shares, if any, may have on the market price of the Shares. However, such transactions may have a material adverse effect, even if temporary, on the market price of the Shares. Therefore, there can be no assurance that the market price of the Shares will not decrease due to subsequent sales of the Shares held by the existing shareholders of the Company or a new Share issue by the Company.

The marketability of the Shares may decline and the market price of the Shares may fluctuate disproportionately in response to adverse developments that are unrelated to the Company's operating performance

The Company cannot assure that the marketability of the Shares will improve or remain consistent. Shares listed on regulated markets, such as Nasdaq, have from time to time experienced, and may experience in the future, significant price fluctuations in response to developments that are unrelated to the operating performance of particular companies. The market price of the Shares may fluctuate widely, depending on many factors beyond the Company's control. These factors include, amongst other things, actual or anticipated variations in operating results and earnings by the Company and the Subsidiaries and/or their competitors, changes in financial estimates by securities analysts, market conditions in the industry and in general the status of the securities market, governmental legislation and regulations, as well as general economic and general market conditions, such as recession. These and other factors may cause the market price and demand for the Shares to fluctuate substantially and any such development, if adverse, may have an adverse effect on the market price of the Shares which may decline disproportionately to the operating performance of the Company and/or the Subsidiaries. The market price of the Shares is also subject to fluctuations in response to further issuance of Shares by the Company, sales of Shares by the Company's existing shareholders, the liquidity of trading in the Shares and capital reduction or purchases of Shares by the Company as well as investor perception.

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. For more information regarding payment of dividend by the Company please see Section 4.14.2 *Dividend Policy* as well as Part X of the Articles of Association, which are incorporated by reference to this Prospectus.

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 delisting of the Company's Shares from Nasdaq (if executed). 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.

Risk of conflicts of interest

There is a risk that there will be situations when interests of the Management Company (or persons related to it) and the Company or shareholders will differ or interests of individual shareholders will differ, i.e. there will be a conflict of interest. When it is impossible to avoid a conflict of interest, the Management Company must ensure that shareholders are treated fairly. Employees of the Management Company must immediately, as soon as they become aware of such information, notify the Investment Committee about a potential or existing conflict of interest. The Investment Committee, approving of investment decisions, shall take into account the information presented to it about potential or existing conflicts of interest. The Investment Committee shall immediately inform the head and the Board of the Management Company about conflicts of interest it is aware of. Following legal acts regulating organisation of activities of collective investment undertakings, the Management Company has implemented appropriate measures for avoiding and managing conflicts of interest, which enable to perform the activities of managing the risk of conflicts of interest and managing conflicts of interest independently, in order to avoid/reduce the risk of conflicts of interest or properly manage a conflict of interest when it occurs.

Risk of major shareholders

Most Shares (approx. 80%) and votes carried by them are held by several Major Shareholders, who controls Invalda INVL AB and the Management Company, and therefore they can exercise material impact on the Company. There are no guarantees that the position of these shareholders will always coincide with the opinion and interests of the Management Company, minor shareholders. For more information on Major Shareholders of the Company please see Section 4.12 *Major Shareholders*.

The Offering may be delayed, suspended or cancelled; the Investors are not guaranteed that they will be allotted the number of Offer Shares to be provided with the Purchase Order by them, if at all

Public offerings are subject to various circumstances independent from the Company and the Selling Shareholder. In particular, the demand for the Offer Shares is shaped by, among others, investors' sentiment toward sector, legal and financial conditions of the Offering. In case such circumstances would have adverse impact on the results of the Offering, the Selling Shareholder may decide to delay, suspend or cancel the Offering (for further details see Section 5.6 T*he Offering and Plan of Distribution*). Consequently, the investors may be unable to successfully purchase the Offer Shares and payments made by investors during the Offering, if any, may be returned without any compensation. The same consequences (return of the Investors' funds or part thereof without any compensation) may arise, in case the respective Investor will be allotted lesser number of Offer Shares, than the number, purchased by it or in case it is not allotted any Offer Shares at all.

Risk related to forward looking statements (statements in the future tense)

This Prospectus includes forward looking statements, which are based on estimate, opinion, expectations and forecasts regarding future events and financial trends that will possibly have an effect on the activities of the Company. Forward looking statements include information about possible or presumable results of the Company's activities, investment strategy, contractual relationships, borrowing plans, investment conditions, effect of future regulation and other information. For more information on the forward-looking statements please see Section 1.4 *Forward Looking Statements*. The Company cannot assure that forward looking statements will reflect future events and circumstances fully and correctly. The Company, the Management Company and its employees do not undertake to adjust or modify statements in the future tense, except to the extent required by laws and the Articles of Association.

3.4 Legal and Taxation Risk Factors

Risk of changes in laws and regulations

There is a risk that upon changes in legal acts of the Republic of Lithuania or the states where assets of the Company are invested, such changes in legal acts can have a negative effect on the protection of the Company's investments, their profitability and value or such changes in legal acts can have a negative effect on rights and interests of the Company otherwise. Taking that into account, the Company will invest only into assets located in the Member States of the EU.

Risk related to possible liability of the Company

There is a risk that the activities of the Company and the general performance results of the Company can be negatively affected by demands and claims regarding non-disclosed or non-identified obligations and/or violations in connection with investments acquired by the Company, which may result in the Company's liability for such obligations and/or violations and for this reason the value of the Company's investments and, at the same time, the price of the Shares can significantly decrease.

Risk related to uncertainty of legal regulation of activities of the Company

Legal acts of the Republic of Lithuania do not clearly regulate the legal status and activities of a closed-end type investment company. Therefore, there is a risk that legal actions may be taken against the Company and/or the Management Company, including, without limitation, disputing obtaining of a License for a closed-end type investment company, powers of the Management Company to manage the Company, also enforcing recovery from the assets of the Company for fulfilment of obligations to creditors of shareholders and/or the Management Company or demanding that shareholders and/or the Management Company fulfil outstanding obligations of the Company.

Tax risk

Lithuanian tax legislation which was enacted or substantively enacted at the end of the reporting period may be subject to varying interpretations. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Management is not aware of any circumstances that could lead to significant tax charges and penalties in the future that have not been provided for or disclosed in these financial statements. Uncertain tax positions of the Company and of the Subsidiaries are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

There is also a risk that upon changes in economic conditions, political situation in the country or due to any other reasons, new taxes on shareholders, the Company or investment objects of the Company will appear or the rates of current taxes will increase, therefore the price, liquidity and/or attractiveness of the Shares or the value of investments of the Company may decrease.

Taxation and legal risk

Upon change of legal acts related to equity securities or the national taxation policy, this may result in the change of attractiveness of the Shares. For this reason, the liquidity and/or the price of the Shares may decrease.

The Issuer does not fully comply with Nasdaq Corporate Governance Code

The Issuer does not fully comply with Nasdaq Corporate Governance Code: it has not formed the Nomination and Remuneration Committee, no public statements are made regarding the Company's remuneration policy, etc. (exhaustive information about its compliance with the Code is given in Appendix 2 of the Annual Report of the Company for the year 2017).

IV INFORMATION ABOUT THE ISSUER

4.1 Statutory Auditors

The separate and consolidated financial statements for the years ended 31 December 2016 and 31 December 2017 of the Company, incorporated by reference in this Prospectus, have been audited by PricewaterhouseCoopers UAB ("PwC"), independent auditors, who issued unqualified auditor's reports on the abovementioned financial statements.

PwC, independent auditors, holds the audit company's licence No. 001273. The registered office address of PwC is J. Jasinskio str. 16B, LT-03163 Vilnius, Lithuania. On behalf of PwC the auditor's reports of the Company were signed by the partner Rimvydas Jogėla, auditor's certificate No. 000457 (in case of the financial statements for the year ended 31 December 2016), and the partner Rasa Radzevičienė, auditor's certificate No. 000377 (in case of the financial statements for the year ended 31 December 2017).

Also, PwC issued an independent assurance report on Prospective Financial Information for 2018 (the "Report on Prospective Financial Information") set out in Section 4.7 *Profit Forecasts*. On behalf of PwC the Report on Prospective Financial Information was signed by Rasa Radzevičienė, auditor's licence No. 000377.

4.2 Selected Financial Information

The Group was established on 29 April 2014 by spinning-off from Invalda INVL AB the investments into entities, which business is investment into investment properties held for future development, into commercial real estate and renting thereof.

The following tables disclose selected financial information of the Group (EUR thousand) for the years ended 31 December 2017 and 31 December 2016 that are extracted without material adjustment from the IFRS Financial Statements as well as key ratios and indicators.

The ratios and indicators set in the table below are provided to illustrate certain aspects of the business of the Group and its financial performance. Most of these ratios and indicators are APMs (see Section 1.3 *Presentation of Financial and Other Information*). Some of these ratios and indicators are used by the Management to evaluate the performance of the Group, while others are provided for the benefit of possible investors into the Company. These ratios and indicators are not calculated in accordance with the IFRS, but they are calculated based on the data extracted from the IFRS Financial Statements. The Management believes that the ratios and indicators set forth below are customary and often used by public companies to illustrate their business and financial performance. They are not uniformly defined and are calculated differently by other entities and may therefore not be comparable with the measures presented by other entities, including companies operating in the same sector as the Group.

Table 6. Statements of the financial position, EUR thousand

	Year ended 31 December	
	2017	**2016**
ASSETS		
Investment properties	56,341	52,410
Other non-current assets	251	174
Current assets	1,397	2,625
Total assets	**57,989**	**55,209**
EQUITY AND LIABILITIES		
Total equity	**33,861**	**31,073**
Non-current borrowings	20,162	20,792
Other non-current liabilities	1,207	990
Current borrowings and current portion of non-current borrowings	1,519	815
Other current liabilities	1,240	1,539
Total liabilities	**24,128**	**24,136**
Total equity and liabilities	**57,989**	**55,209**

Source: IFRS Financial Statements

Table 7. Statements of the comprehensive income, EUR thousand

	Year ended 31 December	
	2017	2016
Revenue	6,203	6,290
Operating profit	4,050	1,051
Profit for the reporting period before tax	3,577	490
Net profit for the reporting period	3,577	4,507

Source: IFRS Financial Statements

Table 8. Statements of the cash flows, EUR thousand

	Year ended 31 December	
	2017	2016
Net cash flows from (to) operating activities	2,177	1,795
Net cash flows from (to) investing activities	(1,346)	(5,860)
Net cash flows from (to) financial activities	(1,171)	4,423
Net (decrease) increase in cash and cash equivalents	(340)	358

Source: IFRS Financial Statements

Table 9. Key ratios and indicators

	Year ended 31 December	
	2017	2016
Managed rental area, sq.m	46,276	48,476
Earnings per Share (EPS) as presented in the IFRS Financial Statements[9]	0.05	0.07
Earnings per share (EPS) restated due to reverse Share split, EUR[10]	0.27	0.37
NAV per Share as announced on Nasdaq stock exchange, EUR[11]	0,5150	0.4726
NAV per Share restated due to reverse Share split, EUR[12]	2.5749	2.3629
Net operating income from owned properties, EUR thousand	2,678	2,349
Normalized operating profit, EUR thousand	2,048[13]	1,703[14]
Normalized operating profit margin, %	33.02%	27.07%
Net profit margin, %	57.67%	71.65%
Return on equity (ROE), %	11.02%	18.15%
Gearing ratio	0.39	0.40
Debt ratio	0.42	0.44
Interest coverage ratio	4.34	3.11

Source: IFRS Financial Statements, the Company (unaudited)

The table below presents the definition of key APMs used by the Management and the rationale for their use:

Name of APM	Definition	Rationale for using the APM
Debt ratio	Total liabilities/Total assets	Debt ratio is a measure of financial leverage which highlights the ratio of total liabilities to total assets. The analysis of the Group's financial leverage (or capital structure) is essential to evaluate its long-term risk and return prospects.
Gearing ratio	Net Debt/(Net Debt + Total Equity). Net Debt = Total Borrowings – Cash and cash equivalents	Gearing Ratio is analysis ratio of a level of debt compared to equity capital. It is other the Group's financial leverage indicator. Lower gearing ratio means greater financial stability. However, borrowings are a way for companies to leverage their value to increase profits for shareholders.

9 In the IFRS Financial Statements EPS was calculated before occurred reverse Share split, when the Shares' nominal value was EUR 0.29.

10 The indicators are recalculated as consequence of reverse share split after Shares' nominal value was changed from EUR 0.29 to EUR 1.45 on 15 January 2018.

11 Before the reverse Share split split occurred, NAV per Share was calculated by dividing NAV by 65,750,000 Shares with the nominal value of EUR 1.45 each.

12 The indicators are recalculated as a consequence of the reverse Share split after the Shares' nominal value was changed from EUR 0.29 to EUR 1.45 on 15 January 2018 and the number of Shares was decreased from 65,750,000 till 13,150,000.

13 4,050 (operating profit) – 25 (other income) – 2,326 (net gains from fair value adjustment) +349 (re-estimation of provision for The Performance Fee) = 2,048.

14 1,051 (operating profit) – 15 (other income) – 147 (net gains from fair value adjustment) +814 (re-estimation of provision for The Performance Fee) = 1,703.

Name of APM	Definition	Rationale for using the APM
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	The purpose of this ratio is to give an indication of the Group's general ability to service its debt.
Net operating income	Calculated by deducting from revenue premises rent costs (excluding provision for onerous contract), utilities expenses, repair and maintenance of premises expenses, property management and brokerage costs, taxes on property and insurance costs	Net operating income is measurement of the Group's operating profit from owned and leasehold investment properties. It measures profitability from NNN Lease. The APM assists in comparing performance across reporting periods on a consistent basis by excluding item that are not directly related to owned and leasehold investment properties. In the Table 9 above it is disclosed net operating income from owned investment properties, because the Group lease agreement regarding leasehold investment properties was completed in August 2017, except for one investment property, and the Group has no intention to lease new investment properties. Therefore, net operating income from owned investment properties disclose better trends of the Group operating profit.
Net profit margin	Net profit/Revenue, measured in percentage terms	The net profit margin measures the ratio of net profit and sales revenue, providing information about the Group's profitability from the overall operations including the Group's financing and tax items. Higher margin means higher the Group's operations profitability.
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	Normalized operating profit is measurement of the Group's 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 Group core operating performance.
Normalized operating profit margin	Normalized operating profit/Revenue, measured in percentage terms	The normalized operating profit margin measures the ratio of normalized operating profit and sales revenue, providing information about the Group's profitability from the operations of its business and is independent both of the Group's financing and tax items. Higher margin means higher business operations profitability.
ROE	Net profit/Average Total equity Average equity is an arithmetical average of the beginning equity and ending equity of a financial period	Return on equity excludes debt in the denominator and compares net profit for the period with total average shareholders' equity. It measures the rate of return on shareholders' investment and is, therefore, useful in comparing the profitability of the Group with its competitors.

4.3 History and Development of the Group

Legal name of the Issuer	special closed-end type investment company "INVL Baltic Real Estate"
Commercial name of the Issuer	INVL Baltic Real Estate UTIB
Place of registration of the Issuer (registered office)	Gynėjų str. 14, Vilnius, Lithuania
Corporate ID code of the Issuer	152105644
Legal form of the Issuer	public limited liability company, acting as a special closed-end type real estate investment company
Legislation under which the Issuer operates	Lithuanian
Country of incorporation of the Issuer	Republic of Lithuania
Date of incorporation of the Issuer	28 January 1997
Term of Activities of the Company	30 years as from receipt of the Licence from the LB. The Term of Activities may be extended for no more than 20 years, under the procedure set in the Articles of Association
Telephone number	+370 5 279 0601
Fax number	+370 5 279 0530

Email	breinfo@invl.com
Internet address	www.invlbalticrealestate.lt

Pastana UAB (current name INVL Baltic Real Estate AB) was established on 28 January 1997. However, the Company became an active player in Lithuania's real estate market only in 2003, after it had acquired the first buildings in Šeimyniškių str. 1A, Vilnius, Lithuania. On 1 September 2004, the Company acquired premises in Juozapavičiaus str. 6, Vilnius, Lithuania.

On 25 June 2004 the Company was transformed from the private limited liability company into a public limited liability company. On 1 October 2004 Invalda INVL AB, Gildeta AB and Kremi AB have finalized the reorganization process. As a result of the reorganization the real estate located at Šeimyniškių str. 3, Juozapavičiaus str. 6/2 and Jasinskio str. 16, Vilnius, Lithuania, was taken over by the Company. On 24 December 2004 the name of Pastana AB was changed to Invaldos nekilnojamojo turto fondas AB, or INTF. The core activity of the Company was investment into real estate for lease. INTF was a subsidiary of the Invalda INVL AB group at that time. All the assets of the Company were managed under a contract, entered with a related party.

At the end of 2005 the Company signed an agreement with certain companies of Lietuvos Telekomas AB group (current name Telia Lietuva AB) regarding acquisition of eight real estate objects in Vilnius for a total price of EUR 20.3 million. The transaction was finalized in June 2006. In the month of December of the same year the Company acquired warehousing and logistics centers in Vilkpėdės str. (Vilnius) and Ateities rd. (Kaunas) from Naujoji Švara UAB for a total price of EUR 12 million.

In 2006 INTF had plans to list 49% of its shares on Nasdaq. However, the initial public offering did not take place. On 25 July 2007 two office buildings and two logistics centers in Vilnius and Kaunas owned by the INTF were sold to Irish private investors for a total price of EUR 21.345 million. A lease agreement was signed with a buyer for these same real estate properties and for one additional office building, under which it was agreed by the parties to sub-lease this property until August 2017.

On 1 February 2008 the Company has signed sales agreements of three investment properties at Vytenio str. and J. Jasinskio str. in Vilnius for a total price of EUR 5.39 million.

On 4 November 2008 the Company signed an agreement regarding sale of real estate objects located at Savanorių ave. 28, Vilnius. Land plot (1.50 hectare), office building (12 thousand sq. m) and industrial building (565 sq. m) were sold for a total price of EUR 8.689 million.

In the end of 2013 Invalda INVL AB acquired the creditor's claims in Dommo biznesa SIA parks for a total amount of EUR 2.25 million. Invalda INVL AB owned 50% of creditors' claims in this entity and in Dommo grupa SIA. Dommo biznesa parks SIA and Dommo grupa SIA own about 12.8 thousand sq. m of warehouse space and over 58 hectares of land around Riga, Latvia, suitable for the development of logistics purposes.

On 21 March 2014 Invalda LT AB informed about the prepared split-off terms of the company. According to the terms three companies INVL Baltic Farmland AB, INVL Baltic Real Estate AB and INVL Technology AB were split-off from Invalda LT AB. The split-off was applied in order to redesign Invalda LT AB business model according to the classic asset management principles. 52.05% of assets stayed in Invalda LT AB (current name Invalda INVL AB), 14.45% were transferred to INVL Baltic Farmland AB, 30.9% – to INVL Baltic Real Estate AB (Former Parent Company) and 2.6% were transferred to INVL Technology AB. On 4 June 2014 INVL Technology AB, INVL Baltic Farmland AB and INVL Baltic Real Estate AB were listed on Nasdaq.

On 2 July 2015 INVL Baltic Real Estate AB completed acquisition process and increased its share in nearby Riga located logistics complex Dommo from 50% to 100% for a total price of EUR 3.1 million.

On 17 August 2015 Merger of the Former Parent Company to the Company was completed, as a result of which Invaldos nekilnojamojo turto fondas AB took over all the rights and duties including the name of INVL Baltic Real Estate AB from the Former Parent Company, which ceased its activity, whereas the Company continues its operations under the new name INVL Baltic Real Estate AB. The shareholders of the Former Parent Company, which ceased to exist after the Merger, became direct shareholders of the Company.

On 1 October 2015 the Company acquired 6.5 thousand sq. m of commercial premises at Vilnius Gates complex located at Gynėjų str. 14, Vilnius, Lithuania.

In January-March 2016 the secondary public offering of shares of the Company was successfully executed. As a result of the offering the Company raised EUR 9,009,499.20, and issued 22,523,748 new Shares, with a nominal value of EUR 0.29 and the issue price of EUR 0.40 each. Following the capital increase, the authorized capital of the Company was increased to EUR 19,067,500 and it was divided into 65,750,000 ordinary registered Shares, with a nominal value of EUR 0.29 each at that time.

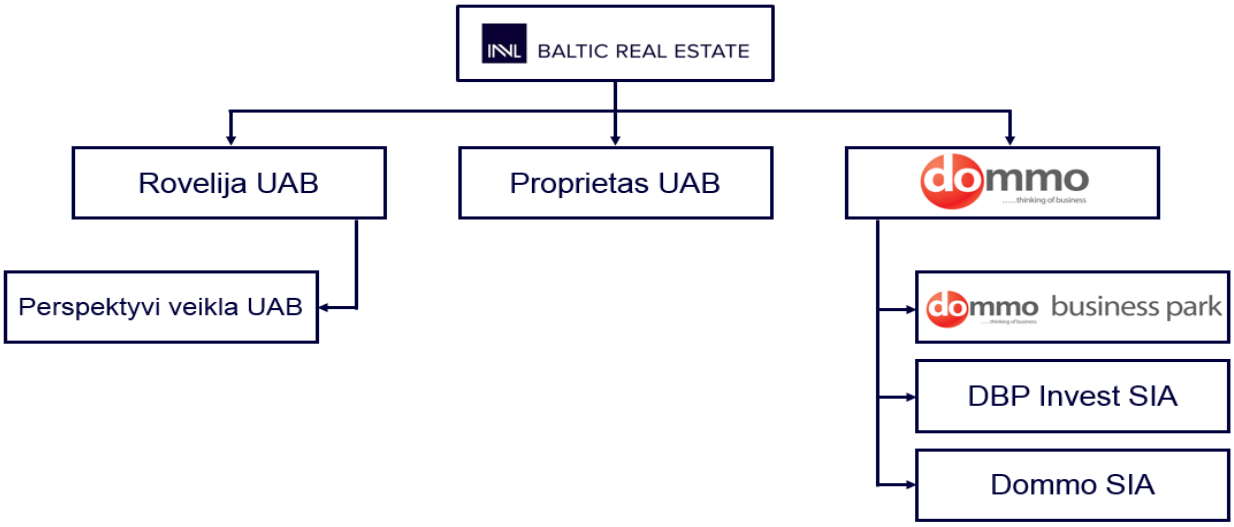
Following the decisions of the General Meeting, dated 28 October 2015, the Company has applied on 6 May 2016 to the LB for issuance of the closed-end type investment company Licence. Upon issuance of this Licence on 22 December 2016, the Company started acting under the Law on Collective Investment Undertakings, management of the Company was transferred to INVL Asset Management UAB – a licensed asset management company, controlled by the subsidiary of one of the largest investment and asset management groups in the Baltic States Invalda INVL AB. The term of the closed-end type investment Company is 30 years (with an option to extend thereof for no more than 20 years). SEB bankas AB is selected to act as the Depository (custodian) of assets of the Company.

On 26 July 2017 the Company has signed an agreement on sale of 3 thousand sq. m. office and warehouse premises on Kirtimų Street in Vilnius for a total of EUR 1 million. On 5 September 2017 the ownership of property was transferred to the buyer after sale price was received.

On 29 December 2017 the General Meeting decided to perform revers split of the Shares and change nominal value per Share five times from EUR 0.29 to EUR 1.45 and accordingly number of shares was reduced five times so that total nominal value os shares stayed unaffected.

4.4 Organisational Structure

Figure 1. Structure of the Issuer and its Subsidiaries as of the date of the Prospectus



Source: the Company

The Issuer does not belong to the group of companies as it is described in the applicable Lithuanian laws, i.e. the Issuer is not controlled by any persons, as it is indicated in the Law on Companies – none of shareholders of the Company has shares thereof, entitling to more than 1/2 of votes in the General Meeting.

The Company together with the Subsidiaries form a Group of companies, as indicated below.

Table 10. Shareholdings of the Company, held in the Subsidiaries as on the date of the Prospectus

Company of the Group	State of registration	Status	Amount of shares and votes, held by the Company (%)
Rovelija UAB	Lithuania	Subsidiary	100
DOMMO grupa SIA	Latvia	Subsidiary	100
Perspektyvi veikla UAB	Lithuania	Subsidiary	100[*]
Proprietas UAB	Lithuania	Subsidiary	100
DOMMO biznesa parks SIA	Latvia	Subsidiary	100[**]
DOMMO SIA	Latvia	Subsidiary	100[**]
DBP Invest SIA	Latvia	Subsidiary	100[**]

Source: the Company
**The indicated shares are held by Rovelija UAB, i.e. by the 100% Subsidiary of the Company.*
***The indicated shares are held by DOMMO grupa SIA, i.e. by the 100% Subsidiary of the Company.*

The main registration data on the Subsidiaries are provided below:

Table 11. Registration information of the Subsidiaries

Name of the company	Rovelija UAB
Legal form	Private limited liability company
Country of incorporation	Republic of Lithuania
Administrator of the register	State Enterprise Centre of Registers
Code	302575846
Date of incorporation	20 December 2010
Registered address	Gynėjų str. 14, Vilnius, Lithuania

Name of the company	DOMMO grupa SIA

Legal form	Limited liability company
Country of incorporation	Republic of Latvia
Administrator of the register	Register of Enterprises of the Republic of Latvia
Code	40003733866
Date of incorporation	17 March 2005
Registered address	Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia

Name of the company	Perspektyvi veikla UAB
Legal form	Private limited liability company
Country of incorporation	Republic of Lithuania
Administrator of the register	State Enterprise Centre of Registers
Code	302607087
Date of incorporation	25 March 2011
Registered address	Gynėjų str. 14, Vilnius, Lithuania

Name of the company	Proprietas UAB
Legal form	Private limited liability company
Country of incorporation	Republic of Lithuania
Administrator of the register	State Enterprise Centre of Registers
Code	303252098
Date of incorporation	27 February 2014
Registered address	Gynėjų str. 14, Vilnius, Lithuania

Name of the company	DOMMO biznesa parks SIA
Legal form	Limited liability company
Country of incorporation	Republic of Latvia
Administrator of the register	Register of Enterprises of the Republic of Latvia
Code	40003865398
Date of incorporation	13 October 2006
Registered address	Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia

Name of the company	DOMMO SIA
Legal form	Limited liability company
Country of incorporation	Republic of Latvia
Administrator of the register	Register of Enterprises of the Republic of Latvia
Code	40003787271
Date of incorporation	5 December 2005
Registered address	Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia

Name of the company	DBP Invest SIA
Legal form	Limited liability company
Country of incorporation	Republic of Latvia
Administrator of the register	Register of Enterprises of the Republic of Latvia
Code	40103463830
Date of incorporation	28 September 2011
Registered address	Brīvības iela 74-3, Rīga, LV-1011 Latvia

4.5 Operating and Financial Review

Operating and financial overview accommodates the discussion on the results of the operation of the Group for the years ended 31 December 2017 and 31 December 2016. This Section should be read in conjunction with the IFRS Financial Statements, and in conjunction with other parts of the Prospectus which include important information on the operations and financial condition of the Group.

4.5.1 Financial Condition

Financial position

The financial condition of the Group is disclosed in the statements of financial position (see Sections 4.2 *Selected Financial Information* and 4.14.1 *Audited Financial Information*, IFRS Financial Statements). The main assets of the Group are investment properties and the main liabilities are borrowings from banks (for more information please see Section 4.6 *Capital Resources* and Section 5.1 *Working Capital Statement).*

Changes in financial position

On 29 January 2016 the Company completed the acquisition of investment properties located at Gynėjų str. 14, Vilnius, by settling outstanding payables (EUR 5,618 thousand, excluding VAT). The final settlement was financed by additional borrowings from the related party Invalda INVL AB (EUR 800 thousand) and from Šiaulių bankas AB (EUR 4,500 thousand). During the 1st half of the year 2016 the Company started a reconstruction of this investment property to arrange the premises for rent. In 2017 and 2016 the reconstruction expenses of EUR 2,339 thousand and EUR 288 thousand were incurred for this purpose, respectively, and were capitalised and added to the acquisition cost of this investment property. Final completion of reconstruction is planned in 2018. After finalization of these works, a leasable space should grow by approximately 1,000 sq. m. The ground floor is dedicated to restaurants and other providers of services, and the first floor is dedicated to exclusive offices. As at 31 December 2017 acquisition cost of premises at Gyneju str. 14, Vilnius, Lithuania, including reconstruction costs amounted to EUR 10,880 thousand. The fair value of these premises amounted to EUR 14,023 thousand.

In 2017 the reconstruction expenses of EUR 3 thousand and of EUR 203 thousand were incurred additionally by the Group for the investment properties in Latvia and in Vilnius, located at Palangos str. 4, respectively. In 2016 the Group obtained ownership of additional 11 parking spaces by paying for them EUR 228 thousand (excluding VAT).

The Company had completed in December 2016 sale of leased land with new constructed building foundation at Žygio str., Vilnius. The final sale price was EUR 756 thousand which included land rent right to 0.15 hectare. Legal title was passed for land rent right to 0.28 hectares. If under the law requirements the buyer will be required to retain the land rent right to additional up to 0.13 hectare, then the buyer will have to pay an additional consideration of up to of EUR 433 thousand. The additional consideration was not recognised as income in the financial statements of the Group and the Company, as the Management believed it was more likely that land rent right to 0.15 hectare would be sufficient for the Buyer.

On 26 July 2017 the Company has signed an agreement on the sale of 3,000 square metres of office and warehouse premises at Kirtimų str. in Vilnius. The value of the transaction is EUR 1,000 thousand plus VAT. The property at Kirtimų str. was valued at EUR 859 thousand as at 30 June 2017. The ownership of property was transferred to the buyer in September 2017 after the sale price was received.

During the year 2016 the Group has recognised EUR 147 thousand gains from fair value adjustment of investment properties. During the year 2017 the Group has recognised EUR 2,326 thousand gains from fair value adjustment of investment properties.

Excluding acquisitions, reconstructions and property revaluation, operating activities during 2016-2017 did not impact the Group's financial position significantly.

4.5.2 Operating Results

During the year 2017 the Group had an audited net profit of EUR 3.6 million (2016: EUR 4.5 million).

In 2017 normalized operating profit of the Group amounted to EUR 2.04 million, i.e. 20 percent higher than in 2016 (EUR 1.7 million). The Group's net operating income from owned properties amounted to EUR 2.68 million in 2017, i.e. 14 percent higher than in 2016 (EUR 2.35 million). The Group's net operating income from owned properties in Lithuania amounted to EUR 2.26 million in 2017, i.e. 11 percent higher than in 2016 (EUR 2.03 million). The Group's net operating income from owned properties in Latvia amounted to EUR 0.42 million in 2017, i.e. 31 percent higher than in 2016 (EUR 0.32 million). The Group's revenue amounted to EUR 6.20 million in 2017, i.e. 1.4 percent less than in 2016 (EUR 6.29 million). The revenue was decreased due to completion of lease agreement of four investment properties from third parties in August 2017. The Group's rental income received from owned properties increased by 10.6 percent up to EUR 3.98 million in 2017 (2016: EUR 3.6 million). The last year was a year of development for the Group. After the successful attraction of tenants to the investment properties, located at Gynėjų str. 14, Vilnius, its actual occupancy reached 92 percent at the end of the year, which should result in a significant increase in rental income in 2018. Moreover, the Group is successfully developing other objects managed by the Company, among which the contract with TransferGo – one of the fastest growing Lithuanian startups, regarding the rent of premises of nearly 1,000 square meters of floor area in the center of Vilnius, on Palanga Street, concluded last year, stands out. The Group's net operating income from leased properties including provision for onerous contracts amounted to loss of EUR 64 thousand in 2017 and to loss of EUR 270 thousand in 2016.

Other main impact to the Group's net profit for the year ended 31 December 2017 was EUR 2.3 million gains from fair value adjustment of investment properties, 0.6 million of Management and Performance Fee expenses. While other main impact to the Group's net profit for the year ended 31 December 2016 was EUR 4.0 million of income tax credit, 0.8 million of Management and Performance Fee expenses. The acquisition of premises at Gyneju str. 14, Vilnius, and of Latvian entities had positive impact to the Group's net profit and net operating income for the year 2017 and 2016.

Composition of operating expenses

Detailed split of operating expenses is provided in the IFRS Financial Statements, incorporated by reference into the Prospectus. The key item of operating expenses for the Group are premises' rents costs, utilities, repair and maintenance costs, property managements costs and taxes on property.

Apart from the circumstances, indicated in Section 3.1 *General Risk Factors in the Business Field Where the Group Operates* (risk factor *Risks relating to doing business in the Baltic States*) the Issuer is not aware of other governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Issuer's operations.

4.6 Capital Resources

The Group's operating activity and settlement of current liabilities are funded by cash inflows from rent and other related revenue arising from lease agreements. Historically the Group used bank borrowings to finance acquisition of investment properties. After signing the amendment to the borrowing agreement with Šiaulių bankas AB in April 2018, the bank borrowings would be used also to finance working capital.

Table 12. Funding structure of the Group, EUR thousand

	Year ended 31 December	
	2017	**2016**
Non-current bank borrowings	20,158	20,788
Current portion of non-current bank borrowings	718	815
Short term borrowing from Invalda INVL AB group	801	-
Other borrowings	4	4
Total	**21,681**	**21,607**
Equity	33,861	31,073
Gearing ratio	0.39	0.40

Source: IFRS Financial Statements, the Company

The Group had no material unused source of liquidity during the years 2017 and 2016.

Current indebtedness of the Group (as at 28 February 2018) is provided in Section *5.2 Capitalisation and Indebtedness.* Information about the Group's liquidity risk and its management is provided in Note 3 of the IFRS Financial Statements.

All the cash flows of the Group are denominated in euro.

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

Table 13. Borrowings with fixed and floating interest rate (EUR thousand)

Interest rate type:	Year ended 31 December	
	2017	**2016**
Fixed	805	4
Floating	20,876	21,603
Total	**21,681**	**21,607**

Source: IFRS Financial Statements

On 26 September 2014 the Group has signed EUR 15,350 thousand borrowings agreement with Šiaulių bankas AB, which was used to refinance borrowings from the other bank. No financial covenants are established in the borrowing agreement with Šiaulių bankas AB.

On 26 January 2016 the Company has signed the amendment to the borrowing agreement with Šiaulių bankas AB. Therefore, the amount of borrowing was increased from EUR 14,754 thousand to EUR 19,254 thousand, the maturity of the agreement was extended from 25 September 2019 until 5 January 2023, and the settlement schedule was changed. In 2016 the Company had to repay the amount of EUR 466 thousand instead of the amount of EUR 862 thousand. The investment properties located at Gynėjų str. 14, Vilnius, were pledged to Šiaulių bankas AB. On 30 November 2017 an amendment to the loan agreement with Šiaulių bankas AB was signed, according to which the settlement schedule was changed. The Group has to repay amount of EUR 447 thousand instead of the amount of EUR 1,051 thousand per year until maturity of the agreement. Other developments are provided in Section *4.14.4 Significant Changes in the Issuer's Financial or Trading Position.*

Investment properties with carrying amount as at 31 December 2017 of EUR 47,752 thousand are pledged to Šiaulių bankas AB as collateral for the borrowings.

On 15 July 2015 the Group has signed EUR 3,000 thousand borrowing agreement with ABLV Bank AS. The investment properties located in Riga, Latvia, with carrying amount as at 31 December 2017 of EUR 8,101 thousand are pledged as collateral for the borrowings. The borrowing agreement with ABLV Bank AS established the following financial covenants: Debt Service Ratio (Earnings before interest, depreciation and amortization/the Lender Debt service (sum of interest and principal payments), loan to value ratio (loan amount/value of collateral). The Group has not breached these financial covenants. The term of the agreement is 5 years, repayment of the loan is by monthly annuity instalments with balloon payment of EUR 1,861 thousand at the end of borrowing agreement.

The Company has a right to pay dividends without the consent of the bank in the future, if the ratio of EBITDA (earnings before interest, taxes, depreciation and amortization) divided by the sum of debt service payments (interest and principal repayments) and dividends would be higher than 1.1.

The loans granted by the Company to Latvian entities are subordinated to borrowing from ABLV Bank AS. The Subsidiary Dommo Biznesa parks AS has no right to pay dividends without the consent of the bank according to borrowings agreements with this bank. According to the agreement amount of EUR 150 thousand was deposited to secure borrowing with ABLV Bank AS. The Group has recognised the deposit as "Deposits" in the statement of financial position.

On 23 February 2018 the Board of the Financial and Capital Market Commission in Latvia adopted a decision on the unavailability of deposits at ABLV Bank AS. At this date, the Group had EUR 274 thousand of cash, cash equivalents and deposits at ABLV Bank AS. Since only EUR 100 thousand of the total amount is covered by insurance, the Group can suffer up to EUR 174 thousand of loss in the worst scenario. It was announced that ABLV Bank AS would seek voluntary liquidation. If the Financial and Capital Market Commission approved the latter, the Group might not suffer any loss.

4.7 Profit Forecasts

Financial data as well as operational assumptions used to derive such data have been examined by PwC (please see Independent assurance report on Prospective Financial Information attached in this Section below).

The Forecast for the year ending 2018 and the actual information of the Group are summarized in the table below:

Thousand, EUR	Year ended 31 December 2016 – actual	Year ended 31 December 2017 – actual	Year ended 31 December 2018 – forecast
Rental income	5,184	5,148	4,924
Net operating income for the year*	2,002	2,522	3,687
Operating profit for the year	1,051	4,050	3,028
Net profit for the year	4,507	3,577	2,566
Total equity	31,073	33,861	34,751
Net assets value per share, EUR**	2.3629	2.5749	2.6427

* Net operating income (NOI) is calculated as revenue after deducting the premises rent costs (excluding the change in the provision for onerous contract), utilities expenses, repair and maintenance expenses, property management and brokerage costs, taxes on property and insurance costs. Calculation of NOI is provided in the Note 6 of the IFRS Financial Statements for the year 2017 and in the Note 8 of the IFRS Financial Statements for the year 2016. The reconciliation of NOI to operating profit was provided is provided below. NOI is included as a supplemental item, since the management believes that NOI, when considered in conjunction with cash flow from operating, investing and financing activities, may provide useful information. NOI is not an indicator of operating activities calculated in accordance with the IFRS and should not be considered as a substitute for operating profit, net profit, cash flow from operations or other profit/loss or cash flow data determined in accordance with the IFRS. It should be noted that NOI is not a uniform or standardized measure and the calculation of NOI, accordingly, may vary significantly from company to company, and by itself provides no grounds for comparison with other companies.

The table below presents the reconciliation of the Group's net operating income to operating profit for the year; and the reconciliation of operating profit to net profit for the year.

Thousand, EUR	Year ended 31 December 2016 – actual	Year ended 31 December 2017 – actual	Year ended 31 December 2018 – forecast
Net operating income for the year	**2,002**	**2,522**	**3,687**
Net gains from fair value adjustments on investment property	147	2,326	-
Management and performance fee	(819)	(645)	(312)
Other expenses and income	(279)	(153)	(347)
Operating profit for the year	**1,051**	**4,050**	**3,028**
Finance costs	(561)	(473)	(455)
Income tax credit (expense)	4,017	-	(7)
Net profit for the year	**4,507**	**3,577**	**2,566**

** Net assets value per Share is calculated as the total equity, which is calculated from the Group's consolidated data provided in the IFRS Financial Statements, divided by 13,150,000 shares with the nominal value of EUR 1.45 each. On 15 January 2018 the reverse Share split occurred, when the nominal value was changed from EUR 0.29 to EUR 1.45 and the number of the Shares was changed from 65,750,000 to 13,150,000.

Basis for preparation

The Prospective Financial Information has been prepared by the Management Company on a basis consistent with the accounting policies adopted by the Group in the preparation of the IFRS Financial Statements. The Group expects that the impact of the application of the specific new standards coming in force in 2018 would not be material. In preparing the Prospective Financial Information the Management Company used criteria specified in the Prospectus Regulation and the ESMA Guidelines.

In December 2017, the Management Company prepared the Group's financial outlook for the year 2018. The most material factors that affect the financial information projected for 2018 are as follows: the completion of one of the stages of reconstruction works carried out at Vilnius Gate business centre, as a result of which the occupancy of the object will be more than 90%; and the signing of the rent agreements with the new tenants for over 2,000 square meters in the office building at Palangos Street 4.

The main assumptions are the following:

- Rental income is planned according to the rent agreements and assumptions on rent of free premises as well as the signing of the new agreements for over 2,000 square meters in the office building at Palangos Street 4, and the increase of the occupancy rate at Vilnius Gate above 90%. In 2018, rental income from own properties is expected to increase about 19% compared to 2017. The total rental income is expected to decrease due to the expiry of the operating lease agreement on real estate properties (the IFRS Financial Statements for the year 2017, Note 7, page 48);
- Utilities income and expenses are planned according to the 2016–2017 consumption average. The change in prices is not projected;
- Maintenance and rechargeable income is planned according to the 2017 average and assumptions on a new pricing for the clients when the clients cover maintenance and additional costs for the common areas and territory. In 2018, the growth of this income is expected to reach EUR 130,000;
- Increase in maintenance costs is planned due to increase in the minimum wage. From 1 January 2018, a minimum monthly wage will increase from EUR 380 to EUR 400;
- Real estate taxes and insurance costs are planned in view of the current levels and legislation in force;
- Repair expenses are planned in view of the expiring rent agreements and the need for repair works;
- Property management fees are projected based on the costs of a newly hired administration team;
- Operating expenses are planned on the basis of the 2017 average, the existing agreements and their effect on 2018;
- Management fee is planned as 1% from market capitalisation, which is estimated based on the price per share equal to EUR 2.375 with nominal value of EUR 1.45 (management contract was amended as from January 2018);
- Interest expenses are projected based on the existing bank loan agreements, which stipulate that if EURIBOR is less than zero, then EURIBOR is deemed to be zero. No significant change in EURIBOR is projected, therefore, EURIBOR that is equal to zero is used in the forecast;
- According to the forecast of the Lithuanian Ministry of Finance, the inflation rate of 3.5% is applied in 2018 projections. Rental payments established in the agreements containing the indexation clause are increased according to this rate;
- The shareholders approved the distribution of dividends of EUR 0.13 per share with nominal value of EUR 1.45 in March 2018.

The Prospective Financial Information has been prepared on the basis not to predict changes in the fair value of investment properties, changes in allowance for doubtful trade and other receivables and success fee provisions for 2018.

The Management Company believes that it will be able to achieve the forecast results due to the following reasons that can be influenced by the Management Company:

- Most of significant rent agreements are newly signed and will not expire in 2018;
- The process in negotiations regarding the significant rent agreements, which will expire in 2018, is well advanced, and since these rent agreements have been already extended more than once in the past, the Group's management believes in a successful closing of the negotiation process;
- The Management Company's management team consists of staff members who are well aware of the Group's assets and customers and have been working with them for many years.

Assumptions about the factors that are primarily outside of the Management Company influence relate to the following:

- The market prices of the Company's shares, on which the management fee expenses depend in full and the success fee expenses depend in part;
- The fair value of the Group's investment property portfolio as of 31 December 2018 and the revaluation effect on the Group's profit for the year;
- Inflation rates at which rental payments are adjusted;
- Weather conditions on which utility expenses (such as heating and electricity) depend.

INDEPENDENT ASSURANCE REPORT ON THE PROSPECTIVE FINANCIAL INFORMATION

To the Management of INVL Asset Management UAB

We report on the profit forecast of INVL Baltic Real Estate Special Closed-Ended Type Real Estate Investment Company (the "Company") and its subsidiaries (together the "Group") for the year ending 31 December 2018 (the "Profit Forecast" or the "Prospective Financial Information"). The Profit Forecast and the material assumptions, upon which it is based, are set out in the section 4.7. "Profit Forecasts" of the Prospectus of the Company entitled "Prospectus of offering of up to 2,893,000 existing Offer Shares, with a nominal value of EUR 1.45 each of Special Closed-End Type Real Estate Investment Company INVL Baltic Real Estate" (the "Prospectus").

This report is required by item 13.2 of Annex I to the Commission Regulation (EC) 809/2014 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended (the "EU Prospectus Regulation") and guidance issued by the European Securities and Markets Authority, and is given for the purpose of complying with that Regulation and for no other purpose.

The Management is responsible for the preparation and presentation of the Profit Forecast, including the assumptions set out in the *Basis for preparation* note of the Profit Forecast, in accordance with the requirements of items 13.1 and 13.3 of Annex I to the EU Prospectus Regulation and guidance issued by the European Securities and Markets Authority. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

It is our responsibility to form an opinion as required by item 13.2 of Annex I to the EU Prospectus Regulation as to the proper compilation of the Profit Forecast on the above stated basis and to report that opinion to the Management.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits and Reviews of Historical Financial Information" issued by the International Federation of Accountants. Our work included evaluating the procedures undertaken by the Management in compiling the Profit Forecast and considering whether the basis of accounting used for the Profit Forecast is consistent with the accounting policies of the Group. We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Forecast has been properly compiled on the basis stated and that the basis of accounting used for the Profit Forecast is consistent with the accounting policies of the Group.

We apply International Standard on Quality Control 1, and accordingly, we maintain a comprehensive system of quality control, including the documented policies and procedures regarding our compliance with the ethical requirements, professional standards and other applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The Profit Forecast has not been audited. Since the Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the reported actual results will correspond to those shown in the Profit Forecast and differences may be material.

In our opinion:

(a) the Profit Forecast has been properly compiled on the basis stated; and

(b) the basis of accounting used for the Profit Forecast is consistent with the accounting policies of the Group.

For the purposes of item 1.2 of Annex I and item 1.2. of Annex III to the EU Prospectus Regulation we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affects its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I and item 1.2. of Annex III to the EU Prospectus Regulation.

On behalf of PricewaterhouseCoopers UAB

Radzevičienė

Rasa Radzevičienė
Partner
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
17 April, 2018

4.8 Administrative, Management and Supervisory Bodies and Senior Management

No management bodies are formed in the Company. Supervisory body (Supervisory Council) is also not formed in the Company.

Management of the Company is transferred to the Management Company. Therefore, following the Law on Collective Investment Undertakings, the rights and duties of the Board and the head of the Company (the Manager), as set in the Law on Companies, are transferred to the Management Company.

The Management Company is responsible for convocation and organisation of the General Meetings, giving notices about publically not disclosed information (inside 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 as provided in Articles of Association, which are incorporated by reference to this Prospectus.

For the sake of efficiency of the Company's activities and control over its investments, an Investment Committee was formed by the decisions of the Board of the Management Company. The Investment Committee consists of 3 (three) members, which are the representatives of the Management Company (currently 2 members are appointed). 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 are set in the regulations of the Investment Committee. The regulations of the Investment Committee are available on the Company's website www.invbalticrealestate.lt.

For the sake of efficiency of activities of the Company, an Advisory Committee may be formed by a decision of the Board of the Management Company. The purpose of the Advisory Committee is to ensure having knowledge about investment objects, into which the Company's assets may be invested, and knowing their specifics. The Advisory Committee shall present its opinion and conclusions to the Investment Committee regarding investments of the Company. Currently no Advisory Committee is formed in the Company.

The procedure of formation, responsibilities, functions of the Advisory Committee, decision-making procedure and other procedures of the Advisory Committee shall be set in the regulations of the Advisory Committee, which shall be made public on the Company's website www.invbalticrealestate.lt.

4.8.1 Management Structure of the Company

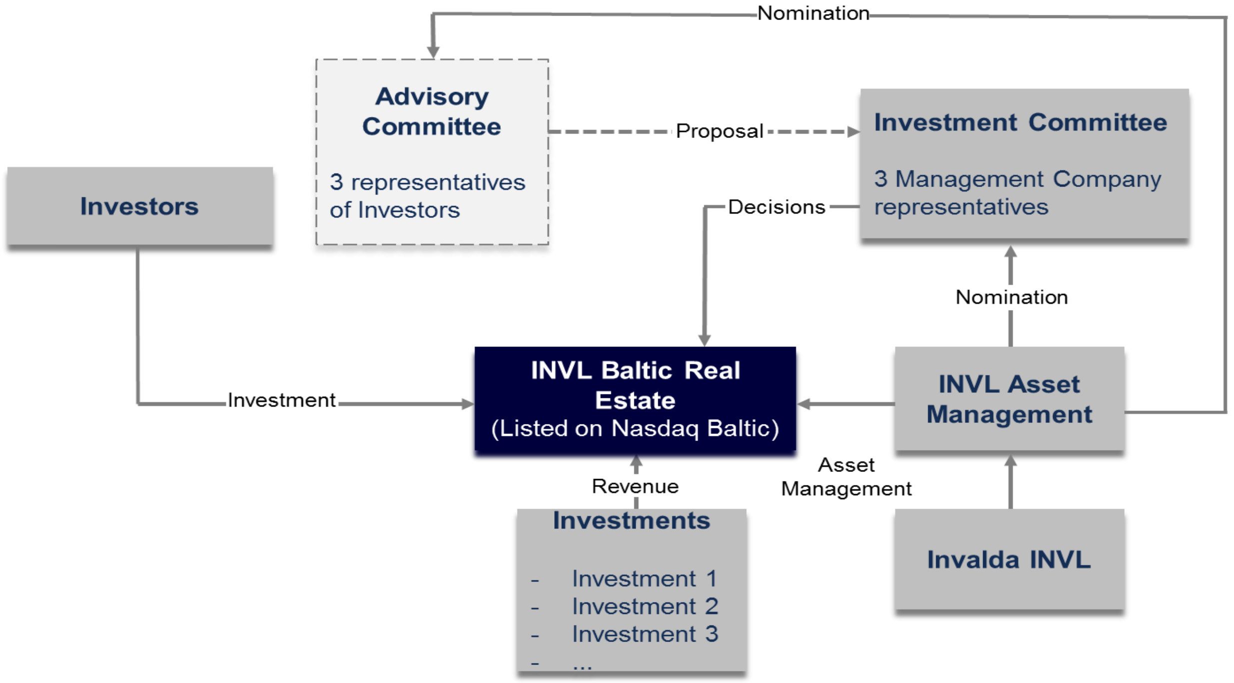
Management of the Company is transferred to the Management Company – a fully-licensed asset management company which is supervised by the LB, based on the Management Agreement, dated 10 November 2016, which came into force as from 22 December 2016, as lastly amended on 29 December 2017. The Management Company being a manager of the investment funds, provides back office functions to the Company (financial, administrative and accounting services) and manages activities of the Company in order to realise value from the asset, owned by the Company.

The Management Company has appointed 2 (two) representatives to the Investment Committee under the procedure, indicated in the Articles of Association of the Company, which are incorporated by reference to this Prospectus.

The purpose of the Investment Committee is to maintain professional and effective deployment of the capital, set investment policies and oversee their implementation.

For more information on the functions and competences of the Management Company and management of the Company, please see Section 4.15.2 *Articles of Association*. For more information on the competence of the Investment Committee please see Section 4.19 *Investment Objective and Policy*.

Figure 2. **Management structure of the Company**



4.8.2 Members of the Administrative, Management Bodies and Key Executives

As it was mentioned above, the management of the Company is transferred to the Management Company. Therefore, the governing bodies of the Management Company are also to be deemed as the Management in the Company and information in this Prospectus is provided accordingly.

Table 14. Members of the Board of the Management Company

Name	Position in the Management Company
Darius Šulnis	Chairman of the Board
Vytautas Plunksnis	Member of the Board
Nerijus Drobavičius	Member of the Board
Laura Križinauskienė	General Manager of the Management Company

Source: the Company

Darius Šulnis. Darius Šulnis (47 years) acquired university education by graduating from Vilnius University. He gained Master's degree in Accounting and Audit. He also finished Duke University (USA), whereby he obtained Global Executive MBA. Darius Šulnis holds a financial broker's licence (general) No. A109. Places of his employment and other material positions for the last 5 years:

Litagra UAB – member of the Board (since July 2017);
Šiaulių bankas AB – member of the Supervisory Council (since March 2016);
INVL Asset Management (Latvia) IPAS – member of the Supervisory Council (from February 2015 till March 2018);
INVL atklātais pensiju fonds (Latvia) AS – member of the Supervisory Council (from February 2015 till March 2018);
INVL Asset Management UAB – Chairman of the Board (since January 2015), General Manager (from January 2015 till October 2017);
Finasta Bank AB – member of the Supervisory Council (from January 2015 till September 2015);
MP Pension Funds Baltic UAB – Chairman of the Board (from September 2014 till October 2015);
INVL Baltic Farmland AB – member of the Board (since April 2014), Director (from April 2014 till June 2015);
Invalda INVL Investments UAB – member of the Board (from February 2014 till June 2016), Director (from February 2014 till June 2016);
Invalda INVL AB – member of the Board (since February 2006), President (since May 2013);
LP grupė UAB (previously known as Litagra UAB) – member of the Board (from December 2011 till December 2017);
INVL Technology AB – member of the Board (from April 2014 till February 2015), Director (from April 2014 till February 2015);
INVL Baltic Real Estate AB – member of the Board (from April 2014 till December 2014), Director (from April 2014 till December 2014);
BAIP grupė UAB – Chairman of the Board (from June 2013 till December 2014);
Invaldos neklinojamo turto fondas AB – member of the Board (from June 2007 till December 2014), Chairman of the Board (from May 2013 till December 2014);
Cedus Invest UAB – member of the Board (from May 2013 till June 2014);
Vilniaus baldai AB – member of the Board (from April 2007 till June 2014);
Kelio ženklai UAB – member of the Board (from October 2013 till June 2014);
Įmonių grupė Inservis UAB – member of the Board (from July 2013 till May 2014);

Inservis UAB – member of the Board (from May 2013 till May 2014);
Burusala SIA – Chairman of the Supervisory Council (from May 2006 till May 2014);
DOMMO SIA – Chairman of the Supervisory Council (from December 2005 till May 2014).

Darius Šulnis directly holds no Shares in the Company. His indirect shareholding is disclosed in Section 4.8.4 *Conflicts of Interest of the Management*.

Vytautas Plunksnis. Vytautas Plunksnis (38 years) acquired university bachelor's education by graduating from Kaunas Technology University, gained Bachelor's degree in Business Management. He holds a financial broker's licence (General) No. G091. Places of his employment and other material positions for the last 5 years:

Deltagon Group Oy (Finland) – member of the Board (from September 2017 till December 2017);
INVL Alternative Assets Umbrella Fund and its subfond INVL Baltijos miškų fondas I – Chairman of the Investment Committee (from February 2017 till February 2018);
INVL Technology UTIB – member of the Investment Committee (since July 2016);
NRD CS UAB – member of the Board (since June 2016);
INVL Finasta FMĮ UAB – member of the Board (from March 2016 till December 2017);
Algoritmų sistemos UAB – Chairman of the Board (since March 2016);
INVL Asset Management UAB – Head of Private Equity Department (since February 2016);
Inventio UAB – Director (from December 2015 till December 2017);
INVL Farmland Management UAB – Chairman of the Board (from November 2015 till January 2018);
INVL Asset Management (Latvia) IPAS – Deputy Chairman of the Supervisory Council (from August 2015 till March 2018);
INVL atklatais pensiju fonds (Latvia) AS – Deputy Chairman of the Supervisory Council (from August 2015 till March 2018);
INVL Asset Management UAB – member of the Board (since January 2015);
MP Pension Funds Baltic UAB – member of the Board (from September 2014 till October 2015);
Finasta Bank AB – member of the Supervisory Council (from January 2015 till September 2015);
Consult Invalda UAB – Director (from June 2014 till January 2018);
NRD UAB – member of the Board (since April 2012);
Vernitas AB – member of the Supervisory Council (since April 2012);
Norway Registers Development AS (Norway) – member of the Board (since December 2011);
Inservis UAB – Chairman of the Board (from November 2011 till April 2015);
Kelio ženklai UAB – member of the Board (from May 2013 to April 2015);
Invalda Nekilnojamo Turto Fondas AB – member of the Board (from May 2013 till April 2015);
Įmonių grupė Inservis UAB – Chairman of the Board (from November 2011 till April 2015);
Jurita UAB – Chairman of the Board (from August 2011 till April 2015);
Invalda INVL AB – Investment Manager (from September 2009 till January 2016);
Investors' Association – Chairman of the Board (since June 2009).

Vytautas Plunksnis holds 1,000 Shares in the Company.

Nerijus Drobavičius. Nerijus Drobavičius (41 years) acquired university education by graduating from Vytautas Magnus University. He gained Master's degree in Business Administration. Places of his employment and other material positions for the last 5 years:

INVL Technology UTIB – member of the Investment Committee (since July 2016);
Andmevara AS (Estonia) – Chairman of the Supervisory Council (since April 2016);
Etronika UAB – member of the Board (since July 2015);
INVL Asset Management UAB – Head of IT Departments (since February 2015);
INVL Asset Management (Latvia) IPAS – member of the Supervisory Council (from February 2015 till March 2018);
INVL atklatais pensiju fonds (Latvia) AS – member of the Supervisory Council (from February 2015 till March 2018);
INVL Asset Management UAB – member of the Board (since January 2015);
INVL Fondai UAB – Director (from June 2014 till October 2015);
Inservis UAB – member of the Board (since June 2014), Chairman of the Board (since April 2015);
Įmonių grupė Inservis UAB – member of the Board (since June 2014), Chairman of the Board (since April 2015);
Jurita UAB – Chairman of the Board (since May 2015);
Invalda INVL Investments UAB – Finance Director (from March 2014 till May 2016);
Finasta Bank AB – Chairman of the Supervisory Council (from January 2015 till September 2015);
MP Pension Funds Baltic UAB – member of the Board (from September 2014 till October 2015);
Invalda INVL AB – Project manager (from February 2014 till January 2015);
Freelance consultant (from January 2012 till February 2014);
Umega AB – member of the Board (from January 2012 till January 2014).

Nerijus Drobavičius holds no Shares in the Company.

Laura Križinauskienė. Laura Križinauskienė (36 years) acquired university education by graduating from Vilnius Gediminas Technical University. She gained Master‘s degree in Management and Business Administration.

Places of her employment and other material positions for the last 5 years:

INVL Asset Management (Latvia) IPAS – member of the Supervisory Council (since March 2018);
INVL atklatais pensiju fonds (Latvia) AS – member of the Supervisory Council (since March 2018);
INVL Finasta FMĮ UAB – member of the Board (since December 2017);

INVL Asset Management UAB – General Manager (since October 2017);
Danske Bank A/S Lithuanian branch – Operational manager (from May 2016 till October 2017);
Baltpool UAB – member of the Board (from August 2012 till November 2016);
Baltpool UAB – General manager (from August 2012 till May 2016).

Laura Križinauskienė holds no Shares in the Company.

Key Executives

Taking into consideration the specifics of management of the closed-end type investment companies, the Issuer considers that members of the Board and General Manager of the Management Company (described in Section above) should be attributed to the Key Executives of the Company.

In addition to that, the Issuer also considers as Key Executives the members of the Investment Committee of the Company.

Andrius Daukšas and Vytautas Bakšinskas were elected to the Investment Committee of the Company by the decision of the Management Company.

Table 15. Key Executives

Name	Position
Andrius Daukšas	Member of the Investment Committee
Vytautas Bakšinskas	Member of the Investment Committee
Nerijus Drobavičius	Member of the Board of the Management Company
Vytautas Plunksnis	Member of the Board of the Management Company
Darius Šulnis	Chairman of the Board of the Management Company
Laura Križinauskienė	General manager of the Management Company

Source: the Company

Andrius Daukšas. Andrius Daukšas (35 years) acquired university education by graduating from Vilnius University. He gained Master‘s degree in Banking. Places of his employment and other material positions for the last 5 years:

INVL Asset Management UAB – Investment Manager (since December 2016);
Proprietas UAB (former INVL Baltic Real Estate UAB) – Director (from December 2016 till December 2017);
INVL Baltic Real Estate AB – Director and member of the Board (from August 2015 till January 2016), deputy director (from January 2016 till December 2016);
INVL Baltic Real Estate AB (Former Parent Company) – Director (from December 2014 till August 2015);
Informacinio verslo paslaugų imonė AB – member of the Management Board (since April 2016);
Vilniaus Baldai AB – member of the Audit Committee (from September 2013 till June 2014);
Kelio Ženklai UAB – Chairman of the Board (since May 2013);
Jurita UAB – member of the Management Board (since August 2011);
Įmonių grupė Inservis UAB – member of the Board (since August 2011);
Įmonių grupė Inservis UAB – Director (since December 2010);
Inservis UAB – member of the Board (since April 2015);
Invalda INVL AB – Investment Manager, Analyst (from March 2010 till December 2016);
Alzida UAB – Accountant (from December 2002 till December 2015).

Andrius Daukšas holds 5,000 Shares in the Company.

Vytautas Bakšinskas. Vytautas Bakšinskas (30 years). Places of his employment and other material positions for the last 5 years:

INVL Asset Management UAB – Real Estate Fund Manager (since January 2017);
Proprietas UAB (former INVL Baltic Real Estate UAB) – Director (since January 2018);
Variagis UAB – Director (from August 2016 till December 2016);
Riešės investicija UAB – Director (from March 2014 till December 2016);
Dipolio valda UAB – Director (from November 2013 till December 2016);
Etanija UAB – Director (from October 2013 till December 2016);
Paralelių valda UAB – Director (from November 2013 till December 2016);
Tripolio valda UAB – Director (from November 2013 till December 2016);
Justiniškių valda UAB – Director (from January 2012 till December 2016);
Dizaino institutas UAB – Director (from January 2016 till December 2016);
Inreal valdymas UAB – Manager of the Lease department (from September 2011 till December 2016);
Elniakampio namai UAB – Director (from March 2014 till June 2016);
Akvilas UAB – Director (from June 2015 till January 2016);
Aikstentis UAB – Director (from March 2014 till July 2015);
Trakų kelias UAB – Director (from March 2014 till July 2015);
SAGO UAB – Project manager (from April 2010 till February 2013);
Naujoji švara UAB – Project manager (from January 2013 till February 2013).

Vytautas Bakšinskas holds no Shares in the Company.

Information on other Key Executives of the Company is indicated in Section 4.8.2 *Members of the Administrative, Management Bodies and Key Executives* above.

4.8.3 Declarations

To the best knowledge of the Company, for the last five years neither member of the Management of the Company (i) was convicted for any fraud offences, (ii) was associated with any bankruptcies, receiverships or liquidations in their capacity as members of the administrative, management or supervisory bodies, partners with unlimited liability, founders or senior managers, or (iii) was subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of the Company or from acting in the management or conduct of the affairs of any entity.

4.8.4 Conflicts of Interest of the Management

Andrius Daukšas (member of the Investment Committee) is a direct shareholder of the Company, holding 0.04% of Shares respectively and Vytautas Plunksnis (member of the Board of the Management Company) is also a direct shareholder of the Company, holding 0.01% of Shares. The Chairman of the Board of the Management Company – Darius Šulnis through his 100% controlled entity Lucrum investicija UAB controls 1.862% of Shares and 3.175% of votes in the Company. Darius Šulnis is also a CEO and Board member of Invalda INVL AB, which holds 32.23% of Shares in the Company.

It is possible that the direct and indirect shareholders of the Company (two of which are members of the Management Board and one – member of the Investment Committee) may favour their own interests rather than those of the Company.

The Management Company (INVL Asset Management UAB), which will also execute the Offering under the provisions of the Law on Collective Investment Undertakings, is 100% owned by Invalda INVL AB, which is also a shareholder of the Company. Shareholders of the Company LJB Investments UAB, Irena Ona Mišeikienė, Indrė Mišeikytė and Alvydas Banys (together with Lucrum investicija UAB) have 91.59% of votes in Invalda INVL AB. It is possible that the above-mentioned persons may favour their own interests or interests of Invalda INVL AB, rather than those of the Company.

Apart from the above, the Company is not aware of any potential conflict of interests between any duties to the Company of the members of the Board of the Management Company or the Key Executives.

Furthermore, none of the members of the Board of the Management Company is related to any other member of this body as well as to any Key Executives by blood or marriage.

There are no arrangements with the major shareholders of the Issuer, customers, suppliers or others, pursuant to which any member of the Board of the Management Company and/or the Key Executive was selected as a member of the administrative, management or member of senior management.

There are no restrictions on transferring the Issuer's Shares for the members of the Board of the Management Company and/or the Key Executives except the restrictions, foreseen in the Law on Markets in Financial Instruments, which forbids trading in securities during certain time periods.

4.9 Remuneration and Benefits

During the year 2017 the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to the management (being the management at that time) by the Issuer and its Subsidiaries for services in all capacities to the Issuer and its Subsidiaries amounted to EUR 727, which were all paid to member of the Investment Committee Andrius Daukšas.

During the year 2017 the remuneration for management services provided by the Management Company amounted to EUR 296 thousand of the Management Fee and EUR 349 thousand of the Performance Fee (change in provision).

Neither the Issuer nor any Subsidiary has set aside or accrued any amounts to provide pension, retirement or similar benefits to any member of the Management.

There are no loans granted by the Issuer or any Subsidiary to members of the Management. Furthermore, there are no guarantees or warranties provided, according to which execution of their obligations is ensured, also there were no paid or counted amounts or transfer of assets.

4.10 Board Practices

Term of office

The management of the Company is transferred to the Management Company, as indicated in Section 4.8 *Administrative, Management and Supervisory Bodies and Senior Management*. Therefore, the Company provides information about the Management of the Company hereof.

The term of office of the Board of the Management Company and the Key Executives of the Company as well as the period, during which respective persons hold positions are provided herein below.

Table 16. Tenure of the Management of the Company

Name	Position in the Company	In the position	
		Since	Until
Andrius Daukšas	Member of the Investment Committee	Issuance of the Licence by the LB and formation of the Investment Committee on 22 December 2016	Revocation from the Investment Committee
Vytautas Bakšinskas	Member of the Investment Committee	2 January 2017	Revocation from the Investment Committee
Vytautas Plunksnis	Member of the Board of the Management Company	19 January 2015	The annual General Meeting of the Management Company, to be held in 2019 (unless revoked earlier)
Nerijus Drobavičius	Member of the Board of the Management Company	19 January 2015	The annual General Meeting of the Management Company, to be held in 2019 (unless revoked earlier)
Darius Šulnis	Chairman of the Board of the Management Company	19 January 2015	The annual General Meeting of the Management Company, to be held in 2019 (unless revoked earlier)
Laura Križinauskienė	General manager of the Management Company	2 October 2017	Indefinite

Source: the Company

According to the Law on Companies, the tenure of the Board may not last longer than until the annual General Meeting convened in the last year of the tenure of the Board. Thus, the current members of the Board of the Management Company are elected until the annual general meeting of the Management Company in the year 2019 (unless revoked earlier). There is no limitation on the number of terms of office a member of the Board may serve.

The Key Executives have employment/service relations with the Management Company (not with the Company) which are of unlimited duration, thus, the Company may not incur any expenses, related to termination of employment/service provision to any of Key Executives and all of them would be incurred by the Management Company.

Information about members of the administrative or management bodies' service contracts with the Issuer or any of its Subsidiaries providing for benefits upon termination of employment

The management of the Company is transferred to the Management Company based on the Management Agreement concluded by the Company with the Management Company on 10 November 2016, which came into force as from 22 December 2016, as amended on 29 December 2017. Under the Management Agreement the Management Company is entitled to receive certain payments for its services, including after termination of the agreement (for more information on the please see *Section 4.21 The Issuer's Service Providers*).

Apart from this agreement there are no other direct services contracts with separate members of the administrative or management bodies concluded by the Issuer.

Audit Committee and Nomination and Remuneration Committee

The Regulations of the formation and activity of the Audit Committee were approved and its members were elected according to the decision of the General Meeting, dated 11 April 2017.

According to the Regulations of the formation and activity of the Audit Committee the main functions of this committee among others are:

- to inform the Management Company about results of audit of finance statements and explain how this audit contributed to the reliability of finance statements and what was the role of Audit Committee performing it;
- to monitor the financial reporting process and submit recommendations on ensuring the liability of it;
- to monitor the effectiveness of Company's internal quality control and risk management systems, having impact on Company's financial statement, and internal audit, without prejudice to the independence of the internal audit;
- to monitor the audit of annual finance statements and consolidated financial statements, especially paying attention to its performance, considering established deficiencies of audit of finance statements during inspection of the Company and reached conclusions;
- to review and monitor the independence of auditors and auditors' companies seeking to avoid conflict of interests;
- to submit recommendations to the General Meeting related to selection, appointment, repeated appointment and revocation of external audit company and terms of agreement with external audit company.

Members of the Audit Committee shall be appointed by the General Meeting. The Audit Committee consists of 2 members. Majority of members of the Audit Committee have to be the independent member having at least 3 years of work experience in the field of accounting or audit of finance statements. The criteria of independency are determined in the Regulations of the formation and activity of the Audit Committee. The General Meeting has the right to withdraw the entire Audit Committee *in corpore* or its individual member and to appoint a new committee or individual members of the committee.

Members of the Audit Committee may receive remuneration for their work in the Audit Committee. Remuneration was approved by the General Meeting on 11 April 2017, fixing the maximum hourly rate (no higher than EUR 145).

The Audit Committee may take decisions and its meeting should be considered valid, when both members of the committee participate in it. The decision is passed when both members of the Audit Committee vote for it.

Current members of the Audit Committee are the following: Danguolę Pranckėnienė and Tomas Bubinas (both are independent members).

The Issuer has not formed the Nomination and Remuneration Committee.

Compliance with the Corporate Governance Regime

Information on Company's compliance with Corporate Governance regime is provided in Appendix 2 of the Annual Report of the Company for the year 2017.

Following the issuance of the Licence, the Company as a Nasdaq listed issuer continues acting in compliance with the Corporate Governance regime to the widest possible extent.

4.11 Employees

Shareholdings and stock options

Information on the Shares of the Company, held by the members of the Management is provided in Section 4.8.4 *Conflicts of Interest of the Management*.

Arrangements for involving the employees in the capital of the Issuer

There are no such arrangements.

4.12 Major Shareholders

On the day of this Prospectus the authorised capital of the Company is EUR 19,067,500 and is divided into 13,150,000 ordinary registered Shares with a nominal value of EUR 1.45 each. All the Shares issued by the Company entitle to equal voting rights to their holders.

In the table below the information is provided on shareholders of the Company having more than 5% of authorised capital of the Company on the date of this Prospectus.

Table 17. Shareholders of the Company, holding more than 5% of the authorised capital of the Company as of the date hereof

No.	Shareholder	Number of owned shares and votes directly	Percentage owned directly, %	Indirectly held votes, %	Total, %
1.	Invalda INVL AB	4,238,747	32.23	0	32.23
2.	LJB Investments UAB	2,631,695	20.01	0	20.01
3.	Irena Ona Mišeikienė	2,498,596	19.00	0	19.00
4.	Alvydas Banys	663,640	5.05	20.01(*)	25.06

Source: the Company

** According to Part 6 of Paragraph 1 of Article 26 of the Law on Securities, it is considered that Alvydas Banys has votes of LJB Investments UAB, a company controlled by him.*

No Shareholders' Agreements are in effect in the Company or its Subsidiaries.

Apart from the information, indicated in this Section, the Company has no information about any other possible control over the Issuer.

The table below indicate the Issuer's shareholding structure after the Offering:

Table 18. Shareholders of the Company, holding more than 5% of the authorised capital of the Company after the Offering[15]

No.	Shareholder	Number of owned shares and votes directly	Percentage owned directly, %	Indirectly held votes, %	Total, %
1.	LJB Investments UAB	2,631,695	20.01	0	20.01
2.	Irena Ona Mišeikienė	2,498,596	19.00	0	19.00
3.	Invalda INVL AB	1,345,747	10.23	0	10.23
4.	Alvydas Banys	663,640	5.05	20.01(*)	25.06

[15] Assuming that all the Offer Shares are sold during the Offering and none of the current shareholder acquire them from the Selling Shareholder.

Source: the Company
** According to Part 6 of Paragraph 1 of Article 26 of the Law on Securities, it is considered that Alvydas Banys has votes of LJB Investments UAB, a company controlled by him.*

Voting rights of major shareholders of the Issuer

All the Shares of the Issuer entitle equal voting rights to its shareholders.

Arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer

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

4.13 Related Party Transactions

General overview

Transactions within the Related Parties fall under the following categories:

- Loans granted/received;
- Sale of goods and services;
- Purchase of goods and services (including accounting, maintenance and repair services, management services, etc.).

The Management believes that all arrangements between the Related Parties are entered on the arm's length basis. The Management believes that there are no arrangements between Related Parties influencing main business of the Group either directly or indirectly.

The Related Parties of the Group on 28 February 2017 and in the years 2017 and 2016 were the shareholders of the Company, key management personnel, including the companies under control or joint control of key management and shareholders having significant influence, and joint ventures. Invalda INVL AB and the entities controlled by Invalda INVL AB are also considered to be related parties, because the shareholders of the Company, having significance influence, also have a joint control over Invalda INVL AB group through shareholders' agreement.

Transactions of the Company with the Related Parties as at 31 December 2017 and 2016 and the balances thereof as at the respective date are disclosed in the IFRS Financial Statements (Note 20 of the IFRS Financial Statements for the year 2017 and Note 25 of the IFRS Financial Statements for the year 2016), incorporated by reference in this Prospectus.

Below are disclosed the Group's transactions with related parties during the January-February of 2018 and related balances on 28 February 2018:

Table 19. Related Party Transactions as at 28 February 2018, EUR thousand

	Revenue and other income from related parties	Purchases and interest from related parties	Receivables from related parties	Payables to related parties
Invalda INVL AB (accounting services)	-	2	-	2
Other related parties (borrowings)	-	4	-	804
Other related parties (maintenance and repair services)	-	56	-	57
Other related parties (rent, utilities and other)	49	2	19	-
Other related parties (management services provided by the Management Company)	-	50	-	531
Total	**49**	**114**	**19**	**1,394**

Source: the Company

4.14 Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profit and Losses

4.14.1 Audited Financial Information

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

Historical financial information of the Company is indicated in IFRS Financial Statements, incorporated by reference to this Prospectus.

Summary of Independent Auditors' Reports

The separate and consolidated financial statements for the years ended 31 December 2017 and 31 December 2016 of the Group, incorporated by reference in this Prospectus, have been audited by PricewaterhouseCoopers UAB ("PwC"), independent auditors, who issued an unqualified auditor's report on the abovementioned financial statements.

4.14.2 Dividend Policy

The Company has approved its dividend payment policy, which is incorporated by reference to this Prospectus, in its General Meeting, dated 15 January 2016 and amended in the General Meting, dated 29 December 2017. General principles of this policy are as follows:

- based on the fact that valid legal acts and contractual obligations of the Company don't restrict the Company's right to pay dividends, dividends make such a part of the profit that for every single ordinary registered share it is 0.13 euro, unless, if there will be need of investments, also taking account the Company's net flow adequacy, the general financial situation or negative market trends, the payment of dividends could make negative effect to the Company's operations;
- in case net profit of the reporting period is larger than previously described portion of the profit attributable for dividends, the Investment Committee taking into consideration a need for investments and working capital as well as market conditions, projected cash flows and other in the opinion of the Investment Committee significant conditions can propose to the General Meeting to pay as dividends higher portion of the profit than described earlier.

Decision to pay dividends is approved by the General Meeting distributing profit of the Company available for distribution. The Company has not projected to pay dividends for the shorter period than a financial year.

Apart from that the Articles of Association (Part X thereof), which are incorporated by reference to this Prospectus, foresee the following rules of dividend payment:

Decision on payment of dividend shall be taken by the General Meeting taking into account the recommendations of the Management Company.

In case of payment of interim dividend, a set of financial statements of the Company must be drawn up and audited no earlier than 30 days before making a decision to distribute dividend.

The Company shall pay the distributed dividend within one month after the date of the decision of the General Meeting to pay dividend, except for those cases when the Management Company decides to postpone payment of dividend following the Articles of Association.

The Management Company can, by its reasoned decision, postpone payment of dividend if payment of dividend:

- would result in violation of the requirements for diversification of investments of the Company; or
- would pose a threat for sustainable finances of the Company;
- would pose a risk for proper fulfilment of obligations assumed by the Company or would pose a risk that the Company would be unable to complete the transactions of acquisition of investment objects or of additional investments into them that started to be implemented (implementation of a transaction in this case is understood as a process from commencing negotiations with a counterparty until closing (fulfilment) of the transaction).

The Management Company must take a relevant decision and resume payment of dividend, ensuring that dividend would be paid to shareholders no later than within one month after the moment of disappearance of the grounds for suspension of payment of dividend, but in any case, payment of dividend cannot be postponed for more than one year after the date of taking a relevant decision of the General Meeting to pay dividend.

Dividend payable to shareholders shall be transferred to the bank accounts indicated by the shareholders or (if a shareholder's data is unknown) to a deposit account under the procedure set by legal acts.

The Company shall pay dividend in Euros. The right to receive dividend shall be vested in persons who were shareholders or had the right to dividend on any other lawful grounds at the end of the record date of the General Meeting.

Following the above dividend payment policy, the Company suggested and the General Meeting approved payment of dividends for the financial years 2017 in an amount of EUR 1,709,500, i.e. EUR 0.13 for one Share. For the year 2016 the General Meeting approved payment of dividends in an amount of EUR 789,000, i.e. EUR 0.012 for one Share (when nominal value of Share was EUR 0.29 and the total number of Shares was 65,750,000).

4.14.3 Legal and Arbitration Proceedings

Neither the Company nor any of its Subsidiaries have, during the 12 months preceding the date of this Prospectus, been or are currently involved in any material governmental, legal or arbitral proceedings (including any such proceedings which are pending or threaten of which the Company is aware) or material disputes which may have or have had a significant adverse effect on the business, results of operations or financial position or profitability of the Company and/or the Group as a whole.

4.14.4 Significant Changes in the Issuer's Financial or Trading Position

There were no significant changes in the Issuer's financial or trading position, which has occurred since the end of 31 December 2017, except as described below.

On 29 December 2017 the General Meeting has decided to change nominal value of Shares from EUR 0.29 to EUR 1.45. The changes came into force on 15 January 2018 when the new wording of Articles of Association was registered by the Register of Legal Entities. As of 15 January 2018, the Company's share capital is divided into 13,150,000 ordinary registered Shares with the nominal value of EUR 1.45 each. As a consequence of reverse Share split the basic and diluted earnings per Share amounted EUR 0.27 for 2017.

On 23 February 2018 the Board of the Financial and Capital Market Commission in Latvia adopted a decision on the unavailability of deposits at ABLV Bank AS. At this date, the Group had EUR 274 thousand of cash, cash equivalents and deposits at ABLV Bank AS. Since only EUR 100 thousand of the total amount is covered by insurance, the Group can suffer up to EUR 174 thousand of loss in the worst-case scenario. It was announced that ABLV Bank AS would seek voluntary liquidation. If the Financial and Capital Market Commission approved the latter, the Group might not suffer any loss.

Payment of dividends of EUR 0.13 per Share and total dividends of EUR 1,710 thousand in respect of the year ended 31 December 2017 was approved by the General Meeting, dated 26 March 2018.

On 10 April 2018 the Company has signed an amendment of to the borrowing agreement with Šiaulių bankas AB. According to the amendment the new credit limit of EUR 24,000 thousand is set. It consists of two parts. The first part amounts to EUR 22,926 thousand and could be disbursed until 31 May 2019. The second part is a credit line of EUR 1,000 thousand, which could be disbursed until 22 December 2022. Therefore, the Company could use additional liquidity source of up to EUR 5,690 thousand. Furthermore, the settlement schedule and interest rate were changed. In 2018 the Group will have to repay the amount of EUR 575 thousand instead of EUR 447 thousand.

4.15 Additional Information

4.15.1 Share Capital

Table 20.

Name of securities	Number of securities	Nominal value, EUR	Total nominal value, EUR	Part in the share capital, %
Ordinary registered shares	13,150,000	1.45	19,067,500	100

Source: the Company

All the Shares of the Company currently are freely floated and the Company is not aware on any lock-ups thereon.

Amendments to share capital of the Issuer within 3 last years

Table 21.

Registration of the amended share capital	Amount of share capital prior to amendment	Amendment	Reason	Share capital after the amendment
17-08-2015	LTL 33,265,440 (approx. EUR 9,646,977.60)	+ EUR 2,888,635.48	Conversion of the authorised capital and nominal value of shares from LTL to EUR and Merger of the Former Parent Company to the Issuer	EUR 12,535,613.08, divided into 43,226,252 shares par value of EUR 0.29 each
08-03-2016	EUR 12,535,613.08	+ EUR 6,531,886.92	Increase of the share capital by additional contributions	EUR 19,067,500
15-01-2018	EUR 19,067,500	-	change of nominal value of Shares from EUR 0.29 to EUR 1.45	EUR 19,067,500

Source: the Company

Information on shares, not representing capital

The Issuer has not issued shares, not representing its capital.

The number, book value and face value of shares in the Issuer held by or on behalf of the Issuer itself or by its Sunsidiaries

The Issuer has no shares of its own, held by itself or which are held on Issuer's behalf or which are held by the Subsidiaries.

The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription

The Issuer has not issued any convertible securities, exchangeable securities or securities with warrants.

Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital

The Issuer has not issued any acquisition rights and has no obligations over authorised but unissued capital or an undertaking to increase the capital.

Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate

None of the aforementioned transactions are signed either by the Company or by the Subsidiaries.

4.15.2 Articles of Association

Issuer's objects and purposes

The purposes and the object of activities of the Company are provided for in Part III of the Articles of Association, pursuant to which the aim of the Company is to accumulate shareholders' funds by public offering of shares under the procedure set in the Articles of Association and, diversifying the risk, to invest them collectively into assets indicated in the Articles of Association in compliance with investment requirements indicated in legal acts. For this purpose, the Company shall perform investment and reinvestment activity.

Management of the Issuer shall be assigned to the Management Company, whereas assets of the Company shall be transferred to the Depository for keeping.

Bodies of the Company

The Issuer's management is described in Part VIII of the Articles of Association.

Following this Part, no management bodies shall be formed in the Company. Management of the Company shall be transferred to the Management Company, therefore, following the Law on Collective Investment Undertakings, the rights and duties of the Board and the head of the Company, as set in the Law on Companies, shall be transferred to the Management Company. For more information, please see below.

The General Meeting

The competence of the General Meeting, the procedure of its convocation and taking of decisions thereat does not differ from the competence and procedures set in the Law on Companies to the extent the Articles of Association or the Law on Collective Investment Undertakings do not indicate otherwise. The competence, procedure of convocation of the General Meeting is described in Part IX of the Articles of Association.

Part IX of Articles of Association foresees the following different rules, related to General Meetings from the ones, established under the Law on Companies.

The right to initiate convocation of the meeting shall be vested in the Management Company and shareholders, Shares owned by which carry at least 1/10 of all the votes in the General Meeting.

The convocation of a General Meeting shall be organised by the Management Company.

All decisions of the General Meeting 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 can be taken only after taking into account the recommendations given by the Management Company and with regard to consequences of a relevant decision indicated by the Management Company, i.e. decisions regarding:

- amending the Articles of Association of the Company;
- redemption of Shares;
- distribution of the profit (loss) of the Company;
- 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.

The Management Company must present its recommendations on draft decisions on issues indicated above together with the announced draft decisions proposed by the Management Company. In case draft decisions are proposed not by the Management Company but by the 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 manner in which 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.

In case the General Meeting 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.

An annual General Meeting must take place no later than by 30 April of the current year.

Representatives of the Management Company shall have the right to take part in all General Meetings.

An extraordinary General Meeting must be convened if:

- that is requested by shareholders having the right to initiate convocation of the General Meeting or by the Management Company;
- the auditor or audit firm terminates its agreement with the Company or for any other reasons cannot audit the set of annual financial statements of the Company;
- the Management Company seeks to terminate the management agreement with the Company or there are reasons why the agreement between the Company and the Management Company cannot be performed;
- in other cases, set in legal acts of the Republic of Lithuania and in the Articles of Association.

The General Meeting can take decisions and shall be deemed quorate irrespective of the number of votes carried by Shares held by the shareholders present thereat.

The General Meeting shall not have the right to take decisions, which are assigned to the competence of the Management Company by the Articles of Association or which are management decisions by their essence.

The Management Company

There are no management bodies formed in the Issuer and management of the Company is transferred to the Management Company, as indicated in Part VIII of the Articles of Association, incorporated by reference to this Prospectus.

As management of the Company is transferred to the Management Company, therefore, following the Law on Collective Investment Undertakings, the rights and duties of the Board and the head of the Company, as set in the Law on Companies, are transferred to the Management Company.

The Management Company shall be responsible for convocation and organisation of the General Meeting, giving notices about publically not disclosed information (inside 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 shall have 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 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, 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 will be 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 LB, 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 Management Agreement of the Company with the Management Company was approved by the General Meeting, dated 10 November 2016 and signed by the parties on the same day. The Management Agreement came into force as from issuance of the Licence by the LB on 22 December 2016. The Management Agreement was amended on 29 December 2017 after the General Meeting approved new version of the agrrement.

The Management Company can be replaced by a decision of the General Meeting. The Management Company can be replaced by a decision of the General Meeting in cases when:

- the Management Company is being liquidated;
- the Management Company undergoes restructuring;
- bankruptcy proceedings are initiated against the Management Company;
- the LB 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, the Articles of Association or legal acts;
- in other circumstances in compliance with applicable legislation.

The Management Company shall be replaced after receipt of a prior permission of the LB.

The Manager

There are no management bodies (including the Manager) in the Issuer and management of the Company is transferred to the Management Company. For more information, please see Section above.

Rights conferred by the Shares of the Company

All the Shares confer equal rights to all the shareholders.

The Issuer's Articles of Association foresee the following different rules related to shareholders' rights, from the ones, established under the Law on Companies (they described in Part VI of the Articles of Association).

The value of the Shares of the Company will change depending on the Net Asset Value of the Company.

The shareholders shall have the following property rights:

- to receive a share of profit (dividend) of the Company if the General Meeting decides to distribute it;
- to sell or otherwise transfer all or some of their Shares to the ownership of other persons on the secondary market;
- under the procedure set in the Articles of Association, to receive a part of the funds of the Company, which are disbursed in case the General Meeting takes a decision to redeem some of the Shares;
- under the procedure set in legal acts of the Republic of Lithuania and in the Articles of Association, to receive a part of funds of the Company, disbursable in case of winding up of the Company (i.e. liquidation of the Company);
- other property rights provided for in legal acts and the Articles of Association.

Shares of the Company shall give the shareholders the following personal non-property rights:

- to take part in the General Meetings;
- to vote at the General Meetings according to rights carried by the Shares. One Share shall give one vote in the General Meeting;
- to obtain information about the Company under the procedure set by legal acts of the Republic of Lithuania;

- to give questions to the Management Company in advance, related to issues on the agenda of the General Meetings;
- other non-property rights provided for in legal acts of the Republic of Lithuania and in the Articles of Association.

New Shares can be issued by increasing the authorised capital of the Company by a decision of the General Meeting upon a proposal of the Management Company. The proposal of the Management Company regarding increase of the authorised capital must *inter alia* discuss in detail the procedure of issue of new Shares and terms of payment for them, as well as the reason why it is proposed to increase the authorised capital of the Company.

Current shareholders of the Company will have the pre-emptive right to acquire newly issued Shares pro rata to the number of Shares held by them (on the rights record date).

Newly issued Shares can be offered to persons other than the shareholders only in case the current shareholders did not subscribe for all the Shares planned to be issued within a period set by a decision of the Management Company, which cannot be shorter than 10 calendar days and longer than 30 calendar days.

Shares of a new Share issue must be paid within the term set in the Share Subscription Agreement, which cannot be longer than 30 business days.

New Shares shall be issued only after the money is credited to the bank account of the Company. Shares of the Company shall be paid only in cash. Shares shall be purchased in Euros.

Newly issued Shares of the Company can be publicly offered only after the Company has announced the prospectus approved by the LB under the procedure set by legal acts of the Republic of Lithuania. The Company shall announce the approved prospectus without delay, no later than by the start of the public offering of the Shares or their admission to trading on the regulated market. After public announcement of the prospectus, the Company must publish it in the Central Base of Regulated Information under the procedure set by the Law on Securities.

Procedure of amending the Articles of Association of the Company

Under Part XVII of the Articles of Association the Articles of Association may be amended pursuant to the following procedure:

- the Articles of Association shall be changed under the decision of the General Meeting;
- the adopted amendments to the Articles of Association shall come into effect when they are registered with the Register of Legal Entities under the procedure set by laws;
- amendments and additions to the Articles of Association shall be registered with the Register of Legal Entities under the procedure set by laws after they are approved by the LB.

Procedures of the General Meeting

Generally, the procedure of the General Meeting does not differ from the procedure set in the Law on Companies, subject to certain exceptions, indicated in the Articles of Association.

The main rules of convocation of and attending the General Meeting are as follows:

The right of initiative to convene the General Meeting is vested in the Management Company and the shareholders, Shares owned by which carry at least 1/10 of all votes. The convocation of the General Meeting shall be organised by the Management Company.

General Meetings are annual and extraordinary. An annual General Meeting must be held not later than by 30 April of the current year. The extraordinary General Meeting must be convened if: (i) that is requested by shareholders having the right to initiate convocation of the General Meeting or by the Management Company; (ii) the auditor or audit firm terminates its agreement with the Company or for any other reasons cannot audit the set of annual financial statements of the Company; (iii) the Management Company seeks to terminate the management agreement with the Company or there are reasons why the agreement between the Company and the Management Company cannot be performed; (iv) in other cases set in legal acts of the Republic of Lithuania and in the Articles of Association.

A notice of convocation of the General Meeting is to be made public no later than 21 days before the date of the General Meeting through Nasdaq distribution system as a material event, and is also to be published on the Company's website www.invlbalticrealestate.lt.

Subject to certain additional rules, indicated in the Articles of Association, additional matters to be included into the agenda of the General Meeting may be proposed by the Management Company and one or several shareholders holding shares that carry at least 1/20 of all votes no later than 14 days prior to the meeting. In addition, they may propose new draft decisions on the matters in the agenda prior to and during the General Meeting.

The General Meeting can take decisions and shall be deemed quorate irrespective of the number of votes carried by Shares held by the shareholders present thereat.

The persons who were shareholders of the Company at the close of the record date of the General Meeting (i.e. the fifth business day prior the date of the General Meeting) have the right to attend and vote at the General Meeting. The shareholder's right to attend the General Meeting also includes the right to speak and to ask questions regarding the items on the agenda of the meeting. The questions given to the Company by the shareholder regarding the items on the agenda of the General Meeting must be answered before the General Meeting, if such questions were received not later than 3 business days before the General Meeting.

Shareholders or persons authorised by them or persons with whom an agreement on assignment of voting rights is concluded may attend and vote at the General Meeting.

A person attending the General Meeting and entitled to vote must present a document which is a proof of his identity. A person who is not a shareholder must additionally present a document attesting to his right to vote at the General Meeting.

A shareholder or his proxy has the right to vote in advance in writing, by filling in a general ballot paper. If the shareholder requests so, the Company, no later than 10 days before the General Meeting, must dispatch a general ballot paper by registered mail free of charge or delivered by hand. The general ballot paper shall also be available on the Company's website www.invlbalticrealestate.lt no later than 21 days before the General Meeting. The filled-in general ballot paper and the document attesting to the right to vote must be submitted to the Company prior to the General Meeting (it may be delivered by sending to the Company at the address Gynėjų str. 14, Vilnius, the Republic of Lithuania, by registered mail, or delivered by hand). If the general ballot paper is signed by a person, who is not a shareholder of the Company, a document attesting to his right to vote at the General Meeting must be additionally presented.

The Company does not provide a possibility to attend the General Meeting and to vote by means of electronic communications.

A description of any provision of the Articles of Association, statutes, charter or bylaw that would have an effect of delaying, deferring or preventing a change in control of the Issuer

There are no such provisions.

An indication of the Articles of Association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed

There are no such provisions.

A description of the conditions imposed by the memorandum and Articles of Association statutes, charter or bylaw governing changes in the capital, where such conditions are more stringent than is required by law

There are no more stringent provisions.

4.16 Material Contracts

For 2 years preceding the date of this Prospectus neither the Company nor any Subsidiary has entered into material contract, other than contracts entered into in the ordinary course of business. Furthermore, there are no other agreements entered by any of the Group companies (except being entered into in the ordinary course of business), which contains any provision under which any Group company has any obligation or entitlement which is material to the Group as at the date of the Prospectus.

4.17 Information on Holdings

There are no undertakings in which the Issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

4.18 Third Party Information and Statement by Experts and Declarations of any Interest

With respect to certain parts of this Prospectus, some information may have been sourced from third parties. Such information has been accurately reproduced as far as the Company is aware and is able to ascertain from the information published by such other third parties that no facts have been omitted, which would render the reproduced information inaccurate or misleading.

(i) the executive summaries of valuation reports of real estate property of the Group, registered in Lithuania (No. 48225 VAT_2017 MKA VHAN, No. 48087 VAT_2017 GDR VHAN, No. 48657 VAT_2017 AGU VHAN, No. 48138 VAT_2017 SVA VHAN, No. 48526 VAT_2017 AGU VHAN and No. 48215 VAT_2017 DGR VHAN, prepared by an independent asset appraiser Ober-Haus Nekilnojamas Turtas UAB (code 111645042, registered at Geležinio Vilko str. 18A, Vilnius, Lithuania, qualification certificate of the asset appraiser's company No. 000112, issued on 1 August 2012), (ii) the executive summaries of valuation reports of real estate property of the Group, registered in Lithuania (No. LT-17-11-16-3259, No. LT-17-11-16-3260, No. LT-17-11-16-3261, No. LT-17-11-16-3262, No. LT-17-11-16-3263 and No. LT-17-11-16-3264, prepared by an independent asset appraiser Newsec valuations UAB (code 126212869, registered at Konstitucijos ave. 21C, Vilnius, Lithuania, qualification certificate of the asset appraiser's company No. 000170, issued on 1 August 2012) and (iii) the executive summaries of valuation reports of real estate property of the Group, registered in Latvia (No. 02-1959/2017), prepared by independent asset appraisers Ober Haus Vertesanas Serviss SIA (code 4003411495, registered at Gustava Zemgala gatve 76, LV-1039, Riga, Latvia, qualification certificate of the real estate property appraiser's company No. 5, issued on 4 September 2008, certificate valid till 4 September 2018) are attached to this Prospectus.

The real estate, registered in Lithuania and held by the Group was appraised and the executive summaries of valuation reports were prepared and signed by Ober-Haus Nekilnojamas Turtas UAB and Newsec valuations UAB:

appraisers Mindaugas Karalius and Liudmila Voišnienė has signed the summary of the valuation report No. 48225 VAT_2017 MKA VHAN
real estate property appraiser's qualification certificate of Mindaugas Karalius No. A 000374, issued on 28-02-2007
movable property appraiser's qualification certificate of Liudmila Voišnienė No. A 000603, issued on 28-12-2010

appraiser Saulius Vagonis has signed the summaries of the valuation reports No. 48087 VAT_2017 GDR VHAN, No. 48657 VAT_2017 AGU VHAN, No. 48138 VAT_2017 SVA VHAN and No. No. 48526 VAT_2017 AGU VHAN
real estate property appraiser's qualification certificate No. A 000286, issued on 19-02-2003

appraiser Donatas Grigalauskas has signed the summary of the valuation report No. No. 48215 VAT_2017 DGR VHAN
real estate property appraiser's qualification certificate No. A 000389, issued on 22-06-2007

appraisers Linas Daukus and Kristina Pilipavičiūtė have signed the summary of the valuation reports No. LT-17-11-16-3259, No. LT-17-11-16-3260, No. LT-17-11-16-3261, No. LT-17-11-16-3262, No. LT-17-11-16-3263 and No. LT-17-11-16-3264
real estate property appraiser's qualification certificate of Linas Daukus No. A 000552, issued on 10-06-2009
movable property appraiser's qualification certificate of Kristina Pilipavičiūtė No. A 000034, issued on 01-12-2014

The real estate, registered in Latvia and held by the Group was appraised and the executive summaries of valuation reports were prepared and signed by Ober Haus Vertesanas Serviss SIA:

appraiser Sandis Kurlovičs has signed the summary of the valuation report No. 02-1959/2017
real estate property appraiser's qualification certificate No. 117, issued on 11-06-2015

As at the date of the Prospectus the value of investment properties according to valuations of Newsec valuations UAB, Ober-Haus Nekilnojamas Turtas UAB and Ober Haus Vertesanas Serviss SIA was EUR 55.9 million. The same property was evaluated at EUR 52.4 million at the end of the year 2016 according to valuations of Newsec valuations UAB, City Real Estate Company SIA, Ober-Haus Nekilnojamas Turtas UAB and Ober Haus Vertesanas Serviss SIA.

4.19 Investment Objective and Policy

Description of the Investment Objective and Policy

The purpose of the Company is to accumulate and invest the shareholders' funds seeking the largest return from investments into investment objects indicated below.

Diversifying investments and managing the risk, the Management Company shall seek to reduce the risk and to prevent possible reduction of investments value and to create value by selecting investment objects and making use of other market participants' experience.

The aim of the Company is to earn return for shareholders' benefit from investments into land, buildings and/or premises that make separate real estate objects, real estate objects under construction, which are planned to be constructed within an acceptable period, securities and money market instruments of Real Estate Companies if assets of such companies are invested into real estate corresponding to the investment strategy of the Company, investment units or shares of real estate collective investment undertakings established in the European Union Member States, supervision over which is no less strict than in the Republic of Lithuania, movable property and equipment necessary for operating real estate objects in the investment portfolio of the Company, transferrable securities and money market instruments admitted to trading on the multilateral trading facility and other investment objects not prohibited by legal acts.

The Management Company shall invest up to 100% of the Net Asset Value into investment objects indicated in paragraph above directly or by use of Real Estate Companies.

Investing directly or by use of Real Estate Companies, the Management Company shall (acting on behalf of the Company) seek to acquire commercial and/or mixed purpose investment objects indicated above, which generate or can generate regular income.

The Company shall seek to increase return on investments, making efforts that assets under its management would generate regular long-term income and their value would grow. Therefore, assets held by the Company shall be managed and acquisition of new assets shall be made taking into account value creation for shareholders of the Company.

For the sake of efficiency of the Company's activities and control over its investments, an Investment Committee shall be formed by a decision of the Board of the Management Company. The Investment Committee shall consist of 3 (three) members, 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). Members of the Investment Committee shall be appointed by a decision of the Management Company (currently 2 members are 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.

The procedure of formation, responsibilities, functions of the Investment Committee, decision-making procedure and other procedures of the Investment Committee are set in the regulations of the Investment Committee. The regulations of the Investment Committee are made public on the Company's website www.invbalticrealestate.lt.

For the sake of efficiency of activities of the Company, an Advisory Committee may be formed by a decision of the Board of the Management Company (currently no Advosiry Committee is formed in the Company). The purpose of the Advisory Committee is to ensure having knowledge about investments objects, into which the Company's assets may be invested, and knowing their specifics. The Advisory Committee shall present its opinion and conclusions to the Investment Committee regarding investments of the Company.

The procedure of formation, responsibilities, functions of the Advisory Committee, decision-making procedure and other procedures of the Advisory Committee shall be set in the regulations of the Advisory Committee, which shall be made public on the Company's website www.invlbalticrealestate.lt.

The strategy of investment of the Company's assets provided for in the Articles of Association, incorporated by reference to this Prospectus, can be changed by making relevant amendments to the Articles of Association by a decision of the General Meeting.

In case of an essential change in the Company's investment strategy, all the shareholders must be informed about that in writing at least 3 months in advance by sending them a relevant notification. In such cases, the shareholders must be given a possibility to demand redemption of the Shares owned by them without any additional deductions within a sufficient period of time, which cannot be shorter than 2 months after properly informing the shareholders about the planned change of the investment strategy of the Company (redemption of the Shares shall be performed following Article 89 of the Articles of Association). Shareholders must be informed about this right by sending a notification about the planned change of the investment strategy of the Company.

An investment object(s) of the Company can be transferred only subject to prior consent of the Depository.

The Company may own investment objects directly and it may own securities of Real Estate Companies. When investing through Real Estate Companies, the Depository is to be provided with documents in connection with investments into Real Estate Companies in order that the Depository could perform its functions provided for in legal acts.

The Company shall not use a benchmark.

The borrowing and/or leverage limits of the Issuer

If necessary, funds may be borrowed in the name of the Company in order to additionally finance investment objects acquired by the Company (or by use of Real Estate Companies) and in this way, seek higher investment return. The Management Company can take a decision to borrow in the name of the Company up to 50% of real estate value for not longer than until the end of activities of the Company. The level of borrowings of the Group was 38.5% of its investment property market value as of 31 December 2017 (41.2% as of 31 December 2016).

The Company may lend its assets to companies that are directly controlled by the Company.

The Company has borrowings, as described in Section *5.2 Capitalisation and Indebtedness* in detail.

Regulatory status of the Issuer

The Issuer operates its activities as a special closed-end type real estate investment company. The activities of the Issuer are supervised by the LB.

Profile of a typical investor for whom the Issuer as a collective investment undertaking is designed

Investment into the Company is connected with higher than average, long term risk. According to the Key Investor Information Document (KIID), Company's Shares are in the highest (7th) risk bracket. Therefore, Shares of the Company are suitable only for investors, who seek higher long term returns but could afford to take higher than average risk, including loss of principal.

4.20 Investment Restrictions

The Management Company shall manage the portfolio of investment objects of the Company following these main principles of diversification (the conformity of the portfolio of assets of the Company to the following principles shall be achieved within four years after the LB issued a permission to certify the Company's incorporation documents and to choose a Depository (after the day on which the LB issued a permission to engage in activities of a closed-end type investment company)):

1. no more than 20% of the net assets accounting for assets of the Company can be invested:

1.1. into transferrable securities and money market instruments entered onto the trade list of the market, which according to the Law on Markets in Financial Instruments is considered regulated and operating in the Republic of Lithuania or in another Member State, and/or

1.2. into transferrable securities and money market instruments, admitted to trading on the market operating, recognised, supervised and available to the public in another Member State according to set rules, and/or

1.3. into transferrable securities and money market instruments, admitted to trading on the market operating, recognised, supervised and available to the public in another state (other than Member States) according to set rules, and/or

1.4. into new transferrable securities issued by issuers established in the Member States of the European Union, if the issue terms provide for the obligation to have these securities admitted to trading on a regulated market and if they are admitted to trading no later than within one year after their issue, and/or

1.5. into investment units and shares of harmonised collective investment undertakings and into investment units and shares of such collective investment undertakings, which meet the following conditions:

1.5.1. the sole purpose of such undertakings is to accumulate persons' funds by public offering of investment units or shares and by splitting them to collectively invest them into transferrable securities and/or other planned liquid assets and investment units or shares of which must be redeemed at any time upon request of their holder, these undertakings are licensed in the Republic of Lithuania and their supervision is no less strict than in the European Union or licensed in such a State, where supervision is no less strict than in the European Union, and the supervisory authority cooperates with the relevant supervisory authority of another Member State or third country;

1.5.2. protection of rights of participants in the undertakings, including regulation of separation of assets, borrowing, lending and gratuitous transfer of assets, is no less strict that established for harmonised collective investment undertakings according to the Law on Collective Investment Undertakings;

1.5.3. the undertakings present semi-annual and annual reports on their activities, enabling to assess their assets and liabilities, profit and activities during a reporting period;

1.5.4. no more than 10% of their net assets, according to their documents of incorporation, can be invested into investment units or shares of other collective investment undertakings, and/or

1.6. into deposits for a term no longer than 12 months, which can be collected upon demand in a credit institution, domiciled in a Member State or in another State, where risk limiting supervision is no less strict than in the European Union, and/or

1.7. into financial derivatives (including those which entitle only to receipt of money), which meet the following conditions:

1.7.1. they are admitted to trading in markets, which are deemed regulated according to the Law on Markets in Financial Instruments and which operate in the Republic of Lithuania or in another Member State, and/or in a market operating, recognised, supervised and available to the public according to rules set in another Member State, and/or in a market operating, recognised, supervised and available to the public according to rules set in another State (other than Member States), or that are traded beyond the limits of the markets indicated above;

1.7.2. they are linked to investment instruments indicated in paragraphs 1.1 – 1.6 above, financial indexes, interest rates, currencies and currency exchange rates, to which the Company will invest;

1.7.3. the counterparty to the transaction conducted beyond the limits of the markets indicated in paragraph 1.7.1 above meets criteria set by the supervisory authority and is subject to risk limiting supervision;

1.7.4. they are traded beyond the limits of the markets indicated in paragraph 1.7.1 above, but they can be checked, reliably and exactly valuated every day and sold or otherwise realised for a consideration at any time at their fair value, and/or

1.8. into money market instruments, which are not admitted to trading on a regulated market, however the issue or issuer of such instruments are regulated in order to protect investors and their savings and such instruments:

1.8.1. are issued or guaranteed by the government, regional government, municipality or the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, the government of a third country or of the entities forming a federal state, or an international organisation, that at least one Member State is a member of, or

1.8.2. are issued by an entity, securities of which are admitted to trading on the regulated markets indicated in paragraph 1.7.1 above, or

1.8.3. are issued or guaranteed by the entity, whose operational risk is supervised according to requirements of the European Union law or such requirements, which are no less strict than in the European Union, or

1.8.4. are issued by a company meeting criteria approved by the supervisory authority, capital and reserves of which are equal to at least EUR 10 million and which draws up consolidated financial statements and performs the function of financing the company group, when transferrable securities of at least one company within its group are admitted to trading on a regulated market, or which is used for issuing securities financed with bank loans, and investments into such money market instruments are protected no less than indicated in paragraph 1.7.1 above, and/or

1.9. into transferrable securities and money market instruments, admitted to trading on the multilateral trading facility or not admitted to trading in the markets meeting criteria indicated in paragraph 1.7.1 above;

2. no more than 30% of net assets accounting for assets of the Company can be invested into one real estate object and/or Real Estate Company. This investment restriction does not apply to investments into Controlled Companies, if these companies invest the received funds into real estate objects, provided that:

2.1. a Controlled Company meets all requirements for investing assets applicable to the Company, when the Company invests 100% of net assets accounting for its assets into such a company;

2.2. the Company together with a Controlled Company meets all requirements for investing assets applicable to the Company, when the Company invests more than 30%, but less than 100% of net assets accounting for its assets into the Controlled Company;

2.3. the Depository is provided with all documents and information in connection with investments into the Controlled Company, which are necessary for the Depository for proper performance of its functions;

3. the total amount of investments into real estate objects under construction cannot exceed 20% of net assets accounting for the assets of the Company;

4. 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 assets accounting for the assets of the Company;

5. the total amount of investments into securities, money market instruments issued by the same Controlled Company and liabilities of the Company due to financial derivatives transactions with that company cannot exceed 30% of net assets accounting for the assets of the Company;

6. the total amount of investments into investment instruments indicated in paragraph 5 hereof and investment objects indicated in paragraph 4 hereof, into which such Real Estate Company and the Company has invested, cannot exceed 30% of net assets accounting for the assets of the Company.

All investment decisions in connection with assets of the Company must be taken with regard do restrictions on investing assets of the Company provided for in applicable legal acts.

Investment portfolio of the Company can fail to meet the set diversification requirements for 4 years after the date when the LB issued a permit to certify documents of its incorporation and choose a Depository (issued a License to engage in activities of a closed-end investment company; this was done on 22 December 2016). In all cases, the right not to meet the set diversification requirements does not cancel the duty of the Management Company to invest assets of the Company in compliance with the above requirements.

If after the end of the 4 years term investment requirements are violated for reasons that the Management Company cannot control, any non-conformity must be eliminated as soon as possible, but in any case no later than within one year. This term can be longer only in exceptional cases, when the Management Company cannot correct the situation due to reasons beyond its control. In such a case, after the end of the one-year term, the Management Company must immediately inform the LB in writing about the situation and reasons for it. The notification must also indicate the expected date of fulfilment of the requirement.

The Company is aware of the following non-compliance to the above requirements: in the case of Vilniaus Vartai business complex the investment constitutes 41.55 percent of Issuers Net Asset Value as at 31 December 2017.

Physical Commodities and Real Property

The Issuer does not invest directly in physical commodities.

The largest and key investments of the Group currently are investments into real estate objects in Lithuania and Latvia. The value of separate real estate objects, owned by the Group is provided in table below.

Table 22. Value of separate real estate objects (EUR thousand)

Object	Value as at 31 October 2017 (Newsec)	Value as at 31 October 2017 (Ober-Haus)	Percentage of all the portfolio (Newsec)	Percentage of all the portfolio (Ober-Haus)
IBC business center block A, Vilnius	2,047	2,140	4.3%	3.8%
IBC business center block B, Vilnius	6,926	6,550	14.6%	11.7%
IBC business center block C, Vilnius	191	230	0.4%	0.4%
IBC business center block D, Vilnius	1,605	1,270	3.4%	2.3%
IBC business center block F, Vilnius	5,375	6,670	11.3%	11.9%
IBC business center block G, Vilnius	6,759	5,440	14.2%	9.7%
Office building block A at Palangos str. 4, Vilnius	4,242	5,000	8.9%	8.9%
Office building block B at Palangos str. 4, Vilnius	3,871	3,500	8.2%	6.2%

Object	Value as at 31 October 2017 (Newsec)	Value as at 31 October 2017 (Ober-Haus)	Percentage of all the portfolio (Newsec)	Percentage of all the portfolio (Ober-Haus)
Žygio business center, Vilnius	2,590	2,700	5.5%	4.8%
Residential house at Kalvarijų str. 11, Vilnius	334	350	0.7%	0.6%
Dommo business park, Riga[16]	-	8,101	-	14.4%
Vilniaus vartai complex at Gynėjų str. 14, Vilnius	13,480	14,166	28.4%	25.2%
Parking places at Tumėno str. 4	53	62	0.1%	0.1%
Total	**47,473**	**56,179**	**100.0%**	**100.0%**

Source: Asset valuation reports, the Company

The Company's investment properties located in Lithuania have to be valued twice a year by two qualified independent valuers in accordance with the Law on Collective Investment Undertakings. In the process of valuation, the Management has discussions with the qualified independent valuers about significant unobservable inputs. If both valuers select the same approach and determine the same use of the property, but use slightly different unobservable inputs, the valuation creates a range of fair values on the basis of which the Management estimate the most appropriate fair value. If the valuers determine different use of the property, the Management selects to use the valuation of the valuer whose use of the property satisfies the highest and the best use principle.

1. IBC class A and B business centers at Šeimyniškių str. 1a/Šeimyniškių str. 3/A.Juozapavičiaus str. 6/Slucko str. 2 in Vilnius, Lithuania (owned by the Company)

IBC Business Center is a versatile, functional business premises complex. IBC is located in a very convenient location – on the right bank of the Neris River in the central part of Vilnius. It is situated near important public institutions and businesses, at the main business artery in the Constitution Avenue. Therefore, it is easily and quickly accessible from any place in Vilnius. The annual operating costs and expenses of the business centers were EUR 0.71 million in 2017. These expenses include real estate and land taxes, insurance, repair, administration, commissions to third parties, security, buildings administration, cleaning and other costs related to maintenance of the real estate. At the end of 2017 IBC business center had a very high occupancy rate of 94% and WALT of 1.4 years.

IBC Class A business center consists of two buildings, of which the premises of about 7,100 sq. m are leased (the total area of buildings – 11,400 sq. m). The center owns 250 spots of parking lot in the protected courtyard, also in the two-storey covered and underground garages. IBC Business Center is being constantly developed, more and more services are offered each year.

Block F basic information:
Total area: 4,500 sq. m
Leased area: 3,800 sq. m
Land area: 1.47 ha (total area of the IBC complex)
Property market value as at the day of the Prospectus: EUR 6.67 million (Ober Haus)
EUR 5.38 million (NewSec)

Block G basic information:
Total area: 6,900 sq. m
Leased area: 3,300 sq. m
Land area: 1.47 ha (total area of the IBC complex)
Property market value as at the day of the Prospectus: EUR 5.44 million (Ober Haus)
EUR 6.76 million (NewSec)

IBC Class B business center consists of 4 buildings, of which all kinds of different purpose premises of about 10,300 sq. m are leased (the total area of buildings – 11,300 sq. m). The center owns 200 spots of parking lot in the protected courtyard.

The IBC business center has a development opportunity; detailed plan of the area is prepared.

[16] This asset was valued only by Ober Haus Vertesanas Serviss SIA.

Block A basic information:
Total area: 2,100 sq. m
Leased area: 1,900 sq. m
Land area: 1.47 ha (total area of the IBC complex)
Property market value as at the day of the Prospectus: EUR 2.14 million (Ober Haus)
EUR 2.05 million (NewSec)

Block B basic information:
Total area: 7,400 sq. m
Leased area: 6,800 sq. m
Land area: 1.47 ha (total area of the IBC complex)
Property market value as at the day of the Prospectus: EUR 6.55 million (Ober Haus)
EUR 6.93 million (NewSec)

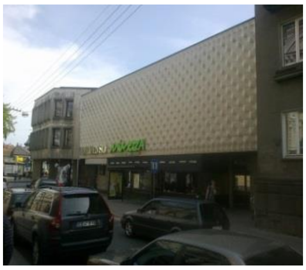
Block C basic information:
Total area: 200 sq. m
Leased area: 200 sq. m
Land area: 1.47 ha (total area of the IBC complex)
Property market value as at the day of the Prospectus: EUR 0.23 million (Ober Haus)
EUR 0.19 million (NewSec)

Block D basic information:
Total area: 1,600 sq. m
Leased area: 1,400 sq. m
Land area: 1.47 ha (total area of the IBC complex)
Property market value as at the day of the Prospectus: EUR 1.27 million (Ober Haus)
EUR 1.61 million (NewSec)

2. Office building at Palangos str. 4/Vilniaus str. 33, Vilnius, Lithuania (owned by the Company)

Business center is located in one of the busiest places in the Old Town of Vilnius, between Vilnius, Pamėnkalnio, Islandijos and Palangos streets. Vilnius Old Town – one of the most important components of the city and it’s center, 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; small business and residential function are being supported. There is a closed, guarded parking and underground garage in the area, convenient public transport access. Radvilų Palace, Teacher's House, Lithuanian Technical Library, St. Catherine’s Church and other cultural attractions, cafes, restaurants are located near the building. The annual operating costs and expenses of the business center were EUR 0.24 million in 2017. These expenses include real estate and land taxes, insurance, repair, administration, commissions to third parties, security, buildings administration, cleaning and other costs related to maintenance of the real estate. At the end of 2017 Palangos business center had a high occupancy rate of 84% and WALT of 4.4 years.

Block A basic information:
Total area: 5,100 sq. m
Leased area: 3,800 sq. m
Land area: 0.49 ha (total area of the complex)
Property market value as at the day of the Prospectus: EUR 5.00 million (Ober Haus)
EUR 4.24 million (NewSec)



Block B basic information:
Total area: 4,700 sq. m
Leased area: 2,400 sq. m
Land area: 0.49 ha (total area of the complex)
Property market value as at the day of the Prospectus: EUR 3.50 million (Ober Haus)
EUR 3.87 million (NewSec)

3. Žygio Business Center – office building at J. Galvydžio str. 7/Žygio str. 97, Vilnius, Lithuania (owned by the Company)

Žygio business center – the yellow brick, authentic nineteenth century architecture, renovated office building, perfectly adapted to modern office activities. The building stands in the Northern Town (J. Galvydžio str. 7/Žygio str. 97) – in a strategically attractive, busy part of Vilnius, easily accessible by car and by public transport. Other commercial and business centers, banks, the State Tax Inspectorate, Social Insurance, Employment Exchange, medical clinics and various business services companies, attracting large flows of people, are located nearby. Furthermore, four large shopping centers – Domus Gallery, Parkas, Hyper Rimi, Banginis-Senukai, are located near the business center. Distance to the center of Vilnius is about 3.5 km. 70 spots of covered parking lot is installed next to the building. The annual operating costs and expenses of the business center were EUR 0.05 million in 2017. These expenses include real estate and land taxes, insurance, repair, administration, commissions to third parties, security, buildings administration, cleaning and other costs related to maintenance of the real estate. At the end of 2017 Žygio business center was fully occupied and had a WALT of 3.8 years.

On 12 December 2016 the Company has entered into the Real Estate Sale-Purchase Agreement. Following this Agreement, the Company has sold part of newly built premises at the address Žygio str. 97, Vilnius, and lease rights to part of land plot of 2,800 sq. m (out of 5,997 sq.m). In the future the buyer, having executed the separation of the land plot, may return to the Company the lease right to part of land plot of up to 1,300 sq. m.

Basic information:
Total area: 3,200 sq. m
Leased area: 2,600 sq. m
Land area: 0.36 ha (up to 0.45 ha, if the buyer returns to the Company up to 0.13 ha of land plot, as indicated above)
Property market value as at the day of the Prospectus: EUR 2.70 million (Ober Haus)
EUR 2.59 million (NewSec)

4. Dommo Business Park manufacturing/warehouse and office premises complex in Latvia (owned by DOMMO Group SIA and DOMMO Biznesa Parks SIA)

Basic information:
Total area: 12,800 sq. m
Leased area: 12,800 sq. m
Land area: 58.21 ha
Property market value as at the day of the Prospectus: EUR 8.10 million (Ober Haus)

The area is strategically well-located, to the right of Jelgava road, in front of the intersection with Jurmala – Tallinn bypass. Distance to the center of Riga and the airport is 13 km, the port – 16 km. The area is suitable for the development of logistics centers. The annual operating costs and expenses of the complex were EUR 0.05 million in 2017. These expenses include real estate and land taxes, insurance, repair, administration, commissions to third parties, security, buildings administration, cleaning and other costs related to maintenance of the real estate. At the end of 2017 Dommo business park had a high occupancy rate of 88% and WALT of 1.3 years.

5. Residential house at Kalvarijų str. 11, Vilnius, Lithuania (owned by Rovelija UAB)

The house borders with IBC complex area, owned by the Company. Rovelija UAB owns all apartments located in this building.

Basic information:
Total area: 276 sq. m
Property market value as at the day of the Prospectus: EUR 0.35 million (Ober Haus)
EUR 0.334 million (NewSec)

6. Vilniaus vartai complex at Gynėjų str. 14, Vilnius, Lithuania (owned by the Company), including parking places at Tumėno str. 4 (owned by Proprietas UAB)

Vilniaus Vartai complex is located in a heart of Vilnius, 100 metres from the Lithuanian Parliament and Gediminas Avenue. Nearby the building there is Geležinio Vilko street that helps to avoid traffic congestions and reach the desired Vilnius district in the fastest way. The annual operating costs and expenses of the complex were EUR 0.36 million in 2017. These expenses include real estate and land taxes, insurance, repair, administration, commissions to third parties, security, buildings administration, cleaning and other costs related to maintenance of the real estate. At the end of 2017 Vilniaus vartai complex had a very high occupancy rate of 92% and WALT of 4.8 years.

Basic information:
Total area: 8,100 sq. m
Leased area: 7,000 sq. m
Land area: 0.26 ha
Property market value as at the day of the Prospectus: EUR 14.22 million (Ober Haus)
EUR 13.53 million (NewSec)

Derivatives Financial Instruments/Money Market Instruments/Currencies

The Issuer can invest, however, has not invested to the derivatives financial instruments and money market instruments. In the future, the Issuer might use such instruments for hedging the interest rate risk.

4.21 The Issuer's Service Providers

Fees, payable by the Issuer

The expenses incurred by the Company, which might be covered with assets of the Company, consist of (detailed information thereof is provided in Part XII of the Articles of Association, incorporated by reference to this Prospectus):

- the Management Fee payable to the Management Company;
- expenses related to services provided by the Depository;
- remuneration to property and business appraisers;
- expenses of incorporation (restructuring of activities) of the Company;
- accounting expenses of the Company, expenses of services of determining the value of Shares;
- remuneration for audit services and consultations;
- remuneration to consultants for legal services and representation;
- expenses of litigation and judicial processes;
- other legal expenses incurred by the Management Company in defence of interests of shareholders and/or the Company;
- fines and default interest (including interest) arising out of and/or in connection with obligations of the Company;
- remuneration to financial institutions for their services (opening and management of accounts, execution of cash and securities operations, fulfilment of orders, currency exchange, etc.) and expenses related to such services (commission and other fees);
- expenses incurred by the Advisory Committee;
- expenses incurred by the Investment Committee;
- expenses incurred by the Audit Committee;
- state and municipal taxes, levies and charges;
- expenses related to acquisition, management and sale of investment objects, including, without limitation, expenses related to lease of assets, administration of assets, etc.;
- expenses of preparation and translation of information about the Company (including documents and agreements of the Company) and its presentation to shareholders;
- consultancy expenses;
- expenses of preparing and amending prospectuses and the Articles of Association;
- expenses related to obtaining and modifying licences and permits;
- expenses related to admission of Shares of the Company to trading on a regulated market and remuneration to the operator of the regulated market for its services;
- expenses related to services provided by Nasdaq CSD;
- remuneration to the operator of the regulated market, to financial intermediaries related to offering of or subscription for new Shares;
- expenses for notaries public and registers;
- expenses related to loans obtained in the name of the Company;

- currency exchange rate and interest rate change hedging expenses;
- expenses of maintaining assets owned by the Company;
- expenses related to development of business of the Company (including expenses of designing, construction and their management, sale of property);
- expenses of documentation, registration and deregistration of securities for performance of obligations;
- commissions for real estate brokers;
- enforced debt recovery expenses;
- expenses of preparation and presentation of information about the Company;
- expenses of insuring persons responsible for activities of the Company (i.e. insurance against damage and/or liability);
- expenses of insurance on assets of the Company;
- expenses of presentation of the Company and its assets (entertainment, advertising, etc. expenses) and marketing expenses (including, without limitation, sponsorship expenses);
- effect of discounting the Performance Fee (including corrections in accounting mandatory according to the IAS and/or the accounting policy and/or the Net Asset Value calculation rules);
- other expenses compensated to the Depository and the Management Company incurred by them for the benefit of the Company.

The Performance Fees shall be additionally paid to the Management Company under the procedure set in the Articles of Association. The Performance Fees and its effect expenses shall not be included in the maximum amount of expenses indicated in paragraph below.

The total amount of expenses paid from the assets of the Company and related to the activities of the Company shall not exceed 10% of the average annual Net Asset Value of the Company. This expense limit shall not include expenses incurred by the Company, exclusively related to maintenance and/or development of real estate objects owned by it (including, without limitation, expenses of construction of real estate objects, public utilities expenses, object cleaning services, expenses for manned security, expenses of geodesic and cadastre measurements, etc.).

Expenses of the Company, exclusively related to improvement of a specific real estate object, shall be deemed a part of the Company's investments into a relevant real estate object and shall not be subject to the total limit of expenses indicated in paragraph above.

Management Fee

The Management Fee is the remuneration paid to the Management Company for management of the assets of the Company, which shall be payable for each quarter of a calendar year. The Management Fee for a full quarter of a calendar year shall be 0.25% of the weighted average capitalisation of the Company, calculated according to the following formula:

$$VM_{ketv} = VSK_{ketv} * A$$

where:
VM_{ketv} – the amount of the Management Fee;
A – the quarterly Management Fee in percentage terms, used for the calculation of the quarterly Management Fee;
VSK_{ketv} – quarterly weighted average capitalization of the Company calculated according to the following formula:

$$VSK_{ketv} = \frac{T_{ketv}}{Q_{ketv}} * \sum_{i=1}^{n_{ketv}} \frac{Vnt_i}{n_{ketv}}$$

where:

Vnt_i – number of Shares of the Company at the end of business day i;
Q_{ketv} – number of Shares transferred on the regulated market during the respective quarter;
n_{ketv} – number the business days per respective quarter, irrespective of the number of trading days (except when the Management Fee is calculated not for a full quarter of a calendar year; in this case the number of business days in a relevant period shall be used in the calculation);
T_{ketv} – turnover of the Shares during the respective quarter according to Shares trading data on the regulated market, calculated according to the formula:

$$T_{ketv} = \sum_{j=0}^{k} (P_j * Q_j)$$

k – the number of transactions on the regulated market during the respective quarter;
P_j – Share price of transaction j on the regulated market;
Q_j – the number of Shares traded in transaction j on the regulated market.
If the Management Fee is calculated only for a part of a calendar quarter of the year – the Management Fee in percentage terms shall be recalculated by dividing it by the number of business days in the calendar quarter and multiplying by the number of business days in the period for which the Management Fee is calculated (a part of the quarter). If there was no trading in Shares throughout the entire calendar quarter, the Management Fee for the quarter of a calendar year shall be equal to 0.25% of the average Net Asset Value of the Company in the quarter, which shall be calculated as the arithmetic average of the values at the beginning and at the end of the quarter.

The calculated Management Fee shall be entered into accounts and added to the Net Asset Value according to the accounting policy of the Management Company and the rules for calculating the Net Asset Value.

Depository Fee

According to the agreement signed with the Depository, the Company will have to pay the annual fee for services of the Depository in the amount set in the agreement for provision of the Depository's services, the minimum amount of which shall be EUR 5,000 per quarter.

The services of the Depository shall be paid for according to the invoice issued by the Depository to the Management Company or directly to the Company. The annual fee for services of the Depository shall not exceed 0.11% of the average annual Net Asset Value of the Company.

Performance Fee

The share of profit of the Company assigned to the Management Company, i.e. the Performance Fee, directly depends on the return earned by the Company, which shall be calculated for the whole Company but not for an individual shareholder. Microsoft Excel function XIRR shall be used for determining the return earned by the Company, which shall regard days (i.e. account shall be taken of periods) when positive and negative flows occurred and the amount of such flows.

The profit of the Company shall be the amount of positive and negative flows in respect of shareholders, where:

1. the initial negative flow:

1.1. until the last day of the reporting period (a calendar quarter of the Company's activities), after the end of which the Performance Fee is paid to the Management Company for the first time – the initial negative flow is deemed equal to the Net Asset Value on the last day of a previous month, before the Company was granted a closed-end type investment company License;

1.2. after the date indicated in paragraph above – the initial negative flow is deemed equal to the amount of funds, used for calculation of the Performance Fee paid to the Management Company last time, which is determined according to Article 165 of the Articles of Association (if the Net Asset Value was used for calculation of the paid Performance Fee, then the initial negative flow for the next calculation shall be the Net Asset Value determined at the end of the reporting period (for which the Performance Fee was paid last time) according to Article 163.6 of the Articles of Association, reduced by the amount of the Performance Fee paid to the Management Company after the reporting period, for which the Performance Fee was paid last time);

2. a positive flow is dividend paid to shareholders, if any was paid when distributing the net profit of the Company;

3. a positive flow is funds disbursed to shareholders by the Company when purchasing its own Shares;

4. a positive flow is funds disbursed to shareholders by the Company when mandatorily redeeming Shares;

5. a positive flow is funds disbursed to shareholders by the Company when reducing the authorised capital;

6. a positive flow is the Net Asset Value, plus the Performance Fee commitment recognised in the balance sheet of the Company as at the end of the period for calculation of the Performance Fee assigned for the Management Company;

7. a positive flow is any other payments to shareholders;

8. a negative flow is the size of each new Share issue.

Assignment of the Performance Fee

Profit of the Company will be distributed in following way:

- profit of the Company shall be assigned only to shareholders until the share of profit assigned to them reaches the average return of 8% earned by the Company on the negative flows indicated in Article 163 of the Articles of Association (amounts of funds invested by shareholders) during the period of calculation of the Performance Fee assigned to the Management Company;
- after the distribution provided for in paragraph above, 80% of all the remaining free funds shall be assigned to shareholders, whereas 20% – to the Management Company as the Performance Fee. The Performance Fee, which was calculated in earlier calculation periods, but which was not paid according to Article 169 of the Articles of Association, shall reduce the Performance Fee calculated in a new calculation period;
- in case the annual return of the Company is less than or equal to 8%, no Performance Fee shall be assigned to the Management Company – all the return of the Company shall be assigned to shareholders.

The assignment of the Performance Fee shall be subject to the high-water mark principle, which says that the Performance Fee can be assigned only in case the Net Asset Value or the average weighted capitalisation of the Shares for the last ended quarter on the Nasdaq stock exchange (whichever is less) exceeds the highest value calculated until then, according to which the Performance Fee was paid. In such a case, in later periods the initial point for calculation of the Performance Fee shall be the value of the highest limit which was reached last (the Net Asset Value or the average weighted capitalisation of the Shares for the last ended quarter on the Nasdaq) (whichever is less), for which the Performance Fee was paid to the Management Company.

The Performance Fee commitment shall be recalculated on the Net Asset Value calculation day (each quarter), taking into account the return earned by the Company from the date indicated in paragraph 162.1.1 of the Articles of Association until the relevant Net Asset Value calculation day.

The calculated Performance Fee commitment shall be entered into accounts and added to the Net Asset Value subject to the accounting policy of the Company and the Net Asset Value calculation rules approved by the Management Company.

Payment of the Performance Fee

The assigned Performance Fee shall be paid to the Management Company after the end of a calendar quarter of activities of the Company.

The Performance Fee shall be paid to the Management Company if the following conditions are satisfied:

- the condition indicated in paragraph 164.1 of the Articles of Association is satisfied;
- the return earned by the Company for shareholders, calculated both according to the Net Asset Value defined in paragraph 163.6 of the Articles of Association and according to the average weighted capitalisation of the Shares for the last ended quarter on the Nasdaq, exceeds the average return of 8% earned by the Company on the negative flows indicated in Article 163 of the Articles of Association (the amounts of funds invested by the shareholders);
- the Performance Fee paid to the Management Company cannot exceed the return earned by the Company for shareholders, calculated on the lesser of the amounts indicated in paragraph above. In determining the Performance Fee amount, which must be paid to the Management Company in the nearest reporting period, paragraph 164.2 of the Articles of Association shall apply, accordingly using the lesser of the amounts indicated in paragraph above instead of the amount indicated in paragraph 163.6 of the Articles of Association in calculations;
- the average weighted capitalisation of the Shares for the last ended quarter on the Nasdaq exceeds the highest value calculated until then, according to which the Performance Fee was paid.

Service provider, which shall determine and calculate the Net Asset Value

Net asset value is determined and calculated by the Management Company (INVL Asset Management UAB) and verified by the Depository (custodian) – SEB bankas AB.

Potential conflicts of interest

Currently the Company is aware of the potential conflicts of interest, as indicated in Section 4.8.4 *Conflicts of Interest of the Management*. Apart from that the Issuer currently is not aware of any other material conflicts of interest, which any of the service providers to the Issuer may have as between their duty to the Issuer and duties owed by them to third parties and their other interests.

Disregarding the above, the Management Company, which manages the assets of the Issuer has implemented appropriate measures for avoiding conflicts of interest, which enable to perform the activities of managing the risk of conflicts of interest and managing conflicts of interest independently, in order to avoid/reduce the risk of conflicts of interest or properly manage a conflict of interest when it occurs.

4.22 Investment Manager/Advisers

Data about the investment manager (Management Company), which manages the assets of the Issuer is provided in table below:

Legal and commercial name of the Management Company	INVL Asset Management UAB
Place of registration of the Management Company (registered office)	Gynėjų str. 14, Vilnius, Lithuania
Corporate ID code of the Management Company	126263073
Legal form of the Management Company	private limited liability company
Legislation under which the Management Company operates	Lithuanian
Country of incorporation of the Management Company	Republic of Lithuania
Date of incorporation of the Management Company	21 July 2003
Telephone number	+370 700 55 959
Fax number	+370 5 279 06 02
Email	info@invl.com
Internet address	www.invl.com

The Management Company holds the licence of management company No. VĮK-005, issued by the LB.

INVL Asset Management UAB provides asset management services for private and institutional investors. Entity manages pension funds, mutual funds, private equity and private portfolios. The entity is also the manager of private equity funds investing in IT, Real Estate, Forest and other alternative asset classes. Entity is consulting on formation of individual portfolios. In the end of 2017 the assets under management thereof was around EUR 530 million while the number of clients was around 150 thousand.

The entity was established on 21 July 2003. INVL Asset Management received asset management company licence on 15 January 2004 and started its operations accordingly. Sole shareholder of the company is Invalda INVL AB.

On 29 December 2006 Medicinos banko investicijų valdymas UAB was merged to INVL Asset Management, increasing the assets under management by EUR 0.5 million. In December 2007, the entity acquired four pension funds from a competitor PZU Lietuva gyvybės draudimas UAB for EUR 1.7 million, increasing the number of clients by 26 thousand or 1.4 times.

On 16 September 2009 Invalda INVL AB sold Finasta Asset Management UAB to Snoras investicijų valdymas UAB. The same year the entity acquired 100% of shares in SNORAS Asset Management UAB.

On 16 November 2011 Lithuanian government nationalized bank SNORAS AB – at that time the owner of INVL Asset Management and on 7 December 2011 bank SNORAS AB was officially bankrupt.

On 2 December 2014 Invalda INVL AB again acquired INVL Asset Management UAB from the bankruptcy administrator.

On 23 September 2014 Invalda INVL AB acquired MP Pension Funds Baltic managing pension fund portfolio of EUR 90 million.

On 29 September 2015, the LB approved a decision to terminate the licence of MP Pension Funds Baltic leading to the merger of INVL Asset Management and MP Pension Funds Baltic.

Information on the members of the Management Board, Manager (General Manager) of the Management Company as well as members of the Investment Committee of the Company is provided in Section 4.8.2 *Members of the Administrative, Management Bodies and Key Executives*.

The main obligations of the Management Company towards the Issuer are indicated in Section 4.15.2 *Articles of Association* and in the Management Agreement, approved by the General Meeting, dated 10 November 2016 and signed on the same day, as amended on 29 December 2017.

In June 2017 Invalda INVL together with its subsidiaries INVL Asset Management in Lithuania and Latvia became a member of UNPRI.

In October 2017 INVL Asset Management received AIFMD licence.

4.23 Custody (Depository)

Data about the custody (Depository), which keeps the assets of the Issuer is provided in table below:

Legal and commercial name of the Depository	SEB bankas AB
Place of registration of the Depository (registered office)	Gedimino ave. 12, Vilnius, Lithuania
Corporate ID code of the Depository	112021238
Legal form of the Depository	public limited liability company
Legislation under which the Depository operates	Lithuanian
Country of incorporation of the Depository	Republic of Lithuania
Date of incorporation of the Depository	29 December 1990
Telephone number	+370 5 268 2800
Fax number	+370 5 268 2333
Email	info@seb.lt
Internet address	www.seb.lt

The Depository holds the licence of a bank No. 2, issued by the LB.

Under the Depository Services Agreement, approved by the General Meeting, dated 10 November 2016, the Depository is obligated:

- referring to documents and information presented by the Company, to keep records of assets of the Company, which cannot be entered in cash and securities accounts of the Company opened with SEB bankas AB. The

Depository's duty to keep records of such assets of the Company appears only at the moment when the Depository is provided with documents, confirming which assets make the Company's assets;

- to accept the Company's assets (cash and securities, which can be entered in cash and securities accounts of the Company opened with SEB bankas AB) for keeping and to keep their records separately from other assets of the Management Company and the Depository. Taking into account that the securities account according to the Securities Account Management Agreement and the bank account according to the Bank Account Agreement are opened in the name of the Company, it means that in this way the Depository separates the Company's cash and securities from assets of the Depository, other clients of the Depository and from assets of the Management Company;
- to credit cash and securities owned by the Company (which can be kept in the securities account opened in the name of the Company) to the cash and securities accounts opened in the name of the Company;
- to keep securities, kept in the securities account opened in the name of the Company, as a custodian according to the Securities Account Management Agreement, the general rules for service provision approved by the Depository and other internal legal acts of the Depository regulating keeping of securities in the Depository;
- to keep the Company's cash in the bank account opened in the name of the Company according to the Bank Account Agreement and the general rules for service provision approved by the Depository and other internal legal acts of the Depository regulating recording of cash and cash transactions. The Depository would like to note that the Company's cash in the bank account opened according to the Bank Account Agreement, deposits made on behalf of the Company and other cash of the Company kept with the Depository (if any) are not covered with insurance of deposits by Indėlių ir Investicijų Draudimas VĮ according to the Law on Insurance of Deposits and Liabilities to Investors;
- to fulfil instructions of the Management Company if they are not in conflict with requirements of legal acts of the Republic of Lithuania and the Articles of Association;
- to make payments and non-payment transfers of securities from the Company's cash account and securities account no later than on the next business day after receipt of a relevant instruction of the Company, unless the Management Company indicates another date and time for fulfilment of the instruction;
- to ensure that the payment for transferred assets of the Company would be assigned to the Company within the time set by legal acts of the Republic of Lithuania and the Articles of Association. In case of transfer of the Company's assets other than those kept in the Company's cash and securities accounts opened with SEB bankas AB, the Depository's duty to ensure that the proceeds for such transferred assets of the Company would be assigned to Company appears only from the moment when money is transferred to the Company's cash account opened with SEB bankas AB;
- to check whether the Company's income (money) is used according to requirements of legal acts of the Republic of Lithuania and the Articles of Association. When assets (money) of the Company are invested into equity or non-equity securities or other financial instruments, this duty of the Depository shall be performed referring to documents and information received from the Management Company;
- immediately, but in any case, no later than within 5 (five) business days, to notify the Management Company by e-mail about all noticed violations of legal acts of the Republic of Lithuania or documents of the Company;
- after informing the Management Company, to notify the LB about all noticed violations of legal acts or the Articles of Association;
- to ensure that the value of Shares would be calculated according to the requirements of legal acts of the Republic of Lithuania and the Articles of Association;
- to ensure that sale, issue, redemption and cancellation of Shares would be performed according to the requirements of legal acts of the Republic of Lithuania and the Articles of Association;
- no later than the date of calculation of the net assets, referring to information presented on that working day until 10:00, to check the net asset value and the value of Shares of the Company and to inform the Management Company about that by 14:00;
- upon request of the Management Company or upon receipt of important information, which is necessary in order that the Management Company could fulfil its duties, to immediately transfer such information to the Management Company, as well as to give the Management Company reports about the Company's assets, their change and accounts.

4.24 Valuation

Accounts of the Company shall be kept and financial statements of the Company shall be prepared following the IAS, the Law on Accounting, the Law on Collective Investment Undertakings, legal acts adopted by the Board of the LB, which define keeping of financial accounts and drawing up of financial statements, as well as other legal acts regulating financial accounting and financial statements.

The currency in which the Net Asset Value shall be calculated is the Euro.

The Management Company must ensure that real estate objects forming the investment portfolio of the Company or planned to be acquired are valuated by at least two independent property appraisers, having the right to engage in real estate valuation business, who shall present separate conclusions. In case the investment portfolio of the Company contains real estate objects located outside the Republic of Lithuania, the Management Company must ensure that its value is determined by at least one real property appraiser meeting requirements for real property appraisers set in legal acts of a relevant foreign state.

Heads or employees of the Management Company, the Company or the Depository cannot be a real property appraiser. The same real property appraiser can perform valuation of assets the Company for no longer than 3 years in sequence. Real property appraiser selected by the Management Company shall:

- perform valuation of each real estate object forming the assets of Company, on the basis of which the Net Asset Value is calculated;
- no earlier than a month before the conduction of a real estate object purchase or sale transaction, perform valuation of the real estate object planned to be acquired or sold as assets of the Company, except when real estate objects forming the assets of the Company were valuated no earlier than 6 months before and there have been no essential economic changes or essential changes in real estate market prices, due to which new valuation must be performed.

An additional independent real estate valuation (without participation of property appraisers that performed a previous property valuation) shall be performed on the initiative of the LB when:

- it is established that the performed property valuation does not meet requirements set in the documents of incorporation of the Company;
- there is a reason to believe that the performed property valuation was not objective and may violate interests of the Shareholders.

The Net Asset Value shall be calculated by deducting liabilities, including the Management Fee commitments and the Performance Fee commitments, from the assets of the Company.

The calculation of the Net Asset Value must be based on the fair value of the assets and liabilities of the Company. The fair value is the value, for which it is possible to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. Calculations of the Net Asset Value shall be performed at least once per three months based on property valuations performed by independent property appraisers, having the right to engage in such a business. A property appraiser must meet the following requirements:

- an external property appraiser must be competent and must have the right under the procedure set by legal acts to engage in property or business valuation business;
- an external property appraiser must have valid professional indemnity insurance for at least EUR 100,000;
- an external property appraiser must be of sufficiently good repute;
- an external property appraiser cannot be a co-owner of the property under valuation, cannot be related by blood or kinship to the owner (co-owner) of the property under valuation or heads of the Management Company;
- an external property appraiser must meet and fulfil requirements of legal acts, which apply to an external property appraiser of the assets of the Company.

An external property appraiser can be replaced by reason of negative comments of the auditor, the LB, a material breach or improper fulfilment of the agreement for provision of services, material deterioration of the appraiser's reputation, cancellation of the qualification certificate issued by a competent governmental authority, discontinuation of the appraiser's business and in other cases for important reasons.

Real estate objects forming assets of the Company shall be deemed valuated if their value has been established no earlier than 6 months before and only in case there have been no essential economic changes or essential changes in real estate market prices, due to which new valuation must be performed. Management Company should give a decent evaluation should material changes in real estate value occur.

The value of Real Estate Companies shall be determined according to their values presented by an independent business appraiser, having the right to engage in such a business. The business appraiser must meet the qualification, transparency and experience requirements provided for in the accounting policy of the Management Company and the rules for calculation of the Net Asset Value and in legal acts.

The calculation of the Net Asset Value shall be performed as on the last day of a calendar quarter and the set value shall be announced:

- for the first quarter of a calendar year and for the first three quarters of a calendar year – no later than within one month after the end of the reporting quarter;
- for half a year – no later than within 2 months after the end of the reporting half a year;
- for a year – no later than within 4 months after the end of the reporting year.

The calculation of the Net Asset Value is discussed in detail in the accounting policy of the Management Company and the rules for calculation of the Net Asset Value.

As of 31 December 2017, the number of Shares issued was 65,750,000, Net Asset Value of the Company was EUR 33,861 thousand, Net Asset Value per Share was EUR 0.515. Further Net Asset Values (including the Net Asset Values, under which the Offer Price of different Offering Periods will be established) will be published by the Company as done until approval of the Prospectus, i.e. via the material event notifications and it will not require supplement of the Prospectus. For more information on the formula of establishment of the Offer Price please see Section 5.6 *The Offering and Plan of Distribution*.

Asset Valuators

Data about the asset valuators of the Company is provided in table below:

Legal and commercial name of the asset valuator	OBER-HAUS nekilnojamas turtas UAB
Place of registration of the asset valuator (registered office)	Geležinio Vilko str. 18A, Vilnius, Lithuania
Corporate ID code of the asset valuator	111645042
Legal form of the asset valuator	private limited liability company
Legislation under which the asset valuator operates	Lithuanian
Country of incorporation of the asset valuator	Republic of Lithuania
Date of incorporation of the asset valuator	10 September 1998
Telephone number	+370 5 210 97 00
Fax number	+370 5 210 97 01
Email	info@ober-haus.lt
Internet address	www.ober-haus.lt

This asset valuator of the Company holds the qualification certificate of the asset appraiser's company No. 000112, issued by Audito, apskaitos, turto vertinimo ir nemokumo valdymo tarnybos prie Lietuvos Respublikos finansų ministerijos.

Legal and commercial name of the asset valuator	Newsec valuations UAB
Place of registration of the asset valuator (registered office)	Konstitucijos ave. 21C, Vilnius, Lithuania
Corporate ID code of the asset valuator	126212869
Legal form of the asset valuator	private limited liability company
Legislation under which the asset valuator operates	Lithuanian
Country of incorporation of the asset valuator	Republic of Lithuania
Date of incorporation of the asset valuator	5 May 2003
Telephone number	+370 5 252 64 44
Fax number	+370 5 252 64 46
Email	info@newsec.lt
Internet address	www.newsec.lt

This asset valuator of the Company holds the qualification certificate of the asset appraiser's company No. 000170, issued by Audito, apskaitos, turto vertinimo ir nemokumo valdymo tarnybos prie Lietuvos Respublikos finansų ministerijos.

Legal and commercial name of the asset valuator	Ober Haus Vertesanas Serviss SIA
Place of registration of the asset valuator (registered office)	Gustava Zemgala str. 76, Riga, Latvia
Corporate ID code of the asset valuator	4003411495
Legal form of the asset valuator	private limited liability company
Legislation under which the asset valuator operates	Latvian
Country of incorporation of the asset valuator	Republic of Latvia
Date of incorporation of the asset valuator	23 September 1998
Telephone number	+371 6728 4544
Fax number	+371 6728 4526
Email	latvia@ober-haus.lv
Internet address	www.ober-haus.lv

This asset valuator of the Company holds the qualification certificate of the real estate property appraiser's company No. 5, issued by Latvijas ipasumu Vertetaju asociacija.

4.25 Cross Liabilities

Not applicable as the Issuer acts as a special collective investment undertaking, and not as an umbrella collective investment undertaking.

4.26 Financial Information

Selected financial information of the Issuer is provided in Section 4.2 *Selected Financial Information* and in IFRS Financial Statements, which are incorporated by reference to this Prospectus.

Information regarding the portfolio assets of the Company is described in Section *4.20 Investment Restrictions*, subparagraph *Physical Commodities and Real Property* in detail*.*

Table 23. Net assets value, EUR thousand

	Year ended 31 December	
	2017	**2016**
ASSETS		
Investment properties	56,341	52,410
Other non-current assets	251	174
Current assets	1,397	2,625
Total assets	**57,989**	**55,209**
Non-current borrowings	(20,162)	(20,792)
Other non-current liabilities	(1,207)	(990)
Current borrowings and current portion of non-current borrowings	(1,519)	(815)
Other current liabilities	(1,240)	(1,539)
Total liabilities	**(24,128)**	**(24,136)**
Total net assets	**33,861**	**31,073**
NAV per share, EUR[17]	2.5749	2.3629

Source: the Company

[17] The indicators are recalculated as a consequence of the reverse Share split after the Shares' nominal value was changed from EUR 0.29 to EUR 1.45 and the Share number was decreased from 65,750,000 till 13,150,000 on 15 January 2018.

V SHARE SECURITIES NOTE

5.1 Working Capital Statement

In the opinion of the Management, the Company's working capital is sufficient to meet its present requirements for at least the next 12 months following the date of the Prospectus and the Company does not anticipate having shortage of working capital in the nearest future.

5.2 Capitalisation and Indebtedness

The tables below present an unaudited statement of capitalisation and indebtedness as at 28 February 2018. The Management has not observed any material changes to the numbers, indicated below as at the date of the Prospectus:

Table 24. Capitalisation

Item, EUR thousand	28 February 2018 unaudited
Total Current Debt	**1,517**
Guaranteed and secured*	235
Secured**	478
Unguaranteed/Unsecured	804
Total Non-Current Debt (excluding current portion of long – term debt)	**19,924**
Guaranteed and secured*	2,057
Secured**	17,863
Unguaranteed/Unsecured	4
Shareholder's Equity:	**24,800**
Share Capital	19,068
Share premium	2,478
Legal Reserve	426
Other Reserves	2,828
Total	**46,241**

Source: the Company, unaudited

* Guaranteed and secured debt relate to bank borrowing amounting to EUR 2,292 thousand, which the Subsidiary Dommo Biznesa parks SIA has received from ABLV Bank AS and which is secured by the pledge of investment properties located in Riga, Latvia, with carrying amount of EUR 8,101 thousand as at 31 December 2017, and which is guaranteed by the Subsidiary Dommo Grupa SIA.

** Secured debt relates to bank borrowing amounting to EUR 18,341 thousand, which the Company has received from Šiaulių bankas AB and which is secured by the pledge of investment properties located in Vilnius, Lithuania, with carrying amount of EUR 47,752 thousand as at 31 December 2017. After signing the amendment of the borrowing agreement on 10 April 2018 (see more details in Section 4.14.4 *Significant Changes in the Issuer's Financial or Trading Position*), if the amendment terms would be valid as at 28 February 2018, at this date the current secured debt would be increased up to EUR 631 thousand and the non-current secured debt is decreased down to EUR 17,710 thousand. The Group could disbursed up to EUR 5,690 thousand. If all amount would be disbursed as at 28 February 2018, the non-current secured debt would be amounted to EUR 23,400 thousand.

Table 25. Indebtedness

Item, EUR thousand	28 February 2018 unaudited
A. Cash	642
C. Trading Securities	-
D. Liquidity (A) + (B) + (C)	**642**
E. Current Financial Receivable	**723**
F. Current Bank Debt	-
G. Current portion of non-current debt	713
H. Other current financial debt	804
I. Current Financial Debt (F) + (G) + (H)	**1,517**
J. Net Current Financial Indebtedness (I) – (E) – (D)	**152**
K. Non-current Bank Loans	19,920
L. Bonds Issued	-
M. Other non-current Loans	4
N. Non-current Financial Indebtedness (K) + (L) + (M)	**19,924**
O. Net Financial Indebtedness (J) + (N)	**20,076**

Source: the Company, unaudited

There was no indirect or conditional indebtedness as at 28 February 2018.

5.3 Interest of Natural and Legal Persons Involved in the Issue/Offer

The Management Company has a contractual relationship with the Selling Shareholder in connection with the Offering and has been mandated to execute the Offering.

The Management Company advises the Selling Shareholder in connection with the Offering and coordinates the structuring and execution of the transaction. Furthermore, the Management Company is involved in the Prospectus preparation process. If the transaction is successfully executed, the Management Company will receive a commission which depends on the actual value of the sold Offer Shares.

The Management Company or its affiliates may acquire in connection with the Offering the Offer Shares as Investors and hold or sell those Shares for their own account, also outside of the offering period, which shall not constitute a preferential allotment. The Management Company does not intend to disclose the extent of such investments or transactions unless required by law.

The Management Company and its affiliates have engaged in and may in the future engage in, investment banking, advisory services and other commercial dealings in the ordinary course of business with the Company and the Selling Shareholder and any of its affiliates. The Management Company and its affiliates have received and may receive in the future customary fees and commissions for these transactions and services.

5.4 Reasons for the Offering and Use of Proceeds

The Company will not receive any proceeds of the Offering resulting from the sale of the Offer Shares and all the net proceeds from the sale of the Offer Shares will be received by the Seling Shareholder.

The Offering will provide the Selling Shareholder with a partly realisation of its investment in the Company. The Selling Shareholder believes that the Offering will:

- Provide an ongoing liquid market for the Shares of the Issuer going forward;
- Diversify the Company’s shareholder base;
- Further enhance the Group’s public profile, its activities and status with clients, customers, investors and business partners;
- Retain the Company’s access to the capital markets in the future, if needed.

5.5 Information Concerning the Securities to be offered during the Offering

Description of the Shares of the Company (including the Offer Shares)

Type of the Shares:	ordinary registered Shares, with a nominal value of EUR 1.45
ISIN number:	LT0000127151
Currency of Shares:	EUR
Form of Shares:	Registered dematerialised shares in book-entry form. Entity currently in charge of keeping the records is Šiaulių bankas AB, code 112025254, registered at the address Tilžės str. 149, Šiauliai, Lithuania

Legislation, under which the Shares have been created, includes the Civil Code of the Republic of Lithuania, the Law on Companies, the Law on Securities and other related legal acts.

Decision by which the Shares (including the Offer Shares) were issued

The Shares (including the Offer Shares) have been issued and admitted to trading on Nasdaq on the basis of the reorganization terms of the Former Parent Company (that ceased to exist after the Merger) and of Invaldos nekilnojamojo turto fondas AB (currently the Company), dated 30 June 2015, which were approved by the General Meeting of 10 August 2015. The Shares (including the Offer Shares) placed during the secondary public offering (22,523,748 Shares with a nominal value of EUR 0.29 each) have been issued and admitted to trading on Nasdaq on the basis of the resolution of the General Meeting of 28 October 2015. Furthermore, on 29 December 2017 the General Meeting has decided to change nominal value of Shares from EUR 0.29 to EUR 1.45. The changes came into force on 15 January 2018 when the new wording of Articles of Association was registered by the Register of Legal Entities. Thus, as of 15 January 2018 the Company’s share capital is divided into 13,150,000 ordinary registered Shares with the nominal value of EUR 1.45 each.

Transfer restrictions

There are no restrictions on transfer of Shares (including the Offer Shares) as they are described in the applicable Lithuanian laws.

Rights and obligations granted by securities

All the Shares are *pari passu* (at an equal pace without preference) with regard to property and non-property rights they grant to shareholders.

Exercise of rights granted by Shares of the Company may be limited only on the grounds and under the procedure prescribed by laws. The Articles of Association do not provide for any exceptions to this rule.

The record date of the property rights of shareholders is the tenth business day after the General Meeting that took a relevant decision, i.e. the property rights determined by a decision of the General Meeting are held by the persons who were shareholders of the Company at the close of the tenth business day after the General Meeting that took a relevant decision.

The list of the shareholders' rights indicated in the Articles of Association is provided in Section 4.15.2 *Articles of Association.* Below is the brief description of certain material rights of the Company's shareholders.

Dividend and other distributions

Pursuant to the Law on Companies, the Issuer may distribute its profits or assets to shareholders only (i) by paying dividend; (ii) in case of liquidation of the Issuer; or (iii) in case of reduction of the authorised capital of the Issuer. The persons, who were shareholders of the Company at the close of the tenth business day (the record date) after the General Meeting that took a relevant decision, shall have a right to receive the respective amounts.

Dividend

A dividend is a share of profit allocated to a shareholder in proportion to the nominal value of shares owned by him/her/it. If a share is not fully paid-up and the time limit for the payment has not yet expired, a dividend will be reduced in proportion to the unpaid amount of the share price. If the share is not fully paid-up and the time limit for the payment has expired, no dividend is paid.

Dividend can be declared by a decision of the General Meeting, following the terms and conditions, indicated in Articles of Association, incorporated by reference to this Prospectus. The Issuer can declare dividend from the profit available for appropriation, which consists of the new profit of the accounting year, plus or minus, respectively, the profit (loss) brought forward from the previous year and reserves that the shareholders, following the procedure established by laws, decide to distribute, and minus any sums that the General Meeting decides to allocate for other purposes pursuant to the requirements of the Law on Companies and the provisions of Articles of Association.

Dividend is paid to shareholders pro rata to the aggregate nominal value of shares held by them. Dividend is not cumulative as the Issuer has not issued any preference shares with cumulative dividend, owners of which would be guaranteed the right to dividend in the amount indicated in such shares.

The General Meeting may not adopt a decision to allocate and pay dividend if: (i) the Issuer has outstanding obligations which became due before the decision of the General Meeting; (ii) the Issuer's result of the reporting financial year available for distribution is negative (i.e. losses have been incurred); (iii) the equity of the Issuer is lower or upon payment of dividend would become lower than the aggregate amount of the authorised capital, the mandatory reserve, the revaluation reserve and the reserve for redemption of own shares.

The Issuer must pay the allocated dividend within one month from the day of adoption of a decision by the General Meeting on allocation and payment of dividend, except for cases when the Management Company decides to postpone payment of dividend following the provisions of the Articles of Association.

The term of limitations with respect to filing a dividend payment claim with the court expires 10 years after the date the dividend had to be paid, in which case the unpaid dividend amount goes to the Issuer.

Both residents and non-residents of Lithuania are subject to the same dividend payment rules, except for the taxation maters described in the Section *Taxation*.

For more information on dividends as well as on peculiarities related to payment of dividends please see Section 4.14.2 *Dividend Policy*.

Distribution of the Issuer's assets in case of liquidation

Under Part XVI of the Articles of Association, the Company can be liquidated:

- when there is a decision of court or creditors to liquidate the bankrupt Company;
- at the end of the Term of Activities of the Company;
- in other cases, set by laws.

After it is decided to liquidate the Company, the Management Company shall automatically become the liquidator of the Company, which shall perform all the liquidator's functions.

In the case provided for in paragraph 187.2 of the Articles of Association, decisions on liquidation of the Company shall be taken and other actions shall be performed taking into account the procedure set in Articles 106 – 109 thereof. When the decision to liquidate the Company comes into effect, the liquidator must immediately provide the LB with a set of financial statements of such Company as on the date of taking the liquidation decision, the auditor's report and the audit report on such a set.

Assets of the Company in liquidation must be sold at best conditions for and in the best interests of the shareholders. The General Meeting shall not have the right to take decisions, which would obligate the liquidator to act not at best conditions for and not in the best interests of the shareholders, including, without limitation, to set terms of completion of the liquidation procedure, the procedure and conditions of sale of the Company's assets. Payments to shareholders shall be effected in cash. The detailed procedure of sale of assets of the Company in liquidation shall be determined by the LB. The procedure of sale of assets is set in legal acts adopted by the LB.

In case of liquidation of the Company, accounts with Shareholders shall be settled in accordance with provisions of Articles 106 – 109 of the Articles of Association.

Taking a decision on extension of the Term of Activities of the Company

The Company shall operate for 30 years after obtaining a License for the Company. The Term of Activities of the Company can be additionally extended for no more than 20 years.

A decision on extension of the Term of Activities of the Company can be taken in the General Meeting no later than 6 months before the end of the Term of Activities of the Company or the end of the extended Term of Activities of the Company (in case the Term of Activities of the Company was extended for less than 20 years).

Taking a decision on liquidation of the Company before expiry of the Term of Activities of the Company

The General Meeting must take a decision on liquidation of the Company no later than 3 months before the end of the Term of Activities of the Company.

Other cases of distribution of the Issuer's capital

The Issuer may distribute funds to its shareholders by reducing its authorised capital in accordance with the procedure set by the Law on Companies. The authorised capital may be reduced by way of annulment of shares or reduction of the nominal value of shares, but the reduced authorised capital of the Issuer may not be less than the minimum amount of the authorised capital provided for in the Law on Companies (i.e. EUR 25,000), unless the Law on Collective Investment Undertakings or other laws, applicable to the Issuer, provide otherwise.

Only the annual General Meeting may adopt the decision to reduce the share capital with the purpose of paying funds to the shareholders, provided that all of the following conditions are met: (i) the set of annual financial statements and the profit distribution account have been approved; (ii) following the reduction of the share capital the legal reserve of the Company will not be lower than 1/10 of the Company's share capital; and (iii) no undistributed loss and long-term liabilities are recorded in the set of annual financial statements of the Company.

The decision to reduce the share capital with the purpose of paying out the funds to its shareholders may not be adopted if on the date of the decision the Company is insolvent or after the payment of funds would become insolvent. The funds must be paid within one month from the registration of the amended Articles of Association with the Register of Legal Entities. The funds are paid pro rata to the nominal value of shares held by each shareholder and may only be paid in cash.

Further Capital Calls by the Company

If the Company's distributable result, as approved by the annual General Meeting, is negative and the meeting adopts a decision to cover the Company's losses or part thereof by additional contributions of the shareholders, according to the Law on Companies, the shareholders who voted in favour of such decision are obliged to pay the contributions to the Company. The shareholders who did not participate at the General Meeting or voted against such decision are entitled not to pay any additional contributions to the Company.

Modification of Shareholders' Rights

The Articles of Association do not provide for any specific conditions regarding modification of shareholders' rights. Shareholders' rights may be modified only pursuant to the provisions of Lithuanian laws.

Conditions of Conversion

Currently the Issuer has not issued any convertible securities.

Conditions of Redemption

The redemption of Company's own shares is limited (this issue is discussed in Part VII of the Articles of Association in detail).

Redemption of Shares before the end of the Term of Activities of the Company

Redemption of Shares is limited. The Shares will not be redeemed on request by the shareholder of the Company. The Shares shall be redeemed during the Term of Activities of the Company only in cases provided for in the Articles of Association (please see below). If a shareholder of the Company wants to sell Shares, he will be able to do that in the secondary market (on the stock exchange or by conducting over-the-counter transactions).

Settlement of accounts with the shareholders in case of liquidation of the Company

In accordance with the procedure and terms set in the Law on Companies and the Law on Collective Investment Undertakings, the shareholders of the Company must take a decision on liquidation of the Company after the end of the Term of Activities of the Company or on the extension of the Term of Activities of the Company. In case of liquidation of the Company, the assets of the Company shall be sold and money remaining after fulfilment of debt obligations shall be distributed to shareholders of the Company pro rata to the number of Shares held by them.

In case of liquidation of the Company, accounts with the shareholders shall be settled by transferring the amounts payable to the shareholders to the bank accounts indicated by the shareholders or (if a shareholder's data is unknown) to a deposit account under the procedure set by legal acts. Accounts with the shareholders shall be settled in Euros.

Settlement of accounts with shareholders of the Company in liquidation will be performed only after the Company receives a confirmation of the tax administrator about settlement of accounts with state and/or municipal treasuries and state monetary funds.

Redemption of Shares when documents of incorporation of the Company and/or the prospectus are amended and in other cases provided for in legal acts

If the General Meeting takes a decision on the documents of incorporation of the Company, which have an effect on shareholders' interests, or other decisions, taking of which gives the right to shareholders, referring to the Law on Collective Investment Undertakings, to demand that Shares held by them would be redeemed, the Company must ensure proper implementation of the shareholders' right to demand that Shares held by them would be redeemed without any deductions. In cases when, according to the Law on Collective Investment Undertakings, shareholders are given the right to demand redemption of the Shares held by them and implementation of this right is ensured by the Company itself, Shares acquired by the Company from the shareholders must be immediately annulled, whereas the decision on annulment of a relevant number of Shares must be taken together with the decision of the General meeting, which results in the duty to ensure the right for shareholders to demand redemption of the Shares held by them.

The Management Company shall inform each shareholder in writing about decisions of the General Meeting, provided for in paragraph above, no later than 1 month before the effective date of an amendment to relevant documents by sending a respective notification, save for exceptions indicated below.

The Management Company shall inform each shareholder in writing about amendments to essential documents, related to changing the investment strategy of the Company, no later than 2 months before the effective date of amendments to relevant documents by sending a respective notification.

The Management Company shall inform shareholders about the decision to merge the Company with another collective investment undertaking by sending a respective notification after the LB gives a permission to merge the collective investment undertakings, but in any case, no later than 30 days before the last day of the term, within which shareholders of the Company have the right to demand that their Shares would be redeemed without any deductions. The shareholder's right to make use of the right indicated in this provision shall expire 5 business days before the planned merger completion date. The notification shall provide shareholders with information, which must be provided according to applicable legal acts and other information important for shareholders in the opinion of the Management Company.

The above-mentioned notification to shareholders must contain the following:

- the essence and content of the planned amendments;
- explanation of the influence that the planned amendments to documents will have on interests and investments of the shareholders;
- information about the shareholders' right to make an objection against the essential amendments to the documents indicated in the notification and to demand redemption of their Shares without any deductions and the procedure and terms of exercising this right;
- other information, which, in the opinion of the Management Company, is important for shareholders.

The shareholders shall have the right to make an objection and demand redemption of their Shares within 1 month before the effective date of amendments to relevant documents, except for cases when the investment strategy of the Company is being changed. When the investment strategy of the Company is being changed, the shareholders can make an objection and demand redemption of their Shares within 2 months before the effective date of amendments to relevant documents. The Management Company can set longer terms than set in this paragraph, within which the shareholders can make use of their right to redemption of Shares.

Essential amendments to documents of incorporation of the Company and/or prospectuses shall be made only if no shareholder objects to this. It is considered that no shareholder objected if, following requirements of the Articles of Association and legal acts, the shareholders, who objected to essential amendments to documents and demanded redemption of their Shares without any deductions, were ensured exercise of this shareholder's right.

If the General Meeting takes a decision on essential amendments to documents of incorporation of the Company and/or the prospectus, having an effect on the shareholders' interests, or another decision, taking of which, following the Law on Collective Investment Undertakings, gives the right to shareholders to demand redemption of the Shares held by them, the Management Company shall take a decision, where it shall be indicated, under what conditions essential amendments to documents of the Company will be made, including, without limitation, the decision on the number of Shares that can be redeemed, in case of exceeding of which the Company shall not perform the mandatory redemption of Shares from the shareholders that demanded it and, accordingly, essential amendments to documents of the Company shall not be made should they might have negative effect on activities of the Company.

The price of the redeemed Shares shall be calculated according to latest published Net Asset Value, if there were no material changes in economic circumstances or real estate market that might make establishment of Net Asset Value inevitable.

Amendments are deemed essential if:

- such amendments can have a negative direct effect on the financial situation of the Company or shareholders (the set fees, charges or deductions are increased or new fees, charges or deductions are introduced, etc.);
- these amendments directly restrict or cancel rights granted to the shareholders or make other influence on the possibilities of the shareholders to make use of their rights in connection with their investments;
- these amendments directly establish new duties of the shareholders;

Amendments are not deemed essential, if they are made due to changes in legal requirements for the Company and/or the Management Company.

The Board of the Management Company, taking into account the content, type, scope of the amendments to the documents of incorporation and/or the prospectus and the impact of such amendments on shareholders' interests, shall decide in each case, which is not indicated above, whether amendments to the documents are deemed essential or not; only such amendments, which can have a negative impact on interests of the Company or shareholders, can be deemed essential amendments.

Information on whether initiated amendments to the documents of incorporation and/or the prospectus are deemed essential is indicated in the agenda of the General Meeting.

The Management Company ensures that conditions of redemption of Shares would be indicated separately in the draft decisions of the organised General Meeting. A notification about redemption of Shares performed by the Company has to be announced publically under the procedure set by legal acts of the Republic of Lithuania.

Decisions taken by the General Meeting regarding essential amendments to the documents of incorporation of the Company and/or the prospectus shall come into effect after the receipt of the approval of the LB of amendments to the Articles of Association according to decisions of the General Meeting and after implementation of redemption of its own Shares by the Company, as indicated in Article 89 of Articles of Association.

Amendments to documents of incorporation of the Company and/or the prospectus are not deemed essential and the Management Company does not have to inform shareholders about such amendments.

Voting rights

Pursuant to the Law on Companies and the Articles of Association, each Share of the Company confers one vote in the General Meeting. Only shareholders who have fully paid-up their shares are entitled to vote at the General Meeting. Persons, who were shareholders of the Company at the end of the record date of the General Meeting, are entitled to attend and vote at the General Meeting. The record date of the General Meeting of the Company is the fifth business day before the General Meeting.

The shareholders may vote personally or through their proxies or persons with whom a voting rights transfer agreement is concluded. The shareholders may also vote in writing (by filling in the general ballot paper).

Pre-emptive rights

The exercise of the pre-emptive rights of shareholders of the Company is executed in the order, described in Section *Rights conferred by the Shares of the Company* in detail.

Right to receive information

According to Part XV of the Articles of Association, incorporated by reference to this Prospectus, upon a shareholder's written request, no later than within 7 days after the receipt of the request, documents of the Company, other than publically announced (indicated in this Section below), which are not related to commercial secret and confidential information of the Company, shall be provided for information of the shareholder during the business hours of the Management Company in its registered office or another place indicated by the Management Company, where such documents are kept. Copies of such documents can be sent to the shareholder by registered mail or delivered against signature.

A shareholder or a group of shareholders, holding or managing at least 1/2 of the Shares, having presented a written undertaking not to disclose commercial secrets and confidential information in the form set by the Company to the Company, shall have the right to get access to all documents of the Company. The form of the undertaking shall set by the Management Company.

Nevertheless, the Law on Companies has been amended and currently it provides the below indicated procedure of presenting the Company's documents and other information to the shareholders.

Following the written request of the shareholder, the Company must within 7 (seven) calendar days from the date of receiving such request to provide the shareholder with access to and / or present to the shareholder the Articles of Association, annual and interim financial statements, annual and interim reports, auditor's reports and audit reports of the financial statements, minutes of the General Meeting or other documents, which constitutes the decisions of the General Meeting, comments and proposals of the Supervisory Council to the General Meetings, list of shareholders, lists of members of the Board and of the Supervisory Council, other Company's documents, which under the applicable laws must be public, also, copies of other documents, specified in the Articles of Association.

Only shareholder of the Company, to whom the information and documents are necessary for the fulfilment of the statutory requirements, may get acquainted with other information of the Company and (or) to receive copies of documents, including information and documents, related to commercial (industrial) secret and confidential information. Information and documents, related to the commercial (industrial) secret and confidential information may be provided to the shareholder, only if the shareholder ensures the confidentiality of such information and documents.

The refusal to provide the shareholder with access to get acquainted and / or provide copies of documents has to be formalized in written if it is requested by the shareholder.

Disputes concerning the shareholder's right to information are resolved in the court.

Notices, notifications about not disclosed information (inside information) of the Company shall be made public under the procedure set by the Law on Securities, the Law on Markets in Financial Instruments and other legal acts issued by the LB setting forth rules for public announcement of information.

In addition to that the Management Company shall prepare and publish the following on its website at www.invlbalticrealestate.lt:

- the prospectus;
- the key investor information documents;
- a report for each financial year;
- a report for the first six months of each financial year;
- information on overall amount of voting rights granted by the Shares, the amount of the authorized capital, the number of Shares and their nominal value.

The Management Company shall provide all information in connection with the activities of the Company at the addresses indicated by shareholders either to it or to the Company. It shall not be regarded that the Management Company and/or the Company failed to properly fulfil their obligations to shareholders if the shareholders do not present relevant information to it about their correspondence address and/or changes in presented information.

An indication of the existence of any mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities

The issued securities of the Company are subject to all mandatory takeover bids and squeeze-out and sell-out rules specified in the Law on Securities subject to the condition that they are admitted to trading on the regulated market.

Following the Law on Securities, where a person, acting independently or in concert with other persons, acquires shares that in connection with the holding held by him or by other persons acting in concert entitles him to more than 1/3 of votes at the general meeting of shareholders of the issuer, he must either transfer shares exceeding this threshold, or announce a mandatory takeover bid to buy up the remaining shares of the Company granting the voting rights and the securities confirming the right to acquire shares granting the voting rights.

A person, when acting independently or in concert with other persons and having acquired not less than 95% of the capital carrying voting rights and not less than 95% of the total votes at the General Meeting of the Issuer shall have a right to require that all the remaining shareholders of the Issuer sell the voting shares owned by them, and the shareholders shall be obligated to sell the shares. A person can exercise this right within three months after the implementation of the mandatory takeover bid or the voluntary takeover bid to buy up the remaining shares of the Issuer granting the voting rights.

The price of shares during these procedures must be fair. Usually, the price of squeeze-out shares is equal to (i) with regard to certain conditions, the price paid for the Issuer's shares bought according to the mandatory or voluntary takeover bid in accordance with the provisions of the Law on Securities, or (ii) the fair price, determined by the person buying up the shares in other way, subject to a relevant approval of the LB. The minority shareholders have the right to challenge the squeeze-out price in court if, in their opinion, the price breaches the principle of fairness.

Besides, any minority shareholder shall have a right to require that a person, who, when acting independently or in concert with other persons, has acquired the shares comprising not less than 95% of the capital carrying the voting rights and not less than 95% of the total votes at the General Meeting, would buy the shares belonging to the minority shareholder and granting the voting rights, while the said person shall be obligated to purchase those shares. The duration of validity of this right and the price of sell-out shares are determined according to the above-mentioned rules.

Following the decision of the General Meeting to delist the shares of the Issuer from the trading on the regulated market (such a decision is taken by the majority of ¾ of all votes attaching to shares of the shareholders attending the General

Meeting), a takeover bid must be submitted and implemented to buy-up the shares of the Issuer admitted to the regulated market. The takeover bid must be submitted by the shareholders who voted for the decision to delist the shares of the Issuer from the trading on the regulated market. One or several shareholders have the right to implement this duty for other shareholders. The shareholders who voted "against" or did not vote when the decision was taken to delist the shares of the Issuer from the trading on the regulated market operating in the Republic of Lithuania have the right to sell their shares during the effective term of the mandatory takeover bid.

An indication of public takeover bids by third parties in respect of the Issuer's equity, which have occurred during the last financial year and the current financial year

Within the indicated period no takeover bids were submitted by third parties in respect of the Issuer's equity.

Disregarding the above, as indicated in the notification on material event of the Company, dated 28 October 2015 the General Meeting decided *inter alia*:

- To apply for the Company to the LB for obtaining the Licence of the closed-end investment company.
- To prepare the draft of the Articles of Association of the Company (closed-end investment company) and other required documents in order to obtain the Licence.
- To prepare the draft of the Management Agreement with INVL Asset Management UAB (company code 126263073) for transfer of management of the closed-end investment company.
- To negotiate with the potential custodians (depositories) of the closed-end investment company and prepare the draft of the contract with the depository. The key condition of the agreement is that the expenses for custody should not exceed 0.1% of the annual Net Asset Value of the closed-end investment company.
- Seeking to ensure the right of the Company's shareholders, who did not vote or voted "against" the aforementioned decisions to sell their Shares, shareholders, who voted "for" these resolutions within one month from the General Meeting will have to announce a voluntary tender offer to purchase the rest of the Shares (one or several shareholders will have the right to fulfil this duty for the other shareholders). Only the shareholders who did not vote or voted "against" this item of the agenda will have the right to sell their Shares during the tender offer.

After the indicated General Meeting it became clear that the shareholders of the Company who own 39,717,176 Shares, which constituted 91.88% of Company's authorised capital at that time gave approval to apply for the closed-end investment company license.

Following the arrangement of the shareholders, who voted "for" the indicated decision, Invalda INVL AB fulfilled this duty on behalf of these shareholders (LJB Investments UAB, Irena Ona Mišeikienė, Invalda INVL AB, Lucrum investicija UAB, Alvydas Banys, Indrė Mišeikytė and Greta Mišeikytė-Myers) and the circular of the voluntary tender offer was approved by the LB on 16 November 2015. Voluntary tender offer price amounted to EUR 0.35 per Share. Only the shareholders who did not vote or voted "against" had the right to sell their Shares during the tender offer. Voluntary tender offer applied for 3,509,076 Shares of the Company, constituting 8.12% of Company's capital. The tender offer was implemented from 20 November till 3 December 2015. During the implementation period of the voluntary tender offer Invalda INVL AB bought-up 11,608 Shares of the Company, which represent 0.027% of voting rights at the General Meeting.

Taxation in Lithuania

The following is a summary of certain Lithuanian tax implications of ownership and disposition of the Shares. The summary is based on the tax laws of Lithuania as in effect on the date of this Prospectus, and is subject to changes in such laws, including changes that could have a retroactive effect. The summary does not purport to be a comprehensive description of all the tax implications that may be relevant for making a decision to purchase, own or dispose of the Shares. You are advised to consult your own professional tax advisors as to the Lithuania and other tax implications of the purchase, ownership and disposition of the Shares. Prospective investors who may be affected by the tax laws of other jurisdictions should consult their own tax advisors with respect to the tax implications applicable to their particular circumstances.

Taxation on Dividends

Legal persons

The general taxation rule in Lithuania is such that dividends received by Lithuanian or foreign legal persons are subject to the corporate income tax at the rate of 15%. Dividends are not subject to the corporate income tax when a recipient (a Lithuanian or foreign legal person) has been or intends to be in control of at least 10% of voting shares of a Lithuanian company distributing dividends for an uninterrupted period of at least 12 months (including the moment of distribution of dividends). This participation exemption does not apply if dividends are paid to foreign legal persons registered or otherwise organized in a tax heaven jurisdiction.

However, since the Company is licensed as a collective investment undertaking, dividends received by Lithuanian or foreign legal persons are non-taxable.

Individuals

Dividends received by Lithuanian and foreign individuals are subject to the personal income tax at a rate of 15%.

If dividends are paid out to the residents of a foreign country with which Lithuania has concluded a treaty for the avoidance of double taxation and such treaty limits the rights of Lithuania to tax dividends, the rules set in that treaty will be applied.

The obligation to calculate, withhold and pay the withholding tax on dividends arises for the Lithuanian legal entity (the payer of dividends).

Taxation on Capital Gains

Legal persons

Capital gains from holding investment units, shares or interest in a collective investment undertaking (such is the Company) are tax exempt.

Capital gains received by the foreign legal persons from the disposal of shares of Lithuanian companies are not subject to the Lithuanian corporate income tax.

Individuals

Capital gains received from the sale of shares by the Lithuanian residents are subject to 15% personal income tax. Please also note that the capital gains, received from sale of securities shall not be taxed, if its amount does not exceed EUR 500 per year. This relief does not apply in case a shareholder sells the shares or transfers the title to the shares to the entity that issued those shares.

The personal income tax on capital gains received by individuals should be calculated, paid and declared by individuals by the 1st of May of the calendar year following the taxable year.

Capital gains received from the disposal of shares of Lithuanian companies by the individuals who are not considered to be Lithuanian residents for tax purposes are not taxed in Lithuania.

Taxation on Gifts and Inheritance

If the Issuer's shares are given as a gift to a natural person, generally the acquisition of shares is subject to personal income tax at a rate of 15%, charged on income received at the transfer of the shares as a gift. The tax is not applicable where a spouse, children (adopted children), parents (adoptive parents), brothers, sisters, grandchildren or grandparents give shares as a gift or where shares are given as a gift to a non-Lithuanian resident. Furthermore, donation incomes received from other persons are not subject to taxation, unless such incomes exceed EUR 2,500 in a calendar year.

Inherited Issuer's shares are subject to inheritance tax as follows: if the taxable value of the inherited property does not exceed EUR 150,000, the tax rate is 5%; if the taxable value of the inherited property exceeds that amount, the tax rate is 10%. The property is exempted from the tax where the property is inherited by a spouse upon the death of the other spouse, by parents (adoptive parents), children (adopted children), grandparents, grandchildren, brothers, sisters, guardians (custodians), wards (foster children), or where the shares are inherited by a non-Lithuanian resident or the value of the inherited property does not exceed EUR 3,000.

Value added tax

Generally, under effective laws, share acquisition or transfer transactions are not subject to value added tax (VAT) in Lithuania.

5.6 The Offering and Plan of Distribution

General Information

On the basis of this Prospectus, the Selling Shareholder is offering up to 2,893,000 Offer Shares which represent up to 22% of the Company's share capital.

The Offering consists of: (i) public offering in the Republic of Lithuania; and (ii) a private placement to Institutional Investors outside of the United States of America (excluding Lithuania) in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). The Offering also covers private offering of Offer Shares to individually identified non-institutional and non-qualified investors. The above Offering to Institutional Investors and to non-institutional and non-qualified investors is not public and will be conducted in reliance on the appropriate exemptions in those jurisdictions where they will be conducted. The Offer Shares are not offered publicly in any country other than Lithuania. The Selling Shareholder reserves the right to sell in total a smaller number of Offer Shares than 2,893,000, without disclosing any reason for doing so. In such case, the number of Offer Shares to be sold to the Investors may be reduced. Thus, the maximum size of the Offering is fixed at 2,893,000 Offer Shares. No minimal size of the Offering is established.

The Prospectus has been filed with and approved by the LB, which is the competent authority under the relevant implementing measures of the Prospectus Directive in the Republic of Lithuania. The Republic of Lithuania is the home member state of the Issuer and the LB is solely authorized to approve this Prospectus. The Selling Shareholder will be authorized to carry out the Offering in the Republic of Lithuania once the LB has approved the Prospectus and the Prospectus together with its summary translated into Lithuanian has been published by the Company. In addition, in accordance with the requirements of the applicable regulations in Lithuania a paper copy of the Prospectus will be delivered to the Investors upon their request free of charge.

For further information on selling restrictions applicable to the Offer Shares, see Section *1.8 Selling Restrictions*, and with respect to the rights pertaining to the Offer Shares, see Section *5.5 Information Concerning the Securities to be Offered during the Offering*.

No separate tranches have been created in the Offering for the various categories of investors or markets. Furthermore, there is no restriction or thresholds on the amount of the Offer Shares that will be allocated to each category of investors.

This is due to the reason, that the Offer Shares shall be served and sold according the time priority principle (first come-first serve), i.e. the first Investors, which will provide their Purchase Orders shall be sold the Offer Shares first up to the time and amount, when the Purchase Orders for all the Offer Shares (2,893,000) shall be provided and fully paid, unless the Offering is suspended or cancelled. The Management Company shall ensure that the above time priority principle is duly ensured when executing and settling the Offering.

When this aggregate principal amount of the Offer Shares is reached, no more Offer Shares shall be sold to the Investors. If the situation is such that the respective Investor, providing the Purchase Order, reaches and exceeds the aggregate principal amount of the Offer Shares, his/her/its Purchase Order will be reduced accordingly, so that the principle amount of the Offer Shares (2,893,000) is not exceeded.

The Offer Shares are being offered at the Offer Price, which is determined, based on the formula indicated in the Section *Offer Price* below and will be expressed in EUR.

On 20 December 2017, the Board of the Selling Shareholder acknowledged the public offering of the Offer Shares and approved preparation of a prospectus for the purpose of the Offering.

Notices

Any notices relating to the Offering will be published as a material event *inter alia* on the website of the Company www.invlbalticrealestate.lt and (for informational purposes only) of the Management Company www.invl.com. In addition, any notices relating to the approval of the Prospectus and its supplements (if any) which have to be published by the LB in accordance with Lithuanian law will be published on its website www.lb.lt.

Expected Offering Periods

The expected Offering Periods[18] below lists expected key dates relating to the Offering on or around which the events listed below should occur. The Selling Shareholder reserves the right to change the timetable of the Offering. Should the Selling Shareholder decide to materially adjust the dates set out in the timetable, the relevant supplement to the Prospectus will be provided to the LB for the approval and published (upon the approval) in compliance with applicable regulations, as well as market practices in Lithuania.

from 2 May 2018 till 4 July 2018 (from 9 a.m. until 5 p.m. Vilnius time)	Acceptance of the Purchase Orders from the Investors
from 18 August 2018 till 18 September 2018 (from 9 a.m. until 5 p.m. Vilnius time)	Acceptance of the Purchase Orders from the Investors
from 2 November 2018 till 13 December 2018 (from 9 a.m. until 5 p.m. Vilnius time)	Acceptance of the Purchase Orders from the Investors

All times and dates referred to in this timetable may be adjusted by the Selling Shareholder, in consultation with the Management Company, if deemed necessary for the successful completion of the Offering. In particular, the Selling Shareholder upon recommendation from the Management Company, may extend the Offering Periods for the Offer Shares, based on monitoring the market, in all cases in compliant with the applicable legal requirements.

Where required by law, any changes in the Offering dates should be published in the form of a supplement to the Prospectus. Information of any change of the dates should be published no later than on the originally set date, provided that if the period of acceptance of Purchase Orders is shortened, relevant information should be published no later than on the date preceding the last day (according to the new schedule) of the acceptance of Purchase Orders.

In any case, if all the intended Offer Shares will be sold by the Selling Shareholder during any of the Offering Period, the Offering will be terminated, by making a respective notification on material event.

Right to Participate in the Offering by Retail Investors

In order to subscribe for the Offer Shares, the Retail Investors must have securities accounts with a financial institution which is a member of Nasdaq (hereinafter – the financial institution). Subscription Orders will be accepted only from those Retail Investors who, at the time of placing their Purchase Orders, have opened securities accounts with the financial institutions at Investor's choice licensed to provide such services within the territory of Lithuania, Latvia or Estonia.

[18] Taking into consideration that the Company has announced its investor's calendar for the financial year 2018, the Offering Periods cover only this financial year. If needed, the Offering Periods will also be announced for the year 2019 later, following the requirements of the applicable laws and market practices in Lithuania.

Offer Price

The Offer Shares are being offered at the Offer Price, which is established based on this formula:

OP = NAV/Shares, where

OP – Offer Price applicable to the particular Offering Period;
NAV – the latest Net Asset Value (the difference between the value of assets owned by the Company and long-term and current liabilities of the Company), which was announced prior to commencement of the particular Offering Period;
Shares – number of outstanding Shares of the Company (13,150,000).

The Offer Price is the same for all the Investors. However, taking into consideration that following the requirements of the applicable legal acts and the Articles of Association, the calculations of the Net Asset Value is performed and announced at least once per three months, the Offer Price during the different Offering Periods may be different (depending on the announced NAV). In any case it will be ensured, that during the same Offering Period the Offer Price calculated based on the above formula shall be the same.

Procedure of provision of the Purchase Orders

Place of provision of the Purchase Orders

The Purchase Orders for purchase of the Offer Shares will be accepted from the Investors during the Offering Periods (from 9 a.m. until 5 p.m. Vilnius time) at the offices of the Management Company, at the addresses Gynėjų str. 14, Vilnius, Savanorių ave. 349, Kaunas, and Minijos str. 19, Klaipėda. They may also be accepted during the same periods at other addresses, indicated by the Management Company, if also additional intermediaries (not only the Management Company) will be engaged in the Offering. A complete and up to date list of addresses and other respective information (e.g. exact premises, exact timing, etc.) will be available at the internet address of the Management Company at www.invl.com.

Content of and Requirements for Purchase Orders

The Purchase Orders will be accepted on the orders in Lithuanian or in English (for persons who are not Lithuanian residents). Retail Investors have to come to the office of the Management Company (or at other address (if applicable), as indicated above) to sign the Purchase Order. Institutional Investors are allowed to submit a signed copy of the Purchase Order by fax or email and are not required to submit an original document.

Purchase Orders must include *inter alia* the number of Offer Shares the Investor intends to purchase, the Offer Price (per one Offer Share and total), and the number of the securities account of the Investor. Purchase Orders may be submitted only during the Offering Periods, only at the Offer Price, and only in euros.

Each Investor must ensure that the information contained in the Purchase Order submitted by such Investor is correct, complete and legible. Incomplete, incorrect, unclear or illegible Purchase Orders, or Purchase Orders that do not otherwise comply with the terms set out in this Prospectus or that have not been completed and submitted and/ or have not been supported by the necessary additional documents, requested by the Selling Shareholder or the Management Company, may be rejected at the sole discretion of the Selling Shareholder.

An Investor may submit a Purchase Order either personally or through a representative whom the Investor has authorised (in the form required by the local law and by the relevant financial institution) to submit the Purchase Order. More detailed information concerning the identification of Investors, including requirements concerning documents submitted and the rules for acting through authorized representatives, can be obtained by Investors from the entities accepting Purchase Orders.

Each Investor may subscribe for the minimum of five hundred Offer Shares.

At the time of placing a Purchase Orders, Investors are required to make an irrevocable instruction for depositing the Offer Shares in a securities account maintained in their name and opened with entities of their choice which are licensed to provide such services within the territory of the Lithuania, Latvia or Estonia.

Any consequences of a form of Purchase Order for the Offer Shares being incorrectly filled out will be borne by the Investor.

Firms managing securities portfolios on a discretionary basis should place bids for the Offer Shares by submitting the Purchase Order form along with a list of investors on whose behalf the Purchase Order is placed. The list must include details required to be included in the Purchase Order form with respect to each investor listed, and must be signed by persons authorised to represent the firm.

Costs and Fees

Investors will not be charged expenses by the Issuer, Selling Shareholder or the Management Company, related to the Offering. However, the Investors must bear all costs and fees charged by the respective financial institution through which they submit their Purchase Order. This may include costs and fees for the submission, amendment or cancellation of a Purchase Order, or for the settlement of the transaction. These costs and fees may vary depending on the rules and prices established by the particular financial institution.

Submission of Subscription Undertakings through Nominee Accounts

An Investor may submit a Subscription Undertaking through a nominee account only if such an Investor authorises the owner of the nominee account to disclose the investor's identity, personal ID number or registration number, and address to the Company, the Selling Shareholder, the Management Company, Nasdaq CSD. Purchase Orders submitted through nominee accounts without the disclosure of the above information will be disregarded.

Amendment and Cancellation of Subscription Undertakings

The Purchase Orders are unconditional, irrevocable (subject to the withdrawal right, if a supplement to the Prospectus is published, as indicated below), may not include any reservations and are binding on the Investor until receipt of the Offer Shares in the Offering or until the date of suspension, cancellation or modification of the Offering.

Legal Effect of Subscription Undertakings

By submitting a Subscription Undertaking, every Investor *inter alia*:

(i) is deemed to have read this Prospectus and the Company's Articles of Association and accepted their content;

(ii) accepts the terms and conditions of the Offering set out under this Section and elsewhere in this Prospectus and agrees with the Selling Shareholder and Company that such terms will be applicable to the Investor's acquisition of any Offer Shares;

(iii) accepts that the number of the Offer Shares indicated by the Investor in the Purchase Order will be regarded as the maximum number of the Offer Shares which the Investor wishes to acquire (the "Maximum Amount") and that the Investor may receive less (but not more) Offer Shares than the Maximum Amount subscribed for, or the Investor may be not allotted any Offer Shares at all under the terms and conditions of the Offering;

(iv) undertakes to acquire the Offer Shares and pay for them;

(v) agrees and consents that the Offer Price, established based on the furmula of this Section above during the different Offering Periods may be different;

(vi) authorises and instructs the financial institution through which the Purchase Order is submitted to arrange the settlement of the transaction on its/his/her behalf (taking such steps as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the transaction;

(vii) authorises the financial institution through which the Purchase Order is submitted to amend the information contained in the Purchase Order to (a) specify the value date of the transaction, (b) specify the number of the Offer Shares to be acquired by the Investor and the total amount of the transaction up to the Maximum Amount times the Offer Price; (c) correct or clarify obvious mistakes or irregularities in the Purchase Orders, if any.

No Assignment or Transfer

Rights arising out of this Prospectus in relation to the purchase of the Offer Shares (including, without limitation, rights arising from any Purchase Order or any acceptance thereof) are not assignable, tradable or transferable in any way and any assigned or transferred rights will not be recognised by the Selling Shareholder and will not be binding on the Selling Shareholder.

Procedure and dates for payment for the Offer Shares and distribution thereof to the Investors

By submitting a Purchase Order, each Investor will authorise and instruct the institution operating the Investor's cash account connected to its/his/her securities account (which may or may not also be the financial institution through which the Purchase Order is being submitted) to block not later that within 3 business days as from provision of the Purchase Order the whole transaction amount on the Investor's cash account until the settlement is completed or until funds are released in accordance with this Prospectus. The transaction amount to be blocked will be equal to the Offer Price multiplied by the Offer Shares, the Investor wishes to purchase. The Investor must ensure that within the indicated 3 business days there are sufficient funds on his/her/its cash account to settle the transaction. If blocked funds are insufficient within this term, the Purchase Order will be deemed null and void to the extent funds are insufficient.

Payments for the Offer Shares are interest free.

Consequently, for the avoidance of any doubt, there will be no allotment date, established in this Offering and the purchase-sale of the Offer Shares in different Offering Periods will be executed straight (but not later than on the 5th day) after the Purchase Order will be provided by each separate Investor and after he/she/it accumulates sufficient amount of funds for blocking and settlement the transaction on his/her/its cash account connected to his/her/its securities account. Thus, the whole process with respect to each and every Investor and each and every Offering Period will be as follows:

(i) the Investor provides a Purchase Order to the Management Company;

(ii) the Investor ensures that not later that within 3 business days as from provision of the Purchase Order in the Investor's cash account connected to its/his/her securities account the needed amount of funds for settlement the transaction is blocked;

(iii) the settlement is done and the Offer Shares are transfered to the Investors based on the distribution versus payment principle not later than T+8 day after submitting a Purchase Order.

Thus, as indicated above, the Offer Shares shall be served and sold according the time priority principle (first come-first serve), i.e. the first Investors, which will provide their Purchase Orders shall be sold the Offer Shares first up to the time and amount, when the Purchase Orders for all the Offer Shares (2,893,000) shall be provided and fully paid, unless the

Offering is suspended or cancelled. The Management Company shall ensure that the above time priority principle is duly ensured when executing and settling the Offering.

When this aggregate principal amount of the Offer Shares is reached, no more Offer Shares shall be sold to the Investors. If the situation is such that the respective Investor, providing the Purchase Order, reaches and exceeds the aggregate principal amount of the Offer Shares, his/her/its Purchase Order will be reduced accordingly, so that the principle amount of the Offer Shares (2,893,000) is not exceeded.

Intentions of the shareholders and members of Management and Administrative bodies of the Company as to participation in the Offering

According to the information available to the Issuer, obtained after a review carried out with due diligence, none of the present members of the management or administrative bodies of the Issuer intend to subscribe for the Offer Shares.

Overallotment and overallotment option

The Issuer will not grant any overallotment option of the green shoe type and therefore no overallotment is foreseen. No stabilisation will be undertaken.

Public announcement of the Offering results

Information on the results of the Offering will be announced after receipt of them from the Selling Shareholder by way of the notification on material event according to the procedure of the applicable Lithuanian laws after adjournment of each of the Offering Periods, including on the websites of the Company (www.invlbalticrealestate.lt) and the Selling Shareholder (www.invaldainvl.com). Furthermore, if the Selling Shareholder will decrease its held shareholding of Shares below the thresholds, indicated in the Law on Securities, it will also notify thereof the market following the procedure of the applicable laws.

Distribution of the Offer Shares to the Investors and Trading

The Offer Shares allocated to each separate Investor during each separate Offering Period will be transferred to their securities accounts not later than T+8 day after submitting a Purchase Order. The title to the Offer Shares will pass to the relevant Investor when the respective entries regarding acquisition of the Offer Shares are made in his/her/its securities account.

As all the Offer Shares are existing Shares, and are already admitted to trading on Nasdaq, the Investors will be able to transfer them or sell them further just after their receipt (making of respective entries in their securities accounts).

Return of Funds

If the Offering is cancelled, if the Investor's Purchase Order is rejected or if the Investor receives less Offer Shares than the amount of the Offer Shares applied for, the funds blocked on the Investor's cash account (or the excess part thereof) will be released by the respective financial institution. Regardless of the reason for which funds are released, the Company, the Selling Shareholder and the Management Company shall never be liable for the release of the respective funds and for the payment of interest on the released funds for the time they were blocked (if any).

Cancellation, Suspension or Postponement of the Offering

The Selling Shareholder after consultation with the Management Company, may cancel the Offering and/or modify the terms and dates of the Offering at any time prior to the commencement of the respective Offering Period, without disclosing any reason for doing so.

The Selling Shareholder, after consultation with the Management Company, may also cancel or suspend the Offering, at any time after the commencement of the respective Offering Period, if they consider that there are reasons to believe that the proceeding with the Offering is, or has become impracticable or inadvisable. Such reasons may include, but are not limited to: (i) the suspension of, or material limitation in trading in securities generally on the Nasdaq, as well as any other official stock exchange in the European Union or the United States; (ii) a sudden and material adverse change in the economic or political situation in jurisdictions where the Group operates or worldwide; (iii) a material loss, or interference with the Company's business; (iv) any change or development in or affecting the general affairs, management, financial position, Selling Shareholder's equity or results of the Company or of the operations of its Subsidiaries in a materially adverse way; (v) an unsatisfactory level of demand for the Offer Shares.

In the event of a cancellation of the Offering, information about the cancellation will be made available to the public in the same manner as this Prospectus. Should the Offering be cancelled, Purchase Orders for the Offer Shares that have been made and not executed (settled) until the cancellation will be deemed null and void, and any purchase payments of such Purchase Orders that have been made or blocked will be returned without any interest or compensation no later than 5 Business Days after the date of public announcement of cancellation of the Offering.

In the event of a suspension of the Offering, information on the suspension will be made available to the public in the form of a supplement to the Prospectus and in the form and scope specified under applicable laws and regulations. If the decision to suspend the Offering is made after commencement of any of the Offer Periods, the Purchase Orders made and not executed (settled) until the suspension, shall be deemed invalid and any purchase payments in cash of such

Purchase Orders that have been made, will be returned without any interest or compensation, no later than 5 Business Days after the date of the announcement to the public of the information of suspension of the Offering.

For the avoidance of any doubt, the above rules shall not be applied to and shall not affect any Purchase Orders of the Investors, which will be executed (settled) until the day of announcement on cancellation, suspension or postponement of the Offering and the Investors, having placed the respective Purchase Orders (including the Investors, having done so in the adjourned Offering Periods) will not have the above right. This is due to the reason that their transactions will be executed by the respective time.

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

Neither the Company, the Selling Shareholder nor the Management Company shall bear any liability for any consequences (including, without limitation, losses, damages or lost opportunity) incurred by any third party (including any investor) and/or their affiliates in respect to and/or in connection with such suspension or cancellation of the Offering.

Change of terms of the Offering

In accordance with the relevant regulations in force in Lithuania applicable to public offerings, any significant change to the Prospectus, as defined in the aforementioned regulations, will be communicated through a supplement to the Prospectus, if required. The supplement to the Prospectus will need to be approved by the LB and published in the same manner as the Prospectus. If the supplement is published after approval of the Prospectus by the LB and relates to events or circumstances which occurred after commencement of any of the Ofering Periods, the Investors who have placed their Purchase Orders before publication of the supplement, which have not been executed (settled) until the announcement of the supplement will have a right to withdraw their Purchase Orders within two business days from the publication of the supplement to the Prospectus.

In such a case, if necessary, the settlement with such Investors will be adjusted in order to enable the Investors to withdraw their subscriptions.

For the avoidance of any doubt, the above rules shall not be applied to and shall not affect any the Purchase Orders of the Investors, which will be executed (settled) until the day of announcement of the supplement and the Investors, having placed the respective Purchase Orders (including the Investors, having done so in the adjourned Offering Periods) will not have the above right. This is due to the reason that their transactions will be executed by the respective time.

Information resulting in changes to the content of the Prospectus or supplements already made available to the public in respect of the organization or conduct of purchase of Offer Shares, which do not require publication of the supplement, will be published in the same manner as the Prospectus in compliance with applicable regulations. Such information will be simultaneously submitted to the LB. In such a case, none of the Investors shall have a right to withdraw the Purhase Undertakings.

No Admission of Shares to trading on the regulated market

The Prospectus was drafted solely for the purpose of the public Offering of existing Offer Shares, held by the Selling Shareholder, and no admission to trading on the regulated market thereof will be done, as all the Shares (including the Offer Shares) are already admitted to trading on Nasdaq.

Selling Securities Holder

The Offering is being executed by the Selling Shareholder (Invalda INVL AB) which at the day of the Prospectus is the largest shareholder of the Company holding 32.23% of the Shares. In the course of the Offering the Selling Shareholder is selling up to 22% (up to 2,893,000 units) of the existing ordinary registered Shares of the Company.

Management Company, also executing the Offering

The Selling Shareholder has appointed INVL Asset Management – a Management Company of the Issuer, a private limited liability company established and existing under the laws of the Republic of Lithuania, corporate ID code 126263073, with its registered address at Gynėjų str. 14, Vilnius, Lithuania, to execute the Offering in Lithuania under the provisions of the Law on Collective Investment Undertakings. The Management Company may also engage other intermediaries for execution of the Offering. This, however, would not impact the possible expenses, related to the Offering, as indicated below.

Legal Adviser

The Issuer and the Selling Shareholder are being represented by TGS Baltic, with its registered office at Konstitucijos ave. 21A, Vilnius, Lithuania, with respect to legal matters of Lithuania and Offering. The remuneration of TGS Baltic does not depend on the proceeds from the sale of the Offer Shares.

TGS Baltic has been rendering and may render in the future other legal services to the Issuer, the Group, the Selling Shareholder, the Management Company with respect to their business activities pursuant to relevant agreements for the provision of legal advisory services. TGS Baltic does not hold any interests in the Issuer. In particular, on the date of this Prospectus, it did not hold Shares in the Issuer.

Market Maker

As it was indicated in the notification on material event of the Company, dated 2 March 2016, the Company has signed the Market Maker Agreement with Šiaulių bankas AB, which has undertaken to act as market maker for the Shares of the Company to increase their liquidity. Under the agreement, Šiaulių bankas AB provides liquidity on both bid and ask sides around the Company's spread at least 85 percent of the trading time on the stock exchange, increasing market depth in this way.

Dilution

As only the existing Offer Shares are being offering during the Offering and no new Shares are being issued by the Company, no dilution effect will be experienced by the existing shareholders of the Company, which will not participate in the Offering.

5.7 Placing

Placement Agreement

On 20 April 2018 the Selling Shareholder and the Company have entered, into a placement agreement (the "Placement Agreement") in respect of the Offering with the Management Company, in which the Management Company committed to undertake certain actions in connection with organization of the Offering.

The Selling Shareholder and the Management Company do not expect to enter into an underwriting agreement.

The Management Company will execute the Offering with respect to the Offer Shares.

In connection with the Offering, the Selling Shareholder (and not the Company) has agreed to pay to the Management Company a fee of up to 3%, respectively, of the gross proceeds from the placement and sale of the Offer Shares. If the Management Company will engage any other intermediaries for execution of the Offering, the above fee would not be increased and will stay the same. The Offering shall be conducted following the principle of "best endeavours".

Following the preliminary calculations, fixed expenses, related to this Offering, which will be covered by the Company shall comprise of up to EUR 50 thousand (including, without limitation, the legal counsel, fee to the LB for approval of the Prospectus, fees for preparation of the Prospectus, auditors' fees,).

Lock-up Agreements

No lock-up agreements were signed with respect to the Offering.

NEWSEC

SUMMARY

Valuation report No.	LT-17-11-16-3259
Client	Specialioji uždarojo tipo nekilnojamojo turto investicinė bendrovė „INVL Baltic Real Estate", company code 152105644
Country	Lithuania
City / village / district	Vilnius c.
Valuation date (Date of Inspection)	31/10/2017
Date of valuation report	16/11/2017
Property title	Administrative premises with parking lot.
Composition of Property	3,250.69 sq. m administrative premises with 1,237.17 sq. m parking lot and 163.87 sq. m pavement.
Address	Žygio str. 97 – 1 and Žygio str. 97, Vilnius c., Vilnius c. m., Lithuania.
Owner / Tenant (name and ID)	Specialioji uždarojo tipo nekilnojamojo turto investicinė bendrovė „INVL Baltic Real Estate", company code 152105644
Buildings / premises ID (unique number)	4400-4459-9026:8203; 4400-2205-4124.
Land ID (unique number)	4400-2041-4714.
Land tenure	Leasehold, thus land plot is not subject to valuation.
Assumptions	–

Valuation method	**Income (Discounted Cash Flow) Approach**
Estimated market value	2,590,000 Eur (Two million five hundred and ninety thousand Eur)

Note: Value Added Tax is excluded from estimation of Market Value using Income (Discounted Cash Flow) approach

Conditional Distribution

Property	**Unique No.**	**Purpose (Type of use)**	**Conditional value, Eur**
Administrative premises	4400-4459-9026:8203	Administrative	2,527,000
Parking lot	4400-2205-4124	Other engineering buildings	63,000

Above distribution of Market Value is conditional (Market Value estimated as for integral complex)

***Valuer:* Linas Daukus**
Qualification certificate No. A 000552.

Director / Authorized person
Certificate (List of Persons Entitled to Engage in External Valuation of Property or Business) No. 000170.
Daiva Cibulskienė
S.P.

***Valuer Assistant:* Kristina Pilipavičiūtė**
Qualification certificate No. 000034.

Note: *This summary must be treated as an appendix to Valuation report No. LT-17-11-16-3259.*

SUMMARY

Valuation report No.	LT-17-11-16-3260
Client	Specialioji uždarojo tipo nekilnojamojo turto investicinė bendrovė „INVL Baltic Real Estate",company code 152105644
Country	Lithuania
City / village / district	Vilnius c.
Valuation date (Date of Inspection)	31/10/2017
Date of valuation report	16/11/2017
Property title	Complex of administrative purpose premises and building.
Composition of Property	9,744.20 sq. m administrative purpose premises and building complex.
Address	Palangos str. 4 and Vilniaus str. 33, Vilnius c., Vilnius c. m., Lithuania.
Owner / Tenant (name and ID)	Specialioji uždarojo tipo nekilnojamojo turto investicinė bendrovė „INVL Baltic Real Estate",company code 152105644
Buildings / premises ID (unique number)	4400-2340-9292; 1097-7010-6019:0001; 1097-5009-8014; 1097-7010-6024.
Land ID (unique number)	0101-0041-0096.
Land tenure	Leasehold, thus land plot is not subject to valuation.
Assumptions	–

Valuation method	**Income (Discounted Cash Flow) Approach**
Estimated market value	8,113,000 Eur (Eight million one hundred and thirteen thousand Eur)

Note: Value Added Tax is excluded from estimation of Market Value using Income (Discounted Cash Flow) approach

Conditional Distribution

Property	Unique No.	Purpose (Type of use)	Conditional value, Eur
Parking lot	4400-2340-9292	Other engineering buildings (yard buildings)	36,000
Administrative premises with underground parking	1097-7010-6019:0001	Administrative	3,871,000
Administrative building	1097-5009-8014	Administrative	4,166,000
Courtyard buildings	1097-7010-6024	Other engineering buildings	40,000

Above distribution of Market Value is conditional (Market Value estimated as for integral complex

***Valuer:* Linas Daukus**
Qualification certificate No. A 000552.

Director / Authorized person
Certificate (List of Persons Entitled to Engage in External Valuation of Property or Business) No. 000170.
S.P.

Daiva Čibiliukienė

UAB Newsec Valuations VERTINIMAS VILNIUS

***Valuer Assistant:* Kristina Pilipavičiūtė**
Qualification certificate No. 000034.

Note: *This summary must be treated as an appendix to Valuation report No. LT-17-11-16-3260.*

SUMMARY

Valuation report No.	LT-17-11-16-3261
Client	Specialioji uždarojo tipo nekilnojamojo turto investicinė bendrovė „INVL Baltic Real Estate“, company code 152105644
Country	Lithuania
City / village / district	Vilnius c.
Valuation date (Date of Inspection)	31/10/2017
Date of valuation report	16/11/2017
Property title	Complex of various commercial purpose premises with land plot.
Composition of Property	8,081.03 sq. m various commercial purpose premises complex with 25.66 a (14257/29950 part of 53.91 a) land plot.
Address	Gynėjų str. 14, A. Tumėno str. 6, Vilnius c., Vilnius c. m.., Lithuania.
Owner / Tenant (name and ID)	Specialioji uždarojo tipo nekilnojamojo turto investicinė bendrovė „INVL Baltic Real Estate“, company code 152105644
Buildings / premises ID (unique number)	4400-0996-9550:9425; 4400-0996-9471:9424; 4400-1501-1815:6866; 4400-1501-1791:6864; 4400-1501-1904:6871; 4400-1501-1862:6868; 4400-1501-1826:6867; 4400-1501-1804:6865; 4400-1586-3464:8350; 4400-1586-3475:8351; 4400-1501-1760:6862; 4400-1501-1759:6861; 4400-1046-3500:5659; 4400-1501-1948:6874; 4400-1501-1959:6875; 4400-1501-1880:6870; 4400-1501-1774:6863; 4400-1501-1978:6877; 4400-1501-1964:6876; 4400-1501-1876:6869; 4400-1501-1915:6872; 4400-1501-2012:6881; 4400-1501-1980:6878; 4400-0577-5577:7274; 4400-4207-0476; 4400-4207-0559.
Land ID (unique number)	4400-0931-1584.
Land tenure	Freehold
Assumptions	–

Valuation method	**Income (Discounted Cash Flow) Approach**
Estimated market value	13,480,000 Eur (Thirteen million four hundred and eighty thousand Eur)

Note: Value Added Tax is excluded from estimation of Market Value using Income (Discounted Cash Flow) approach

Conditional Distribution

Property	**Unique No.**	**Purpose (Type of use)**	**Conditional value, Eur**
Land plot	4400-0931-1584	Other (Residential tarritory (For high-rise residential building construction) / Commercial purpose objects territory)	1,000
Restaurant	4400-1046-3500:5659	Catering	799,000
Shop	4400-1501-1815:6866	Commercial	269,000
Commercial premises	4400-1501-1774:6863	Commercial	155,000
Commercial premises	4400-1501-1804:6865	Commercial	266,000
Commercial premises	4400-1501-1791:6864	Commercial	382,000
Shop	4400-1501-1826:6867	Commercial	442,000
Shop	4400-1501-1862:6868	Commercial	641,000
Commercial premises	4400-1501-1880:6870	Commercial	715,000
Club	4400-1501-1760:6862	Other	146,000
Commercial premises	4400-1501-1759:6861	Commercial	854,000
Night club	4400-1586-3464:8350	Culture	2,599,000

Property	Unique No.	Purpose (Type of use)	Conditional value, Eur
Sport club	4400-1501-1876:6869	Services	313,000
Shop	4400-0996-9550:9425	Commercial	390,000
Shop	4400-0996-9471:9424	Commercial	446,000
Commercial premises	4400-1501-1959:6875	Commercial	663,000
Commercial premises	4400-1501-2012:6881	Other	701,000
Commercial premises	4400-1501-1980:6878	Other	388,000
Shop	4400-1501-1904:6871	Commercial	1,384,000
Commercial premises	4400-1501-1948:6874	Commercial	427,000
Commercial premises	4400-1501-1915:6872	Other	823,000
Administrative premises	4400-1586-3475:8351	Administrative	35,000
Administrative premises	4400-1501-1978:6877	Administrative	36,000
Administrative premises	4400-1501-1964:6876	Administrative	36,000
Parking	4400-0577-5577:7274	Garage	525,000
Parking lot	4400-4207-0476	Other engineering buildings	35,200
Parking lot	4400-4207-0559	Other engineering buildings	8,800

Above distribution of Market Value is conditional (Market Value estimated as for integral complex)

***Valuer:* Linas Daukus**
Qualification certificate No. A 000552.

***Valuer Assistant:* Kristina Pilipavičiūtė**
Qualification certificate No. 000034.

Director / Authorized person
Certificate (List of Persons Entitled to Engage in External Valuation of Property or Business) No. 000170.
S.P.

Note: *This summary must be treated as an appendix to Valuation report No. LT-17-11-16-3261.*

SUMMARY

Valuation report No.	LT-17-11-16-3262
Client	Specialioji uždarojo tipo nekilnojamojo turto investicinė bendrovė „INVL Baltic Real Estate", company code 152105644
Country	Lithuania
City / village / district	Vilnius c.
Valuation date (Date of Inspection)	31/10/2017
Date of valuation report	16/11/2017
Property title	Complex of administrative purpose premises, buildings.
Composition of Property	24,532.91 sq. m administrative purpose premises, buildings complex.
Address	A. Juozapavičiaus str. 6, Šeimyniškių str. 1A, 3 and 3A, Vilnius c., Vilnius c. m., Lithuania.
Owner / Tenant (name and ID)	Specialioji uždarojo tipo nekilnojamojo turto investicinė bendrovė „INVL Baltic Real Estate", company code 152105644
Buildings / premises ID (unique number)	1094-0002-4144:0001; 1094-0002-4144:0002; 1094-0002-4044; 1094-0002-4088; 1094-0002-4099; 1094-0002-4100; 1094-0002-4111; 1094-0002-4177; 1094-0002-4166; 1094-0458-3035; 1399-8031-1015; 4400-0706-5790; 1300-0027-5013.
Land ID (unique number)	0101-0032-0251; 0101-0032-0252.
Land tenure	Leasehold, thus land plot is not subject to valuation.
Assumptions	–

Valuation method	**Income (Discounted Cash Flow) Approach**
Estimated market value	22,903,000 Eur (Twenty two million nine hundred and three thousand Eur)

Note: Value Added Tax is excluded from estimation of Market Value using Income (Discounted Cash Flow) approach

Conditional Distribution

Property	**Purpose (Type of use)**	**Unique No.**	**Conditional value, Eur**
Administrative premises	Administrative	1094-0002-4144:0001	65,000
Administrative premises	Administrative	1094-0002-4144:0002	1,953,000
Administrative building	Administrative	1094-0002-4044	1,605,000
Parking	Garage	1094-0002-4088	952,000
Warehouse	Storage	1094-0002-4099	29,000
Administrative building	Administrative	1094-0002-4100	4,215,000
Administrative building	Administrative	1094-0002-4111	191,000
Administrative building	Administrative	1094-0002-4177	2,711,000
Transformer	Auxiliary buildings	1094-0002-4166	7,000
Administrative building with shop and restaurant	Administrative	1094-0458-3035	4,404,000
Administrative building with commercial, solarium premises and underground parking	Administrative	1399-8031-1015	6,735,000
Parking lot	Other engineering buildings (yard buildings)	4400-0706-5790	24,000
High-voltage (10kV) power cable line	Electricity network	1300-0027-5013	12,000

Above distribution of Market Value is conditional (Market Value estimated as for integral complex)

***Valuer:* Linas Daukus**
Qualification certificate No. A 000552.

***Valuer Assistant:* Kristina Pilipavičiūtė**
Qualification certificate No. 000034.

Director / Authorized person
Certificate (List of Persons Entitled to Engage in External Valuation of Property or Business) No. 000170
Daiva Čibulskienė
S.P.

Note: *This summary must be treated as an appendix to Valuation report No. LT-17-11-16-3262.*

NEWSEC

SUMMARY

Valuation report No.	LT-17-11-16-3263
Client	UAB „Proprietas", company code 303252098
Country	Lithuania
City / village / district	Vilnius c.
Valuation date (Date of Inspection)	31/10/2017
Date of valuation report	16/11/2017
Property title	6 parking places.
Composition of Property	74,17 sq. m parking (unique No. 4400-4207-0548, 4400-4207-0491, 4400-4207-0480)
Address	A. Tumėno str. 4, Vilnius c., Vilnius c. m.., Lithuania.
Owner / Tenant (name and ID)	UAB „Proprietas", company code 303252098
Buildings / premises ID (unique number)	4400-4207-0548, 4400-4207-0491, 4400-4207-0480.
Land ID (unique number)	–
Land tenure	–
Assumptions	–

Valuation method	**Sales comparison approach**
Estimated market value	53,000 Eur (Fifty-three thousand Eur)

Note: Value Added Tax is not taken into account in estimates of Market Value using Sales comparison approach.

Conditional Distribution

Property	Unique No.	Purpose (Type of use)	Conditional value, Eur
Parking lot	4400-4207-0548	Other engineering buildings	8,800
Parking lot	4400-4207-0491	Other engineering buildings	26,500
Parking lot	4400-4207-0480	Other engineering buildings	17,700

Above distribution of Market Value is conditional (Market Value estimated as for integral complex)

***Valuer:* Linas Daukus**
Qualification certificate No. A 000552.

***Valuer Assistant:* Kristina Pilipavičiūtė**
Qualification certificate No. 000034.

Director / Authorized person
Certificate (List of Persons Entitled to Engage in External Valuation of Property or Business) No. 000170.

S.P.

UAB „Newsec vertinimas" VERTINIMAS VILNIUS

Note: *This summary must be treated as an appendix to Valuation report No. LT-17-11-16-3263.*

NEWSEC

SUMMARY

Valuation report No.	LT-17-11-16-3264
Client	UAB „Rovelija“, company code 302575846
Country	Lithuania
City / village / district	Vilnius c.
Valuation date (Date of Inspection)	31/10/2017
Date of valuation report	16/11/2017
Property title	Flats with cellars.
Composition of Property	6 flats with cellars.
Address	Kalvarijų str. 11A – 20, 21, 22, 23, 24 and 25, Vilnius c., Vilnius c. m., Lithuania.
Owner / Tenant (name and ID)	UAB „Rovelija“, company code 302575846
Buildings / premises ID (unique number)	1094-0142-9029:0007; 1094-0142-9018:0018; 1094-0142-9018:0019; 1094-0142-9018:0020; 1094-0142-9018:0021; 1094-0142-9018:0022.
Land ID (unique number)	–
Land tenure	–
Assumptions	–

Valuation method	**Sales comparison approach**
Estimated market value	334,000 Eur (Three hundred and thirty four thousand Eur)

Note: Value Added Tax is not included in estimates of Market Value using Sales comparison approach.

Market value Distribution

Property	Unique No.	Purpose (Type of use)	Market value, Eur
Flat with cellar	1094-0142-9029:0007	Residential (flats)	75,000
Flat with cellar	1094-0142-9018:0018	Residential (flats)	36,000
Flat with cellar	1094-0142-9018:0019	Residential (flats)	67,000
Flat with cellar	1094-0142-9018:0020	Residential (flats)	58,000
Flat with cellar	1094-0142-9018:0021	Residential (flats)	37,000
Flat with cellar	1094-0142-9018:0022	Residential (flats)	61,000

***Valuer:* Linas Daukus**
Qualification certificate No. A 000552.

***Valuer Assistant:* Kristina Pilipavičiūtė**
Qualification certificate No. 000034.

Director / Authorized person
Certificate (List of Persons Entitled to Engage in External Valuation of Property or Business) No. 000170.
S.P.

Laima Žibulskienė

UAB „Newsec VERTINIMAS“ VILNIUS

Note: *This summary must be treated as an appendix to Valuation report No. LT-17-11-16-3264.*

EXECUTIVE SUMMARY

of Valuation Report No. 48215 VAT_2017 DGR VHAN

Client (the Customer ordering the valuation)	**SUTNTIB "INVL Baltic Real Estate".** Legal entity code 152105644. Address: Vilnius City Municipality, Vilnius City, Gynėjų St. 14. The data about company are registered and collected in the Register of Legal Entities (the keeper of Register - The State Enterprise Centre of Registers).
Valuation case	**When requested by the customer**, i.e. it corresponds with Article 4(3) of the Law of the Republic of Lithuania on the Fundamentals of Property and Business Valuation (Official Gazette, 1999, No. 52-1672; 2011, No. 86-4139).
Purpose of the valuation	- Determination of the market value and forced sale value of property with the aim of pledging the property. This report is only intended for **AB Šiaulių bankas.** - Determination of the market value for purpose of financial reporting.
Date of Inspection	31 October 2017.
Valuation Date	31 October 2017.
Date of Report	2 November 2017.
Identification of the asset to be valued	Non-residential premises – Administrative premises, Other engineering structures - Parking and the 3644/5997 part of the land disposed on a long term lease from state basis.
The address of the asset to be valued	Vilnius City Municipality, Vilnius City, Žygio St. 97.
The owner of the subject property	The owner of building and other engineering structures – SUTNTIB "INVL Baltic Real Estate", identification code 152105644; The owner of the land parcel – Republic of Lithuania, identification code 111105555.
Lessee of valued parcel	SUTNTIB "INVL Baltic Real Estate", identification code 152105644.
Property rights appraised	The building and other engineering structures – freehold (ownership rights); The parcel of land – lease rights.

THE MAIN IDENTIFICATION DATA OF THE PROPERTY

Name of property	Main designated use	Unique No.	Building number in the plan	Total area
Non-residential premises – Administrative premises	Administrative	1094-0512-9012	27B2p	3235.79 sq. m
Other engineering structures - Parking	Other engineering structures	4400-2205-4124	b1	-
Name of property	**Main designated use / Manner of use**	**Unique No.**	**Cadastral No.**	**Total area**
3644/5997 part of the land disposed on a long term lease from state basis	Other / Area for commercial objects	4400-2041-4714	0101/0023:330 Vilniaus m. k.v.	3644/5997 part from 0.5997 ha

VALUATION APPROACH (METHOD): Income Approach. Value estimated using Income Approach.

CONCLUSION REGARDING MARKET VALUE

The **market value** of the appraised property at 31 October 2017 herein is
€ 2,700,000 (two million seven hundred thousand Euros).

CONCLUSION REGARDING FORCED SALE VALUE

The **forced sale value** of the appraised property at 31 October 2017 herein is
€ 1,920,000 (one million nine hundred twenty thousand Euros).

NOTES: The allocation of market values to individual units of the valued property is provided in Tables 6.11-6.12, page 38. Valuers note that the assignment of values to individual units of the valued property is conditional and is only valid for pledge/sale of the entire valued property and not in individual property units. The value of property is determined and this valuation report is written based on the special assumptions, assumptions and circumstances provided in Section No. 2 of this Report.

Appraised property was inspected, valuated and report was prepared by: **„OBER-HAUS" nekilnojamas turtas UAB**, a legal entity incorporated under the laws of the Republic of Lithuania, reg. No. 111645042 with its registered office at Geležinio Vilko St. 18A, Vilnius, Lithuania. Certificate No. 000112 entitling to engage in the valuation of property or business. Certificate issued on 1 August 2012 on the basis of the order of the Director of the Property Valuation Supervision Authority (31 July 2012 No B1-38).

Valuer: Donatas Grigalauskas
Certified Real Estate Valuer
Licence No. A 000389, issued 06-22-2007

Person who has the right to act on behalf of "OBER-HAUS" nekilnojamas turtas UAB: Director General Remigijus Pleteras
(or a person authorised by the Director General, specify the first name and surname)

EXECUTIVE SUMMARY

of Valuation Report No. 48087 VAT_2017 GDR VHAN

Client (the Customer ordering the valuation)	**SUTNTIB "INVL Baltic Real Estate".** Legal entity code 152105644. Address: Vilnius City Municipality, Vilnius City, Gynėjų St. 14. The data about company are registered and collected in the Register of Legal Entities (the keeper of Register - The State Enterprise Centre of Registers).
Valuation case	**When requested by the customer**, i.e. it corresponds with Article 4(3) of the Law of the Republic of Lithuania on the Fundamentals of Property and Business Valuation (Official Gazette, 1999, No. 52-1672; 2011, No. 86-4139).
Purpose of the valuation	- Determination of the market value and forced sale value of property with the aim of pledging the property. This report is only intended for **AB Šiaulių bankas.** - Determination of the market value for purpose of financial reporting.
Date of Inspection	31 October 2017.
Valuation Date	31 October 2017.
Date of Report	2 November 2017.
Identification and the address of the asset to be valued	Building – Administrative building, located at Vilnius City Municipality, Vilnius City, Palangos St. 4; Non-residential premises – Administrative premises with underground parking, located at Vilnius City Municipality, Vilnius City, Vilniaus St. 33; Other engineering structures – Yard structures (parking), located at Vilnius City Municipality, Vilnius City, Vilniaus St. 33; ½ part of other structures (engineering) – Parking, located at Vilnius City Municipality, Vilnius City, Palangos St. 4; The part 0.4933 ha from 0.6271 ha of state parcel of land managed on a lease basis, located Vilnius City Municipality, Vilnius City, Palangos St. 4.
The owner and lessee of the subject property	The owner of building, non-residential premises and structures - SUTNTIB "INVL Baltic Real Estate"; The owner of 4933/6271 part of the parcel - Republic of Lithuania, The lessee of 4933/6271 part of the parcel – SUTNTIB "INVL Baltic Real Estate".
Property rights appraised	The buildings and structures – freehold (ownership rights). The parcel of land – lease rights.

THE MAIN IDENTIFICATION DATA OF THE PROPERTY

Name of property	Main designated use	Unique No.	Building number in the plan	Total area
Building – Administrative building	Administrative	1097-5009-8014	1B4b	5050.89 sq. m
Non-residential premises – Administrative premises with underground parking (marked R-3, R-3a, R-26, R-27, R-29, R-30, from R-32 to R-46, from 1-166 to 1-203, 1-76a, 1-76b)	Administrative	1097-7010-6019:0001	1B4b	4693.31 sq. m
Other engineering structures – Yard structures (parking)	Other engineering structures	1097-7010-6024	-	-
½ part of other structures (engineering) – Parking	Other engineering structures (yard equipment)	4400-2340-9292	b	½ part of 1006.88 sq. m
Part 0.4933 ha from 0.6271 ha of state parcel of land managed on a lease basis	Other	0101-0041-0096	-	4933/6271 part of 0.6271 ha, i.e. 0.4933 ha

VALUATION APPROACH (METHOD): Income Approach. Value estimated using Income Approach.

CONCLUSION REGARDING MARKET VALUE

The **market value** of the appraised property at 31 October 2017 herein is

€ 8,500,000 (eight million five hundred thousand Euros). Of it:

The market value of Administrative building, unique No. 1097-5009-8014, herein is 4 939 999 Eur;

The market value of Administrative premises with underground parking, unique No. 1097-7010-6019:0001, herein is 3 500 000 Eur;

The market value of Yard structures (parking), unique No. 1097-7010-6024, herein is 30 000 Eur;

The market value of ½ part of other structures (engineering) – Parking, unique No. 4400-2340-9292, herein is 30 000 Eur;

The market value of 4933/6271 part of the state parcel of land managed on a lease basis, unique No. 0101-0041-0096, herein is 1 Eur.

CONCLUSION REGARDING FORCED SALE VALUE

The **forced sale value** of the appraised property at 31 October 2017 herein is

€ 6,100,000 (six million one hundred thousand Euros).

NOTES:

- Valuers note that the assignment of values to individual units of the valued property is conditional and is only valid for pledge/sale of the entire valued property and not in individual property units.

Appraised property was inspected, valued and report was prepared by: „OBER-HAUS" nekilnojamas turtas UAB, a legal entity incorporated under the laws of the Republic of Lithuania, reg. No. 111645042 with its registered office at Geležinio Vilko St. 18A, Vilnius, Lithuania. Certificate No. 000112 entitling to engage in the valuation of property or business. Certificate issued on 1 August 2012 on the basis of the order of the Director of the Property Valuation Supervision Authority (31 July 2012 No B1-38).

Valuer: Saulius Vagonis
Certified Real Estate Valuer
Licence No. A 000286, issued 19-02-2003

Person who has the right to act on behalf of "OBER-HAUS" nekilnojamas turtas UAB: Director General Remigijus Pleteras
(or a person authorised by the Director General, specify the first name and surname)

EXECUTIVE SUMMARY

of Valuation Report No. 48657 VAT_2017 AGU VHAN

Client (the Customer ordering the valuation)	**SUTNTIB "INVL Baltic Real Estate".** Legal entity code 152105644. Address: Vilnius City Municipality, Vilnius City, Gynėjų St. 14. The data about company are registered and collected in the Register of Legal Entities (the keeper of Register - The State Enterprise Centre of Registers).
Valuation case	**When requested by the customer**, i.e. it corresponds with Article 4(3) of the Law of the Republic of Lithuania on the Fundamentals of Property and Business Valuation (Official Gazette, 1999, No. 52-1672; 2011, No. 86-4139).
Purpose of the valuation	- Determination of the market value of property with the aim of pledging the property. This report is only intended for **AB Šiaulių bankas.** - Determination of the market value for purpose of financial reporting.
Date of Inspection	31 October 2017.
Valuation Date	31 October 2017.
Date of Report	15 November 2017.
Identification of the asset to be valued	Retail (13 units), cultural (1 unit), administrative (3 units), catering (1 unit), other (4 units), services (1 unit) premises, 60/371 part of parking yard, yard (1 unit), 1/3 part of yard, 14257/29950 part of land parcel.
The address of the asset to be valued	Vilnius City Municipality, Vilnius City, Gynėjų St. 14.
The owner of the subject property	SUTNTIB "INVL Baltic Real Estate", identification code 152105644.
Property rights appraised	Freehold (ownership rights).
Legal information	The legal characteristic of individual valued property units are provided in Section 3.

THE MAIN IDENTIFICATION DATA OF THE PROPERTY

Valued property	**Retail, cultural, administrative, catering, other, services and garage premises**
The address of the asset to be valued	Vilnius City Municipality, Vilnius City, Gynėjų St. 14
Unique No. of the building in which located valued property	4400-0998-3648
Index in plan of the building in which located valued property	3E9/b
The total area of valued administrative premises	57.53 sq. m
The total area of valued cultural premises	1287.25 sq. m
The total area of valued commercial premises	3484.33 sq. m
The total area of valued catering premises	396.21 sq. m
The total area of valued other premises	1019.40 sq. m
The total area of valued services premises	155.01 sq. m
The total area of valued 60/371 part of parking	1682.74 sq. m. from 10 404.95 sq. m, i.e. 60 parking spaces
Total:	***6399.73 (8082.47 sq. m with parking yard)***

DATA OF APPRAISED PARCEL OF LAND

14257/29950 part of land parcel	***0.2566 ha from 0.5391 ha***

Note: this table provides total area of premises that are relevant on the valuation date. This information are submitted in the Real Property Register.

VALUATION APPROACH (METHOD): Income Approach and Market Approach. Value estimated using Income Approach and Market Approach.

CONCLUSION REGARDING MARKET VALUE

The **market value** of the total appraised property at 31 October 2017 herein is

€ 14,166,432 (fourteen million one hundred sixty six thousand four hundred and thirty two Euros).

CONCLUSION REGARDING FORCED SALE VALUE

The **forced sale value** of the total appraised property at 31 October 2017 herein is

€ 9,933,445 (nine million nine hundred thirty three thousand four hundred and forty five Euros).

Notes:

- The market values of the individual property units (individual groups of property) are provided in Section 6.7, table 6.17.
- The forced sale values of the individual property units (individual groups of property) are provided in Section 6.8.4, table 6.25.
- According to the customer's request and terms of engagement (scope of work), the estimated market values of property and conclusion regarding market values are shown without VAT.

Appraised property was inspected, valuated and report was prepared by: **„OBER-HAUS" nekilnojamas turtas UAB**, a legal entity incorporated under the laws of the Republic of Lithuania, reg. No. 111645042 with its registered office at Geležinio Vilko St. 18A, Vilnius, Lithuania. Certificate No. 000112 entitling to engage in the valuation of property or business. Certificate issued on 1 August 2012 on the basis of the order of the Director of the Property Valuation Supervision Authority (31 July 2012 No B1-38).

Valuer: Saulius Vagonis
Certified Real Estate Valuer
Licence No. A 0005286, issued 02-19-2003

Person who has the right to act on behalf of "OBER-HAUS" nekilnojamas turtas UAB: Director General Remigijus Pleteras
(or a person authorised by the Director General, specify the first name and surname)

EXECUTIVE SUMMARY

of Valuation Report No. 48225 VAT_2017 MKA VHAN

Client (the Customer ordering the valuation)	**SUTNTIB "INVL Baltic Real Estate".** Legal entity code 152105644. Address: Vilnius City Municipality, Vilnius City, Gynėjų St. 14. The data about company are registered and collected in the Register of Legal Entities (the keeper of Register - The State Enterprise Centre of Registers).
Valuation case	**When requested by the customer**, i.e. it corresponds with Article 4(3) of the Law of the Republic of Lithuania on the Fundamentals of Property and Business Valuation (Official Gazette, 1999, No. 52-1672; 2011, No. 86-4139).
Purpose of the valuation	- Determination of the market value and forced sale value of property with the aim of pledging the property. This report is only intended for **AB Šiaulių bankas.** - Determination of the market value for purpose of financial reporting.
Date of Inspection	31 October 2017.
Valuation Date	31 October 2017.
Date of Report	2 November 2017.
Identification of the asset to be valued	Administrative, garage, warehousing and auxiliary buildings, administrative premises, other engineering structures, engineering networks and two state parcels of land managed on a lease basis.
The address of the asset to be valued	Vilnius City Municipality, Vilnius City, A. Juozapavičiaus St. 6, Šeimyniškių St. 1A, Šeimyniškių St. 3, Šeimyniškių St. 3A, A. Juozapavičiaus St. 6 / Slucko St. 2.
The owner of the valued buildings, premises, other structures and engineering networks	SUTNTIB "INVL Baltic Real Estate", identification code 152105644.
The owner of the valued parcels of land	Republic of Lithuania, identification code 111105555.
The lessee of the valued state parcels of land	SUTNTIB "INVL Baltic Real Estate", identification code 152105644.
Buildings, premises, other structures and engineering networks rights appraised	Freehold (ownership rights).
Parcels of land rights appraised	The parcels of land managed on an ownership rights by Republic of Lithuania. The parcels of land managed on a lease rights by SUTNTIB "INVL Baltic Real Estate".

THE MAIN IDENTIFICATION DATA OF THE PROPERTY

Name of property	Address of property	Main designated use	Unique No.	Building number in the plan	Total area / Length
Non-residential premises – Administrative premises, marked in plan from 1-1 to 1-7	Vilnius City Municipality, Vilnius City, Juozapavičiaus St. 6	Administrative	1094-0002-4144:0001	14B4p	Total area: 67.51 sq. m
Non-residential premises – Administrative premises, marked in plan from R-1 to R-20, from 1-8 iki 1-19, from 2-16 to 2-41, from 3-20 to 3-47, 3-33a, 3-37a, 3-38a, 4-1, 4-3, 4-4, from 4-6 to 4-27	Vilnius City Municipality, Vilnius City, A. Juozapavičiaus St. 6	Administrative	1094-0002-4144:0002	14B4p	Total area: 2041.58 sq. m
Building – Administrative building	Vilnius City Municipality, Vilnius City, A. Juozapavičiaus St. 6	Administrative	1094-0002-4100	11B3p	Total area: 4432.07 sq. m
Building – Administrative building	Vilnius City Municipality, Vilnius City, Šeimyniškių St. 3A	Administrative	1094-0002-4177	16B3p	Total area: 2817.15 sq. m
Building – Administrative building	Vilnius City Municipality, Vilnius City, A. Juozapavičiaus St. 6	Administrative	1094-0002-4111	12B2p	Total area: 199.56 sq. m
Building – Administrative building	Vilnius City Municipality, Vilnius City, A. Juozapavičiaus St. 6	Administrative	1094-0002-4044	4B2p	Bendras plotas: 1570.40 sq. m
Building – Administrative building with shop and restaurant	Vilnius City Municipality, Vilnius	Administrative	1094-0458-3035	2B5b	Total area: 4487.88 sq. m

	City, Šeimyniškių St. 3				
Building – Administrative building with commercial, solarium premises and underground parking	Vilnius City Municipality, Vilnius City, Šeimyniškių St. 1A	Administrative	1399-8031-1015	1B6b	Total area: 6929.68 sq. m
Building – Parking	Vilnius City Municipality, Vilnius City, A. Juozapavičiaus St. 6	Garage	1094-0002-4088	9G2p	Total area: 1812.37 sq. m
Other engineering structures – Parking b-1, b-2, b-3	Vilnius City Municipality, Vilnius City, Šeimyniškių St. 1A	Other engineering structures (yard equipment)	4400-0706-5790	b-1, b-2, b-3	-
Building – Warehouse	Vilnius City Municipality, Vilnius City, A. Juozapavičiaus St. 6	Warehousing	1094-0002-4099	10F1b	Total area: 174,71 sq. m
Building - Transformer	Vilnius City Municipality, Vilnius City, A. Juozapavičiaus St. 6	Auxiliary	1094-0002-4166	15I1g	Built area: 45,00 sq. m
Engineering networks - high voltage (10 kV) power cable line, length 730.0 m	Vilnius City Municipality, Vilnius City, A. Juozapavičiaus g. 6 / Slucko St. 2	Electricity network	1300-0027-5013	-	Length: 730 m

Name of property	Main designated use / Manner of use	Unique No.	Cadastral No.	Total area
Parcel of land (state parcel of land managed on a lease basis)	Other / Area for commercial objects	0101-0032-0251	0101/0032:251 Vilniaus m. k. v.	1.2534 ha
Parcel of land (state parcels of land managed on a lease basis)	Other / Area for commercial objects	0101-0032-0252	0101/0032:252 Vilniaus m. k. v.	0.2178 ha

VALUATION APPROACH (METHOD): Market Approach and Income Approach. Value estimated using Income Approach.

CONCLUSION REGARDING MARKET VALUE

The **market value** of the total appraised property at 31 October 2017 herein is

€ 22,300,000 (twenty two million three hundred thousand Euros).

CONCLUSION REGARDING FORCED SALE VALUE

The **forced sale value** of the total appraised property at 31 October 2017 herein is

€ 16,100,000 (sixteen million one hundred thousand Euros).

NOTE: The assignment of market and forced sale values to individual units of the valued property is conditional. The assignment of the marked and forced sale values to individual units of the valued property are provided in Section 6.7., tables 6.10 and 6.11.

Appraised property was inspected, valuated and report was prepared by: **„OBER-HAUS" nekilnojamas turtas UAB**, a legal entity incorporated under the laws of the Republic of Lithuania, reg. No. 111645042 with its registered office at Geležinio Vilko St. 18A, Vilnius, Lithuania. Certificate No. 000112 entitling to engage in the valuation of property or business. Certificate issued on 1 August 2012 on the basis of the order of the Director of the Property Valuation Supervision Authority (31 July 2012 No B1-38).

Valuer: Mindaugas Karalius
Certified Real Estate Valuer
Licence No. A 000374, issued 02-28-2007

Valuer: Liudmila Voišnienė
Certified Real Estate Valuer
Licence No. A 000603, issued 12-28-2010

TURTO VERTINTOJA
Liudmila Voišnienė
Nr. A000362, A000603

Person who has the right to act on behalf of "OBER-HAUS" nekilnojamas turtas UAB: Director General Remigijus Pleteras
(or a person authorised by the Director General, specify the first name and surname)

Uždaroji akcinė bendrovė „OBER-HAUS" nekilnojamas turtas, įm. k. 111645042
Geležinio Vilko g. 18A, Vilnius, tel. (8 5) 210 97 00
Įmonės įrašymo į išorės turto arba verslo vertinimo veikla turinčių teisę verstis asmenų sąrašą pažymėjimo Nr. 000112

EXECUTIVE SUMMARY

of Valuation Report No. 48526 VAT_2017 AGU VHAN

Client (the Customer ordering the valuation)	**UAB "Proprietas".** Legal entity code 303252098. Address: Vilnius City Municipality, Vilnius City, Gynėjų St. 14. The data about company are registered and collected in the Register of Legal Entities (the keeper of Register - The State Enterprise Centre of Registers).
Valuation case	**When requested by the customer**, i.e. it corresponds with Article 4(3) of the Law of the Republic of Lithuania on the Fundamentals of Property and Business Valuation (Official Gazette, 1999, No. 52-1672; 2011, No. 86-4139).
Purpose of the valuation	- Determination of the market value and forced sale value of property with the aim of pledging the property. This report is only intended for **AB Šiaulių bankas.** - Determination of the market value for purpose of financial reporting.
Date of Inspection	31 October 2017.
Valuation Date	31 October 2017.
Date of Report	15 November 2017.
Identification of the asset to be valued	¼ other engineering structures - parking and other engineering structures – parking (2 units).
The address of the asset to be valued	Vilnius City Municipality, Vilnius City, Antano Tumėno St. 4.
The owner of the subject property	UAB "Proprietas", identification code 303252098.
Property rights appraised	Freehold (ownership rights)

THE MAIN IDENTIFICATION DATA OF THE PROPERTY

Name of property	Main designated use	Unique No.	Building number in the plan	Total area	Appraised part
Other engineering structures - Parking	Other engineering structures	4400-4207-0548	a1	47,07 sq. m	¼ part of Other engineering structures – Parking, i.e. parking place in plane marked No. P1
Other engineering structures - Parking	Other engineering structures	4400-4207-0491	a2	34,49 sq. m	Other engineering structures – Parking, i.e. parking places in plane marked No. P2, P3, P4
Other engineering structures - Parking	Other engineering structures	4400-4207-0480	a3	27,91 sq. m	Other engineering structures – Parking, i.e. parking places in plane marked No. P5, P6

VALUATION APPROACH (METHOD): Market Approach. Value estimated using Market Approach.

CONCLUSION REGARDING MARKET VALUE

The **market value** of the appraised property at 31 October 2017 herein is
€ 61,488 (sixty one thousand four hundred and eighty eight Euros).

CONCLUSION REGARDING FORCED SALE VALUE

The **forced sale value** of the appraised property at 31 October 2017 herein is
€ 43,140 (forty three thousand one hundred and forty Euros).

NOTES: According to the customer's request and terms of engagement (scope of work), the estimated market values of property and conclusion regarding market values are shown without VAT.
The market values of the individual property units (individual groups of property) are provided in Section 6.7, table 6.5.

Appraised property was inspected, valuated and report was prepared by: **„OBER-HAUS" nekilnojamas turtas UAB**, a legal entity incorporated under the laws of the Republic of Lithuania, reg. No. 111645042 with its registered office at Geležinio Vilko St. 18A, Vilnius, Lithuania. Certificate No. 000112 entitling to engage in the valuation of property or business. Certificate issued on 1 August 2012 on the basis of the order of the Director of the Property Valuation Supervision Authority (31 July 2012 No B1-38).

Valuer: Saulius Vagonis
Certified Real Estate Valuer
Licence No. A 000286, issued 02-19-2003

Person who has the right to act on behalf of "OBER-HAUS" nekilnojamas turtas UAB: Director General Remigijus Pleteras
(or a person authorised by the Director General, specify the first name and surname)

EXECUTIVE SUMMARY

of Valuation Report No. 48138 VAT_2017 SVA VHAN

Client (the Customer ordering the valuation)	**UAB Rovelija.** Legal entity code 302575846. Address: Vilnius City Municipality, Vilnius City, Kalvarijų St. 11A-20. The data about company are registered and collected in the Register of Legal Entities (the keeper of Register - The State Enterprise Centre of Registers).
Valuation case	**When requested by the customer,** i.e. it corresponds with Article 4(3) of the Law of the Republic of Lithuania on the Fundamentals of Property and Business Valuation (Official Gazette, 1999, No. 52-1672; 2011, No. 86-4139).
Purpose of the valuation	- Determination of the market value of property with the aim of pledging the property. This report is only intended for AB Šiaulių bankas. - Determination of the market value for purpose of financial reporting.
Date of Inspection	31 October 2017.
Valuation Date	31 October 2017.
Date of Report	15 November 2017.
Identification of the asset to be valued	Apartment/Premises – Apartments (6 units), located at the state parcel of land managed on a lease basis.
The address of the asset to be valued	Vilnius City Municipality, Vilnius City, Kalvarijų St. 11A-20, 21, 22, 23, 24, 25.
The owner of the valued apartments	UAB ROVELIJA, identification code 302575846.
Apartments rights appraised	Freehold (ownership rights).

THE MAIN IDENTIFICATION DATA OF THE PROPERTY

Name of property	Main designated use	Unique No.	Building number in the plan	Total area
Vilnius City Municipality, Vilnius City, Kalvarijų St. 11A-20				
Apartment/Premises – Apartment with cellar	Residential (apartments)	1094-0142-9029:0007	2A2p	51.72 sq. m
Vilnius City Municipality, Vilnius City, Kalvarijų St. 11A-21				
Apartment/Premises – Apartment with cellar	Residential (apartments)	1094-0142-9018:0018	2A2p	42.70 sq. m
Vilnius City Municipality, Vilnius City, Kalvarijų St. 11A-22				
Apartment/Premises – Apartment with cellar	Residential (apartments)	1094-0142-9018:0019	2A2p	51.07 sq. m
Vilnius City Municipality, Vilnius City, Kalvarijų St. 11A-23				
Apartment/Premises – Apartment with cellar	Residential (apartments)	1094-0142-9018:0020	2A2p	41.70 sq. m
Vilnius City Municipality, Vilnius City, Kalvarijų St. 11A-24				
Apartment/Premises – Apartment with cellar	Residential (apartments)	1094-0142-9018:0021	2A2p	43.60 sq. m
Vilnius City Municipality, Vilnius City, Kalvarijų St. 11A-25				
Apartment/Premises – Apartment with cellar	Residential (apartments)	1094-0142-9018:0022	2A2p	45.51 sq. m

VALUATION APPROACH (METHOD): Market Approach and Income Approach. Value estimated using Income Approach.

CONCLUSION REGARDING MARKET VALUE

The **market value** of the appraised property at 31 October 2017 herein is
€ 350,000 (three hundred and fifty thousand Euros).

Note. The value of property is determined based on the special assumptions:

- The development of land parcel with valued apartments is possible in accordance with maximal regulations provided in the General Plan of Vilnius, i.e. the assumption that it is possible to fully exploit the maximum building intensity - 3.0. According to the customer's request, the market value of the property is determined based on the assumption that the commercial building (office building) which total area would be up to 1500 sq. m can be designed and built on the parcel of land.
- Because the subject property adjacent to the Customer related IBC business center territory, calculation of the market value is based on the main Customer's formed assumption, that the planned to construct building would be without own underground parking. The users of administrative premises that would be fitted out in the planned to construct building use parking spaces (about 40-50 necessary parking spaces) in the IBC territory. I.e. the lessee of the planned to construct building will have opportunity to rent parking spaces of IBC territory for a fee which will be not greater than rent market price.

Appraised property was inspected, valuated and report was prepared by: **„OBER-HAUS" nekilnojamas turtas UAB**, a legal entity incorporated under the laws of the Republic of Lithuania, reg. No. 111645042 with its registered office at Geležinio Vilko St. 18A, Vilnius, Lithuania. Certificate No. 000112 entitling to engage in the valuation of property or business. Certificate issued on 1 August 2012 on the basis of the order of the Director of the Property Valuation Supervision Authority (31 July 2012 No B1-38).

Valuer: Saulius Vagonis
Certified Real Estate Valuer
Licence No. A 000286, issued 02-19-2003

Person who has the right to act on behalf of "OBER-HAUS" nekilnojamas turtas UAB: Director General Remigijus Pleteras
(or a person authorised by the Director General, specify the first name and surname)

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OBER HAUS VĒRTĒŠANAS SERVISS

REPORT ON THE MARKET VALUE OF REAL ESTATE

"LAPEGLES", "FRANČI", "JAUNMĀRI" AND "LAUVAS" AT OLAINES PAGASTS, OLAINES NOVADS

Riga

31 October 2017

Survey of the real estate
"Lapegles", "Franči", "Jaunmāri" and
"Lauvas" at Olaines pagasts, Olaines novads

OBER HAUS VĒRTĒŠANAS SERVISS

SIA „Dommo biznesa parks"

03 November 2017 No. 02-1959/2017

Pursuant to our agreement, we have compiled a report on survey of the real estates situated at **"Lapegles", Stūnīši, Olaines pagasts, Olaines novads (cadastral reg. No. 8080 501 0403)** and composed of a **warehouse - production building with office premises (No. 001); "Lapegles", Olaines pagasts, Olaines novads (cadastral reg. No. 8080 001 0155)** composed of a **land parcel with the total area of 12.30 ha; "Franči", Olaines pagasts, Olaines novads (cadastral reg. No. 8080 001 0182)** composed of a **land. parcel with the total area of 15.78 ha; 'Jaunmāri", Stūnīši, Olaines pagasts, Olaines novads (cadastal reg. No. 8080 004 0234)** composed of a **land parcel with the total area of 26.26 ha; and "Lauvas", Stūnīši, Olaines pagasts, Olaines novads (cadastral reg. No. 8080 004 0235)** composed of a **land parcel with the total area of 3.87 ha** on 31 October 2017. The estimated value is based on analysis of the information made available to us including information about the surveyed real estate and the factors affecting the value thereof.

The results of analysis lead us to conclusion that the most probable market value of the surveyed real estate situated at "Lapegles", Olaines pagasts, Olaines novads and composed of a land parcel with the area or 12.30 ha and a warehouse – production building with office premises (No. 001) as of the date of survey makes:

EUR 5 665 000 (Five million six hundred and sixty-five thousand euro),

Including the preliminary value of EUR 791 000 EUR (the land parcel "Lapegles" does not constitute a separate market object).

The results of analysis lead us to conclusion that the most probable market value of the surveyed real estate situated at "Franči", Olaines pagasts, Olaines novads and composed of a land parcel with the area of 15.78 ha as of the date of survey makes:

EUR 926 000 (Nine hundred and twenty-six thousand euro)

The results of analysis lead us to conclusion that the most probable market value of the surveyed real estate situated at "Jaunmāri", Stūnīši, Olaines pagasts, Olaines novads and composed of a land parcel with the area of 26.26 ha as of the date of survey makes:

EUR 1 344 000 (One million three hundred and forty-four thousand euro)

The results of analysis lead us to conclusion that the most probable market value of the surveyed real estate situated at "Lauvas", Stūnīši, Olaines pagasts, Olaines novads and composed of the land parcel with the area of 3.87 ha as of the date of survey makes::

EUR 166 000 (One hundred and sixty-six thousand euro)

The survey is intended for presentation to a credit institution, and it may not be used for the needs of any other natural and legal entities without written consent of the surveyor.

The survey has been conducted in accordance with the definition of real estate value formulated in the Estate Survey Standards of Latvia LVS 401:2013, using the market (comparable transaction) approach to determine the amount of rent and the income approach to determine the market value of the real estate pursuant to the definition of the best and most effective use of the real estate.

Neither Ober Haus Vērtēšanas Serviss not their employees are interested in increasing or decreasing the value of the surveyed real estates. We assume no liability for eventual real estate market fluctuations capable of affecting their market value, and no third parties can claim any indivisible investments made into the property.

Best regards,

Aija Āboliņa Chairperson of the Board SIA "Ober Haus Vērtēšanas Serviss"	Sandis Kurilovičs Member of the Board SIA "Ober Haus Vērtēšanas Serviss"

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