



# BALTIC FARMLAND

## “INVL Baltic Farmland”, AB Consolidated Interim Report for 6 months of 2017

Prepared in accordance with The Rules for the Preparation and the Submission of the Periodic and Additional Information, approved by the decision No. 03-48 of the Board of the Bank of Lithuania passed on 28 February 2013.

Approved by the Board of INVL Baltic Farmland, AB on 21 July 2017.

**Translation note:**

This version of the Consolidated Interim Report for 6 months of 2017 is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over this translation.

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## I. GENERAL INFORMATION

### 1 Reporting period for which the report is prepared

The report covers the financial period of INVL Baltic Farmland, starting from 1 January 2017 and ending on 30 June 2017.

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

#### 2.1. INFORMATION ABOUT THE ISSUER

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

#### 2.2. INFORMATION ON COMPANY'S GOALS, PHILOSOPHY AND STRATEGY

The main goal of INVL Baltic Farmland – to invest into agricultural land in Lithuania and, after renting it to farmers and agricultural companies, to ensure that income from rent will exceed inflation and make a profit from agricultural land price growth. As an owner of shares in private limited companies which invest in agricultural land, the company focuses on increasing the value of land holdings and their ecological sustainability. Since prices of agricultural products are determined in the world markets, this investment allow to participate in the world food supply chain.

The public joint-stock company INVL Baltic Farmland was established on 29 April 2014 on the basis of a part of assets split-off from one of the leading asset management groups in the Baltic region Invalda INVL. Shares of INVL Baltic Farmland are listed on Nasdaq Vilnius stock exchange since 4 June 2014.

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

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

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

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

2.3. INFORMATION ABOUT THE ISSUER'S GROUP OF COMPANIES

INVL Baltic Farmland has 100% in 18 companies owning more than 3 thousand hectares of agricultural land in the most fertile regions of Lithuania. More than 98% of land is rented to farmers and agricultural companies. Companies - land owners and joint-stock company INVL Baltic Farmland, whose shareholder is Invalda INVL – one of the leading asset management groups in the Baltic region, on 30 June 2015 have signed a basic property administration agreement with INVL Farmland Management which administrates agricultural land owned by the companies in order to ensure steady growth of income for the shareholders and the value of the land.

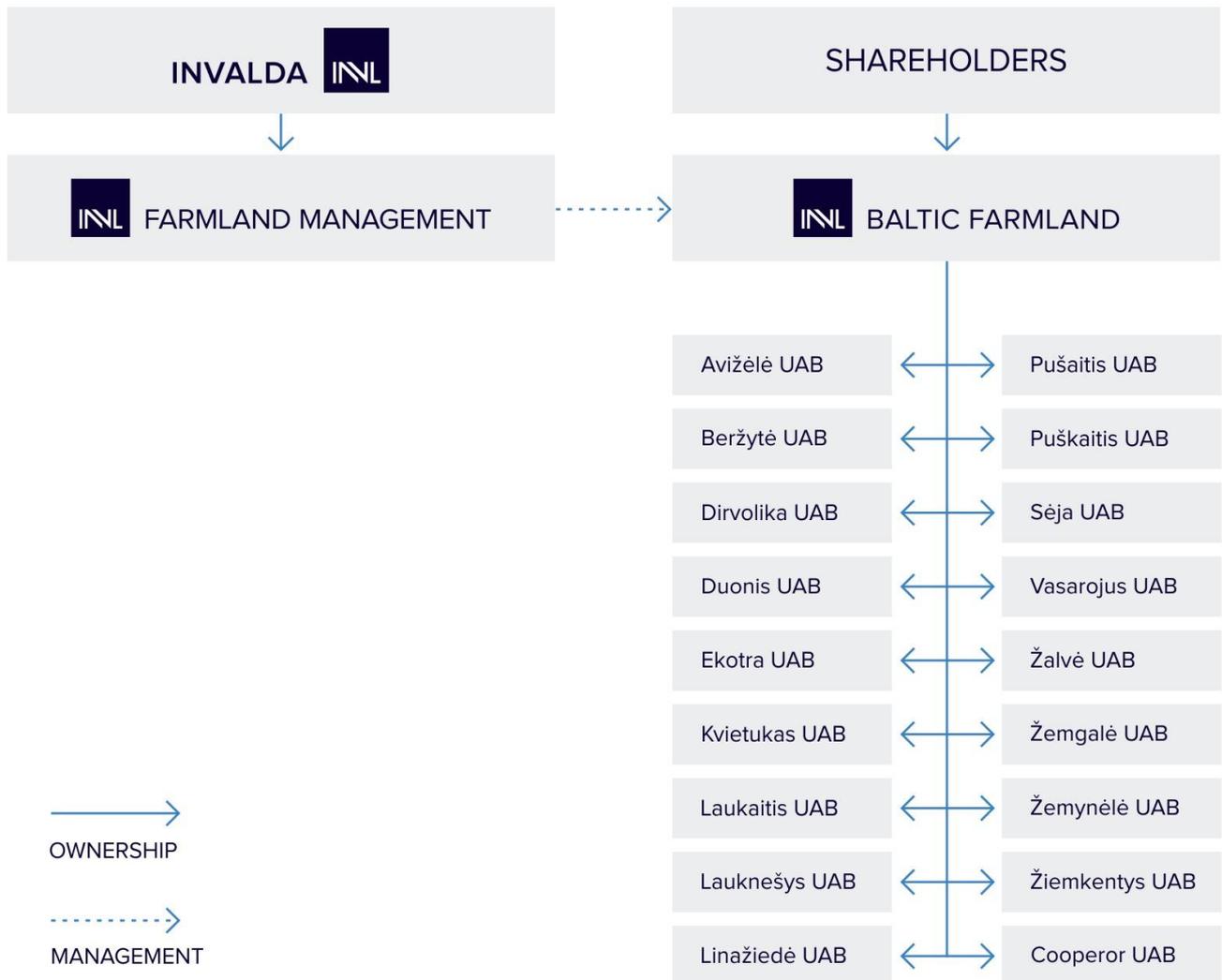


Fig. 2.3.1. Group structure of INVL Baltic Farmland, AB as of 30 June 2017

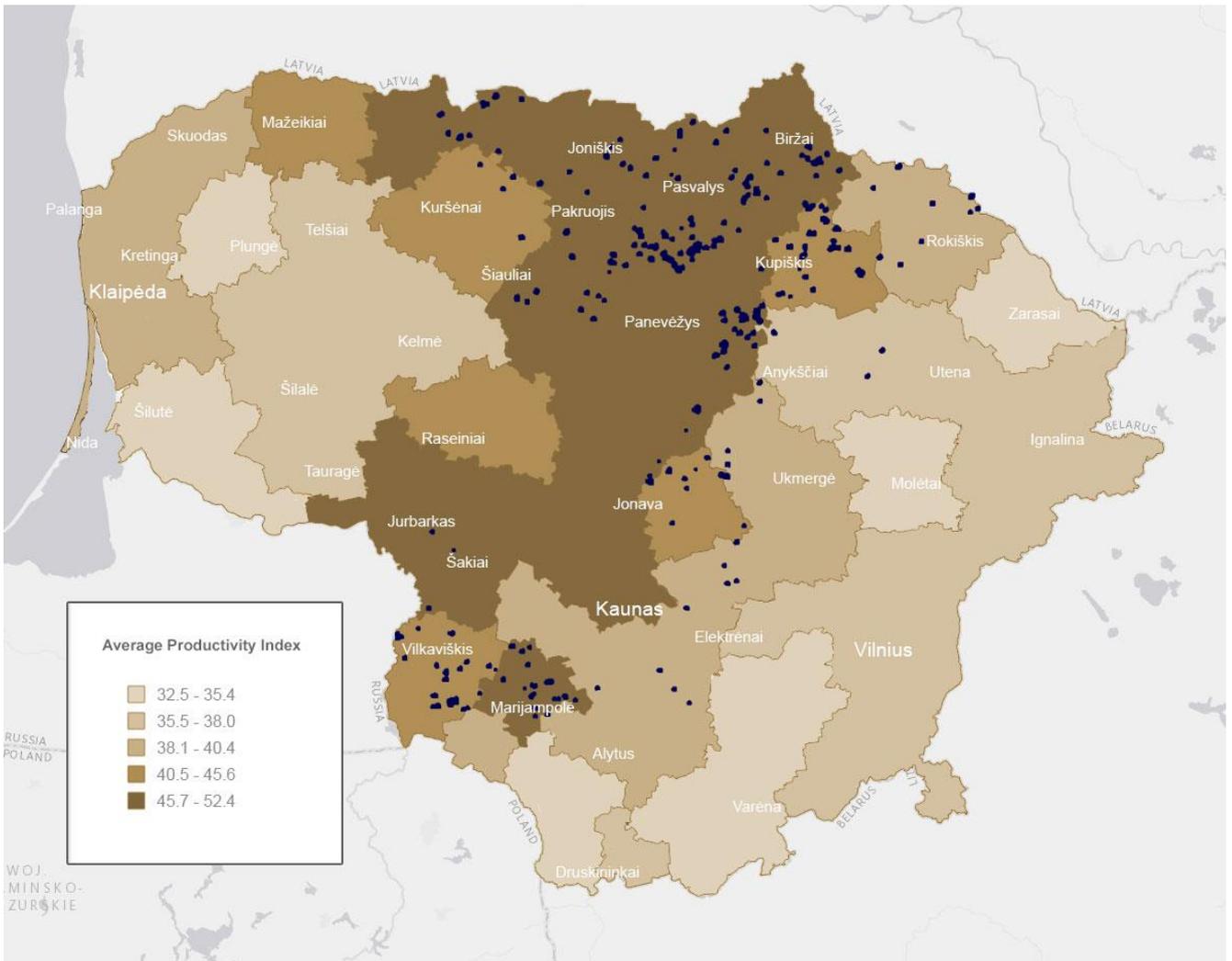


Fig. 2.3.2. Agricultural land portfolio and agricultural land fertilisation of INVL Baltic Farmland, AB  
 Plots belonging to the company are in the most fertile areas of Lithuania. They are highlighted in blue.

Table 2.3.3. Information about companies of INVL Baltic Farmland group.

Company name	District of company's activities	Owned land plot, hectares	Cultivated cropland area, hectares
Avizele, UAB	Rokiskis dist., Anyksciai dist.	113.82	107.51
Berzyte, UAB	Birzai dist.	150.49	145.99
Dirvolika, UAB	Akmene dist., Joniskis dist., Siauliai dist.	199.44	192.03
Duonis, UAB	Jonava dist., Kedainiai dist., Ukmerge dist.	183.63	178.44
Ekotra, UAB	Vilkaviskis dist.	238.76	228.70
Kvietukas, UAB	Pakruojis dist., Pasvalys dist.	124.59	118.94
Laukaitis, UAB	Pakruojis dist., Pasvalys dist., Siauliai dist.	204.10	193.44
Lauknesys, UAB	Birzai dist., Pasvalys dist.	109.94	107.83
Linaziede, UAB	Alytus dist., Jonava dist., Kasiadorys dist., Prienai dist.	85.13	80.75
Pusaitis, UAB	Radviliskis dist.	82.44	81.10
Puskaitis, UAB	Marijampole dist., Prienai dist., Vilkaviskis dist.	210.74	204.20
Seja, UAB	Kedainiai dist.	91.40	88.67
Vasarojus, UAB	Anyksciai dist., Panevezys dist., Ukmerge dist.	375.73	364.85
Zalve, UAB	Kupiskis dist.	216.88	201.73
Zemgale, UAB	Birzai dist., Kupiskis dist., Panevezys dist.	241.80	232.06
Zemynele, UAB	Sakiai dist., Vilkaviskis dist.	72.57	70.81
Ziemkentys, UAB	Panevezys dist., Pasvalys dist.	414.83	402.31
<b>Total:</b>		<b>3,116.29</b>	<b>2,999.36</b>

### 3 Agreements with intermediaries on public trading in securities

INVL Baltic Farmland has signed the agreements with these intermediaries:

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

### 4 Information on Issuer's branches and representative offices

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

## II. INFORMATION ABOUT SECURITIES

### 5 The order of amendment of Issuer's Articles of Association

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

Actual wording of the Articles of Association is dated as of 5 June 2015. The Company's Articles of Association are published on the Company's web page.

## 6 Structure of the authorized capital

Table 6.1. Structure of INVL Baltic Farmland, AB authorised capital as of 30 June 2017.

Type of shares	Number of shares, units	Total voting rights granted by the issued shares, units	Nominal value, EUR	Total nominal value, EUR	Portion of the authorised capital, %
Ordinary registered shares	3,291,549	3,228,510	0.29	954,549.21	100

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

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

Subsidiaries of INVL Baltic Farmland have not implemented acquisition of shares in INVL Baltic Farmland directly or indirectly under the order of subsidiary by persons acting by their name. The company itself has acquired its own shares. Company's acquired own shares (units) – 63,039.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 28 February 2017 approved resolution to purchase its own shares. The period during which the company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price – EUR 4.50, minimum one share acquisition price – EUR 3.16.

INVL Baltic INVL Farmland, AB did not initiate any acquisition of own shares during the reporting period.

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

Table 7.1. Main characteristics of INVL Baltic Farmland, AB shares admitted to trading

Shares issued, units	3,291,549
Shares with voting rights, units	3,228,510
Nominal value, EUR	0.29
Total nominal value, EUR	954,549.21
ISIN code	LT0000128753
Name	INVL1L
Exchange	Nasdaq Vilnius
List	Baltic Secondary list
Listing date	4 June 2014

Company uses no services of liquidity providers.

Table 7.2. Trading in INVL Baltic Farmland, AB shares

Share price, EUR	6 months of 2015	6 months of 2016	6 months of 2016
- open	2.800	2.950	3.340
- high	3.010	3.250	4.300
- low	2.580	2.810	3.150
- medium	2.711	3.020	3.645
- last	2.790	2.960	3.880
Turnover, units	7,541	14,173	10,759
Turnover, EUR	20,924.94	42,812.23	40,557.17
Traded volume, units	113	150	112

\* The data of 6 months of 2014 is not provided because the company has been listed in the Stock Exchange since 4 June 2014.

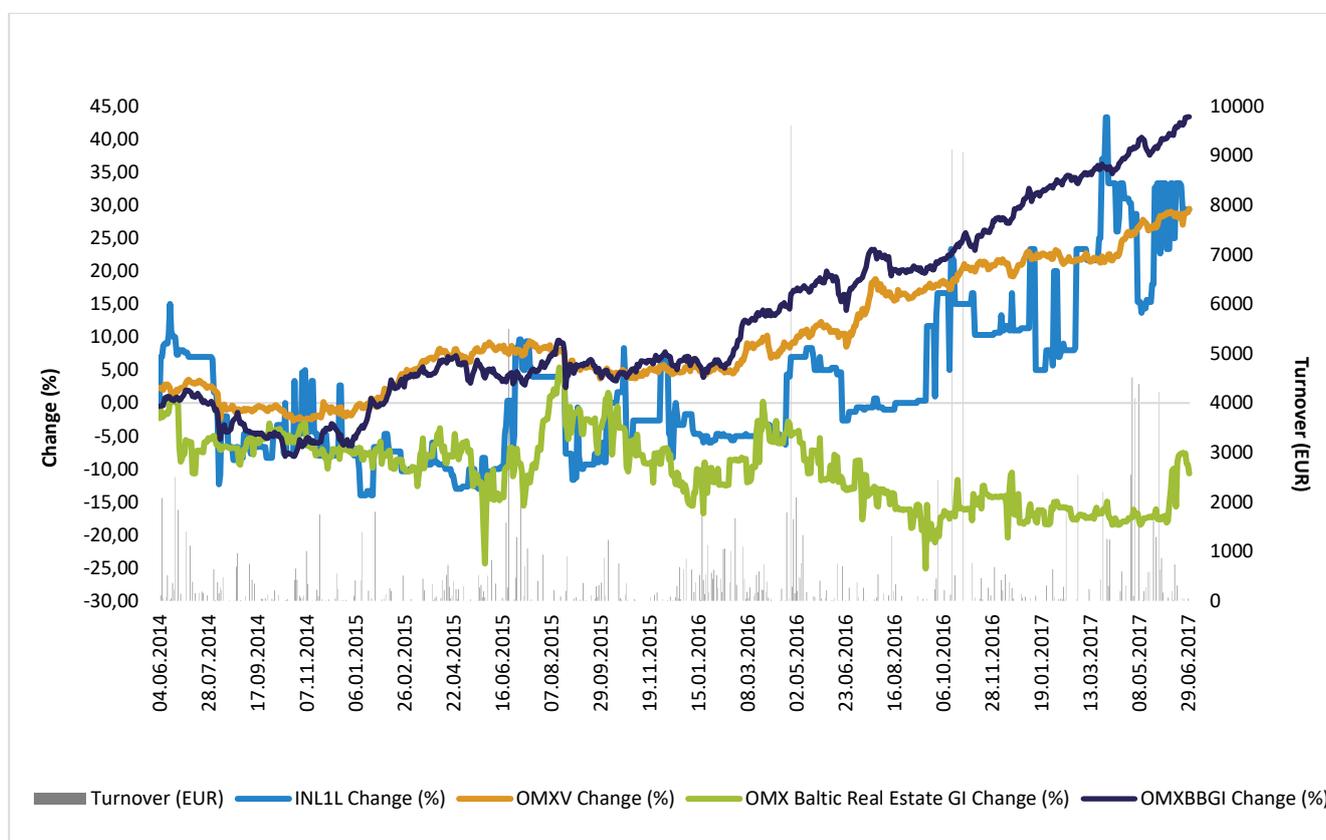


Fig. 7.3. Turnover of INVL Baltic Farmland, AB shares, change of share price and indexes<sup>1</sup>

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

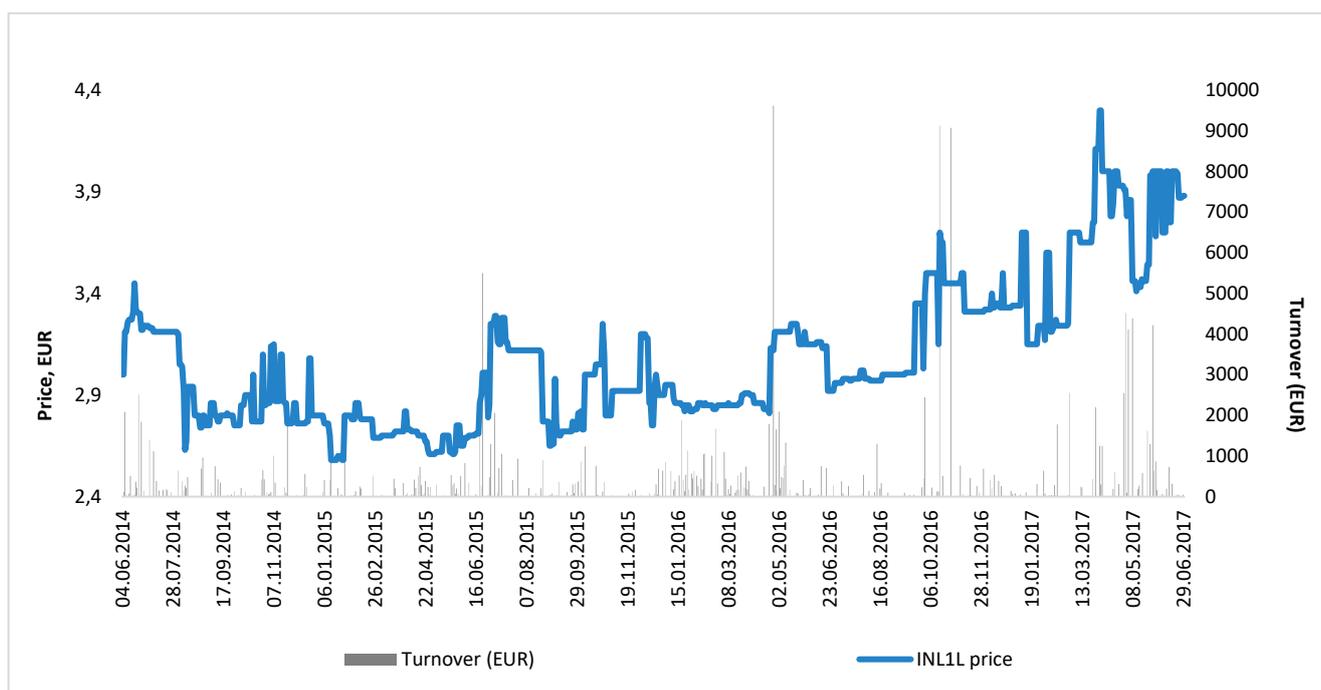


Fig. 7.4. Change of share price of INVL Baltic Farmland, AB

## 8 Dividends

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

The dividend payment policy was approved On 24 March 2015 by the General Shareholders Meeting of INVL Baltic Farmland, AB.

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

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

On 22 March 2017, the General Shareholders Meeting of INVL Baltic Farmland, AB decided to allocate EUR 0.07 dividend per share.

Dividends were allocated to the shareholders, who at the end of the tenth business day following the day of the General Shareholders Meeting that adopted a decision on dividend payment, i.e. on 5 April 2017 were shareholders of INVL Baltic Farmland, AB.

On 21 April 2017 the company announced that will start to allocate dividends from 21 April 2017. Dividends were allocated to those shareholders of the company, who has provided existing bank accounts.

## 9 Shareholders

### 9.1. INFORMATION ABOUT COMPANY'S SHAREHOLDERS

The total number of shareholders of the INVL Baltic Farmland, AB exceeded 3,400 on 30 June 2017. There are no shareholders entitled to special rights of control.

<sup>2</sup>This information should not be treated as tax consultation.

Table 9.1.1. Shareholders who held title to more than 5% of INVL Baltic Farmland, AB authorised capital and/or votes as of 30 June 2017.

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of the votes, %		
			Share of votes given by the shares held by the right of ownership, %	Netiesiogiai turimi balsai, proc.	Balsų dalis iš viso, proc.
LJB Investments, UAB code 300822575, Juozapavičiaus str. 9A, Vilnius	977,751	29.70	30.29	0	30.29
Irena Ona Mišeikienė	931,831	28.31	28.86	0	28.86
Lucrum Investicija, UAB code 300806471, Šeimyniškių str. 3, Vilnius	664,310	20.18	20.57	2.04 <sup>3</sup>	22.61
Alvydas Banys	252,875	7.68	7.83	54.90 <sup>4</sup>	62.73
Darius Šulnis	0	0.00	0.00	62.73 <sup>5</sup>	62.73
Indrė Mišeikytė	64,450	1.96	2.0	60.73 <sup>6</sup>	62.73
Eglė Surplienė	0	0.00	0.00	62.73 <sup>7</sup>	62.73

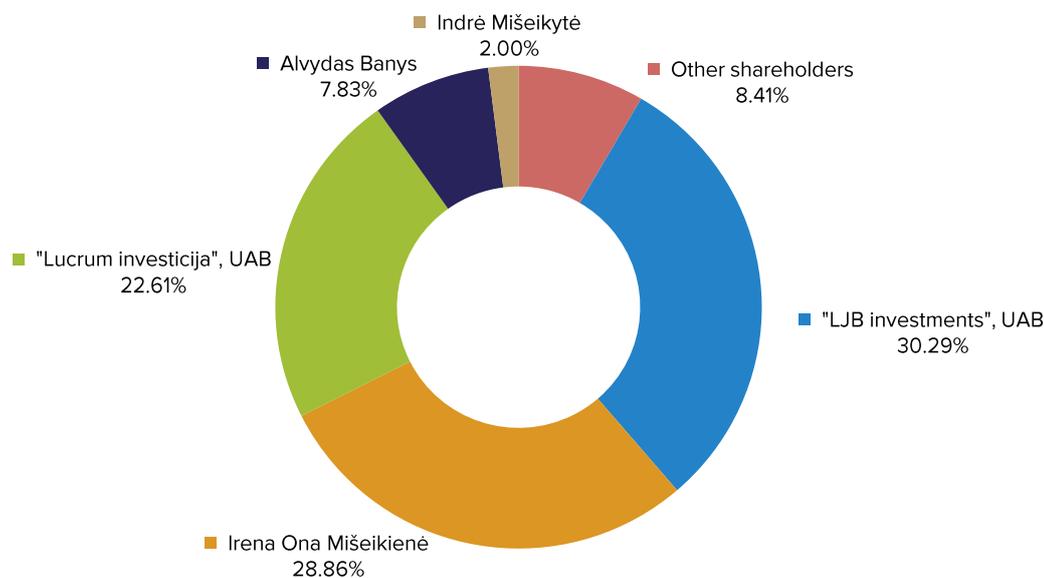


Fig. 9.1.2. Votes as of 30 June 2017

3 Lucrum Investicija, UAB has 2.04% of votes according to a repurchase agreement.

4 According to Part 6 of Paragraph 1 of Article 24 and Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Alvydas Banys has votes of LJB Investments, a company controlled by him, and also votes of Darius Sulnis and Indre Miseikyte, managers of INVL Baltic Farmland.

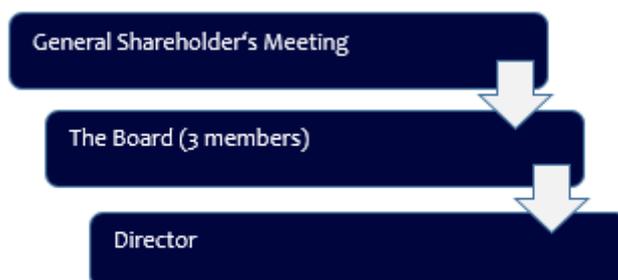
5 According to Part 6 of Paragraph 1 of Article 24 and Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Darius Sulnis has votes of Lucrum Investicija, a company controlled by him, and also votes of Alvydas Banys and Indre Miseikyte, managers of INVL Baltic Farmland. According to Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Indre Miseikyte has votes of Alvydas Banys and Darius Sulnis, managers of INVL Baltic Farmland.

6 According to Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Indre Miseikyte has votes of Alvydas Banys and Darius Sulnis, managers of INVL Baltic Farmland.

7 According to Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Egle Surpliene has votes of Alvydas Banys, Darius Sulnis and Indre Miseikyte, managers of INVL Baltic Farmland.

### III. ISSUER'S MANAGING BODIES

#### 10 Structure, authorities, the procedure for appointment and replacement



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

The Board of INVL Baltic Farmland, AB was elected during the General Shareholders' Meeting of INVL Baltic Farmland, AB the company split-off from Invalda LT, AB (current name – Invalda INVL) on 28 April 2014. Mr. Banyas was elected as the Chairman of the Board. Mr. Šulnis and Ms. Mišeikytė were elected as the Members of the Board. Mr. Sulnis were appointed as a director of the company since the establishment of the company, he held this position until 29 June 2015. From 30 June 2015 Egle Surpliene holds position as a director of the company.



Alvydas Banyas – Chairman of the Board

The term of office	From 2014 untill 2018
Educational background and qualifications	Vilnius Gediminas Technical University. Faculty of Civil Engineering. Master in Engineering and Economics. Junior Scientific co-worker. Economic's Institute of Lithuania's Science Academy.
Work experience	Since 1 July 2013 Invalda INVL, AB – Advisor Since 2007 LJB Investments, UAB – Director Since 2007 JLB Property, UAB – Director 1996 – 2006 Invalda, AB – Vice President 1996 – 2007 Nenuorama, UAB – President
Owned amount of shares in INVL Baltic Farmland, AB	Personally: 252,875 units of shares, 7.68% of authorised capital, 7.83% of votes. Together with controlled company LJB Investments: 1,230,626 units of shares, 37.38% of authorized capital, 38.12% of votes. Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.73%.
Participation in other companies	Invalda INVL, AB – Chairman of the Board Litagra, UAB – Member of the Board

	LP grupė, UAB – Member of the Board INVL Technology – Advisory Committee member
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Indrė Mišeikytė – Member of the Board

The term of office	From 2014 until 2018
Educational background and qualifications	Vilnius Gedimino Technical University. Faculty of Architecture. Master in Architecture
Work experience	Since May 2012 Invalda INVL, AB – Advisor Since June 2013 Invalda Privatus Kapitalas, AB – Advisor Since 2002 Inreal Valdymas, UAB – Architect Since 2002 Gildeta, UAB – Architect
Owned amount of shares in INVL Baltic Farmland, AB	Personally: 64,450 units of shares, 1.96% of authorised capital, 2% of votes. Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.73%.
Participation in other companies	Invalda INVL, AB – Member of the Board Invalda Privatus Kapitalas, AB – Member of the Board INVL Technology – Advisory Committee member



Darius Šulnis - valdybos narys

The term of office	From 2014 until 2018
Educational background and qualifications	Duke University (USA). Business Administration. Global Executive MBA. Vilnius University. Faculty of Economics. Master in Accounting and Audit. Financial broker's license (General) No. A109.
Work experience	Since the beginning of the 2015 – general director of INVL Asset Management, UAB. 2006 – 2011 Invalda, AB – President. 2011 – 2013 Invalda, AB – Advisor. Since May 2013 Invalda INVL, AB – President. 2002 – 2006 Invalda Real Estate, UAB (current name Inreal Valdymas) – Director 1994 – 2002 FBC Finasta, AB – Director
Owned amount of shares in INVL Baltic Farmland, AB	Personally: 0 units of shares, 0.00% of authorised capital and votes. Together with controlled company Lucrum Investicija: 664,310 units of shares, 20.18% of authorised capital, 22.61% of votes (including votes granted by the shares transferred by the repurchase agreement).

<p>Participation in other companies</p>	<p>Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.73%.</p> <p>Invalda INVL, AB – Member of the Board, the president                  Litagra, UAB – Member of the Board                  LP grupē, UAB – Member of the Board                  INVL Asset Management, UAB – Chairman of the Board, general director                  IPAS INVL Asset Management (Latvia) – Member of the Supervisory Board                  AS INVL atklātais pensiju fonds (Latvia) – Member of the Supervisory Board                  Šiaulių bankas, AB – Member of the Supervisory Board</p>
	<p>Eglė Surplienė – Director</p>
<p>The term of office</p>	<p>Vilnius University, Faculty of Economic Cybernetics and Finance, Economic Cybernetics studies, Economics – mathematics diploma (equivalent of Master's degree)                  2009 – Award in Financial Planning (CII program and exam) certificate.                  2005 – OMX Vilnius dealer certificate                  1996 – General financial broker license</p>
<p>Educational background and qualifications</p>	<p>September 2014 - present – Director, UAB Margio investicija                  October 2009 - present – Wealth manager, UAB FPI Geroves Valdymas                  March 2009 - present – Director, UAB DIM investment                  Autumn 2006 - October 2009 – Wealth manager, VIP Clients manager, AB FBC Finasta, AB bank Finasta                  June 2005 - July 2006 – Project manager, UAB Zabolis ir partneriai                  June 1999 - June 2005 – Member, Deputy Director of the Commission, Securities Commission of Lithuania                  June 1995 - June 1999 – Head of Issuer Division, UAB FMI Vilfima June 1993 - June 1995 - Member of Market Regulation Division, Securities Commission of Lithuania</p>
<p>Work experience</p>	<p>Personally: 0 units of shares, 0.00% of authorised capital and votes.                  Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.73%.</p>
<p>Owned amount of shares in INVL Baltic Farmland, AB</p>	<p>Birstono investicija, UAB – Member of the Board, UAB Tuta, UAB – Member of the Board                  Green Vilnius hotel, UAB – Member of the Board</p>

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

## 11 Information about the Audit Committee of the company

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

- provide recommendations for the Board of the company with selection, appointment, reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit;

- monitor how the external auditor and audit company follow the principles of independence and objectivity;
- observe the preparation process of company’s financial reports;
- monitor the efficiency of company’s internal control and risk management systems. Once a year review the need of the internal audit function;
- monitor if the company’s board and/or managers properly response to the audit firm’s recommendations and comments.

The General Shareholders Meeting which took place on 22 March 2017 decided to elect Danguolė Pranckėnienė, the partner at Moore Stephens Vilnius, UAB, and Tomas Bubinas, CFO at Biotechpharma UAB to the Audit Committee of INVL Baltic Farmland, AB for the 4 (four) years term of office. Both members are independent.



Danguolė Pranckėnienė – Independent Member of the Audit Committee

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



Tomas Bubinas – Independent Member of the Audit Committee

The term of office	Since 2017 until 2021
Educational background and qualifications	2004 - 2005 Baltic Management Institute (BMI), Executive MBA 1997 - 2000 Association of Chartered Certified Accountants. ACCA. Fellow Member 1997 Lithuanian Sworn Registered Auditor 1988 - 1993 Vilnius University, Msc. in Economics
Work experience	Since 2013 Chief Operating Officer at Biotechpharma, UAB 2010 - 2012 Senior Director, Operations. TEVA Biopharmaceuticals (USA) 2004 - 2010 CFO for Baltic countries, Teva Pharmaceuticals

	2001 - 2004 m. CFO, Sicor Biotech 1999 - 2001 Senior Manager, PricewaterhouseCoopers 1994 - 1999 Senior Auditor, Manager, Coopers & Lybrand.
Owned amount of shares in INVL Baltic Farmland, AB	-

## 12 Information on the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Members of the Board, director and company providing accounting services

Members of Board of INVL Baltic Farmland, AB did not receive benefit (bonus) during the reporting period. The calculated remuneration to the director of the Company totalled to EUR 792, on the average EUR 132 per month. The payment for the company providing accounting services amounted to EUR 1,796 during the reporting period.

During the reporting period the Issuer transferred no assets, granted no guarantees, paid no bonuses and made no special payouts for the Company's manager and Members of the Board. The Board members, which are shareholders of the Company, were paid EUR 19 thousand of dividends, net of tax. The entities, which are controlled by the Board members, were paid EUR 120 thousand of dividends, net of tax. Natural persons, who are related to the Board members of the company, were paid EUR 55 thousand of dividends, net of tax.

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

### 13 Overview of the Issuer and its group activity

#### 13.1. BUSINESS ENVIRONMENT

Lithuanian economy keeps growing. In 2016 GDP increased by 2.2%, while in IQ 2017 – by 3.9% yearly rate. Important reason is domestic consumption, supported by shrinking unemployment and growing revenue. In the medium term economy should be additionally boosted by recovering investments and better euro zone perspectives.

2016 was more difficult for Lithuanian agricultural sector. Fertility dropped due to unfavorable weather and grain harvest amounted to 6.41 million tons, i.e. 12% less than a year ago. Fertility should improve this year. Also wheat, which is the main culture, price is expected to increase related to worsened conditions in European Union and US. Dairy farms have been further supported by a recovery in dairy products markets since the middle of 2016.

Looking at the longer term tendencies the situation of agricultural sector has been improving and efficiency has been growing. Fertility of crops almost doubled during the last 10 years. Value added has also grown by a solid rate. It is supported by investments to agricultural machinery, scaling of farms, better know-how. Sector is also highly strengthened by payments to farmers. During the last 10 years 8 billion euros were provided for participants in agricultural farming and rural development. Increased support usually converts into a growth of land price and rent price.

Contrary to slowing agricultural land transactions land rental market was gaining momentum. Existing land purchase constraints increase a demand for land rent. Rental prices are positively related to payments for farmers. Moreover, rent is interesting for big farmers and agricultural companies as well because it gives priority to acquire the land in case of owner's decision to sell.

Since May 2014 changes to the Agricultural Land Acquisition temporary law entered into force. Under these changes, persons cannot acquire more than 500 hectares of agricultural land. Also, the amount of people having pre-emptive right to purchase the land was expanded. Restrictions define that persons who own more than 25 percent of shares in agricultural land companies, as well as persons who own more than 25 percent in several companies are held as related parties. Therefore, those willing to purchase additional agricultural land have to have documents proving that the person, during the last 10 years before the deal, was engaged in agricultural activity for at least 3 years and has declared his farmland as well as crop. For legal entities restrictions define that they have to additionally provide documents proving that more than 50 percent of their business annual income comes from farming activities and company is economically sound. The Agricultural Land Acquisition temporary law has been fairly criticized. Due to this the Ministry of Agriculture of the Republic of Lithuania has started considerations to liberalize the law.

INVL Baltic Farmland has 100% in 18 companies owning more than 3 thousand hectares of agricultural land in the most fertile regions of Lithuania.

Companies – land owners and joint-stock company INVL Baltic Farmland on 30 June 2015 signed a basic property administration agreement with INVL Farmland Management which administrates agricultural land owned by the companies.

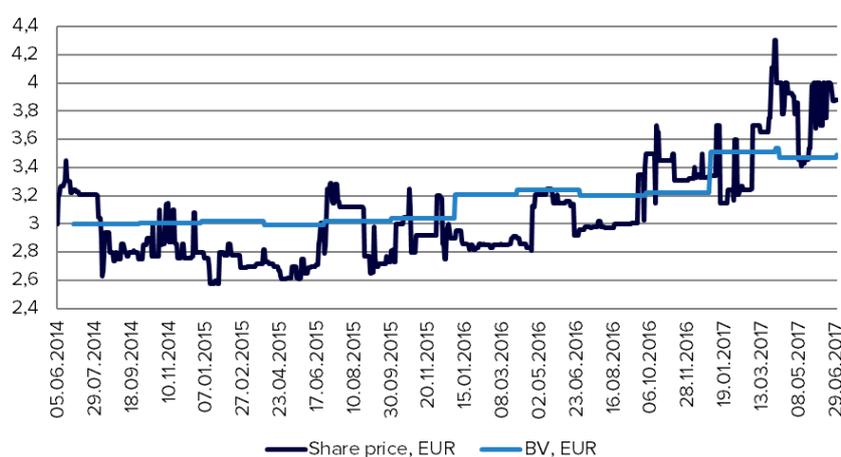
Due to the restrictions INVL Baltic Farmland is unable to invest in agricultural land in Lithuania as well as unable to take control of the companies owning agricultural land.

In a long term the company seeks to gain profit from a growth of rent as well as an increase of the land value. In the last quarter of 2016 the valuation of land plots took place and the total value of the managed land increased by 9.8% to EUR 12.3 million, or EUR 4.1 thousand per hectare on average. In the first half of 2017 new land valuation was not done.



**THE BALANCE SHEET AND PROFIT (LOSS) SUMMARY REPORTS**

Balance sheet	Group		
	30 June 2015	30 June 2016	30 June 2017
Investment property, EUR thousand	10,558	11,237	12,335
Trade and other receivables, EUR thousand	194	237	269
Deferred tax assets, EUR thousand	233	105	177
Cash, EUR thousand	233	105	2
Other assets, EUR thousand	204	256	1,129
Deferred income tax liabilities, EUR thousand	848	956	269
Other liabilities, EUR thousand	36	77	106
Consolidated equity, EUR thousand	9,938	10,327	11,279
Profit (loss)	01.01.2015 – 30.06.2015	01.01.2016 – 30.06.2016	01.01.2017 – 30.06.2017
Revenue, EUR thousand	230	258	269
Reversal of impairment (impairment) of trade receivable, EUR thousand	26	7	(5)
Income before tax, EUR thousand	237	206	190
Net profit, EUR thousand	206	177	162

**HISTORICAL RELATION BETWEEN SHARE PRICE AND BV**

**Share price Premium/Discount vs. BV, %**

2015 Q4	-9.7%
2016 Q1	-10.5%
2016 Q2	-7.5%
2016 Q3	8.7%
2016 Q4	-4.8%
2017 Q1	21.5%
2017 Q2	11.2%

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

#### THE COMPANY

- On 28 February 2017 the Company announced an audited group results of 2016. The audited consolidated net profit of INVL Baltic Farmland, AB Group and the Company amounted to EUR 1,193 thousand.
- On 28 February 2017 INVL Baltic Farmland, AB announced that it is planning to earn EUR 350 thousand net profit in 2017. The Board of INVL Baltic Farmland, AB, a company investing into agricultural land, approved its activity forecasts for 2017. Consolidated revenues of INVL Baltic Farmland, AB are forecasted at EUR 575 thousand and net profit should amount to EUR 350 thousand.
- On 22 March 2017 INVL Baltic Farmland, AB announced decisions of the General Shareholders Meeting. During the meeting the Shareholders were presented with the consolidated annual report of the Company and independent auditor's report on the financial statements, approved the consolidated and companies financial statements for 2016, dividend payment and distribution of the profit of the Company. The shareholders also made a decision regarding the purchase of own shares of the public joint stock company INVL Baltic Farmland, approved the new wording of the regulations of the Audit Committee, elected the new members of the Audit Committee and approved the remuneration for them. Information about convened General Shareholders Meeting was published on 28 February 2017.
- On 22 March 2017 the General Shareholders Meeting approved the annual information for 2016 (consolidated and Company's financial statements, consolidated annual report), which was announced on 28 February 2017 together with the confirmation of responsible persons of INVL Baltic Farmland, AB.
- On 21 April 2017 the Company announced about the procedure for the payout of dividends for the year 2016. General Shareholders Meeting of INVL Baltic Farmland, AB held on 22 March 2017 decided to allocate EUR 0.07 dividend per share.
- On 3 May 2017 the Company announced that for 3 months of 2017 the unaudited consolidated net profit of the AB INVL Baltic Farmland group was EUR 82 thousand.

#### THE GROUP

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

#### 14 A description of the principal advantages, risks and uncertainties

During the six months of 2017 there were no material changes from the information about the principal risks and uncertainties disclosed in the latest annual report.

#### 15 Significant investments made during the reporting period

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

#### 16 Information on the related parties' transactions

Information on the related parties' transactions is disclosed in 9 point of explanatory notes of consolidated interim condensed financial statements for the six months ended 30 June 2017.

Director

Egle Surpliene