



BALTIC REAL ESTATE

The special closed-ended type real estate investment company
INVL Baltic Real Estate, Consolidated Report
for 6 months of 2018

Translation note:

This version of the Consolidated Report for the 6 months of 2018 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 Real Estate, starting from 1 January 2018 and ending on 30 June 2018. The report includes significant events that occurred since the end of the reporting period.

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

2.1. INFORMATION ABOUT THE ISSUER

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

2.2. INFORMATION ON COMPANY'S GOALS AND STRATEGY

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

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

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

INVL Baltic Real Estate seeks to ensure the growth of rental income and earn from investments in commercial real estate. The companies owned by INVL Baltic Real Estate have invested in commercial real estate: business centers, manufacturing

and warehouse properties at strategically attractive locations in Lithuania and Latvia. All the properties are characterized by high occupancy rates and generate stable financial flows. In addition, most of them has further development potential.

INVL Baltic Real Estate shares have been listed on Nasdaq Vilnius Baltic Secondary trading list since 4 June 2014. Since the start of trading until the end of the reporting period the share price of INVL Baltic Real Estate on the Nasdaq Vilnius exchange has risen 41%. The company has approved a Dividend Payment policy which stipulates the annual payment of dividend per share of no less than EUR 0.13.

2.3. INFORMATION ABOUT THE ISSUER'S GROUP OF COMPANIES

Companies of INVL Baltic Real Estate - the structure of the group companies is disclosed below - group owns 7 real estate properties in Vilnius and Riga (at the beginning of autumn 2017, the number of objects owned by the portfolio companies of INVL Baltic Real Estate decreased from 12 to 7, after the sale transaction of the real estate object in Kirtimai street and after the expiry of the long-term lease agreements for the owned objects).

2.3.1. COMPANIES OF INVL BALTIC REAL ESTATE (DATA AS OF 30 JUNE 2018):

Company	Registration information	Shares (voting rights) directly or indirectly held by the Company	Type of activity	Contact details
Rovelija, UAB	Code 302575846 Address – Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 20.12.2010	100 percent	investments into commercial rental real estate	Tel. +370 5 2790601 breinfo@invl.com
Proprietas, UAB	Code 303252098 Address – Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 27.02.2014	100 percent	investments into commercial rental real estate	Tel. +370 5 2790601 proprietas@invl.com
DOMMO grupa SIA	Code 40003733866 Address – Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia Legal form – private limited liability company Registration date 17.03.2005	100 percent	investments into commercial rental real estate	Tel. +370 5 2790601 breinfo@invl.com
DOMMO biznesa parks SIA	Code 40003865398 Address – Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia Legal form – private limited liability company Registration date 13.10.2006	100 percent	investments into commercial rental real estate	Tel. +370 5 2790601 breinfo@invl.com
DOMMO SIA	Code 40003787271 Address – Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia Legal form – private limited liability company Registration date 05.12.2005	100 percent	Real estate	Tel. +370 5 2790601 breinfo@invl.com
DBP Invest SIA	Code 40103463830 Address – Brīvības iela 74-3, Rīga, LV-1011 Latvia Legal form – private limited liability company Registration date 28.09.2011	100 percent	carries no activity	

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Company	Registration information	Shares (voting rights) directly or indirectly held by the Company	Type of activity	Contact details
Perspektyvi Veikla, UAB	Code 302607087 Address – Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 25.03.2011	100 percent	carries no activity	Tel. +370 5 2790601 breinfo@invl.com

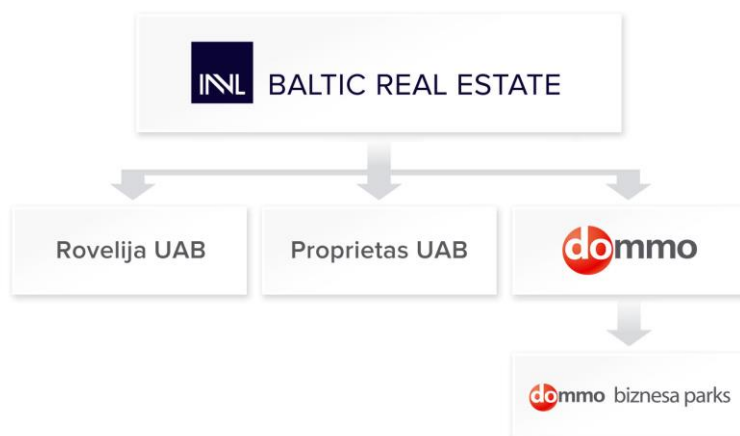


Fig. 2.3.1. Simplified group structure of INVL Baltic Real Estate as of 30 June 2018.

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



Fig. 2.3.2. Real estate objects owned by group companies of INVL Baltic Real Estate in Vilnius (Lithuania)

INVESTMENTS IN REAL ESTATE

VILNIAUS
VARTAI

VILNIUS GATES BUSINESS CENTRE

AREA 8,100 SQ.M.

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

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

INVL Baltic Real Estate owns two floors of premises in this complex – they start from the playful inverted glass frustum edifice with a restaurant on the ground floor and continue along Gynėjų Street, also 56 parking spaces in the underground area. The Company acquired the premises at the end of 2015.

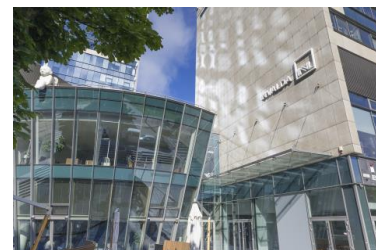
The full Vilnius Gates complex comprises more than 53 sq. m. of varied-use premises, making it a highly attractive location for restaurants and providers of healthcare, fitness and other services. It's an ideal setting for service centres, creative agencies, providers of financial and legal services,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

For more information please visit www.vvartai.lt.



Basic information

Total area	8,100 sq. m
Leased area	7,100 sq. m
Land area	0.26 ha
Property market value at the end of June 2018	EUR 14.5 million
Occupancy at the end of June 2018	91 percent



Main tenants: INVL Asset Management, BAIP, Etronika, Rise Vilnius, Go Vilnius, Swedbank.

Address Gynėjų str. 14, Vilnius



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

IBC Business Centre – 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, situated near important public institutions and businesses, at the main business artery in the Constitution Avenue, therefore is easily and quickly accessible from any place in Vilnius.



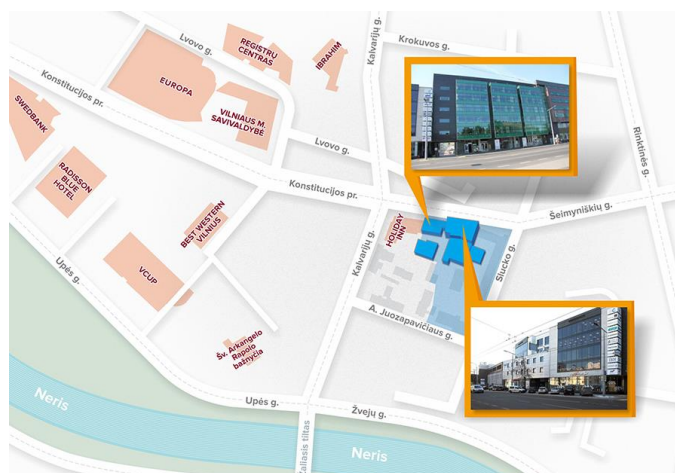
IBC CLASS A BUSINESS CENTRE

AREA 11,400 SQ.M.

IBC Class A business centre consists of two buildings, in which about 7,100 sq. m. are being leased (the total area of buildings – 11,400 sq. m).

The centre owns 250 spots parking lot in the protected courtyard, also in the two-storey covered and underground garages.

IBC Business Centre 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 at the end of June 2018	EUR 6.0 million
Occupancy at the end of June 2018	95 percent (total occupancy of the IBC complex A)



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 at the end of June 2018	EUR 6.1 million
Occupancy at the end of June 2018	95 percent (total occupancy of the IBC complex A)



Main tenants: IBM Lietuva, Šiaulių bankas, Amber Food, Drogas, Sportland.

Address: Seimyniskiu str. 1a, Seimyniskiu str. 3, Juozapaviciaus str. 6, Vilnius.




IBC CLASS B BUSINESS CENTRE

AREA 11,300 SQ.M

IBC Class B business centre consists of 4 buildings, in which about 10,300 sq. m of different purpose premises are being leased (the total area of buildings – 11,300 sq. m).

The centre owns 200 spots parking lot in the protected courtyard.

The IBC business centre has a development opportunity, detailed plan of the area is prepared.

Occupancy at the end of June 2018 – 95 percent (total occupancy of the IBC complex B).


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 at the end of June 2018	EUR 2.1 million


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 at the end of June 2018	EUR 6.8 million


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 at the end of June 2018	EUR 0.2 million



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 at the end of June 2018	EUR 1.4 million



Main tenants: Sanofi-aventis Lietuva, ACNielsen Baltics, State Data Protection Inspectorate, Sandoz Pharmaceuticals.

Address: Seimyniskiu str. 3, Seimyniskiu str. 3a, Juozapaviciaus str. 6, Slucko str. 2, Vilnius.



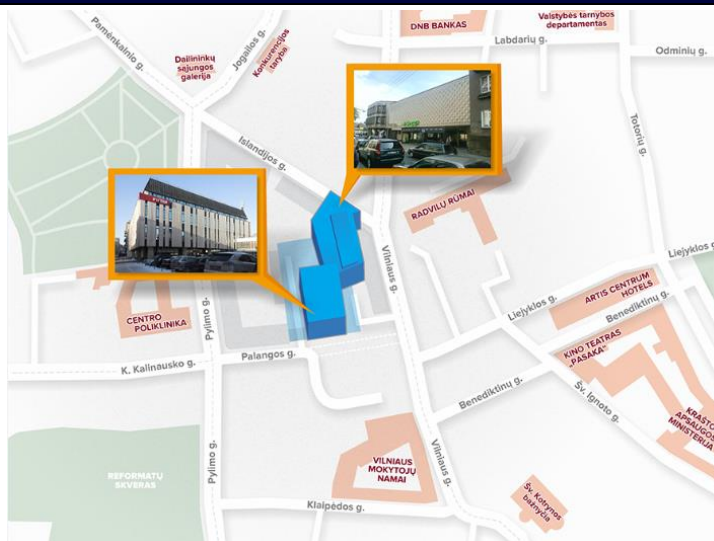
OFFICE BUILDING IN THE CENTRE OF VILNIUS

AREA 9,800 SQ.M.

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

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

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



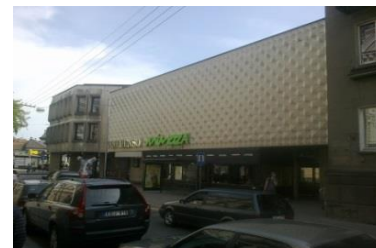
Block A basic information

Total area	5,100 sq. m
Leased area	3,900 sq. m
Land area	0.49 ha (total area of the complex)
Property market value at the end of June 2018	EUR 4.8 million
Occupancy at the end of June 2018	77 percent (total complex occupancy)



Block B basic information

Total area	4,700 sq. m
Leased area	2,500 sq. m
Land area	0,49 ha (total area of the complex)
Property market value at the end of June 2018	EUR 4.1 million
Occupancy at the end of June 2018	77 percent (total complex occupancy)



Main tenants: TransferGo, Telia LT, restaurant Grill London, Uncle Sam's.

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



ŽYGIS BUSSINESS CENTRE

AREA 3,200 SQ.M.

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

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

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

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



Basic information

Total area	3,200 sq. m
Leased area	2,600 sq. m
Land area	0.6 ha
Property market value at the end of June 2018	EUR 2.8 million
Occupancy at the end of June 2018	100 percent



Main tenants: the National Paying Agency, Innoforce, Stuburo studija, Famille.

Address: J. Galvydzio str. 7 / Zygio str. 97, Vilnius.



Residential house at Kalvariju str. 11, Vilnius (Rovelija, UAB)

The residential house is near the IBC complex area owned by INVL Baltic Real Estate. Rovelija, which is owned by INVL Baltic Real Estate, manages all apartments located in this building.

Basic information

Total area	276 sq.m
Property market value at the end of June 2018	EUR 0.35 million



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

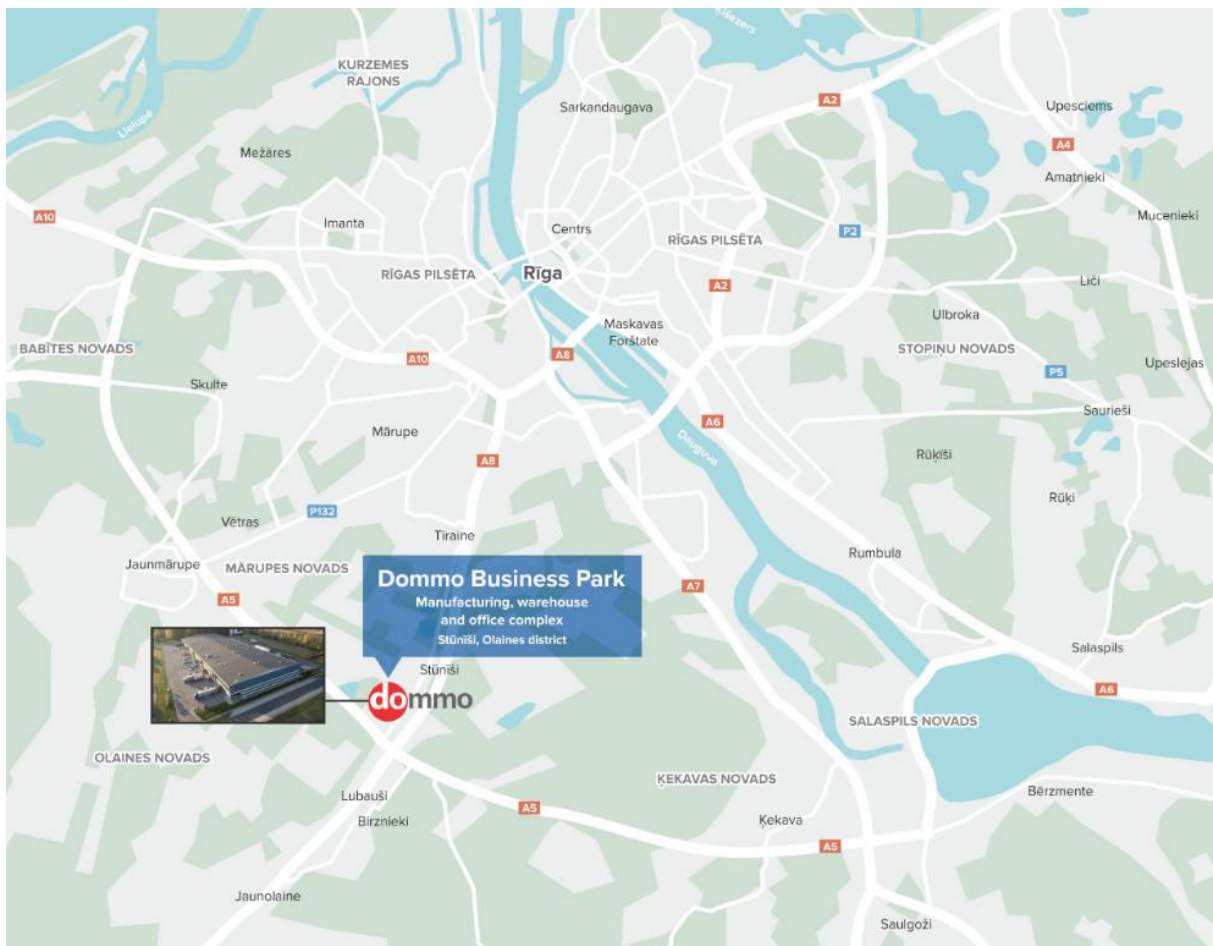


Fig. 2.3.3. Real estate objects owned by group companies of INVL Baltic Real Estate in Riga (Latvia)

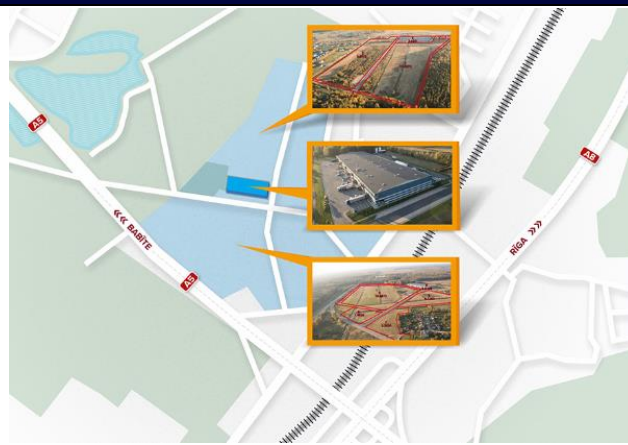
DOMMO BUSINESS PARK MANUFACTURING, WAREHOUSE AND OFFICE COMPLEX

AREA 12,800 SQ.M.

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

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

The area is suitable for the development of logistics centres.



Basic information

Total area	12,800 sq. m
Leased area	12,800 sq. m
Land area	58.21 ha
Property market value at the end of June 2018	EUR 8.2 million
Occupancy at the end of June 2018	98 percent



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

Address: Stūņi, Olaines region.



II. FINANCIAL INFORMATION AND SIGNIFICANT EVENTS

3 Overview of the Issuer and its group activity

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



„INVL Baltic Real Estate's consolidated net operating income from its properties in the first half of 2018 was EUR 1.7 million, or 43 per cent more than in the same period of 2017 (EUR 1.2 million). The company's consolidated revenue in the first half of 2018 was EUR 2.9 million, or 11 per cent less than in the same period of 2017 (EUR 3.3 million), while among them consolidated leasing income from property holdings increased 19 per cent to EUR 2.2 million.

We see the first half of this year as successful. Net operating income grew due to both the groundwork done until now and effective asset management. The reconstruction of the Vilnius Gates business centre which was completed last year is giving the expected results: net operating income from that property alone increased 8 times in the first half of the year to EUR 0.45 million. The IBC Business Centre, which is the largest of the properties INVL Baltic Real Estate owns, continued to maintain a high level of occupancy and increase leasing income,

which rose 1.7 per cent compared with the first half of 2017 to EUR 0.956 million. INVL Baltic Real Estate's other properties also showed high occupancy levels and growing financial results. Steadily improving performance had a positive impact on the value of the company's property holdings, which rose EUR 1.2 (because revaluation of EUR 0.85 million) from the start of the year to EUR 57.5 million.

We are pleased with the positive results of the company and we'll strive to continue increasing the value of the property holdings.

3.2. OPERATIONAL ENVIRONMENT

Thanks to the favourable business and economic landscape, the office segment is currently highly active and liquid, the demand for modern offices is very high, and the range of tenants varied: from local expanding companies to foreign companies just entering the market. Over the first half of 2018, but a single new business centre was launched in Vilnius, adding some 8,500 sq. m of leasable space to the market. By the end of the year, 5 more new office projects will be inaugurated in the capital city, bringing another 56,000 sq. m to the market. The plans for 2019 are to open at least 6 more business centres with a total leasable space of roughly 75,000. Despite the fast pace of expansion, demand for modern business centres in the capital is very high and nearly all new space is absorbed. During the first half of 2018, the overall vacancy ratio in Vilnius dropped from 5.4 per cent to 3.7 per cent and is now among the lowest in Europe. The biggest effect on the overall decrease in vacancies was the decrease in vacant floor space in segments B1 and B2, where vacancies at the end of the 1st half of 2018 stood at 4 per cent and 5.6 per cent, respectively. Whereas vacancies in class A only amounted to 1.4 per cent. During the first half of 2018, the rent rates of offices (particularly premium) in Vilnius were on a slight increase, regardless of the rapidly growing supply of new leasable properties. During the first half of 2018, the average rates of class A offices in Vilnius stood at EUR 14–17 per sq. m, B1 EUR 10–14 per sq. m, and B2 EUR 7–10 per sq. m.

Kaunas saw 9 new business centres launched over the first half-year of 2018, offering some 35,900 sq. m leasable area to the market. Most of the new leasable space in the provisional capital was only leased to some extent, which made the mid-year vacancy ratio double to 12.4% from the beginning of the year. The vacancy rate in segment A stood at 14.8 per cent, segment B1 13.5 per cent, segment B2 10.2 per cent. By the end of the year, at least 2 more new business projects will be inaugurated in Kaunas, adding around 3,500 sq. m to the market. The plans for the year 2019 are to open at least 5 more business centres with a total leasable area of nearly 40,000 sq. m. The new business centres in Kaunas raised the quality and rent bar slightly and currently the average rates of class A offices are EUR 12–14 per sq. m, B1 EUR 9–12 per sq. m, and B2 EUR 6–9 per sq. m.

Over the first half of 2018, the overall vacancy rate in Klaipėda stood at 9.9 per cent and did not change from the beginning of the year. The expansion of new offices in the seaport town is sluggish, as the vacancies in modern offices have been very high for the past few years running, which does not offer a favourable environment to be launching new offices in this city right now. In 2018, just one mixed-function project will be inaugurated, commanding an office area of some 2,000 sq. m.

The positive sentiments in the industrial sector and the low vacancy rates have resulted in a development of leasable warehousing facilities and logistic centres in Vilnius and Kaunas during the 1st half-year of 2018. One 6,400 sq. m logistic centre was launched in Vilnius. By the end of the year, the construction of two more logistic centres will be completed in the capital city, adding another 28,000 sq. m to the market. In Kaunas, one logistic centre with the leasable area of 12,300 sq. m was inaugurated. Another 5,500 sq. m logistic centre will be launched by the end of the year.

During the first half of 2018, some 57,700 sq. m of new warehousing facilities and logistic centres were under construction in Riga, another 220,000 sq. m were in the design phase. The demand in this segment remains stable, with the current tenants demonstrating a need to gradually expand their floor space leased, which drives the vacancies steadily down.

Sources:

http://www.colliers.com/-/media/files/emea/lithuania/reports/2016/colliers_baltic_property_snapshot_1q18_sec.pdf

http://www.inreal.lt/file/1/1/8/6/Ekonomikos-ir-NT-rinkos-apzvalga-2018_lpasm_INREAL-SB-COBALT.pdf

3.3. KEY FIGURES OF INV L BALTIC REAL ESTATE

EUR million	Group		
	30.06.2016	30.06.2017	30.06.2018
Managed common area	59,876 sq. m	59,876 sq. m	59,876 sq. m
Managed rental area	48,476 sq. m	48,476 sq. m	48,576 sq. m
The real estate value	51.8	54.1	57.5
Cash	0.7	0.3	0.6
Other assets	2.1	1.7	1.2
Assets	54.6	56.1	59.3
Equity	27.2	31.8	34.1
Borrowings from credit institutions	21.9	21.3	23.1
Other payables	5.5	3.0	2.1
Total equity and liabilities	54.6	56.1	59.3
Total equity for one share*	EUR 2.07	EUR 2.42	EUR 2.59

*The new wording of the Articles of Association of INV L Baltic Real Estate was registered on 15th January 2018. Stating the nominal value per share to 1.45 EUR, amount of shares and amount shares granted with the voting rights – 13,150,000 units. The Authorised capital of the Company remains - 19,067,500 EUR.

3.4. RESULTS OF INV L BALTIC REAL ESTATE

EUR million	Group		
	01.01.2016 – 30.06.2016	01.01.2017 – 30.06.2017	01.01.2018 – 30.06.2018
Revenue	3.1	3.3	2.9
<i>rental income from owned premises</i>	1.8	1.9	2.2
<i>rental income from subleased premises</i>	0.8	0.8	0.1
<i>other revenue</i>	0.5	0.6	0.6
Investment property revaluation	-	1.0	0,85
Net operating income from owned properties	1.1	1.2	1.7
Profit before tax	0.7	1.5	1.9
Net profit	0.6	1.5	1.9
Earnings per share*	EUR 0.05	EUR 0.12	EUR 0.15

*The new wording of the Articles of Association of INV L Baltic Real Estate was registered on 15th January 2018. Stating the nominal value per share to 1.45 EUR, amount of shares and amount shares granted with the voting rights – 13,150,000 units. The Authorised capital of the Company remains - 19,067,500 EUR.

Net asset value of the Company amounted to EUR 34,058,027 or EUR 2.5900 per share on 30th June 2018. In the same period in 2017, the net asset value amounted to EUR 31,811,344 or EUR 0.4838 per share*.

*Nominal value per share was EUR 0.29 EUR.

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

3.5.1. SIGNIFICANT ISSUER'S EVENTS

MANAGEMENT OF THE COMPANY

- On 5 January 2018 the Company announced that INV L Baltic Real Estate signed a new wording of the Management Agreement and the Depository Services Agreement seeking to implement the resolutions of the Extraordinary General Shareholders Meeting of the Company held on 29 December 2017.
- On 16 January 2018 the Company announced that seeking to implement resolutions of the Extraordinary General Shareholders Meeting held on 29 December 2017, the Register of Legal Entities has registered a new wording of the Articles of Association of the special closed-ended type real estate investment company INV L Baltic Real Estate on 15 January 2018.
- On 29th March 2018 INV L Baltic Real Estate informed, that seeking to implement resolutions of the General Shareholders Meeting of the Company, INV L Baltic Real Estate and AB SEB bank signed an Amendment of the Depository Services Agreement on 28th March. The Amendment has been signed seeking to edit editorial corrections noted in the Depository Services Agreement.

GENERAL SHAREHOLDERS MEETINGS

- On 2nd March 2018 the Company announced about convocation of the General Shareholders Meeting on 26th March 2018. The Meeting was held at the premises of the Company, located at Gyneju str. 14, Vilnius. The draft agenda of the General Shareholders Meeting of INV L Baltic Real Estate was announced - including questions regarding presentation of the consolidated annual report for 2017 and independent auditor's report on the financial statements and consolidated annual report of the Company. Also, approval of the consolidated and stand-alone financial statements for 2017 and profit distribution of INV L Baltic Real Estate. The questions regarding approval of the Amendment of the Depository Services Agreement with AB SEB bankas and approval of the Related Party Transaction Policy of INV L Baltic Real Estate was included as well.

- On 26th March 2018 it was announced about resolutions of the General Shareholders Meeting of INVL Baltic Real Estate. The shareholders of the Company was introduced with the consolidated annual report for 2017 and independent auditor's report on the financial statements and consolidated annual report of the Company. The consolidated and stand-alone financial statements for 2017 and profit distribution (allocating EUR 0.13 dividend per share) of INVL Baltic Real Estate was approved as well. The shareholders also approved the Amendment of the Depository Services Agreement with AB SEB bankas and Related Party Transaction Policy of INVL Baltic Real Estate.

PROSPECTUS OF THE PUBLIC OFFERING AND OTHER INFORMATION RELATED TO SECURITIES OF THE COMPANY AND ALLOCATION OF DIVIDENDS

- On 10 January 2018 INVL Baltic Real Estate announced that trading of shares in INVL Baltic Real Estate has been suspended from 12th January 2018 (inclusive), this was done with regards to received authorization from the Supervisory Authority of the Bank of Lithuania to change the Company's Articles of Association, changing nominal value per share and the amount of shares of the Company, the project of which was approved during the Extraordinary General Shareholders Meeting of the Company held on 29 December 2017, also, in order to ensure the effective protection of interests of Company's shareholders. Trading of shares in INVL Baltic Real Estate has been renewed from 25th January (inclusive) after Nasdaq CSD SE Lithuanian Branch have made records in the shareholders securities account.
- 24 January 2018 the Company published updated share information of ordinary registered shares of INVL Baltic Real Estate Company (nominal value per share is 1.45 EUR, amount of shares and amount shares granted with the voting rights – 13,150,000 units. The Authorised capital of the Company remains - 19,067,500 EUR.
- On 23th April 2018 the Company announced that Director of the Supervision Service of the Bank of Lithuania by the decision No. 241-70 approved the prospectus of the public offering of „INVL Baltic Real Estate” on 23th April 2018. The Public offering is executed by Invalda INVL AB, which on the day of the Prospectus was the largest shareholder of the Company, holding 32.23% of the Company's shares. During the Public Offering, the Selling Shareholder sells up to 2,893,000 units of existing ordinary registered shares of the Company, which represent up to 22% of the Company's share capital. The Company published the Expected Public Offering Periods and public offering price calculation.
- On 23th April 2018 the Company published an updated presentation that will be used for the meetings with investors. Compared to the presentation, which was published on 21th December 2017, the Company informs that the information related to the terms of the Public Offering of INVL Baltic Real Estate was included.
- On 24th April 2018 INVL Baltic Real Estate in order to implement resolutions of the General Shareholders Meeting regarding allocation of Company's profit, announced the procedure for the payout of dividends for 2017. On 26 March 2018, the General Shareholders Meeting of INVL Baltic Real Estate decided to allocate EUR 0.13 dividend per share. Dividends were paid to the shareholders who on 10th April 2018 were shareholders of the Company. The Company informed that the dividends will be allocated from 25th April 2018.
- On 21th of May 2018 INVL Baltic Real Estate announced that Director of the Supervision Service of the Bank of Lithuania by the decision No. 241-128 approved the supplement to the prospectus of the public offering of INVL Baltic Real Estate on 21 May 2018. The Prospectus of INVL Baltic Real Estate was approved by the Bank of Lithuania and published by the Company on 23 April 2018. This Supplement has been approved and announced taking into consideration the position of the Bank of Lithuania regarding the possibility for the management company to execute the secondary public offering of listed shares of a closed-ended investment company under the Law of the Republic of Lithuania on Collective Investment Undertakings, when the shares, held by one of the investors (shareholders) of the closed-ended investment company are offered. Thus, under such circumstances, the offering broker of the offering had to be changed (selected). INVL Finasta UAB FMĮ was appointed as the offering broker, executing the offering under the Prospectus. The Supplement to the Prospectus reflects these necessary amendments. All other conditions remain unchanged and are the same as stated in the material event of the approval of the Prospectus published by the Company on 23 April 2018.

The supplement to the Prospectus is an integral part of the Prospectus and must be read in conjunction with the entire Prospectus and the documents incorporated by reference to the Prospectus.

FINANCIAL INFORMATION

- On 2nd March 2018 INVL Baltic Real Estate announced audited results of INVL Baltic Real Estate group of 2017. The audited consolidated net profit of INVL Baltic Real Estate group amounted to EUR 3,577 thousand, the revenue was EUR 6,203 thousand for the period of 2017 (for 2016 – consolidated net profit was EUR 4,507 thousand, revenue was EUR 6,290 thousand). The audited net profit of INVL Baltic Real Estate itself amounted to EUR 3,780 thousand in 2017 and EUR 4,710 thousand in 2016.
- On 2nd March 2018 the Company announced that the net asset value amounted to EUR 33,860,074 or EUR 0,5150 per share on 31 December 2017 (data is provided taking into account the uncalculated nominal value per share and the amount of shares - the nominal share per share EUR 0.29, and the amount of shares - 65,750,000 units).
- On 26th March 2018 the Company announced the audited annual information for 2017 together with the Confirmation of the Responsible persons.
- INVL Baltic Real Estate has signed an agreement with AB Siauliu bankas (hereinafter – the Bank) on 10 April 2018, regarding the loan limit upgrade to EUR 24 million. The Company additionally explained that, the Company and the Bank signed a Credit Agreement on 26th September 2014. According to the Credit Agreement the used and outstanding balance for the Bank for the day of the notification amounted to EUR 18.2 million. The final loan repayment term - the beginning of 2023.
- On 30th April 2018 the Company announced the results for 3 months of 2018. Unaudited consolidated net profit of the INVL Baltic Real Estate group was EUR 703 thousand, revenue was EUR 1,488 thousand for 3 months of 2018 (for 3 months of 2017 consolidated net profit was EUR 360 thousand, revenue was EUR 1,669 thousand). The unaudited net profit of INVL Baltic Real Estate itself amounted to EUR 754 thousand for 3 months of 2018 and EUR 410 thousand for 3 months of 2017.
- On 30th April 2018 the Company announced that the net asset value of the Company amounted to EUR 32,853,366 or EUR 2.4984 per share on 31 March 2018.

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

3.6.2. SIGNIFICANT GROUP'S EVENTS

There were no important events in the activities of the real estate companies in the first half of 2018. The companies performed usual activity during the reporting period.

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

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

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

5.1. EVALUATION OF IMPLEMENTATION OF GOALS

INVL Baltic Real Estate has succeeded in achieving the essential goals of improving the company's performance, as well as successful completion of the installation of Transfer Go office and also extending the lease agreements with other tenants.

5.2. ACTIVITY PLANS AND FORECASTS

INVL Baltic Real Estate will seek to continue to earn from investment in commercial real estate, ensuring rental income growth, cost optimization. Investments managed by INVL Baltic Real Estate allows us to reasonably expect a constant increase in the value of the property. The Company approved the forecast for the year ended 2018 (the "Forecast") on 21 December 2017. The Forecast has been prepared on the basis not to predict changes in the fair value of investment properties. After new valuation of investment properties was made, the changes in the fair value of investment properties was stated as significant compared to the forecasted profit for the year ended 2018 (forecasted profit amounted to EUR 2.57 million, change in the fair value of investment properties is EUR 0.85 million) and the Forecast must be recalculated or declared as invalid. The Company at the moment of the release of the report has chosen not to recalculate the Forecast. Therefore, the Company declares the Forecast as invalid.

III. INFORMATION ABOUT SECURITIES

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

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

During the reporting period, Company's Articles of Association was amended once:

- On 15 January 2018 wording of Articles of Association of the Company has been registered with the Register of Legal Entities, which entered into force after an approval to change the Company's Article of Association was given by the Bank of Lithuania. The wording of this Articles of Association was approved by the General Shareholders Meeting held on 29 December 2017.

Currently actual wording of the Articles of Association of INVL Baltic Real Estate is dated as of 15 January 2018. The Articles of Association is available on the Company's website.

7 Structure of the authorized capital

7.1. SHARE CAPITAL CHANGES

Table 7.1. Structure of INVL Baltic Real Estate authorised capital as of 30 June 2018.

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

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

7.2. INFORMATION ABOUT THE ISSUER'S TREASURY SHARES

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

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

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

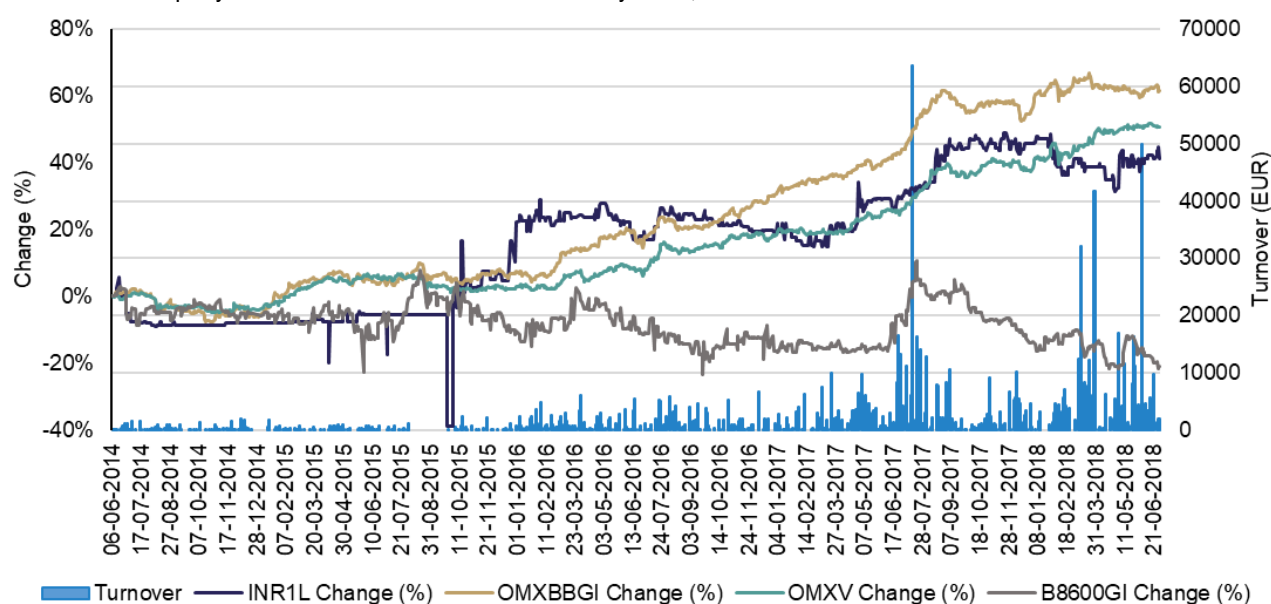
Shares issued, units	13,150,000
Shares with voting rights, units	13,150,000
Nominal value, EUR	1.45
Total nominal value, EUR	19,067,500
ISIN code	LT0000127151
Name	INR1L
Exchange	Nasdaq Vilnius
List	Baltic Secondary list
Listing date	04.06.2014
Included into indexes	B8000GI, OMX BALTIC FINANCIALS GI, B8000PI, OMX BALTIC FINANCIALS PI, B8600GI, OMX BALTIC REAL ESTATE GI, B8600PI, OMX BALTIC REAL ESTATE PI, OMXBGI, OMX BALTIC ALL SHARE GROSS INDEX, OMXBPI, OMX BALTIC ALL SHARE PRICE INDEX, VILSE, OMX VILNIUS INDEX

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

Table 8.2. Trading in INVL Baltic Real Estate shares

	30-06-2016	30-06-2017	30-06-2018*
Share price, EUR:			
open	0.399	0.388	2.360
high	0.447	0.449	2.420
low	0.380	0.375	2.210
medium	0.402	0.397	1.597
last	0.390	0.424	2.300
Turnover, units	233,109	542,035	202,827
Turnover, EUR	93,827.97	219,390.57	442,046.92
Traded volume, units	216	288	393

*The new wording of the Articles of Association of INVL Baltic Real Estate were registered in the Register of Legal Entities on 15 January 2018. Trading of the shares of the Company was suspended until 25 January 2018, in order to secure the interests of the Company's shareholders and seeking to implement the decisions of the Company's Shareholders' Meeting held on 29 December 2017, regarding the amendment of the Articles of Association, the nominal value per share and the amount of shares of the Company. Table include data from 25th January 2018, until 30 June 2018.


Fig. 8.1. INVL Baltic Real Estate change of share price and indexes¹

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

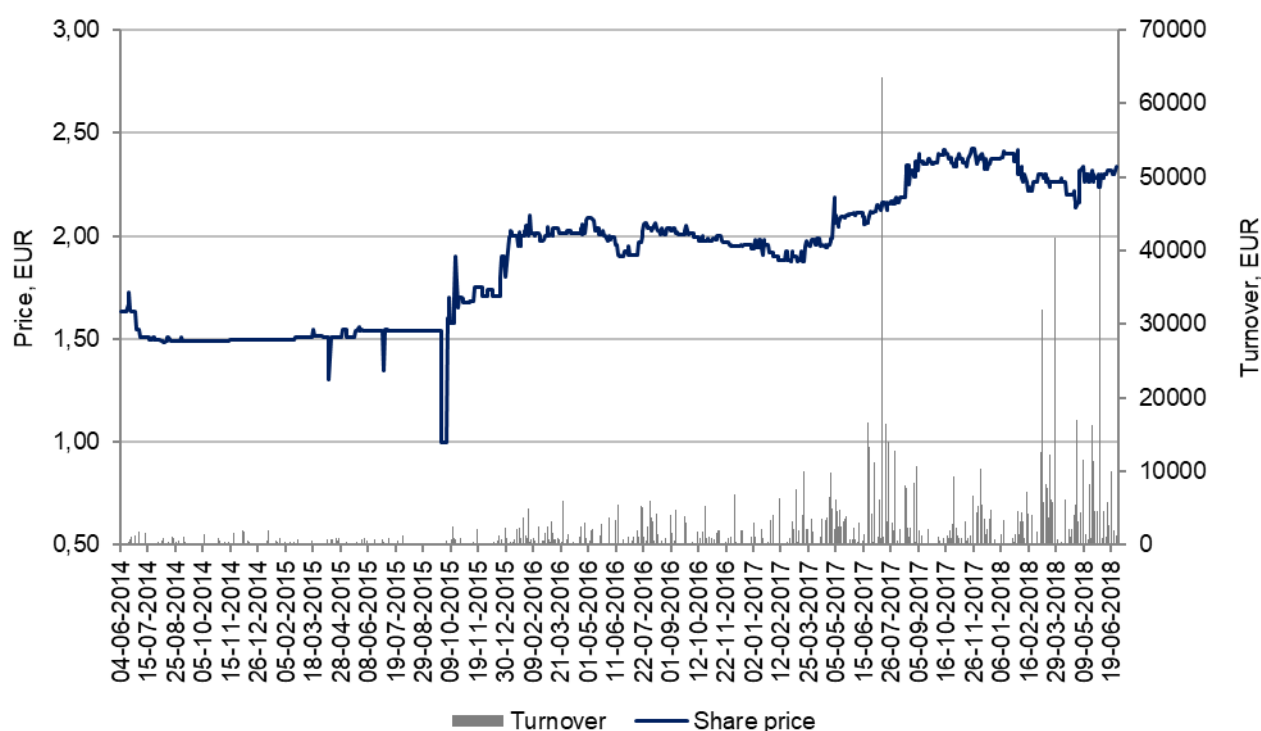


Fig. 8.2. Change of share price of INVL Baltic Real Estate and turnover

9 Shareholders

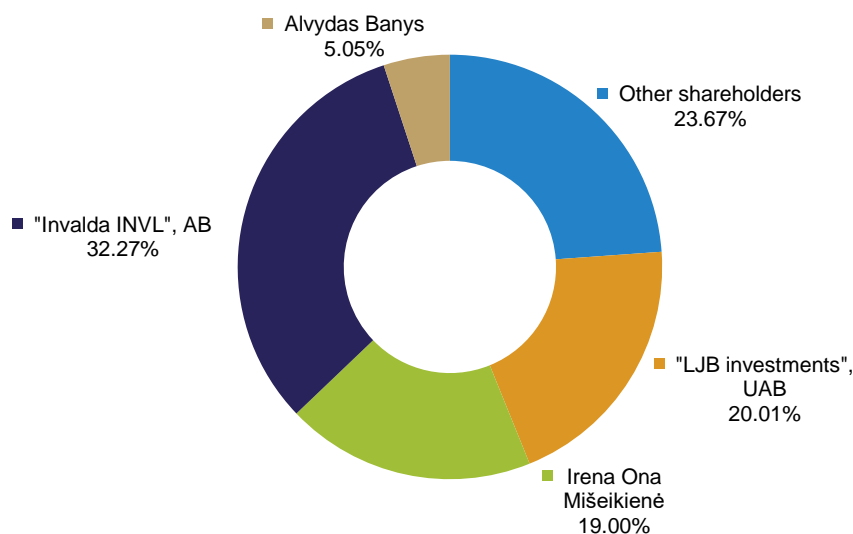
9.1. INFORMATION ABOUT COMPANY'S SHAREHOLDERS

The total number of shareholders in INVL Baltic Real Estate was about 3,600 on 30 June 2018. There are no shareholders entitled to special rights of control.

9.1.1. table. Shareholders who held title to more than 5% of INVL Baltic Real Estate authorised capital and/or votes as of 30 June 2018.

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of the votes, %		
			Share of votes given by the shares held by the right of ownership, %	Indirectly held votes, %	Total, %
LJB Investments, UAB code 300822575, Juozapavičiaus str. 9A, Vilnius	2,631,695	20.01	20.01	0	20.01
Irena Ona Mišeikienė	2,498,596	19.00	19.00	0	19.00
Invalda INVL, AB code 121304349, Gynėjų str. 14, Vilnius	4,243,786	32.27	32.27	0	32.27
Alvydas Banys	663,640	5.05	5.05	20.01 ²	25.06

² According to section 1 item 6 of article 26 of the Law on Securities of the Republic of Lithuania, Alvydas Banys is considered to hold the voting rights of the controlled company UAB LJB Investments.



9.1.1. Fig. Votes as of 30 June 2018

9.2. RIGHTS AND OBLIGATIONS CARRIED BY THE SHARES

Property, non-property rights and obligations to shareholder granted by the Company's shares in the first half of 2018 are not different from the the description of the rights and obligations carried by the shares presented in the Company's consolidated annual report for 2017.

10 Dividends

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

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

According to the Lithuanian Law on Personal Income Tax and the Lithuanian Law on Corporate Income Tax, 15 % tax is applied to the dividends since 2014. The company is responsible for calculation, withdrawn and transfer (to the benefit of the State) of applicable taxes³.

The General Shareholders Meeting of the Company held on 29 December 2017 approved the new wording of the Dividend payment policy which stipulates the yearly payment of dividends per share of no less than EUR 0.13 (when the nominal value per share is EUR 1.45).

On 26 March 2018, the General Shareholders Meeting of INVL Baltic Real Estate decided to allocate EUR 0.13 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 10 April 2018 were shareholders of the Company.

The Company started to allocate dividends for the year 2017 from 25 April 2018. Dividends were allocated to those shareholders of the company, who have provided existing bank accounts.

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

10.1. Table. Indexes related with shares

Company's	30 June 2016	30 June 2017	30 June 2018
Net Asset Value per share, EUR	2.07	2.42	2.59
Price to book value (P/Bv)	0.94	0.88	0.89
Dividend yield	3.1	2.8	5.7

*<https://bre.invl.com/lit/en/for-investors/reports/formulas-of-performance-indicator>

³This information should not be treated as tax consultation.

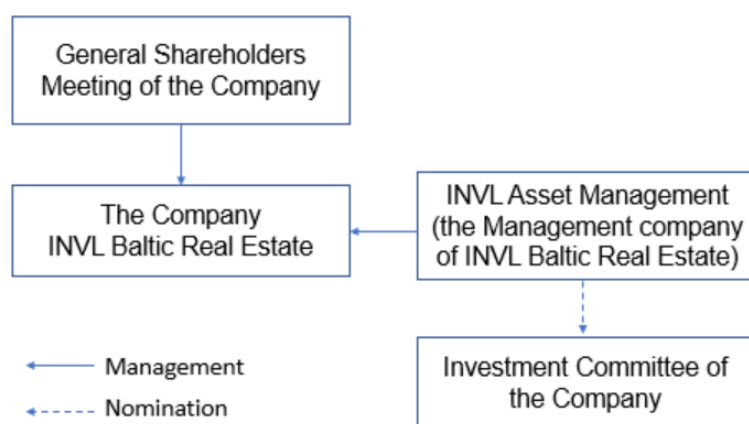
IV. ISSUER'S MANAGING BODIES

11 Issuer's managing bodies

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

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

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



11 fig. Structure of the Management of the Company

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

The General Manager of the Management company is Laura Križinauskienė.

Darius Šulnis (the chairman), Nerijus Drobavičius and Vytautas Plunksnis are members of the Board of the Management company since 19 January 2015. During the reporting period the Board of the Management company remained unchanged.

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

The Advisory Committee is not formed.



Darius Šulnis
Chairman of the Board of the Management company.

Educational background and qualifications	Duke University (USA). Business Administration. Global Executive MBA. Vilnius University. Faculty of Economics. Master in Accounting and Audit. Financial broker's license (General) No. A109.
Work experience	2006 – 2011 Invalda, AB – President. 2011 – 2013 Invalda, AB – Advisor. Since May 2013 Invalda INVL, AB – President. 2002 – 2006 Invalda Real Estate, UAB (current name Inreal Valdymas) – Director 1994 – 2002 FBC Finasta, AB – Director
Owned amount of shares in INVL Baltic Real Estate	Personally: 0 units of shares. Together with controlled company Lucrum Investicija: 244,875* units of shares, 1.86 % of authorised capital, 3.17 % of votes (including votes granted by the shares transferred by the repurchase agreement).
Participation in other companies	Invalda INVL, AB – Member of the Board, the President Šiaulių bankas, AB – Member of the Supervisory Board INVL Baltic Farmland, AB – Member of the Board Litagra, UAB – Member of the Board



Nerijus Drobavičius – Member of the Board of Management company

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


Vytautas Plunksnis – Member of the Board of Management company

Educational background and qualifications	Graduated the studies in economics at Kaunas University of Technology in 2001, gained Bachelor's degree in Management. Financial broker's licence (General) No. G091.
Work experience	Since 2016 - INV L Asset Management, UAB, Head of Private Equity Funds 2009 – 2015 Fund Manager at Invalda INV L, AB 2006 – 2009 Finasta Asset Management, UAB – analyst, fund manager, strategic analyst 2004 ELTA redactor (business news) 2002 – 2004 Baltic News Service business journalist
Owned amount of shares in INV L Baltic Real Estate	Personally: 1,000 units of shares; 0.01% of authorised capital and votes.
Participation in other companies	INV L Technology, CEF – Member of the Investment Committee Norway Registers Development AS – Member of the Board NRD, UAB – Member of the Board NRD CS, UAB - Member of the Board Algoritmu sistemas, UAB - Chairman of the Board Vernitas, AB – Member of the Supervisory Board Investuotoju Asociacija – Chairman of the Board MD Partners, UAB - Director


Laura Križinauskienė – General Manager of the Management company

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



Vytautas Bakšinskas – Member of the Investment Committee, Real estate fund manager

Work experience	<p>Since 2 January 2017 – Real Estate Fund Manager at INVL Asset Management</p> <p>2016 – 31.12.2016 – director at Dizaino institutas, UAB</p> <p>2016 – 31.12.2016 – director at Variagis, UAB</p> <p>2014 – 31.12.2016 – director at Riešės investicija, UAB</p> <p>2013 – 31.12.2016 – director at Tripolio valda, UAB</p> <p>2013 – 31.12.2016 – director at Paralelių valda, UAB</p> <p>2013 – 31.12.2016 – director at Dipolio valda, UAB</p> <p>2013 – 31.12.2016 – director at Etanija, UAB</p> <p>2012 – 31.12.2016 – director at Justiniškių valda, UAB</p> <p>2011 – 31.12.2016 – head of Lease department at Inreal valdymas, UAB</p> <p>2015-06 – 2016-01 – director at Elniakampio namai, UAB</p> <p>2014-03 – 2016-06 – director at Akvilas, UAB</p> <p>2014-03 – 2015-07 – director at Aikstentis, UAB</p> <p>2014-03 – 2015-07 – director at Trakų kelias, UAB</p> <p>2013-01 – 2013-02 – project manager at Naujoji švara, UAB</p> <p>2010-04 – 2013-02 – project manager at Sago, UAB</p> <p>2008-11 – 2011-08 – project manager at Inreal valdymas, UAB</p> <p>2007-01 – 2008-10 – assistant of project manager at Inreal valdymas, UAB</p>
Owned amount of shares in INVL Baltic Real Estate	-
Participation in other companies	Proprietas, UAB - Director (since 2 nd January 2018)



Andrius Daukšas – Member of the Investment Committee, Investment manager

Educational background and qualifications	<p>Master's degree in banking at the Faculty of Economics of Vilnius University.</p> <p>Financial broker's license (general) No. G311.</p>
Work experience	<p>Since 22 December 2016 – Investment Manager at INVL Asset Management</p> <p>3 January 2016 – 21 December 2016 – deputy director at INVL Baltic Real Estate</p> <p>December 2014 - January 2016 – director at INVL Baltic Real Estate</p> <p>March 2010 – 21 December 2016 - investment manager at Invalda INVL</p> <p>2008-2010 - director of the Treasury Department of the bank Finasta</p> <p>2004-2008 - an accountant, later - the department manager of securities accounting at FBC Finasta</p>

Continued of the next page

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Owned amount of shares in INVL Baltic Real Estate	Personally: 5,000 units of shares, 0.04% of authorised capital and votes.
Participation in other companies	Imonių Grupe Inservis, UAB - Member of the Board, director Jurita, UAB - Member of the Board Kelio Zenklai, UAB - Chairman of the Board Informacinio verslo paslaugu imone, AB - Member of the Board

Power of the General Shareholders Meeting and convocation procedure of the General Shareholders Meetings of the Company, also the description of rights and obligations of the Management Company of INVL Baltic Real Estate and objectives and functions of the Investment Committee during the reporting period wasn't any different than disclosed in the Consolidated Annual Report of INVL Baltic Real Estate for the year 2017 (IV chapter 11 section „Structure, authorities, the procedure for appointment and replacement“).

During the reporting period (starting - 1st January 2018, ending – 30th June 2018) 10 (ten) Investment Committee meetings were held. All the appointed members of the Investment Committee– Vytautas Bakšinskas and Andrius Daukšas - participated in these meetings (A. Daukšas participated in 2 (two) meeting remotely). The Board of the Management Company is familiarized with the agenda and related material of the Investment Committee meetings.

During the reporting period 1 (one) General Shareholders Meeting was held. The meeting took place on 26th March 2018. The shareholders of the Company was introduced with the consolidated annual report for 2017 and independent auditor's report on the financial statements and consolidated annual report of the Company. The consolidated and stand-alone financial statements for 2017 and profit distribution (allocating EUR 0.13 dividend per share) of INVL Baltic Real Estate was approved as well. The shareholders also approved the Amendment of the Depository Services Agreement with AB SEB bankas and Related Party Transaction Policy of INVL Baltic Real Estate.

12 Information about the Audit Committee of the company.

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

The main functions of the Audit Committee are the following:

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

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

the new member of the Audit Committee till the next General Shareholders Meeting of the Company. The new member is elected till the end of term of office of the operating Audit Committee.

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



Dangutė Pranckėnienė – Independent Member of the Audit Committee

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



Tomas Bubinas – Independent Member of the Audit Committee

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

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

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

The management fee payable to the Management Company (hereinafter – Management Fee) is the remuneration for management of the assets of the Company, which shall be payable for each quarter of a calendar year. The Management Fee for a full quarter of a calendar year shall be 0.25% of the weighted average capitalisation of the Company. The Performance Fee shall be additionally paid to the Management Company under the procedure set in the Articles of Association. During the reporting period the Management fee payable to the Management Company was EUR 150 thousand.

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

During the reporting period company's managing bodies, which are mentioned in the section 11 of the report, were paid EUR 663 of dividends, net of tax. Information on the paid dividends to the related parties' of the managing bodies is disclosed in consolidated interim condensed financial statements for the six months of 2018. There were no assets transferred, no guarantees granted, no bonuses paid and no special payouts made by the company to its managing bodies. The managing bodies were not granted with bonuses by other companies of INVL Baltic Real Estate group.

During the reporting period INVL Baltic Real Estate Group and the Company for the company providing accounting services respectively paid EUR 5 thousand and EUR 4 thousand during the reporting period (in 2017 and in 2016 – respectively paid EUR 12 thousand and EUR 10 thousand, in 2015 – respectively paid EUR 13 thousand and EUR 9 thousand; in 2014 – respectively paid EUR 9 thousand and EUR 7 thousand).

V. OTHER INFORMATION

14 Agreements with intermediaries on public trading in securities

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

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

15 Information on Issuer's branches and representative offices

INVL Baltic Real Estate has no branches or representative offices.

16 A description of the principal risks and uncertainties

During the six months of 2018 there were no significant changes from the information about the principal risks and uncertainties disclosed in the latest Consolidated annual report. For the next six months of this financial year, there aren't expecting any changes in principal risks and uncertainties rather than already disclosed in the latest annual report of the Company.

Principal risk and uncertainties of the Company are published in the web page of INVL Baltic Real Estate ([link](#))

17 Significant investments made during the reporting period

In 2018 In the first half of the year, the main investments made by INVL Baltic Real Estate were to installation of Transfer Go office. The investment amounted to EUR 0.267 million. The office installation project of Transfer Go was completed in February 2018.

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

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

19 Information on the related parties' transactions

Information on the related parties' transactions is disclosed in 16 point of explanatory notes of consolidated interim condensed financial statements for the six months ended 30 June 2018.

The General Shareholders Meeting of INVL Baltic Real Estate approved „Related Party Transaction Policy Statement” of the Company on 26th March 2018. The document was approved seeking to implement provisions of the Law on Companies article 37². “Related Party Transaction Policy Statement” of INVL Baltic Real Estate is published in the web page of the Company ([link](#))

20 Information related to the compliance with the Governance Code

During the six months of 2018 there were no significant changes in principles and recommendations contained in the Governance Code rather than disclosed in the latest Consolidated annual report of the Company.

Real estate fund manager of the Management Company

INVL Asset Management

Vytautas Bakšinskas