



BALTIC REAL ESTATE

The special closed-ended type real estate investment company
INVL Baltic Real Estate, Consolidated Report
for 6 months of 2019

Translation note:

This version of the Consolidated Report for the 6 months of 2019 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.

CONTENTS:

I. GENERAL INFORMATION	4
1 Reporting period for which the report is prepared	4
2 General information about the Issuer and other companies comprising the Issuer's group	4
2.1. Information about the Issuer	4
2.2. Information on company's goals and strategy	4
2.3.1. Companies of INVL Baltic Real Estate (data as of 30 June 2019):	5
2.3.2. Real estate objects owned by group companies in Vilnius (Lithuania)	6
Investments in real estate	7
2.3.2. Real estate objects owned by group companies in Riga (Latvia)	12
II. FINANCIAL INFORMATION AND SIGNIFICANT EVENTS	14
3 Overview of the Issuer and its group activity	14
3.1. Comment made by INVL Asset Management real estate fund manager Vytautas Bakšinskas	14
3.3. Key figures of INVL Baltic Real Estate	15
3.4. Results of INVL Baltic Real Estate	16
3.5. Significant Issuer's and its group events during the reporting period, effect on the financial statement	16
3.5.1. Significant Issuer's events	16
Management of the Company	16
General Shareholders Meetings	17
information related to the allocation of dividends	17
Financial information	17
Investments	18
3.5.2. Significant group's events	18
4 Significant events of the Issuer and its group since the end of the reporting period	18
5 Estimation of Issuer's and Group's activity last year and activity plans and forecasts	18
5.1. Evaluation of implementation of goals	18
5.2. Activity plans and forecasts	18
III. INFORMATION ABOUT SECURITIES	19
6 The order of amendment of Issuer's Articles of Association	19
7 Structure of the authorized capital	19
7.1. Share capital changes	19
7.2. Information about the Issuer's treasury shares	19
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	19
9 Shareholders	21
9.1. Information about company's shareholders	21
9.2. Rights and obligations carried by the shares	22
10 Dividends	22
IV. ISSUER'S MANAGING BODIES	23

11	Issuer's managing bodies	23
12	Information about the Audit Committee of the company.	28
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	29
V.	OTHER INFORMATION	30
14	Agreements with intermediaries on public trading in securities	30
15	Information on Issuer's branches and representative offices	30
16	A description of the principal risks and uncertainties.....	30
17	Significant investments made during the reporting period.....	30
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.....	30
19	Information on the related parties' transactions	30
20	Information regarding transactions with related parties	30
21	Information related to the compliance with the Governance Code	33

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 2019 and ending on 30 June 2019. The report includes significant events that occurred since the end of the reporting period.

The report was not audited.

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. V\JK-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 Nekilnojamu 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 49%. 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 group - the structure of the group companies is disclosed below - owns 7 real estate properties in Vilnius and Riga.

2.3.1. COMPANIES OF INVL BALTIC REAL ESTATE (DATA AS OF 30 JUNE 2019):

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 – Lapegles, Stūnīši, Olaines pag., Olaines nov., LV-2127 Latvia Legal form – private limited liability company Registration date 28.09.2011	100 percent	carries no activity	

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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 2019.

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

VILNIUS
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.

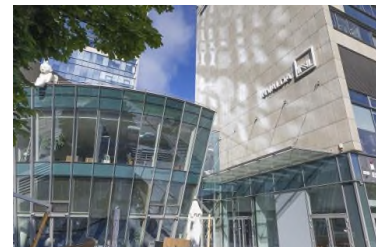
The full Vilnius Gates complex comprises more than 53 sq. m. of varied-use premises, making it a highly attractive location for restaurants and providers of healthcare, fitness and other services. It's an ideal setting for service centres, creative agencies, providers of financial and legal services, 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 2019	EUR 15.1 million
Occupancy at the end of June 2019	92 percent



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

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.



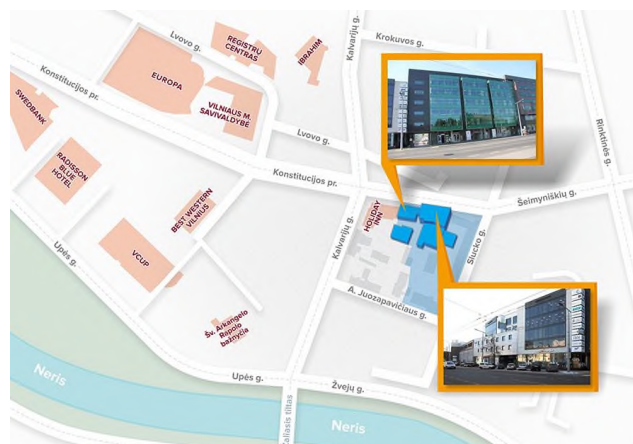
IBC CLASS A BUSINESS CENTRE

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 2019	EUR 6.9 million
Occupancy at the end of June 2019	100 percent



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 2019	EUR 5.6 million
Occupancy at the end of June 2019	100 percent



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.



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 2019	EUR 2.2 million
Occupancy at the end of June 2019	100 percent



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 2019	EUR 6.73 million
Occupancy at the end of June 2019	100 percent



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 2019	EUR 0.23 million
Occupancy at the end of June 2019	100 percent



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 2019	EUR 1.34 million
Occupancy at the end of June 2019	100 percent



Main tenants: Sanofi-aventis Lietuva, ACNielsen Baltics, Sandoz Pharmaceuticals.

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



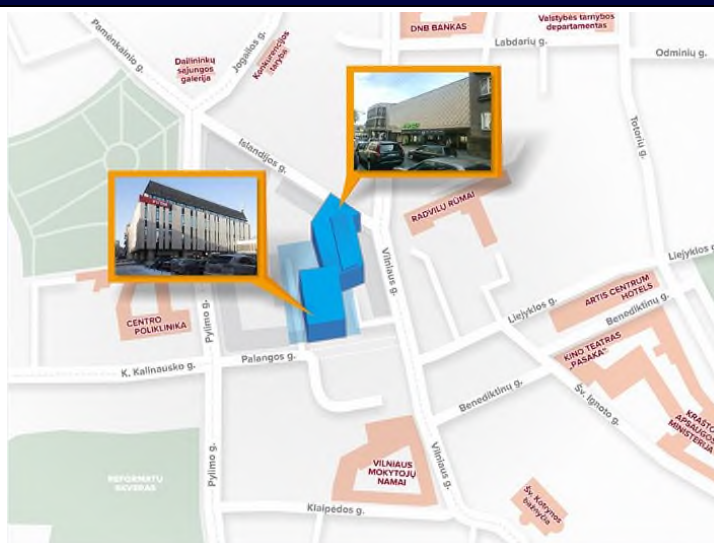
OFFICE BUILDING IN THE CENTRE OF VILNIUS

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 2019	EUR 5.9 million
Occupancy at the end of June 2019	76 percent (total complex occupancy)



Block B basic information

Total area	4,700 sq. m
Leased area	2,600 sq. m
Land area	0,49 ha (total area of the complex)
Property market value at the end of June 2019	EUR 4.1 million
Occupancy at the end of June 2019	76 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

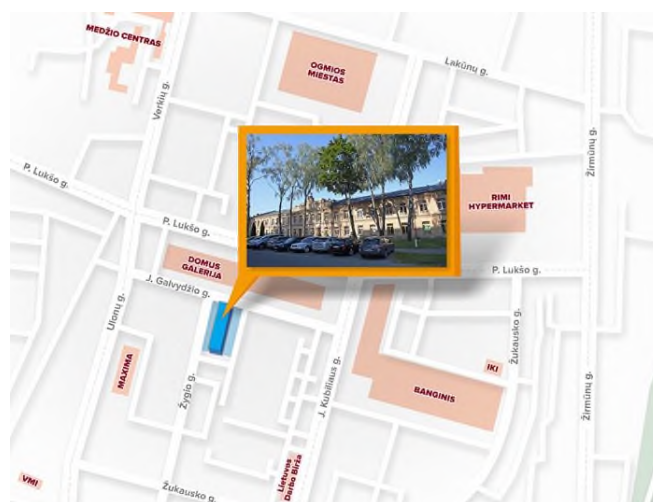
AREA 3,200 SQ.M.

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	2,800 sq. m
Land area	0.4 ha
Property market value at the end of June 2019	EUR 3.0 million
Occupancy at the end of June 2019	66 percent



Main tenants: School Žirniukas, Innoforce.

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 2019	EUR 0.35 million



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

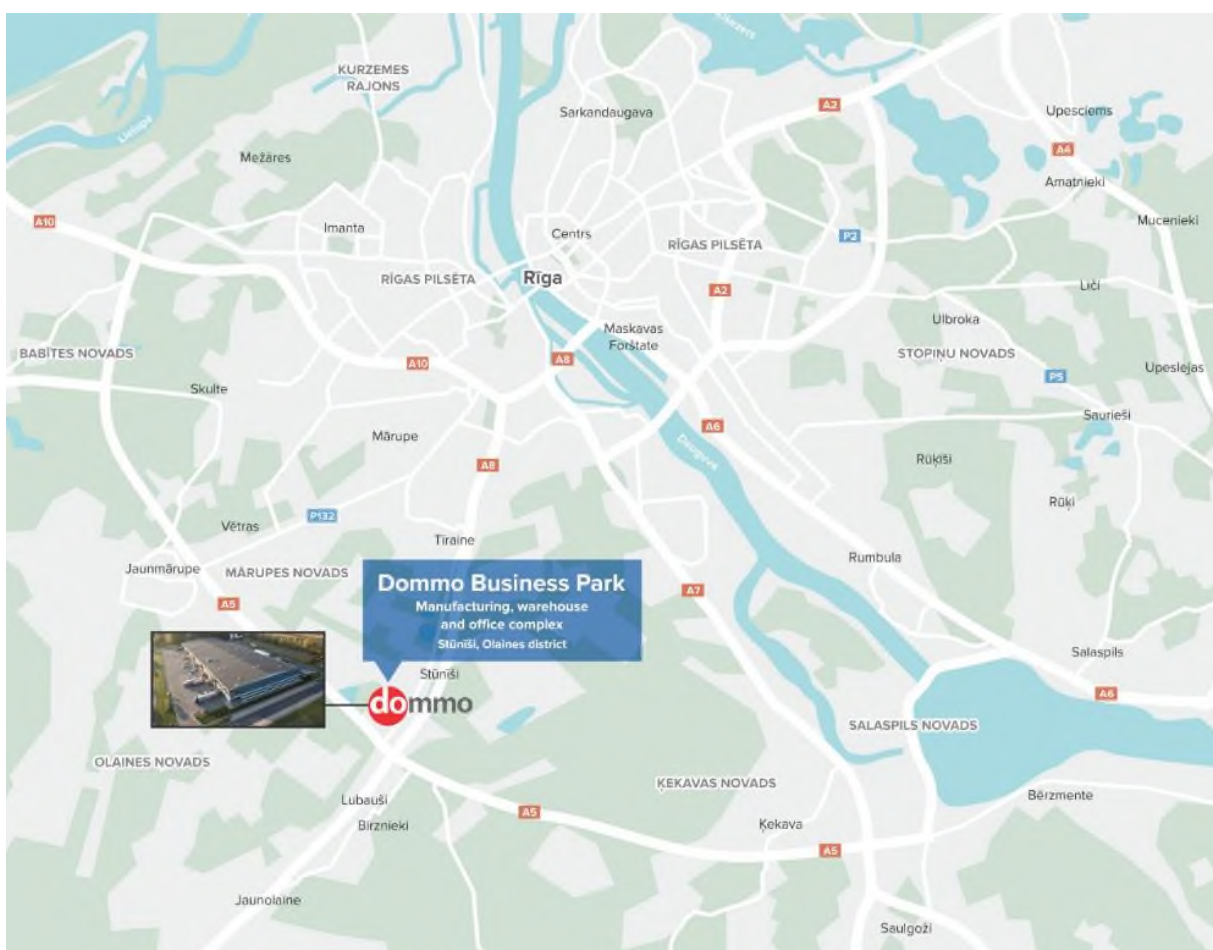


Fig. 2.3.3. Real estate objects owned by group companies of INVL Baltic Real Estate in Riga (Latvia)

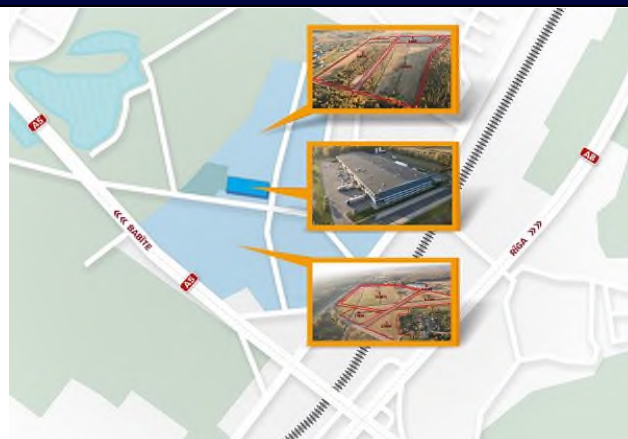
DOMMO BUSINESS PARK MANUFACTURING, WAREHOUSE AND OFFICE COMPLEX

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 2019	EUR 8.4 million
Occupancy at the end of June 2019	100 percent



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

Address: Stūnyši, 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



The net operating income of INVL Baltic Real Estate from own properties in the first half of 2019 was EUR 0.8 million or 52.6 percent less than in the corresponding period in 2018 (EUR 1.7 million). The consolidated revenue of INVL Baltic Real Estate for the first half of 2019 was EUR 3.0 million or 1.9 percent more than in the corresponding period in 2018 (EUR 2.9 million), of which consolidated rental income from own properties increased by 2.9 per cent up to EUR 2.32 million.

Our aim is to continue efficient management of the company's assets – starting from the beginning of the year we concluded new lease agreements and announced the implementation of a new project in the Old Town of Vilnius. Plans are to open the first co-working space of Talent Garden Vilnius in the capital of Lithuania by the end of this year. We believe that this space will not only become an attractive place for work, meetings and new

ideas, but will also enable the effective use of the assets managed by the company, thus creating value for those who invest in INVL Baltic Real Estate.

IBC business centre, the largest property managed by INVL Baltic Real Estate, continued to maintain high occupancy rates and increased rental income, which increased by 3.7 percent compared to the first half of 2018 and amounted to EUR 0.99 million.

We are pleased with the positive results of the company and will continue to increase the value of our assets.

3.2. OPERATIONAL ENVIRONMENT

A favourable economic environment, growing revenues of the companies of the service sector and the active expansion of international and local companies mean that the office segment has been extremely active and liquid over the last few years and the demand for modern offices is extremely high. The positive attitude of investors towards the Lithuanian market has undoubtedly contributed to the plans to introduce to the market some new office spaces of almost 100,000 sq. m., and by 2021 and 2020 - as much as 175,000 sq. m. annually. A record breaking pace of expansion does not seem to be an obstacle to the low vacancy of modern business centres, which makes 5 percent in Class A business centres this year. Notably, the increase in vacancy rates in Class A business centres was due to the opening of new business centres in the second half of 2018. The market is likely to absorb new spaces this year. Vacancy rates in B1 and B2 business centres remained at a similar level and currently make 4.5 and 4 percent. Although the average rental price in Vilnius increased slightly in 2019, the price range of Class A business centres remained unchanged and now is 14-17 EUR / sq. m., Class B1 is 10-14 EUR / sq. m., while Class B2 is 7-10 EUR / sq. m.

In 2019, eight business centres should open in Kaunas, offering a leasable area of about 65,000 sq. m. In 2020-2021 another 60,000 sq. m. should be introduced to the market, 50 000 sq. m. of which will be located in the planned complex of business centres facing Nemunas Island. The decrease in vacancies in Kaunas over the past year confirms the need for modern offices and the competitiveness of Kaunas in the struggle for development of service sector companies. Vacancy rate for Class A offices in Kaunas decreased from 14.8 to 4 percent, in Class B1 it increased from 13.5 percent up to 9 percent, while Class B2 vacancy remained virtually unchanged. Despite larger prices in new business centres, the price range in Kaunas also remains unchanged. The price range of new contracts is 12-14 EUR / sq. m in Class A centres, 9-12 EUR / sq. m. in B1 and 6-9 EUR / sq. m in B2 business centres.

After more than a decade of stagnation, the developers of business centres are gradually turning to the Klaipėda region. In 2019, a Class A business centre was opened in the port city, and by the end of 2020, two more Class A and two Class B2 business centres are set to open. Although the development volumes are not large, this investment in the Klaipėda office market should positively influence other market participants and allow for more intensive development in the future. It is worth noting that the slight increase in the total area of business centres had no significant impact on the vacancy rate of business centres, which over the last 12 months, in Class A centres decreased from 17.7 percent to 16 percent, in Class B1 from 6.4 percent to 5 percent, while in Class B2 remained almost the same. Prices in Klaipėda have also been stable, therefore the premises in Class A business centres can currently be rented for 9-13 EUR / sq. m., class B1 for 7-11 EUR / sq. m., and B2 class for 5-8 EUR / sq. m.

The transport sector grew by about 8.5 percent in the first half of 2019 compared to the analogous period in 2018. Demand for storage space will remain high for the next few years, as vacancy rates for logistics centres and stable rental prices remain low despite newly opened facilities. In the first half of 2019, the construction of one logistics centre was completed and 3 new logistics facilities with a total area of 40,000 sq. m. were opened (including the centres built at the end of 2018, which were opened this year). By the end of this year the construction of another logistics centre is expected to be completed and offer 30,000 sq. m. to the market, while by the end of 2020, it is planned to open 3 more facilities, that will offer about 38 000 sq. m. of storage space. At the beginning of 2019, a new small logistics centre with the area of 5,500 sq. m. was opened. By the end of the year, the area of new premises is expected to increase by another 48,000 sq. m., and at the beginning of 2020, a logistics centre with the area of 20 000 sq. m. will be opened. Since the beginning of the year, the supply of logistics premises in Klaipėda has increased by almost 7,500 sq. m. in the Free Economic Zone (FEZ), where it is planned to build a new centre with the area of 8,500 sq. m., while a warehouse with the area of more than 20,000 sq. m. is planned to be opened in the outskirts of the city. The vacancy rate in modern logistics centres in Central and Western Lithuania amounts to about 2 percent, whereas in the capital region this indicator is about 4 percent due to more intensive development of new facilities. Nevertheless, prices in Vilnius are still slightly higher than in other parts of Lithuania and currently amount to 4.3-5.3 EUR / sq. m. in new warehouses and 3.3-4.2 EUR / sq. m. in old buildings. Prices in Kaunas and Klaipėda remain similar. Premises in new warehouses in Kaunas can be rented for 3.7-5.1 EUR / sq. m. and for 3.5-4.8 EUR / sq. m. in Klaipėda. Those looking for a cheaper alternative can rent premises in old buildings with prices of 1.5-3.0 EUR and 1.4-2.9 EUR / sq. m. respectively.

In the first half of 2019, the logistics and warehousing market in Riga was active. Several warehouses and logistics centres were completed and introduced to the market, new projects started. Vacancy rates remain at a relatively low level.

Sources:

<https://www2.colliers.com/en-LV/Research/2019-Q2-Baltic-States-Real-Estate-Market-Review>
https://www.inreal.lt/file/1/4/1/9/Ekonomikos-ir-NT-rinkos-apzvalga-2019_H1_INREAL-SEB-COBALT.pdf

3.3. KEY FIGURES OF INVL BALTIC REAL ESTATE

EUR million	Group		
	30.06.2017	30.06.2018	30.06.2019
Managed common area	59,876 sq. m	56,876 sq. m	56,876 sq. m
Managed rental area	48,476 sq. m	46,576 sq. m	46,876 sq. m
The real estate value	54.1	57.5	60.0
Cash	0.3	0.6	0.7
Other assets	1.7	1.2	2.0
Assets	56.1	59.3	62.7
Equity	31.8	34.1	35.3
Borrowings from credit institutions	21.3	23.1	24.2
Other payables	3.0	2.1	3.2
Total equity and liabilities	56.1	59.3	62.7
Total equity for one share	EUR 2.42*	EUR 2.59	EUR 2.685

* Recalculated taking into account that the nominal value per share was 1.45 EUR.

3.4. RESULTS OF INVL BALTIC REAL ESTATE

EUR million	Group		
	01.01.2017 – 30.06.2017	01.01.2018 – 30.06.2018	01.01.2019 – 30.06.2019
Revenue	3.3	2.9	3.0
<i>rental income from owned premises</i>	1.9	2.2	2.3
<i>rental income from subleased premises</i>	0.8	0.1	-
<i>other revenue</i>	0.6	0.6	0.7
Investment property revaluation	1.0	0,85	1.6
Net operating income from owned properties	1.2	1.7	0.8
Profit before tax	1.5	1.9	1.7
Net profit	1.5	1.9	1.7
Earnings per share	EUR 0.12*	EUR 0.15	EUR 0.13

* Recalculated taking into account that the nominal value per share was 1.45 EUR.

Net asset value of the Company amounted to EUR 35,307,971 or EUR 2.685 per share on 30th June 2019. In the same period in 2018, the net asset value amounted to EUR 34,058,027 or EUR 2.5900 per share.

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 21th March 2019 the Company informs that the decision from the Director of the Supervision Service of the Bank of Lithuania on the amendment of the Company's regulatory activity form was received. The Company now is considered not to be operating on the basis of a license, but operating under the permission issued by the Bank of Lithuania. This decision of the Bank of Lithuania was adopted seeking to implement the new wording of the Collective Investment Undertakings Law that came into force on 1st February 2019.
- On 26th April 2019 the Company informs that on 26th April 2019 based on the resolutions of the Ordinary General Shareholders meeting the amendment of the Depository Services Agreement with AB SEB bankas was signed. The amendment was implemented to introduce to clearer separation of functions related to money laundering and terrorist financing prevention between the depository service provider and the management company.
- On 21th May 2019 INVL Asset Management UAB, the Management Company of INVL Baltic Real Estate, has received the information from the Bank of Lithuania that it is being given a warning regarding process deficiencies in the provision of investment and investment fund management services and a fine of EUR 140 thousand for infringements relating to the distribution of mutual funds. It should be noted that this decision is not related to the areas of pension funds, alternative investments or the operations of INVL Baltic Real Estate
- On 6th June 2019 the Company informed that on 5th June 2019 a new wording of the Articles of Association of the special closed-ended type real estate investment company INVL Baltic Real Estate were registered in the Register of Legal Entities. Shareholders of the Company approved the draft Articles of Association on 26th April 2019, during the Ordinary General Shareholders meeting. The Articles of Association of the Company have been amended in order to comply with the relevant provisions of the legal acts regulating the activities of the Company - the Law on Companies of the Republic of Lithuania and the Law of the Republic of Lithuania on Collective Investment Undertakings.

GENERAL SHAREHOLDERS MEETINGS

- On 5th April 2019 the Company decided to propose to allocate a dividend of EUR 0.13 per share for the year 2018, during the General Shareholders meeting of the Company held on 26th April 2019 (the total amount of dividends allocation amount EUR 1.71 million). Also, the Company proposed to the shareholders to approve the amendments of the Articles of Association of the Company and the project of the new version of the Articles of Association during the General Shareholders meeting.
- On 5th April 2019 the Company announced about convocation of the General Shareholders Meeting on 26th April 2019. The Meeting was held at the premises of the Company, located at Gynėju str. 14, Vilnius. The draft agenda of the General Shareholders Meeting of INVL Baltic Real Estate was announced - including questions regarding presentation of the consolidated annual report for 2018 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 2018 and profit distribution of INVL Baltic Real Estate. The questions regarding approval of the Amendment of the Depository Services Agreement with AB SEB bankas and regarding the change of the Articles of Association and approval of the new wording of the Articles of Association and purchase of own shares.
- On 26th April 2019 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 2018 and independent auditor's report on the financial statements and consolidated annual report of the Company. The consolidated and stand-alone financial statements for 2018 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 bank and the change of the Articles of Association and approved the new wording of the Articles of Association, also approved purchase of own shares.

INFORMATION RELATED TO THE ALLOCATION OF DIVIDENDS

- On 23th May 2019 the Company in order to implement resolutions of the General Shareholders Meeting regarding allocation of Company's profit, announced the procedure for the payout of dividends for 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 13th May 2019 were shareholders of the Company. The Company informed that the dividends will be allocated from 24th May 2019.

FINANCIAL INFORMATION

- On 28th February 2019 the Company announced unaudited results of INVL Baltic Real Estate group of 2018.
- On 18th March 2019 the Company announced the audited annual information for 2018 together with the Confirmation of the Responsible persons and factsheet. The unaudited consolidated net profit of INVL Baltic Real Estate group amounted to EUR 3.17 million, the revenue was EUR 5.82 million for the period of 2018 (for 12 months of 2017 consolidated net profit was EUR 3.58 million, revenue was EUR 6.20 million). The unaudited net profit of INVL Baltic Real Estate itself amounted to EUR 3,372 thousand for 12 months of 2018 and EUR 3,779 thousand for 12 months of 2017.
- On 18th April 2019 the Company announced that the net asset value of the Company amounted to EUR 35,319,397 or EUR 2.6859 per share on 31th December 2018.
- On 26th April 2019 the Company announced the audited annual information and the confirmation of responsible persons together with Audit Committee report of INVL Baltic Real Estate for the year 2018.
- On 30th April 2019 the Company announced the results for 3 months of 2019. Unaudited consolidated net profit of the INVL Baltic Real Estate group was EUR 0.24 millions, revenue was EUR 1.54 millions for 3 months of 2019 (for 3 months of 2018 consolidated net profit was EUR 0.70 millions, revenue was EUR 1.49 millions). The unaudited net profit of INVL Baltic Real Estate itself amounted to EUR 0.29 millions for 3 months of 2019 and EUR 0.75 millions for 3 months of 2018.
- On 30th April 2019 the Company announced that the net asset value of the Company amounted to EUR 35,548,100 or EUR 2.7033 per share on 31 March 2019.

INVESTMENTS

- On 30th April 2019 the Company announced the preliminary agreement signed by Dommo Grupa, the company managed by the real estate investment company INVL Baltic Real Estate, regarding the sale of 20.6 hectares of land plots in Latvia was terminated on 30th April 2019. The preliminary agreement signed at the end of September 2018 was terminated due to the fact that the conditions stated in the agreement was not implemented. The terminated transaction will not affect indicators of INVL Baltic Real Estate's, the Company will continue to make the best use of assets managed in Latvia.
- On 28th June 2019 the Company announced that on 27th June 2019, the Investment Committee of the special closed-ended type real estate investment company INVL Baltic Real Estate made a decision on the signing of a franchise agreement between the Company's property administrator Proprietas UAB and Talent Garden. The Company notes that the signing of the agreement marks the start of a new operating segment for the Company – the creation and development of coworking space, for that space choosing a building on Vilniaus Street (at the address Vilniaus St. 33) which is part of INVL Baltic Real Estate's portfolio.

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](#)).

3.5.2. SIGNIFICANT GROUP'S EVENTS

There were no important events in the activities of the real estate companies in the first half of 2019. The companies performed usual activity during the reporting period. It is noted that on 27th June 2019, the Investment Committee of the special closed-ended type real estate investment company INVL Baltic Real Estate made a decision on the signing of a franchise agreement between the Company's property administrator Proprietas UAB and Talent Garden. The Company notes that the signing of the agreement marks the start of a new operating segment for the Company.

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, also signed a franchise agreement with Talent Garden regarding development of a co-operation space in the company-owned building at Palangos str. 4, Vilnius.

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 expect a constant increase in the value of the property.

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 5 June 2019 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 26 April 2019.

Currently actual wording of the Articles of Association of INVL Baltic Real Estate is dated as of 5 June 2019. 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 2019.

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

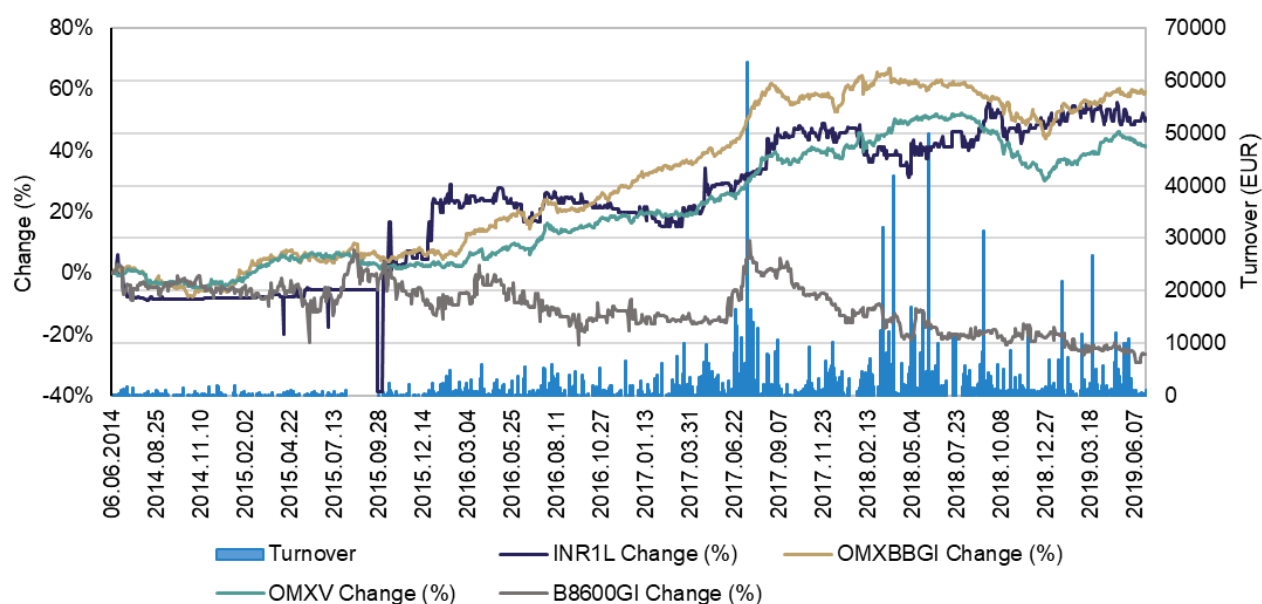
Shares issued, units	13,150,000
Shares with voting rights, units	13,150,00
Nominal value, EUR	1.45
Total nominal value, EUR	19,067,500
ISIN code	LT0000127151
LEI code	529900GSTE0HKA0R1M59
Name	INR1L
Exchange	AB Nasdaq Vilnius, XLIT
List	Baltic Secondary list
Listing date	04.06.2014
Included into indexes	B8000GI, OMX BALTIC FINANCIALS GI, (SE0004384154) B8000PI, OMX BALTIC FINANCIALS PI, (SE0004384444) B8600GI, OMX BALTIC REAL ESTATE GI, (SE0004384188) B8600PI, OMX BALTIC REAL ESTATE PI, (SE0004384477) OMXBGI, OMX BALTIC ALL SHARE GROSS INDEX, (SE0001849977) OMXBPI, OMX BALTIC ALL SHARE PRICE INDEX, (SE0001849985) VILSE, OMX VILNIUS INDEX, (LT0000999963)

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

Table 8.2. Trading in INVL Baltic Real Estate shares

	30-06-2017	30-06-2018*	30-06-2019
Share price, EUR:			
open	0.388	2.360	2.420
high	0.449	2.420	2.540
low	0.375	2.210	2.100
medium	0.405	2.179	2.466
last	0.424	2.300	2.440
Turnover, units	542,035	202,827	97,241
Turnover, EUR	219,390.57	442,046.92	239,751.00
Traded volume, units	288	393	227

*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).

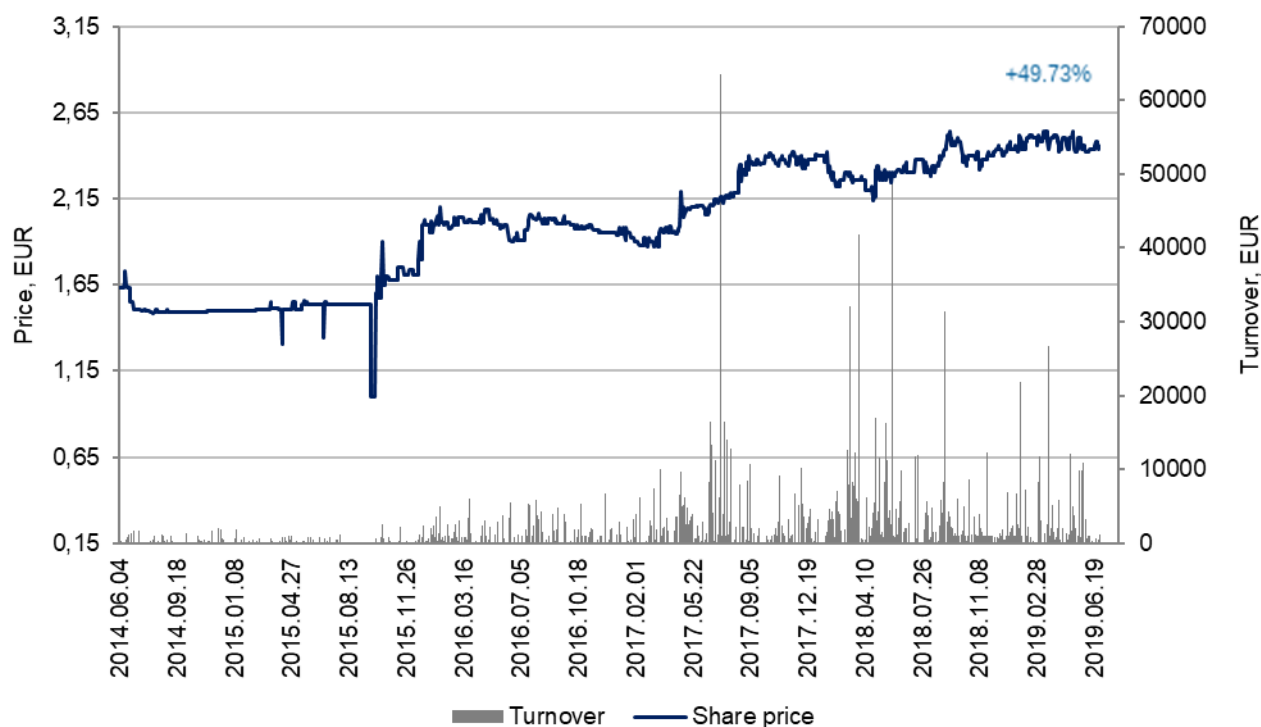


Fig. 8.2. Change of share price of INVL Baltic Real Estate and turnover

9 Shareholders

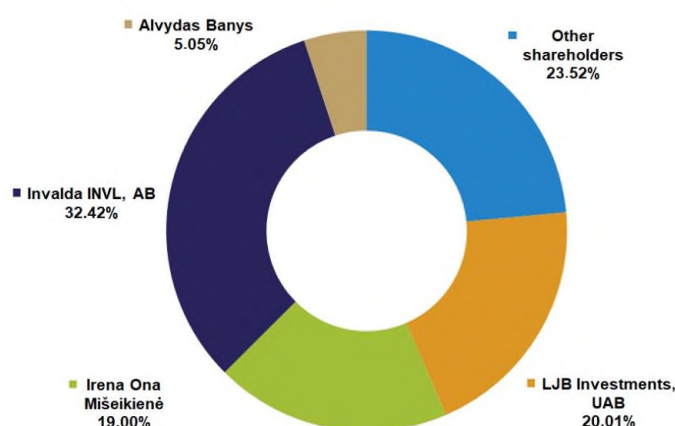
9.1. INFORMATION ABOUT COMPANY'S SHAREHOLDERS

The total number of shareholders in INVL Baltic Real Estate was about 3,600 on 30 June 2019. 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 2019.

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	4,262,907	32.42	32.42	0	32.42
Alvydas Banys	663,640	5.05	5.05	20.01 ²	25.06

² According to section 1 of article 16 of the Law on Securities of the Republic of Lithuania, Alvydas Banys is considered to hold the voting rights of the controlled company UAB LJB Investments.



9.1.1. Fig. Votes as of 30 June 2019

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 2019 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 2018.

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 April 2019, 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 13 May 2019 were shareholders of the Company.

The Company started to allocate dividends for the year 2018 from 24 May 2019. 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 2017	30 June 2018	30 June 2019
Net Asset Value per share, EUR	2.42	2.59	2.69
Price to book value (P/Bv)	0.88	0.89	0.91
Dividend yield	2.8	5.7	5.3

*The Company publishes Alternative performance measures (APV), that are in use of the Company, provides indicators definitions and calculation formulas. All the information is disclosed in the Company's web site section „For Investors“ → „Reports“ → „Indicator formulas“. The link is provided <https://bre.invl.com/lit/en/for-investors/reports/formulas-of-performance-indicators>

³This information should not be treated as tax consultation.

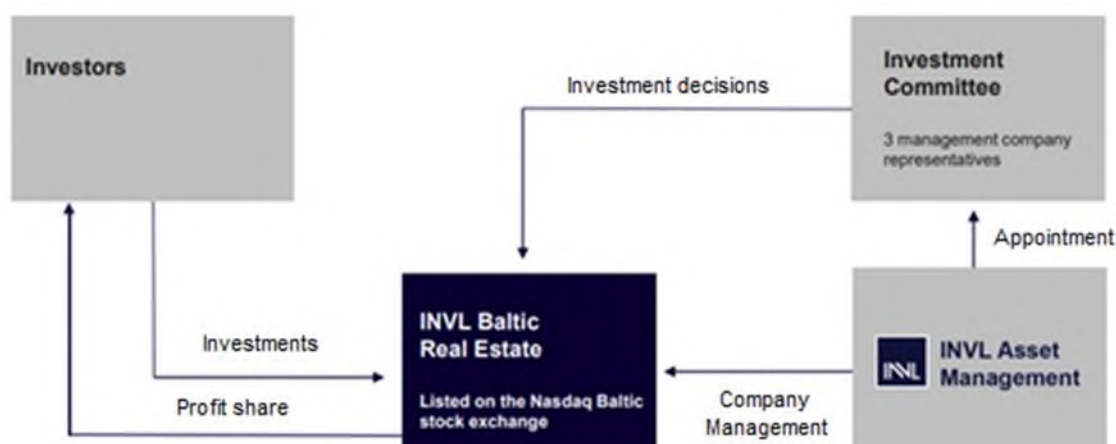
IV. ISSUER'S MANAGING BODIES

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

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

The Advisory Committee is not formed.



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

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

Educational background and qualifications	Duke University (USA). Business Administration. Global Executive MBA. Vilnius University. Faculty of Economics. Master in Accounting and Audit. Financial broker's license (General) No. A109.
Work experience	2015 – October 2017 General manager of INVL Asset Management, UAB Since May 2013 Invalda INVL, AB – President 2006 – 2011 Invalda, AB – President. 2011 – 2013 Invalda, AB – Advisor 2002 – 2006 Invalda Real Estate, UAB (current name Inreal Valdymas) – Director 1994 – 2002 FBC Finasta, AB – Director
Owned amount of shares in INVL Baltic Real Estate	Personally: 0 units of shares. Together with controlled company Lucrum Investicija: 244,875 units of shares and votes: 1.86 %
Participation in other companies	Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – Member of the Board, the President Šiaulių bankas, AB (code 112025254, Tilžės str. 149, Šiauliai) – Member of the Supervisory Board INVL Baltic Farmland, AB (code 303299781, Gynėjų str. 14, Vilnius) – Member of the Board Litagra, UAB (code 304564478, Savanorių ave. 173, Vilnius) – Member of the Board



Nerijus Drobavičius – Member of the Board of the Management company


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

Private Equity Partner

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

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Participation in other companies	<p>INVL Technology, CEF (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Investment Committee</p> <p>Andmevara AS (code 10264823, Parnu mnt. 158, 11317, Tallinn, Estonia) – The Chairman of the Supervisory Board</p> <p>Inservis, UAB (code 126180446, A.Juozapavičiaus str. 6, Vilnius) – The Chairman of the Board</p> <p>Imonių grupė Inservis, UAB (code 301673796, Gynėjų str. 14, Vilnius) – The Chairman of the Board</p> <p>Jurita, UAB (code 220152850, Justiniškių str. 64, Vilnius) – The Chairman of the Board</p> <p>Etronika, UAB (code 125224135, Gynėjų str. 14, Vilnius) – Member of the Board (until 07-2019)</p> <p>BSGF Sanus, UAB (code 304924481, Gynėjų str. 14, Vilnius) - Director</p> <p>Montuotojas, AB (code 121520069, Naugarduko str. 34, Vilnius) - Member of the Supervisory Board (from 07-2019)</p>
	<p>Vytautas Plunksnis – Member of the Board of the Management company</p> <p><i>Main workplace</i> – INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius)</p> <p>Head of Private Equity</p>
Educational background and qualifications	<p>Graduated the studies in economics at Kaunas University of Technology in 2001, gained Bachelor's degree in Management.</p> <p>Financial broker's licence (General) No. G091.</p>
Work experience	<p>Since 2016 - INVL Asset Management, UAB, Head of Private Equity Funds</p> <p>2009 – 2015 Fund Manager at Invalda INVL, AB</p> <p>2006 – 2009 Finasta Asset Management, UAB – analyst, fund manager, strategic analyst</p> <p>2004 ELTA redactor (business news)</p> <p>2002 – 2004 Baltic News Service business journalist</p>
Owned amount of shares in INVL Baltic Real Estate	<p>Personally: 1,000 units of shares; 0.01% of authorised capital and votes.</p>
Participation in other companies	<p>INVL Technology, CEF (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Investment Committee</p> <p>Norway Registers Development AS (code NO 985 221 405, Lokketangen 20 B, 1337 Sandvika, Norway) – Member of the Board</p> <p>NRD Systems, UAB (code 111647812, Gynėjų str. 14, Vilnius) – Member of the Board</p> <p>NRD CS, UAB (code 303115085, Gynėjų str. 14, Vilnius) – Member of the Board</p> <p>Algoritmu sistemos, UAB (code 125774645, Gynėjų str. 14, Vilnius) – Chairman of the Board</p> <p>Investuotojų Asociacija (code 302351517, Konstitucijos pr. 23, Vilnius) – Chairman of the Board</p> <p>NRD Companies AS (code NO 921 985 290, Lokketangen 20 B, 1337 Sandvika, Norway) – Member of the Board</p> <p>BC Moldova-Agroindbank SA (MAIB) (code 1002600003778, 9 Cosmonautilor street, Chisinau, Moldova) – Member of the Supervisory Board</p> <p>Montuotojas, AB (code 121520069, Naugarduko str. 34, Vilnius) - Chairman of the Supervisory Board (from 07-2019)</p>



Laura Križinauskienė – General Manager of the Management company

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

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



Vytautas Bakšinskas – Member of the Investment Committee,

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

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



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

Educational background and qualifications	Master's degree in banking at the Faculty of Economics of Vilnius University. Financial broker's license (general) No. G311.
Work experience	Since 22 December 2016 – Investment Manager at INVL Asset Management 3 January 2016 – 21 December 2016 – deputy director at INVL Baltic Real Estate December 2014 - January 2016 – director at INVL Baltic Real Estate March 2010 – 21 December 2016 - investment manager at Invalda INVL 2008-2010 - director of the Treasury Department of the bank Finasta 2004-2008 - an accountant, later - the department manager of securities accounting at FBC Finasta
Owned amount of shares in INVL Baltic Real Estate	Personally: 5,000 units of shares, 0.04% of authorised capital and votes.
Participation in other companies	Imonių Grupe Inservis, UAB (code 301673796, Gynėjų str. 14, Vilnius) - Member of the Board, director Inservis, UAB (code 301673796, Gynėjų str. 14, Vilnius) - Member of the Board Jurita, UAB (code 220152850, Justiniškių str. 64, Vilnius) - Member of the Board Kelio Zenklai, UAB (code 185274242, Vilkiškių dist., Pilviškių village Geležinkelio str. 28) - Member of the Board Informacinio verslo paslaugų imone, AB (code 123043773, Eigulių str. 21, Vilnius) - Chairman 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 2018 (IV chapter 11 section „Structure, authorities, the procedure for appointment and replacement”).

During the reporting period (starting - 1st January 2019, ending – 30th June 2019) 12 (twelve) Investment Committee meetings were held. All the appointed members of the Investment Committee– Vytautas Bakšinskas and Andrius Daukšas - participated in these meetings. The Board of the Management Company is familiarized with the agenda and related material of the Investment Committee meetings.

During the reporting period 1 (one) General Shareholders Meeting was held. The meeting took place on 26th April 2019. The shareholders of the Company were introduced with the consolidated annual report for 2018 and independent auditor's report on the financial statements and consolidated annual report of the Company. The consolidated and stand-alone financial statements for 2018 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 bank and the change of the Articles of Association and approved the new wording of the Articles of Association, also approved purchase of own shares

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 INV L 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 INV L 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 INV L Asset Management, which took over the management of INV L 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 162 thousand and a Performance Fee EUR 192 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. 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 INV L Baltic Real Estate group.

During the reporting period INV L Baltic Real Estate Group and the Company for the company providing accounting services respectively paid EUR 7 thousand and EUR 3 thousand (in 2018 respectively paid EUR 15 thousand and EUR 8 thousand, in 2017– respectively paid EUR 12 thousand and EUR 10 thousand).

V. OTHER INFORMATION

14 Agreements with intermediaries on public trading in securities

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

- Siauliai 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 2019 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 2019 In the first half of the year, the main investments made by INVL Baltic Real Estate were to installation of „IBM Lietuva“ and „Omnicom media Group“ offices. The investments amounted to EUR 0.25 million and EUR 0.30 million.

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 2019.

20 Information regarding transactions with related parties

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

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

At the time the report was published, the Company provides information about Company's Transactions with Related Parties published on the Company's web site:

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

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
Inservis, UAB Code 126180446 Juozapavičiaus str. 6, Vilnius, Lithuania Register of Legal Entities	100 percent managed by Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Rovelija, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed a settlement on 2nd January 2019 regarding supplementing and amending the lease agreement for non-residential premises dated on 1st February 2010. Transaction value EUR 592.03 with VAT per month.	
Inservis, UAB Code 126180446 Juozapavičiaus str. 6, Vilnius, Lithuania Register of Legal Entities	100 percent managed by Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Rovelija, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed an agreement on 2nd January 2019 regarding the maintenance and provision of services for the facility's general use facilities for facility and facility maintenance services. Transaction value EUR 16.69 with VAT per month.	
Invalda INVL, AB Code 121304349 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	Shareholder of UTIB INVL Baltic Real Estate, owning 30 percent of shares in the Company	Proprietas, UAB, 100 percent owned by UTIB INVL Baltic Real Estate on 21th December 2018 signed a settlement to accounting service provision contract No. 20140531/02. Amount of salary changed to EUR 605 with VAT per month.	
INVL Asset Management, UAB Code 126263073 Gynėjų str. 14, Vilnius, Lithuania Register of Legal Entities	100 percent managed by Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	The Company signed a settlement to a Non-residential Lease Agreement (dated 30th October 2015 No. 2015-10-30/1) with INVL Asset Management, UAB on 28th September 2018. On the basis of the settlement additional premises was rented. Transaction value EUR 3,149.45 with VAT per month.	
Inservis, SIA Code 40203041770 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by the subsidiary of Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Dommo Grupa, SIA, UAB, 100 percent owned by UTIB INVL Baltic Real Estate signed a Services Agreement No. PL-2018/01/11 on 1st November 2018. Hourly service charges is provided in the contract.	
Inservis, SIA Code 40203041770 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by the subsidiary of Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Dommo Bizness parks, SIA, UAB, indirectly managed by UTIB INVL Baltic Real Estate signed a Premises Lease Agreement No. 27122018/1 on 27th December 2018. Transaction value EUR 309.60 with VAT per month.	
Inservis, SIA Code 40203041770 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by the subsidiary of Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Dommo Bizness parks, SIA, UAB, indirectly managed by UTIB INVL Baltic Real Estate signed a Services Agreement No. 01/01/2019-DBP on 1st February 2018, regarding repairment work in the premises. Transaction value EUR 14,001.80 with VAT.	
Inservis, SIA Code 40203041770 „Lapegles“, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	100 percent managed by the subsidiary of Invalda INVL, AB. Invalda INVL, AB owns 30 percent of shares in UTIB INVL Baltic Real Estate	Dommo Bizness parks, SIA, UAB, indirectly managed by UTIB INVL Baltic Real Estate signed a Services Agreement No. 01/02/2019-DBP on 1st February 2018, regarding repairment work in the premises. Transaction value EUR 10,357.47 with VAT.	

Related party	Company's relationship with the other counterparty	Date and value of the transaction	Other information
DBP Invest, SIA Code 40103463830 „Lapegles”, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	Indirectly managed by UTIB INV L Baltic Real Estate	Dommo Grupa, SIA, UAB, 100 percent owned by UTIB INV L Baltic Real Estate signed a Loan Agreement No. 26062018/1 on 26th June 2018. Loan amount – EUR 200.	
DBP Invest, SIA Code 40103463830 „Lapegles”, Stuniši, Olaines dist., Latvia The Register of Enterprises of the Republic of Latvia	Indirectly managed by UTIB INV L Baltic Real Estate	Dommo Grupa, SIA, UAB, 100 percent owned by UTIB INV L Baltic Real Estate signed a Loan Agreement No. 16012019/1 on 16th January 2019. Loan amount – EUR 500.	

21 Information related to the compliance with the Governance Code

During the six months of 2019 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
INV L Asset Management

Vytautas Bakšinskas

