

The logo consists of the letters 'INVL' in a white, bold, sans-serif font, set against a dark blue square background.

BALTIC REAL ESTATE

Special Closed-Ended Type Real Estate Investment Company's
„INVL Baltic Real Estate“ Consolidated Interim
Condensed Not-audited Financial Statements for the six
months ended 30 June 2020

prepared in accordance with International Financial Reporting Standards as adopted by the
European Union

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

GENERAL INFORMATION

Management

Management Company

UAB INVL Asset Management

Investment Committee

Mr. Vytautas Bakšinskas
Mr. Andrius Daukšas

Address and company code

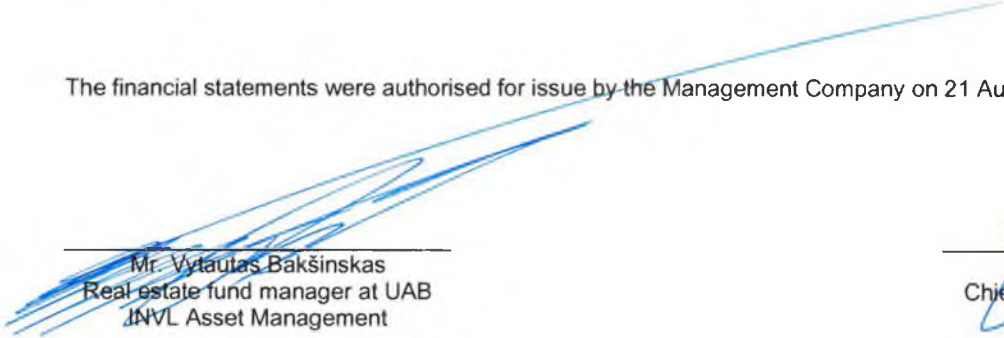
Gynėjų Str. 14,
Vilnius,
Lithuania

Company code 152105644


Banks

AB Šiaulių Bankas
AB SEB Bankas
AS "SEB banka"

The financial statements were authorised for issue by the Management Company on 21 August 2020.



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



Justina Kontenienė
Chief financier at UAB INVL Asset
Management

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of comprehensive income

	Notes	Group		Company	
		1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Revenue	4, 5	2,293	2,979	1,571	2,123
Interest income		12	12	12	12
Other income		-	-	1	-
Net changes in fair value of investments in subsidiaries measured at fair value through profit or loss	3	-	-	263	512
Net profit from fair value adjustments on investment property		(79)	1,576	(42)	1,337
Premises rent costs	4, 5	(11)	(45)	(12)	(46)
Utilities	4	(253)	(473)	(16)	(20)
Repair and maintenance of premises	4	(541)	(1,458)	(320)	(1,177)
Management and Performance Fee	5, 16	223	(279)	223	(279)
Property management and brokerage costs	4	(19)	(12)	(179)	(190)
Taxes on property	4	(120)	(159)	(115)	(150)
Employee benefits expenses		(112)	(61)	-	-
Provision for impairment of trade receivables (reversal of impairment)	9	(2)	1	(2)	1
Depreciation and amortisation		(50)	(20)	(21)	(19)
Other expenses		(149)	(119)	(85)	(82)
Operating profit		1,194	1,942	1,278	2,022
Finance costs	6	(274)	(233)	(258)	(213)
Profit before income tax		920	1,709	1,020	1,809
Income tax credit (expenses)	7	-	(2)	-	-
NET PROFIT FOR THE PERIOD		920	1,707	1,020	1,809
Other comprehensive income for the period, net of tax		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		920	1,707	1,020	1,809
Attributable to:					
Equity holders of the parent	13	920	1,707		
Basic and diluted earnings per share (in EUR)		0.07	0.13		

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30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of financial position

	Notes	Group		Company	
		As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
ASSETS					
Non-current assets					
Property, plant and equipment		472	464	118	183
Investment properties	8	38,934	71,884	30,485	62,995
Intangible assets		59	60	40	40
Investments into subsidiaries measured at fair value through profit or loss	3	-	-	9,253	7,894
Financial lease receivables-long term		872	964	872	964
Deferred tax asset		5	5	-	-
Total non-current assets		40,342	73,377	40,768	72,076
Current assets					
Inventories, prepayments and deferred charges		56	185	22	165
Trade and other receivables	9	501	444	383	238
Financial lease receivables – short term		184	182	184	182
Other receivables, related to ABLV Bank, AS	12	105	150	-	-
Cash and cash equivalents		3,121	1,039	2,828	459
Total current assets		3,967	2,000	3,417	1,044
TOTAL ASSETS		44,309	75,377	44,185	73,120

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(all amounts are in EUR thousand unless otherwise stated)

**Condensed consolidated and Company's statements of financial position
(cont'd)**

	Notes	Group		Company	
		As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	10	19,068	19,068	19,068	19,068
Share premium	10	2,478	2,478	2,478	2,478
Reserves	10	1,755	4,316	1,995	4,556
Retained earnings	10	1,261	18,162	1,021	17,822
Total equity		24,562	44,024	24,562	43,924
Liabilities					
Non-current liabilities					
Non-current borrowings	12	16,255	22,240	16,250	19,877
Non-current lease liabilities		852	953	852	953
Provisions	5	732	2,547	732	2,547
Deferred tax liability		-	-	-	-
Trade payable		-	7	-	-
Advances received		320	407	320	407
Total non-current liabilities		18,159	26,154	18,154	26,142
Current liabilities					
Current portion of non-current borrowings	12	638	2,520	638	637
Current portion of lease liabilities	12	202	200	202	200
Lease liabilities	5	-	1,506	-	1,506
Trade payables		151	376	106	154
Income tax payable		-	-	-	-
Provisions	5	-	1	-	1
Advances received		45	55	8	52
Other current liabilities	15	552	541	515	504
Total current liabilities		1,588	5,199	1,469	3,054
Total liabilities		19,747	31,353	19,623	29,196
TOTAL EQUITY AND LIABILITIES		44,309	75,377	44,185	73,120

(the end)

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE

CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of changes in equity

Group	Notes	Reserves					Total
		Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	
Balance as at 31 December 2019		19,068	2,478	784	3,532	18,162	44,024
Net profit for the six months ended 30 June 2020		-	-	-	-	920	920
Total comprehensive income for the six months ended 30 June 2020		-	-	-	-	920	920
Dividends approved	11	-	-	-	-	(20,382)	(20,382)
Transfer to reserves	10	-	-	532	(3,093)	2,561	-
Total transactions with owners of the Company, recognised directly in equity		-	-	532	(3,093)	(17,821)	(20,382)
Balance as at 30 June 2020		19,068	2,478	1,316	439	1,261	24,562

Group	Notes	Reserves					Total
		Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	
Balance as at 31 December 2018		19,068	2,478	615	2,828	10,331	35,320
Impact of the application of IFRS 16		-	-	-	-	(9)	(9)
Balance as at 31 December 2018 (restated)		19,068	2,478	615	2,828	10,322	35,311
Net profit for the six months ended 30 June 2019		-	-	-	-	1,707	1,707
Total comprehensive income for the six months ended 30 June 2019		-	-	-	-	1,707	1,707
Dividends approved	11	-	-	-	-	(1,710)	(1,710)
Transfer to reserves	10	-	-	169	704	(873)	-
Total transactions with owners of the Company, recognised directly in equity		-	-	169	704	(2,583)	(1,710)
Balance as at 30 June 2019		19,068	2,478	784	3,532	9,446	35,308

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(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of changes in equity (cont'd)

Company	Notes	Reserves					Total
		Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	
Balance as at 31 December 2019		19,068	2,478	1,024	3,532	17,822	43,924
Net profit for the six months ended 30 June 2020		-	-	-	-	1,020	1,020
Total comprehensive income for the six months ended 30 June 2020		-	-	-	-	1,020	1,020
Dividends approved	11	-	-	-	-	(20,382)	(20,382)
Transfer to reserves		-	-	532	(3,093)	2,561	-
Total transactions with owners of the Company, recognised directly in equity		-	-	532	(3,093)	(17,821)	(20,382)
Balance as at 30 June 2020		19,068	2,478	1,316	439	1,261	24,562

Company	Notes	Reserves					Total
		Share capital	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	
Balance as at 31 December 2018		19,068	2,478	855	2,828	9,787	35,016
Impact of the application of IFRS 16		-	-	-	-	(9)	(9)
Balance as at 31 December 2018 (restated)		19,068	2,478	855	2,828	9,778	35,007
Net profit for the six months ended 30 June 2019		-	-	-	-	1,809	1,809
Total comprehensive income for the six months ended 30 June 2019		-	-	-	-	1,809	1,809
Dividends approved	11	-	-	-	-	(1,710)	(1,710)
Transfer to reserves	10	-	-	169	704	(873)	-
Total transactions with owners of the Company, recognised directly in equity		-	-	169	704	(2,583)	(1,710)
Balance as at 30 June 2019		19,068	2,478	1,024	3,532	9,004	35,106

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CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
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(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of cash flows

	Notes	Group		Company	
		1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Cash flows from (to) operating activities					
Net profit for the period		920	1,707	1,020	1,809
Adjustments for non-cash items and non-operating activities:					
Net gains from fair value adjustments on investment property		79	(1,576)	42	(1,337)
Depreciation and amortization		50	20	21	19
Net loss from sale of non-current assets		-	-	-	-
Net changes in fair value of investments in subsidiaries measured at fair value through profit or loss	3	-	-	(263)	(512)
Interest income		(12)	(12)	(12)	(12)
Finance costs	6	274	233	258	213
Deferred taxes	7	-	2	-	-
Current income tax expenses	7	-	-	-	-
Provisions	5	(434)	(85)	(434)	(85)
Provision for impairment of trade receivables (reversal of impairment)	9	2	1	2	(1)
Changes in working capital:					
Decrease (increase) in inventories		-	-	-	-
Decrease (increase) in trade and other receivables		(57)	(252)	(145)	(261)
Decrease (increase) in other current assets		129	226	143	222
(Decrease) increase in trade payables		(1,472)	(34)	(1,345)	(11)
(Decrease) increase in other current liabilities		(170)	165	(204)	152
Cash flows from(to) operating activities		(691)	393	(917)	196
Income tax paid		-	-	-	-
Net cash flows from (to) operating activities		(691)	393	(917)	196

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CONSOLIDATED AND COMPANY'S INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated and Company's statements of cash flows (cont'd)

	Notes	Group		Company	
		1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Cash flows from (to) investing activities					
Acquisition of non-current assets (except investment properties)		(158)	(30)	-	(30)
Proceeds from sale of non-current assets (except for investment properties)		44	-	44	-
Acquisition of (investment in existing) investment properties	8	(393)	(117)	(389)	(117)
Proceeds from sale of investment properties	8	32,909	-	32,502	-
Loans granted		-	-	(12,300)	-
Repayment of loans granted		-	-	11,186	-
Interest received		10	12	28	12
Proceeds from settlement of finance lease receivables		90	89	90	89
Net cash flows from (to) investing activities		32,502	(46)	31,161	(46)
Cash flows from (to) financing activities					
Cash flows related to Group owners:					
Issue of new shares		-	-	-	-
Dividends paid to equity holders of the parents		(20,028)	(1,661)	(20,028)	(1,661)
		(20,028)	(1,661)	(20,028)	(1,661)
Cash flows related to other sources of financing					
Proceeds from loans	12	-	2,023	-	2,023
Repayment of loans	12	(9,320)	(413)	(7,484)	(300)
Lease payments		(99)	(97)	(99)	(97)
Interest paid	12	(282)	(234)	(264)	(212)
		(9,701)	1,279	(7,847)	1,414
Net cash flows from (to) financing activities		(29,729)	(382)	(27,875)	(247)
Net increase (decrease) in cash and cash equivalents		2,082	(35)	2,369	(97)
Cash and cash equivalents at the beginning of the period		1,039	734	459	454
Cash and cash equivalents at the end of the period		3,121	699	2,828	357

(the end)

Notes to the interim condensed financial statements

1 General information

Special Closed-Ended Type Real Estate Investment Company INVL Baltic Real Estate (hereinafter 'the Company', previous name AB Invaldos Nekilnojamojo Turto Fondas, code 152105644) is a joint stock company registered in the Republic of Lithuania. It was established on 28 January 1997.

On 22 December 2016 the Company was issued a closed-end investment company (UTIB) licence by the Bank of Lithuania. Under the Company's Articles of Association, the Company will operate until 22 December 2046, with an extension possibility for additional term of twenty years.

As the Company obtained the status of a closed-end investment company, its management was thereafter undertaken by UAB INVL Asset Management ('the Management Company'), which is entitled to the Management Fee and the Performance Fee. Rights and duties of the Board and the head of the Company was also transferred to the Management Company.

Based on the Articles of Association, for the sake of efficiency of the Company's activities and control over its investments, an Investment Committee shall be formed by a decision of the Board of the Management Company. The Investment Committee shall consist of 3 (three) members, to the positions of which the representatives of the Management Company (employees, members of management bodies of the Management Company, other persons appointed by a decision of the Board of the Management Company) shall be appointed. Members of the Investment Committee shall be appointed and removed from office by the Board of the Management Company. An approval of the Investment Committee must be obtained for all investments of the Company and for their sale. At the moment of the release of the financial statements two 2 (members) of the Investment Committee was operating, the third member is not nominated.

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

The Group consists of the Company and its directly and indirectly owned subsidiaries (hereinafter 'the Group', Note 5 of annual financial statements for year ended 31 December 2019).

The address of the office is Gynėjų str. 14, Vilnius, Lithuania.

The Group was established on 29 April 2014 by spinning-off from AB Invalda INVL (code 121304349) the investments into entities, which business is investment into investment properties held for future development, into commercial real estate and renting thereof. On 17 August 2015 the parent entity AB INVL Baltic Real Estate (hereinafter 'the Former Parent Company', code 30329973) was merged to the Company, which continues its operations under the name INVL Baltic Real Estate and became the parent of the Group.

The Group has invested in commercial real estate: business centres and manufacturing and warehouse properties in Lithuania and Latvia. All the properties generate leasing income and most of them offer prospects for further development.

The Group seeks to earn profit from investments in commercial real estate by ensuring the growth of leasing income. When it makes business sense, the Company also considers investments in the reorganisation of its existing portfolio of properties, taking advantage of their good location.

The Management Company shall manage the Company's portfolio of investment instruments following the principles of diversification (the conformity of the Company's portfolio of investment instruments to the diversification principles shall be achieved within four years after the Bank of Lithuania has issued a permission to certify the Company's incorporation documents and to choose the Depository) as set forth in the Articles of Association. The Company cannot invest directly or indirectly more than 30% of its net asset value into a single real estate object. The total amount of investments into real estate objects under construction cannot exceed 20% of net asset value of the Company. The total amount of investments into a real estate object and movable property and/or equipment necessary for its use cannot exceed 40% of net asset value of the Company. The Company cannot invest more than 30% of its net asset value into any single issuer of the instruments. More detailed requirements are set out in the Articles of Association of the Company.

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(all amounts are in EUR thousand unless otherwise stated)

1 General information (cont'd)

As at 30 June 2020 the Company's share capital is divided into 13,150,000 ordinary registered shares with the nominal value of EUR 1.45 each (as at 31 December 2018: 13,150,000 ordinary registered shares with the nominal value of EUR 1.45 each). All the shares of the Company were fully paid. Subsidiaries did not hold any shares of the Company. As at 30 June 2020 and 31 December 2019 the shareholders of the Company were:

	As at 30 June 2020		As at 31 December 2019	
	Number of shares held	Percentage	Number of shares held	Percentage
AB Invalda INVL	3,942,273	29.98	4,267,388	32.45
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	2,631,695	20.01	2,631,695	20.01
Mrs. Irena Ona Mišeikienė	2,498,596	19.00	2,498,596	19.00
Mrs. Ilona Šulnienė	664,710	5.05	-	-
Mr. Alvydas Banys	663,640	5.05	663,640	5.05
Other minor shareholders	2,749,086	20.91	3,088,681	23.49
Total	13,150,000	100.00	13,150,000	100.00

The Company's shares are traded on the Baltic Secondary List of Nasdaq Vilnius from 16 September 2015. Before the merger the shares of the Former Parent Company were traded on the Baltic Secondary List of Nasdaq Vilnius from 4 June 2014 until 17 August 2015.

2 Accounting policies

Basis of preparation

The interim condensed financial statements for the 6 months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's and the Company's annual financial statements as at 31 December 2019.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except adoption of new Standards and Interpretations as of 1 January 2020, noted below.

A number of new or amended standards became applicable for the current reporting period:

- Amendments to the *Conceptual Framework for Financial Reporting* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IAS 1 and IAS 8: *Definition of materiality* (effective for annual periods beginning on or after 1 January 2020);
- *Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 3 *Business Combination: Definition of a business* (effective for annual periods beginning on or after 1 January 2020);

The amendments to existing standards are not relevant to the Group and the Company for the six months ended on 30 June 2020.

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3 Investments into subsidiaries

Investments into subsidiaries together with loans granted to subsidiaries are measured at fair value through profit or loss in the Company's stand-alone financial statements for six months ended 30 June 2020 and for the year ended 31 December 2019. It is Level 3 fair value measurement. The fair value of investments is measured at the fair value of their net assets including loans granted by the Company. The main assets of dormant entities are cash. The main assets of active subsidiaries are investment properties, which are measured at fair value using the income approach. The main liabilities of subsidiaries are borrowings from external financial institutions, which are measured using an income approach, such as a present value technique.

The breakdown of the carrying amounts of investments in subsidiaries by legal form is presented below:

	<u>As at 30 June 2020</u>	<u>as at 31 December 2019</u>
Shares	306	303
Loans granted	8,947	7,591
	<u>9,253</u>	<u>7,894</u>

Key inputs to valuation on subsidiaries as at 30 June 2020:

<u>Significant unobservable inputs</u>	<u>Value of input or range</u>
Discount rate (%)	11
Capitalisation rate for terminal value (%)	9
Vacancy rate (%)	3 - 4
Increase of rents per year (%)	1.5
Inflation (%)	1.4 – 1.6

Key inputs to valuation on subsidiaries as at 31 December 2019:

<u>Significant unobservable inputs</u>	<u>Value of input or range</u>
Discount rate (%)	11
Capitalisation rate for terminal value (%)	9
Vacancy rate (%)	3
Increase of rents per year (%)	N/A
Inflation (%)	2

The sensitivity analysis of fair value of subsidiaries as at 30 June 2020 is as follows:

Reasonable possible shift +/- (%)	<u>Increase of estimates</u>	<u>Decrease of estimates</u>
Change in Increase of rents per year and inflation by 100 bps	167	(162)
Change in expected vacancy rates by 20%	(35)	(36)
Change in discount and capitalization rate by 50 bps	(266)	298

The sensitivity analysis of fair value of subsidiaries as at 31 December 2019 is as follows:

Reasonable possible shift +/- (%)	<u>Increase of estimates</u>	<u>Decrease of estimates</u>
Change in expected vacancy rates by 20%	(33)	34
Change in discount and capitalization rate by 50 bps	(271)	304

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3 Investments into subsidiaries (cont'd)

The table below shows changes in financial instruments in Level 3 during the 1st Half Year of 2020:

Fair value as at 31 December 2019	7,894
Gains and losses recognized in profit or loss (within 'Net changes in fair value of investments in subsidiaries measured at fair value through profit or loss')	263
Granted loan	12,300
Repaid loan with interest	(11,204)
Fair value as at 30 June 2020	9,253

The table below shows changes in financial instruments in Level 3 during the 1st Half Year of 2019:

Fair value as at 31 December 2018	6,553
Gains and losses recognized in profit or loss (line 'Net changes in fair value of investments in subsidiaries measured at fair value through profit or loss')	512
Fair value as at 30 June 2019	7,065

The main part of investments into subsidiaries together with loans granted are loans granted to Latvian entities. In 2015 50% of these loans were acquired by the Former Parent Company at a price below their estimated fair value, which was measured as 50% of fair value of net assets of subsidiaries, over which control was obtained by the Former Parent Company. On the acquisition day, the difference amounted to EUR 1,014 thousand. As the fair value was not determined based on observable inputs, this '1 day profit' was not recognised immediately but is deferred and is recognised during the estimated maturity of the loans. During the 1st Half Year of 2020 and 2019 the Company has recognised EUR 101 thousand and EUR 101 thousand of this '1 day profit' within 'Net changes in fair value of investments in subsidiaries measured at fair value through profit or loss' in the statement of comprehensive income, respectively. As at 30 June 2020 all '1 day profit' is recognised. As at 31 December 2019 unrecognised part of '1 day profit' was EUR 101 thousand. Therefore, the total fair value of loans granted by the Company was EUR 8,947 thousand and EUR 7,692 thousand as at 30 June 2020 and as at 31 December 2019, respectively (their carrying amount – EUR 8,974 thousand and EUR 7,591 thousand, respectively). It is Level 3 measurement.

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4 Segment information

Management of the Company has determined the operating segments based on the reports reviewed by the Investment Committee that are used to make strategic decisions. The Investment Committee analyses performance of the Group on property-by-property basis of owned premises, while leased premises are reported on a combined basis. Performance is evaluated based on net operating income. Net operating income is calculated by deducting from revenue premises rent costs (excluding provision for onerous contract), utilities expenses, repair and maintenance expenses, property management and brokerage costs, taxes on property and insurance costs. Segment assets and liabilities are not reported to the Investment Committee. Management of the Company has determined following reportable segments:

- Owned property in Lithuania. The reportable segment comprises four on a property-by-property basis (after the sale of IBC business center on 6 March 2020 there left 3 segments), which are aggregated. The operating segments have similar economic characteristics, because all owned premises are located in Vilnius, Lithuania. These are office buildings. Most of them have further development opportunities. All properties are multi-tenant. Corporate tenants dominate, but some premises are also leased to governmental and retail tenants.
- Owned property in Latvia. Revenue is earned from warehouse located in Riga, Latvia.

The following table presents performance of reportable segments of the Group for the six months ended 30 June 2020:

	Owned property in Lithuania	Owned property in Latvia	Total
Six months ended 30 June 2020			
Rent income	1,403	283	1,686
Other revenue (utilities and other service)	605	-	605
Revenue	2,008	283	2,291
Expenses			
Premises rent costs	(33)	(2)	(35)
Utilities	(253)	-	(253)
Repair and maintenance of premises	(532)	(43)	(575)
Property management and brokerage costs	(7)	(12)	(19)
Taxes on property	(116)	(4)	(120)
Insurance costs	(6)	(2)	(8)
Net operating income for the period	1,061	220	1,281

From 1 January 2018 property management services is provided by subsidiary UAB Proprietas to the Company. The previous agreement for property management services with external entity ended on 31 December 2018. Therefore, from 1 January 2018 on the Group level property management costs are not incurred, but the Group has incurred additional employee benefits expenses which is not included into reportable segment expenses.

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4 Segment information (cont'd)

The following table presents performance of reportable segments of the Group for the six months ended 30 June 2019:

	Owned property in Lithuania	Owned property in Latvia	Total
Six months ended 30 June 2019			
Rent income	2,047	275	2,322
Other revenue (utilities and other service)	655	-	655
Revenue	2,702	275	2,702
Expenses			
Premises rent costs	(53)	(2)	(55)
Utilities	(472)	(1)	(473)
Repair and maintenance of premises	(1,439)	(29)	(1,468)
Property management and brokerage costs	(1)	(11)	(12)
Taxes on property	(152)	(7)	(159)
Insurance costs	(5)	(1)	(6)
Net operating income for the period	580	224	804

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

	01.01.2020 – 30.06.2020				01.01.2019 – 30.06.2019			
	Net operating income to operating profit	Repair and maintenance of Premises rent costs	Repair and maintenance of premises	Revenue	Net operating income to operating profit	Repair and maintenance of Premises rent costs	Repair and maintenance of premises	Revenue
From reportable segment	1,281	(35)	(575)	2,291	804	(55)	(1,468)	2,977
Provision for onerous contracts	24	24	-	-	10	10	-	-
Other revenue not included in reportable segments	2	-	-	2	2	-	-	2
Add back insurance costs and other expenses (included within 'other expenses')	42	-	34	-	16	-	10	-
Management and Performance Fee	223	-	-	-	(279)	-	-	-
Impairment of trade receivables (reversal of impairment)	(2)	-	-	-	1	-	-	-
Employee benefits expenses	(112)	-	-	-	(61)	-	-	-
Depreciation and amortisation	(51)	-	-	-	(20)	-	-	-
Other expenses	(149)	-	-	-	(119)	-	-	-
Other income	2	-	-	-	-	-	-	-
Interest income	12	-	-	-	12	-	-	-
Net gains from fair value adjustments on investment	(79)	-	-	-	1,576	-	-	-
Total	1,193	(11)	(541)	2,293	1,942	(45)	(1,458)	2,979

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4 Segment information (cont'd)

The table below presents distribution of the Group non-current assets (other than financial instruments and deferred tax assets) by geographical area as at 30 June 2020 and 31 December 2019:

	Lithuania	Latvia	Total
As at 30 June 2020	31,097	8,368	39,465
As at 31 December 2019	64,006	8,402	72,408

5 Revenue, lease expenses and provisions

Revenue

The Group, as a lessor, leases the Group's investment property in accordance with the lease agreements for commercial property. Most of the contracts have a maturity from 1 to 6 years.

Analysis of revenue by category:

	Group		Company	
	1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Rent income	1,686	2,322	1,403	2,045
Utilities revenue	225	459	6	10
Other services revenue	382	198	162	68
Total revenue	2,293	2,979	1,571	2,123

From 1 January 2018 subsidiary UAB Proprietas provide property management services for the Company and utilities and other services to the tenants of the Company. Therefore, from 1 January 2018 most of utilities and other services revenue is earned by the subsidiary, not by the Company.

The Group has earned rent income from both owned and subleased premises, but after adoption of IFRS 16 in 2019 the sublease is recognised as finance lease. Therefore, from 2019 all revenue is from owned premises.

	Group		Company	
	1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Rent income from owned premises	1,686	2,322	1,403	2,045
Other revenue from owned premises	607	657	168	78
Total revenue	2,293	2,979	1,571	2,123

Analysis of revenue of the Group by geographical areas:

	Group	
	1 st Half Year 2020	1 st Half Year 2019
Lithuania	2,008	2,703
Latvia	285	276
Total	2,293	2,979

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5 Revenue, lease expenses and provisions (cont'd)

Expenses and provisions

The Company was leasing premises from an external party until August 2017 under the lease agreement of 10 August 2007, except for one property, which is leased until the expiry of the current sublease agreement (31 December 2025). The Company had paid a one off deposit in the amount of EUR 825 thousand corresponding to the 6 months rental fee amount which will be set-off against the last part of lease payment at the termination of the lease. The rent payments are subject to an indexation at the end of August each year on the basis of harmonised consumer price index, if the latter is more than 1%, but there is a cap for annual indexation of 3.8%. In November of 2016 the amendment to the lease agreement was signed. According to the amendment, EUR 275 thousand of prepayments was set off against lease payables in 2016, EUR 450 thousand of prepayments was set off in 2017, and EUR 100 thousand of prepayments has to be set off in 2025.

The lease agreement of 10 August 2007 is an onerous contract, therefore there is a provision of EUR 38 thousand and EUR 62 thousand to cover the loss anticipated in connection with this contract recognised in the statement of financial position as at 30 June 2020 and 31 December 2019, respectively. This amount represents the present value of forecast of indexation of future rent payment, which is not measured by recognizing lease liabilities in accordance with IFRS 16.

The changes in the provision for onerous contract during the 1st Half Year of 2020 and 2019 are presented below:

	<u>1st Half Year 2020</u>	<u>1st Half Year 2019</u>
As at 1 January	62	95
Re-estimation of provision at the end of the reporting period	-	-
Amount used (recognised as a reduction of 'Premises rent costs')	-	-
The reversal of the discount effect and changes in the discount rate	(24)	(10)
As at 30 June	38	85
	As at 30 June 2020	As at 31 December 2019
Non-current	38	61
Current	-	1
Total	38	62

As at 30 June 2020 the Company recognised non-current provision for the Performance Fee of EUR 694 thousand (as at 31 December 2019 - EUR 2,486 thousand)

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

	<u>1st Half Year 2020</u>	<u>1st Half Year 2019</u>
As at 1 January	2,486	811
Re-estimation of provision at the end of the reporting period	(410)	117
Reclassification of payable to "Other current liabilities"	(1,382)	(192)
As at 30 June	694	736

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6 Finance costs

	Group		Company	
	1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Interest expenses of bank borrowings	(251)	(222)	(235)	(202)
Interest expenses of borrowings from related parties	(13)	-	(13)	-
Interest expenses arising from the lease liabilities	(10)	(11)	(10)	(11)
Unwinding of the discount effect of provision for onerous contract	-	-	-	-
Other financial expenses	-	-	-	-
	<u>(274)</u>	<u>(233)</u>	<u>(258)</u>	<u>(213)</u>

7 Income tax

	Group		Company	
	1 st Half Year 2020	1 st Half Year 2019	1 st Half Year 2020	1 st Half Year 2019
Components of the income tax expenses				
Current income tax expense	-	-	-	-
Prior year current income tax correction	-	-	-	-
Deferred income tax expense	-	2	-	-
Income tax expense charged to profit or loss – total	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>

8 Investment properties

The movements of investment properties of the Group were:

	Other investment properties valued using sales comparison method	Other investment properties valued using sales comparison method	Properties leased out by the entity	Investment properties held for future redevelopment	Total
	Level 1	Level 2	Level 3	Level 3	
Fair value hierarchy					
Balance as at 31 December 2018	-	4,490	53,455	350	58,295
Subsequent expenditure	-	-	113	-	113
Gain from fair value adjustment	-	399	1,177	-	1,576
Loss from fair value adjustment	-	-	-	-	-
Balance as at 30 June 2019	-	4,889	54,745	350	59,984
Balance as at 31 December 2019	32,904	4,894	34,086	-	71,884
Subsequent expenditure	-	-	38	-	38
Gain from fair value adjustment	5	20	(104)	-	(79)
Disposals	(32,909)	-	-	-	(32,909)
Balance as at 30 June 2020	-	4,914	34,020	-	38,934
Unrealized gains or losses for the period, included within 'Net gain (losses) on fair value adjustments of investment property' in profit or loss	-	20	(104)	-	(84)

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8 Investment properties (cont'd)

The movements of investment properties of the Company were:

	Other investment properties valued using sales comparison method	Other investment properties valued using sales comparison method	Properties leased out by the entity	Investment properties held for future redevelopment	Total
Fair value hierarchy	Level 1	Level 2	Level 3	Level 3	
Balance as at 31 December 2018	-	1,040	48,653	-	49,693
Subsequent expenditure	-	-	113	-	113
Gain from fair value adjustment	-	249	1,088	-	1,337
Loss from fair value adjustment	-	-	-	-	-
Balance as at 30 June 2019	-	1,289	49,854	-	51,143
Balance as at 31 December 2019	32,498	1,293	29,204	-	62,995
Subsequent expenditure	-	-	34	-	34
Sale	(32,502)	-	-	-	(32,502)
Gain from fair value adjustment	4	23	(69)	-	(42)
Balance as at 30 June 2020	-	1,316	29,169	-	30,485
Unrealized gains or losses for the period, included within 'Net gain (losses) on fair value adjustments of investment property' in profit or loss	4	23	(69)	-	(42)

During the 1st Half Year of 2019 the reconstruction expenses of EUR 9 thousand have incurred and were capitalised and added to the acquisition cost of investment property, located at Gynėjų 14, Vilnius. During the 1st Half Year of 2020 and 2019 the reconstruction expenses of EUR 35 thousand and EUR 104 thousand have incurred additionally for the investment properties, located at Palangos 4, Vilnius. Also during the 1st Half Year of 2020 the Group incurred EUR 4 thousand expenses related to investment property in Latvia, which were recognized in the value of the property. During the 1st Half Year of 2020 the Group/the Company have paid outstanding payables from 2019 for subsequent expenditure for investment properties of EUR 355 thousand and the Group and the Company have paid EUR 38 thousand and 34 thousand, respectively, for subsequent expenditures during 2020. During the 1st Half Year of 2019 the Group/the Company has paid outstanding payables from 2017 for subsequent expenditure for investment properties of EUR 4 thousand and has paid EUR 113 thousand for subsequent expenditures during 2019. During the 1st Half Year of 2019 the Group/the Company incurred higher expenses for the renovation of premises than in the first half year of 2019 recognised in the statement of comprehensive income for the preparation of premises for the new long term leases (in the first half year of 2019 were incurred repair expenses of EUR 1,148 thousand, of which attributable to IBC Business Center EUR 883 thousand, and in first half year of 2020 were incurred repair expenses of EUR 301 thousand in all real estate objects).

On 6 March 2020 the IBC Business Centre on A. Juozapavičiaus and Šeimyniškių streets in Vilnius was sold to the closed-end investment fund for informed investors Lords LB Baltic Green Fund (V), which is managed by Lords LB Asset Management UAB. The real estate at the address Kalvarijų Street 11a belonging to the INVL Baltic Real Estate company Rovelija was also sold. The value of the transaction was EUR 33 million, EUR 32,909 thousand of transaction value were assigned to the value of investment property. The remaining amount was attributed to sold tangible fixed assets together with investment property and accrued rental income.

Investment properties are measured at fair value. During the 1st Half Year of 2020 and in 2019, properties leased out by the entity and investment properties held for future redevelopment in Lithuania were valued as at 30 April 2020 and 31 October 2019, respectively, by an accredited valuer UAB OBER-HAUS Nekilnojamas Turtas (hereinafter together with SIA OBER-HAUS Vertešanas Serviss referred to as 'Oberhaus') using the income approach. During the 1st Half Year of 2020 and in 2019 investment properties located in Latvia were valued as at 30 April 2020 and 31 October 2019, respectively, by an accredited valuer SIA OBER-HAUS Vertešanas Serviss using a market approach for land and using an income approach for warehouse. There were no significant changes in the market during period from valuation date till end of reporting periods that could have an effect on the value of investment properties, therefore the updated valuation was not performed as at 30 June 2020 and as at 31 December 2019.

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8 Investment properties (cont'd)

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

	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Offices premises in city centre – Lithuania	29,169	29,204	29,169	29,204
IBC related investment property	-	32,498	-	32,498
Warehouse – Latvia	4,851	4,882	-	-
	34,020	66,584	29,169	61,702

Description of valuation techniques used and key inputs to valuation on investment properties located in Lithuania as at 30 June 2020:

	Valuation technique	Significant unobservable inputs	Range (weighted average) Oberhaus
Properties leased out by the entity	Discounted cash flows	Discount rate (%)	8.0 – 9.0 (8.91)
		Capitalisation rate for terminal value (%)	7.5 – 8.0 (7.74)
		Vacancy rate (%)	0-50
		Office premises in city centre - Rent price EUR per sq. m. (without VAT)	5 – 20.2 (12.37)

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

Description of valuation techniques used and key inputs to valuation on investment properties located in Lithuania as at 31 December 2019:

	Valuation technique	Significant unobservable inputs	Range (weighted average) Oberhaus
Properties leased out by the entity	Discounted cash flows	Discount rate (%)	8.0 – 9.0 (8.51)
		Capitalisation rate for terminal value (%)	7.5 – 8.0 (7.74)
		Vacancy rate (%)	0-25
		Office premises in city centre - Rent price EUR per sq. m. (without VAT)	7.41 – 20.3 (12.48)

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

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8 Investment properties (cont'd)

Description of valuation techniques used and key inputs to valuation on investment properties located in Latvia as at 30 June 2020:

	Valuation technique	Significant unobservable inputs	Value of input or range Oberhaus
Properties leased out by the entity	Discounted cash flows (five years estimated)	Discount rate (%)	11
		Capitalisation rate for terminal value (%)	9
		Vacancy rate (%)	3 - 4
		Increase of rents per year (%)	1,5
		Inflation (%)	1,4 – 1,6

Oberhaus is used for valuation of current contractual rent prices and has indexed these prices by input of increase of rents per year.

Description of valuation techniques used and key inputs to valuation on investment properties located in Latvia as at 31 December 2019:

	Valuation technique	Significant unobservable inputs	Value of input or range Oberhaus
Properties leased out by the entity	Net operating income capitalisation method	Yield (%)	9
		Vacancy rate (%)	3

The sensitivity analysis of investment properties located in Lithuania valued using income approach as at 30 June 2020 is as follows:

Group Reasonable possible shift +/- (%)	Increase of estimates		Decrease of estimates	
	Properties leased out by the entity		Properties leased out by the entity	
Change in future rental rates by 10 %		1,806		(1,795)
Change in expected vacancy rates by 20%		(260)		371
Change in discount and capitalization rate by 50 bps		(1,743)		2,069
Company Reasonable possible shift +/- (%)	Increase of estimates		Decrease of estimates	
	Properties leased out by the entity		Properties leased out by the entity	
Change in future rental rates by 10 %		1,806		(1,795)
Change in expected vacancy rates by 20%		(260)		371
Change in discount and capitalization rate by 50 bps		(1,743)		2,069

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8 Investment properties (cont'd)

The sensitivity analysis of investment properties located in Latvia valued using income approach as at 30 June 2020 is as follows:

Reasonable possible shift +/- (%)	Increase of estimates	Decrease of estimates
Change in Increase of rents per year by 100 bps or change in future rental rates by 1%	167	(162)
Change in expected vacancy rates by 20%	(35)	(36)
Change in discount and capitalization rate by 50 bps	(266)	298

The sensitivity analysis of investment properties located in Lithuania valued using income approach as at 31 December 2019 is as follows:

Group	Increase of estimates	Decrease of estimates
Reasonable possible shift +/- (%)	Properties leased out by the entity	Properties leased out by the entity
Change in future rental rates by 10 %	1,984	(1,888)
Change in construction costs by 10%	-	-
Change in expected vacancy rates by 20%	(240)	337
Change in discount and capitalization rate by 50 bps	(1,744)	2,053

Company	Increase of estimates	Decrease of estimates
Reasonable possible shift +/- (%)	Properties leased out by the entity	Properties leased out by the entity
Change in future rental rates by 10 %	1,984	(1,888)
Change in expected vacancy rates by 20%	(240)	337
Change in discount and capitalization rate by 50 bps	(1,744)	2,053

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8 Investment properties (cont'd)

The sensitivity analysis of investment properties located in Latvia valued using income approach as at 31 December 2019 is as follows:

Reasonable possible shift +/- (%)	Increase of estimates	Decrease of estimates
Change in Increase of rents per year and inflation by 100 bps	54	(53)
Change in expected vacancy rates by 20%	(33)	34
Change in discount and capitalization rate by 50 bps	(271)	304

As at 30 June 2020 the Group's investment properties with carrying amount of EUR 38,755 thousand (EUR 71,298 thousand as at 31 December 2019) were pledged to the banks as collateral for the loans.

As at 30 June 2020 the Company's investment properties with carrying amount of EUR 30,387 thousand (EUR 62,897 thousand as at 31 December 2019) were pledged to the banks as collateral for the loans.

As at 31 December 2016 a written consent was required for sale of investment property from AB SEB bankas as a depository service provider. According to the Lithuanian Law on Collective Investment Undertakings, the sale price of investment properties may not be lower by more than 15% of the value determined by the independent qualified valuer. Having concluded a contract on sale of investment properties, when the above-described condition is not satisfied, the Management Company must, in exceptional cases and provided that interests of participants of the Company are not harmed, notify the supervisory authority thereof immediately.

On 28 September 2018 the Group signed a preliminary agreement regarding the sale of 20.6 hectares of land plots in Latvia. In order for the transaction to be completed, the buyer of the land plots must by the end of April 2019 sign a lease agreement for the properties planned to be built on the land plots, and also make an advance payment and perform other actions envisaged in the agreement. If the parties fulfil all the stipulated conditions, the transaction could be completed by 1 July 2019. The conditions were not completed, and the agreement was terminated on 30 April 2019.

There were no restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals during the 1st Half Year of 2020 and 2019. No contractual obligations to purchase, construct, repair or enhance investment properties existed at the end of the period.

9 Trade and other receivables

	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Trade receivables, gross	473	358	384	188
Accrued lease income, gross	38	100	38	100
Taxes receivable, gross	38	56	-	-
Total trade and other receivable, gross	549	514	422	288
Less: provision for impairment of trade and other receivables	(44)	(37)	(37)	(32)
Less: Write off still subject to enforcement activity	(4)	(33)	(2)	(18)
Trade and other receivable net of expected credit losses	501	444	383	238

Changes in provision for impairment of trade and other receivables for the year 2020 and 2019 have been included within 'Provision for impairment of trade receivables' in the statement of comprehensive income.

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9 Trade and other receivables (cont'd)

Trade and other receivables are non-interest bearing and are generally with a credit term of 30 days.

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

	Group		
	Impairment losses	Write off still subject to enforcement activity	Total
Balance as at 31 December 2018	16	39	55
Charge for the year	-	-	-
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(5)	(5)
Recoveries of amounts previously impaired or written off	-	(1)	(1)
Balance as at 30 June 2019	16	33	49
Balance as at 31 December 2019	37	33	70
Charge for the year	7	-	7
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(24)	(24)
Recoveries of amounts previously impaired or written off	-	(5)	(5)
Balance as at 30 June 2020	44	4	48

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

	Company		
	Impairment losses	Write off still subject to enforcement activity	Total
Balance as at 31 December 2018	16	24	40
Charge for the year	-	-	-
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(5)	(5)
Recoveries of amounts previously impaired or written off	-	(1)	(1)
Balance as at 30 June 2019	16	18	34
Balance as at 31 December 2019	32	18	50
Charge for the year	5	-	5
Write-offs charged against the provision	-	-	-
Enforcement activity ended	-	(13)	(13)
Recoveries of amounts previously impaired or written off	-	(3)	(3)
Balance as at 30 June 2020	37	2	39

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9 Trade and other receivables (cont'd)

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

	Group						Total
	Current	Less than 30 days	30–60 days	61–90 days	More than 90 days	Credit impaired	
As at 30 June 2020							
Trade receivables net of write off	218	83	44	38	31	55	469
Accrued lease income	38	-	-	-	-	-	38
Expected credit losses	-	-	-	-	-	(44)	(44)
Trade and other receivable net of expected credit losses	256	83	44	38	31	11	463
As at 31 December 2019							
Trade receivables, gross	225	41	15	3	-	41	325
Accrued lease income	100	-	-	-	-	-	100
Expected credit losses	-	-	-	-	-	(37)	(37)
Trade and other receivable net of expected credit losses	325	41	15	3	-	4	388

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

	Company						Total
	Current	Less than 30 days	30–60 days	61–90 days	More than 90 days	Credit impaired	
As at 31 June 2020							
Trade receivables net of write off	170	64	41	38	23	46	382
Accrued lease income	38	-	-	-	-	-	38
Expected credit losses	-	-	-	-	-	(37)	(37)
Trade and other receivable net of expected credit losses	208	64	41	38	23	9	383
As at 31 December 2019							
Trade receivables, gross	93	30	10	1	-	36	170
Accrued lease income	100	-	-	-	-	-	100
Expected credit losses	-	-	-	-	-	(32)	(32)
Trade and other receivable net of expected credit losses	193	30	10	1	-	4	238

As at 30 June 2020 and 31 December 2019 most of trade receivables were secured by advances received from tenants.

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

	Current	Less than 30 days	30–60 days	61–90 days	91–180 days	More than 180 days	Total
Trade receivables net of write off as at 30 June 2020	-	-	-	-	8	38	46
Trade receivables net of write off as at 31 December 2019	-	-	-	5	1	17	23

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9 Trade and other receivables (cont'd)

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

	Current	Less than 30 days	30-60 days	61-90 days	91-180 days	More than 180 days	Total
Trade receivables net of write off as at 30 June 2020	-	-	-	1	10	44	55
Trade receivables net of write off as at 31 December 2019	-	-	-	5	1	17	23

10 Share capital and reserves

As at 30 June 2020 the Group's/Company's share capital is divided into 13,150,000 ordinary registered shares with the nominal value of EUR 1.45 each.

All the shares of the Company were fully paid.

On 9 April 2020 the annual general meeting has decided to transfer from retained earnings EUR 532 thousand to the legal reserve from retained earnings and EUR 3,093 thousand transferred from the reserve of purchase of own shares to retained earnings.

On 26 April 2019 the annual general meeting has decided to transfer from retained earnings EUR 169 thousand to the legal reserve and EUR 704 thousand to the reserve of purchase of own shares.

11 Dividends

On 9 April 2020 The Ordinary General Meeting of the Company changed dividend payment policy by setting the minimum amount of dividends at EUR 0.09, if the legal and contractual requirements do not restrict the payment of dividends.

A dividend in respect of the year ended 31 December 2018 of EUR 0.13 per share, amounting to a total dividend of EUR 1,710 thousand, was approved at the annual general meeting on 26 April 2019.

Payment of dividends of EUR 1.55 per share and total dividends of EUR 20,382 thousand in respect of the year ended 31 December 2019 was approved at the Annual General Meeting of Shareholders on 9 April 2020.

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12 Borrowings

	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Non-current:				
Non-current bank borrowings	16,250	22,235	16,250	22,235
Non-current other borrowings	5	5	-	-
	<u>16,255</u>	<u>22,240</u>	<u>16,250</u>	<u>22,235</u>
Current:				
Current portion of non-current borrowings	638	2,520	638	637
Borrowings from related parties	-	1,506	-	1,506
	<u>638</u>	<u>4,026</u>	<u>638</u>	<u>2,143</u>
Total borrowings	<u>16,893</u>	<u>26,266</u>	<u>16,888</u>	<u>24,378</u>

All borrowings are expressed in EUR.

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

Interest rate type:	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Fixed	5	1,511	-	1,506
Floating	16,888	24,755	16,888	22,872
	<u>16,893</u>	<u>26,266</u>	<u>16,888</u>	<u>24,378</u>

As at 30 June 2020 and at 31 December 2019 all Group entities have complied with bank loan covenants.

On 23 February 2018 the Board of the Financial and Capital Market Commission in Latvia adopted a decision on the unavailability of deposits at ABLV Bank AS. On 12 June 2018 it was announced that the Financial and Capital Market Commission has approved ABLV Bank AS voluntary liquidation. Because ABLV Bank, AS ceased to be bank after voluntary liquidation process was approved, the previous deposit became as other receivables from ABLV Bank, AS. They comprise legally from three part:

- the Group claim of EUR 5 thousand from ABLV Bank, AS in liquidation process;
- blocked guaranteed compensation of EUR 100 thousand according to Latvian deposit insurance systems, which was paid at the beginning of July 2020.
- the Group owned funds of EUR 45 thousand in possession of the ABLV Bank, AS (restored amount of deposits). This amount was set off upon repayment of the borrowing.

On May 2020 the Group repaid the borrowing to ABLV Bank, AS (during the 1st Half of 2020 was paid EUR 1,880 thousand).

On 10 April 2018 the Company has signed an amendment of to the borrowing agreement with AB Šiaulių bankas. According to the amendment the new credit limit of EUR 23,926 thousand is set. It consists of two parts. The first part amounts to EUR 22,926 thousand and could be disbursed until 31 May 2019. The second part is a credit line of EUR 1,000 thousand, which could be disbursed until 22 December 2022. Furthermore, the settlement schedule and interest rate were changed. In May of 2019 the Company used remaining part of the first loan (EUR 2,023 thousand). On 31 December 2019 the Group / Company had used EUR 935 thousand of credit line. In the 1st Half 2020 the Group / Company returned the used part of the credit line to AB Šiaulių bankas and EUR 4,750 thousand of the first part of the borrowing using the funds from the sale of IBC business center. In November 2019 Invalda INVL granted EUR 1,500 thousand to the Company. The initial repayment term was 31 January 2020, which was extended until 31 March 2020. The loan was repaid on 9 March 2020 together with interest, in total EUR 1,519 thousand.

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13 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares for the six months ended 30 June 2020 and 2019 was 13,150 thousand.

The following table reflects the income and share data used in the basic earnings per share computations:

	Group	
	1st Half Year 2020	1st Half Year 2019
Net profit, attributable to the equity holders of the parent	920	1,707
Weighted average number of ordinary shares (thousand)	13,150	13,150
Basic earnings per share (EUR)	<u>0,07</u>	<u>0.13</u>

For the 1st Half Year of 2020 and 2019 the Group diluted earnings per share are the same as basic earnings per share.

14 Liquidity risk

The Group's liquidity ratio (total current assets including assets held for sale / total current liabilities) as at 30 June 2020 was approximately 2.5 (as at 31 December 2019 – 0.4). The Company liquidity ratio as at 30 June 2020 was approximately 2.3 (as at 31 December 2019 – 0,3).

The table below summarises the maturity profile of the Group's financial liabilities as at 30 June 2020 and at 31 December 2019 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Interest bearing borrowings	-	267	790	16,952	-	18,009
Lease liabilities	-	55	164	876	10	1,105
Trade and other payables	-	151	-	-	-	151
Provision for onerous contract	-	-	-	31	8	39
Other liabilities	469	12	-	-	-	481
Balance as at 30 June 2020	469	485	954	17,859	18	19,785
Interest bearing borrowings	-	1,839	2,612	23,115	-	27,566
Lease liabilities	-	55	164	876	119	1,214
Trade and other payables	-	374	2	7	-	383
Provision for onerous contract	-	-	1	42	20	63
Other liabilities	114	305	1	-	-	420
Balance as at 31 December 2019	114	2,573	2,780	24,040	139	29,646

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14 Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company financial liabilities as at 30 June 2020 and at 31 December 2019 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Interest bearing borrowings	-	267	790	16,946	-	18,003
Lease liabilities	-	55	164	876	10	1,105
Trade and other payables	-	106	-	-	-	106
Provision for onerous contract	-	-	-	31	8	39
Other liabilities	469	11	-	-	-	480
Balance as at 30 June 2020	469	439	954	17,853	18	19,733
Interest bearing borrowings	-	260	777	23,109	-	24,146
Lease liabilities	-	55	164	876	119	1,214
Trade and other payables	-	154	-	-	-	154
Provision for onerous contract	-	-	1	42	20	63
Other liabilities	114	298	-	-	-	412
Balance as at 31 December 2019	114	767	942	24,027	139	25,989

Provision for onerous contract is disclosed in the tables above, because it is a financial liability arising from the unavoidable cost of meeting the obligation of contract. The amounts disclosed are undiscounted future loss amounts used to calculate provision.

15 Other current liabilities

Other current liabilities are presented in the table below:

	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
<u>Financial liabilities</u>				
Dividends payable	469	114	469	115
Performance Fee	-	-	-	-
Other amounts payable	12	306	11	297
	481	420	480	412
<u>Non – financial liabilities</u>				
Salaries and social security contributions payable	27	19	-	-
Tax payable	44	102	35	92
	71	121	35	92
Total other current liabilities	552	541	515	504

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16 Related party transactions

The related parties of the Group were the shareholders of the Company, who have significance influence (note 1), key management personnel, including companies under control or joint control of key management and shareholders having significant influence. AB Invalda INV L and the entities controlled by AB Invalda INV L (hereinafter 'the Other related parties') are also considered to be related parties, because the shareholders of the Company, having significance influence, also have a joint control over AB Invalda INV L group through shareholders' agreement,

The Group transactions with related parties during the six months ended 30 June 2020 and related balances as at 30 June 2020 were as follows:

1st Half Year 2020 Group	Revenue and other income from related parties	Purchases (including provision) and interest from related parties	Receivables from related parties	Payables to related parties (excluding provision)
AB Invalda INV L (accounting services)	-	7	-	-
AB Invalda INV L (loan)	-	13	-	-
Other related parties (maintenance and repair services)	-	140	-	20
Other related parties (rent, utilities and other)	172	3	7	-
Other related parties (management services provided by the Management Company)	-	(223)	-	48
	<u>172</u>	<u>(60)</u>	<u>7</u>	<u>68</u>

The Group transactions with related parties during the six months ended 30 June 2019 and related balances as at 30 June 2019 were as follows:

1st Half Year 2019 Group	Revenue and other income from related parties	Purchases (including provision) and interest from related parties	Receivables from related parties	Payables to related parties (excluding provision)
AB Invalda INV L (accounting services)	-	7	-	-
Other related parties (maintenance and repair services)	-	228	-	40
Other related parties (rent, utilities and other)	165	4	9	-
Other related parties (management services provided by the Management Company)	-	279	-	217
	<u>165</u>	<u>518</u>	<u>9</u>	<u>257</u>

The related parties of the Company are subsidiaries, shareholders who have significant influence (Note 1), key managers, key managers and shareholders with significant influence, controlled or jointly controlled entities. AB Invalda INV L and its controlled companies are also assigned to related parties, as the Company's shareholders having significant influence also jointly control the Invalda INV L group under the shareholder agreement.

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16 Related party transactions (cont'd)

The Company transactions with related parties during the six months ended 30 June 2020 and related balances as at 30 June 2020 were as follows:

1st Half Year 2020 Company	Revenue and other income from related parties	Purchases (including provision) and interest from related parties	Receivables from related parties	Payables to related parties (excluding provision)
Loans granted to subsidiaries	-	-	8,947	-
AB Invalda INVL (borrowings)	-	13	-	-
AB Invalda INVL (accounting services)	-	3	-	-
Other related parties (maintenance and repair services)	-	30	-	3
Other related parties (rent, utilities and other)	149	-	-	-
Other related parties (management services provided by the Management Company)	-	(223)	-	48
Property administration and other services from subsidiaries	-	189	-	-
	<u>149</u>	<u>12</u>	<u>8,947</u>	<u>51</u>

Loans granted to Latvian entities are subordinated to the bank borrowings and can be repaid only upon maturity of the bank borrowings in 2020. The repayment date of the loans granted to subsidiaries in Lithuania is 31 December 2019. The Company measured the loans granted to subsidiaries at fair value and did not recognise interest income separately.

The Company transactions with related parties during the six months ended 30 June 2019 and related balances as at 30 June 2019 were as follows:

1st Half Year 2019 Company	Revenue and other income from related parties	Purchases (including provision) and interest from related parties	Receivables from related parties	Payables to related parties (excluding provision)
Loans granted to subsidiaries	-	-	6,975	-
AB Invalda INVL (accounting services)	-	3	-	-
Other related parties (maintenance and repair services)	-	74	-	3
Other related parties (rent, utilities and other)	134	-	-	-
Other related parties (management services provided by the Management Company)	-	279	-	217
Property administration and other services from subsidiaries	-	202	61	42
	<u>134</u>	<u>558</u>	<u>7,036</u>	<u>262</u>

According to dividend distribution report, based on the shareholder list as at 24 April 2020 (the day of accounting of rights), the Company paid to AB Invalda INVL EUR 6,117 thousand of dividends, net of tax, and paid to other shareholders, who have significance influence, EUR 8,245 thousand of dividends, net of tax.

According to the dividend distribution report prepared according to the list of former shareholders as of 13 May 2019 (the day of accounting of rights), the Company paid out dividends after tax in total EUR 554 thousand to Invalda INVL AB and EUR 692 thousand to other significant shareholders.

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17 Impact of COVID-19

The Group was not significantly affected by the COVID-19 virus pandemic. Due to the quarantine announced in Lithuania, which lasted from 16 March 2020 to 16 June 2020, Group's operations were not disrupted, as the Group can perform all the operations remotely. However, some of the Company's tenants in Lithuania operate in the field of catering, retail and their activities were banned or restricted during quarantine. These tenants were entitled to state support (up to 50% of the rent from the start of quarantine until August 2020) if the lessor provides the tenant with at least 30% discount. Therefore, during the 1st Half of 2020 the Company rental income decreased by EUR 55 thousand. At the Group level the impairment of trade receivables was not significantly affected by the COVID-19 virus pandemic. Prior to the issuance of these reports, most tenants receiving state rent support covered their overdue rent payments. The Group did not request or received any financial support directly due to the COVID-19 virus pandemic. Considering the tenant structure and the impact of the coronavirus pandemic at the beginning of this year on the tenants' activities and the Group results, it can be predicted that pandemic will not have a significant impact on this year's results, if there will be no significant changes in the 2nd Half of 2020. However, in the pessimistic scenario of a pandemic development in Lithuania, the Group may experience an additional decrease in rental income, which is currently not possible to estimate. The Group also postponed the lease payments of part of the tenants until the beginning of the next year (as at 30 June 2020, EUR 123 thousand of such lease payments are included in the caption of current trade receivables). Interest is accrued on postponed payments (EUR 2 thousand recognised in the first half of 2020).

18 Events after reporting period

Due to resolution of the General Shareholders Meeting of the Company that was held on 9 April 2020 on material changes in the incorporation documents of the Company and change of depository an obligation has arisen for the Company to buy back the shares of the Company of shareholders opposing the decisions or not participating in the meeting or abstaining from voting. The Company's shares buy-back began on 7 July 2020 and will last till 9 November 2020. The share buy-back price per share is EUR 1.8526, according to net assets value as at 30 April 2020. The total number of shares that could be submitted for buy-back is 2,551,838. Therefore, the value of the share redemption obligation is EUR 4,728 thousand.