

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

# BALTIC REAL ESTATE

*THIS .PDF FILE IS NOT THE OFFICIAL ANNUAL REPORT OF THE COMPANY AS IT IS NOT PRESENTED IN ESEF FORMAT. IT IS A COPY OF COMPANY'S ANNUAL REPORT.*

*AN OFFICIAL ANNUAL REPORT IN .ZIP FORMAT WITH XBRL TAG YOU CAN FIND ON THE WEBSITE OF THE COMPANY IN THE FINANCIAL REPORTS SECTION AND AS ANNEX TO THE NASDAQ NOTIFICATION ON THE AUDITED ANNUAL INFORMATION.*

A photograph of a modern building facade with large glass windows and a light-colored tiled wall. The INVL logo is visible on the wall, partially obscured by the window frames.

## Special Closed-End Type Real Estate Investment Company's „INVL Baltic Real Estate“

Consolidated Annual Report, Consolidated and Company's Financial Statements for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards as adopted by European Union

**Vytautas Bakšinskas,**  
Real estate fund manager of the  
Management Company of INVL Baltic Real  
Estate, signs the Consolidated and the  
Company's financial statements for the year  
2023, also Consolidated Annual Report for  
the year 2023 and Confirmation of  
responsible persons with a qualified  
electronic signature.

**Agnė Vainauskienė,**  
Head of Alternative Funds  
Accounting of the Management  
Company of INVL Baltic Real Estate,  
signs the Consolidated and the  
Company's financial statements for the  
qualified electronic signature.  
responsible persons with a

## **CONFIRMATION OF RESPONSIBLE PERSONS**

19 March 2024

Following on Information Disclosure Rules of the Bank of Lithuania and the Law on Securities (article 12) of the Republic of Lithuania, management of INVL Baltic Real Estate hereby confirms that, to the best of our knowledge, the attached Consolidated and Company's Financial Statements for 2023 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of INVL Baltic Real Estate and Consolidated Group.

Presented Consolidated Annual Report for 2023 includes a fair review of the development and performance of the business and position of the company and the consolidated group in relation to the description of the main risks and contingencies faced thereby.

### **ENCLOSURE:**

1. Consolidated and Company's Financial Statements for 2023.
2. Consolidated Annual Report for 2023.

Real estate fund manager of the Management Company  
INVL Asset Management

Vytautas Bakšinskas  
(The document is signed with a qualified  
electronic signature)

Chief financier of the Management Company  
INVL Asset Management

Agnė Vainauskienė  
(The document is signed with a qualified  
electronic signature)

**Translation note:**

**This version of the financial statements has been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of the financial statements takes precedence over the English language version.**

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## DETAILS OF THE COMPANY

### Management

#### Supervisory Board

Mrs. Eglė Surplienė (until 11<sup>th</sup> May 2023)  
Mr. Raimondas Rajeckas (until 11<sup>th</sup> May 2023)  
Mr. Mantas Gofmanas (from 10 January 2023 until 11<sup>th</sup> May 2023)

#### Management Company

UAB INVL Asset Management

#### Investment Committee

Mr. Vytautas Bakšinskas  
Mr. Andrius Daukšas

#### Address of registered office and company code

Gynėjų str. 14,  
Vilnius,  
Lithuania

Company code 152105644

#### Banks

AB Šiaulių Bankas  
AB SEB Bankas  
AB Swedbank  
AS SEB banka  
OP Corporate Bank plc Latvian branch

#### Auditor

UAB PricewaterhouseCoopers  
J. Jasinskio str. 16B,  
Vilnius, Lithuania

The financial statements were authorised for issue by the Management Company on 19 March 2024.

The document is signed with a  
qualified electronic signature

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

The document is signed with a  
qualified electronic signature

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Ms. Agnė Vainauskienė  
Head of alternative funds accounting  
at UAB INVL Asset Management

## Consolidated and Company's statements of comprehensive income

	Notes	Group		Company	
		2023	2022	2023	2022
<b>Revenue</b>	7	<b>3,631</b>	<b>3,412</b>	<b>1,851</b>	<b>1,682</b>
Interest income		9	13	9	13
Other income		159	1	152	-
Net changes in fair value of investments into subsidiaries designated at fair value through profit or loss	5	-	-	339	1,355
Net gains from fair value adjustments on investment property	11	(201)	3,977	(123)	3,162
Premises rent costs	6, 7	(15)	(53)	(12)	(51)
Utilities	6	(414)	(583)	(24)	(87)
Repair and maintenance of premises	6	(511)	(507)	(94)	(159)
Management and Performance Fee	7, 18	44	(858)	44	(858)
Property management and brokerage costs	6	(35)	(28)	(230)	(151)
Taxes on property	6	(137)	(123)	(105)	(101)
Employee benefits expenses		(242)	(182)	-	-
Provision for impairment of trade receivables	13	-	(1)	-	(2)
Depreciation and amortisation		(116)	(110)	(29)	(27)
Other expenses		(405)	(335)	(216)	(182)
<b>Operating profit</b>		<b>1,767</b>	<b>4,623</b>	<b>1,562</b>	<b>4,594</b>
Finance costs	8	(1,050)	(378)	(863)	(370)
<b>Profit before income tax</b>		<b>717</b>	<b>4,245</b>	<b>699</b>	<b>4,224</b>
Income tax credit (expense)	9	(18)	(21)	-	-
<b>NET PROFIT FOR THE YEAR</b>		<b>699</b>	<b>4,224</b>	<b>699</b>	<b>4,224</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>699</b>	<b>4,224</b>	<b>699</b>	<b>4,224</b>
Attributable to:					
Equity holders of the parent		699	4,224	699	4,224
Basic and diluted earnings per share (in EUR)	10	0.09	0.52		

## Consolidated and Company's statements of financial position

	Notes	Group		Company	
		As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		267	359	57	82
Investment properties	11	42,058	36,427	27,553	26,444
Intangible assets		8	11	-	-
Investments into subsidiaries designated at fair value through profit or loss	5	-	-	11,319	11,176
Finance lease receivables-long term		200	397	200	396
Deferred tax asset		27	36	-	-
<b>Total non-current assets</b>		<b>42,560</b>	<b>37,230</b>	<b>39,129</b>	<b>38,098</b>
<b>Current assets</b>					
Inventories, prepayments and deferred charges		206	169	184	160
Trade and other receivables	13	326	142	807	57
Finance lease receivables -short term		197	193	196	193
Cash and cash equivalents	3.1	1,275	1,282	361	315
<b>Total current assets</b>		<b>2,004</b>	<b>1,786</b>	<b>1,548</b>	<b>725</b>
<b>TOTAL ASSETS</b>		<b>44,564</b>	<b>39,016</b>	<b>40,677</b>	<b>38,823</b>

(cont'd on the next page)

## Consolidated and Company's statements of financial position (cont'd)

	Notes	Group		Company	
		As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Equity attributable to equity holders of the parent</b>					
Share capital	14	11,689	11,689	11,689	11,689
Own shares	14	-	-	-	-
Share premium	14	2,478	2,478	2,478	2,478
Reserves	14	3,430	3,431	3,669	3,669
Retained earnings	14	5,919	5,945	5,680	5,707
<b>Total equity</b>		<b>23,516</b>	<b>23,543</b>	<b>23,516</b>	<b>23,543</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Non-current borrowings	16	17,700	12,109	14,283	12,109
Non-current lease liabilities		161	395	161	395
Provisions	7	690	919	690	919
Advances received		237	163	207	163
Other non-current liabilities		42	-	40	-
<b>Total non-current liabilities</b>		<b>18,830</b>	<b>13,586</b>	<b>15,381</b>	<b>13,586</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings	16	944	708	657	708
Current portion of lease liabilities		251	238	251	238
Trade payables		348	281	344	171
Income tax payable		13	15	-	12
Provisions	7	2	13	2	13
Advances received		45	43	21	28
Other current liabilities	17	615	589	505	524
<b>Total current liabilities</b>		<b>2,218</b>	<b>1,887</b>	<b>1,780</b>	<b>1,694</b>
<b>Total liabilities</b>		<b>21,048</b>	<b>15,473</b>	<b>17,161</b>	<b>15,280</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>44,564</b>	<b>39,016</b>	<b>40,677</b>	<b>38,823</b>

(the end)

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE  
company code 152105644, Gynėjų str. 14, Vilnius, Lithuania

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(all amounts are in EUR thousand unless otherwise stated)

## Consolidated and Company's statements of changes in equity

Group	Notes	Share capital	Share premium	Own shares	Reserves		Retained earnings	Total
					Legal reserve	Reserve for purchase of own shares		
<b>Balance as at 31 December 2021</b>		<b>11,689</b>	<b>2,478</b>	-	<b>1,592</b>	<b>887</b>	<b>3,640</b>	<b>20,286</b>
Net profit for the year		-	-	-	-	-	4,224	4,224
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>4,224</b>	<b>4,224</b>
Dividends approved	15	-	-	-	-	-	(967)	(967)
Transfer to reserves	14	-	-	-	(661)	1,613	(952)	-
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	-	<b>(661)</b>	<b>1,613</b>	<b>(1,919)</b>	<b>(967)</b>
<b>Balance as at 31 December 2022</b>		<b>11,689</b>	<b>2,478</b>	-	<b>931</b>	<b>2,500</b>	<b>5,945</b>	<b>23,543</b>
Net profit for the year		-	-	-	-	-	699	699
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>699</b>	<b>699</b>
Dividends approved	15	-	-	-	-	-	(726)	(726)
Transfer to reserves	14	-	-	-	(1)	-	1	-
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	-	<b>(1)</b>	-	<b>(725)</b>	<b>(726)</b>
<b>Balance as at 31 December 2023</b>		<b>11,689</b>	<b>2,478</b>	-	<b>930</b>	<b>2,500</b>	<b>5,919</b>	<b>23,516</b>

Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE  
company code 152105644, Gynėjų str. 14, Vilnius, Lithuania

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(all amounts are in EUR thousand unless otherwise stated)

## Consolidated and Company's statements of changes in equity (cont'd)

Company	Notes	Share capital	Share premium	Own shares	Reserves		Retained earnings	Total
					Legal reserve	Reserve for purchase of own shares		
<b>Balance as at 31 December 2021</b>		<b>11,689</b>	<b>2,478</b>	-	<b>1,832</b>	<b>887</b>	<b>3,400</b>	<b>20,286</b>
Net profit for the year		-	-	-	-	-	4,224	4,224
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>4,224</b>	<b>4,224</b>
Dividends approved	15	-	-	-	-	-	(967)	(967)
Transfer to reserves	14	-	-	-	(663)	1,613	(950)	-
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	-	<b>(663)</b>	<b>1,613</b>	<b>(1,917)</b>	<b>(967)</b>
<b>Balance as at 31 December 2022</b>		<b>11,689</b>	<b>2,478</b>	-	<b>1,169</b>	<b>2,500</b>	<b>5,707</b>	<b>23,543</b>
Net profit for the year		-	-	-	-	-	699	699
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>699</b>	<b>699</b>
Dividends approved	15	-	-	-	-	-	(726)	(726)
Transfer to reserves	14	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	-	-	-	<b>(726)</b>	<b>(726)</b>
<b>Balance as at 31 December 2023</b>		<b>11,689</b>	<b>2,478</b>	-	<b>1,169</b>	<b>2,500</b>	<b>5,680</b>	<b>23,516</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**Consolidated and Company's statements of cash flows**

	Notes	Group		Company	
		2023	2022	2023	2022
<b>Cash flows from (to) operating activities</b>					
Net profit for the year		699	4,224	699	4,224
<b>Adjustments for non-cash items and non-operating activities:</b>					
Net gains from fair value adjustments on investment property	11	201	(3,977)	123	(3,162)
Depreciation and amortization		116	110	29	27
Net changes in fair value of investments into subsidiaries designated at fair value through profit or loss	5	-	-	(339)	(1,355)
Interest income		(9)	(13)	(9)	(13)
Interest expenses	8	1,050	378	863	370
Deferred taxes	9	9	6	-	-
Current income tax expenses	9	9	15	-	-
Provisions	7	(241)	639	(241)	639
Loss from lease liabilities remeasurement due to indexation		15	21	15	21
Provision for impairment of trade receivables	13	-	1	-	2
<b>Changes in working capital:</b>					
Decrease (increase) in trade and other receivables		(139)	53	(168)	35
Decrease (increase) in other current assets		(37)	(104)	(24)	(108)
(Decrease) increase in trade payables		33	(1,532)	146	(1,528)
(Decrease) increase in other current liabilities		44	(23)	4	(30)
<b>Cash flows from (to) operating activities</b>		<b>1,750</b>	<b>(202)</b>	<b>1,098</b>	<b>(878)</b>
Income tax paid		(16)	-	(12)	-
<b>Net cash flows from (to) operating activities</b>		<b>1,734</b>	<b>(202)</b>	<b>1,086</b>	<b>(878)</b>

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CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER  
2023

(all amounts are in EUR thousand unless otherwise stated)

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

	Notes	Group		Company	
		2023	2022	2023	2022
<b>Cash flows from (to) investing activities</b>					
Acquisition of non-current assets (except investment properties)		(17)	(45)	-	(8)
Acquisition of (investment in existing) investment properties	11	(1,382)	(613)	(1,382)	(511)
Proceeds from government grants	11	177	-	177	-
Proceeds from sale of investment properties	11	-	363	-	-
Subsidiaries (business combination and acquisition of the group of asset), establishment, net of cash acquired	5	(2,815)	(2,182)	(2,825)	(2,238)
Reduction of authorized capital of subsidiaries and cash received after merger with subsidiaries	5	-	-	-	129
Loans granted		-	-	-	(100)
Repayment of loans granted		-	-	2,458	623
Interest received		9	13	30	13
Proceeds from settlement of finance lease receivables		193	188	193	189
<b>Net cash flows from (to) investing activities</b>		<b>(3,835)</b>	<b>(2,276)</b>	<b>(1,349)</b>	<b>(1,903)</b>
<b>Cash flows from (to) financing activities</b>					
Cash flows related to Group owners					
Purchase of treasury shares		-	-	-	-
Dividends paid to equity holders of the parents		(712)	(964)	(712)	(964)
		(712)	(964)	(712)	(964)
Cash flows related to other sources of financing					
Proceeds from loans and bonds	16	6,771	3,820	2,771	3,820
Repayment of loans and bonds	16	(2,716)	(426)	(677)	(400)
Lease payments		(240)	(229)	(240)	(229)
Interest paid	16	(1,009)	(342)	(833)	(336)
		2,806	2,823	1,021	2,855
<b>Net cash flows from (to) financing activities</b>		<b>2,094</b>	<b>1,859</b>	<b>309</b>	<b>1,891</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(7)</b>	<b>(619)</b>	<b>46</b>	<b>(890)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1,282</b>	<b>1,901</b>	<b>315</b>	<b>1,205</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>1,275</b>	<b>1,282</b>	<b>361</b>	<b>315</b>

(the end)

## Notes to the financial statements

### 1 General information

Special Closed-Ended Type Real Estate Investment Company INVL Baltic Real Estate (hereinafter 'the Company', 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-ended investment company, its management was thereafter undertaken by UAB INVL Asset Management ('the Management Company'), which is entitled to the Management Fee (Note 2.11) and the Performance Fee (Note 2.11).

Based on the Articles of Association, for the sake of efficiency of the Company's activities and control over its investments, an Investment Committee was formed by a decision of the Board of the Management Company. The Investment Committee consists 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) were 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 members of the Investment Committee was operating, the third member is not nominated.

On 29 April 2021, the Ordinary General Meeting of Shareholders of the Company approved the establishment of the Supervisory Board of the Company. The Supervisory Board is a collegial body supervising the activities of the Company. The Supervisory Board ensures the representation of the interests of the Company's and the company's shareholders, the accountability of this body to the shareholders and the objective and impartial supervision of Company's activities. Considering that a new version of the Republic of Lithuania Law on Companies entered into effect on 30 November 2022 and according to the provisions of section 1 of article 78 therein, the requirement to form a collegial body with supervisory functions no longer applies to investment companies specified in the Republic of Lithuania Law on Collective Investment Undertakings with the legal form of a public limited liability company whose shares are admitted to trading on a regulated market, General Ordinary Shareholders Meeting that was held on 18 April 2023, made a decision to eliminate the Company's collegial body with a supervisory function – the Supervisory Board. The Company's management bodies are not formed.

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

In 2023 and 2022 the group consisted of the Company and its directly and indirectly owned subsidiaries (hereinafter 'the Group', Note 5).

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 warehouse properties in Lithuania and Latvia. Majority of 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.

**Special Closed-Ended Type Real Estate Investment Company INVL BALTIC REAL ESTATE**  
**company code 152105644, Gynėjų str. 14, Vilnius, Lithuania**

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**1 General information (cont'd)**

The Management Company shall manage the Company's portfolio of investment instruments following the principles of diversification 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. The Company complied with diversification rules set forth in its Articles of Association as at 31 December 2023 and 2022.

As at 31 December 2023 and 31 December 2022 the shareholders of the Company were:

	2023		2022	
	Number of shares held	Percentage	Number of shares held	Percentage
UAB „INVL Life“ (controlling shareholder AB „Invalda INVL“)	1,889,123	23.43	1,889,123	23.43
Ms. Irena Ona Mišeikienė	1,308,596	16.23	1,308,596	16.23
UAB LJB property (controlling shareholder Mr. Alvydas Banys)	1,251,695	15.53	1,251,695	15.53
Ms. Šulnienė Ilona	664,710	8.25	664,710	8.25
Mr. Alvydas Banys	663,640	8.23	663,640	8.23
Other minor shareholders	2,283,650	28.33	2,283,650	28.33
<b>Total</b>	<b>8,061,414</b>	<b>100.00</b>	<b>8,061,414</b>	<b>100.00</b>

All the shares of the Company are ordinary shares with the par value of EUR 1.45, and were fully paid as at 31 December 2023 and 2022. Subsidiaries did not hold any shares of the Company as at 31 December 2023 and 2022.

The Company's shares are traded on the Baltic Secondary List of NASDAQ Vilnius since 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.

As at 31 December 2023 the number of employees of the Group and the Company was 7 and nil, respectively. As at 31 December 2022 the number of employees of the Group and the Company was 10 and nil, respectively.

According to the Law on Companies of Republic of Lithuania, the annual financial statements prepared by the Management are authorised by the General Shareholders' meeting. The shareholders hold the power not to approve the annual financial statements and the right to request new financial statements to be prepared.

## **2 Summary of material accounting policies**

The material accounting policies applied in preparing the Group's and the Company's financial statements for the year ended 31 December 2023 are as follows:

### **2.1. Basis of preparation**

#### Statement of compliance

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

These financial statements have been prepared on a historical cost basis, except for investment properties and investments in subsidiaries that have been measured at fair value. The financial statements are presented in thousands of euro (EUR) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group and the Company has adopted the new and amended IFRS and IFRIC interpretations as of 1 January 2023:

- Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting policies*;
- Amendments to IAS 8: *Definition of Accounting Estimates*;
- Amendments to IAS 12 Income Taxes: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;
- Amendments to IAS 12: *International Tax Reform—Pillar Two Model Rules*;
- IFRS 17 *Insurance Contracts*;

Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting policies*.

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments have had an impact on the Group's and the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

All amendments adopted as of 1 January 2023 had no impact on the Group's and Company's financial statements for the year ended 31 December 2023.

#### Standards adopted by the EU but not yet effective and have not been early adopted

Amendments to existing standards and new standards, which are adopted by the EU, but not yet effective, are not relevant to the Group and the Company .

#### Standards not yet adopted by the EU

Amendments to existing standards and new standards, which are not yet adopted by the EU, are not relevant to the Group and the Company.

### **2.2. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

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## **2 Summary of material accounting policies (cont'd)**

### **2.3. Functional and presentation currency**

The financial statements are prepared in euro (EUR), which is local currency of the Republic of Lithuania, and presented in EUR thousand. Euro is also the local currency of the Republic of Latvia. Euro is the Company's and the Group's functional and presentation currency. The exchange rates in relation to other currencies are set daily by the European Central Bank and the Bank of Lithuania. As these financial statements are presented in EUR thousand, individual amounts were rounded. Due to the rounding, totals in the tables may not add up.

### **2.4. Business combinations**

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

Where the acquisition involves a group of assets and liabilities, the Company identify and recognise the individual assets acquired and liabilities. The cost of the transaction is allocated to the assets acquired, and liabilities assumed, based on their relative fair values at the date of purchase. No goodwill arises on the transaction.

### **2.5. Property, plant and equipment**

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives of 3 to 6 years.

The asset residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant, and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income within "other income" in the year the asset is derecognised.

### **2.6. Investment properties**

Properties that are held for long-term rental yields and for capital appreciation are classified as investment properties. Where the Group and the Company owns the buildings, but not the land on which they are built, land is leased from the municipality under operating lease. Land held under operating leases is classified and accounted for by the Group and the Company as investment property when the rest of the definition of investment property is met.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. The fair value of investment property is determined annually by qualified independent valuers (Note 11).

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income within "Net gains (losses) from fair value adjustments on investment property" in the year of retirement or disposal.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

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## **2 Summary of material accounting policies (cont'd)**

### **2.7. Investments into subsidiaries (the Company)**

The business model of the Company is to manage investment into subsidiaries together with loans granted to subsidiaries as one portfolio and evaluate their performance on a combined fair value basis. On this basis information on portfolio is provided to the Management Company and the Investment Committee. Therefore, the portfolio is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Consequently, such portfolio of financial assets is measured at fair value through profit or loss. If the Company grants short-term loans to subsidiaries for the purpose not related with investment activities they are classified as financial assets measured at amortised cost, because they are solely payments of principal and interest and are held to collect contractual cash flows.

At initial recognition, the Group and the Company measures portfolio of investment into subsidiaries at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed through profit or loss.

If the fair value of the financial asset at initial recognition differs from the transaction price, it is recognised at fair value and '1 day gain' is recognised only if that fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets. In all other cases the difference between the fair value at initial recognition and the transaction price is deferred. For loans granted measured at fair value through profit or loss this difference is recognised using the straight-line method over the estimated maturity of financial asset.

### **2.8. Financial assets**

Financial assets within the scope of IFRS 9 are classified as either financial assets at fair value through profit or loss (either through other comprehensive income or through profit or loss) or financial assets measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

As the business model for the Group's and the Company's other financial assets (except financial assets described in Note 2.7) is held to collect contractual cash flows and they are solely payments of principal and interest, other financial assets are measured at amortised cost. They comprised short-term loans granted, trade and other receivables, cash and cash equivalents. The Group and the Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition, the Group and the Company measures financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method and presented as "other income" in the statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

### **2.9. Impairment of financial assets**

The Group and the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Cash and cash equivalents are considered to be low credit risk at the reporting date (Stage 1) as they have a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. Therefore, a three-stage model for impairment of financial assets other than trade receivables is not relevant to the Group and the Company.

The financial assets are considered as credit-impaired, if objective evidence of impairment exist at the reporting date. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation.

Financial assets are written off, in whole or in part, when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor.

For finance lease receivables, trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables are classified either to Stage 2 or Stage 3:

- Stage 2 – comprises receivables for which the simplified approach was applied to measure the expected lifetime credit losses, except for certain trade receivables classified in Stage 3;
- Stage 3 – comprises trade receivables which are overdue more than 90 days (except is reasonable explanation for that) or individually identified as impaired.

Trade receivables are mostly covered within one month after year-end or they are identified as individually impaired. Therefore, for Stage 2 trade receivables the Expected Credit loss (ECL) would be calculated and recognised if a material amount is determined for potential impairment based on the settlement of trade receivables after reporting date, which are not individually impaired.

## **2 Summary of material accounting policies (cont'd)**

### **2.10. Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position and for purpose of the cash flow statement comprise cash at banks and short-term deposits with an original maturity of three months or less.

### **2.11. Performance Fee and Management Fee**

The Management Fee is remuneration paid to the Management Company for management of the assets of the Company, which is payable for each quarter of a calendar year and is 0.375% of the quarterly weighted average capitalisation of the Company, calculated according to the Articles of Association. From 1 January 2018 the rate of the Management Fee was changed to 0.25% of the quarterly weighted average capitalisation of the Company.

The quarterly payable Management Fee is recorded as financial liability and is accounted for at amortised cost.

The Performance Fee depends on the return earned by the Company, which is calculated for the whole Company rather than for an individual shareholder and is based on internal rate of return. The Performance Fee amounts to 20% of return in excess of the annual internal rate of return of 8% (a high water-mark principle is applied). The Performance Fee is paid to the Management Company on a quarterly basis if both conditions are met - the internal rate of return and the stock price growth (including dividends) exceed 8% annually.

The Performance Fee is accounted as a provision on a quarterly basis until the conditions, as described above, for the payment of the Performance Fee are satisfied, when payable part of the Performance Fee is recorded as financial liability and is further accounted for at amortised cost.

The first period for the calculation of the Performance Fee started from 30 November 2016 according to the Articles of Association of the Company, where initial amount for calculation of internal rate of return is net assets value of the Company as at 30 November 2016 (it is amounted to the equity of the Group as at 30 November 2016). If, after that date, the capitalisation of the Company (market value of the issued shares of the Company) is more than net assets value of the Company and internal rate of return calculated on the basis of net assets value is more than 8%, then payable Performance Fee is calculated based on net assets value of the Company. If the capitalisation of the Company is less than net assets value of the Company and internal rate of return calculated on the basis of capitalisation is more than 8%, then payable Performance Fee is calculated based on the capitalisation of the Company. After the Performance Fee becomes payable, the new period for calculating of the Performance Fee starts, where initial amount for calculation of internal rate of return is the capitalisation of the Company or net asset value of the Company as at the end of previous period - depends on which based on these amounts payable part of the Performance Fee is calculated.

More detailed requirements are set out in the Articles of Association of the Company.

### **2.12. Financial liabilities**

The Group and the Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at fair value through profit or loss) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### Borrowings

Borrowings are recognised initially at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### **2.13. Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The Group and the Company received subsidies for reconstruction of heritage investment property. The grant relates to an asset (investment property) is recognised by deducting the grant in arriving at the carrying amount of the asset. In the movement of investment property grant reduced subsequent expenditures.

The purchase of assets and the receipt of related grants are netted and not disclosed as separately in the investment property notes.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

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## **2 Summary of material accounting policies (cont'd)**

### **2.14. Provisions**

The expense relating to any provision is presented in the profit or loss. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Provisions for onerous contracts

A provision for onerous lease contracts is recognised when the expected benefits to be derived by the Group and the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

#### Provisions for the Performance Fee

The Company is obliged to pay the Performance Fee to the Management Company (Note 2.11). There is an obligation to pay the Performance Fee, which becomes payable only in the event of outperformance of the benchmark when both conditions are met as described in Note 2.11 and the Company's Articles of Association.

As services are provided over time, the obligating past event arises and a provision for the Company's management services needs to be recognised. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation.

### **2.15. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the retained earnings. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

### **2.16. Leases**

#### Group and Company are the lessor in an operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the Group and the Company as the lessor are classified as operating leases. Payments, including pre-payments, received under operating leases (net of any incentives granted to the lessee) are credited to the statement of comprehensive income on a straight-line basis over the period of the lease.

Any changes in the scope or the consideration for a lease, that was not part of the original terms and conditions of the lease, for example, rent concessions given which were not contemplated as part of the original terms and conditions of the lease, are accounted for as lease modifications.

The Group and the Company accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments, including any amounts recorded as prepaid or accrued lease payments at the time of the modification, as income on a straight-line basis over the remaining lease term. Property leased out under operating leases is included in investment property in the statement of financial position (Note 11). See Note 2.17 for the recognition of rental income.

#### Group and Company are the lessees

Leases where the Group and/or the Company are lessees, are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company and the Group.

The right-of-use asset is measured at its cost which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group and/or the Company. The lease liabilities are measured at the net present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company and the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

The Company and the Group are exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## **2 Summary of material accounting policies (cont'd)**

### **2.17. Revenue recognition**

#### Lease income

Operating lease income is recognised on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The Group and the Company elected to recognise lease income for variable payment that depends on an index or a rate in the periods in which changes of index or rate occur. Variable lease payments that do not depend on an index or a rate are recognised as lease income in the periods in which the event or condition that triggers those payments occurs. When the Group and the Company provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of lease income.

#### Utilities and other services income

Revenue from utilities and other services is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, this consideration may include discounts, trade allowances, rebates.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### **2.18. Income tax**

From 1 January 2018 all income of Collective Investment Undertakings is not subject to taxation.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

From 1 January 2018 according to the new Corporate Income Tax Act of Latvia the annual profit is not taxed. Corporate income tax would be paid on distributed profit, including conditional distributed profit as for example: expenditure not related to economic activities, some loans granted to related parties, some provisions for doubtful debts. The tax rate on (net) distributed profit would be 20/80.

### **2.19. Significant accounting judgements and estimates**

The preparation of financial statements requires management of the Group and the Company to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Judgements**

In the process of applying the accounting policies, management has made the following judgements, which had the most significant effect on the amounts recognised in these financial statements:

##### The Group acts as principal in relation to utility and other services

The management has concluded that the Group acts as a principal in relation to utility and other services. Although the most of services rendered to the tenants is performed by other parties, the Group has a right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the entity's behalf. From tenant perspective the Group combines the services provided by other parties in providing the specified service to them. According to the management the Group is primarily responsible for fulfilling the promise to provide services and has discretion in establishing the price for the services.

##### Business combinations and acquisitions of assets

Purchases of investment property are generally treated as acquisitions of assets. According to the management, there are no business combinations if the real estate object has individual tenants, the Company does not acquire other assets or rights in addition to the real estate object and does not hire former employees. The Company does not acquire the business process management know-how of a real estate object but manages all acquired objects centrally. The same premise is applicable for acquisition of investment property through entity acquisition.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

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## **2 Summary of material accounting policies (cont'd)**

### **2.19. Significant accounting judgements and estimates (cont'd)**

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group and the Company base its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and the Company. Such changes are reflected in the assumptions when they occur.

The significant areas of estimation used in the preparation of these financial statements are discussed below.

#### **Fair value of investment properties**

Fair value of investment properties was based either on the market approach by reference to sales in the market of comparable properties or the income approach by reference to rentals obtained from the subject property or similar properties. Market approach refers to the prices of the analogue's transactions in the market. These values are adjusted for differences in key attributes such as property size, location. Discounted cash flow projections in the income approach are based on estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current (at the date of the statement of financial position) market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The future rental rates were estimated depending on the actual location, type, and quality of the properties, and taking into account market data and projections at the valuation date.

The Company's investment properties located in Lithuania have to be valued twice a year by qualified independent valuer in accordance with the Lithuanian Law on Collective Investment Undertakings. In the process of valuation, the Management has discussions with the qualified independent valuer about significant unobservable inputs.

The fair value of the investment properties of the Group and the Company as at 31 December 2023 was EUR 42,058 thousand and EUR 27,553 thousand, respectively (as at 31 December 2022 – EUR 36,427 thousand and EUR 26,444 thousand, respectively) (described in more details in Note 11).

#### **Fair value of investments into subsidiaries in stand-alone financial statements**

The fair values of investments into subsidiaries together with loans granted to subsidiaries are determined by using valuation techniques, primarily discounted cash flows. The fair value of these investments was measured at the fair value of their net assets, including loans granted by the Company. The main assets of subsidiaries are investment properties, which are measured at fair value using income or market approach. The main liabilities of subsidiaries are borrowings from external financial institutions, which are measured using income approach, such as a present value technique. The models used to determine fair values are periodically reviewed and compared against historical results to ensure their reliability.

The fair value of the investments in subsidiaries as at 31 December 2023 was EUR 11,319 thousand (as at 31 December 2022 – EUR 11,176 thousand) (described in more details in Note 5).

#### **The provision for the Performance Fee**

The amount of provision for the Performance Fee represents the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The provision is calculated on the basis of the net assets value of the Company, which equals to the equity of the Company. The Performance Fee would become payable only if the stock price growth (including dividends) exceeded 8% annually. As described in Note 2.11, the payable Performance Fee could be based on net assets value or on the capitalisation of the Company. The Company cannot control stock price of the Company shares, therefore the timing and the amount of the Performance Fee payable in future are uncertain.

As at 31 December 2023 provision was calculated as an amount equal to 20% of return in excess of the annual internal rate of return of 8% for period from 30 June 2021 till 31 December 2023. For this period internal rate of return based on net assets value of the Company amounted to 14.49%. Initial amount for calculation of internal rate of return for this period was capitalisation of the Company as at 30 June 2021.

As at 31 December 2022 provision was calculated as an amount equal to 20% of return in excess of the annual internal rate of return of 8% for period from 30 June 2021 till 31 December 2022. For this period internal rate of return based on net assets value of the Company amounted to 23.23%. Initial amount for calculation of internal rate of return for this period was capitalisation of the Company as at 30 June 2021.

As at 31 December 2023 the Company recognised non-current provision for the Performance Fee of EUR 684 thousand (as at 31 December 2022 - EUR 900 thousand) (Note 7).

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

### 3 Financial risk management

#### 3.1. Financial risk factors

The risk management function within the Group is carried out in respect of financial risks, operational risks, and legal risks. On an overall Group level strategical risk management was executed by the Management Company. Operational risk management is carried out at each entity level by directors. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Group's and the Company's principal financial liabilities comprise borrowings, trade, and other payables. The main purpose of the borrowings is to raise finance for the Group's and the Company's operations. The Group and the Company have various financial assets such as trade and other receivables, loans granted and cash which arise directly from its operations. The Company and the Group have not used any derivative instruments so far, as management considered that there is no necessity for them.

The main risks arising from the financial instruments are market risk (including currency risk, cash flow and fair value interest rate risk and price risk), liquidity risk and credit risk. The risks are identified and disclosed below.

#### Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, deposits, credit exposures to outstanding trade receivables and loans granted. The Group/Company seeks to ensure that rental contracts are entered into only with lessees with an appropriate credit history, from some of lessees advance lease payments are required.

The maximum exposure to credit risk and impairment of trade and other receivables is disclosed in Note 13. The maximum exposure to credit risk for loans granted to subsidiaries measured at fair value through profit or loss are their carrying amounts (Note 5). In Note 13 is also disclosed credit quality of trade receivable. There are no transactions of the Group or the Company that occur outside Lithuania and Latvia.

As at 31 December 2023 the Group faced a significant concentration of credit risk associated to one tenant. The balance of trade receivable from this tenant comprised approximately 14% of the Group's trade and other receivables as at 31 December 2023. Other tenants did not pose the Group to a significant concentration of credit risk.

In addition, due to one – off agreement, the Group had a significant concentration of credit risk amounting to 35% of the Group's trade and other receivables as at 31 December 2023. As of the reporting date, this receivable was fully paid.

As at 31 December 2023 the Company faced a significant concentration of credit risk related to two customers (one being a related party and the other a third party). The balance of trade receivables from these customers comprised approximately 72% (related party) and 14% (third party) of the Company's trade and other receivables as at 31 December 2023. The concentration of credit risk for the company arose from one - off agreements. As of the reporting date, these receivables were fully paid.

The significant concentration of credit risk for both the Group and the Company related a to one – off agreement with third party is associated with the 23 April 2015 share sales agreement. The sale of the shares was completed on 19 August 2015, and the Company received the full amount for the shares. According to the agreement, there was also a right to receive contingent consideration, which was determined as 50 percent of the deferred tax assets value arising from the entity's tax losses accumulated until the end of 2014. The Company has not recognised this amount as income prior to these financial statements because, according to the management, the sold entity was not expected to earn taxable profit in the foreseeable future, and the buyer would pay only for used tax losses. During 2023, the Company agreed with the buyer on the receivable amount due to 23 April 2015 share sales agreement and recognised EUR152 thousand as other income.

As at 31 December 2022 the Group and the Company had no significant concentrations of credit risk.

With respect to credit risk arising from cash and cash equivalents and deposits the Group's and the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

According to the European deposit insurance scheme, cash, cash equivalents and deposits of up to EUR 100 thousand of every legal entity in each bank are covered with insurance. All the Group's balance of cash and cash equivalents are covered with the insurance, except for the Company's cash and cash equivalents, because the Company is a collective investment undertaking. The insured amounts of cash placed on AS "SEB banka" accounts were exceeded by EUR 513 thousand and insured amounts of cash placed on AB Šiaulių bankas accounts were exceeded by EUR 136 thousand as at 31 December 2023 (by EUR 476 thousand and by EUR 212 thousand, respectively, as at 31 December 2022).

All cash balances have a low credit risk at the reporting date and the impairment loss determined on 12-month expected credit losses is resulted in an immaterial amount.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the banks:

	Group		Company	
	2023	2022	2023	2022
Moody's short-term ratings				
Prime-1	724	718	60	63
Prime-2	551	564	301	252
	1,275	1,282	361	315

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(all amounts are in EUR thousand unless otherwise stated)

**3 Financial risk management (cont'd)**

**3.1 Financial risk factors (cont'd)**

Market risk

*Cash flow and fair value interest rate risk*

The Group's and the Company's exposure to the risk of changes in market interest rates relates primarily to the debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates (EURIBOR), with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's and the Company's equity other than current year profit impact.

	Increase in basis points	Group	Company
<b>2023</b>			
EUR	+100 bps	(185)	(149)
	-100 bps	185	149
<b>2022</b>			
EUR	+300 bps	(383)	(383)
	-100 bps	128	128

As at 31 December 2023 the Group and the Company had four and two loans respectively with floating interest rates (6 month EURIBOR). As at 31 December 2022 the Group and the Company had two loans with floating interest rates (6 month EURIBOR).

*Foreign exchange risk*

The Group and the Company holds assets and liabilities denominated only in the Euro, which is functional and presentation currency of the Group. Therefore, the Group and the Company are not exposed to foreign exchange risk.

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet their commitments at a given date in accordance with strategic plans. The liquidity risk of the Group's operation in Lithuania and the Company is controlled on an overall Group level. The liquidity risk of the Group's operation in Latvia is controlled on an entity level. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The liquidity risk management is divided into long-term and short-term risk management.

The aim of the short-term liquidity management is to meet daily needs for funds. Short-term liquidity for the Group and the Company is controlled through monthly monitoring of the liquidity status and needs of funds.

Long-term liquidity risk is managed by analysing the predicted future cash flows taking into account the possible financing sources. Before approving the new investment projects the Group and the Company evaluate the possibilities to attract needed funds.

The Group's liquidity ratio (total current assets / total current liabilities) as at 31 December 2023 and 2022 was approximately 0.90 and 0.95, respectively. The Company's liquidity ratio as at 31 December 2023 and 2022 was approximately 0.87 and 0.43.

As at 31 December 2023 the current assets were lower than current liabilities by EUR 214 thousand in the Group and EUR 232 thousand in the Company. The management of the Group and the Company forecasted the cash flows of the Group and the Company for 2024 and the forecast indicates that the Group and the Company will have sufficient funds to cover liabilities, which fall due in 2024.

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(all amounts are in EUR thousand unless otherwise stated)

**3 Financial risk management (cont'd)**

**3.1 Financial risk factors (cont'd)**

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2023 and 2022 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	-	525	1,559	21,438	-	23,522
Leasing liabilities	-	64	193	162	-	419
Trade and other payables	-	348	-	-	-	348
Provision for onerous contract	-	-	2	6	-	8
Other liabilities	454	66	1	40	-	561
<b>Balance as at 31 December 2023</b>	<b>454</b>	<b>1,003</b>	<b>1,755</b>	<b>21,646</b>	<b>-</b>	<b>24,858</b>
Interest bearing borrowings	-	281	1,017	14,122	-	15,420
Leasing liabilities	-	62	187	402	-	651
Trade and other payables	-	281	-	-	-	281
Provision for onerous contract	-	11	2	20	-	33
Other liabilities	440	68	1	-	-	509
<b>Balance as at 31 December 2022</b>	<b>440</b>	<b>703</b>	<b>1,207</b>	<b>14,544</b>	<b>-</b>	<b>16,894</b>

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2023 and 2022 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	-	396	1,180	17,547	-	19,123
Leasing liabilities	-	64	193	162	-	419
Trade and other payables	-	344	-	-	-	344
Provision for onerous contract	-	-	2	6	-	8
Other liabilities	454	32	-	-	-	486
<b>Balance as at 31 December 2023</b>	<b>454</b>	<b>836</b>	<b>1,375</b>	<b>17,715</b>	<b>-</b>	<b>20,380</b>
Interest bearing borrowings	-	281	1,017	14,122	-	15,420
Leasing liabilities	-	62	187	402	-	651
Trade and other payables	-	171	-	-	-	171
Provision for onerous contract	-	11	2	20	-	33
Other liabilities	440	66	-	-	-	506
<b>Balance as at 31 December 2022</b>	<b>440</b>	<b>591</b>	<b>1,206</b>	<b>14,544</b>	<b>-</b>	<b>16,781</b>

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.

### **3 Financial risk management (cont'd)**

#### **3.2. Capital management**

The primary objective of the capital management is to ensure that the Group and the Company maintain a strong credit health and healthy capital ratios in order to support their business and maximise shareholder value. The Company's management supervises the investments so that they are in compliance with requirements applied to the capital, specified in the appropriate legal acts, as well as provide the Group's management with necessary information.

The Group's and the Company's capital comprises share capital, share premium, reserves and retained earnings.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions and specific risks of their activity. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is obliged to keep its equity ratio at not less than 50 % of its share capital, as imposed by the Law on Companies of Republic of Lithuania. The Company and the Group complied with this requirement as at 31 December 2023 and 2022, except for two subsidiaries in 2023 and one subsidiaries in 2022. There are no plans yet to rectify the situation in Lithuania. Pursuant to the Latvian Commercial Law the authorised share capital of a private limited liability company must be not less than EUR 2,800. As of 31 December 2023 and 2022, all Latvian subsidiaries complied with this requirement.

Starting from 2022 the Company has the right to pay dividends without bank consent if the ratio of EBITDA (earnings before interest, tax, depreciation and amortization) plus inflows and outflows from subsidiaries (dividends or repayment of granted loan and new granted loans) plus change for provision for the Performance Fee minus payable Performance Fee divided by the sum of debt service costs (interest and principal repayments) and dividends would be higher than 1.1. In addition, 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.

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(all amounts are in EUR thousand unless otherwise stated)

#### **4 Fair value estimation**

##### *Assets carried at fair value*

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets measured at fair value in the statement of financial position as at 31 December 2023.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total balance</b>
<b>Assets of the Group</b>				
Investment properties (Note 11)	-	9,489	32,569	42,058
<b>Assets of the Company</b>				
Investment properties (Note 11)	-	4,452	23,101	27,553
Investment into subsidiaries (Note 5)			11,319	11,319

There were no transfers of assets between the Level 1 and Level 2 and between Level 2 and Level 3 of the fair value hierarchy during 2023.

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets measured at fair value in the statement of financial position as at 31 December 2022.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total balance</b>
<b>Assets of the Group</b>				
Investment properties (Note 11)	-	8,292	28,135	36,427
<b>Assets of the Company</b>				
Investment properties (Note 11)	-	3,358	23,086	26,444
Investment into subsidiaries (Note 5)	-	-	11,176	11,176

There were no transfers of assets between the Level 1 and Level 2 and between Level 2 and Level 3 of the fair value hierarchy during 2022.

There were no liabilities measured at fair value in the Group's and the Company's statements of financial position.

##### *Financial instruments that are not carried at fair value*

The Group's and the Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, deposits, trade and other receivables, trade and other payables, non-current and current borrowings, provision for onerous contract.

The carrying amount of the cash and cash equivalents, deposits, trade and other receivables, trade and other payables of the Group and the Company as at 31 December 2023 and 2022 approximated their fair value because they are short-term and the impact of discounting is immaterial.

The carrying amount of borrowings of the Group and the Company and provision for onerous contract as at 31 December 2023 and 2022 approximated their fair value. Bank borrowings have floating interest rate and were renegotiated recently, therefore their interest rate represents the current market rate. The interest rates of borrowings from related party are reviewed at the end of each financial year and adjusted in line with market rates changes, therefore it was concluded that their fair value approximates carrying amount. The fair values of non-current borrowings are based on discounted cash flows using a current interest rate. They are classified as level 3 fair values in the fair value hierarchy due to use of unobservable inputs, including own credit risk.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**5 Investments into subsidiaries**

The Group had the following subsidiaries directly or indirectly owned by the Company as at 31 December 2023:

<b>Name</b>	<b>Country of incorporation and place of business</b>	<b>Proportion of shares (voting rights) directly/indirectly held by the Company/Group (%)</b>	<b>Nature of business</b>
UAB Rovelija*	Lithuania	100.00	Dormant
UAB Proprietas*	Lithuania	100.00	Property management and utility services
UAB Pramogų Bankas*	Lithuania	100.00	Real estate owner and lessor
SIA Dommo Grupa*	Latvia	100.00	Real estate owner and lessor
SIA Dommo Biznesa Parks	Latvia	100.00	Real estate owner and lessor

\*These subsidiaries are directly owned by the Company.

The Group had the following subsidiaries directly or indirectly owned by the Company as at 31 December 2022:

<b>Name</b>	<b>Country of incorporation and place of business</b>	<b>Proportion of shares (voting rights) directly/indirectly held by the Company/Group (%)</b>	<b>Nature of business</b>
UAB Rovelija*	Lithuania	100.00	Dormant
UAB Proprietas*	Lithuania	100.00	Property management and utility services
SIA Dommo Grupa*	Latvia	100.00	Real estate owner and lessor
SIA Dommo Biznesa Parks	Latvia	100.00	Real estate owner and lessor

\*These subsidiaries are directly owned by the Company.

All subsidiary undertakings listed in the tables above are included in the consolidation.

During 2023 the Company acquired 100% of UAB "Pramogų bankas" for EUR 2,865 thousand (accounted as acquisition of the group of asset, at the acquisition date entity had EUR 10 thousand of cash). Payment of EUR 40 thousand was deferred until 31 December 2025.

During 2022 UAB "Perspektyvi veikla" was merged with UAB "Rovelija". Additionally, share capital of UAB "Rovelija" was decreased by EUR 70 thousand that was transferred to the Company as cash. In addition, the Company acquired 100% of UAB "RE 1" for EUR 2,216 thousand (accounted as acquisition of the group of asset, at the acquisition date entity had EUR 34 thousand of cash), later increased its share capital for EUR 22 thousand and merged it with itself. After the merger the Company's assets and liabilities have changed by the following balance sheet items:

**Assets:**

Investment property	1,800
Cash	59
	1,859

**Liabilities:**

Short term loans from credit institutions	(221)
Trade payables	(82)
Income tax payable	(12)
Advances received	(19)
	(334)
<b>Total change due to the merger (derecognised investment fair value)</b>	<b>1,525</b>

As per the loan agreements with credit institutions two of the Company's subsidiaries are subject to restrictions on transferring funds to the Company. Both agreements prohibit the payment of dividends or any other form of profit distribution without the bank's consent. Furthermore, one or the entities is restricted from making payments under the Company's loans unless obligations related to the Financial Covenants are met both before and after such payments.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**5 Investments into subsidiaries**

Fair value of 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 in 2023 and 2022. 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 split of carrying amounts of the investment into subsidiaries by legal components is as follows:

	<b>2023</b>	<b>2022</b>
Shares	2,726	187
Loans granted	8,593	10,989
	<b>11,319</b>	<b>11,176</b>

Key inputs to valuation on subsidiaries as at 31 December 2023 and 2022:

<b>Significant unobservable inputs</b>	<b>Value of input or range, 2023</b>	<b>Value of input or range, 2022</b>
Discount rate (%)	9.5 - 10.5	10
Capitalisation rate for terminal value (%)	7.5 - 9	9
Vacancy rate (%)	0 – 25	2
Increase of rents per year (%)	2-3	1.3
Inflation (%)	2-3	1.3
Office premises in city centre - Rent price EUR per sq. m. (without VAT)	3.5-26	-

The sensitivity analysis of fair value of subsidiaries as at 31 December 2023 is as follows:

<b>Reasonable possible shift +/- (%)</b>	<b>Increase of estimates</b>	<b>Decrease of estimates</b>
Change in Increase of rents per year and inflation by 100 bps	101	(101)
Change in future rental rates by 10 %	500	(500)
Change in expected vacancy rates by 20%	(129)	128
Change in discount and capitalization rate by 50 bps	(600)	634

The sensitivity analysis of fair value of subsidiaries as at 31 December 2022 is as follows:

<b>Reasonable possible shift +/- (%)</b>	<b>Increase of estimates</b>	<b>Decrease of estimates</b>
Change in Increase of rents per year by 100 bps	98	(98)
Change in expected vacancy rates by 20%	(28)	27
Change in discount and capitalization rate by 50 bps	(288)	321

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**5 Investments into subsidiaries**

Fair value of investments into subsidiaries (cont'd)

The following table presents the movement in Level 3 instruments for the year ended 31 December 2023 and 2022:

<b>Fair value as at 31 December 2021</b>	<b>9,801</b>
Gains recognised in profit or loss (within 'Net changes in fair value of investment into subsidiaries designated at fair value through profit or loss')	2,069
Losses recognised in profit or loss (within 'Net changes in fair value of investment into subsidiaries designated at fair value through profit or loss')	(714)
Acquisition of investments (acquisition of the group of asset)	2,216
Investment into share capital and reduction of share capital, net	(48)
Merger of subsidiary with the Company	(1,525)
Loan granted during a year (Note 18)	100
Loan repaid during a year (Note 18)	(723)
<b>Fair value as at 31 December 2022</b>	<b>11,176</b>
Gains recognised in profit or loss (within 'Net changes in fair value of investment into subsidiaries designated at fair value through profit or loss')	721
Losses recognised in profit or loss (within 'Net changes in fair value of investment into subsidiaries designated at fair value through profit or loss')	(382)
Acquisition of investments (acquisition of the group of asset)	2,865
Loan repaid during a year (Note 18)	(3,061)
<b>Fair value as at 31 December 2023</b>	<b>11,319</b>
<b>Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of 2023</b>	<b>339</b>
<b>Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of 2022</b>	<b>1,355</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

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**6 Segment information**

Management of the Company has determined the operating segments based on the reports reviewed by the Investment Committee of the Management Company that are used to make strategic decisions. The Investment Committee analyses performance of the Group on property-by-property basis of owned premises. 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 the following reportable segments:

- Owned property in Lithuania. The reportable segment comprises five operating segments on a property-by-property basis, which are aggregated (in 2022 there were 4 such segments). 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 year ended 31 December 2023:

	<b>Owned property in Lithuania</b>	<b>Owned property in Latvia</b>	<b>Total</b>
<b>Year ended 31 December 2023</b>			
Rent income	1,617	614	2,231
Other revenue (utilities and other service)	1,414	-	1,414
<b>Revenue</b>	<b>3,031</b>	<b>614</b>	<b>3,645</b>
<b>Expenses</b>			
Premises rent costs	(21)	(1)	(22)
Utilities	(414)	-	(414)
Repair and maintenance of premises	(534)	(67)	(601)
Property management and brokerage costs	-	(35)	(35)
Taxes on property	(117)	(20)	(137)
Insurance costs	(9)	(3)	(12)
<b>Net operating income for the period</b>	<b>1,936</b>	<b>488</b>	<b>2,424</b>

The following table presents performance of reportable segments of the Group for the year ended 31 December 2022:

	<b>Owned property in Lithuania</b>	<b>Owned property in Latvia</b>	<b>Total</b>
<b>Year ended 31 December 2022</b>			
Rent income	1,350	588	1,938
Other revenue (utilities and other service)	1,488	-	1,488
<b>Revenue</b>	<b>2,838</b>	<b>588</b>	<b>3,426</b>
<b>Expenses</b>			
Premises rent costs	(72)	(2)	(74)
Utilities	(582)	(1)	(583)
Repair and maintenance of premises	(535)	(44)	(579)
Property management and brokerage costs	-	(28)	(28)
Taxes on property	(101)	(22)	(123)
Insurance costs	(6)	(3)	(9)
<b>Net operating income for the period</b>	<b>1,542</b>	<b>488</b>	<b>2,030</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**6 Segment information (cont'd)**

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

	2023				2022			
	Net operating income to operating profit	Premises rent costs	Repair and maintenance of premises	Revenue	Net operating income to operating profit	Premises rent costs	Repair and maintenance of premises	Revenue
<b>From reportable segment</b>	<b>2,424</b>	<b>(22)</b>	<b>(601)</b>	<b>3,645</b>	<b>2,030</b>	<b>(74)</b>	<b>(579)</b>	<b>3,426</b>
Provision for onerous contracts and lease liabilities recalculation impact	10	10	-	-	21	21	-	-
Other revenue not included in reportable segments	-	-	-	-	5	-	-	5
Rent revenue not included in reportable segment due to application of IFRS 16	(14)	-	-	(14)	(19)	-	-	(19)
Add back insurance and other costs (included within 'other expenses')	99	(3)	90	-	81	-	72	-
Brokerage cost on sale of investment property	-	-	-	-	-	-	-	-
Management and Performance Fee	44	-	-	-	(858)	-	-	-
Impairment of trade receivables	-	-	-	-	(1)	-	-	-
Employee benefits expenses	(242)	-	-	-	(182)	-	-	-
Depreciation and amortisation	(116)	-	-	-	(110)	-	-	-
Other expenses	(405)	-	-	-	(335)	-	-	-
Other income	168	-	-	-	14	-	-	-
Net gains from fair value adjustments on investment property	(201)	-	-	-	3,977	-	-	-
<b>Total</b>	<b>1,767</b>	<b>(15)</b>	<b>(511)</b>	<b>3,631</b>	<b>4,623</b>	<b>(53)</b>	<b>(507)</b>	<b>3,412</b>

The table below presents distribution of the Group non-current assets (other than financial instruments and deferred tax assets) by geographical area as at 31 December 2023 and 2022:

	Lithuania	Latvia	Total
As at 31 December 2023	32,027	10,306	42,333
As at 31 December 2022	26,813	9,984	36,797

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**7 Revenue, lease expenses, lease commitments, provisions**

Revenue

The Group being the lessor has entered into commercial property leases of the Group's investment properties under operating lease agreements. The majority of the agreements have remaining terms of between 1 and 6 years.

Analysis of revenue by category:

	Group		Company	
	2023	2022	2023	2022
Rent income	2,217	1,919	1,837	1,663
Utilities revenue	281	406	-	-
Other services revenue	1,133	1,087	14	19
<b>Total revenue</b>	<b>3,631</b>	<b>3,412</b>	<b>1,851</b>	<b>1,682</b>

Analysis of revenue of the Group by geographical areas:

	Group	
	2023	2022
Lithuania	3,017	2,820
Latvia	614	592
<b>Total</b>	<b>3,631</b>	<b>3,412</b>

In 2023 there was one customer in Latvia, from which the Group received 13% of its revenue, in 2022 the Group had one customer in Latvia, from which was received 13% of revenue.

In 2023 there were two customers, from which the Company received more than 10% of its revenue: 13% was received from one non-related party and 24% from one of the subsidiaries. In 2022 there were two customers, from which the Company received more than 10% of its revenue: 14% was received from one non-related party and 24% from one of the subsidiaries.

The Group's future rentals receivable under non-cancellable and cancellable operating leases as at 31 December 2023 and 2022 are as follows:

	2023	2022
Within one year		
- non-cancellable lease	877	590
- non-cancellable amount of cancellable lease	1,256	1,117
- <i>minimum lease payments, total</i>	2,133	1,707
- cancellable amount of cancellable lease	252	208
	2,385	1,915
Within two years		
- non-cancellable lease	831	494
- non-cancellable amount of cancellable lease	436	478
- <i>minimum lease payments, total</i>	1,267	972
- cancellable amount of cancellable lease	799	629
	2,066	1,601

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(all amounts are in EUR thousand unless otherwise stated)

**7 Revenue, lease expenses, lease commitments, provisions (cont'd)**

Revenue (cont'd)

	<b>2023</b>	<b>2022</b>
Within three years		
- non-cancellable lease	492	451
- non-cancellable amount of cancellable lease	-	110
- <i>minimum lease payments, total</i>	492	561
- cancellable amount of cancellable lease	699	903
	<b>1,191</b>	<b>1,464</b>
Within four years		
- non-cancellable lease	64	346
- non-cancellable amount of cancellable lease	-	-
- <i>minimum lease payments, total</i>	64	346
- cancellable amount of cancellable lease	409	645
	<b>473</b>	<b>991</b>
Within five years		
- non-cancellable lease	-	59
- non-cancellable amount of cancellable lease	-	-
- <i>minimum lease payments, total</i>	-	59
- cancellable amount of cancellable lease	94	380
	<b>94</b>	<b>439</b>
After five years		
- non-cancellable lease	-	-
- non-cancellable amount of cancellable lease	-	-
- <i>minimum lease payments, total</i>	-	-
- cancellable amount of cancellable lease	-	91
	<b>-</b>	<b>91</b>
<b>Total</b>	<b>6,209</b>	<b>6,501</b>
- non-cancellable lease	2,264	1,940
- non-cancellable of cancellable lease	1,692	1,705
- <i>minimum lease payments, total</i>	3,956	3,645
- cancellable amount of cancellable lease	2,253	2,856
	<b>6,209</b>	<b>6,501</b>

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER  
2023

(all amounts are in EUR thousand unless otherwise stated)

7 Revenue, lease expenses, lease commitments, provisions (cont'd)

Revenue (cont'd)

The Company's future rentals receivable under non-cancellable and cancellable operating leases as at 31 December 2023 and 2022 are as follows:

	2023	2022
Within one year		
- non-cancellable lease	1,119	1,023
- non-cancellable amount of cancellable lease	622	584
- <i>minimum lease payments, total</i>	1,741	1,607
- cancellable amount of cancellable lease	192	139
	1,933	1,746
Within two years		
- non-cancellable lease	1,073	927
- non-cancellable amount of cancellable lease	184	245
- <i>minimum lease payments, total</i>	1,257	1,172
- cancellable amount of cancellable lease	450	350
	1,707	1,522
Within three years		
- non-cancellable lease	728	883
- non-cancellable amount of cancellable lease	-	110
- <i>minimum lease payments, total</i>	728	993
- cancellable amount of cancellable lease	539	437
	1,267	1,430
Within four years		
- non-cancellable lease	64	562
- non-cancellable amount of cancellable lease	-	-
- <i>minimum lease payments, total</i>	64	562
- cancellable amount of cancellable lease	409	490
	473	1,052
Within five years		
- non-cancellable lease	-	59
- non-cancellable amount of cancellable lease	-	-
- <i>minimum lease payments, total</i>	-	59
- cancellable amount of cancellable lease	94	380
	94	439
After five years		
- non-cancellable lease	-	-
- non-cancellable amount of cancellable lease	-	-
- <i>minimum lease payments, total</i>	-	-
- cancellable amount of cancellable lease	-	91
	-	91
Total	<b>5,474</b>	<b>6,280</b>
- non-cancellable lease	2,984	3,454
- non-cancellable of cancellable lease	806	939
- <i>minimum lease payments, total</i>	3,790	4,393
- cancellable amount of cancellable lease	1,684	1,887
	<b>5,474</b>	<b>6,280</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**7 Revenue, lease expenses, lease commitments, provisions (cont'd)**

Revenue (cont'd)

The Company's and the Group's future rentals receivable under finance lease as at 31 December 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Year 1	202	202
Year 2	202	202
Year 3	-	202
Year 4	-	-
Year 5	-	-
After 5 years	-	-
Total	404	606
Unearned interest	(7)	(16)
	<b>397</b>	<b>590</b>

For the cancellable lease agreements, tenants must notify the administrator 1–6 months in advance if they wish to cancel the rent agreement. One agreement has 8 months notification and tenant has to pay for the cancellation 2 months' rent fee penalty. According to some agreements, the tenants have the right to cancel the rent agreement within 6–30 months of the start of lease term. According to non-cancellable lease agreements tenants must pay the penalty equal to rentals receivable during the whole remaining lease period.

Most of lease agreements have a clause enabling upward revision of the rental charges on an annual basis according to prevailing market conditions.

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 based on 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 have to be set off in 2025.

The lease expenses of the Group from short term agreements amounted to EUR 33 thousand and EUR 79 during the year ended 31 December 2023 and 2022, respectively. The lease expenses of the Company from short-term agreements amounted to EUR 21 thousand and EUR 72 thousand during the year ended 31 December 2023 and 2022, respectively.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**7 Revenue, lease expenses, lease commitments, provisions (cont'd)**

Expenses and provisions (cont'd)

The changes in the provision for onerous contract is presented below:

	<b>2023</b>	<b>2022</b>
<b>As at 1 January</b>	<b>32</b>	<b>74</b>
Re-estimation of provision at the end of the year	(13)	(7)
Amount used (recognised as a reduction of 'Premises rent costs')	(12)	(34)
Unwinding of the discount and changes in the discount rate	1	(1)
<b>As at 31 December</b>	<b>8</b>	<b>32</b>
Non-current	6	19
Current	2	13

As at 31 December 2023 the Company recognised non-current provision for the Performance Fee of EUR 684 thousand (as at 31 December 2022: EUR 900 thousand) (Notes 2.11 and 2.19).

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

	<b>2023</b>	<b>2022</b>
<b>As at 1 January</b>	<b>900</b>	<b>219</b>
Re-estimation of provision at the end of the year	(216)	681
<b>As at 31 December</b>	<b>684</b>	<b>900</b>

**8 Finance costs**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest expenses of bank borrowings	(917)	(362)	(851)	(355)
Interest expenses of issued bonds	(121)	-	-	-
Unwinding of the discount of provision for onerous contract	(1)	-	(1)	-
Lease interest	(11)	(15)	(11)	(15)
Other financial expenses	-	(1)	-	-
	<b>(1,050)</b>	<b>(378)</b>	<b>(863)</b>	<b>(370)</b>

**9 Income tax**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Components of the income tax (expenses)/credit</b>				
Current income tax (expense)/credit	(9)	(15)	-	-
Deferred income tax (expense)/credit	(9)	(6)	-	-
Income tax (expense)/credit charged to profit or loss – total	<b>(18)</b>	<b>(21)</b>	<b>-</b>	<b>-</b>

There is no income tax expense (credit) recognised in other comprehensive income. Deferred income tax asset and liability were estimated at 15% rates as at 31 December 2023 and 2022.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**9 Income tax (cont'd)**

The movement in deferred income tax assets and liabilities of the Group during 2023 is as follows:

	<b>Balance as at 31 December 2022</b>	<b>Recognised in profit or loss during the year</b>	<b>Balance as at 31 December 2023</b>
<b>Deferred tax asset</b>			
Tax loss carry forward	86	(7)	79
Investment properties	-	-	-
Deferred tax asset available for recognition	86	(7)	79
Less: unrecognised deferred tax asset from tax losses carried forward	(50)	(2)	(52)
Less: unrecognised deferred tax asset due to future uncertainties	-	-	-
Recognised deferred income tax asset	36	(9)	27
Asset netted with liability of the same legal entities	-	-	-
<b>Deferred income tax asset, net</b>	<b>36</b>	<b>(9)</b>	<b>27</b>
<b>Deferred tax liability</b>			
Investment properties	-	-	-
Deferred income tax liability	-	-	-
Liability netted with asset of the same legal entities	-	-	-
<b>Deferred income tax liability, net</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax, net</b>	<b>36</b>	<b>(9)</b>	<b>27</b>

The Group's deferred tax assets will be recovered within than 12 months as of 31 December 2023.

The movement in deferred income tax assets and liabilities of the Group during 2022 is as follows:

	<b>Balance as at 31 December 2021</b>	<b>Recognised in profit or loss during the year</b>	<b>Balance as at 31 December 2022</b>
<b>Deferred tax asset</b>			
Tax loss carry forward	1,139	(1,053)	86
Investment properties	-	-	-
Deferred tax asset available for recognition	1,139	(1,053)	86
Less: unrecognised deferred tax asset from tax losses carried forward	(1,097)	1,047	(50)
Less: unrecognised deferred tax asset due to future uncertainties	-	-	-
Recognised deferred income tax asset	42	(6)	36
Asset netted with liability of the same legal entities	-	-	-
<b>Deferred income tax asset, net</b>	<b>42</b>	<b>(6)</b>	<b>36</b>
<b>Deferred tax liability</b>			
Investment properties	-	-	-
Deferred income tax liability	-	-	-
Liability netted with asset of the same legal entities	-	-	-
<b>Deferred income tax liability, net</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax, net</b>	<b>42</b>	<b>(6)</b>	<b>36</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**9 Income tax (cont'd)**

Following the provisions of the Lithuanian Law on Corporate Income Tax, all income of closed-end investment companies operating in accordance with the Lithuanian Law on Collective Investment Undertakings are not subject to taxation. Therefore, the Company has not any taxable temporary differences in 2023 and 2022 and has not recognised any deferred tax assets or liabilities.

The reconciliation of the total income tax to the theoretical amount that would arise using the tax rate of the Group and the Company is as follows:

	Group		Company	
	2023	2022	2023	2022
<b>Profit before income tax</b>	<b>717</b>	<b>4,245</b>	<b>699</b>	<b>4,223</b>
Tax calculated at the tax rate of 0 %	-	-	-	-
Tax effect of non-deductible expenses and non-taxable income	(63)	-	-	-
Deferred tax expenses arising from write-down, or reversal of a previous write-down, of deferred tax asset due to changes in probability to utilise it	(2)	(1)	-	-
Prior year current income tax correction	-	-	-	-
Differences in tax rates in subsidiaries (15% instead of 0%)	47	(20)	-	-
Income tax (expense)/credit recorded in the statement of comprehensive income	(18)	(21)	-	-

Following the provisions of the Lithuanian Law on Corporate Income Tax, all income of closed-end investment companies operating in accordance with the Lithuanian Law on Collective Investment Undertakings are not subject to taxation.

**10 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 year ended 31 December 2023 was as follows:

Calculation of weighted average for the year 2023	Number of shares (thousand)	Par value (EUR)	Issued/365 (days)	Weighted average (thousand)
Shares issued as at 31 December 2022	8,061	1.45	365/365	8,061
Shares issued as at 31 December 2023	8,061	1.45	365/365	8,061

The weighted average number of shares for the year ended 31 December 2022 was as follows:

Calculation of weighted average for the year 2022	Number of shares (thousand)	Par value (EUR)	Issued/365 (days)	Weighted average (thousand)
Shares issued as at 31 December 2021	8,061	1.45	365/365	8,061
Shares issued as at 31 December 2022	8,061	1.45	365/365	8,061

	Group	
	2023	2022
Net profit (loss), attributable to the equity holders of the parent	699	4,224
Weighted average number of ordinary shares (thousand)	8,061	8,061
Basic earnings (deficit) per share (EUR)	0.09	0.52

For 2023 and 2022 diluted earnings per share of the Group are the same as basic earnings per share.

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER  
2023

(all amounts are in EUR thousand unless otherwise stated)

## 11 Investment properties

The movements of investment properties of the Group were:

Fair value hierarchy	Other investment properties valued using sales comparison method	Properties leased out by the entity	Investment properties held for future redevelopment	Total
	Level 2	Level 3	Level 3	
<b>Balance as at 31 December 2021</b>	<b>6,626</b>	<b>22,990</b>	-	<b>29,616</b>
Additions	427	101	-	528
Additions through subsidiary acquisition (asset acquisition)	-	2,450	-	2,450
Subsequent expenditure	142	1	116	259
Disposal	(403)	-	-	(403)
Gain from fair value adjustment	1,802	1,804	1,424	5,030
Loss from fair value adjustment	(302)	(751)	-	(1,053)
<b>Balance as at 31 December 2022</b>	<b>8,292</b>	<b>26,595</b>	<b>1,540</b>	<b>36,427</b>
Additions	30	-	-	30
Additions through subsidiary acquisition (asset acquisition)	-	4,600	-	4,600
Subsequent expenditure	994	-	208	1,202
Gain from fair value adjustment	173	374	-	547
Loss from fair value adjustment	-	(500)	(248)	(748)
<b>Balance as at 31 December 2023</b>	<b>9,489</b>	<b>31,069</b>	<b>1,500</b>	<b>42,058</b>
Unrealized gains or losses for the period, included within 'Net gain (losses) on fair value adjustments of investment property' in profit or loss	173	(126)	(248)	(201)

The movements of investment properties of the Company were:

Fair value hierarchy	Other investment properties valued using sales comparison method	Properties leased out by the entity	Investment properties held for future redevelopment	Total
	Level 2	Level 3	Level 3	
<b>Balance as at 31 December 2021</b>	<b>2,630</b>	<b>18,167</b>	-	<b>20,797</b>
Additions	427	-	-	427
Additions through merger of subsidiary (Note 5)	-	1,800	-	1,800
Subsequent expenditure	142	-	116	258
Gain from fair value adjustment	461	1,579	1,424	3,464
Loss from fair value adjustment	(302)	-	-	(302)
<b>Balance as at 31 December 2022</b>	<b>3,358</b>	<b>21,546</b>	<b>1,540</b>	<b>26,444</b>
Additions	30	-	-	30
Subsequent expenditure	994	-	208	1,202
Gain from fair value adjustment	70	155	-	225
Loss from fair value adjustment	-	(100)	(248)	(348)
<b>Balance as at 31 December 2023</b>	<b>4,452</b>	<b>21,601</b>	<b>1,500</b>	<b>27,553</b>
Unrealized gains or losses for the period, included within 'Net gain (losses) on fair value adjustments of investment property' in profit or loss	70	55	(248)	(123)

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**11 Investment properties (cont'd)**

Investment properties of the Group are office buildings warehouses and properties held for future development. The majority of buildings and warehouses are leased out under the operating lease agreements and generate rental income.

The direct operating expenses arising from investment properties can be allocated as follows:

	Group		Company	
	2023	2022	2023	2022
To properties that generated rental income	514	534	390	389
To properties that did not generate rental income	119	150	90	135
	<b>633</b>	<b>684</b>	<b>480</b>	<b>524</b>

During 2023 a purchase and sale agreement was concluded with Nesė Group, UAB, regarding the acquisition of 100 percent of the shares of UAB "Pramogų bankas" and the ownership was taken over. This acquisition is accounted for as the acquisition of a group of assets, the cost of the acquired investment property was EUR 4,600 thousand. It is to be noted that UAB "Pramogų bankas" owns non-residential premises – entertainment center with guesthouse and non-residential premises – gambling house with bars – at the address A. Stulginskio str. 8, in Vilnius. UAB "OBER-HAUS Real Estate" valued the premises at EUR 4,200 thousand. Pramogų Bankas, located at A. Stulginskio Street 8 in the Lithuanian capital, has a total area of 4,100 square meters.

The transaction was financed with borrowed funds. Šiaulių Bankas provided loans for the amount of EUR 870 thousand allocated to the Company for the payment of shares of UAB "Pramogų Bankas". Furthermore, to finance the transaction, the Company's subsidiary UAB "Rovelija" issued a non-public issue of bonds, which was bought out by the private debt fund INVL Bridge Finance managed by the subsidiary of Management Company for EUR 2,000 thousand. The bonds were redeemed by the end of 2023. On 21 December 2023 subsidiary Dommo Biznesa Parks signed EUR 2,550 thousand loan agreement with OP Corporate Bank plc Latvia branch and the part of this loan was used to redeem the above-mentioned bonds.

In addition, the Company won the auction organized by VĮ Turto bankas for the garage (box) with a total area of 16.83 sq. m., located at Vilniaus str. 37-3, Vilnius, with part of the land plot of 0.0015 ha from the total land plot of 0.3453 ha, located at Vilniaus st. 37, Vilnius. On 14 July 2023 the Company acquired the real estate from VĮ Turto bankas for EUR 30 thousand.

During 2022 the Company purchased two garages with a plot of land from private individuals for EUR 427 thousand, including transaction costs. The purchased real estate is located on the same plot of land as other real estate owned by the Company. The Company acquired 100 percent UAB "RE 1" shares for EUR 2,216 thousand (accounted as acquisition of the group of assets, acquisition cost of acquired investment property amounted to EUR 2,450 thousand, Note 5). In addition, UAB "RE1" acquired the remaining land plot for EUR 101 thousand. It should be noted that RE 1 owns a non-residential premises-cafe located at Vilniaus str. 37, Vilnius. The area of the remaining purchased premises is 257 sq. m., which are estimated at EUR 1,800 thousand, valued by UAB OBER-HAUS Nekilnojamas Turtas. After this transaction, INVL Baltic Real Estate's total area of managed premises on Vilniaus str. 37, in Vilnius, reaches 1,990 sq. m.

Vilnius City municipality has approved design proposals for the reconstruction of a complex that the Company owns in the city's Old Town at the address Palangos 4. Reconstruction of the complex at Palangos 4 is intended to create an administrative building with four floors and an attic for high-end offices. Its ground floor will contain restaurants and commercial premises. Above-ground space in the building is planned to increase by 3,600 sq. m. after the reconstruction to 10,000 sq. m.

During 2023 the reconstruction expenses of EUR 208 thousand and EUR 1,171 thousand were incurred additionally for the investment properties, located at Palangos 4, Vilnius and Vilniaus 37, Vilnius, respectively. In addition, 177 thousand subsidy was received from the State as partial compensation of Vilniaus 37 reconstruction expenses. During 2022 the reconstruction expenses of EUR 116 thousand and EUR 142 thousand were incurred additionally for the investment properties, located at Palangos 4, Vilnius and Vilniaus 37, Vilnius respectively.

As at 31 December 2023 and 2022 outstanding payables for additions and subsequent expenditure from 2023 and 2022 for investment properties amounted to EUR 220 thousand and EUR 175 thousand respectively.

The Company's subsidiary SIA "Dommo Grupa" sold a 3.4 ha plot of land located in the 58 ha logistics and industrial park "Dommo Logistics and Industrial Park" for EUR 403 thousand. The preliminary sales contract was signed in 2021 and then EUR 40 thousand was transferred. euro advance. In June 2022 the remaining EUR 363 was transferred.

Investment properties were measured at fair value. During 2023, properties leased out by the entity in Lithuania were valued as at 31 October 2023 and 30 April 2023, 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 and market approach. During 2023 investment properties located in Latvia were valued as at 31 October 2023 and 30 April 2023, respectively, by an accredited valuer SIA OBER-HAUS Vertešanas Serviss using a market approach for land and using an income approach for warehouse.

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(all amounts are in EUR thousand unless otherwise stated)

**11 Investment properties (cont'd)**

During 2022, properties leased out by the entity in Lithuania were valued as at 31 October 2022 and 30 April 2022, respectively, by an accredited valuer UAB OBER-HAUS Nekilnojamasis Turtas (hereinafter together with SIA OBER-HAUS Vertešanas Serviss referred to as 'Oberhaus') using the income approach. During 2022 investment properties located in Latvia were valued as at 31 October 2022 and 30 April 2022, respectively, by an accredited valuer SIA OBER-HAUS Vertešanas Serviss using a market approach for land and using an income approach for warehouse.

During 2022 the most significant positive impact for the increased value of investment properties was due to the development potential of Palangos 4 (Level 3 measurement) complex and land plots valuation located in Latvia (Level 2 measurement). The most significant negative impact for the decreased value of investment properties was due to properties located at Vilnius 37 (Level 2 and Level 3 measurement). Investment properties located at Vilnius 37 acquisition value was higher than valuation. Investment properties are measured at fair value.

There were no significant changes in the market during period from valuation date till end of reporting period that could have an effect on the value of investment properties, therefore the updated valuation was not performed as at 31 December 2023 and 31 December 2022, only value of investment property located in Vilnius str. 37 was updated by EUR 52 thousand, which represent capitalised costs of reconstruction expenses after valuation date.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The fair value represents the price that would be received selling an asset in an orderly transaction between market participants at the measurement date, in compliance with the International Valuation Standards set out by the International Valuation Standards Committee. An investment property's fair value was based either on the market approach by reference to sales in the market of comparable properties or the income approach by reference to rentals obtained from the subject property or similar properties. Market approach refers to the prices of the analogue's transactions in the market. These values are adjusted for differences in key attributes such as property size, location, and quality of interior fittings. The most significant input into this valuation approach is price per square metre.

Income approach is based on the assumption that defined correlation between net activity future income and fair value of the objects exists. For properties leased out by the entity main inputs include:

- Future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any - existing lease, other contracts or external evidence such as current market rents for similar properties;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;
- Maintenance costs including necessary investments to maintain functionality of the property for its expected useful life;
- Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date;
- Terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

Investment properties held for future redevelopment were estimated taking into account the following estimates (in addition to the inputs noted above):

- Sales prices based on the valuers' experience and knowledge of market conditions of residential and commercial properties;
- Costs to complete that are based on the valuers' experience and knowledge of market conditions and term sheets outlined in approved detailed plans. Costs to complete also include a reasonable profit margin;
- Completion dates, as properties under construction require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, and compliance with environmental regulations. Based on management's experience with similar developments, all relevant permits and approvals are expected to be obtained. However, the completion date of the development may vary depending on, among other factors, the were no changes to the valuation techniques during the period;
- Profit on cost ratio reflecting current market assessment of profitability margin of developments projects. It is based on the internal rate of returns for similar projects.

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Offices premises in city centre – Lithuania	25,801	21,546	21,601	21,546
Warehouse – Latvia	5,268	5,049	-	-
	<b>31,069</b>	<b>26,595</b>	<b>21,601</b>	<b>21,546</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**11 Investment properties (cont'd)**

Description of valuation techniques used and key inputs to valuation on investment properties located in Lithuania as at 31 December 2023:

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range (weighted average)</b>
Properties leased out by the entity	Discounted cash flows	Discount rate (%)	8-9.75 (9.44)
		Capitalisation rate for terminal value (%)	6.5-7.75 (7.32)
		Vacancy rate (%)	0-33.3
		Office premises in city centre - Rent price EUR per sq. m. (without VAT)	3.5 – 38 (14.91)
Investment properties held for future redevelopment	Discounted cash flows with estimated costs to complete	Profit on cost ratio of the entire project (%)	25
		Capitalisation rate for terminal value (%)	6.25
		Cost to completion EUR per sq. m (without VAT)	1,520
		Sales price EUR per sq. m. (with VAT)*	4,100

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 2022:

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range (weighted average)</b>
Properties leased out by the entity	Discounted cash flows	Discount rate (%)	7-9.5 (9.29)
		Capitalisation rate for terminal value (%)	6.5-7.5 (7.23)
		Vacancy rate (%)	0-33.3
		Office premises in city centre - Rent price EUR per sq. m. (without VAT)	4.93-35 (15.04)
Investment properties held for future redevelopment	Discounted cash flows with estimated costs to complete	Profit on cost ratio of the entire project (%)	25
		Capitalisation rate for terminal value (%)	6.25
		Cost to completion EUR per sq. m (without VAT)	1,520
		Sales price EUR per sq. m. (with VAT)*	4,100

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 Latvia as at 31 December 2023:

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Value of input or range</b>
Properties leased out by the entity	Discounted cash flows (three year estimated)	Discount rate (%)	10.5
		Capitalisation rate for terminal value (%)	9
		Vacancy rate (%)	2
		Increase of rents per year (%)	2-3
		Inflation (%)	2-3

Description of valuation techniques used and key inputs to valuation on investment properties located in Latvia as at 31 December 2022:

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Value of input or range</b>
Properties leased out by the entity	Discounted cash flows (three year estimated)	Discount rate (%)	10
		Capitalisation rate for terminal value (%)	9
		Vacancy rate (%)	2
		Increase of rents per year (%)	1.3
		Inflation (%)	1.3

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(all amounts are in EUR thousand unless otherwise stated)

**11 Investment properties (cont'd)**

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

The sensitivity analysis of investment properties located in Lithuania valued using income approach as at 31 December 2023 is as follows:

Group/Company	Increase of estimates		Decrease of estimates	
	Properties leased out by the entity	Investment properties held for future redevelopment	Properties leased out by the entity	Investment properties held for future redevelopment
<b>Reasonable possible shift +/-</b>				
Change in future rental rates by 10 %	2,700	1,200	(2,700)	(1,100)
Change in construction costs by 10%	-	(1,000)	-	1,000
Change in expected vacancy rates by 20%	(500)	-	400	-
Change in discount and capitalization rate by 50 bps	(1,600)	(800)	1,900	1,100
Change in profit on cost ratio of the entire project by 200 bps	-	(100)	-	200

The sensitivity analysis of investment properties located in Lithuania valued using income approach as at 31 December 2022 is as follows:

Group/Company	Increase of estimates		Decrease of estimates	
	Properties leased out by the entity	Investment properties held for future redevelopment	Properties leased out by the entity	Investment properties held for future redevelopment
<b>Reasonable possible shift +/-</b>				
Change in future rental rates by 10 %	1,900	1,160	(2,200)	(1,150)
Change in construction costs by 10%	-	(1,000)	-	1,000
Change in expected vacancy rates by 20%	(500)	-	300	-
Change in discount and capitalization rate by 50 bps	(1,600)	(850)	1,400	1,010
Change in profit on cost ratio of the entire project by 200 bps	-	(180)	-	190

The sensitivity analysis of investment properties located in Latvia valued using income approach as at 31 December 2023 is as follows:

<b>Reasonable possible shift +/- (%)</b>	<b>Increase of estimates</b>	<b>Decrease of estimates</b>
Change in Increase of rents per year and inflation by 100 bps	101	(101)
Change in expected vacancy rates by 20%	(29)	28
Change in discount and capitalization rate by 50 bps	(300)	334

The sensitivity analysis of investment properties located in Latvia valued using income approach as at 31 December 2022 is as follows:

<b>Reasonable possible shift +/- (%)</b>	<b>Increase of estimates</b>	<b>Decrease of estimates</b>
Change in Increase of rents per year by 100 bps	98	(98)
Change in expected vacancy rates by 20%	(28)	27
Change in discount and capitalization rate by 50 bps	(288)	321

As at 31 December 2023 the Group's investment properties with carrying amount of EUR 36,194 thousand (EUR 25,313 thousand as at 31 December 2022) were pledged to the banks as collateral for the loans (Note 16).

As at 31 December 2023 the Company's investment properties with carrying amount of EUR 26,292 thousand (EUR 25,313 thousand as at 31 December 2022) were pledged to the banks as collateral for the loans (Note 16).

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**11 Investment properties (cont'd)**

As of 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.

There were no other restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals in 2023 and 2022.

No contractual obligations to purchase, construct, repair or enhance investment properties existed at the end of the period.

**12 Financial instruments by category**

Group	Financial assets at amortised cost	
	2023	2022
<b>Assets as per statement of financial position</b>		
Financial lease receivables	397	590
Trade and other receivables excluding tax prepayments	319	127
Cash and cash equivalents	1,275	1,282
<b>Total</b>	<b>1,991</b>	<b>1,999</b>

Company	Financial assets at amortised cost	Assets at fair value through the profit and loss	Total
<b>31 December 2023</b>			
Assets as per statement of financial position			
Financial lease receivables	396	-	396
Investments into subsidiaries designated at fair value through profit or loss	-	11,319	11,319
Trade and other receivables excluding tax prepayments	801	-	801
Cash and cash equivalents	361	-	361
<b>Total</b>	<b>1,558</b>	<b>11,319</b>	<b>12,877</b>

Company	Financial assets at amortised cost	Assets at fair value through the profit and loss	Total
<b>31 December 2022</b>			
<b>Assets as per statement of financial position</b>			
Financial lease receivables	589	-	589
Investments into subsidiaries designated at fair value through profit or loss	-	11,176	11,176
Trade and other receivables excluding tax prepayments	43	-	43
Cash and cash equivalents	315	-	315
<b>Total</b>	<b>947</b>	<b>11,176</b>	<b>12,123</b>

Group	Financial liabilities at amortised cost	
	2023	2022
<b>Liabilities as per statement of financial position</b>		
Borrowings	18,644	12,817
Lease liabilities	412	633
Provision for onerous lease contract	8	32
Trade payables	348	281
Other current liabilities excluding taxes and employee benefits	521	509
<b>Total</b>	<b>19,933</b>	<b>14,272</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**12 Financial instruments by category (cont'd)**

Company	Financial liabilities at amortised cost	
	2023	2022
<b>Liabilities as per statement of financial position</b>		
Borrowings	14,940	12,817
Lease liabilities	412	633
Provision for onerous lease contract	8	32
Trade payables	344	171
Other current liabilities excluding taxes and employee benefits	486	506
<b>Total</b>	<b>16,190</b>	<b>14,159</b>

**13 Trade and other receivables**

	Group		Company	
	2023	2022	2023	2022
Trade receivables, gross	346	153	823	55
Accrued lease income, gross	4	14	4	14
Taxes receivable, gross	7	15	6	14
<b>Total trade and other receivable, gross</b>	<b>357</b>	<b>182</b>	<b>833</b>	<b>83</b>
Less: provision for impairment of trade and other receivables	(31)	(40)	(26)	(26)
Less: Write off still subject to enforcement activity	-	-	-	-
<b>Trade and other receivable net of expected credit losses</b>	<b>326</b>	<b>142</b>	<b>807</b>	<b>57</b>

Changes in provision for impairment of trade and other receivables for the year 2023 and 2022 have been included within 'Provision for impairment of trade receivables' in the statement of comprehensive income.

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 were as follows:

Group	Impairment losses
<b>Balance as at 31 December 2021</b>	<b>49</b>
Charge for the year	6
Write-offs charged against the provision	-
Enforcement activity ended	(10)
Recoveries of amounts previously impaired	(5)
<b>Balance as at 31 December 2022</b>	<b>40</b>
Charge for the year	4
Write-offs charged against the provision	-
Enforcement activity ended	(9)
Recoveries of amounts previously impaired	(4)
<b>Balance as at 31 December 2023</b>	<b>31</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**13 Trade and other receivables (cont'd)**

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

Company	<u>Impairment losses</u>
<b>Balance as at 31 December 2021</b>	<b>32</b>
Charge for the year	4
Write-offs charged against the provision	-
Enforcement activity ended	(8)
Recoveries of amounts previously impaired	(2)
<b>Balance as at 31 December 2022</b>	<b>26</b>
Charge for the year	-
Write-offs charged against the provision	-
Enforcement activity ended	-
Recoveries of amounts previously impaired	-
<b>Balance as at 31 December 2023</b>	<b>26</b>

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

	Current	Less than 30 days	30–60 days	Group 61–90 days	More than 90 days	Credit impaired	Total
<b>As at 31 December 2023</b>							
Trade receivables net of write off	240	72	2	-	1	31	346
Accrued lease income	4	-	-	-	-	-	4
Expected credit losses	-	-	-	-	-	(31)	(31)
<b>Trade and other receivable net of expected credit losses</b>	<b>244</b>	<b>72</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>319</b>
<b>As at 31 December 2022</b>							
Trade receivables net of write off	65	42	3	-	3	40	153
Accrued lease income	14	-	-	-	-	-	14
Expected credit losses	-	-	-	-	-	(40)	(40)
<b>Trade and other receivable net of expected credit losses</b>	<b>79</b>	<b>42</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>127</b>

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

	Current	Less than 30 days	30–60 days	Company 61–90 days	More than 90 days	Credit impaired	Total
<b>As at 31 December 2023</b>							
Trade receivables net of write off	772	25	-	-	-	26	823
Accrued lease income	4	-	-	-	-	-	4
Expected credit losses	-	-	-	-	-	(26)	(26)
<b>Trade and other receivable net of expected credit losses</b>	<b>776</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>801</b>
<b>As at 31 December 2022</b>							
Trade receivables net of write off	4	25	-	-	-	26	55
Accrued lease income	14	-	-	-	-	-	14
Expected credit losses	-	-	-	-	-	(26)	(26)
<b>Trade and other receivable net of expected credit losses</b>	<b>18</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**13 Trade and other receivables (cont'd)**

The impairment losses for not credit impaired trade receivables is not recognised, because it is immaterial. As at 31 December 2023 and 2022 most of trade receivables were secured by advances received from tenants.

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

	Current	Less than 30 days	30–90 days	90–180 days	More than 180 days	Total
Trade receivables net of write off as at 31 December 2023	-	-	-	3	28	31
Trade receivables net of write off as at 31 December 2022	-	-	-	1	39	40

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

	Current	Less than 30 days	30–90 days	90–180 days	More than 180 days	Total
Trade receivables net of write off as at 31 December 2023	-	-	-	-	26	26
Trade receivables net of write off as at 31 December 2022	-	-	-	-	26	26

**14 Share capital and reserves**

As at 31 December 2023 and 31 December 2022 the Company's and the Group's share capital was divided into 8,061,414 ordinary registered shares with the nominal value of EUR 1.45 each. All the shares of the Company were fully paid. As at 31 December 2023 and 31 December 2022 the Company held none of its own shares.

*Changes during 2022*

On 12 April 2022 EUR the annual general meeting has decided to transfer from the legal reserve EUR 663 thousand to retained earnings and 1,613 thousand from retained earnings to reserves for purchase of own shares.

Legal reserve

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with the statutory financial statements, are compulsory until the reserve reaches 10 % of the share capital. The reserve can be used only to cover the accumulated losses.

Reserve for the acquisition of own shares

Reserve for the acquisition of own shares is formed for the purpose of buying own shares in order to keep their liquidity and manage price fluctuations. It can be formed by shareholders' decision at the Annual Shareholders Meeting from the profit available for distribution. The reserve cannot be used to increase the share capital. The reserve does not change when Company acquires own shares but is utilised when own shares are cancelled. The shareholders can decide to transfer unused amounts of the reserve back to retained earnings at the Annual Shareholders Meeting.

**15 Dividends**

Payment of dividends of EUR 0.09 per share and total dividends of EUR 726 thousand in respect of the year ended 31 December 2022 was approved at the Annual General Meeting of Shareholders on 18 April 2023.

Payment of dividends of EUR 0.12 per share and total dividends of EUR 967 thousand in respect of the year ended 31 December 2021 was approved at the Annual General Meeting of Shareholders on 12 April 2022.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**16 Borrowings**

	Group		Company	
	2023	2022	2023	2022
<b>Non-current:</b>				
Non-current bank borrowings	17,700	12,109	14,283	12,109
Non-current other borrowings	-	-	-	-
	<u>17,700</u>	<u>12,109</u>	<u>14,283</u>	<u>12,109</u>
<b>Current:</b>				
Current portion of non-current borrowings	944	708	657	708
Borrowings from related parties	-	-	-	-
	<u>944</u>	<u>708</u>	<u>657</u>	<u>708</u>
<b>Total borrowings</b>	<b><u>18,644</u></b>	<b><u>12,817</u></b>	<b><u>14,940</u></b>	<b><u>12,817</u></b>

All borrowings are expressed in EUR.

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

Interest rate type:	Group		Company	
	2023	2022	2023	2022
Fixed	48	-	-	-
Floating	18,596	12,817	14,940	12,817
	<u>18,644</u>	<u>12,817</u>	<u>14,940</u>	<u>12,817</u>

The carrying amounts of assets pledged to the banks to secure the repayment of borrowings are as follows:

	Group		Company	
	2023	2022	2023	2022
Investment properties (Note 11)	36,194	25,313	26,292	25,313
Cash	315	252	301	252

Weighted average effective interest rates of borrowings for the period:

	Group		Company	
	2023	2022	2023	2022
Borrowings	<u>6.25%</u>	<u>3.20%</u>	<u>6.15%</u>	<u>3.18%</u>

As at 31 December 2023 and 2022 all Group entities have complied with bank loan covenants.

On 23 June 2023 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 15,095 thousand is set. It consists of two parts. The first part amounts to EUR 14,095 thousand whose outstanding balance on the day of signing the contract was EUR 13,190 thousand, remained not disbursed credit amount of EUR 35 thousand and EUR 870 thousand an additional credit amount. The second part is a credit line of EUR 1,000 thousand, which could be disbursed until 26 June 2028. Furthermore, the settlement schedule and due date (27 June 2028) were changed. As of 31 December 2023 all credit limit is withdrawn. During 2023 the Company used EUR 2,771 thousand of borrowing and returned EUR 677 thousand.

On 21 December 2023 subsidiary Dommo Biznesa Parks signed EUR 2,550 thousand loan agreement with OP Corporate Bank plc Latvia branch. EUR 2,000 thousand was used to cover issued bonds by subsidiary to finance acquisition of UAB Pramogų bankas (Note 11). As at 31 December 2023 the unused portion of Dommo Biznesa Parks credit was EUR 550 thousand.

On 19 May 2022 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 14,500 thousand is set. It consists of two parts. The first part amounts to EUR 13,500 thousand whose outstanding balance on the day of signing the contract was EUR 8,978 thousand and EUR 4,522 thousand an additional credit amount. The second part is a credit line of EUR 1,000 thousand, which could be disbursed until 17 May 2027. Furthermore, the settlement schedule and due date (18 May 2027) were changed. During 2022 the Company used EUR 1,000 thousand of credit line and EUR 3,650 thousand of the first part of the credit. In addition, EUR 829 thousand of credit line was returned. Therefore, 31 December 2022 the unused portion of the Company's credit (including the credit line) was EUR 1,701 thousand.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**16 Borrowings (cont'd)**

After the acquisition and merger of UAB "RE 1" to the Company, the Group took over the available short-term loan of AB Šiaulių Bankas, which was EUR 221 thousand on the date of these statements. The final loan repayment term is 16 June 2023. The loan was repaid utilizing the aforementioned loan agreement with AB Šiaulių Bankas.

Changes in liabilities arising from financing activities are presented in the table below:

	<b>Group</b>		<b>Company</b>	
	<b>Borrowings and lease liabilities</b>	<b>Dividends payable (Note 15, 17)</b>	<b>Borrowings and lease liabilities</b>	<b>Dividends payable (Note 15, 17)</b>
<b>As at 31 December 2021</b>	<b>9,976</b>	<b>437</b>	<b>9,976</b>	<b>437</b>
Cash flows from (to) financing activities	2,823	(964)	2,855	(964)
Interest expenses (Note 8)	378	-	370	-
Increase of lease liabilities recalculation due to indexation and modification	28	-	28	-
Borrowings acquired through acquisition of the group of asset (the Group) and the merger (the Company) (Note 5)	245	-	221	-
Approved dividends	-	967	-	967
<b>As at 31 December 2022</b>	<b>13,450</b>	<b>440</b>	<b>13,450</b>	<b>440</b>
Cash flows from (to) financing activities	2,806	(712)	1,021	(712)
Interest expenses (Note 8)	1,049	-	862	-
Increase of lease liabilities recalculation due to indexation and modification	19	-	19	-
Borrowings acquired through acquisition of the group of asset (the Group)	1,732	-	-	-
Approved dividends	-	726	-	726
<b>As at 31 December 2023</b>	<b>19,056</b>	<b>454</b>	<b>15,352</b>	<b>454</b>

**17 Other current liabilities**

Other current liabilities are presented in the table below:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b><u>Financial liabilities</u></b>				
Dividends payable	454	440	454	440
Performance Fee (Note 7, 2.19)	-	-	-	-
Other amounts payable	67	69	32	66
	<b>521</b>	<b>509</b>	<b>486</b>	<b>506</b>
<b><u>Non – financial liabilities</u></b>				
Salaries and social security contributions payable	45	30	-	-
Tax payable	49	50	19	18
	<b>94</b>	<b>80</b>	<b>19</b>	<b>18</b>
<b>Total other current liabilities</b>	<b>615</b>	<b>589</b>	<b>505</b>	<b>524</b>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**18 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. Under IAS 24, AB "Invalda INVL" and its controlled companies (hereinafter - Other related parties) are also classified as related parties.

The Group's transactions with related parties during 2023 and related balances as at 31 December 2023 were as follows:

<b>2023</b>	<b>Revenue and other income from related parties</b>	<b>Purchases (including provision) and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties (excluding provision)</b>
<b>Group</b>				
AB Invalda INVL (accounting services)	-	41	-	-
Other related parties (rent, utilities and other)	-	4	-	-
Other related parties (management services provided by the Management Company)	-	(44)	-	13
	-	1	-	13

The Group's transactions with related parties during 2022 and related balances as at 31 December 2022 were as follows:

<b>2022</b>	<b>Revenue and other income from related parties</b>	<b>Purchases (including provision) and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties (excluding provision)</b>
<b>Group</b>				
AB Invalda INVL (accounting services)	-	43	-	2
Other related parties (maintenance and repair services)	-	36	-	-
Other related parties (rent, utilities and other)	5	7	-	-
Other related parties (management services provided by the Management Company)	-	857	-	15
	5	943	-	17

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. Under IAS 24, AB "Invalda INVL" and its controlled companies (hereinafter - Other related parties) are also classified as related parties.

Transactions of the Company with subsidiaries in 2023 and balances as at 31 December 2023 were as follows:

<b>2023</b>	<b>Revenue and other income from related parties</b>	<b>Purchases and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties</b>
<b>Company</b>				
Loans to subsidiaries	-	-	8,593	-
Transfer of loans within the group	2,578	-	582	-
Rent	442	-	30	-
Other	-	251	-	101
	3,020	251	9,205	101

The repayment date of the loans granted to subsidiaries in Lithuania is 31 December 2024. As described in Note 2.7, the Company measured the loans granted to subsidiaries at fair value and did not recognise interest income separately.

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**18 Related party transactions (cont'd)**

Transactions of the Company with subsidiaries in 2022 and balances as at 31 December 2022 were as follows:

<b>2022</b>	<b>Revenue and other income from related parties</b>	<b>Purchases and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties</b>
<b>Company</b>				
Loans to subsidiaries	-	-	10,989	-
Rent	396	-	-	-
Other	-	234	-	2
	<u>396</u>	<u>234</u>	<u>10,989</u>	<u>2</u>

The repayment date of the loans granted to subsidiaries in Lithuania is 31 December 2023. As described in Note 2.7, the Company measured the loans granted to subsidiaries at fair value and did not recognise interest income separately.

The Company's transactions with other related parties during 2023 and related balances as at 31 December 2023 were as follows:

<b>2023</b>	<b>Revenue and other income from related parties</b>	<b>Purchases (including provision) and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties (excluding provision)</b>
<b>Company</b>				
AB Invalda INVL (accounting services)	-	24	-	-
Other related parties (rent, utilities and other)	-	3	-	-
Other related parties (management services provided by the Management Company)	-	(44)	-	13
	<u>-</u>	<u>(17)</u>	<u>-</u>	<u>13</u>

The Company's transactions with other related parties during 2022 and related balances as at 31 December 2022 were as follows:

<b>2022</b>	<b>Revenue and other income from related parties</b>	<b>Purchases (including provision) and interest from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties (excluding provision)</b>
<b>Company</b>				
AB Invalda INVL (accounting services)	-	25	-	2
Other related parties (maintenance and repair services)	-	4	-	-
Other related parties (rent, utilities and other)	-	3	-	-
Other related parties (management services provided by the Management Company)	-	857	-	15
	<u>-</u>	<u>889</u>	<u>-</u>	<u>17</u>

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(all amounts are in EUR thousand unless otherwise stated)

**18 Related party transactions (cont'd)**

The movements of loans granted to subsidiaries of the Group were:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
<b>At 1 January</b>	<b>10,989</b>	<b>9,580</b>
Loans granted during year	-	100
Loans repayment received	(3 040)	(701)
Changes in fair value of loans granted	665	2,032
Interest received	(21)	(22)
<b>At 31 December</b>	<b>8,593</b>	<b>10,989</b>

The management remuneration contains short-term employee benefits. Key management of the Company and the Group includes the Management Company and member of Investment Committee.

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Wages, salaries and bonuses	1	1	-	-
Management Fee (Note 2.11)	172	176	172	176
Performance Fee (Note 2.11) (change in provision)	(216)	681	(216)	681
Total key management compensation	(43)	858	(44)	857

There were no loans granted to key management during the reporting period or outstanding at the end of the reporting period.

During 2023 the Company paid to "INVL Life" UAB EUR 170 thousand of dividends, net of tax, and paid to other shareholders, who have significance influence, EUR 264 thousand of dividends, net of tax.

During 2022 the Company paid to "INVL Life" UAB EUR 227 thousand of dividends, net of tax, and paid to other shareholders, who have significance influence, EUR 351 thousand of dividends, net of tax.

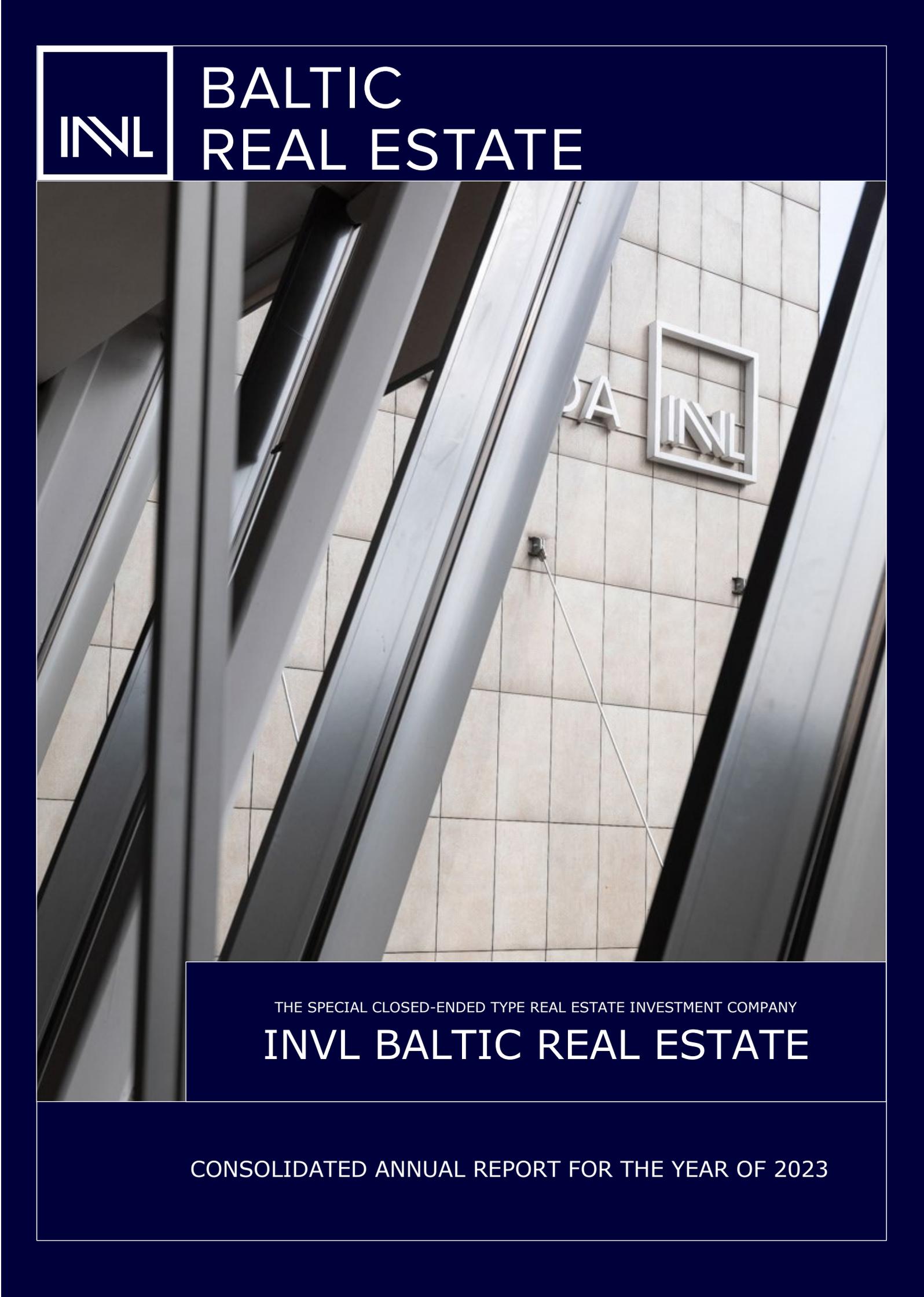
**19 Remuneration to auditors**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
The Group's and the Company's statutory audit fee	29	29	29	29

From 2014 the Group's and the Company's statutory audit was performed by UAB PricewaterhouseCoopers. In 2023 and 2022 UAB PricewaterhouseCoopers did not provide any non-audit services (including other assurance services and tax advisory services).

**20 Events after the reporting period**

No post-reporting events occurred from the date of preparation of the financial statements to the date of issuance of the financial statements.



INVL

# BALTIC REAL ESTATE

THE SPECIAL CLOSED-ENDED TYPE REAL ESTATE INVESTMENT COMPANY

## INVL BALTIC REAL ESTATE

CONSOLIDATED ANNUAL REPORT FOR THE YEAR OF 2023

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## I. GENERAL INFORMATION

### 1. Legal basis for preparation of the Annual Consolidated Report and content of information

The Annual Consolidated Report of the public joint-stock company Special closed-ended type real estate investment company „INVL Baltic Real Estate” (hereinafter – “the Company”, “Issuer” or “INVL Baltic Real Estate”) has been prepared by the Company in accordance with the Lithuanian Law on Securities of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, the Rules on the Disclosure of Information and the Guidelines on the Disclosure of Information approved by the Board of the Bank of Lithuania. The content of the consolidated annual report is disclosed according to Law on Consolidated Financial Statements of Enterprises of the Republic of Lithuania and Law on Corporate Financial Reporting of the Republic of Lithuania.

The Company informs that the information disclosed in this Annual Consolidated Report is divided into five (V) sections. These sections disclose General information about the Issuer, information on Company's securities, the Management of the Company, the Company's and the Group's activities and other information, that Company's Management values as important to disclose. The Company notes that the information presented in the Annual Report is relevant for understanding the Company's performance, condition, and impact of operations.

### 2. Reporting period for which the report is prepared

The report covers the financial period of INVL Baltic Real Estate, starting from 1 January 2023 and ending on 31 December 2023. The report also discloses information from the end of the reporting period to the release of the report.

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

#### 3.1. INFORMATION ABOUT THE ISSUER

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

#### 3.2. INFORMATION ON COMPANY'S GOALS AND STRATEGY

INVL Baltic Real Estate – real estate investment company that was founded on 28 January 1997, former name – Invaldos Nekilnojamo Turto Fondas, AB. On 17 August 2015 the Company was merged with its parent company; therefore, the Company took over all its rights and obligations. From 26 July 2021 till 11 May 2023, the Company had a collegial supervisory body – the Supervisory Board (hereinafter – “the Supervisory Board”). Considering that a new version of the Republic of Lithuania Law on Companies entered into effect on 30 November 2022 and according to the provisions of section 1 of article 78 therein, the requirement to form a collegial body with supervisory functions no longer applies to investment companies specified in the Republic of Lithuania Law on Collective Investment Undertakings with the legal form of a public limited liability company whose shares are admitted to trading on a regulated market, General Ordinary Shareholders Meeting that was held on 18 April 2023, made a decision to eliminate the Supervisory Board. The Company's management bodies are not formed.

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 (hereinafter – "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 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. The Company has approved a Dividend Payment policy on 9 April 2019 which stipulates the annual payment of dividend per share of no less than EUR 0.09. It is noted that in accordance with the provisions of the dividend payment policy, the Company may allocate both lower and higher dividends per share than it is expected in the policy.

### 3.3. INFORMATION ABOUT THE ISSUER'S GROUP OF COMPANIES

Portfolio companies of INVL Baltic Real Estate – shown in the scheme below – owns 5 real estate properties in Vilnius and Riga. All the properties generate leasing income and most of them offer prospects for further development. The number of real estate properties managed by the Company increased compared to the reporting period of 2023 due to completed purchase transactions – on 20 June 2023, INVL Baltic Real Estate won the auction organized by Turto bankas VĮ for the garage (box) and on 18 July 2023 Company completed the transaction regarding the acquisition of shares of Pramogų Bankas.

INVL Baltic Real Estate seeks to profit on investments in commercial real estate by ensuring the growth of leasing income and steadily developing the potential of existing properties, taking advantage of their location.

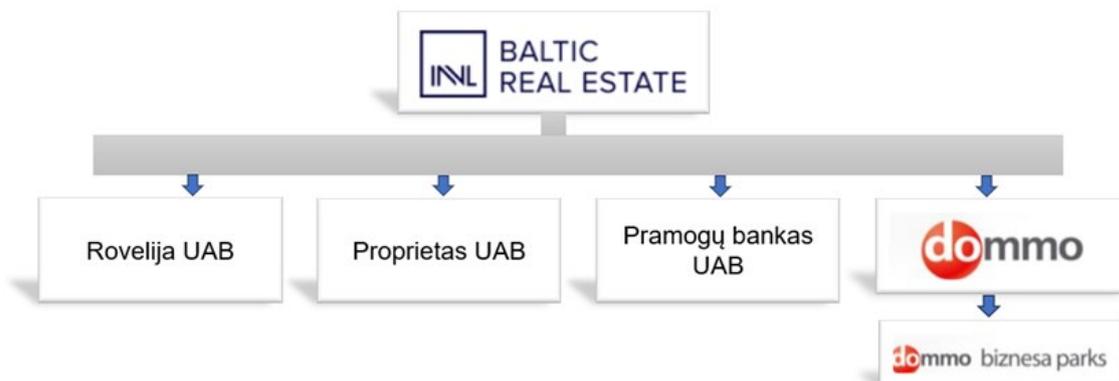


Fig. 3.3.1. Simplified group structure of INVL Baltic Real Estate as of 31 December 2023

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



Fig. 3.3.2. Real estate objects owned by group companies of INVL Baltic Real Estate in Vilnius (Lithuania)

**OFFICE BUILDING IN THE CENTRE OF VILNIUS, PALANGOS STR. 4/ VILNIAUS STR. 33**  
AREA 10,000 SQ.M.

Business centre is 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.

In the business center operates more than 2,000 square meters Talent Garden Vilnius cooperation space. In total, the space has more than 230 workplaces, more than half of which are in private offices, as well as a modern conference hall with 150 seats.

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



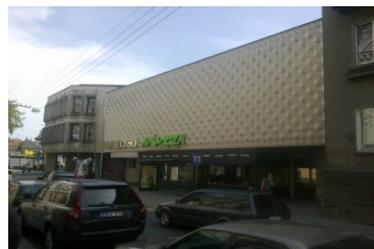
### Block A basic information

Total area	5,100 sq. m
Leased area	4,000 sq. m
Land area	0.49 ha (total area of the complex)
Property market value at the end of 2023	EUR 9 million
Occupancy at the end of 2023	91 percent (total complex occupancy)



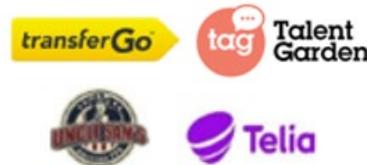
### Block B basic information

Total area	4,900 sq. m
Leased area	2,900 sq. m
Land area	0,49 ha (total area of the complex)
Property market value at the end of 2023	EUR 8.5 million
Occupancy at the end of 2023	91 percent (total complex occupancy)



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

Main tenants Talent Garden Vilnius, TransferGo, Telia LT, Uncle Sam's.



Talent Garden Vilnius' opened on 12 December 2019 and was established on a campus of more than 2,000 sq. m. on Vilniaus Street (Vilniaus g. 33). The space is also host to the first Startup Museum in the country, a creation of Vilnius's tourism and development agency Go Vilnius. The campus features a total of over 230 workplaces, more than half of which are in private offices, as well as a 150-seat modern conference hall.

More about the project: <http://talentgardenvilnius.lt/>



## ŽYGIS BUSSINESS CENTRE

AREA 3,300 SQ.M.



Žygis 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	3,300 sq. m
Leased area	2,900 sq. m
Land area	0.4 ha
Property market value at the end of 2023	EUR 3.9 million
Occupancy at the end of 2023	100 percent
Address	Zygio str. 97A, Vilnius.



Main tenants School “Žiniukas”, Innoforce, UAB



## BUILDING IN THE CENTRE OF VILNIUS, VILNIAUS STR. 37

AREA 2,000 SQ.M.

The building is located in a prestigious part of Vilnius, in Old Town. It is one of the most important components of the city and its centre, located on the left bank of the Neris river. The property is positioned near Gediminas Avenue, which is considered the most prestigious street in Vilnius. The building’s environment is dominated by older buildings of city centre-specific architecture, with various commercial premises, hotels, numerous cafes, restaurants, and other attractions.

Currently, the café which is located in the building is rented, however other premises of the building are not rented and a reconstruction project is in the process of being prepared for it. Once this project is implemented, the building will be adapted to commercial and catering activities.

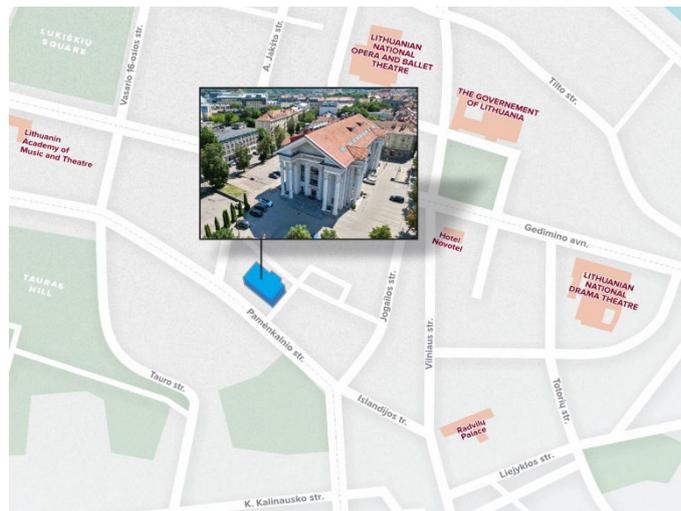


**Basic information**

Total area	2,000 sq. m.
Leased area	260 sq. m.
Land area	0.16 ha
Property market value at the end of 2023	6.1 mln. EUR
Occupancy at the end of 2023	100 <sup>1</sup>
Address:	Vilniaus str. 37, Vilnius.


**BUILDING OF PRAMOGŲ BANKAS, A. STULGINSKIO STR. 8  
AREA 4,100 SQ.M.**

The building is located in a desirable and convenient location in Vilnius, i.e. at the crossroads of Naujamiestis (New Town) and Senamiestis (Old Town) districts. It is about 200 metres away from the commercially highly desirable Gediminas Avenue, which attracts large pedestrian traffic and is home to many commercial facilities. The building is a cultural heritage site and used to house the Pergalės Cinema. The cinema was built in 1951 to a standard design refined by Giovanni Ripa-Angioletto, with a spacious neo-classical interior. The underground parking and the adjacent car park have a total of 50 parking spaces, which is a significant number in the central part of Vilnius. The company acquired the building in June 2023. It is currently home to the Nesė Casino and other commercial activities. The company has started to prepare a renovation project for the building in order to best meet the needs of potential tenants in the future.

**Basic information**

Total area	4,100 sq. m.
Leased area	3,000 sq. m.
Land area	0.24 ha
Property market value at the end of 2023	4.2 mln. EUR
Occupancy at the end of 2023	85 percent
Address:	A.Stulginskio str. 8, Vilnius.



<sup>1</sup> The 257 sq. m. building area, which is suitable for rent is leased. The other building area is being reconstructed

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

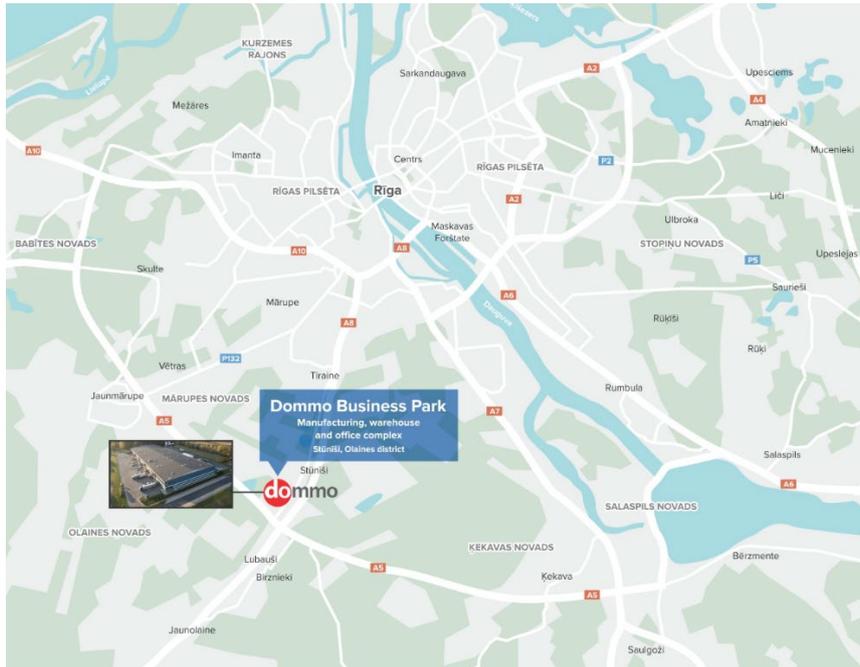


Fig. 3.3.3. Real estate objects owned by group companies of INVL Baltic Real Estate in Riga (Latvia)

#### DOMMO BUSINESS PARK WAREHOUSE AND OFFICE COMPLEX AREA 12,800 SQ.M.

Dommo Business Park 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 and lease area	12,800 sq. m
Leased area	12,800 sq. m
Land area	54.80 ha
Property market value at the end of 2023	EUR 10.3 million
Occupancy at the end of 2023	100 percent
Address	Stūņi, Olaines region.



Main tenants: Bohnenkamp, Tente, Rewico Baltikum, Inservis.



## II. FINANCIAL INFORMATION AND SIGNIFICANT EVENTS

### 4. Overview of the Issuer and its group activity

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



Last year has been extremely successful for the Company in achieving long-term operational results.

INVL Baltic Real Estate's consolidated net operating income from its own properties in 2023 amounted to 2.4 million euros or 19 per cent more than in 2022 (2.03 million euros). INVL Baltic Real Estate's consolidated income in 2023 comprised 3.6 million euros or 6 per cent more than in 2022 (3.4 million euros), the consolidated rental income from own property increased by 16 per cent to 2.2 million euros.

The group's net profit in 2023 reached 0.7 million euros, the value of assets under management increased by 5.6 million euros in 2023, and at the end of the year amounted to 42.1 million euros. The value of equity at the end of the year reached 23.52 million euros. The equity value per share was 2.92 euros and increased by 3 per cent (after assessing the dividends paid in 2023) during the year.

Last year was significant in the development of the object on Vilniaus st. 37 – in April, the maintenance and repair works of the object have been started, upon completion of which at the end of 2024, we will offer to the market about 2,200 sq.m of leased space on the first and second floors of a high-class office building and catering facilities on the ground floor.

Last year, we made significant progress in the design of the reconstruction of the buildings located at the intersection of Palangos and Vilniaus streets in the capital. Currently, together with the design company Viltakta, we are about to complete the preparations for the technical project of reconstruction of the buildings. We plan that after the reconstruction, the above-ground area of the complex should increase by approximately 3,600 sq. m.

We are glad that Talent Garden Vilnius managed to maintain the maximum level of occupancy of the space for the fourth year in a row and continuously improve its financial results. Thanks to the successful operations of Talent Garden Vilnius and other lease agreements signed in previous periods, in 2023, the net rental income of the object on Palangos st. 4 / Vilniaus st. 33 increased by 19 per cent compared to 2022, and amounted to 1.5 million euros.

In 2023, the premises managed by INVL Baltic Real Estate were characterised by a high occupancy rate and improving operating results. We are glad that our customers continue to remain loyal and trust INVL Baltic Real Estate as a reliable and long-term partner. In the coming years, we will continue to meet the expectations of our customers and increase the value for investors.

#### 4.2. OPERATIONAL ENVIRONMENT

In 2023, the commercial real estate market in the city of Vilnius continued to develop quite rapidly: an area of over 100 thousand sq. m was offered for rent in newly opened business centres. An area of some 110 thousand sq. m is expected to be added in the next few years.

In 2023, the vacancy rate of class A business centres reached about 6 per cent, B1 – 9 per cent, and B2 – 8 per cent. The price changes were not significant. In class A business centres, the prices reached EUR 16-20 per sq. m, in B1 – EUR 13-15 per sq. m, and in B2 – approx. EUR 10 per sq. m. The high level of inflation in 2022 led to the situation where the price growth of vacant premises was already registered at the end of 2022 - the beginning of 2023.

The last few years have not been characterised by significant office development in the city of Kaunas. In 2023, the development of only one business centre with an area of 5000 sq.m designated for own needs was planned. Larger number of offices, i.e., nearly 40 thousand sq.m, will be offered to the market only in 2024 or later.

In 2023, the vacancy of premises in Kaunas business centres was not very high. About 3 per cent of premises in class A business centres were not leased, and in B1 - approx. 4 per cent of premises. A larger unoccupied area of about 10 percent is registered only in B2 class offices, as tenants choose to move to more modern premises. It is likely that the greater part of these premises can be leased before the end of the year due to the lack of supply, however, the opening of business centres under development will put the greatest pressure on the offices of this segment in the future. No significant changes in the rental price have been recorded in 2023. Like in the capital city, the main correction of rental prices took place at the end of 2022, as the final picture of annual inflation emerged. In class A business centres, the prices fluctuated within a range of EUR 12-15 per sq.m, in B1 – EUR 9-12 per sq.m, and in B2 – approx. EUR 8-9 per sq. m.

In 2023, revival in the real estate market of Klaipėda is likely not only in the residential but also in the commercial property segments. In the next few years, it is planned to develop approximately 25 thousand sq.m of new office spaces. Most of them are located in the Mėmelio business centre and the Tech Zity Klaipėda buildings.

The particularly limited development of business centres has been supporting the extremely low vacancy rates for another half a year, which, in 2023, reached about 5 per cent in class A business centres, in B1 – approx. 2 per cent, and in B2 – approx. 4 per cent. No significant changes in the rental price have been recorded in 2023. Class A premises could be rented for EUR 10-12 per sq. m, B1 – for EUR 7-11 per sq.m, and B2 – for EUR 5-7 per sq. m. Due to the low availability of vacant premises and a low comparative base, there is sufficient room for rental prices to grow, but it is too early to assess whether this potential will be sufficient to ensure the profitability of new projects.

In 2023, Riga's logistics and storage market increased by about 110 thousand sq. m. This change was mainly due to two built-to-suit projects developed by the developer VGP. In Riga, the demand for logistics and storage facilities remains stable. Compared to 2022, the vacancy rate increased and reached approx. 2.9 percent. Rental prices range from EUR 4.5 to 5 per sq. m.

Sources:

[https://www.inreal.lt/file/2/6/0/3/Ekonomikos-ir-NT-rinkos-apzvalga-2023-I-pusm-INREAL\\_SEB\\_COBALT\\_Citynow.pdf](https://www.inreal.lt/file/2/6/0/3/Ekonomikos-ir-NT-rinkos-apzvalga-2023-I-pusm-INREAL_SEB_COBALT_Citynow.pdf)

<https://www.colliers.com/en-lv/countries/latvia/reports/q4-2023-baltic-property-snapshot>

#### 4.3. RESULTS OF INVL BALTIC REAL ESTATE

EUR million	Group			Company		
	01.01.2021 – 31.12.2021	01.01.2022 – 31.12.2022	01.01.2023 – 31.12.2023	01.01.2021 – 31.12.2021	01.01.2022 – 31.12.2022	01.01.2023 – 31.12.2023
Income (revenue)	2.73	3.41	3.63	1.51	1.68	1.85
rental income from owned premises	1.69	1.92	2.22	1.50	1.66	1.84
other revenue	1.04	1.49	1.41	0.01	0.02	0.01
Investment property revaluation	2.85	3.98	(0.2)	2.40	3.16	(0.2)
Net operating income from owned properties*	1.61	2.03	2.42	-	-	-
Profit before tax	3.39	4.25	0.7	3.40	4.22	0.7
Net profit	3.40	4.22	0.7	3.40	4.22	0.7
Earnings per share	EUR 0.37	EUR 0.52	EUR 0.09	EUR 0.37	EUR 0.52	EUR 0.09

\*The Company publishes Alternative performance measures (AVR), 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” → „Financial information and reports”. The link is provided <https://bre.invl.com/en/for-investors/financial-information-and-reports/>. Also, for the convenience of investors, the Company provides AVR in Annex 4 to the Annual Report.

The consolidated income (revenue) of INVL Baltic Real Estate in 2023 amounted to EUR 3.6 million or 6 percent more than in 2022 (EUR 3.4 million), while consolidated rental income from own property increased by 16 percent to EUR 2.2 million.

#### 4.4. FINANCIAL RATIOS\*

EUR million	Group			Company		
	2021	2022	2023	2021	2022	2023
Return on Equity (ROE), %	13.83	19.27	2.97	13.83	19.27	2.97
Return on Assets (ROA), %	9.07	11.73	1.67	9.10	11.79	1.76
Debt ratio	0.39	0.40	0.47	0.38	0.39	0.42
Debt – Equity ratio	0.63	0.66	0.90	0.62	0.65	0.73
Gearing ratio	0.26	0.33	0.42	0.28	0.35	0.38
Liquidity ratio	0.79	0.95	0.9	0.56	0.43	0.87
Pre-tax profit margin, %	124.08	124.41	19.75	225.25	251.13	37.76
Normalized operating profit, thousand EUR	969	1,313	1,584	559	745	969
Normalized operating profit margin, %	35.45	38.48	43.62	37.03	44.29	52.35
Borrowings to value of investment properties, %	30.9	35.2	44.3	-	-	-
Interest coverage ratio	3.73	3.63	1.53	-	-	-
Bank's debt service coverage ratio	1.61	1.74	1.14	-	-	-
Net profit margin, %	124.37	123.80	19.25	225.25	251.13	37.76
Earnings per share (EPS), EUR	0.37	0.52	0.09	0.37	0.52	0.09
Price to earnings ratio (P/E)	6.30	4.12	23.33	6.30	4.12	23.33

\*The Company publishes Alternative performance measures (AVR), 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” → „Financial information and reports”. The link is provided

<https://bre.invl.com/en/for-investors/financial-information-and-reports/>. Also, for the convenience of investors, the Company provides AVR in Annex 4 to the Annual Report.

#### 4.5. KEY FIGURES OF INVL BALTIC REAL ESTATE

EUR million	Group			Company		
	31.12.2021	31.12.2022	31.12.2023	31.12.2021	31.12.2022	31.12.2023
Managed common area	27,700 sq. m	28,100 sq. m	32,200 sq. m	14,900 sq. m	15,300 sq. m	15,300 sq. m
Managed rental area	24,200 sq. m	22,850 sq. m	25,800 sq. m	11,400 sq. m	10,050 sq. m	10,050 sq. m
The real estate value	29.62	36.43	42.06	20.80	26.44	27.55
Investments into subsidiaries (including loans granted to subsidiaries)	-	-	-	9.80	11.18	11.32
Cash	1.90	1.28	1.28	1.21	0.32	0.36
Other assets	1.51	1.31	1.22	1.01	0.88	1.45
<b>Assets</b>	<b>33.03</b>	<b>39.02</b>	<b>44.56</b>	<b>32.82</b>	<b>38.82</b>	<b>40.68</b>
Equity	20.29	23.54	23.52	20.29	23.54	23.52
Borrowings from credit institutions	9.14	12.82	18.64	9.14	12.82	14.94
Other payables	3.6	2.66	2.4	3.39	2.46	2.22
<b>Total equity and liabilities</b>	<b>33.03</b>	<b>39.02</b>	<b>44.56</b>	<b>32.82</b>	<b>38.82</b>	<b>40.68</b>
<b>Total equity for one share</b>	<b>EUR 2.52</b>	<b>EUR 2.92</b>	<b>EUR 2.92</b>	-	-	-

#### 4.6. NET ASSET VALUE OF INVL BALTIC REAL ESTATE

The Net Asset Value (hereinafter - "NAV") is calculated by deducting liabilities from the Company's assets, including Management Fee Liabilities and Success Fee Liabilities. This amount is used to calculate the value of the Company's share, which is equal to the Company's NAV divided by the number of shares issued and paid by the Company. The number of shares issued and paid does not include:

1.1. The shares acquired by the Company.

1.2. The Company's shares, which the Company acquires based on the submitted but not executed order, in connection with the redemption of shares, in respect of which a liability to purchase these shares has been recognized in the Company's financial statements in accordance with IAS requirements.

The value of a share is determined to four decimal places and rounded according to mathematical rules.

The Company's NAV is calculated and published on a quarterly basis, with the exceptions provided for in the Company's Articles of Association.

Information about the Company's net asset value is updated every quarter: data for the first and third quarters are provided within a month of the end of the period, while half-year data is provided within two months and full-year data within four months of the end of the period.

Date	Net asset value per share, EUR	Net asset value, EUR	Recalculated net asset value per share, EUR*	Allocated dividends per share, EUR*
30 11 2016**	0.4203	27,633,382	2.1014	
31 12 2016	0.4726	31,072,202	2.3629	
31 03 2017	0.4781	31,431,866	2.3903	
30 06 2017	0.4838	31,811,344	2.4191	0.06
30 09 2017	0.4924	32,374,388	2.4619	
31 12 2017	0.5150	33,860,074	2.5749	
31 03 2018	2.4984	32,853,366	2.4984	0.13
30 06 2018	2.5900	34,058,027	2.5900	
30 09 2018	2.6147	34,382,903	2.6147	
31 12 2018	2.6859	35,319,397	2.6859	
31 03 2019	2.7033	35,548,100	2.7033	

30 06 2019	2.6850	35,307,971	2.6850	0.13
30 09 2019	2.7185	35,748,715	2.7185	
31 12 2019	3.3479	44,024,833	3.3479	
31 03 2020	3.3786	44,428,162	3.3786	
30 04 2020***	1.8526	24,361,588	1.8526	1.55
30 06 2020	1.8678	24,561,436	1.8678	
30 09 2020****	2.2270	23,602,043	2.2270	
30 11 2020*****!	2.2103 (reviewed 2.2043)	28,843,807 (reviewed 28,765,348)	2.2103 (reviewed 2.2043)	
31 12 2020!	2.2124 (reviewed 2.2095)	28,870,287 (reviewed 28,832,682)	2.2124 (reviewed 2.2095)	
31 03 2021	2.2295	17,972,963	2.2295	
30 06 2021	2.1874	17,633,254	2.1874	0.12
30 09 2021	2.2362	18,027,324	2.2362	
31 12 2021	2.5164	20,285,578	2.5164	
31 03 2022	2.5229	20,337,844	2.5229	
30 06 2022	2.6294	21,196,770	2.6294	0,12
30 09 2022	2.6565	21,415,199	2.6565	
31 12 2022	2.9203	23,542,037	2.9203	
<b>31 03 2023</b>	<b>2.9454</b>	<b>23,744,205</b>	<b>2.9454</b>	
<b>30 06 2023</b>	<b>2.8642</b>	<b>23,089,203</b>	<b>2.8642</b>	<b>0.09</b>
<b>30 09 2023</b>	<b>2.8873</b>	<b>23,275,355</b>	<b>2.8873</b>	
<b>31 12 2023</b>	<b>2.9169</b>	<b>23,514,460</b>	<b>2.9169</b>	

\* Net asset value per share and allocated dividends are recalculated considering the changed nominal value per share (EUR 1.45).

\*\* Initial net asset value per share: EUR 2.1014, revaluated by the nominal value per share being EUR 1.45.

\*\*\* Considering resolution of the General Shareholders Meeting of the Company that was held on 9 April 2020 on repurchase of own shares of the Company due to material changes in the incorporation documents of the Company, the net asset value as of 30 April 2020 is announced. According to the published net asset value, the shares of the Company were repurchased from the shareholders of the Company who did not vote at the Meeting regarding material changes in the incorporation documents of the Company and express their wish to do so.

\*\*\*\* If the Company's net asset value on 30 September 2020 were calculated using the redeemable share liability calculated on the basis of the number of shares actually redeemed and not on the total number of redemption shares submitted, the net asset value would be EUR 28,143,520 or EUR 2.1567 per share.

\*\*\*\*\* According to the 23 December 2020 Company's announcement of the convocation of the General Extraordinary Shareholders Meeting, which was held on 14 January 2021, if the shareholders of the Company make the decisions provided in the agenda of the Meeting, the process of buy-back of shares of Company due to material changes in the incorporation documents of the Company should take place. Therefore, the Company announced the Company's 30 November 2020 net asset value, according to which, the shares of the Company are repurchased from the shareholders of the Company who wish so and who did not vote at the Meeting regarding the material changes in the incorporation documents of the Company.

! The Company's Management Company performing the usual operational control measures, determined that in determining the value of the Company's net assets of 30 November 2020 and 31 December 2020, the error occurred. Accordingly, the adjusted values of the Company's net assets are presented: (i) the Company's net asset value as of 30 November 2020 was EUR 28,765,348, or EUR 2.2043 per share. The difference from the previously announced net asset value is 0.27 percent. (ii) the Company's net asset value as of 31 December 2020 was EUR 28,832,682, or EUR 2.2095 per share. The difference from the previously announced net asset value is 0.13 percent. This discrepancy in the value of the Company's net assets did not have any negative consequences for the Company's shareholders. The Company's share buy-back, which ran from 25 January 2021 to 25 March 2021 (inclusive), was carried out based on a net asset value of 30 November 2020, that value was 0.27 percent higher than the above revised net asset value of 30 November 2020. The difference between the incorrect and the net asset value applied during the share buy-back process will be compensated by the Management Company.

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

##### 4.7.1. Significant Issuer's events

###### INVESTMENT ACTIVITY

- In 2023, the Company continued the acquisition of real estate objects, which are located at Vilniaus st. 37, Vilnius. On 20 June 2023, the Company won the auction organized by Turto bankas, VĮ for the garage (box) with a total area of 16.83 sq.

m., located at Vilniaus str. 37-3, Vilnius, with part of the land plot of 0.0015 ha from the total land plot of 0.3453 ha, located at Vilniaus st. 37, Vilnius. Later in July 2023 the Company purchased this real estate from Turto bankas, VĮ for EUR 29,900.

- On 18 July 2023 the Company completed the transaction regarding the sale and purchase of shares of Pramogų Bankas, all the conditions stipulated in the agreement have been implemented. The Company purchased the shares of Pramogų Bankas from Nesė Group UAB for an amount of EUR 2.9 million. It must be noted that the building managed by Pramogų Bankas was valued at EUR 4.6 million. Pramogų bankas owns non-residential premises – entertainment center with guesthouse and non-residential premises – gambling house with bars – at the address A. Stulginskio str. 8, in Vilnius.

#### MANAGEMENT OF THE COMPANY

- Considering that a new version of the Republic of Lithuania Law on Companies entered into effect on 30 November 2022 and according to the provisions of section 1 of article 78 therein, the requirement to form a collegial body with supervisory functions no longer applies to investment companies specified in the Republic of Lithuania Law on Collective Investment Undertakings with the legal form of a public limited liability company whose shares are admitted to trading on a regulated market, General Ordinary Shareholders Meeting that was held on 18 April 2023, made a decision to eliminate the Company's collegial body with a supervisory function – the Supervisory Board.
- on 11 May 2023, a new wording of the Articles of Association of Company was registered in the Register of Legal Entities. The new wording of the Articles of Association was approved on 18 April 2023 during the General Shareholders Meeting.

#### INFORMATION RELATED TO THE ALLOCATION AND DISTRIBUTION OF DIVIDENDS

- The General Shareholders' Meeting of INVL Baltic Real Estate, held on 18 April 2023, decided to allocate a dividend of EUR 0.09 per share for the year 2022. Dividends were paid to the shareholders who on 3 May 2023 were shareholders of the Company. The dividends were allocated from 18 May 2023.

#### OTHER SIGNIFICANT EVENTS

- On 21 December 2023 subsidiary Dommo Biznesa Parks signed EUR 2.55 million loan agreement with OP Corporate Bank plc Latvia branch. The loan repayment term is 1 May 2026. To secure the loan, a plot of land in Latvia and a warehouse located on the plot of land both owned by the Company's subsidiaries are pledged. The loan is also secured by a pledge of claims arising from existing and future warehouse lease agreements.

Additionally, the Company and its subsidiary Dommo Grupa signs guarantees to secure the loan mentioned above. The Company publishes all publicly available information on the Nasdaq Vilnius website ([link](#)), on the Central Regulatory Information Base ([link](#)), as well as on the Company's website (For investors → Regulated information). Link: <https://bre.invl.com/en/news/>.

#### 4.7.2. Significant group's events

No significant another group events than are indicated above by the Issuer, were recorded during the reporting period. The Group companies carried on their normal activities.

## 5. Significant events of the Issuer and its group since the end of the financial year

- On 24 January 2024 the Management company of the Company approved the updated version of the Prospectus and approved its publication.

The Company publishes all publicly available information on the Nasdaq Vilnius website ([link](#)), on the Central Regulatory Information Base ([link](#)), as well as on the Company's website (For investors → Regulated information). Link: <https://bre.invl.com/en/news/>.

## 6. Estimation of Issuer's and Group's activity last year and activity plans and forecasts

### 6.1. Evaluation of implementation of goals for 2023

In 2023, INVL Baltic Real Estate succeeded in achieving its key goals - the successful restructuring of assets under management, which allowed to achieve extremely successful results and earn significant returns for the Company's shareholders.

### 6.2. Activity plans and forecasts

INVL Baltic Real Estate will continue to earn from investments in commercial real estate, ensuring the growth of rental income and cost optimisation. Features of the managed assets of INVL Baltic Real Estate make it reasonable to expect continuous growth in the value of assets.

### III. INFORMATION ABOUT SECURITIES

#### 7. 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 were amended once:

- On 16 May 2023, the Company received permission from the Bank of Lithuania to change the Articles of Association of the Company. On 11 May 2023, a new wording of the Articles of Association of Company was registered in the Register of Legal Entities. The new wording of the Articles of Association was approved on 18 April 2023 during the General Shareholders' Meeting.

Currently actual wording of the Articles of Association of INVL Baltic Real Estate is dated as of 11 May 2023.

The Articles of Association is available on the Company's website (Section in the website For investors → Legal documents. Link: <https://bre.invl.com/en/for-investors/legal-documents/>)

#### 8. Structure of the authorized capital

##### 8.1. SHARE CAPITAL CHANGES

Table 8.1.1. Structure of INVL Baltic Real Estate authorized capital as of 31 December 2023.

Type of shares	Number of shares and total voting rights granted by the issued shares, units	Nominal value, EUR	Total nominal Value and authorised capital, EUR	Portion of the authorised capital, %
Ordinary registered shares	8,061,414	1.45	11,689,050.30	100

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

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

###### 8.2.1. Share redemption

In 2023 the Company did not carry out the procedure of buying out its own shares.

###### 8.2.2. Purchase of own shares

The General Shareholders' Meeting of the Company that was held on 29 April 2021 made decision to purchase its own shares. The period during which the Company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - the last announced net asset value per share, the minimal one share acquisition price - EUR 1.45.

The General Shareholders' Meeting of the Company that was held on 12 April 2022 made decision to purchase its own shares. The period during which the Company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - the last announced net asset value per share, the minimal one share acquisition price - EUR 1.45.

The General Shareholders' Meeting of the Company that was held on 18 April 2023 made decision to purchase its own shares. The period during which the Company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price - the last announced net asset value per share, the minimal one share acquisition price - EUR 1.45.

**Company not initiated acquisition of own shares in 2023.**

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

Table 9.1. Main characteristics of INVL Baltic Real Estate shares admitted to trading

Shares issued, units	8,061,414
Shares with voting rights, units	8,061,414
Number of votes for the quorum of the General Shareholders' Meeting, units	8,061,414
Nominal value, EUR	1.45

Total nominal value, EUR	11,689,050,30
ISIN code	LT0000127151
LEI code	529900GSTE0HKA0R1M59
Ticker	INR1L
Exchange	Nasdaq Vilnius
List	Baltic Secondary list
Listing date	04.06.2014
Included into indexes	OMX VILNIUS INDEX (VILSE) STOXX Global Total Market Price Index (TW1P) STOXX All Europe Total Market Price Index (TE1P) OMX Baltic Benchmark Gross Index (OMXBGGI) STOXX EU Enlarged TMI (Price) EUR (EUETMP) OMX Baltic Benchmark Price Index (OMXBBPI) OMX Baltic Benchmark Capped Price Index (OMXBBCPP) OMX Baltic All Share Gross Index (OMXBGI) OMX Baltic All Share Price Index (OMXBPI) OMX Baltic Real Estate PI (B8600PI) OMX Baltic Real Estate GI (B8600GI) OMX Baltic Benchmark Capped Gross Index (OMXBBCPG)

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

Table 9.2. Trading in the Company's shares on Nasdaq Vilnius\*

Reporting period	Price, EUR			Turnover, EUR			Last trading date	Total turnover	
	high	low	last	high	low	last		units	EUR
2019 1st Q	2.54	2.10	2.50	26,646.30	2.52	1,604.00	2019.03.29	58,518	143,881.60
2019 2nd Q	2.54	2.40	2.44	12,057.50	15	1,185.84	2019.06.28	38,723	95,869.40
2019 3rd Q	2.58	2.42	2.58	84,949.22	9.84	278.64	2019.09.30	50,954	129,517.18
2019 4th Q	3.20	2.46	3.00	39,175.68	33.28	3,536.76	2019.12.30	45,810	118,648.98
2020 1st Q	3.88	2.80	3.34	22,598.62	62	11,780.96	31.03.2020	52,930	167,651.88
2020 2nd Q	3.84	1.89	1.90	35,325.84	478	1,263.46	30.06.2020	186,197	469,201.83
2020 3rd Q	2.14	1.82	2.08	32,519.47	27.9	11,526.96	30.09.2020	80,497	152,693.78
2020 4th Q	2.20	1.88	2.16	17,695.54	41.48	15,268.92	30.12.2020	150,755	302,313.21
2021 1st Q	2.32	2.18	2.24	308,35.24	100.7	657.98	31.03.2021	80,538	264,296.22
2021 2nd Q	2.47	2.22	2.34	28,996.17	23.4	386.8	30.06.2021	154,950	270,999.82
2021 3rd Q	2.42	2.24	2.31	13,509.77	2.31	2.31	30.09.2021	48,870	113,758.93
2021 4th Q	2.35	2.25	2.33	12,083.66	2.29	3,476.06	30.12.2021	25,208	57,815.25
2022 1st Q	2.35	1.63	2.31	9,345.03	2.27	2.31	31.03.2022	46,043	103,435.83
2022 2nd Q	2.38	2.10	2.16	11,676.14	18.24	2,242.08	30.06.2022	39,685	88,619.18
2022 3rd Q	2.22	1.98	2.10	5,185.96	4.2	4.2	30.09.2022	19,744	42,517.04
2022 4th Q	2.22	2.00	2.14	13,243.44	2.08	455.54	30.12.2022	28,723	60,687.76
<b>2023 1st Q</b>	<b>2.24</b>	<b>2.12</b>	<b>2.24</b>	<b>4,342.32</b>	<b>2.18</b>	<b>15.68</b>	<b>31.03.2023</b>	<b>22,788</b>	<b>49,958.28</b>
<b>2023 2nd Q</b>	<b>2.28</b>	<b>2.08</b>	<b>2.1</b>	<b>7,338.08</b>	<b>2.16</b>	<b>265.62</b>	<b>30.06.2023</b>	<b>25,851</b>	<b>56,668.3</b>
<b>2023 3rd Q</b>	<b>2.14</b>	<b>2.00</b>	<b>2.1</b>	<b>53,225.02</b>	<b>2.12</b>	<b>10.5</b>	<b>29.09.2023</b>	<b>46,429</b>	<b>97,737.24</b>
<b>2023 4th Q</b>	<b>2.1</b>	<b>1.98</b>	<b>2.1</b>	<b>38,421.79</b>	<b>2.04</b>	<b>2.1</b>	<b>29.12.2023</b>	<b>18,785</b>	<b>38,421.79</b>

Table 9.3. Trading in INVL Baltic Real Estate shares 2019 – 2023

	2019	2020	2021	2022	2023
Share price, EUR:					
<i>open</i>	2.42	3.00	2.22	2.33	<b>2.12</b>
<i>high</i>	3.20	3.88	2.45	2.38	<b>2.28</b>
<i>low</i>	2.10	1.82	2.2	1.63	<b>1.98</b>
<i>medium</i>	2.51	2.32	2.28	2.20	<b>2.13</b>
<i>last</i>	3.00	2.16	2.33	2.14	<b>2.10</b>
Turnover, units	194,005	470,379	309,566	134,196	<b>113,844</b>
Turnover, EUR	487,917.16	1,091,860.70	706,870.22	295,269.81	<b>242,785.61</b>
Traded volume, units	396	2,691	2,451	1,971	<b>1,426</b>

Table 9.4. Capitalisation 2019 - 2023

Last trading date	Number of shares having voting rights, units	Last price, EUR	Capitalisation, EUR
29.03.2019	13,150,000	2.50	32,875,000
28.06.2019	13,150,000	2.44	32,086,000
30.09.2019	13,150,000	2.58	33,927,000
30.12.2019	13,150,000	3.00	39,450,000
31.03.2020	13,150,000	3.34	43,921,000
30.06.2020	13,150,000	1.90	24,985,000
30.09.2020	13,150,000	2.08	27,352,000
30.12.2020	13,049,569	2.16	28,187,069
31.03.2021	8,061,414	2.24	18,057,567.36
30.06.2021	8,061,414	2.34	18,863,708.76
30.09.2021	8,061,414	2.31	18,621,866.34
30.12.2021	8,061,414	2.33	18,783,094.62
31.03.2022	8,061,414	2.31	18,621,866.3
30.06.2022	8,061,414	2.16	17,412,654.2
30.09.2022	8,061,414	2.10	16,928,969.4
30.12.2022	8,061,414	2.14	17,251,426
<b>31.03.2023</b>	<b>8,061,414</b>	<b>2.24</b>	<b>18,057,567.4</b>
<b>30.06.2023</b>	<b>8,061,414</b>	<b>2.1</b>	<b>16,928,969.4</b>
<b>29.09.2023</b>	<b>8,061,414</b>	<b>2.1</b>	<b>16,928,969.4</b>
<b>29.12.2023</b>	<b>8,061,414</b>	<b>2.1</b>	<b>16,928,969.4</b>



Fig. 9.1. INVL Baltic Real Estate change of share price and indexes<sup>2</sup> (resource: Nasdaq Baltic, Baltic market indexes)

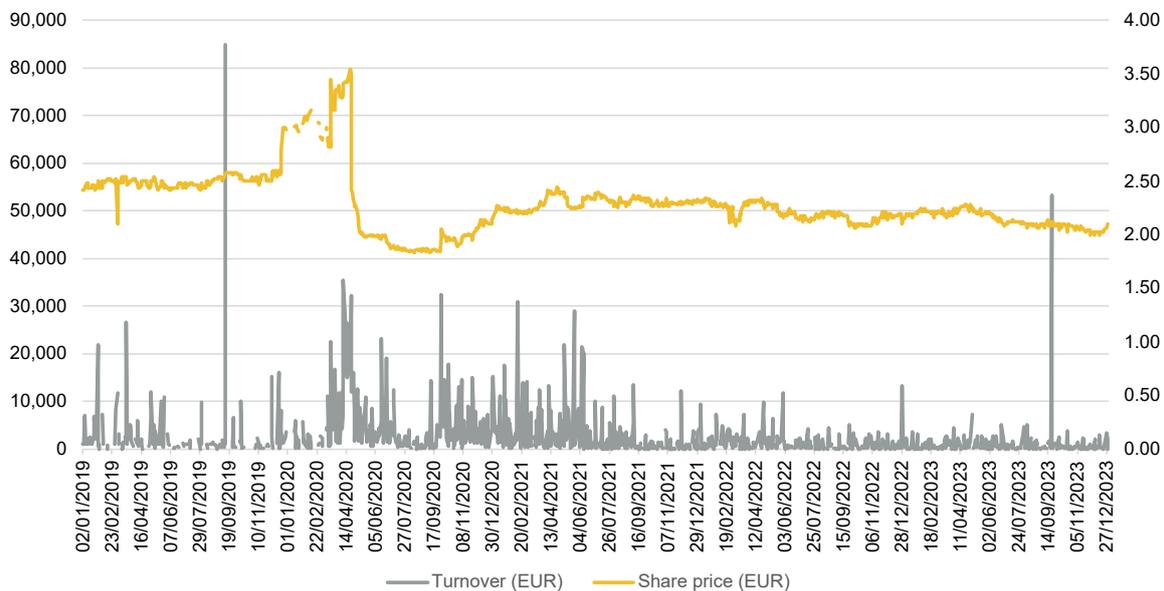


Fig. 9.2. Change of share price of INVL Baltic Real Estate and turnover

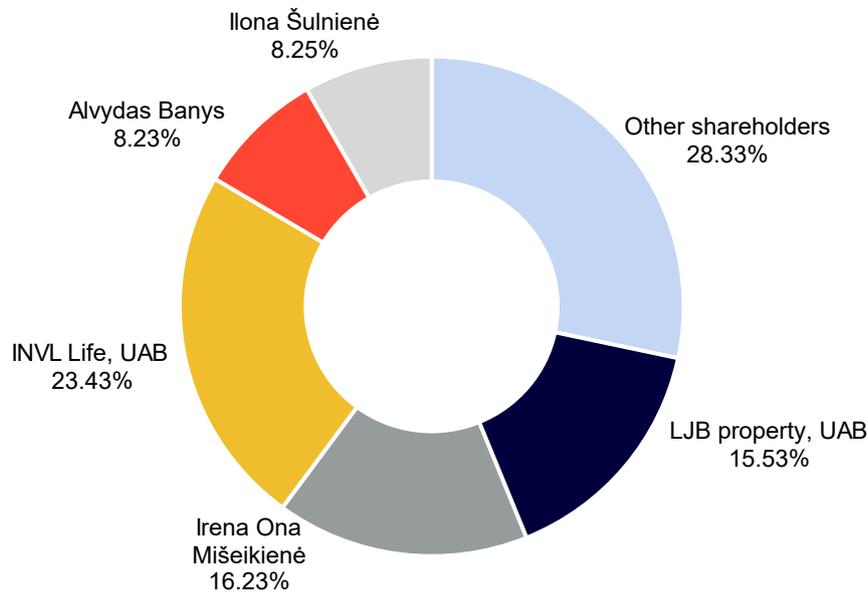
<sup>2</sup> The OMX Baltic Benchmark index (OMXBB – PI, GI, CAP) tracks the largest and most traded shares from all the industry sectors represented on the Nasdaq Baltic Market. The OMX Baltic Real Estate GI index is available at the Baltic level. Based on the FTSE Group’s Industry Classification Benchmark (ICB), each shows the trend in a specific industry and enables the comparison of companies in that industry. Indexes for each ICB industry and super sector are calculated in euros for the stocks on the Main and Secondary lists of the Nasdaq Baltic exchanges. is based on the Industry Classification Benchmark (ICB) developed by FTSE Group (FTSE).

**10. Shareholders**
**10.1. INFORMATION ABOUT COMPANY'S SHAREHOLDERS**

The total number of shareholders in INVL Baltic Real Estate was 4,035 on 31 December 2023. There are no shareholders entitled to special rights of control.

*Table 10.1.1. Shareholders who held title to more than 5% of INVL Baltic Real Estate authorised capital and/or votes as of 31 December 2023.*

Name of the shareholder or Company	Number of shares held by the right of ownership, units	Share of the authorised capital held and share of votes given by the shares held by the right of ownership, %	Indirectly held votes, %	Total votes, %
LJB property, UAB, code 300822529	1,251,695	15.53	0	15.53
Alvydas Banys	663,640	8.23	15.53 <sup>3</sup>	23.76
Irena Ona Mišeikienė	1,308,596	16.23	0	16.23
INVL Life, UAB, code 305859887 <sup>4</sup>	1,889,123	23.43	0	23.43
Invalda INVL, AB, code 121304349,	0	0	23.43 <sup>3</sup>	23.43 <sup>3</sup>
Ilona Šulnienė	664,710	8.25	0	8.25



10.1.2. Fig. Votes as of 31 December 2023

<sup>3</sup> 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 property.

<sup>4</sup> 100% of shares of INVL Life, UAB are held by Invalda INVL, AB, code 121304349.

## 10.2. RIGHTS AND OBLIGATIONS CARRIED BY THE SHARES

### 10.2.1. Rights of the shareholders

The Company's shareholders have the following property and non-property rights:

1. to receive a part of the Company's profit (dividend).
2. to receive the Company's funds when the authorised capital of the Company is reduced with a view to paying out the Company's funds to the shareholders.
3. to receive a part of assets of the Company in liquidation.
4. to receive shares without payment if the authorised capital is increased out of the Company funds, except in cases provided by the laws of the Republic of Lithuania.
5. to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Shareholders' Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders.
6. to lend to the Company in the manner prescribed by law; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the Company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate.
7. other property rights provided by laws.
8. to attend the General Shareholders' Meetings.
9. to submit to the Company in advance the questions connected with the issues on the agenda of the General Meeting of Shareholders.
10. to vote at the General Shareholders' Meetings according to voting rights carried by their shares.
11. to receive information on the Company specified in the Law on Companies of the Republic of Lithuania.
12. to appeal to the court for reparation of damage resulting from nonfeasance or malfeasance by the Company's manager and the Board members of their obligations prescribed by the Law on Companies of Republic of Lithuania and other laws of the Republic of Lithuania and the Company's Articles of Association as well as in other cases laid down by laws.
13. to receive information on a public company whose shares are admitted to trading on a regulated market as specified in the Law on Companies of the Republic of Lithuania.
14. other non-property rights established by laws and the Company's Articles of Association.

### 10.2.2. Obligations of the shareholders

The shareholders have no property obligations to the Company, except for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Shareholders' Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Shareholders' Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

The person who acquired all shares or part of shares in the Company from the Company's sole shareholder must notify the Company of the acquisition or transfer of shares within 5 days from the conclusion of the transaction. The notice shall indicate the number of acquired or transferred shares, including share number per class, when the different share class is acquired, the nominal share price and the particulars of the person who acquired or transferred the shares (the natural person's full name, personal number, personal code, and address; the name, legal form it has taken, registration number, address of the registered office of the legal person.). A document confirming the acquisition of the shares, or an acquisition extract must be added to the notice. If an acquisition extract is provided, it must include the parties to the transaction, the subject of the transaction and the date of acquisition of the shares.

Contracts between the Company and holder of all its share shall be executed in a simple written form unless the Civil Code prescribes the mandatory notarised form.

A shareholder shall repay the Company any dividend paid out in violation of the mandatory norms of the Law on Companies, if the Company proves that the shareholder knew or should have known thereof.

Each shareholder shall be entitled to authorise a natural or legal person to represent him when maintaining contacts with the Company and other persons.

## 11. 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.

The General Shareholders' Meeting of the Company held on 9 April 2020 approved the new wording of the Dividend payment policy which stipulates the yearly payment of dividends per share of no less than EUR 0.09 (when the nominal value per share is EUR 1.45). It is noted that in accordance with the provisions of the dividend payment policy, the Company may allocate both lower and higher dividends per share than it is expected in the policy.

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 taxes<sup>5</sup>.

On 18 April 2023, the General Shareholders' Meeting of INVL Baltic Real Estate decided to allocate EUR 0.09 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 3 May 2023 were shareholders of the Company.

The Company started to allocate dividends for the year 2022 from 18 May 2023. 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.

#### 11.1. Table. Indexes related with shares\*

Company's	2019	2020	2021	2022	2023
Net Asset Value per share**, EUR	3.35	2.21	2.52	2.92	2.92
Price to book value (P/Bv)	0.90	0.98	0.93	0.73	0.72
Dividend yield	4.3	71.80	5.20	5.61	4.29
Dividends/ Net profit	0.16	3.76	0,28	0.23	1.04

\*The Company publishes Alternative performance measures (AVR), 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“ → „Financial information and reports“. The link is provided <https://bre.invl.com/en/for-investors/financial-information-and-reports/>. Also, for the convenience of investors, the Company provides AVR in Annex 4 to the Consolidated Annual Report.

\*\*Nominal value per share – EUR 1.45



11.1.1. Fig. Growth of net asset value, EUR/share and dividend allocation

<sup>5</sup> This information should not be treated as a tax consultation.

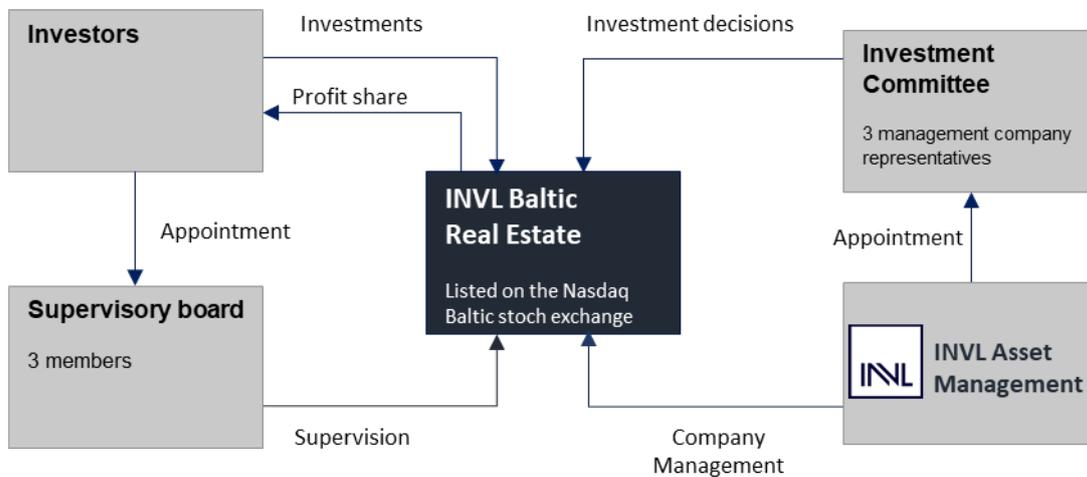
## IV. ISSUER'S MANAGING BODIES

### 12. Structure, authorities, the procedure for appointment and replacement

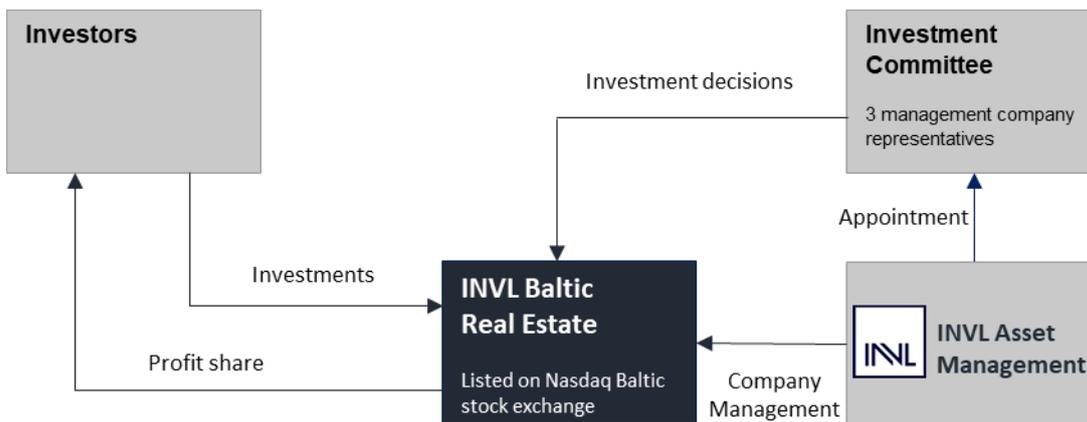
The management of INVL Baltic Real Estate was transferred to the Management Company INVL Asset Management on 22 December 2016 as the Bank of the Republic of Lithuania granted INVL Baltic Real Estate with the license of the closed-ended type investment company. From 26 July 2021 till 11 May 2023, the Company had the Supervisory Board. Considering that a new version of the Republic of Lithuania Law on Companies entered into effect on 30 November 2022 and according to the provisions of section 1 of article 78 therein, the requirement to form a collegial body with supervisory functions no longer applies to investment companies specified in the Republic of Lithuania Law on Collective Investment Undertakings with the legal form of a public limited liability company whose shares are admitted to trading on a regulated market, General Ordinary Shareholders Meeting that was held on 18 April 2023, made a decision to eliminate the Supervisory Board. The Company's management bodies are not formed.

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.



12.1 fig. Structure of the Management of the Company until 11 May 2023.



12.2. fig. Structure of the Management of the Company from 11 May 2023

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.

#### 12.1. GENERAL SHAREHOLDERS' MEETING

##### 12.1.1. Powers of the General Shareholders' Meeting

Persons who were shareholders of the Company at the close of the accounting day of the General Shareholders' Meeting or at a repeat General Shareholders' Meeting (the 5th working day before the General Shareholders' Meeting) shall have the right to attend and vote at the General Shareholders' Meeting in person, unless otherwise provided for by laws, or may authorise other persons to

vote for them as proxies or may conclude an agreement on the disposal of the voting right with third parties. The shareholder's right to attend the General Shareholders' Meeting shall also cover the right to speak and enquire.

The General Meeting of Shareholders can take decisions and shall be deemed quorate irrespective of the number of votes carried by Shares held by the Shareholders present thereat. An Annual General Shareholders' Meeting must be held every year at least within 4 months from the close of the financial year.

All decisions of the General Meeting of Shareholders of the Company shall be taken by a 3/4 majority of votes carried by Shares of the Shareholders present in the meeting, except for the decisions indicated below, which shall be taken by a 2/3 majority of votes carried by Shares of the Shareholders present in the meeting, i.e., decisions:

- to elect and remove a certified auditor or audit firm and establish terms of payment for audit services.
- to approve sets of annual and interim financial statements.
- on extension of the Term of Activities of the Company and making related amendments to the Articles of Association.

The below-indicated decisions of the General Meeting of Shareholders of the Company can be taken only after taking into account the recommendations given by the Board of the Management Company and/or the Investment Committee of the Company and with regard to specified consequences of a relevant decision, i.e., decisions regarding:

- distribution of the profit (loss) of the Company;
- amending the Articles of Association of the Company.
- redemption of shares.
- formation, use, reduction and cancellation of reserves.
- increase or reduction of the authorised capital.
- approval of transactions having a material effect on the Company in accordance with the procedure established in the Company's policy for transactions with associated parties;
- reorganisation, spin-off or transformation of the Company.
- merger of the Company with other collective investment undertakings.
- approval of the agreement with the Depository, appointment of the person authorised to sign the approved agreement with the Depository on behalf of the Company, change of the Depository.
- liquidation of the Company or extension of the Term of Activities of the Company.
- restructuring of the Company.

The Management Company must present its recommendations on draft decisions together with the announced draft decisions proposed by the Management Company. The Board of the Management Company shall determine on which issues the Investment Committee of the Company shall make recommendations.

In case draft decisions are proposed not by the Management Company but by Shareholders, the Management Company must, no later than within 5 (five) Business Days after presentation of such a draft decision to the Company, prepare a relevant recommendation and announce it in the way draft decisions are announced. In any case recommendations of the Management Company regarding all draft decisions on relevant issues of the agenda must be announced no later than 3 (three) Business Days until the date of the General Meeting of Shareholders.

In case the General Meeting of Shareholders takes a decision not following the recommendations given by the Management Company, the Management Company shall not be responsible if such decisions violate requirements for management of the Company or there are other negative consequences.

### **12.1.2. Convocation of the General Shareholders' Meeting of INVL Baltic Real Estate**

The right to initiate convocation of the General Shareholders' Meeting is vested in the Management Company and Shareholders, owning at least 1/10 of all the votes in the General Shareholder' Meeting.

The convocation of a General Shareholders' Meeting is organised by the Management Company.

The shareholders are entitled:

- to propose to supplement the agenda of the General Shareholders' Meeting submitting draft resolution on every additional item of agenda or, then there is no need to decide - explanation of the shareholder (this right is granted to shareholders who hold shares carrying at least 1/20 of all the votes). Proposal to supplement the agenda is submitted in writing sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company on business hours or by sending proposal to the Company by email breinfo@invl.com. The agenda is supplemented if the proposal is received no later than 14 days before the General Shareholders' Meeting. In case the agenda of the Meeting is supplemented, the Company will report on it no later than 10 days before the Meeting in the same way as on convening of the Meeting.
- to propose draft resolutions on the issues already included or to be included in the agenda of the General Shareholders Meeting at any time prior to the date of the General Shareholders' Meeting (in writing, sending the proposal by registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company on business hours or by sending proposal to the Company by email breinfo@invl.com) or in writing during the General Shareholders' Meeting (this right is granted to shareholders who hold shares carrying at least 1/20 of all the votes).
- to submit questions to the Company related to the issues of agenda of the General Shareholders' Meeting in advance but no later than 3 business days prior to the General Shareholders' Meeting in writing sending the proposal by registered mail to

the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company on business hours or by sending proposal to the Company by email breinfo@invl.com. All answers related to the agenda of the General Shareholders' Meeting to questions submitted to the Company by the shareholders in advance, are submitted in the General Shareholders' Meeting or simultaneously to all shareholders of the Company prior to the General Shareholders' Meeting. The Company reserves the right to answer to those shareholders of the Company who can be identified and whose questions are not related to the Company's confidential information or commercial secrets.

The shareholder participating at the Meeting and having the right to vote, must submit the documents confirming personal identity. A person who is not a shareholder shall, in addition to this document, submit a document confirming the right to vote at the Meeting. The requirement to provide the documents confirming personal identity does not apply when voting in writing by filling in a general ballot paper.

Each shareholder may authorize either a natural or a legal person to participate and to vote on the shareholder's behalf at the Meeting. An authorized person has the same rights as his represented shareholder at the Meeting unless the authorized person's rights are limited by the power of attorney or by the law. The authorized persons must have the document confirming their personal identity and power of attorney approved in the manner specified by law which must be submitted to the Company no later than before the commencement of registration for the Meeting. The Company does not establish special form of the power of attorney. A power of attorney issued by a natural person must be certified by a notary. A power of attorney issued in a foreign state must be translated into Lithuanian and legalised in the manner established by law. The persons with whom shareholders concluded the agreements on the disposal of voting right, also have the right to attend and vote at the Meeting.

Shareholder is entitled to issue power of attorney by means of electronic communications for legal or natural persons to participate and to vote on its behalf at the Meeting. No notarisation of such authorization is required. The power of attorney issued through electronic communication means must be confirmed by the shareholder with a safe electronic signature developed by safe signature equipment and approved by a qualified certificate effective in the Republic of Lithuania. The shareholder shall inform the Company on the power of attorney issued through the means of electronic communication by e-mail breinfo@invl.com not later than on the last business day before the Meeting. The power of attorney and notification must be issued in writing and could be sent to the Company by electronic communication means if the transmitted information is secured and the shareholder's identity can be identified. By submitting the notification to the Company, the shareholder shall include the internet address from which it would be possible to download software to verify an electronic signature of the shareholder free of charge.

Shareholder or its representative may vote in writing by filling general voting bulletin. The form of general voting bulletin is presented at the Company's webpage [www.invlbalticrealestate.com](http://www.invlbalticrealestate.com) section For Investors. If shareholder requests, the Company shall send the general voting bulletin to the requesting shareholder by registered mail or shall deliver it in person against signature no later than 10 days prior to the General Shareholders' Meeting free of charge. The filled general voting bulletin must be signed by the shareholder or its authorized representative. Document confirming the right to vote must be added to the general voting bulletin if an authorized person is voting. The filled general voting bulletin must be sent by the registered mail to the Company at Gyneju str. 14, Vilnius, Lithuania, or delivered in person to the representative of the Company no later than the day before of the General Shareholders' Meeting. Ballots will be considered as valid if they are properly filled-in and received by the Company prior the Meeting.

For the convenience of the shareholders of INVL Baltic Real Estate, the Company provides notifications about convocation of General Shareholders' Meeting, draft resolutions as well as general voting bulletins and resolutions adopted in the Meetings on the Company's website section For Investors (Shareholders' Meetings).

#### **There was 1 (one) General Shareholders' Meeting of INVL Baltic Real Estate during the 2023.**

**On 18 April 2023**, during the General Ordinary Shareholders' Meeting of the Company, the shareholders of the Company were introduced with (i) the Company's consolidated annual report for 2022; (ii) the independent auditor's report on the financial statements and consolidated annual report of the Company; (iii) the Company's Investment Committee's recommendation on the draft of the profit (loss) distribution (including the formation of the reserve), the new wording of the Articles of Association and the draft of the remuneration report; (iv) the Company's Supervisory Board's feedback and suggestions on the consolidated and stand-alone financial statements for 2022 of the Company, draft of the profit (loss) distribution, Company's consolidated annual report for 2022, draft of the remuneration policy, also regarding the activity of the Board of the Management Company and Company's Investment Committee, presentation of the information on Company's strategy implementation; (v) the Company's Management Company's statement on the share purchase price and (vi) the report of the Audit Committee of the Company.

The shareholders of the Company also decided on: (i) the assent to the remuneration report of the Company, as a part of the consolidated annual report of the Company for the year 2022; (ii) approval of the consolidated and stand-alone financial statements for 2022 of the Company; (iii) distribution of profit of the Company; (iv) a new version of the Company's Articles of Association; (v) purchase of own shares of the Company and (vi) the repeal of the Supervisory Board remuneration policy; (vii) the new wording of the INVL Baltic Real Estate Related Policy on Transactions with Related Parties; (viii) new wording of the Regulations of the Audit Committee.

#### **12.2. MANAGEMENT COMPANY, THE INVESTMENT COMMITTEE AND THE SUPERVISORY BOARD**

Since the Central Bank of the Republic of Lithuania granted the license of closed-ended type investment company to INVL Baltic Real Estate, the management of the Company has been transferred to the Management Company, therefore, following the Law of the Republic of Lithuania on Collective Investment Undertakings, and the rights and duties of the Board and the head of the Company, as set in the Law of the Republic of Lithuania on Companies, have been transferred to the Management Company.

The Management Company is responsible for convocation and organisation of the General Shareholders' Meeting of the Company, giving notices about publicly not disclosed information under the procedure set by legal acts, organisation of activities of the

Company, proper management of information about activities of the Company and performance of other functions assigned to the Management Company.

The Management Company has the right:

- to perform all actions of management bodies of the Company and other actions assigned to the competence of the Management Company according to effective legal acts and/or defined in the Articles of Association.
- to get the Management Fee and the Performance Fee, as they are defined in the Articles of Association.
- to conduct and perform transactions in connection with management of the assets of the Company at the expense and in the interests of the Company.
- if a transaction is necessary, in performing its obligations assigned in the Articles of Association, to transfer the Company's assets to the Management Company and/or its Management and/or staff members and/or their spouses, acting under the most favourable conditions in the best interests of the Company and Shareholders.
- if a transaction is necessary, in performing its obligations assigned in the Articles of Association, to acquire assets from the persons defined in the Articles of Association, acting under the most favourable conditions in the best interests of the Company and Shareholders;
- to make deductions from assets of the Company provided for in the Articles of Association.
- subject to approval of the General Meeting of Shareholders to instruct a Company, having the right to provide relevant services, to perform some of its management functions.
- other rights established in the Articles of Association and legal acts of the Republic of Lithuania.

The Management Company must:

- act in a fair, correct and professional manner on the terms best for the Company and its shareholders and in their interests and ensure integrity of the market.
- act carefully, professionally, and prudently.
- have and use means and procedures necessary for its activities.
- have reliable administration and accounting procedures, electronic data processing control and security measures and a proper mechanism of internal control, including the rules on personal transactions in financial instruments conducted by employees of the Management Company and transactions in financial instruments conducted at the expense of the Management Company.
- ensure that documents of and information about taken investment decisions, conducted transactions would be kept for at least 10 years after the date of taking an investment decision, conduction of a transaction or performance of an operation, unless legal acts set a longer term of keeping documents.
- have such an organisational structure that would help to avoid conflicts of interest. When it is impossible to avoid conflicts of interest, the Management Company must ensure that Shareholders are treated fairly.
- in exercising the rights of the Management Company defined in the Articles of Association, transfer and/or acquire relevant assets at the Company's expense only subject to the steps defined in the Articles of Association taken before the relevant transfer and/or acquisition of assets.
- ensure that persons taking decisions on management of the Company would have qualification and experience established by the Supervisory Authority, be of sufficiently good repute.
- ensure that assets of the Company would be invested according to the investment strategy set in the Articles of Association and requirements set in legal acts of the Republic of Lithuania.
- prepare the Prospectus, the key investor information document, annual and semi-annual reports under the procedure set by legal acts.
- perform other duties set in the Articles of Association and legal acts of the Republic of Lithuania.

The Company's management agreement with the Management Company must be approved by the General Shareholders' Meeting. The currently valid Management agreement between the Management Company and INVL Baltic Real Estate was signed on 5 January 2018, the wording of the Management agreement was approved during the General Shareholders' Meeting held on 29 December 2017.

The Management Company can be replaced by a decision of the General Shareholders' Meeting of the Company.

The Management Company can be replaced by a decision of the General Shareholders' Meeting in cases mentioned below:

- the Management Company is liquidated.
- the Management Company undergoes restructuring.
- bankruptcy proceedings are initiated against the Management Company.
- the Supervisory Authority takes a decision to restrict or cancel the rights provided for in the license of the Management Company related to management of investment companies.
- the Management Company commits a material breach of the agreement, Articles of Association or legal acts;
- in other circumstances in compliance with applicable legislation.

The Management Company could be replaced after receipt of a prior permission of the Bank of Lithuania.

The Management Company ensuring the management of INVL Baltic Real Estate has the General manager, the Board of the Company and the Investment Committee, formed by the decision of the Board.

The General Manager of the Management Company (from 2 October 2017 until 30 November 2023) was Laura Križinauskienė. From 1 December 2023 the General Manager of the Management Company is Paulius Žurauskas.

The Board of the Management Company operates following the Civil Code of the Republic of Lithuania, the Law of the Republic of Lithuania on Companies, other legal acts, Articles of Association of the Company, the resolutions of the General Shareholders' Meetings, decisions of the Board and Regulations of the Board.

The Board of the Management Company acts in furtherance of the declared strategic objectives in view of the need to optimize shareholder value and to ensure that the rights and interests of persons other than the Company's shareholders (e.g., employees, creditors, suppliers, clients, local community), participating in or connected with the Company's operation, are duly respected.

The procedure of work, rights, and responsibilities of the members of the Board of the Management Company are set in the Regulations of the Board.

For the sake of efficiency of the Company's activities and control over its investments, an Investment Committee is being formed by a decision of the Board of the Management Company.

The Investment Committee of the Management Company is the collegial investment and management decision-making body responsible for adopting decisions regarding the management of the managed company's assets and representing and protecting the managed company's interests. According to Company's Articles of Association Investment Committee shall consist of maximum 3 (three) members, representatives of the Management Company (employees, members of management bodies of the Management Company, other persons appointed by a decision of the Board of the Management Company) shall be appointed to their positions. Members of the Investment Committee shall be appointed by a decision of the Management Company. Members of the Investment Committee shall be appointed and removed from office by the Board of the Management Company. An approval of the Investment Committee must be obtained for all investments of the Company and for their sale.

The procedure of formation, responsibilities, functions of the Investment Committee, decision-making procedure and other procedures of the Investment Committee is set in the Regulations of the Investment Committee of INVL Baltic Real Estate.

During the reporting period 31 Investment Committee meetings were held.

From 26 July 2021 till 11 May 2023, the Company had the Supervisory Board. Considering that a new version of the Republic of Lithuania Law on Companies entered into effect on 30 November 2022 and according to the provisions of section 1 of article 78 therein, the requirement to form a collegial body with supervisory functions no longer applies to investment companies specified in the Republic of Lithuania Law on Collective Investment Undertakings with the legal form of a public limited liability company whose shares are admitted to trading on a regulated market, General Ordinary Shareholders Meeting that was held on 18 April 2023, made a decision to eliminate the Supervisory Board.

During the reporting period 2 meetings of the Supervisory Board of the Company was held.

### 13. Information about members of the Board of the Management Company, general manager, members of the Investment Committee and member of the Supervisory Board of the Company

#### 13.1. THE ISSUER'S MANAGEMENT BODIES

On 22 December 2016 following the issuance of a closed-end investment company license by the Bank of Lithuania, the management of INVL Baltic Real Estate was transferred to the Management Company, which also performs the functions of the Board and the head of the Company. The Company's management bodies are not formed.

Until 30 November 2023 the General Manager of the Management Company was Laura Križinauskienė. From 1 December 2023 the General Manager of the Management Company is Paulius Žurauskas. On 13 September 2023 the Management Company received approval for the candidature of Paulius Žurauskas for the General Manager of the Management Company from the Bank of Lithuania.

Darius Šulnis (the chairman), Nerijus Drobavičius and Vytautas Plunksnis are members of the Board of the Management Company since 19 January 2015. On 16 January 2023 the Board of the Management Company for the second time was re-elected for the new 4 years of office, after the Bank of Lithuania granted their permission.

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

Supervisory Board of the Company was formed until 11 May 2023. Considering that a new version of the Republic of Lithuania Law on Companies entered into effect on 30 November 2022, the General Ordinary Shareholders Meeting that was held on 18 April 2023 made a decision to eliminate the Supervisory Board. There were 3 (three) members in the Supervisory Board: Raimondas Rajeckas, Mantas Gofmanas and Eglė Surplienė (the Chairman of the Board of the Supervisory Board and an Independent member).



**Darius Šulnis** – Chairman of the Board of the Management Company  
*Main workplace* – Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – CEO

#### Educational background and qualifications

Duke University (USA). Business Administration. Global Executive MBA.  
 Vilnius University. Faculty of Economics. Master's degree in accounting and Audit.  
 Financial broker's license (General) No. A109.

#### Work experience

2015 – 2017 General manager of INVL Asset Management, UAB  
 2006 – 2011 Invalda, AB – CEO  
 2011 – 2013 Invalda, AB – Advisor  
 Since May 2013 Invalda INVL, AB – President  
 2002 – 2006 Invalda Real Estate, UAB (current name Inreal Valdymas) – Director  
 1994 – 2002 FBC Finasta, AB – Director

#### Owned number of shares in INVL Baltic Real Estate

-

#### Participation in other companies

Invalda INVL, AB (code 121304349, Gynėjų str. 14, Vilnius) – CEO  
 Šiaulių bankas, AB (code 112025254, Tilžės str. 149, Šiauliai) – Member of the Supervisory Board  
 Litagra, UAB (code 304564478, Savanorių ave. 173, Vilnius) – Member of the Board  
 INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) managed fund INVL Baltic Sea Growth Fund – Investment Committee Member, Managing partner  
 FERN Group UAB (code 306110392, Granito str. 3-101, Vilnius) – Chairman of the Supervisory Board



**Nerijus Drobavičius** – Member of the Board  
*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

From August 2018 – Private Equity Partner of INVL Asset Management, UAB  
 Since 2015 till August 2018 Head of Finance unit 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 number of shares in INVL Baltic Real Estate** 8,000 units of shares

**Participation in other companies**

INVL Technology, CEF (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Investment Committee  
 BSGF Sanus, UAB (code 304924481, Gynėjų str. 14, Vilnius) – Director  
 InMedica, UAB (codas 300011170, L. Asanavičiūtės str. 20-201, Vilnius) – The Chairman of the Board  
 INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) managed fund INVL Baltic Sea Growth Fund – Investment Committee Member, Partner  
 MBL A/S (CVR-no 12825242) – Member of the Board  
 MBL Poland Sp. z.o.o. (ul. Sulejowskiej 45d, 97-300 Piotrków Trybunalski, Polska, KRS 0000065219) – Member of the Supervisory Board  
 Reneso, UAB (code 302941941, Gynėjų str. 14, Vilnius) – Director  
 Sugrasta, MB (code 305287386, Pranapolio str. 11, Vilnius) – Director  
 Eglės sanatorija, UAB (code 152038626, Eglės str. 1, Druskininkai) – the Chairman of the Board  
 BSGF Salt Invest, CEF (code 306193648, Gynėjų g. 14, Vilnius) – Manager  
 BSGF Salt, UAB (code 306193153, Gynėjų str. 14, Vilnius) – Director  
 MiniVetHolding, UAB (code 306127331, Gynėjų g. 14, Vilnius) – Member of the Board  
 Bališkių individualių gyvenamųjų namų statybos bendrija (code 300027032, Pranapolio str. 11, Vilnius) – Chairman



**Vytautas Plunksnis** – Member of the Board  
*Main workplace* – INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius)  
 Head of Private Equity

**Educational background and qualifications**

Graduated the studies in economics at Kaunas University of Technology in 2001, gained Bachelor's degree in Management.  
 Financial broker's licence (General) No. G091.

**Work experience**

Since 2016 - INVL Asset Management, UAB, Head of Private Equity  
 2009 – 2015 Fund Manager at Invalda INVL, AB  
 2006 – 2009 Finasta Asset Management, UAB – analyst, fund manager, strategic analyst  
 2004 ELTA redactor (business news)  
 2002 – 2004 Baltic News Service business journalist

**Owned number of shares in INVL Baltic Real Estate** 1,000 units of shares

**Participation in other companies**

INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius) managed fund INVL Baltic Sea Growth Fund – Investment Committee Member  
 Eco Baltia AS (code 40103446506, Maskavas str. 240-3, Rīga, Latvia) – Chairman of the Supervisory Board  
 Eco Baltic vide, SIA (code 40003309841, Ropažu nov., Stopiņu pag., Rumbula, Getliņu iela 5) – Member of the Supervisory Board  
 Ecoservice, UAB (code 123044722, Dunojaus str. 29, Vilnius) – Chairman of the Board  
 B2Y, SIA (code 40103243404, Maskavas iela 322A, Rīga) – Chairman of the Board  
 INVL Technology (code 300893533, Gynėjų str. 14, Vilnius) – Member of the Investment Committee  
 Norway Registers Development AS (code 985 221 405 MVA, Lokketangen 20 B, 1337 Sandvika, Norway) – Member of the Board

NRD Systems, UAB (code 111647812, Gynėjų str. 14, Vilnius) – Member of the Board  
 NRD CS, UAB (code 303115085, Gynėjų str. 14, Vilnius) – Member of the Board  
 Novian Systems, UAB (code 125774645, Gynėjų str. 14, Vilnius) – Chairman of the Board  
 NRD Companies AS (code 921 985 290 MVA, Lokketangen 20 B, 1337 Sandvika, Norway) – Member of the Board  
 BC Moldova-Agroindbank SA (MAIB) (code 1002600003778, Constantin Tănase str. 9/1, Chisinau, Moldova) – Chairman of the Supervisory Board  
 Investuotoju Asociacija (code 302351517, Konstitucijos av. 23, Vilnius) – Chairman of the Board  
 Metal-Plast Spółka z o.o. (code 0001007622, 58-160 Świebodzice, ul. Ciernie 157B, Poland) – Member of the Supervisory Board  
 Homecourt Spółka z o.o. (code 5252958248, Grzybowska 2/29, 00-131 Warszawa, Poland) – Member of the Board



**Laura Križinauskienė** – General Manager of the Management Company until 30 November 2023

#### 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 investiciju valdymas (currently INVL Asset Management)

#### Owned number of shares in INVL Baltic Real Estate

-



**Paulius Žurauskas** – General Manager of the Management Company since 1 December 2023  
*Main workplace* – INVL Asset Management, UAB (code 126263073, Gynėjų str. 14, Vilnius)  
 General Manager

#### Educational background and qualifications

Vilnius University, Master's degree in Banking (Economist qualification), Faculty of Economics

#### Work experience

2019 – 2023 Luminor Bank AS Lithuanian branch – Head of Markets in the Baltics  
 2012 – 2014 AB SEB Banka – Head of Markets  
 2005 – 2019 SEB Bankas, AB – dealer, Head of sales department of financial instruments, Head of the capital markets department in the Baltics

2004 – 2005 FMI Finasta, AB – Financial broker

**Participation in other companies**

IPAS INVL Asset Management (code 40003605043, Elizabetes iela 10B-1, Riga, Latvia) – Member of the Supervisory Board

AS INVL atklātais pensiju fonds (code 40003377918, Elizabetes iela 10B-1, Riga, Latvia) – Member of the Supervisory Board

FMI INVL Financial Advisors, UAB (code 304049332, Gynėjų str. 14, Vilnius) – Member of the 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 Dipolio valda, 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 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 – 2009-10 – assistant project manager at Inreal valdymas, UAB

**Owned number of shares in INVL Baltic Real Estate**

-

**Participation in other companies**

Proprietas, UAB (code 303252098, Gynėjų str. 14, Vilnius) – Director

Rovelija, UAB (code 302575846, Gynėjų str. 14, Vilnius) – Director

Pramogų bankas, AB (code 30044665, A. Stulginskio str. 8, Vilnius) – Director, Chairman of the Board (Since March 2024 after changing the legal form to a joint stock company)



**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 number of shares in INVL Baltic Real Estate**

29,219 units of shares

**Participation in other companies**

IPPG, UAB (code 301673796, Gynėjų str. 14, Vilnius) - Director  
 Vernitas, AB (code 193052526, Stoties str. 16, Marijampolė) - Member of the Supervisory Board  
 Pramojų bankas, AB (code 30044665, A. Stulginskio str. 8, Vilnius) – Member of the Board  
 (Since March 2024 after changing the legal form to a joint stock company)



**Eglė Surplienė** – Chairman and an Independent member of the Supervisory Board until 11 May 2023  
*Main workplace* - Gerovės valdymas, UAB FPI (code 302445450, Jogailos str. 3-103, Vilnius)  
 – Director

**The term of office**

Since 2021 till 2025

**Educational background and qualifications**

Vilnius University, Faculty of Economic Cybernetics and Finance, Economic Cybernetics studies, Economics – mathematics diploma (equivalent of Master's degree)  
 2009 – Award in Financial Planning (CII program and exam) certificate.  
 2005 – OMX Vilnius dealer certificate  
 1996 – General financial broker license

**Work experience**

October 2009 - present – Wealth manager, director, UAB FPI Geroves Valdymas  
 March 2009 - present – Director, UAB DIM investment  
 September 2014 - June 2016 – Director, UAB Margio investicija  
 August 2006 - October 2009 – Wealth manager, VIP Clients manager, AB FBC Finasta, AB bank Finasta  
 June 2005 - July 2006 – Project manager, UAB Zabolis ir partneriai  
 June 1999 - June 2005 – Member, Deputy Director of the Commission, Securities Commission of Lithuania  
 June 1995 - June 1999 – Head of Issuer Division, UAB FMI Vilfima  
 June 1993 - June 1995 - Member of Market Regulation Division, Securities Commission of

Lithuania

**Owned number of shares  
in INVL Baltic Real Estate**

-



**Raimondas Rajeckas** – Member of the Supervisory Board until 11 May 2023  
*Main workplace* – Invalda INVL, AB (code 121304349, Gynėjų 14, Vilnius, Lithuania)  
 CFO

**The term of office**

Since 2021 till 2025

**Educational background  
and qualifications**

2001 Vilnius University, Faculty of Economics, Master of Science in Accounting and Auditing  
 1999 Vilnius University, Faculty of Economics, Bachelor of Science in Business Administration  
 and Management

**Work experience**

Since 2006 CFO at Invalda INVL  
 2001 – 2006 CFO at Valmeda, AB  
 2000 – 2001 CFO at Galincius, AB  
 2000 – 2001 CFO at Invaldos Marketingas, UAB (current name Inreal Valdymas. UAB)  
 2000 – 2002 Accountant at Gildeta, AB  
 1998 – 2000 Accountant at Invalda, AB

**Owned number of shares  
in INVL Baltic Real Estate**

-

**Mantas Gofmanas** – Member of the Supervisory Board since 10 January 2023 until 11 May  
 2023

**The term of office**

Since 10 January 2023 until 11 May 2023

**Educational background  
and qualifications**

2007 Vilnius University, Master of Laws

**Work experience**

2022 - 2024 Head of Legal and Product Development team in Private Equity Unit at INVL  
 Asset Management, UAB  
 2006 – 2022 Associate Partner, Lawyer at Law Firm TGS Baltic

**Owned number of shares  
in INVL Baltic Real Estate**

-

#### 14. 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:

Obligations of the Audit committee:

- to monitor the financial reporting process of the Company and submit recommendations on ensuring the liability of it;
- to monitor if the Management Company properly response to the audit firm's recommendations and comments;
- to monitor the effectiveness of Company's internal quality control and risk management systems, having impact on Company's financial statement, and internal audit, without prejudice to the independence of the internal audit;
- to provide opinion regarding the transactions with Company related party, according to the clause 37(2), parts 1 and 5 of the Law on Companies, provide evaluation regarding transactions, indicated in clause 37 (2), parts 11 and 12 of the Law on Companies, and perform other duties, if any, according to the procedures and conditions, approved by the Management

Company of the Company, which shall be prepared by the Management Company, according to the clause 37(2), part 11 of the Law on Companies;

- to review and monitor the independence of auditors and auditors companies seeking to avoid conflict of interests;
- to submit recommendations to the General Meeting of Shareholders related to selection, appointment, repeated appointment and revocation of external audit company and terms of agreement with external audit company;
- to monitor the process of external audit.

#### 14.1. PROCEDURE OF WORK OF THE AUDIT COMMITTEE

The Audit Committee informs about its activities to the Company's Ordinary General Shareholders' Meeting by submitting a written report.

The Audit Committee is a collegial body, taking decisions during meetings. The Audit Committee may take decisions and its meeting should be considered valid when both members of the Committee participate in it. The decision should be passed when both members of the Audit Committee vote for it. The member of the Audit Committee may express his will – for or against the decision in question, with the draft of which he is familiar with – by voting in advance in writing. Voting in writing should be considered equal to voting by telecommunication end devices, provided text protection is ensured and it is possible to identify the signature.

The right of initiative of convoking the meetings of the Audit Committee is held by both members of the Audit Committee. The other member of the Audit Committee should be informed about the convoked meeting, questions that will be discussed there and the suggested drafts of decisions not later than 3 (three) business days in advance in writing (by e-mail or fax). The meetings of the Audit Committee should not be formed as a written protocol, if the taken decisions are signed by both members of the Committee. When both Audit Committee members vote in writing, the decision should be written down and signed by the secretary of the Audit Committee who should be appointed by the Management Company. The decision should be written down and signed within 7 (seven) days from the day of the meeting of the Audit Committee.

The Audit Committee should have the right to invite the head of the Management Company, member(s) of the Board, the chief financier, employees responsible for finance, accounting, and treasury issues of the managed Company as well as external auditors of the Company to its meetings. Members of the Audit Committee may receive remuneration for their work in the committee. The remuneration for the Audit Committee members is approved by the General Shareholders' Meeting fixing the maximum hourly rate.

The Company's Audit Committee is guided by the Regulations of the Audit Committee (hereinafter referred to as the Regulations) approved by the General Shareholders' Meeting of the Company held on 18 April 2023. The Regulations are published on the Company's website in the section *For Investors*.

#### 14.2. MEMBERS OF THE AUDIT COMMITTEE

During the General Shareholders' Meeting of the Company held on 29 April 2021 Dangutė Pranckėnienė, partner and auditor of Moore Stephens Vilnius, UAB and Tomas Bubinas were elected for the Audit Committee of the Company for the 4 (four) years of office term. Both members of the Audit Committee are independent, having submitted a notice certifying their independence.



**Tomas Bubinas** – Independent Member of the Audit Committee

<b>The term of office</b>	Since 2021 till 2025
<b>Educational background and qualifications</b>	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
<b>Work experience</b>	2013 - 2022 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
<b>Owned number of shares in INVL Baltic Real Estate</b>	-



**Dangutė Pranckėnienė** – Independent Member of the Audit Committee

<b>The term of office</b>	Since 2021 till 2025
<b>Educational background and qualifications</b>	1995 - 1996 Vilnius Gediminas Technical University, Master of Business Administration. 1976 - 1981 Vilnius University, Master of Economics. The International Coach Union (ICU), professional coucher name, license No. E-51. Lithuanian Ministry of Finance, the auditor's name, license No. 000345.
<b>Work experience</b>	Since 1997 the Partner at Moore Mackonis, UAB 1996 - 1997 Audit Manager, Deloitte & Touche 1995 - 1996 Lecturer, Vilnius Gediminas Technical University 1982 - 1983 Lecturer, Vilnius University
<b>Owned number of shares in INVL Baltic Real Estate</b>	-

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

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

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. By the decision of the General Shareholders' Meeting of the Company held on 29 December 2017, the Management Fee was reduced from 1.5% to 1.0%, the Management Fee for a calendar year shall be 0.25% for the quarter of the year of the weighted average capitalization 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 172 thousand and EUR zero success fee payable (in 2022 EUR 176 thousand and EUR zero success fee payable, in 2021 EUR 209 thousand and EUR 1,516 thousand success fee payable, in 2020 the Management fee to the Management Company amounted to EUR 315 thousand and EUR 1,382 thousand success fee payable, in 2019 the Management fee to the Management Company amounted to 331 thousand EUR and 238 thousand EUR success fee).

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. According to Article 23 (3) of the Law on Financial Statements of Enterprises of the Republic of Lithuania, the Company must publish the Remuneration Report from the year 2021. As the Company does not have any employees, in the Appendix No. 5 the Company discloses the remuneration of the General Manager of the Management Company, members of Board of the Management Company and members of the UTIB Investment Committee appointed by the Management Company (hereinafter - the Management). The remunerations of the General Manager and Board members of the Management Company are calculated on the basis of the proportion of the Management Company's management income (including management and success fee revenues) received from the Company within the total income of the Management Company. The remunerations of the members of the Investment Committee of the Company are calculated in accordance with the part of the time actually allocated to the Company's management (for more details see Appendix No. 5 to the Annual Report).

According to the decision of the General Meeting of the Shareholders of the Company hold on 29 April 2021 it was set the hourly remuneration of the elected independent member of the Supervisory Board at EUR 145 per hour. The other Members of the Supervisory Board do not receive remuneration for these duties. On 18 April 2023 the General Ordinary Shareholders' Meeting of the Company made a decision to eliminate the Supervisory Board.

During the reporting period the Members of the Board of the Management Company and the Members of the Investment Committee were paid EUR 689 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 INVL Baltic Real Estate group.

During the reporting period INVL Baltic Real Estate Group and the Company for Invalida INVL, AB - the company providing accounting services - respectively paid EUR 41 thousand and EUR 24 thousand during the reporting period (in 2022 respectively EUR 43 thousand and EUR 25 thousand, in 2021 respectively EUR 25 thousand and EUR 13 thousand, in 2020 - EUR 15 thousand and EUR 7 thousand during the reporting period, in 2019 - respectively paid EUR 15 thousand and EUR 7 thousand).

Invalda INVL, AB and INVL Asset Management, UAB provide accounting services and preparation of the documents related with bookkeeping for INVL Baltic Real Estate according to an accounting services agreement.

## V. OTHER INFORMATION

### 16. Agreements with intermediaries on public trading in securities

INVL Baltic Real Estate has signed these agreements with the following intermediaries:

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

### 17. Information on Issuer's branches and representative offices

INVL Baltic Real Estate has no branches or representative offices.

### 18. A description of the principal risks and uncertainties

Information, provided in this document, should not be considered complete and covering all aspects of the risk factors associated with public company's INVL Baltic Real Estate activity and securities. There are only basic risks and their descriptions provided in this report. Detailed descriptions of the risks are published on the Company's website.

#### 18.1. GENERAL RISK FACTORS IN THE BUSINESS FIELD WHERE THE GROUP OPERATES

##### *General risk*

The value of an investment into real estate can fluctuate in the short-term depending on the general economic situation, real estate lease and sale prices, demand and supply fluctuations. Investments into real estate should be made for a medium or long period in order that the investor could avoid the risk of short-term price fluctuations. Investments into real estate are related to higher-than-average risk. If investments are not profitable or in case of other unfavourable circumstances (inability to pay creditors in time), bankruptcy proceedings can be instituted against the Company. Redemption of the shares is limited, i.e., a shareholder cannot demand that the Company or the Management Company, which took over its management, would redeem the shares. But a Shareholder will have a possibility to sell shares in the secondary market.

##### *Real estate development risk*

Real estate projects developed by the Company can take longer than planned or cost more than planned and return on investments of the Company may decrease for this reason. Managing this risk, the Company will assign sufficient resources for control over the budgets and performance terms of real estate development projects.

##### *Risk of inflation and deflation*

There is a risk that in case of inflation the value of a share will grow slower than the inflation, which would result in the return lower than inflation. In such a case, the real return earned by persons who sold the shares of the Company in the market from increase in the value of the shares can be smaller than expected. In case of deflation, there would be a risk that the value of the Company's investments will decrease by reason of the drop of the general price level.

##### *Macroeconomic environment*

Real estate development tends to follow the general developments in the macroeconomic environment. Interest rates, unemployment, inflation, private consumption, capital expenditure and other macroeconomic indicators have significant influence on real estate developments and hence the operations and the potential profitability of the Group.

Favourable developments in the macroeconomic environment increase demand for real properties, allow the real estate companies to increase rent rates of properties and other prices related to activities of the Group. Adverse developments increase pressure on real estate prices, rent rates and yields. Hence the Group's results are dependent on general macroeconomic environment and adverse developments in the environment might lead to reconsideration of some of the Group's development plans, negative pressure on prices and rents of the Group's properties or other changes in relation to the Group's properties that might have a material adverse effect on the Group's business, results of operations, financial condition and profitability.

##### *Cyclical nature of the real estate sector*

Real estate development is a cyclical sector. The number of real estate related transactions fluctuates significantly depending on the stage of the real estate cycle. In the Baltic countries has been relatively high lately as a fast growth in prices fuelled by availability of cheap financing was followed by a steep decline as a result of financial crisis. In the future the Baltic real estate market might regain the lost momentum, again inflating the price levels, which might be followed by overheating of the market and downward pressure on the prices, thus, starting the next real estate cycle.

## 18.2. RISK FACTORS CHARACTERISTIC OF THE GROUP

### *Risk of the management and human resources*

The success of the Company's investments will largely depend on decisions taken by persons in the Management Company who are responsible for management of the Company and on experience and capabilities of the said persons. There is no guarantee that the same persons will always remain responsible for management of the Company, however efforts will be used that activities of the Company would always be taken care of by properly qualified persons.

### *Dependence on external financing*

The Group's cash inflows currently are sufficient to finance operating cash outflows and to pay monthly instalments of repayments and interests' payments of bank borrowings. However, further development of the Group's activities will require substantial amounts of capital to fund capital expenditures. For this reason, failure to secure adequate levels of external financing might limit the Group's growth plans and place it at competitive disadvantage as compared to well-capitalized peers. Failure to obtain external financing may lead to forced sale of assets at unfavourable prices or even cause insolvency which may have a material adverse effect on the Group's business, results of operation or financial condition and may destroy the Shareholders' value.

### *Risk related to lease agreements*

The Group's lease agreements may be divided into two categories: non-cancellable fixed-term lease agreements and cancellable lease agreements entered for an unspecified term. For the cancellable lease agreements, tenants must notify the administrator 1-6 months in advance if they wish to cancel the rent agreement.

The Group seeks to use both types of agreements, depending on the market situation and the properties in question. Lease agreements entered for an unspecified term involve nevertheless a risk that many such agreements may be terminated within a short period of time. The Group aims at renewing the fixed term lease agreements flexibly in cooperation with its tenants. There are, however, no guarantees that the Group will be successful in this. To prevent tenants from terminating the lease agreements, the Group may also be forced to agree on the reduction of rent fees. The reduction of rent fees payable to the Group under a large number of lease agreements and/or concurrent termination of a large number of lease agreements could have a material adverse effect on the Group's business, results of operations and financial condition.

### *Reliance on the administrator of the Company's property*

On 2 January 2013 the Company has entered into an agreement with a third party for property management and administration services on part of Company's asset portfolio. An agreement was terminated on 1 January 2018 after the Company's subsidiary Proprietas, UAB and the Company signed a property management and administration agreement. The detailed list of buildings, administered, based on this agreement is provided in Section 2.3. of the Company's consolidated annual report "Information about the Issuer's group of companies". Under this agreement the third party, as an administrator of the property, is committed to increase Company's value and maintain high quality of service for buildings' tenants and employees. In case of change in administrative prices in the market, new contracts under less favourable conditions can be entered into with administrator, which may directly influence the increase in Company's costs.

### *Interest rate risk*

There is a risk that in case of fast recovery of the global economy or increase in inflation, central banks will increase interest rates and it will be more expensive to service loans in connection with the Company's investments, therefore, the value of the Company's investments can decrease. To avoid this risk, the Management Company shall seek that the Company would get most of its loans at fixed interest rates. If it seems necessary, the Company shall hedge against interest rate risk when entering relevant transactions.

Rising interest rates will increase the Group's debt service costs, which will reduce the return on investment. If considered necessary, the Group will manage interest rate risk by entering financial derivatives' contracts.

### *Leverage risk*

Leverage risk is related to possible depreciation of real estate objects acquired with borrowed money. The bigger the leverage, the higher probability of this risk is.

### *Credit risk*

The Company has given and may have given loans to other companies, therefore, in case of deterioration of the financial condition of those companies, there is a risk that the Company will not get back all the loans granted by it.

### *Liquidity risk*

This is a risk to incur losses due to low liquidity of the market when it becomes difficult to sell assets at the desired time at the desired price. In management of this risk, the Company will regularly monitor the real estate market, will get ready for the property sale process in advance, in this way reducing the liquidity risk. Acquiring shares, the Shareholders also assume the risk of securities liquidity – in case of a drop in demand for shares or delisting them from the stock exchange, investors would find it difficult to sell

them. In case of deterioration of the Company's financial situation, the demand for shares, as well as their price may decrease. Liquidity risk also covers the cash flow disruption risk incurred by the Company due to late payments and/or full default on monetary obligations by insolvent tenants.

#### *Total investment risk*

The value of the investment in real estate can vary in the short term, depending on the general economic conditions, rent and purchase prices of real estate, demand and supply fluctuations, etc. Investment in real estate should be carried out in the medium and long term, so that the investor could avoid short-term price fluctuations. Investing in real estate is related to higher than medium risks. Failure of investments of the Group or under other ill-affected circumstances (having been unable to pay for the creditors) can have a significant adverse effect on the Group's performance and financial situation or in the worst-case scenario bankruptcy proceedings may be initiated.

#### *Investment diversification risk*

This is a risk that one bad investment can have a significant effect on the results of the Company. To reduce this risk, the Company will have a sufficient number of different real estate objects in its portfolio, in this way maintaining the proper diversification level.

#### *Tenants' risk*

The Company will seek to let real estate objects at as high prices as possible. Though currently the rent is paid in time (overdue obligations of tenants are very small and are not significant for activities of the Company), there is a risk that upon change (deterioration) of the economic situation the tenants will default on their obligations – this would have a negative impact on the profit and cash flows of the Company. In case of late performance of a large part of obligations, the ordinary business of the Company may be disrupted, it may be necessary to search for additional sources of financing, which may be not always available. The Company, in case of failure to earn planned income from lease or to maintain a high percentage of occupation of the buildings, can face the problem of costs that are not compensated by permanent tenants. This risk may manifest itself in case of big increase in the supply of rented premises and reduction in demand, drop-in rental fees. In case of a failure to let the premises at planned prices or in planned scopes, also in case current tenants terminate their lease agreements, the income of the Company could decrease, whereas fixed costs would remain the same. Accordingly, the profit of the Company would decrease.

#### *Risk of valuation of the Company's assets*

The assets of the Company will be evaluated according to the main rules set in the Articles of Association and the Accounting Policy of the Management Company. Valuation of individual assets held by the Company shall be performed by the independent appraiser, however such valuation of assets shall be only determining the value of the assets, which does not automatically mean the exact sale price of an investment held by the Company, which depends on many circumstances, for example, economic and other conditions, which cannot be controlled. Thus, the sale price of investments held by the Company can be higher or lower than the value of assets determined by a property appraiser.

#### *Competition risk*

The Company, investing into investment objects, will compete with other investors, including, without limitation, with other investment companies or real estate investment funds. Thus, there is a risk that competition with other investors will demand that the Company would conduct transactions at less favourable conditions than it would be possible in other cases.

### 18.3. RISK FACTORS RELATED TO THE COMPANY'S SHARES (INVESTMENTS THERETO)

#### *Market risk*

Acquisition of shares entails the risk to incur losses due to unfavourable changes in the share price in the market. A drop in the price of the shares can be caused by negative changes in the value of assets and profitability of the Company, general share market trends in the region and in the world. Trade in shares can depend on comments of financial brokers and analysts and announced independent analyses about the Company and its activities. If the analysts give an adverse opinion about prospects of the shares, this can also have a negative effect on the price of shares in the market. In assessing shares, non-professional investors are advised to address intermediaries of public trading or other specialists in this field for help.

#### *Dividend payment risk*

Though the Company has approved its dividend payment policy, payment of dividend to Shareholders is not guaranteed and will depend on profitability of activities, investments plans and the general financial situation.

#### *Liquidity of the Issuer's shares is not guaranteed*

It may be possible that in case an investor wants to urgently sell the Issuer's securities (especially a large number of them), demand for them on the exchange will not be sufficient. Therefore, sale of shares can take some more time, or the investor may be forced to sell shares at a lower price. Analogous consequences could appear after the exclusion of the Company's shares from the Secondary List of Nasdaq. Besides, in case of deterioration of the Company's financial situation, demand for the shares of the Company and, at the same time, their price may decrease.

#### 18.4. THE MOST IMPORTANT RISK FACTORS DURING THE REPORTING PERIOD

In 2023 the most important risk factor remained Interest rate risk. A description of the risk factor and a brief commentary:

As in the year 2022 the Company was operating in the face of high inflation. To stabilize and lower inflation, central banks continued to raise base interest rates. The Company pays variable interest rates for credits linked to Euribor, as a result of which its increase in 2023 increased the amount of interest paid by the Company, which had a negative impact on the results. In 2023 in the second half, interest growth slowed down and stabilized. In 2024 it is expected that central banks will start a policy of reducing base interest rates, which should stabilize the impact of this risk.

##### *Interest rate risk*

There is a risk that in case of fast recovery of the global economy or increase in inflation, central banks will increase interest rates and it will be more expensive to service loans in connection with the Company's investments, therefore, the value of the Company's investments can decrease. To avoid this risk, the Management Company shall seek that the Company would get most of its loans at fixed interest rates. If it seems necessary, the Company shall hedge against interest rate risk when entering relevant transactions.

Rising interest rates will increase the Group's debt service costs, which will reduce the return on investment. If considered necessary, the Group will manage interest rate risk by entering financial derivatives' contracts.

#### 18.5. THE MAIN INDICATIONS ABOUT INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee supervises preparation of the consolidated financial statements. Systems of internal control and financial risk management and how the Company follows legal acts that regulate preparation of consolidated financial statements.

The Management Company of INVL Baltic Real Estate is responsible for the supervision and final review of the consolidated financial statements. To order to manage these functions properly, the Management Company is using an external provider of relevant services. Management Company, together with the accounting service provider constantly reviews International Financial Reporting Standards (IFRS) in order to implement in time IFRS changes, analyses Company's and group's significant deals, ensures collecting information from the group's companies and timely and fair preparation of this information for the financial statements, periodically informs the Board of the Management Company about the preparation process of financial statements.

Accounting of all the Company Group's entities is provided by the same external accounting service provider (Invalda INVL AB) by using the unified accounting system, the standard chart of accounts and by applying unified accounting principles. Standardized data collection files prepared by Excel program are used for preparation of consolidated numbers. It also facilitates the automatic reconciliation and elimination of balances and transactions between subsidiaries in the preparation of consolidated accounts. Internal control of the financial numbers of the Group's entities and of the Group financial statements during the reporting period was provided by chief financier of the Management Company.

#### 18.6. INFORMATION ON FINANCIAL RISK MANAGEMENT OBJECTIVES USED FOR HEDGING MEASURES WHICH HEDGE ACCOUNTING AND OF PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK WHERE THE COMPANY GROUP USES FINANCIAL INSTRUMENTS AND IS AN IMPORTANT EVALUATION OF THE PROPERTY, OWN CAPITAL, LIABILITIES, REVENUE AND EXPENSES.

The information is disclosed in Note 3 to the consolidated and the Company's 2023 financial statements.

### 19. Issuer's and its group companies' non – financial results. Information related to social responsibility, environment, including climate action, employees, anti-corruption, and anti-bribery issues, including bribery of foreign officials when concluding international business transactions

#### 19.1. RESPONSIBLE BUSINESS ACTIONS IN THE COMPANY

The management of the Company is transferred to the asset management company INVL Asset Management, which applies the Policy of Equal Opportunities in its activities. The Policy specifies that the Company organizes its activities in a way that employees, despite of their duties and the need to upgrade their qualifications, are secure about equal working conditions, opportunities to develop competence, etc. Equally, the same benefits are granted regardless of the gender, race, nationality, language, origin, social status, believes or convictions, age, sexual orientation, disability, ethnicity, religion, marital status, intention of having children's or membership of the political party or association.

INVL Asset Management has joined the UN-supported Principles for Responsible Investment (PRI) in the middle of 2017.

The PRI, founded in 2006, is a global network of over 1,700 investors, aims to assess the investment implications of environmental, social and governance (ESG) factors. An economically efficient, sustainable global financial system is considered a necessity for long-term value creation. Investors who support the PRI voluntarily work to apply the principles in their investment activities.

Six specific responsible investment Principles are outlined by the PRI. They provide a menu of possible actions for incorporating ESG issues into investment practice – from investment analysis and decision-making to their incorporation into ownership policies and practices. Additionally, signatories to the Principles are encouraged to promote the Principles' acceptance in the investment industry and to work together for their effective implementation.

## 19.2. EMPLOYEES

At the end of 2023, as well as in 2022, 2021, 2020 and in 2019 INVL Baltic Real Estate did not have any employees. The management of the Company were transferred to the Management Company.

There were 7 employees working at INVL Baltic Real Estate portfolio companies on 31 December 2023, 10 – in 2022, 10 – in 2021, 9 – in 2020 and 11- in 2019.

## 19.3. ENVIRONMENTAL PROTECTION AND ACTIONS REGARDING CLIMATE CHANGE

Talent Garden Vilnius among Company's real estate portfolio pays special attention to environmental protection. Talent Garden Vilnius is a coworking space located at Vilniaus str 33 and managed by the Company. Opened in 2019, the coworking space incorporates the latest in ventilation, air conditioning, heating and indoor lighting technologies to save energy. The facility actively collects waste, uses smart water and electrical appliances that conserve natural resources.

The Company is not committed to achieving climate change goals, but assesses and, if necessary, takes appropriate actions to manage risks related to climate issues. The Company is improving its processes and regularly reviews opportunities to address and meet specific climate change targets.

## 19.4. INFORMATION ABOUT ACTIVITIES OF THE ISSUER AND COMPANIES COMPRISING THE ISSUER'S GROUP IN THE FIELD OF RESEARCH AND DEVELOPMENT

INVL Baltic Real Estate did not deliver major research and expansion projects in 2023.

## 19.5. FIGHT AGAINST CORRUPTION AND BRIBERY

In order to reduce the risk of external and internal bribery, the Company applies internal procedures that ensure the transparency of operations by preventing the possibility of involvement in criminal offences. The Company expects appropriate behaviour from its employees and partners, however it cannot assess the diversity of all possible situations.

The management of the Company is transferred to the Management Company. In its activities, the latter has approved the Code of Ethics, which establishes the general standards of ethical of the Management Company, which the employees of the Management Company must comply with in their activities. This is a set of business conduct guidelines intended to develop employees' moral competence, help them understand the organisation's values, rationally organise their activities, create positive working relationships, make the right and best decisions based on the principles of business ethics (including intolerable actions related to bribery of foreign officials (and not only) when concluding international business transactions and other actions related to bribery).

## 19.6. ADDITIONAL NON - FINANCIAL INFORMATION, THE DISCLOSURE OF SUSTAINABILITY-RELATED INFORMATION

The Company is not subject to the requirements for the preparation of a non-financial statement.

According to Regulation (EU) 2019/2088 of the European Parliament and Council on sustainability-related disclosures in the financial services sector ("SFDR") and Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment ("Taxonomy"), the financial product must provide information in the periodic report on how and to what extent the environmental and social features are ensured (Article 8 according to the SFDR) or information on the environmental objectives to which it contributes and a description on investments in sustainable economic activity (Article 9 according to the SFDR).

The Issuer does not promote environmental and/or social characteristics, nor it has sustainable investment as its objective and discloses information under Article 6 of SFDR. The investments underlying the Issuer do not consider the European Union criteria for environmentally sustainable economic activities.

When making investment decisions, the Company currently does not consider the principal adverse impacts of investment decisions on sustainability factors, as defined in SFDR. In the Company's assessment, the possibilities of information collection are limited.

According to the SFDR, information related to the integration of sustainability requirements in the Company's investment decisions and identification of risks related to sustainability is disclosed in the Prospectus (prepared in accordance with the provisions of the Law on Collective Investment Undertakings of the Republic of Lithuania) of the Company.

## 19.7. IMPLEMENTATION OF INTERNATIONAL SANCTIONS

Taking into account the increased geopolitical tension in the region and the European Union and its allies tightening and consolidating new sanctions and restrictive measures against the Russian Federation, the Republic of Belarus and/or related entities due to actions that harm the territorial integrity, sovereignty and independence of Ukraine, the Management Company and the Company follow the relevant information on updates of implemented sanctions and restrictive measures and promptly ensures the proper and timely implementation of sanctions and restrictive measures. The management of the Company has been transferred to the management

company "INVL Asset Management" UAB. The Management company has updated and approved requirements for the Prevention of money laundering and terrorist financing and the implementation of international sanctions, which determine the procedures for the implementation of international sanctions and the persons responsible for them. Procedures related to the implementation of international sanctions are regularly reviewed and updated.

In order to ensure the proper implementation of international sanctions of the European Union, the United Nations and/or other organizations whose sanctions are implemented in the Republic of Lithuania, the Management company performs an inspection before entering into a transaction or starting a business relationship (as well as periodically during the validity of such transactions/relationships), which allows to determine whether these entities are not subject to United Nations, European Union or national sanctions.

The Company operates in the Republic of Lithuania and does not operate in sanctioned states and/or in the specified surrounding regions or states. During 2023 sanctioned persons were not identified, the Company did not conduct activities in sanctioned countries. The Company adheres to zero tolerance regarding issues related to the risks of money laundering and terrorist financing and the implementation of international sanctions.

## 20. Information about agreements of the Company and its managing bodies, members of the formed committees, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason, or their employment is terminated in view of the change of the control (official offering) of the Company.

There are no agreements of the Members of the Supervisory Board, the Company and the Members of the Board, Members of the Investment Committee or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason, or their employment is terminated in view of the change of the control of the Company.

## 21. Significant investments made during the reporting period

In 2023, the Company continued the acquisition of real estate objects, which are located at Vilniaus st. 37, Vilnius. On 20 June 2023, the Company won the auction organized by Turto bankas, VĮ for the garage (box) with a total area of 16.83 sq. m., located at Vilniaus str. 37-3, Vilnius, with part of the land plot of 0.0015 ha from the total land plot of 0.3453 ha, located at Vilniaus st. 37, Vilnius. Later in July 2023 the Company purchased this real estate from Turto bankas, VĮ for EUR 29,900.

On 18 July 2023 the Company completed the transaction regarding the sale and purchase of shares of Pramogų Bankas, all the conditions stipulated in the agreement have been implemented. The Company purchased the shares of Pramogų Bankas from Nesė Group UAB for an amount of EUR 2.9 million. It must be noted that the building managed by Pramogų Bankas was valued at EUR 4.6 million. Pramogų bankas owns non-residential premises – entertainment center with guesthouse and non-residential premises – gambling house with bars – at the address A. Stulginskio str. 8, in Vilnius.

## 22. 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, and their effect, unless, the nature of the arrangements and their disclosure would cause serious harm to the issuer

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.

## 23. Information about any control systems in the employee share plan that are not exercised directly by employees

The Company has no employees; therefore, the application of the matter is not relevant.

## 24. Information on the related parties' transactions

Information on the related parties' transactions is disclosed in consolidated annual financial statements' 18 note of explanatory notes for the year of 2023.

## 25. Information on harmful transactions in which the issuer is a party

There were no harmful transactions (those that are not in line with Issuer's goals, not under usual market terms, harmful to the shareholders' or stakeholders' interests, etc.) made in the name of the issuer that had or potentially could have negative effects in the future on the issuer's activities or business results. There were also no transactions where a conflict of interest was present between the managing bodies of the Management Company, members of the Investment Committee, controlling shareholders' or other related parties' obligations to the issuer and their private interests.

## 26. References to and additional explanations of the data presented in the annual financial statements and consolidated financial statements

All data is presented in consolidated and Company's financial statements of explanatory notes for the year of 2023.

## 27. Information on Audit Company

The Company has not approved criteria for selection of the audit company.

On 9 December 2022, the Extraordinary General Shareholders' Meeting of the Company decided to conclude an agreement with UAB PricewaterhouseCoopers to carry out of the audit of the annual financial statements of the INVL Baltic Real Estate for 2023 year.

In 2023 the accrued costs of audit services are disclosed in point 19 of the explanatory note to the consolidated annual financial statements for 2023.

<b>Audit Company</b>	PricewaterhouseCoopers, UAB
<b>Address of the registered office</b>	J. Jasinskio str. 16B, LT-03163, Vilnius
<b>Code</b>	111473315
<b>Telephone</b>	(+370 5) 239 2300
<b>E-mail</b>	<a href="mailto:vilnius@lt.pwc.com">vilnius@lt.pwc.com</a>
<b>Website</b>	<a href="http://www.pwc.com/lt">www.pwc.com/lt</a>

No internal audit is performed in the Company.

## 28. Data on the publicly disclosed information

The information publicly disclosed by INVL Baltic Real Estate during 2023 is presented on the Company's website Company's website (For investors → Related information). Link: <https://bre.invl.com/en/news/>.

Table 28.1. Summary of publicly disclosed information

Headline	Message Category	Published
INVL Baltic Real Estate received permission to change the Articles of Association	Other information	9 January 2023
Regarding the approval of the candidature of the member of the Supervisory Board	Other information	10 January 2023
Audited results of INVL Baltic Real Estate group of 2022	Annual information	20 March 2023
Announcement of net asset value of INVL Baltic Real Estate on 31 December 2022	Interim information	20 March 2023
Regarding the proposal of INVL Baltic Real Estate to allocate dividends for the year 2022	Notification on material event	24 March 2023
Convocation of the General Ordinary Shareholders Meeting of INVL Baltic Real Estate and draft resolutions on agenda issue	General meeting of shareholders	24 March 2023
INVL Baltic Real Estate presents design proposals for reconstruction of building in Vilnius Old Town	Other information	7 April 2023
Shareholders of INVL Baltic Real Estate approved dividends allocation for the year 2022	Notification on material event	18 April 2023
Resolutions of the General Ordinary Shareholders Meeting of INVL Baltic Real Estate	General meeting of shareholders	18 April 2023
INVL Baltic Real Estate Interim information for 3 months of 2023	Interim information	28 April 2023
Announcement of INVL Baltic Real Estate's net asset value as at 31 March 2023	Interim information	28 April 2023
Correction: Announcement of INVL Baltic Real Estate's net asset value as at 31 March 2023	Interim information	8 May 2023

Headline	Message Category	Published
The new wording of the Articles of Association of INVL Baltic Real Estate was registered	Other information	11 May 2023
INVL Baltic Real Estate received permission to change the Articles of Association	Other information	16 May 2023
Procedure for the payout of dividends for the year 2022	Other information	17 May 2023
Regarding the approval of INVL Baltic Real Estate prospectus	Other information	25 May 2023
INVL Baltic Real Estate won the auction organized by Turto bankas	Other information	20 June 2023
INVL Baltic Real Estate signed a purchase and sale agreement	Notification on material event	26 June 2023
INVL Baltic Real Estate completes sale and purchase of shares of Pramogų Bankas UAB	Notification on material event	19 July 2023
INVL Baltic Real Estate Interim unaudited information for 6 months of 2023	Half-Yearly information	21 August 2023
Announcement of net asset value of INVL Baltic Real Estate on 30 June 2023	Interim information	21 August 2023
Notification on transactions on the Issuer's securities	Notifications on transactions concluded by managers of the companies	25 September 2023
Announcement of net asset value of INVL Baltic Real Estate on 30 September 2023	Interim information	31 October 2023
INVL Baltic Real Estate Interim unaudited information for 9 months of 2023	Interim information	31 October 2023
INVL Baltic Real Estate investor's calendar for 2024	Other information	8 December 2023
INVL Baltic Real Estate subsidiary in Latvia Dommo Biznesa Parks signed a loan agreement	Notification on material event	22 December 2023

Table 28.2. Summary of the notifications on transactions in INVL Baltic Real Estate shares concluded by managers of the Company during 2023.

Date	Person	Number of securities	Security price (EUR)	Total Value Of transaction (EUR)	Form of transaction	Type of transaction	Place of transaction	Form of settlement
20 September 2023	Andrius Daukšas	24,219	2.12	51,344.28	Acquisition	share sale-purchase	AB Nasdaq Vilnius	money

Real estate fund manager of the Management Company  
INVL Asset Management

Vytautas Bakšinskas

(The document is signed with a qualified electronic signature)

## APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS

Company	Registration information	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	investments into commercial rental real estate (until March 2020). From March 2020, carries no activity after completion of IBC business centre sale transaction	Tel. +370 5 2790601 <a href="mailto:breinfo@invl.com">breinfo@invl.com</a>
Proprietas, UAB	Code 303252098 Address – Gynėjų str. 14, Vilnius Legal form – private limited liability company Registration date 27.02.2014	investments into commercial rental real estate	Tel. +370 5 2790601 <a href="mailto:proprietas@invl.com">proprietas@invl.com</a>
Pramogų bankas, UAB	Code 300044665 Address A. Stulginskio str. 8, Vilnius Legal form – private limited liability company Registration date 30.07.2004	investments into commercial rental real estate	Tel. (8 5) 279 0601 <a href="mailto:breinfo@invl.com">breinfo@invl.com</a>
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	investments into commercial rental real estate	Tel. +370 5 2790601 <a href="mailto:breinfo@invl.com">breinfo@invl.com</a>
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	investments into commercial rental real estate	Tel. +370 5 2790601 <a href="mailto:breinfo@invl.com">breinfo@invl.com</a>

## APPENDIX 2. CORPORATE GOVERNANCE CODE

Company, acting in compliance with Article 12 (3) of the Law of the Republic of Lithuania on Securities and paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form is provided.

### 1. Summary of the Corporate Governance Report:

The management of INVL Baltic Real Estate was transferred to the Management Company INVL Asset Management on 22 December 2016 as soon as the Central Bank of the Republic of Lithuania granted special closed-ended type real estate investment company INVL Baltic Real Estate the license of closed-ended type investment company. The rights and duties of the Board and the head of the Company were also transferred to the Management Company. From 26 July 2021 until 11 May 2023, the Company had the Supervisory Board. The Company's management body is not formed.

The Management Company is responsible for convocation and organisation of the General Meeting of Shareholders of the Company, giving notices about publicly not disclosed information under the procedure set by legal acts, organisation of activities of the Company, proper management of information about activities of the Company and performance of other functions assigned to the Management Company.

In the Management Company, ensuring the management of INVL Baltic Real Estate, there is a General Manager, a Board, by whose decision was established the Investment Committee. Until 11 May 2023 by the decision of the Company's shareholders there was also formed the Supervisory Board (more about the competencies of the management bodies, formation and procedure of work is set in the IV section "Issuer's Managing Bodies" of the report).

The information concerning the compliance with the Governance code after INVL Baltic Real Estate received the license of closed-ended type investment company is provided below.

### 2. Structured table for disclosure:

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTARY
<b>Principle 1: General Meeting of shareholders, equitable treatment of shareholders, and shareholders' rights</b>		
The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	YES	The Company discloses all regulated information (including notices on convening General Shareholders' Meeting) through the news distribution platform of AB Nasdaq Vilnius. This ensures that this information is available to the widest possible audience in the Republic of Lithuania and other EU countries. Information is provided simultaneously in both Lithuanian and English. The Company publishes information before or after the trading session of Nasdaq Vilnius AB. The Company timely updates the information on its website and complies with the requirements of Part 5 of the Information Disclosure Guidelines "On the Publication of Regulated and Other Information on the Issuer's Website" approved by the decision of the Supervisory Authority of the Bank of Lithuania. All shareholders have equal rights to participate in the General Shareholders' Meeting of the Company.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	YES	The shares constituting the authorized capital of the Company grant equal rights to all shareholders of the Company.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The rights of the shareholders are described in the Articles of Association of the Company, which are publicly announced on the Company's website and in the section "Rights and obligations granted by the Shares" of the Company's annual report.
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all	NO	Due to the nature of the Company's activities, the Management Company is responsible for making

<p>or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.</p>		<p>the Company's investment decisions (decisions regarding the acquisition and sale of the Company's assets).</p>
<p>1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.</p>	<p>YES</p>	<p>Shareholders are informed about convening of the General Meetings of Shareholders in accordance with the requirements of legislation and the Company's Articles of Association – adhering to the notification deadlines and methods and means of announcement. The opportunity to participate in the Meeting is supplemented by the option of voting by ballot or authorizing another person to represent the shareholder. The General Meeting of Shareholders is always held at the Company's headquarters. In the notice of the General Meeting of Shareholders being convened, the Company does not restrict the right of shareholders to submit new draft decisions either before or during the meeting, and this is clearly stated in the notice of the General Meeting of Shareholders being convened in both Lithuanian and English.</p>
<p>1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.</p>	<p>YES</p>	<p>All documents and information relevant to the Company's General Shareholders' Meeting, including the notice of the convened meeting, draft resolutions, draft resolutions of the meeting are public and simultaneously published in Lithuanian and English through the Nasdaq Vilnius regulated notice distribution system and additionally published on the Company's website in the Regulated Information sections and Shareholders' Meetings.</p>
<p>1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	<p>YES</p>	<p>Shareholders of the Company may exercise their right to vote in the General Meeting of Shareholders in person or through a representative upon issuance of proper proxy or having concluded an agreement on the transfer of their voting rights in the manner compliant with the legal regulations, also the shareholder may vote by completing the General Voting Ballot in the manner provided by the Law on Companies.</p>
<p>1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.</p>	<p>YES</p>	<p>In accordance with the provisions of legal acts, the Company must enable shareholders to participate in the General Meeting of Shareholders and vote by means of electronic communication, as well as submit a voting instruction when it is required by shareholders whose shares hold at least 1/10 of all votes.</p>
<p>1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is</p>	<p>YES</p>	<p>If these issues are on the agenda of the General Meeting of Shareholders, all required information on the proposed collegial body, its members or audit company are specified in the draft decisions of the General Meeting of Shareholders.</p>

proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.

<p>1.10. Members of the company's collegial management body, heads of the administration<sup>6</sup> or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.</p>	<p>YES</p>	<p>Representatives of the Company's Management Company always attend the Company's General Meeting of Shareholders, i.e., a member of the Board or a member of the Investment Committee or a person responsible for the Company's financial statements.</p>
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**Principle 2: Supervisory board (The answers are relevant until May 11 2023. From May 11 2023 the Supervisory Board is not formed in the Company.)**

**2.1. Functions and liability of the supervisory board**

The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.

The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.

<p>2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.</p>	<p>YES</p>	<p>The Supervisory Board acts in good faith for the benefit of the Company and its shareholders.</p>
<p>2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.</p>	<p>YES</p>	<p>The Supervisory Board treats all shareholders fairly and impartially.</p>
<p>2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.</p>	<p>YES</p>	<p>The Supervisory Board is independent in passing decisions.</p>
<p>2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent<sup>7</sup> members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.</p>	<p>YES</p>	<p>The Supervisory Board members are impartial in passing decisions and clearly voice their will regarding the decisions passed.</p>
<p>2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.</p>	<p>NOT APPLICABLE</p>	<p>The Company is a non-taxable entity.</p>
<p>2.1.6. The company should ensure that the supervisory board is provided with sufficient resources</p>	<p>YES</p>	<p>The Supervisory Board is provided with all necessary information.</p>

<sup>6</sup> For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

<sup>7</sup> For the purposes of this Code, the criteria of independence of members of the supervisory board are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

(including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.

**2.2. Formation of the supervisory board (The answers are relevant until May 11 2023. From May 11 2023 the Supervisory Board is not formed in the Company.)**

The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.

2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.

YES

The members of the Supervisory Board elected by the General Meeting of Shareholders of the Company ensure the diversity of qualifications, professional experience and competences, and the Supervisory Board consists of members with appropriate implementation of gender equality.

2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.

YES

According to the Articles of Association of the Company, the Supervisory Board is elected by the General Meeting of Shareholders for a period of 4 years, i.e., the maximum period permitted by the legislation of the Republic of Lithuania.

2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.

YES

Chair of the Supervisory Board is a person whose current or past positions constitute no obstacles to carry out impartial activities.

2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.

YES

Each member devotes sufficient time and attention to perform their duties as a member of the Supervisory Board and their other professional obligations do not interfere with the proper performance of the duties of a member of the Supervisory Board.

2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.

YES

The Company submitted to the shareholders received proposals concerning the candidates for the members of the Supervisory Board with additional references to their independence.

2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.

YES

According to the decision of the General Meeting of the Shareholders of the Company hold on 29 April 2021 it was set the hourly remuneration of the elected independent member of the Supervisory Board at EUR 145 per hour. The other Members of the Supervisory Board do not receive remuneration for these duties.

2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include

YES

The Supervisory Board conducts an evaluation of its activities once a year. The evaluation of the

evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.

performance of the Supervisory Board is carried out by the members of the Supervisory Board filling in the self-evaluation form of the Supervisory Board's performance approved by the Supervisory Board.

### Principle 3: Management Board

#### 3.1. Functions and liability of the management board

The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.

3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.

The Company's investment strategy is provided for in the Company's Articles of Association. The Management Company of the Company is responsible for the implementation of the investment strategy.

3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.

NOT APPLICABLE

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.

The Management Company of the Company is responsible for convocation and organisation of the General Meeting of Shareholders, giving notices about publicly not disclosed information under the procedure set by legal acts, organisation of activities of the Company, proper management of information about activities of the Company and performance of other functions assigned to the Management Company.

3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.

The compliance with the laws and the provisions of the Company's internal policies is ensured by the Management Company and its employees.

3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance<sup>8</sup> on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.

The Management Company of the Company has approved the Code of Ethics, which establishes the

<sup>8</sup> Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: <https://www.oecd.org/daf/anti-bribery/44884389.pdf>

ethical standards relevant to the activities of the Company.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.

The managers and investment decision-makers of the Management Company must be of sufficiently good repute and have sufficient work experience to ensure sound and transparent management.

The candidatures of all managers and investment decision-makers of the Company's Management Company have been approved by the Bank of Lithuania.

3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.

### 3.2. Formation of the management board

3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.

Due to the specifics of the Company's activities, the General Meeting of Shareholders of the Company does not elect the members of the Board of the Management Company.

The managers and investment decision-makers of a Management Company must be of sufficiently good repute and have sufficient work experience to ensure sound and transparent management.

The candidatures of all managers and investment decision-makers of the Company's Management Company should be approved by the Bank of Lithuania.

3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.

NOT APPLICABLE

Due to the specifics of the Company's activities, the General Meeting of Shareholders of the Company does not elect the members of the Board of the Management Company.

Information about the education, qualification, professional experience, and participation in the management of other companies of the managers of the Management Company and members of the Investment Committee of the Company is presented in the annual report of the Company.

3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company.

All members of the Board of the Management Company are familiarized with their duties, the structure of the Management Company and the Company and operations of the Company.

3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the

necessary development of professional experience and sufficiently frequent reconfirmation of their status.

3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.

3.2.6. Each member of the management board should give sufficient time and attention to perform the duties of a member of the Board. If a member of the management Board participated in less than half of the board meetings during the financial year of the Company, the Company's Supervisory Board should be informed if the Supervisory Board is not formed in the Company - the General Shareholder Meeting.

3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent<sup>9</sup>, it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.

3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.

3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.

3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board,

functions of the Board and the Chief Executive Officer of the Company.

The members of the Board of the Company's Management Company are elected for a 4-year term, with the possibility of being individually re-elected for a new term.

Due to the specifics of the Company's activities, the General Meeting of Shareholders of the Company does not elect the members of the Board of the Management Company, whose elect the Chairman of the Board of the Management Company.

Due to the specifics of the Company's activities, attendance of the Management Company's Board meetings is not recorded in the Annual report of the Company.

The Company discloses information on the number of the Company's Investment Committee meetings.

Due to Company's management specifics, independency criteria is not applicable to the managers of the Management Company.

The management fee, payable to the Management Company is disclosed in the Annual Report of the Company, according to the valid management agreement between the Company and the Management Company.

The managers of the Management Company and appointed members of the Investment Committee receive remuneration according to the employment contract signed between them and the Management Company.

The duty of the Company's Management Company to act honestly, fairly and professionally on the best terms and conditions for the Company and its shareholders and to ensure market integrity is enshrined in the Company's Articles of Association.

Due to Company's management specifics, the managers of the Management Company do not carry out assessment of its activities.

<sup>9</sup> For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.

**Principle 4: Rules of procedure of the supervisory board and the management board of the company**

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.

YES/NO

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.

The Board of the Management Company and Investment Committee closely cooperated with the members of the Supervisory Board of the Company (until 11 May 2023).

4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterrupted resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.

YES/NO

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.

Meetings of the Management Company's Board and the Company's Supervisory Board (until 11 May 2023) are held at such intervals as to ensure uninterrupted resolution of essential issues of the Company's management and supervision.

4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.

YES/NO

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.

The Board of the Management Company and the Supervisory Board (until 11 May 2023) of the Company are notified of the meeting being convened and all materials relevant to the issues on the agenda of the meeting are submitted to them.

4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.

YES/NO

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.

When the Board of the Management Company and the Supervisory Board (until 11 May 2023) of the Company have to speak on the same issue, their meetings were coordinated.

**Principle 5: Nomination, remuneration and audit committees****5.1. Purpose and formation of committees**

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.

Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees<sup>10</sup>.

5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.

5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.

5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.

NOT APPLICABLE

Due to the Company's management type and an absence of employees, the Nomination and Remuneration Committees are not formed. Audit Committee members are elected by the General Meeting of Shareholders.

5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.

5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that

<sup>10</sup> The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.

## 5.2. Nomination committee

5.2.1. The key functions of the nomination committee should be the following:

- 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected;
- 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought;
- 3) devote the attention necessary to ensure succession planning.

NOT APPLICABLE

Due to the Company's management type and an absence of employees, the Nomination Committee is not formed.

5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.

## 5.3. Remuneration committee

The main functions of the remuneration committee should be as follows:

- 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so;
- 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned;
- 3) review, on a regular basis, the remuneration policy and its implementation.

NOT APPLICABLE

Due to the Company's management type, the Remuneration Committee is not formed.

## 5.4. Audit committee

5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee <sup>11</sup> .	YES	In its activities, the Audit Committee of the Company follows the legal acts regulating the activities of the Audit Committee, as well as the regulations of the Audit Committee approved by the General Meeting of Shareholders of the Company.
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	YES	The Management Company of the Company ensures that: 1) the members of the Audit committee are properly introduced to the activities of the Company, are provided with complete information relating to the Company's specific accounting, financial and other operational features; 2) the Audit committee is informed of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. The Audit committee is furnished with complete information on particulars of accounting, financial and other operations of the Company; 3) the Audit committee is informed of the work programme of internal and external auditors, and should receive internal and external audit report. 4) etc.
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	The Audit committee has the right to invite to its meetings the manager and members (member) of the Board of the Management Company, the chief financier, employees responsible for finance, accounting and treasury issues, external auditors and other persons, whose presence is admitted necessary considering questions scheduled for the Audit committee meeting.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	YES	The Management Company of the Company ensures that the audit committee is informed of the work programme of internal and external auditors, and should receive internal and external audit report
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	NO	Due to the Company's management type and considering that the Company has no employees, the Audit Committee of the Company does not examine if the Company complies the functions stated in 5.4.5.
5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	YES / NO	In accordance with the provisions of the Audit Committee, the Audit Committee submits its activity reports to the Annual General Meeting of Shareholders.

#### Principle 6: Prevention and disclosure of conflicts of interest

The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.

<sup>11</sup> Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.

YES / NO

Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.

The Management Company must have such an organisational structure that would help to avoid conflicts of interest. When it is impossible to avoid conflicts of interest, the Management Company must ensure that Shareholders are treated fairly.

#### Principle 7: Remuneration policy of the company

The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.

YES

The Company is subject to the remuneration policy of the Management Company, which is approved by the Board of the Management Company. The Company's Supervisory Board (until 11 May 2023) had a separate remuneration policy, which was approved by the Company's General Meeting of Shareholders.

Remuneration policies are reviewed in accordance with legal requirements.

7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.

YES

The Management Company's remuneration policy covers all forms of remuneration that may be paid, i. e: fixed part of remuneration, variable part of remuneration (allocated based on the Company's and / or employee's performance). The Company may pay pension contributions to the second or the third pillar pension funds for the benefit of employees, as well as non-monetary benefits may be provided to the Company's employees.

7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.

YES/NO

The Company is subject to the remuneration policy of the Management Company, which is approved by the Board of the Management Company. The Company's Supervisory Board (Until 11 May 2023) had a separate remuneration policy, which was approved by the Company's General Meeting of Shareholders.

The remuneration of the members of the Supervisory Board did not depend on the performance of the company.

7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.

NOT APPLICABLE

The Company is subject to the remuneration policy of the Management Company, which is approved by the Board of the Management Company. The Company's Supervisory Board (until 11 May 2023) had a separate remuneration policy, which was approved by the Company's General Meeting of Shareholders.

According to the policies, the Company does not have the policy of termination payments.

7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial

YES / NO

The Company is subject to the remuneration policy of the Management Company, which is approved by the Board of the Management Company. The Company's Supervisory Board had a separate remuneration policy, which was approved by the Company's General Meeting of Shareholders.

bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.

According to the remuneration policy of the Management Company, which applies for the Company as well, the part of the variable remuneration assigned to the employee of the Management Company (in whole or in part) may be allocated as the option of Invalda INVL AB at his choice. Their payment on a pro rata basis is realized through the attribution of shares (i.e. the granting or acquisition of the right to acquire the respective amounts of shares at different terms), in accordance with the procedure and conditions established in the option agreements.

7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.

YES

The Company publishes a remuneration report on its website.

7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.

YES/NO

The Company is subject to the remuneration policy of the Management Company, which is approved by the Board of the Management Company. The Company's Supervisory Board (Until 11 May 2023) had a separate remuneration policy, which was approved by the Company's General Meeting of Shareholders.

#### Principle 8: Role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.

YES

The Company respects the rights of stakeholders and their legitimate interests.

8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.

YES / NO

The Company has no employees. The Company provides opportunities for the Company's investors (shareholders) to participate in the management of the Company in accordance with the procedure established by the Company's Articles of Association and legal acts.

8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.

YES

The Company's investors (shareholders) are provided with information that is required to be provided by applicable legislation and other information relevant to the Shareholders at the discretion of the Management Company.

8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.

NO

The Company does not provide possibility of reporting confidentially any illegal or unethical practices

**Principle 9: Disclosure of information**

The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.

9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:	YES	The information referred to below in this recommendation is disclosed in notifications of material events published through the Nasdaq Vilnius Information Disclosure System, the Company's website, and the Company's annual and interim information documents, to the extent required by legislation and the International Financial Reporting Standards applicable in the European Union. The information is also disclosed in presentations to investors of the Company.
9.1.1. operating and financial results of the company;	YES	Company publishes interim and annual reports.
9.1.2. objectives and non-financial information of the company;	YES	Company publishes interim and annual reports.
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	Published on the Company's website.
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES / NO	Due to the nature of the Company's activities, collegial management body is not formed in the Company. Its management is transferred to the Management Company, which performs the functions of the Board and the Chief Executive Officer of the Company. Until 11 May 2023 the Company had a Supervisory Board.  The Company's website provides information on the members of the Board of the Company's Management Company, the General Director and Company's Investment Committee members.
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	YES / NO	The management of the Company is transferred to the Management Company, which carries the functions of the Board and the Manager of the Company.  The Company's website provides information on the members of the Company's Investment Committee.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	YES	The Company publishes on its website the general risk factors of the business area in which the Group operates; group-specific risk factors; risk factors related to the Company's shares.
9.1.7. the company's transactions with related parties;	YES	Information is provided in the interim and annual reports.
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	NO	Due to the Company's management type - transfer of the Company's management to the Management Company - the Company itself does not have any employees.
9.1.9. structure and strategy of corporate governance;	YES	The Company's strategy is provided for in the Company's Articles of Association, which are published on the Company's website.

9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects.

This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.

NO

The Company is not required to prepare and publish a non-financial statement.

9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.

YES

The Company prepares a consolidated report and consolidated financial statements

9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.

YES

Information about the education, qualification, professional experience, and participation in the management of other companies of the managers of the Management Company, and members of the Investment Committee is presented in the annual report of the Company.

The Company also publishes a remuneration report.

9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.

YES

The Company publishes all information through the information disclosure system of the Nasdaq Vilnius Stock Exchange and on the Company's website so that it is accessible to everyone and at the same time.

#### **Principle 10: Selection of the company's audit firm**

The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.

10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.

YES

The Company is audited by an independent audit company UAB PricewaterhouseCoopers.

10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.

YES/NO

In 2022, the Management Company of the Company proposed to the General Meeting of Shareholders the audit firm, which will audit annual financial statements of the Company for 2023 year, as due to the nature of the Company's activities, collegial management body is not formed in the Company.

10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.

YES

The Company undertakes to disclose if the audit company would have received payment from the Company for non-audit services provided.

## APPENDIX 3. COMPANY'S MANAGEMENT REPORT

(Prepared in accordance with the Law of the Republic of Lithuania on Financial Reporting by Undertakings (IX-575) in force from 1 January 2022)

### 1. reference to the applicable corporate governance code and the place of its publication, and (or) reference to the all necessary published information regarding management practices of the entity

The Company discloses the information regarding the compliance with the applicable Corporate Governance Code in Appendix 2 of the consolidated report of 2023. The Company publishes its annual reports on the website of the Company (*Company's web site section "For investors" → "Financial information and reports". The link <https://bre.invl.com/en/for-investors/financial-information-and-reports/>*).

### 2. in case of derogation from the provisions of the applicable corporate governance code and (or) when the provisions are not complied with, such provisions and the reasons thereof shall be indicated

The Company discloses such information in sections "Yes/No/Irrelevant" and "Commentary" of Appendix 2 of the consolidated report of 2023 "Corporate Governance Code".

### 3. information regarding the level of risk and risk management – management of risks related to the financial reporting, risk mitigation measures, and internal control systems implemented at the entity shall be described

The Company provides information regarding the level of risk, risk management, and implemented internal control systems, as well as the measures, in Clause 18.6 of the consolidated report of 2023.

### 4. information regarding significant directly or indirectly managed holdings

The Company provides information regarding the significant directly or indirectly managed holdings in Clause 5 of the financial statement of 2023.

### 5. Information regarding transactions with related parties, according to the Law on Companies article 37<sup>2</sup> (by specifying the counterparty (legal form, name, code, register of the legal entity in which the person is stored, premises (address); name, surname, address of the natural person and the value of the transaction);

According to Article 10, part 3 of the Law on Companies, the provisions of Article 37 are not applicable to the transactions concluded with a subsidiary company, if the owner of all shares is this joint-stock company. In addition, the provisions of Article 37 is not applicable when the transaction or the total amount of such transactions per financial year do not exceed 1/10 of a joint stock company whose shares are allowed to be traded on the regulated market, the value of the assets specified in the latest balance sheet. Since all transactions in the Company are either with subsidiaries or does not exceed 1/10 of its asset value, the details of such transactions are not disclosed.

### 6. information regarding the shareholders who have special rights of control and the description of such rights

There are no shareholders having special rights of control in the Company.

### 7. information regarding all current restrictions on voting rights (such as the restrictions on voting rights of persons having a certain percentage or number of the votes, the deadlines by which voting rights may be exercised or systems, according to which the property rights granted by the securities are to be separated from the holder of those securities)

No restrictions on voting rights are applied in the Company.

### 8. information regarding the rules governing the appointment and dismissal of board members, as well as the amendment of the company's Articles of Association

The management of the Company is transferred to the Management Company UAB INVL Asset Management which exercises the functions of the Head and the Board of the Company. The Rules of Procedure of the Board are applicable to the Board members of the Management Company. The provisions governing the appointment and dismissal of Board members are not provided for by the aforementioned Rules, except for the possible resignation and procedures related thereof. A person who seeks to become the Board member of the Management Company shall obtain a prior permit from the Supervision Service of the Bank of Lithuania (hereinafter – the Bank of Lithuania) to occupy a corresponding post. Moreover, such person shall fill in the Form of the Questionnaire of the Manager approved by the Bank of Lithuania and comply with the indicated requirements.

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).

### 9. information regarding the powers of the board members

The management of the Company is transferred to the Management Company UAB INVL Asset Management which exercises the functions of the Head and the Board of the Company. The Board members of the Management Company act in accordance with the Law on Companies of the Republic of Lithuania, Articles of Association of the Management Company, Rules of Procedure of the Board, as well as other applicable legislation, and have no special powers. The Board members of the Management Company always act for the benefit of the Company and its shareholders.

### 10. information regarding the competence of the general meeting of shareholders, the rights of shareholders and implementation thereof, if such information is not established in the applicable legislation

The Company provides information regarding the competence of the General Meeting of Shareholders, the rights of shareholders, and implementation thereof, as well as the procedure for convening the meetings of shareholders, in Clause 12.1 of the consolidated annual report of 2023.

**11. information regarding the composition of the management, supervisory bodies, and the committees thereof, as well as the fields of activity of the aforesaid bodies and the manager of the company**

The management of the Company is transferred to the Management Company UAB INVL Asset Management which exercises the functions of the Head and the Board of the Company. The Company provides information regarding the Board members of the Management Company, General Manager of the Management Company and the members of the Investment Committee in Clause 13 of the consolidated annual report of 2023.

The Board members of the Management Company, General Manager of the Management Company and the members of the Investment Committee of the Company act in accordance with the Rules of Procedure of the Board, Provisions of the General Manager and Provisions of the Investment Committee. In addition to this, the Board members of the Management Company, General Manager of the Management Company and the members of the Investment Committee always act for the benefit of the Company and its shareholders.

**12. description of diversity policy applicable in appointing the manager of the company, management, and supervisory bodies, related to the aspects such as age, gender, education, professional experience, objectives of such policy, methods of implementation thereof, and results of the reference period. if the diversity policy is not applied, the reasons thereof shall be indicated**

This requirement is not applicable to the Company in accordance with Part 2 of Article 23(1) of the Law on Enterprise Accountability of the Republic of Lithuania.

However, it should be noted, that the management of the Company is transferred to the Management Company UAB INVL Asset Management, which applies the Policy of Equal Opportunities in its activities. The Policy specifies that the Company organizes its activities in a way that employees, despite of their duties and the need to upgrade their qualifications, are secure about equal working conditions, opportunities to develop competence, etc. Equally, the same benefits are granted regardless of the gender, race, nationality, language, origin, social status, beliefs or convictions, age, sexual orientation, disability, ethnicity, religion, marital status, intention of having children's or membership of the political party or association.

INVL Asset Management has joined the UN-supported Principles for Responsible Investment (PRI) in the middle of 2017.

The PRI, founded in 2006, is a global network of over 1700 investors, aims to assess the investment implications of environmental, social and governance (ESG) factors. An economically efficient, sustainable global financial system is considered a necessity for long-term value creation. Investors who support the PRI voluntarily work to apply the principles in their investment activities.

Six specific responsible investment Principles are outlined by the PRI. They provide a menu of possible actions for incorporating ESG issues into investment practice – from investment analysis and decision-making to their incorporation into ownership policies and practices. Additionally, signatories to the Principles are encouraged to promote the Principles' acceptance in the investment industry and to work together for their effective implementation.

**13. shareholders (their terms and conditions)**

The Company's shareholders do not have mutual agreements.

## APPENDIX 4. COMPANY'S OPERATING AND FINANCIAL INDICATOR FORMULAS AND DEFINITIONS

In accordance with the guidelines on Alternative Performance Indicators which were published by the European Securities and Markets Authority in 2015 and came into force on 3 July 2016, the Company provides definitions and formulas (below) of the Company's operating and financial indicators.

The Company's performance and financial indicators are used to evaluate the Company's financial position or status. For these indicators, the Company's investor can obtain additional information to help understand the Company's financial position and strategy.

All the information stated in Appendix 4 is provided on the website of the Company (Company's web site section „For Investors“ → „Financial information and reports“ . The link: <https://bre.invl.com/en/for-investors/financial-information-and-reports/>)

- **Dividend yield** – dividends attributable to shareholder paid per share for the last financial year divided by the price per share at the end of a financial period.

$$\text{Dividend yield} = \frac{\text{The set value of dividends paid per share for the last financial year}}{\text{The price per share at the end of a financial period}}$$

Dividend yield ratio is a particularly an important valuation measure for investors seeking regular income. The higher the yield, the higher the payout for the shareholder compared to the price of the share.

- **Book value per share** – Group's equity divided by the number of shares, excluding Company's own shares, at the end of a financial period.

$$\text{Book value per share} = \frac{\text{The Group's equity}}{\text{The number of shares, excluding the Company's own shares, at the end of a financial period}}$$

The book value per common share indicates the remaining value for shareholder after all assets are liquidated and all liabilities are covered.

- **Price to Book ratio** – ratio between the share price at the end of a financial period and book value per share.

$$\text{Price to Book ratio} = \frac{\text{The share price at the end of a financial period}}{\text{The book value per share}}$$

Price-to-book ratio compares a Company's market value to book value by dividing price per share by book value per share. This shows how the valuation of the Company is covered by equity.

- **Dividends/Net profit** – ratio between the dividends allocated at the ongoing year for the year before and ongoing year net profit of the Company.

$$\text{Dividends/Net profit} = \frac{\text{The dividends allocated at the ongoing year for the year before}}{\text{Ongoing year net profit of the Company}}$$

The dividend payout ratio is the ratio of the total amount of dividends paid out to shareholders relative to the net income of the Company. It is the percentage of earnings paid to shareholders in dividends.

- **Return on Equity (ROE)** – ratio between net income and average equity of a financial period, measured in percentage terms.

$$\text{Return on Equity (ROE) (measured in percentage terms)} = \frac{\text{Net income}}{\text{Average equity for a financial period}}$$

Return on equity excludes debt in the denominator and compares net profit for the period with total average shareholders' equity. It measures the rate of return on shareholders' investment.

- **Average equity** is an arithmetical average of the beginning equity and ending equity of a financial period.

$$\text{Average equity} = (\text{The beginning equity for the financial period} + \text{The ending equity for the financial period}) / 2$$

- **Return on Assets (ROA)** – ratio between net income and average total assets of a financial period, measured in percentage terms.

$$\text{Return on Assets (ROA) (measured in percentage terms)} = \frac{\text{Net income}}{\text{Average total assets for a financial period}}$$

Return on assets (ROA) is an indicator of how profitable a Company is relative to its total assets. ROA indicates how efficient a Company is using its assets to generate earnings.

- **Average total assets** is an arithmetical average of the beginning total assets and ending total assets of a financial period.

$$\text{Average total assets} = (\text{The beginning total assets of a financial period} + \text{The ending total assets of a financial period}) / 2$$

- **Debt ratio** – ratio between total liabilities and total assets.

$$\text{Debt ratio} = \frac{\text{Total liabilities}}{\text{Total assets}}$$

The debt ratio is a financial ratio that measures the extent of a Company's leverage. It can be interpreted as the proportion of a Company's assets that are financed by debt.

- **Debt to Equity ratio** – ratio between total liabilities and Shareholders' equity.

$$\text{Debt to Equity ratio} = \frac{\text{Total liabilities}}{\text{Shareholders' equity}}$$

The debt to Equity ratio is calculated by dividing a Company's total liabilities by its shareholder equity. The ratio is used to evaluate a Company's financial leverage.

- **Gearing ratio** – ratio between net debt and sum of net debt and equity. Net debt is the difference between borrowings/issued bonds and cash and cash equivalents.

$$\text{Gearing ratio} = \frac{\text{Net debt}}{\text{Net debt} + \text{equity}}$$

Gearing ratio is analysis ratio of a level of net debt compared to equity capital. Lower gearing ratio means greater financial stability. However, borrowings are a way for Companies to leverage their value to increase profits for shareholders.

- **Liquidity ratio** – ratio between current assets, including assets classified as held for sale, and current liabilities.

$$\text{Liquidity ratio} = \frac{\text{Current assets (including assets classified as held for sale)}}{\text{Current liabilities}}$$

Liquidity ratio is a financial metric used to determine a debtor's ability to pay off current debt obligations without raising external capital.

- **Quick ratio** – ratio between current assets (excluding inventories, prepayments and deferred charges and current loans granted) and current liabilities.

$$\text{Quick ratio} = \frac{\text{Current assets (excluding inventories, prepayments and deferred charges and current loans granted)}}{\text{Current liabilities}}$$

The quick ratio is an indicator of a Company's short-term liquidity position and measures a Company's ability to meet its short-term obligations with its most liquid assets.

- **Normalized operating profit** - operating profit excluding interest income, net gains (losses) from fair value adjustments on investment property and other income adding the re-estimation of provision for the Performance Fee.

Normalized operating profit = Operating profit – Interest income – Net gains (losses) from fair value adjustments on investment property – Other income + The re-estimation of provision for the Performance Fee.

Normalized operating profit is measurement of the companies operating profit and allows viewing operating trends and identifying strategies to improve operating performance and assists in comparing performance across reporting periods on a consistent basis by excluding item that are not indicative of the companies core operating performance.

- **Normalized operating profit margin** – ratio between normalized operating profit and sales, measured in percentage terms.

$$\text{Normalized operating profit margin (measured in percentage terms)} = \frac{\text{Normalized operating profit}}{\text{Sales}}$$

Normalized operating profit margin is a operating profit margin excluding item that are not indicative of the companies core operating performance.

- **Pre-tax profit margin** – ratio between pre-tax profit and sales, measured in percentage terms.

$$\text{Pre-tax profit margin (measured in percentage terms)} = \frac{\text{Pre-tax profit}}{\text{Sales}}$$

The pretax profit margin is the ratio of a Company's pre-tax earnings to its total sales. The higher the pretax profit margin, the more profitable the company.

- **Price earnings ratio (P/E)** – share price at the end of a financial period divided by earnings per share (EPS).

$$\text{Price earnings ratio (P/E)} = \frac{\text{The share price at the end of a financial period}}{\text{Earnings per share (EPS)}}$$

To determine the P/E value, one simply must divide the current stock price by the earnings per share (EPS). It is used to compare a Company against its own historical record or to compare aggregate markets against one another or over time.

- **Borrowings to value of investment properties** – ratio between borrowings and investment properties.

$$\text{Borrowings to value of investment properties} = \frac{\text{Borrowings}}{\text{Investment properties}}$$

This indicator shows the proportion of the investment assets financed by borrowed funds.

- **Interest coverage ratio** – ratio calculated as normalized operating profit divided by borrowings' interest expenses. The latter amounted to interest expenses of bank borrowings plus interest expenses of borrowings/issued bonds from third parties.

$$\text{Interest coverage ratio} = \frac{\text{Normalized operating profit}}{\text{Borrowings' interest expenses*}}$$

\*Borrowings' interest expenses = Interest expenses of bank borrowings + Interest expenses of borrowings/issued bonds from third parties

The purpose of this ratio is to give an indication of the companies general ability to service the interests of it's debts.

- **Bank's Debt Service Coverage Ratio** – ratio between normalized operating profit and bank's debt service costs. Bank's debt service costs is during reporting period paid interest, commitment fees according to borrowings' agreements and principal repayments.

$$\text{Bank's Debt Service Coverage Ratio} = \frac{\text{Normalized operating profit}}{\text{Bank's debt service cost*}}$$

\*Bank's debt service cost = Interest paid during reporting period, commitment fees according to borrowings' agreements and principal repayments.

The purpose of this ratio is to give an indication of the companies general ability to service its debt.

- **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.

*Net operating income = 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.*

Net operating income is a calculation used to analyze the profitability of real estate investments that generate income. Net operating income equals all revenue from the property minus all reasonably necessary operating expenses.

- **Net profit margin** – net profit divided by sales, expressed in percentage terms.

*Net profit margin (measured in percentage terms) =  $\frac{\text{Net profit}}{\text{Sales}}$*

The net profitability is equal to how much net income or profit is generated as a percentage of revenue. It illustrates how much of each euro in revenue collected by a Company translates into profit.

## APPENDIX 5. REMUNERATION REPORT

### ***Brief overview of the Company's activities in 2023***

INVL Baltic Real Estate's consolidated net operating income from its own properties in 2023 amounted to 2.4 million euros or 19 per cent more than in 2022 (2.03 million euros). INVL Baltic Real Estate's consolidated income in 2023 comprised 3.6 million euros or 6 per cent more than in 2022 (3.4 million euros), the consolidated rental income from own property increased by 16 per cent to 2.2 million euros.

The group's net profit in 2023 reached 0.7 million euros, the value of assets under management increased by 5.6 million euros in 2023, and at the end of the year amounted to 42.1 million euros. The value of equity at the end of the year reached 23.52 million euros. The equity value per share was 2.92 euros and increased by 3 per cent (after assessing the dividends paid in 2023) during the year.

In 2023, the premises managed by INVL Baltic Real Estate were characterised by a high occupancy rate and improving operating results. In the coming years, we will continue to meet the expectations of our customers and increase the value for investors.

### ***Management of the company***

The management of INVL Baltic Real Estate is delegated to UAB INVL Asset Management (hereinafter – “the Management Company”), which also performs the functions of the Board and Managers of INVL Baltic Real Estate. Given that and taking into account the fact that INVL Baltic Real Estate has to approve the remuneration policy (hereinafter referred to as the Policy) in accordance with Article 37<sup>3</sup> of the Law on Companies of the Republic of Lithuania, it is established that the Company is subject to the Policy of the Management Company, the provisions of which are adapted in order to reveal as much as possible the transparency of remuneration of the persons considered to be managers of INVL Baltic Real Estate, the accountability of the management and to enable the shareholders, potential investors and stakeholders to get a comprehensive and reliable picture of the wages paid to each manager of INVL Baltic Real Estate. Moreover, from 26 July 2021 until 11 May 2023 the Company had a collegial supervisory body – the Supervisory Board. The General Meeting of Shareholders, held on 29 April 2021 approved the Remuneration Policy of the Supervisory Board of the Company. For the purposes of this Report, the General manager of the Management Company, members of the Board of the Management Company, members of the Investment Committee appointed by the Management Company (hereinafter referred to as the Management) and the members of the Supervisory Board of the Company (hereinafter referred to as the members of the Supervisory Board) were considered to be managers of INVL Baltic Real Estate. Considering that a new version of the Republic of Lithuania Law on Companies entered into effect on 30 November 2022 and according to the provisions of Section 1 of Article 78 therein, the requirement to form a collegial body with supervisory functions no longer applies to investment companies specified in the Republic of Lithuania Law on Collective Investment Undertakings with the legal form of a public limited liability company whose shares are admitted to trading on a regulated market, General Ordinary Shareholders Meeting that was held on 18 April 2023, made a decision to eliminate the Company's collegial body with a supervisory function – the Supervisory Board, therefore, from 11 May 2023 the Remuneration Policy of the Supervisory Board of the Company is no longer relevant.

### ***Official monthly wage***

The regular remuneration of the Management includes the official monthly wage, employee fees and additional benefits granted irrespective of the performance results and paid to all employees meeting the established criteria in accordance with the procedure in force in the Management Company (e.g. pension contributions to II or III pillar pension funds). In addition to the official monthly wage or remuneration received in a different form, a supplementary component may be paid – the variable wage allocated depending on the fulfilment of the Company's annual business plan and/or budget and the fulfilment of the Management's individual plans and tasks. The official monthly wage is determined in such a way as to ensure proper proportions between the official monthly wage and the bonus components. The official monthly wage constitutes a sufficiently high proportion of the total remuneration paid so that it makes it possible to implement a flexible incentive policy.

### ***Bonuses and the procedure for payment thereof***

A bonus, including the deferred part thereof, may be granted and/or paid to the Management only in the case of a sustainable financial situation in the Company, taking into account the Company's performance results, and only if the results of the annual individual assessment of the Management are positive. In assessing the individual performance results of the Management, non-financial criteria, such as adherence to internal rules and procedures, communication with clients and investors, compliance with rules, enhancement of professional qualifications, etc., are also taken into account. If the financial performance results of the Company in a given year are negative or the Company has failed to achieve the established business objectives, the Company has the right to make a decision not to pay the bonus or part thereof, or to reduce the amount of previously estimated bonus, as well as the payment of such amounts earned previously, by defining the period of such non-payment or reduction. No such adjustment or deferral was applied during the reporting period. Likewise, the Board of the Management Company is entitled to demand that the Management refunds all or part of the bonus paid to it if it subsequently becomes clear that the bonus was paid to it as a result of the Management's bad faith or errors in the accounts.

The bonus is paid to Management in cash in accordance with the following payment terms:

- 60 per cent of the bonus amount is paid as a lump-sum under the procedure and within the time frames established in the order of the Management Company's General Manager or in the decision of the Board of the Company.
- the remaining portion of 40 per cent is paid to the employee on a pro rata basis within three years, i.e. the deferred portion of the bonus is distributed proportionally over the entire deferral period, beginning not earlier than 1 year after the end of

the employee's performance assessment and is paid on a yearly basis by disbursing the portion of the bonus calculated pro rata. In individual cases, the competent body of the Management Company has the right to decide on a longer deferral period, usually not longer than 5 years, taking into consideration the business cycle and performance of activities of the Management Company and/or respective collective investment undertaking and other criteria provided for in the legislation.

The Management Company shall not apply the requirement to mandatorily pay the bonus in financial instruments. However, if the Management Company provides for such possibility, the bonus may, at the employee's choice, be paid in financial instruments or equivalent instruments (share options, contributions to the pension fund, insurance instalments).

Upon termination of the employment relationship, before the bonus is paid, regardless of the grounds for termination of the employment relationship, the deferred part of the bonus payable will not be paid out.

The variable remuneration component for 2023 will be allocated in 2024, after the approval of the financial statements for 2023. In the allocation of this portion of the remuneration, account will be taken, inter alia, of the real estate purchase transaction carried out by INVL Baltic Real Estate during the reporting period. More information about the transaction is available at: <https://view.news.eu.nasdaq.com/view?id=b2f72c6e21372737bfad242283c1e8e3e&lang=en>

The remunerations of the General Manager and Board members of the Management Company are calculated on the basis of the proportion of the Management Company's management income (including management and success fee revenues) received from the Company within the total income of the Management Company. The remunerations of the members of the Investment Committee of the Company are calculated in accordance with the part of the time actually allocated to the Company's management. Amounts of remuneration allocated and paid to Management for the years 2020, 2021, 2022 and 2023 are presented in the tables on the pages below.

#### Breakdown of wages allocated and paid during 2023:

Name Surname, Position	ID code	1. Regular remuneration, in EUR 000s			2. Variable remuneration, in EUR 000s		3. One-time payments, in EUR 000s	4. Contributi ons to pension funds, in EUR 000s	5. Total remuner ation, in EUR 000s	6. Portion of variable remune- ration in %*
		Official annual re- muneration	Other payouts	Reward in kind	Annual bonuses*	Multiannual results bonuses*				
Laura Križinauskienė, General manager of the Management Company (until 30 November 2023)	[sensitive data]	1.59	-	-	2.27	-	-	0.45	4.31	52.74
Paulius Žurauskas, General manager of the Management Company (from 1 December 2023)	[sensitive data]	0.87	-	-	-	-	0.47	0.01	1.35	-
Darius Šulnis, Chairman of the Board of the Management Company	[sensitive data]	0.56	-	-	-	-	-	-	0.56	-
Nerijus Drobavičius, Member of the Board of the Management Company	[sensitive data]	1.05	-	-	0.61	-	2.27	0.01	3.94	73.12
Vytautas Plunksnis, Member of the Board of the Management Company	[sensitive data]	0.77	-	-	-	-	-	0.16	0.93	-

Vytautas Bakšinskas, Member of the Investment Committee	[sensitive data]	81.68	-	-	-	-	1.59	83.27	-
Andrius Daukšas, Member of the Investment Committee	[sensitive data]	42.69	-	-	-	-	2.29	44.98	-
Raimondas Rajeckas, Member of the Supervisory Board	[sensitive data]	-	-	-	-	-	-	-	-
Mantas Gofmanas, Member of the Supervisory Board	[sensitive data]	-	-	-	-	-	-	-	-
Eglė Surplienė, Chairman of the Supervisory Board**	[sensitive data]	-	-	-	-	-	-	-	-

\* The variable remuneration component for 2023 will be allocated in 2024, after approval of financial statements for 2023.

\*\* It was set an hourly salary of EUR 145 (excluding taxes) for an independent member of the Supervisory Board Eglė Surplienė. For 2023 no remuneration was paid to Eglė Surplienė.

#### Breakdown of wages allocated and paid during 2023 in other undertakings of the Group of the Company:

Name Surname, Position	ID code	1. Regular remuneration, in EUR 000s			2. Variable remuneration, in EUR 000s		3. One-time payments, in EUR 000s	4. Contributions to pension funds, in EUR 000s	5. Total remuneration, in EUR 000s	6. Portion of variable remuneration in %*
		Official annual remuneration	Other payouts	Reward in kind	Annual bonuses*	Multiannual results bonuses*				
Vytautas Bakšinskas, Member of the Investment Committee**	[sensitive data]	1.5	-	-	-	-	-	-	1.5	-

\* The variable remuneration component for 2023 will be allocated in 2024, after approval of financial statements for 2023.

\*\*Other members of the Management did not receive remuneration from other companies of the Group of the Company.

As a rule, the bonus is paid in cash. The Management Company, in accordance with the principle of proportionality, does not apply the requirement regarding the mandatory payment of the bonus in financial instruments. The managers of the Company are not granted shares of the Company, nor are there any share options for the Company's shares with them. In accordance with the Policy of the Management Company in force in the Company, the portion of the variable remuneration allocated to the employee of the Management Company (all or part of it) may be allocated in the options of AB Invalda INVL. Their pro rata payment is realised through the assignment of shares (i.e. the grant or obtaining of the right to acquire the relevant quantities of shares at different terms) under the procedures and conditions laid down in the option agreements.

#### Comparison of wages allocated and paid over the last five years

Due to the fact that the management of the Company is delegated to the Management Company and its management bodies are not formed, and the Company itself does not have employees, the annual changes in remuneration and the full-time equivalent changes in average remuneration, based on the employees of the Company who are not members of the management bodies, cannot be compared. It is also not possible to provide information on the annual changes in the remuneration of the members of the Supervisory Board and the average remuneration, as the members of the Supervisory Board do not receive remuneration.

Since only the remunerations of the members of the Investment Committee of the Company are calculated on the basis of the actual part of the time allocated to the management of the Company and their remunerations depend on the performance of the

Management Company related to the activities of the Company, therefore, the table below reflects only the remunerations of the members of the Investment Committee and the financial results of the Company.

The remuneration of the Investment Committee***	ID code	2019 (in EUR 000s)	2020 (in EUR 000s)	2021 (in EUR 000s)	2022 (in EUR 000s)	2023 (in EUR 000s)
Vytautas Bakšinskas, Member of the Investment Committee	[sensitive data]	113.97	224.56	233.26	88.57	84.77
Andrius Daukšas, Member of the Investment Committee	[sensitive data]	47.35	66.16	68.62	45.12	44.98

\*\*\* Total remuneration received from the Company and other companies of the Group

The Company's results	2019 (in EUR 000s)	2020 (in EUR 000s)	2021 (in EUR 000s)	2022 (in EUR 000s)	2023 (in EUR 000s)
Net profit per share****	0.79	0.41	0.37	0.52	0.09
Net profit	10,423	5,416	3,399	4,224	699
Assets	75,377	41,935	33,026	39,016	44,564

\*\*\*\* Recalculated with the par value per share at EUR 1.45.

The Company's Remuneration Report and the Policy are publicly available on INVL Baltic Real Estate website at <https://bre.invl.com/lit/en>