



PROSPECTUS

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY INVL BALTIC REAL ESTATE

KEY RISK FACTORS RELATED TO THE ACQUISITION OF THE COMPANY'S EQUITY SECURITIES:

General risk, real estate development risk, investment diversification risk, risk related to the management and human resources, risk of conflicts of interest, tenant risk, risk of the Company's investment liquidity, risk of suspension of the Share redemption and full or partial non-redemption of the Shares, risk related to the uncertainty of legal regulation of the Company's activities, and credit risk (further information on the risks related to investments in the Shares is provided in Section 5 of the Prospectus).

The Prospectus is available on the website of the Company at www.invlbalticrealestate.lt as from 23th August 2019.



I. GENERAL INFORMATION ON THE COLLECTIVE INVESTMENT UNDERTAKING

1. MAIN INFORMATION AND WARNINGS

This Prospectus has been prepared in accordance with the Law on Collective Investment Undertakings of the Republic of Lithuania and the Law on Managers of Alternative Collective Investment Undertakings of the Republic of Lithuania as well as the Rules for the Contents and Submission of the Prospectus and Key (Investor) Information Document of the Collective Investment Undertaking approved by Resolution No. 03-150 of 12 July 2012 of the Bank of Lithuania.

UAB INVLT Asset Management, which assumed management of the Company and is its Management Company, shall be responsible for the correctness of the contents of the Prospectus. Where necessary, the contents of the Prospectus may be amended or supplemented, and notification thereof shall be provided under the procedure and the terms laid down in the applicable legislation.

This Prospectus shall not constitute an offer to buy or sell the Company's equity securities. While considering and/or evaluating the acquisition, ownership or transfer of the Company's equity securities, investors should consult their selected lawyer or provider of investment and financial services regarding the legal, tax and other consequences of the acquisition of the Company's equity securities.

The Company's equity securities should be traded in on the secondary market on the basis of the information provided in this Prospectus, the Company's incorporation documents and in the Key (Investor) Information Document. The information provided in the Prospectus should be interpreted as conforming to the actual circumstances as of the Prospectus announcement date. Neither the submission of this Prospectus nor the acquisition of the Company's equity securities on the secondary market or the redemption of the Company's own shares under any circumstances serve as the basis for assuming that no changes (financial or other) have taken place in the Company's activities since the Prospectus announcement date.

The Prospectus contains forward-looking statements that are based on the opinion, expectations and forecasts of the Management Company concerning future events and financial trends that might influence the Company's activities (these expectations and forecasts do not constitute the publicly non-disclosed information of the Company which is published in the manner prescribed by the legal acts). Forward-looking statements include information on the possible or expected results of the Company's activities, investment strategy, contractual relations, borrowing plans, investment terms and conditions, future regulatory impact, and other information. Forward-looking statements are based on the information available as of the Prospectus announcement date. The Management Company shall not be obliged to specify or modify such statements, except as required by law.

By acquiring the Shares, the investor confirms that he is aware of and agrees that the Shares held by him would be mandatorily redeemed in the cases and under the procedure laid down in the Articles of Association and/or the Prospectus.

Any disputes, controversies or claims arising in connection with the Company's equity securities or the information provided in this Prospectus shall be resolved at the competent court of the Republic of Lithuania, in accordance with the legislation of the Republic of Lithuania.

DEFINITIONS

All definitions used in this Prospectus shall be interpreted as they are defined in the Company's incorporation documents (the Articles of Association) which are enclosed hereto as an Annex to the Prospectus.

2. MAIN DATA ON THE COLLECTIVE INVESTMENT UNDERTAKING

2.1.	Name	Special closed-end real estate investment company INVLT Baltic Real Estate.
2.2.	Legal form of activities, type, subfunds	Special closed-end investment company.
2.3.1	Commencement date of the Company's activities	The date of issue of the licence of the closed-end investment company is 22 December 2016.
2.3.2.	Term of the Company's activities	The Company will operate for 30 years after the date of the permission of the Supervisory Authority to approve the Company's incorporation documents and of to select the depository for the first time (i.e. 22 December 2016). The duration of the Company's activities may be extended for a period not exceeding 20 years.
2.4.	Name of the Management Company Registered address Telephone	UAB INVLT Asset Management Gynėjų St. 14, LT-01109 Vilnius +370 700 55 959



	Fax E-mail Website	+370 5 279 0602 info@invl.com www.invl.com
--	--------------------------	--

3. BRIEF DESCRIPTION OF THE INVESTMENT STRATEGY

The purpose of the Company is to accumulate and invest the Shareholders' funds in order to earn the largest return from investments into the investment objects specified below. By diversifying investments and managing risks, the Management Company shall seek to reduce the risk and to prevent possible reduction of investments value and to create value by selecting investment objects and relying on other market participants' experience.

The aim of the Company is to earn a return for the Shareholders' benefit from investments into land, buildings and/or premises that make up individual real estate properties, real estate properties under construction which are planned to be constructed within an acceptable period, securities and money market instruments of real estate companies, if assets of such companies are invested into real estate corresponding to the investment strategy of the Company, investment units or shares of real estate collective investment undertakings established in the European Union Member States, supervision of which is no less strict than in the Republic of Lithuania, movable property and facilities necessary for operating real estate properties in the investment portfolio of the Company, transferrable securities and money market instruments admitted to trading on the multilateral trading facility and other investment objects not prohibited by law.

The Management Company shall invest up to 100 per cent of the Net Asset Value into the investment objects specified above directly or through Real Estate Companies.

When investing directly or using Real Estate Companies, the Management Company shall (acting on behalf of the Company) seek to acquire commercial and/or mixed purpose investment objects indicated above, which generate or can generate regular income.

The Company shall seek to increase return on investments, making efforts that the assets under its management would generate regular long-term income and their value would grow. Therefore, the assets held by the Company shall be managed and acquisition of new assets shall be made taking into account the creation of value for the Shareholders.

4. CHARACTERISTICS OF THE INVESTOR WHO IS RECOMMENDED TO ACQUIRE THE SHARES IN THE COLLECTIVE INVESTMENT UNDERTAKING

The equity securities issued by the Company shall be intended only for investors who are able to tolerate investment-related risk specified in the Articles of Association and in this Prospectus. The Shares should be acquired only by the person who can tolerate a higher-than-average risk. The Shares should be acquired in order to keep them until the expiration of the activities of the Company. Investors should invest in the Shares only in such case if they have accumulated sufficient experience in investing into equity securities issued by public limited liability companies and collective investment undertakings and are able to assume the risk related to the decrease in the value or loss of these investments, i.e. the loss of the partial or whole invested amount is acceptable to them.

5. INFORMATION ON WHERE AND HOW ONE CAN GET FAMILIARISED WITH THE PROSPECTUS, THE INCORPORATION DOCUMENTS OF THE COLLECTIVE INVESTMENT UNDERTAKING AND ANNUAL AND SEMI-ANNUAL REPORTS AS WELL AS ON WHERE ONE CAN OBTAIN INFORMATION ON THE COLLECTIVE INVESTMENT UNDERTAKING

This information shall be publicly announced on the website of the Company at www.invlbalticrealestate.lt. The shareholders shall have the right, upon the written request, to arrive in the registered office of the Management Company and receive paper copies of these documents free of charge.

6. STATE TAX POLICY IN RESPECT OF THE COLLECTIVE INVESTMENT UNDERTAKING AND THE STAKEHOLDERS OF THIS UNDERTAKING

This paragraph of the Prospectus contains only a brief summary of certain tax implications related to the acquisition and transfer of the Shares. It has been prepared in accordance with the legislation applicable as of the Prospectus announcement date which may be amended, including the amendments which are applicable to the circumstances until the entry into force of such legal acts. This summary does not purport to be a detailed description of all tax implications that would be sufficient to adopt decisions regarding the acquisition, ownership and transfer of the Shares. The shareholders and the persons who consider the possibility of acquiring the Shares should seek advice from tax advisors in order to consider relevant circumstances related to the calculation and payment of taxes.



PROSPECTUS

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY INVL BALTIC REAL ESTATE

Taxation on the Company's activities. The Company operates in compliance with all requirements of the applicable legislation; therefore, its activities shall be subject to the regular taxation policy established for investment companies. The Company shall not pay any corporate income tax. The rates of other taxes shall be equal to those established in the legislation of the Republic of Lithuania.

Taxation on dividends. Legal persons. Income received by Lithuanian and foreign legal persons as dividends from the legal persons registered in the Republic of Lithuania is subject to the corporate income tax at the rate of 15 %. This tax shall not be applicable where the recipient of dividends was or intends to be the owner of at least 10 % of the shares of the legal entity registered in the Republic of Lithuania for 12 consecutive calendar months (including the moment of disbursement of dividends). It is important to note that this exception is not applied if dividends are paid out to the legal persons established in tax haven jurisdictions (as they are defined in the legislation of the Republic of Lithuania). Having regard to the fact that the Company operates as an investment company which has obtained the permission of the Supervisory Authority to approve its incorporation documents and select the depository, the legal persons who received the dividends paid out by it shall not be subject to the corporate income tax. Natural persons. Income received by Lithuanian and foreign natural persons as dividends from the legal persons registered in the Republic of Lithuania is subject to the personal income tax at the rate of 15 %. If dividends are received as income by the residents of foreign countries with which the Republic of Lithuania has concluded a treaty for avoidance of double taxation, the residents and such treaty shall restrict the right of the Republic of Lithuania to impose taxation on dividends – the provisions of such treaty shall apply. When paying dividends to a natural person, the legal person registered in the Republic of Lithuania shall have the duty to calculate and pay the tax.

Taxation on capital gains. Legal persons. Capital gains received from investment units, shares or stakes of collective investment undertakings (including the Company) shall not be subject to the tax. Capital gains from the sale in the Republic of Lithuania of the shares of the legal persons registered in the Republic of Lithuania shall not be subject to the tax. Natural persons. Capital gains received by the Lithuanian residents from the sale of the shares shall be subject to the personal income tax at the rate of 15 %. However, if the amount of such gains is below EUR 500 within a single calendar year, the tax shall not be applied. This exemption shall not be applicable if the shares are transferred by the Lithuanian resident to the issuing company. The payable personal income tax shall be calculated and paid by 1 May of each calendar year for the previous full calendar year. Capital gains received by foreign natural persons from the sale in the Republic of Lithuania of the shares of the legal persons registered in the Republic of Lithuania shall not be subject to the tax.

Taxation on gifts and inheritance. If the Shares are given to a natural person as a gift, such acquisition would be subject to the personal income tax at the rate of 15 %. The tax shall not be applicable where the Shares are given as a gift by the beneficiary's spouse, children (adopted children), parents (adoptive parents), brothers, sisters, grandchildren, grand-grandchildren, or grand-grandparents, or where the shares are given by a non-Lithuanian resident. Furthermore, donation income shall not be subject to taxation unless their value exceeds EUR 2,500 per calendar year. In the case of inheritance where the value of the Shares is below EUR 150,000, the 5 % inheritance tax shall be applicable, and if the value of the Shares exceeds this amount, the 10 % inheritance tax shall be imposed. The property shall be exempt from the tax where the property is inherited by a surviving spouse, parents (adoptive parents), children (adopted children), grandparents, grandchildren, brothers, sisters, guardians (foster parents), wards (foster children), or where it is inherited by foreign residents, or the value of the inherited property (the Shares) does not exceed EUR 3,000.

Value-added tax. In Lithuania, the acquisition or transfer of the Shares is not subject to value-added tax.

7. STAKEHOLDER'S RIGHTS.

The Shareholders shall have the following property rights:

- 7.1. to receive a share of the Company's profit (dividend) if the General Meeting of Shareholders decides to distribute it to the Shareholders during the term of the Company's activities;
- 7.2. to sell or otherwise transfer all or some of their Shares to the ownership of other persons on the secondary market or to the Company when it carries out the redemption of the Shares;
- 7.3. under the procedure laid down in the legislation of the Republic of Lithuania and in the Articles of Association, to receive a part of the Company's funds disburseable in case of winding up the Company (i.e. liquidation of the Company);
- 7.4. other property rights provided for in the legal acts and in the Articles of Association of the Company.

The Shares shall confer to the Shareholders the following non-property rights:

- 7.5. to participate in General Meetings;
- 7.6. to vote in General Meetings according to the rights conferred by the Shares. One Share shall give one vote at the General Meeting;
- 7.7. to obtain information about the Company under the procedure established by the legislation of the Republic of Lithuania;
- 7.8. to give questions to the Management Company in advance, related to issues on the agenda of General Meetings;



7.9. other non-property rights provided for in the legislation and in the Articles of Association.

II. DATA ON THE CAPITAL, DISTRIBUTION OF INCOME AND EXPENSES

8. EQUITY

8.1. The number of the Shares issued by the Company is 13,150,000 units, and the authorised capital of the Company amounts to EUR 19,067,500. The Company issues ordinary registered Shares. The Shares are intangible. They are recorded by making entries in the Shareholders' personal securities accounts. These accounts are managed under the procedure laid down in the legal acts regulating the financial instruments market. The par value per Share is EUR 1.45. The par value of all the Shares is the same. The value of the Shares varies according to the Net Asset Value

8.2. –

9. SPECIFICATION OF THE PROPERTY VALUATION PROCEDURE; SPECIFICATION OF THE DETERMINATION (CALCULATION) RULES; PROCEDURE FOR CALCULATION OF THE VALUE PER INVESTMENT UNIT OR SHARE.

The Company maintains its financial books and records and prepares financial statements in compliance with the IAS, the Law on Accounting of the Republic of Lithuania, the Law on Collective Investment Undertakings of the Republic of Lithuania, the legal acts adopted by the Board of the Bank of Lithuania defining the keeping of financial accounting and preparation of statements as well as other legal acts regulating financial accounting and statements. The currency in which the Net Asset Value is calculated shall be the euro. The Net Asset Value shall be calculated by subtracting the liabilities from the Company's assets, including the Management Fee liabilities and the Performance Fee liabilities.

The Company's assets and liabilities shall be stated at a fair value, except for the cases established in the IAS. Fair value shall be the value at which the assets would be sold or the liability would be transferred in an orderly transaction between the market participants as of the measurement date. The calculations of the Net Asset Value shall be performed at least once per 3 months on the basis of the property valuation conducted by an independent property valuator who has the right to engage in such activity.

The property appraiser shall meet the following requirements:

- 9.1. an external property appraiser must be competent and have the right to engage in property or business valuation activity under the procedure laid down by law;
- 9.2. an external property appraiser must have valid professional indemnity insurance for at least EUR 100,000;
- 9.3. an external property appraiser must have an impeccable reputation;
- 9.4. an external property appraiser is not a co-owner of the property being valued and is not related by blood or kinship to the owner (co-owner) of the property being valued or the managers of the Management Company;
- 9.5. an external property appraiser meets and complies with the requirements of the legal acts applicable to an external property valuator of the Company.

An external property appraiser can be replaced by reason of negative comments of the auditor or the Bank of Lithuania, a material breach or improper performance of the agreement for provision of services, material deterioration of the appraiser's reputation, cancellation of the qualification certificate issued by a competent governmental authority, discontinuation of the appraiser's business and in other cases for important reasons.

Real estate properties making up the assets of the Company shall be deemed as having been valued if their value has been determined no earlier than 6 months before and only in case there have been no material economic changes or material changes in real estate market prices due to which a new valuation must be performed. In case of a material change in the value of a real estate property, the Management Company shall take it into account.

The value of Real Estate Companies shall be determined on the basis of the values established by the independent business valuator entitled to engage in such activities. The business appraiser must comply with the requirements for qualifications, transparency and experience provided for in the Accounting Policy of the Company and the Rules for Calculation of the Net Asset Value and in the applicable legal acts.

The calculation of the Net Asset Value shall be carried out as of the last day of the quarter of the calendar year and the established value shall be announced:

- 9.6. for the first quarter of the calendar year and the first three quarters of the calendar year – no later than within a month after the end of the reporting quarter;
- 9.7. for six months – no later than within 2 months after the end of the six-month reporting period;
- 9.8. for a year – no later than within 4 months after the end of the reporting year.



10. COLLECTIVE INVESTMENT UNDERTAKING'S ANNUAL FINANCIAL STATEMENT PREPARATION AND PROFIT DISTRIBUTION DATES, FINANCIAL YEAR.

The Company's financial year shall coincide with the calendar year. Annual financial statements for the previous financial year shall be prepared no later than within four calendar months after the end thereof. The decision on profit distribution can be adopted only by the General Meeting; therefore, the profit distribution dates are not known beforehand.

11. RULES FOR INCOME DISTRIBUTION AND USE.

Decisions on the Company's income distribution and use shall be made by the Management Company, having regard to the Company's investment strategy. Income shall be used for the covering of the Company's operating expenses, investment (reinvestment). No income use targets have been expressed as a percentage. No allocation of new Shares has been foreseen.

12. DIVIDENDS.

Dividend shall be a share of profit allocated to the Shareholder of the Company pro rata to the nominal value of the Shares held by the Shareholder. A decision on the payment of dividends shall be adopted by the General Meeting, having regard to the recommendations provided by the Management Company. Where interim dividends are paid, the set of the Company's financial statements shall be prepared and audited by the auditor no earlier than 30 days prior to the decision to distribute dividends. The Company shall pay out the distributed dividends within one month from the date of the decision of the General Meeting to pay out dividends, except for the cases where the Management Company adopts a decision to postpone the payment of dividends in compliance with the Articles of Association. The Management Company can, by its reasoned decision, postpone the payment of dividends if the payment of dividends:

- 12.1. results in the violation of the requirements for diversification of investments of the Company;
- 12.2. poses a threat to the sustainability of the Company's finances;
- 12.3. poses a risk to the proper fulfilment of the obligations assumed by the Company or poses a risk that the Company is unable to complete the transactions for the acquisition of investment objects or of additional investment into them (in this case the implementation of the transaction is understood as a process from the commencement of negotiations with the counterparty until the completion (implementation) of the transaction)).

The Management Company shall adopt the respective decision and renew the payment of dividends in order to ensure that dividends are paid to the Shareholders no later than within one month from the moment where the grounds that have determined the suspension of the payment of dividends have disappeared; however, in any case the payment of dividends cannot be postponed for a period exceeding one year after the date of adoption by the General Meeting of the decision to pay out dividends. The dividends payable to the Shareholders shall be transferred into the accounts indicated by the Shareholders or (if the Shareholder's data are not known) into the deposit account, under the procedure laid down by law. The Company shall pay out dividends in Euros. The right to receive dividends shall be vested in persons who were Shareholders of the Company or had the right to dividends on any other lawful grounds at the end of the record day of the General Meeting.

13. EXPENSES

- 13.1. The total amount of expenses covered from the Company's assets and related to the Company's activities shall not exceed 10 per cent of the average annual Net Asset Value. This expense limit shall not include expenses incurred by the Company, exclusively related to maintenance and/or development of real estate entities owned by it (including but not limited to expenses of construction of real estate properties, utilities, cleaning services, expenses for manned security, expenses of geodesic and cadastre measurements, etc.). Expenses of the Company related exclusively to improvement of a specific real estate property shall be deemed a part of the Company's investments into a relevant real estate property and shall not be subject to the total limit of expenses. The Management Company shall receive the Performance Fee. The Performance Fee and the expenses related to the discounting of the Performance Fee shall not be included into the specified maximum amount of expenses.
- 13.1.1. The Management Fee is the remuneration paid to the Management Company for management of the Company's assets, which shall be payable for each quarter of a calendar year. The Management Fee for the entire quarter of a calendar year shall be equal to 0.375 per cent of the Company's weighted average capitalisation. Its amount shall be calculated as a value according to the following formula:

$$VM_{ketv} = VSK_{ketv} * A$$

where:

VM_{ketv} – the amount of the Management Fee;

A – the quarterly amount of the Management Fee in percentage terms, used for the calculation of the quarterly Management Fee;

VSK_{ketv} – quarterly weighted average capitalisation of the Company calculated according to the formula:

$$VSK_{ketv} = \frac{T_{ketv}}{Q_{ketv}} * \sum_{i=1}^{n_{ketv}} \frac{Vnt_i}{n_{ketv}}$$

where:

Vnt_i – the number of Shares of the Company at the end of business day i;

Q_{ketv} – the number of Shares transferred on the regulated market during the respective quarter;

n_{ketv} – the number of business days per respective quarter, irrespective of the number of trading days (except when the Management Fee is calculated not for a full quarter of a calendar year, in this case the number of business days in a relevant period shall be used for calculation);

T_{ketv} – turnover of the Shares during the respective quarter according to the Shares trading data on the regulated market, calculated according to the following formula:

$$T_{ketv} = \sum_{j=0}^k (P_j * Q_j)$$

where:

k – the number of transactions on the regulated market during the respective quarter;

P_j – Share price of transaction j on the regulated market;

Q_j – the number of Shares traded in transaction j on the regulated market.

If the Management Fee is calculated only for a part of a calendar quarter of the year, the Management Fee in percentage terms shall be recalculated by dividing it by the number of business days in the calendar quarter and multiplying by the number of business days in the period for which the Management Fee is calculated (a part of the quarter). If there was no trading in Shares throughout the entire calendar quarter, the Management Fee for a quarter of the calendar year shall be equal to 0.375 per cent of the average Net Asset Value of the Company which is calculated as the arithmetic average of the values at the beginning and at the end of the quarter.

The calculated Management Fee shall be entered into accounts and added to the Net Asset Value according to the accounting policy of the Management Company and the rules for calculating the Net Asset Value.

Performance Fee

The share of the Company's profit due to the Management Company – the Performance Fee – is subject to the Company's return which is calculated in respect of the entire Company rather than in respect of an individual Shareholder. The return of the Company shall be determined using the Microsoft Excel XIRR formula which estimates the time of positive and negative flows (i.e. due account is taken of periodicity) and their size.

The Company's profit is the amount of positive and negative flows in respect of the Shareholders during the entire period of the Company's activities, where:

- Initial negative flow:
 - o until the last day of the reporting period (a calendar quarter of the Company's activities), at the end of which the Performance Fee is paid to the Management Company for the first time, the initial negative flow is deemed equal to the Net Asset Value as of the last day of the previous month before the Company was issued a closed-end investment undertaking's licence;
 - o after the date indicated in paragraph above, the initial negative flow is deemed equal to the amount of funds used for the calculation of the Performance Fee paid to the Management Company (if the Net Asset Value was used for the calculation of the paid Performance Fee, then the initial negative flow for the next calculation shall be the Net Asset Value determined at the end of the reporting period (for which the Performance Fee was paid last time) reduced by the amount of the Performance Fee paid to the Management Company after the reporting period for which the Performance Fee was paid last time);

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVLT BALTIC REAL ESTATE

- Positive flow – the dividends paid out to the Shareholders, if any was paid out when distributing the Company's net profits;
- Positive flow – the funds disbursed to the Shareholders by the Company when redeeming its Shares;
- Positive flow – the funds disbursed to the Shareholders by the Company when mandatorily redeeming its Shares.
- Positive flow – the funds disbursed to the Shareholders by the Company when reducing the Company's authorised capital;
- Positive flow – the Net Asset Value increased by the Performance Fee liability recognised on the Company's balance sheet as of the end of the calculation of the Performance Fee attributed to the Management Company;
- Positive flow – any other payments to the Shareholders;
- Negative flow – the size of each new Share issue.

Profit of the Company shall be distributed as follows:

- the Company's profit shall be assigned to the Shareholders until the share of the Company's profit assigned to them reaches the average return of 8 per cent on the negative flows indicated above (the amount of funds invested by the Shareholders) during the period of calculation of the Performance Fee assigned to the Management Company;
- after the distribution of the average return payouts, 80 per cent of all the available funds shall be assigned to the Shareholders and 20 per cent to the Management Company as the Performance Fee. The Performance Fee calculated but not paid during the previous calculation periods shall reduce the new Performance Fee calculated during the new calculation period;

The Depository shall check the correctness of the calculation of the Performance Fee.

Until the payment of the Performance Fee it shall be accrued, entered into financial statements and reflected as a liability to the Management Company, having regard to the requirements of the Company's Accounting Policy established in the IAS and by the Management Company.

The Performance Fee shall be paid to the Management Company every time that funds are disbursed to the Shareholders.

- in the event that the annual return of the Company is lower or equal to 8 per cent, no Performance Fee shall be assigned to the Management Company – the whole return of the Company goes to the Shareholders.

The assignment of the Performance Fee shall be subject to the high-water mark principle, according to which the Performance Fee can be assigned only in case the Net Asset Value or the average weighted capitalisation of the Shares for the last ended quarter on the Nasdaq Vilnius Stock Exchange (whichever is less) exceeds the highest value calculated until then, according to which the Performance Fee was paid. In such a case, in later periods the initial point for calculation of the Performance Fee shall be the value of the highest limit which was reached last (the Net Asset Value or the average weighted capitalisation of the Shares for the last ended quarter on the Nasdaq Vilnius Stock Exchange) (whichever is less) for which the Performance Fee was paid to the Management Company.

The Performance Fee commitment shall be recalculated as of the Net Asset Value calculation date.

The calculated Performance Fee shall be entered into accounts and included into the Net Asset Value subject to the accounting policy of the Company and the Net Asset Value calculation rules.

The assigned Performance Fee shall be paid to the Management Company after the end of a calendar quarter of activities of the Company.

The Performance Fee shall be paid to the Management Company if the following conditions are met:

- the share of the Company's profit paid out to the Shareholders has reached the Company's average return of 8 per cent on the indicated negative flows;
- the return earned by the Company for the Shareholders, calculated both according to the Net Asset Value and the average weighted capitalisation on the Nasdaq Vilnius Stock Exchange for the last ended quarter exceeds the Company's average return of 8 per cent on the negative flows (the amounts of funds invested by the Shareholders);
- the Performance Fee paid to the Management Company may not exceed the Company's return to the Shareholders, calculated on the lesser of the amounts, i.e. the Net Asset Value or the average weighted capitalisation on the Nasdaq Vilnius Stock Exchange for the last ended quarter. When determining the Performance Fee amount which must be paid out to the Management Company during the nearest reporting period, the calculation rules provided for in the Articles of Association are complied with;
- the average weighted capitalisation of the Shares on the Nasdaq Vilnius Stock Exchange for the last ended quarter exceeds the highest value calculated until then, based on which the Performance Fee was paid.

13.1.2. Under the agreement signed with the Depository, the annual Depository Fee established in the Depository service agreement shall be applied to the Company. The annual Depository Fee shall not exceed 0.15 per cent on the average annual Net Asset Value of the Company.



PROSPECTUS

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY INVL BALTIC REAL ESTATE

- 13.1.3. The remuneration to the auditors shall be paid under the terms and conditions of the contracts concluded by the Management Company with the respective service providers each year of the Company's activities. Remuneration shall be included into the total amount of expenses indicated in paragraph 13.1.
- 13.1.4. –
- 13.1.5. –
- 13.1.6. –
- 13.1.7. The Company's net assets shall be used to cover the following expenses:
- 13.1.7.1. remuneration to property and business appraisers;
 - 13.1.7.2. incorporation (business structuring) of the Company;
 - 13.1.7.3. accounting expenses of the Company, expenses of services of determining the value of Shares;
 - 13.1.7.4. remuneration for audit services and consultations;
 - 13.1.7.5. remuneration to consultants for legal services and representation;
 - 13.1.7.6. expenses of litigation and legal proceedings;
 - 13.1.7.7. other legal expenses incurred by the Management Company when defending the interests of the Shareholders and/or the Company;
 - 13.1.7.8. fines and penalties (including interest) arising out of and/or related to the liabilities of the Company;
 - 13.1.7.9. remuneration to financial institutions for the services provided (opening and management of accounts, performance of cash and value transactions, fulfilment of orders, currency exchange, etc.) and expenses related to such services (commission and other fees);
 - 13.1.7.10. expenses incurred by the Advisory Committee;
 - 13.1.7.11. expenses incurred by the Investment Committee;
 - 13.1.7.12. expenses incurred by the Audit Committee;
 - 13.1.7.13. state and municipal taxes, fees and charges;
 - 13.1.7.14. expenses related to the acquisition, management and sale of investment objects, including but not limited to expenses related to property lease, property administration, etc.;
 - 13.1.7.15. expenses of preparation of information on the Company (including the Company's documents and contracts), translation and submission of such information to the Shareholders;
 - 13.1.7.16. consultancy expenses;
 - 13.1.7.17. expenses of preparing and amending Prospectuses and the Articles of Association;
 - 13.1.7.18. expenses related to obtaining and modifying licences and permits;
 - 13.1.7.19. expenses related to admission of the Company's Shares to trading on a regulated market and remuneration to the operator of the regulated market for its services;
 - 13.1.7.20. expenses related to services provided by the Lithuanian Branch of Nasdaq CSD SE;
 - 13.1.7.21. remuneration to the operator of the regulated market and financial intermediaries in connection with the placement or redemption of new Shares;
 - 13.1.7.22. expenses for notaries and registers;
 - 13.1.7.23. expenses related to the loans received in the name of the Company;
 - 13.1.7.24. expenses of insurance against any change in the rate of currency exchange and the interest rate;
 - 13.1.7.25. expenses related to the maintenance of the Company's assets;
 - 13.1.7.26. expenses related to the development of the Company's business (including expenses related to design, construction, management and sale of its property);
 - 13.1.7.27. expenses related to processing, registration and deregistration of instruments used to secure liabilities;
 - 13.1.7.28. commission to real estate intermediaries;
 - 13.1.7.29. expenses of forced recovery;
 - 13.1.7.30. expenses related to preparation and provision of information on the Company;
 - 13.1.7.31. expenses of insurance for the persons responsible for the Company's activities (i.e. insurance coverage for damage and/or liability);

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVLT BALTIC REAL ESTATE

- 13.1.7.32. expenses for the Company's property insurance;
- 13.1.7.33. expenses of the Company's presentation (representation, advertising, etc.) and marketing expenses (including but not limited to assistance expenses);
- 13.1.7.34. impact of discounting the Performance Fee (including accounting corrections that must be made according to the IAS and/or the Accounting Policy and/or the rules for calculating the Net Asset Value);
- 13.1.7.35. other expenses incurred by the Depository and the Management Company for the benefit of the Company that are reimbursed.
- 13.2. In the event that the Management Company and/or the Depository has incurred expenses due to any reasons for the benefit of the Company and/or the Shareholders (to the extent related to their stakes in the Company), these expenses shall be compensated upon submission of the respective invoice by the Management Company and/or the Depository to the Company and/or the Management Company and by making a transfer of funds by the Management Company from the account of the Company's funds into the account of the Management Company and/or the Depository.
- 13.3. –
- 13.4. The Management Company has concluded agreements with UAB FMĶ Finasta regarding the distribution of the portion of the Management Fee of the Company received by the Management Company. Under these agreements, the Management Company shall pay 12.5 per cent of the received Management Fee of the Company to UAB FMĶ Finasta for the Shares entered into the Shareholders' securities accounts managed by it. This fee shall not create any conflict of interest between the Company and/or the Management Company and/or the Shareholders and/or UAB FMĶ Finasta. In the event that, when applying the conflict of interest management procedures, the Management Company would identify a potential conflict of interest, measures would be taken to manage it properly. When managing the Company, no hidden commission shall be received and/or paid.
- 13.5. –

III. DATA ON INVESTMENT UNITS OR SHARES

14. KEY DATA ON THE INVESTMENT UNITS OR SHARES OFFERED BY THE COLLECTIVE INVESTMENT UNDERTAKING:

- 14.1. Ordinary registered non-material share of the Company with the nominal value of EUR 1.45.
- 14.2. –
- 14.3. –
- 14.4. Each Shareholder shall have the right to select the manager of the personal accounts of the Shareholders holding the Shares. Personal value accounts shall be managed in compliance with the provisions of the applicable legislation.
- 14.5. The rights conferred and the obligations created by the issued Shares are set forth in paragraph 7 of the Prospectus, the Articles of Association and the respective legal acts regulating the Company's activities. The Shares shall confer the equal voting rights to all Shareholders and they can be restricted only in the cases provided for in the legal acts applicable to the Company's activities. The Company and/or the Management Company shall not set any restrictions on the transfer of the Shares.
- 14.6. –
- 14.7. The nominal value per Share shall be EUR 1.45.

15. TERMS OF THE ISSUE OF INVESTMENT UNITS OR SHARES AND DECISION-MAKING PROCEDURES RELATED TO THE ISSUE OF INVESTMENT UNITS OR SHARES.

New Shares can be issued by increasing the authorised capital of the Company by a decision of the General Meeting upon a proposal of the Management Company. The proposal of the Management Company regarding the increase in the authorised capital must *inter alia* discuss in detail the procedure of issue of new Shares and terms of payment for them, as well as the reason why it is proposed to increase the authorised capital of the Company. The current Shareholders shall have the pre-emptive right to acquire the newly issued Shares pro rata to the number of Shares held by them (on the rights record date). Newly issued Shares can be offered not to the Shareholders of the Company provided that the existing Shareholders have not subscribed for all the Shares planned to be issued within the period established by the decision of the Management Company, which may not be shorter than 10 calendar days or longer than 30 calendar days. The Shares from the new issue of Shares shall be paid for within the term laid down in the Share Subscription Agreement which may not exceed 30 Business Days. The Shares may be paid for in cash or in-kind contributions. The procedure of payment for the Shares by in-kind contributions shall be established by

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVL BALTIC REAL ESTATE

the General Meeting, having regard to the requirements of the legal acts. New Shares shall be issued only after having received the money into the Company's account or the non-pecuniary contribution has become the property of the Company. Newly issued Shares can be offered publicly only after the Company has published the Prospectus under the procedure laid down by the laws of the Republic of Lithuania. The Company shall publish the Prospectus publicly under the procedure laid down by law no later than by the start of the public offering of the Shares or their admission to trading on the regulated market.

16. TERMS AND PROCEDURE OF THE PLACEMENT (SALE) OF INVESTMENT UNITS OR SHARES:

- 16.1. The Shares have been admitted to trading on the Nasdaq Vilnius stock exchange (the secondary market). Transactions regarding the Shares shall be concluded pursuant to the rules established by the stock exchange which are available online at: www.nasdaqbaltic.com. A Shareholder can also transfer the Shares to third parties by concluding various over-the-counter transactions (sale and purchase, donation, etc.). Having concluded such transactions, a Shareholder shall, no later than within 5 days after the moment of conclusion of the transaction, submit the transaction documents to a public turnover intermediary so that the concluded transactions are duly accounted for by marking the change in the ownership rights to the Shares in the securities accounts.
- 16.2. Payment for the Shares sold on the Nasdaq Vilnius Stock Exchange (on the secondary market) shall be made under the procedure established by the Nasdaq Vilnius Stock Exchange and in the contract concluded with an intermediary of public trading. Payment for the sold Shares shall be made to the Shareholder on the second Business Day after the date of conclusion of the Share sale transaction on the stock exchange, unless otherwise provided for in the contract concluded with the intermediary of public trading. The intermediary of public trading shall be held liable for the timely and proper settlement under the procedure established by the legal acts regulating public trading in securities and by the rules of the stock exchange.
- 16.3. The ownership rights of the Shares shall come into existence as from the making of the respective entry in the Shareholder's personal securities account managed by the selected intermediary of public trading.

17. TERMS AND PROCEDURE OF THE REDEMPTION OF INVESTMENT UNITS OR SHARES:

- 17.1. The redemption of the Shares shall be limited. During the term of the Company's activities, no Shares of the Company shall be redeemed at the Shareholders' request. If the Shareholder wants to sell the Shares, he can do this on the secondary exchange (on the stock exchange or under over-the-counter transactions).
- 17.2. The redemption of Shares upon the expiration of the term of the Company's activities (unless it has been extended) shall be carried out by the Management Company (contact information indicated in paragraph 2.4 of the Prospectus). Redemption shall be carried out through intermediaries of public trading whose information shall be submitted to the Shareholders before the redemption of the Shares.
- 17.3. The Company shall acquire the Shares in accordance with the Law on Companies of the Republic of Lithuania. The Company can acquire the Shares either by itself or through the person acting in his own name but in the interests of the Company.

Redemption of the Shares where the incorporation documents and/or the Prospectus of the Company are amended

In the event that the General Meeting of the Company adopts a decision regarding material amendments to the Company's incorporation documents that have a negative impact on the Shareholders' interests, or other decisions the adoption of which under the Law on Collective Investment Undertakings of the Republic of Lithuania grants the right to the Shareholders to demand that the Shares held by them are redeemed, the Company shall ensure the proper implementation of the Shareholders' right to demand that the Shares held by them without any deductions.

The Management Company shall inform each Shareholder about these decisions of the General Meeting by sending the respective notice no later than 1 month prior to the entry into force of the amendment to the respective documents. The Management Company shall inform each Shareholder in writing about amendments to the key documents related to the change of the Company's investment strategy by sending the respective notice no later than 2 months prior to the entry into force of the amendments to the respective documents.

The Management Company shall inform the Shareholders about its decision to merge the Company with another collective investment undertaking after the Supervisory Authority has granted the permit to merge the collective investment undertakings but no later than 30 days prior to the last day of the term during which the Shareholders are entitled to demand that their Shares be redeemed without any deductions. The Shareholder's right to exercise the right indicated in this paragraph shall expire 5 Business Days prior to the planned merger completion date. The shareholder notice shall contain the information that must be provided under the applicable legal acts and other information that is relevant to the Shareholders at the discretion of the Management Company.

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVL BALTIC REAL ESTATE

The Shareholders shall have the right to voice an objection and demand that their Shares be redeemed within 1 month until the entry into force of the amendments to the respective documents, except for the cases where the Company's investment strategy is modified. Where the Company's investment strategy is modified, the Shareholders can voice an objection and demand to redeem their Shares within 2 months prior to the entry into force of the amendments to the respective documents. The Management Company may determine longer terms than those specified in this paragraph during which the Shareholders can exercise their right to redeem the Shares.

Material amendments to the Company's incorporation documents and/or the Prospectus shall be made provided that there are no objections from any Shareholder. It shall be considered that not a single Shareholder had objected if, in compliance with the requirements of the legal acts, the Shareholders who objected to material amendments to the documents and demanded that their Shares be redeemed without any deductions have been granted this right.

After the General Meeting has adopted the decision regarding material amendments to the Company's incorporation documents and/or Prospectus that would have an impact on the Shareholders' interests or another decision the adoption of which, in accordance with the Law on Collective Investment Undertakings of the Republic of Lithuania, grants the right to the Shareholders to demand that the Shares held by them are redeemed, the Management Company shall take a decision that would specify the conditions under which material amendments to the Company's documents are made, including but not limited to the decision regarding the number of Shares that can be redeemed, in case of exceeding of which the Company shall not perform the mandatory redemption of Shares from the Shareholders who demanded it and, accordingly, no material amendments to the Company's documents are made.

Amendments shall be deemed material if:

- such amendments can have a negative impact on the financial situation of the Company or the Shareholders (the set fees, charges or deductions are increased or new fees, charges or deductions are introduced, etc.);
- such amendments directly restrict or cancel the rights granted to the Shareholders or influence in any other way the Shareholders' possibilities of exercising the rights related to their investments;
- they are included into the list of material amendments approved by the Supervisory Authority.

Having regard to the content, nature, scope and impact of the amendments to the incorporation documents and/or the Prospectus on the Shareholders' interests, the Board of the Management Company shall decide on a case-by-case basis whether such amendments to the incorporation documents and/or the Prospectus are deemed material.

Information on whether initiated amendments to the incorporation documents and/or the Prospectus are deemed material shall be provided in the agenda of the General Meeting.

The Management Company shall ensure that the draft resolutions of the organised General Meeting would separately outline the terms and conditions of the redemption of Shares. A notification on the redemption of Shares carried out by the Company shall be published under the procedure established by the legal acts of the Republic of Lithuania. Decisions adopted by the General Meeting regarding material amendments to the Company's incorporation documents shall enter into force after the approval of the Supervisory Authority to amend the incorporation documents according to the receipt of the decisions of the General Meeting and after the implementation of the redemption of Shares. The Management Company shall not notify the Shareholders of material amendments to the documents if these amendments are made due to the changed provisions of the legislation of the Republic of Lithuania.

17.4. –

17.5. When redeeming the Shares, settlements with the Shareholder shall be made under the procedure established by the Nasdaq Vilnius Stock Exchange. The Shareholder shall receive funds under the terms and conditions of the agreement concluded with the selected intermediary of public trading. In the case of the Company's liquidation, settlement with the Shareholders shall be made by transferring the amounts payable to the Shareholders into the accounts indicated by the Shareholders or (if the Shareholder's data are not known) – into the depository account, under the procedure laid down by law. Payments to the Shareholders shall be effected in Euro.

17.6. The Management Company shall take economically justifiable measures to ensure that accounts with the Shareholders are settled as fast as possible when redeeming the Shares; however, the terms of settlement shall depend on those involved in the settlement and not necessarily on the persons chosen by the Management Company; therefore, the Management Company may not indicate the terms of settlement with the Shareholders. Settlement with the Shareholders shall be made upon the expiration of the term of the Company's activities.

17.7. –

18. CHANGE OF INVESTMENT UNITS OR SHARES

-



OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY INVLT BALTIC REAL ESTATE

19. TERMS AND PROCEDURE OF THE SUSPENSION OF THE REDEMPTION OF INVESTMENT UNITS OR SHARES

- 19.1.1. The redemption of Shares may be suspended if: this is necessary in order to protect the interests of the public and of the Shareholders against the potential insolvency of the Company or a drop in the redemption price where the market position of investment instruments is unfavourable and the value of the investment instruments portfolio has decreased;
- 19.1.2. there are no sufficient funds to pay for the Shares being redeemed, and the sale (realisation) of available investment instruments would be unprofitable;
- 19.1.3. such sanction is applied by the Supervisory Authority.

At the decision of the Management Company, settlement with the Shareholders of the Company being liquidated can be suspended, or accounts can be settled only in part until the Company has obtained the tax administrator's confirmation regarding the full settlement with the state and/or municipal budgets and state monetary funds.

- 19.2. Information on the suspension of the redemption of Shares and/or settlement with the Shareholders of the Company being liquidated shall be provided through the Nasdaq Vilnius Stock Exchange and on the website of the Company at: www.invlbalticrealestate.lt.

20. RULES FOR THE SALE OF INVESTMENT UNITS OR SHARES AND DETERMINATION OF THE REDEMPTION PRICE:

- 20.1. -
- 20.2. -

21. PROCEDURE FOR ANNOUNCEMENT OF THE SALE AND REDEMPTION PRICES AND THE VALUE PER INVESTMENT UNIT OR SHARE

The value per Share shall be announced through the Nasdaq Vilnius Stock Exchange or on the website of the Company at: www.invlbalticrealestate.lt at the frequency of announcement of the Net Asset Value set in paragraph 9 of the Prospectus.

IV. INFORMATION ON INVESTMENTS

22. OBJECTIVES AND INVESTMENT STRATEGY OF THE COLLECTIVE INVESTMENT UNDERTAKING

The purpose of the Company shall be to accumulate and invest the Shareholders' funds in order to achieve the maximum return by investing into the investment objects indicated below. By diversifying investments and managing the risks, the Management Company shall seek to reduce the risks and to prevent possible reduction of the investment value and to create value by selecting investment objects and making use of other market participants' experience.

The aim of the Company is to earn a return for the Shareholders' benefit from investments into land, buildings and/or premises that make up individual real estate properties, real estate properties under construction which are planned to be constructed within an acceptable period, securities and money market instruments of real estate companies, if assets of such companies are invested into real estate corresponding to the investment strategy of the Company, investment units or shares of real estate collective investment undertakings established in the European Union Member States, supervision of which is no less strict than in the Republic of Lithuania, movable property and facilities necessary for operating real estate properties in the investment portfolio of the Company, transferrable securities and money market instruments admitted to trading on the multilateral trading facility and other investment objects not prohibited by law.

The Management Company shall invest up to 100 per cent of the Net Asset Value directly or through Real Estate Companies into the investment objects specified above.

By investing directly or using Real Estate Companies, the Management Company (on behalf of the Company) shall seek to acquire commercial and/or mixed purpose investment objects that generate or are capable of generating regular income.

The Company will seek to increase a return on investment by making every effort to ensure that the properties managed by it would bring regular income and their value would continue to grow. Therefore, the assets held by the Company shall be managed and the acquisitions of new properties shall be made, having regard to the creation of value for the Shareholders.

The Management Company shall manage the Company's portfolio of investment objects in compliance with the following main principles of diversification principles (the compliance of the Company's portfolio of investment objects with the principles set forth below will be achieved within four years from the date on which the Supervisory Authority issued a permit to approve the incorporation documents of the Company and to choose the Depository (the day on which the Supervisory Authority issued a permit to engage in the activities of a closed-end investment company)).

No more than 20 per cent of the value of Net Assets making up the assets of the Company can be invested in:

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVL BALTIC REAL ESTATE

- transferable securities and money market instruments which are admitted to trading on the market which is deemed, in accordance with the Law on Markets in Financial Instruments of the Republic of Lithuania, regulated and operating in the Republic of Lithuania or another Member State; and/or
- transferable securities and money market instruments admitted to trading on the market operating, recognised, supervised and available to the public in another Member State according to the set rules; and/or
- transferable securities and money market instruments admitted to trading on the market operating, recognised, supervised and available to the public in another state (other than Member States) according to the set rules and/or
- new transferable securities issued by issuers established in the EU Member States if the issue terms provide for the obligation to have these securities admitted to trading on a regulated market, and if they are admitted to trading no later than within one year from their issue; and/or
- investment units and shares of harmonised collective investment undertakings and in investment units and shares of such collective investment undertakings which meet the following conditions:
 - o the sole purpose of such undertakings is to accumulate persons' funds by public offering of investment units or shares and by splitting them to collectively invest them in transferable securities and/or other planned liquid assets and investment units or shares of which must be redeemed at any time upon request of their holder, these undertakings are licensed in the Republic of Lithuania and their supervision is no less strict than established in the European Union, and the Supervisory Authority cooperates with the relevant supervisory authority of another member state or third country;
 - o protection of the rights of participants in the undertakings, including regulation of separation of assets, borrowing, lending and gratuitous transfer of assets, is no less strict than established for harmonised collective investment undertakings under the Law on Collective Investment Undertakings of the Republic of Lithuania;
 - o the undertakings present semi-annual and annual reports on their activities that allow to assess their assets and liabilities, profit and activities within the reporting period;
 - o no more than 10 per cent of their net assets, according to their incorporation documents can be invested into investment units or shares of other collective undertakings and/or
- deposits for a term no longer than 12 months, which can be collected upon demand in a credit institution domiciled in a Member State or in another state where risk limiting supervision is no less strict than in the European Union and/or
- in financial derivatives (including those which entitle only to receipt of money) which meet the following conditions:
 - o they are admitted to trading in markets, which are deemed regulated under the Law on Markets in Financial Instruments and which operate in the Republic of Lithuania or in another Member State, and/or in a market operating, recognised, supervised and available to the public according to the rules set in another Member State, and/or in a market operating, recognised, supervised and available to the public according to rules set in another State (other than Member States), or that are traded beyond the limits of the markets indicated above;
 - o they are linked to investment instruments, financial indexes, interest rates, currencies or exchange rates in which the Company will invest;
 - o the counterparty to the transactions concluded beyond the limits of the markets permitted to the Company meet the criteria established by the Supervisory Authority and is subject to risk limiting supervision;
 - o they are traded beyond the limits of the markets permitted to the Company but they can be checked, reliably and accurately valued every day and sold or otherwise realised for a consideration at any time at their fair value and/or
- money market instruments which are not admitted to trading on a regulated market, however, the issue or issuer of such instruments are regulated in order to protect investors and their savings and such instruments:
 - o are issued or guaranteed by the government, regional government, municipality or the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, the government of a third country or of one of the entities forming a federal state, or an international organisation, that at least one Member State is a member of, or

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVLT BALTIC REAL ESTATE

- are issued by an entity the securities of which are admitted to trading on the regulated markets permitted to the Company, or
 - are issued or guaranteed by the entity whose operational risk is supervised according to requirements of European Union law or such requirements which are no less strict than in the European Union, or
 - are issued by a company meeting the criteria approved by the Supervisory Authority the capital and reserves of which account at least for EUR 10 million and which draws up consolidated financial statements and performs the function of financing the group of companies where transferable securities of at least one company within its group are admitted to trading on a regulated market, or which is used for issuing securities financed with bank loans, and investments in such money market instruments are protected no less than indicated in paragraph 22.1.7.1 of the Articles of Association and/or
- transferable securities and money market instruments admitted to trading on the multilateral trading facility and not admitted to trading on the market permitted to the Company.

No more than 30 per cent of the Net Asset Value making up the assets of the Company may be invested in one real estate property and/or Real Estate Company. This investment restriction shall not apply to investments in Controlled Companies if these companies invest the received funds into real estate properties provided that:

- a Controlled Company meets all requirements for investing assets applicable to the Company, when the Company invests 100 per cent of net assets making up its assets in such a company;
- the Company together with a Controlled Company meets all requirements for investing assets applicable to the Company, when the Company invests more than 30 per cent but less than 100 per cent of net assets making up its assets in the Controlled Company;
- the Depository is provided with all documents and information in connection with investments in the Controlled Company necessary for the proper performance of its functions;

The total amount of investments in real estate properties being constructed may not exceed 20 per cent of the value of Net Assets comprising the Company's assets.

The total amount of investments in a real estate property and movable assets and/or equipment necessary for its maintenance cannot exceed 40 per cent of the value of net assets that make up the Company's assets.

The total amount of investments in securities, money market instruments issued by the same Controlled Company and liabilities of the Company due to financial derivatives transactions with the Company cannot exceed 30 per cent of the value of net assets making up the Company's assets.

The total amount of investments in the investment instruments and investment objects referred to in the last two paragraphs in which such Real Estate Company and the Company have invested cannot exceed 30 per cent of the net assets making up the Company's assets.

For the sake of efficiency of the Company's activities and control over its investments, an Investment Committee shall be formed by the decision of the Board of the Management Company. The Investment Committee shall consist of not more than 3 members, who will be the persons having the right to adopt investment decisions. Members of the Investment Committee shall be appointed and dismissed by the Board of the Management Company. An approval of the Investment Committee shall be obtained for all investments of the Company and their sale.

The procedure of formation, responsibilities and functions of the Investment Committee as well as its decision-making procedure and other procedures shall be established in the Regulations of the Investment Committee. The Regulations of the Investment Committee shall be announced publicly on the website of the Company at: www.invlbalticrealestate.lt.

With a view to ensure the efficiency of the Company's activities and the effective resolution of potential conflicts of interest, an Advisory Committee shall be formed by a decision of the Board of the Management Committee. The purpose of the Advisory Committee shall be to ensure the knowledge of various fields in which the Company's assets can be invested and the specifics of its activities. The Advisory Committee shall provide its opinion and conclusions regarding the Company's investments to the Investment Committee.

The procedure of formation, responsibilities and functions of the Advisory Committee as well as its decision-making procedure and other procedures shall be established in the Regulations of the Advisory Authority which shall be available on the Company's website at: www.invlbalticrealestate.lt.

The investment strategy for the Company's property entrenched in the Articles of Association may be changed respectively by amending the Articles of Association by the decision of the General Meeting.



PROSPECTUS

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY INVL BALTIC REAL ESTATE

The investment object(s) of the Company may be transferred only after having obtained a prior consent of the Depository.

The direct ownership of the Company's investment objects and the ownership of securities of Real Estate Companies shall be possible. Where investments are made through Real Estate Companies, documents related to investments into Real Estate Companies shall be submitted to the Depository so that the Depository could perform its functions established in the applicable legal acts.

Where necessary, funds may be borrowed on behalf of the Company in order to ensure a higher investment return (by additionally financing the investment objects acquired by the Company (or using Controlled or Real Estate Companies) or to finance the activities of the Company. The Management Company can adopt a decision to borrow on behalf of the Company up to 50 per cent of the real estate value for a period not exceeding the term of the Company's activities.

The Company's assets shall not be lent or used as a guarantee or a warranty to secure the liabilities of other persons, except for Controlled Companies or Real Estate Companies into which the Company invests if the property of such company is invested into the property conforming to the Company's investment strategy and the following two conditions are met:

- the amount of funds lent or a guarantee or a warranty issued by the Company makes up the portion of the loan, guarantee or warranty amount granted to the person that is not higher than the share owned by the Company by the right of ownership in that person's authorised capital;
- the total amount of funds lent or the guarantee and warranty amount granted to that person does not exceed 50 per cent of the Net Asset Value.

The Company shall not use any benchmark.

Upon the establishment of the Company, its investment portfolio may not meet the set diversification requirements for 4 years after the date on which the Supervisory Authority issued a permit to approve its incorporation documents and to choose the Depository. In all cases, the right not to comply with the established diversification requirements shall not abolish the obligation of the Management Company to invest the Company's assets pursuant to its investment strategy.

In the event that, upon the expiration of the set term, the investment requirements shall be violated due to the reasons beyond the control of the Management Company, such non-conformity must be eliminated as soon as possible but no later than within 1 year from the date on which the Management Company became aware of this situation. This term may be longer only in exceptional cases where the Management Company is unable to rectify the situation due to the reasons beyond its control. In this case, upon the expiration of the 1-year term, the Management Company shall immediately notify in writing the Supervisory Authority of the existing situation and its reasons. The notice shall also specify the planned term for the fulfilment of the requirement.

23. INVESTMENT CONSULTANTS

-

24. PLACES WHERE ONE CAN GET FAMILIAR WITH THE HISTORY OF THE ACTIVITIES OF THE COLLECTIVE INVESTMENT UNDERTAKING

The history of the Company's activities shall be set forth in the Company's business and financial reports available on its website at: www.invlbalticrealestate.lt.

V. INFORMATION ON THE TYPES OF RISKS AND THEIR MANAGEMENT

25. RISK FACTORS RELATED TO THE ACQUISITION AND INVESTMENT OF INVESTMENT UNITS OR SHARES

Any kind of investment is inherently related to risk, and investment into Shares is additionally related to specific and higher-than-average long-term risk. Such type of investment is suitable only for persons who are capable of assuming this risk and understand that, by acquiring the Shares, they can lose the entire invested amount.

In addition to the risk factors listed below, there can be further risk factors that are not specified herein because, when preparing this Prospectus, the Management Company has no information about such factors or considers them to be insignificant. However, such risks can affect the Company's financial results and have an impact on the value of the Shares. Therefore, the information on risk factors provided herein should not be deemed a detailed and final description of risk factors encompassing all risk factors. Having regard to the aforesaid, the decision to acquire Shares must be adopted having considered the risk factors specified below.

The net asset value of the Company can increase or decrease; for this reason, the Shareholder may not recover the amount invested into the Company. There are no guarantees and no guarantees may be granted regarding the Company's activities and



investment return or a specific investment of the Company, and the investment results of the previous period do not guarantee that they will be the same in the future as well.

The sequence of presentation (disclosure) of the risk factors is not based on the analysis of the probability of the occurrence and impact of the respective factors on the Share value and the comparison of factors because due to the specifics of the activities of the Company (activities in the particularly cyclical economic sector) such analysis and comparison could not be sufficiently grounded and could mislead the Shareholders.

The tools for the management of risk factors are not and cannot be considered as ensuring the elimination of respective risk factors.

- 25.1.1. **General risk.** The value of investments into the Company can fluctuate depending on the position of the market. Investments into the Company should be made for a long-term period so that the Shareholder could avoid the risk of short-term price fluctuations; however, in any case this would not protect the Shareholder against the risk that the whole amount of funds invested into Shares may be lost (e.g. a bankruptcy may be initiated against the Company). The value of investments in real estate in the short-term can fluctuate depending on the general economic situation, real estate lease and sale prices, demand and supply fluctuations. Investments in real estate should be made for a medium or long period so that the investor could avoid the risk of short-term price fluctuations. Redemption of the Shares is limited, i.e. the Shareholder may not demand that the Company or the Management Company would redeem the Shares. However, the Shareholder of the Company has the possibility of selling the Company's Shares on the secondary market. The inherent risk reflects the nature of investment into low-liquidity financial instruments; therefore, there are no effective tools for the management of such risk applicable by the Management Company.
- 25.1.2. **Real estate development risk.** Real estate projects developed by the Company can take longer to complete than planned or cost more than planned and return on investments of the Company may decrease for this reason. When managing this risk, the Company will assign sufficient resources for the control over the budgets and performance terms of real estate development projects.
- 25.1.3. **Cyclicality of the real estate sector.** Real estate development is a particularly cyclical sector. The number of real estate related transactions fluctuates significantly depending on the stage of the real estate business cycle. Cyclicality in the Baltic real estate market has been relatively high lately as the rapid growth in prices changed the steep decline in prices. The probability that the market can get overheated and there might be significant corrections of the real estate price should not be ruled out.
- 25.1.4. **Investment diversification risk.** This is a risk that one unsuccessful investment can have a significant effect on the results of the Company. In order to reduce this risk, the Company will have a sufficient number of different real estate properties in its portfolio, thus maintaining the proper diversification level.
- 25.1.5. **Risk of the management and human resources.** The success of the Company's investments will largely depend on decisions taken by the persons responsible for the management of the Company in the Management Company and the experience and capacities of the said persons. There are no guarantees that the same persons will manage the Company and the Management Company during the entire term of the Company's activities. The Management Company will seek to implement the incentives policy ensuring the key persons' motivation to participate in the activities of the Company and its investments until the end of the term of the Company's activities.
- 25.1.6. **Risk of conflict of interest.** There is a risk that there will be such situations where the interests of the Management Company (or related persons) and of the Company or the Shareholders will differ or the interests of individual Shareholders will differ, i.e. a conflict of interest will occur. Where it is impossible to prevent a conflict of interest, the Management Company shall ensure that the Shareholders are treated fairly. In accordance with the legal acts regulating the organisation of the activities of collective investment undertakings, the Management Company has implemented proper tools to prevent conflicts of interest which allow to carry out the activity of preventing and managing conflicts of interest independently in order to prevent or reduce the risk of conflicts of interest or to properly manage any existing conflict of interest. The service providers of the Company and/or the Management Company (to the extent related to the management of the Company) may provide services also to other collective investment undertakings which have similar investment targets, investment strategy and investment policy as the Company. Thus, there may be such situations where any service provider, while carrying out its activities and providing its services to the Company, would have a potential conflict of interest in respect of the Company. In such situations each of them will have to act having regard to the provisions of the contracts concluded by the Company and/or the Management Company for the benefit of the Company (including the confidentiality undertakings).
- 25.1.7. **Tenants' risk.** The Company will seek to rent real estate properties at the prices as high as possible. Although, currently, the lease fee is paid in a timely manner (the overdue obligations of tenants are minor and have no significant impact on the Company's activities), 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 Company's profit and the Company's cash flows. In case of late performance of a large part of the Company's obligations, the ordinary business of the Company may be disrupted,



it may be necessary to search for additional sources of financing which may not be available. In case of a failure to receive planned income from lease or to maintain a high percentage of occupation of the buildings, the Company can face the problem of costs not compensated by permanent tenants. This risk may occur in the case of big increase in the supply of rented premises and reduction in demand, drop in lease fees. In the case of a failure to lease premises at planned prices or in planned scopes, also in case current tenants terminate the lease contracts, the Company's income could decrease, whereas fixed expenses would remain the same. Accordingly, its profit would decrease as well. Seeking to avoid such situations, the Management Company will constantly monitor the status of the Company's property with the tenants so that the tenants who pose a threat of default on their obligations would be replaced by tenants who would pose a lower risk. Despite this, this risk is not and cannot be eliminated.

- 25.1.8. **Risk of liquidity of the Company's investments.** 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. When managing this risk, the Management Company will regularly monitor the market and get ready for the property sale process in advance, thus reducing the liquidity risk. By acquiring the 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. The 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. In order to manage this risk, the Management Company will take measures so that the Company would have sufficient information about the market situation and could make decisions regarding the realisation of the Company's investments on the basis of such information.
- 25.1.9. **Risk related to uncertainty of legal regulation of the Company's activities.** The legal acts of the Republic of Lithuania do not clearly regulate the legal status and activities of closed-end investment undertakings. Thus, there is a risk that legal actions may be taken against the Company and/or the Management Company including but not limited to disputing the issue of a licence of a closed-end investment undertaking (the permit to approve the incorporation documents of the Company and to choose the depository) or the powers of the Management Company to manage the Company, also enforcing recovery from the assets of the Company for fulfilment of the obligations to creditors of Shareholders and/or the Management Company or demanding that Shareholders and/or the Management Company fulfil the outstanding obligations of the Company.
- 25.1.10. **Risk of suspension of the redemption of Shares and full or partial non-redemption of Shares.** The Management Company, having regard to the activities of the Company and the circumstances established in the legislation under which the redemption of Shares may be suspended, can at any time adopt a decision to suspend the redemption of Shares. The Management Company may not take the decision to suspend the redemption of Shares and Shares will not be redeemed from the Shareholders (the redemption of Shares will be cancelled), before the disappearance of the reasons which determined the decision to suspend the redemption of Shares. All or part of the Shares can be not redeemed from the Shareholders if the Company encounters the lack of liquidity, or the Company becomes insolvent (the Company is not protected against bankruptcy and its insolvency process can be initiated in the cases established in the legal acts). When managing this risk, the Management Company will comply with the obligations provided for in the applicable legislation and related to the management of the Company's assets and it will seek to ensure that, if there are any preconditions for the circumstances specified above that are known to the Management Company, actions would be taken to protect the interests of the Shareholders and/or the Company's creditors; however, this is not and may not be deemed as the obligation of the Management Company to ensure the proper performance of the Company's liabilities.
- 25.1.11. **Risk of major shareholders.** Most Shares (around 80 per cent) and votes conferred by them are held by several major Shareholders who control AB Invalda INVL and the Management Company as of the date of the entry into force of the Articles of Association; therefore, these Shareholders can exercise significant influence on the Company's activities. There are no guarantees that the position of these Shareholders will always coincide with the opinion and interests of the Management Company and minor shareholders.
- 25.1.12. **Risk of changes in laws and regulations.** There is a risk that upon changes in the legislation of the Republic of Lithuania or of the states in which the Company's profit is invested, these changes can negatively affect the protection of the Company's investments, their profitability and value, or the changes in the legislation can have a different negative impact on the Company's rights and interests. Managing this risk, it will be sought to have in place an effective regulation monitoring system and participate in associated business structures which can have a lawful impact on legislative processes that are significant to the Company.
- 25.1.13. **Tax risk.** There is a risk that, upon changes in the country's economic conditions, political situation or due to other reasons, new taxes applicable to the Shareholders or the Company will be introduced or the rates of the existing taxes will increase; therefore, the Share price, liquidity and/or attractiveness can decrease or the value of the Company's investments can decrease as a result of this. Managing this risk, the Management Company will seek to organise the Company's activities by ensuring the optimal tax regime applicable to it.



PROSPECTUS

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY INVL BALTIC REAL ESTATE

- 25.1.14. **Risk of transactions with related parties.** The Company and/or Controlled Companies and/or Real Estate Companies conclude and/or may conclude mutual transactions which can be declared by the tax administrator as non-compliant with the requirements of the legal acts applicable to such transactions (e.g. failure to comply with the arms-length rule). In such case the Company and/or Controlled Companies and/or Real Estate Companies may have to pay the respective fines and/or interest established in the legal acts. In order to manage this risk, the Management Company will seek to follow the most recent practice in the application of the tax legal acts reasonably articulated by the tax administrator; however, it cannot be considered that this risk has been eliminated.
- 25.1.15. **Risk of inflation and deflation.** There is a risk that in case of inflation the value of Share will grow slower than inflation which would result in the return lower than inflation. In such case the actual return on the increase in the Share value for the persons who sold the Shares on the market can be lower than expected. In the case of deflation, there is a risk that the value of the Company's investments will decrease due to the reduction in the general price level. Managing this risk, it will be sought to ensure the efficient activities and communication of the Company, thus increasing the attractiveness of its Shares to a wider circle of investors.
- 25.1.16. **Credit risk.** There is a risk that debtors of the Company will fail to fulfil their obligations in time – this would have a negative effect on the profit of the Company and/or companies (directly and indirectly) owned by it. In case of facing material failure to perform obligations in a timely manner, the ordinary activities of the Company and/or the companies (directly and indirectly) owned by it may be disrupted and it may be necessary to find additional sources of financing which may not always be available. The Company also incurs the risk of keeping funds in bank accounts or investing into short-term financial instruments. The Company has also granted loans and the non-repayment of such loans could have a significant adverse effect on the activities of the Company. The Management Company will seek to ensure that the Company takes reasonable and economically justifiable measures when evaluating the counterparties in transactions and their ability to properly perform the assumed obligations.
- 25.1.17. **Liquidity risk.** There is a risk that due to the deteriorating economic situation at the global, regional or national level it will become difficult and/or expensive for the Company (managed by the Management Company) to obtain new loans for the acquisition of investment objects or refinancing of old loans; therefore, the value of the Company's investments may decrease as a result of this. With a view to reduce this risk, the Management Company will seek to maintain the adequate liquidity level of the Company or seek to organise timely financing from financial institutions or other third parties.
- 25.1.18. **By acquiring Shares, the Shareholders assume the risk of liquidity of securities.** In case of a drop in the demand for Shares or delisting them from the stock exchange, the Shareholders would find it difficult to sell them. In case of deterioration of the Company's financial situation, the demand for the Shares of the Company can decrease as well as their price. To manage this risk, the Management Company will take the measures specified in subparagraph 25.1.15 of the Prospectus.
- 25.1.19. **Risk of financing and leverage.** Leverage risk is related to potential depreciation of real estate properties acquired for borrowed money. The bigger the financial leverage, the higher probability of this risk is. There is a risk that due to the deteriorating economic situation at the global, regional or national level it will become difficult and/or expensive for the Company to obtain new loans for the acquisition or project development or refinancing of old loans; therefore, the value of the Company's investments can decrease as a result of this. To manage this risk, the Management Company will seek to use the financial leverage of such level that it would be reasonably expected to be refinanced even if the macroeconomic situation has changed.
- 25.1.20. **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 related to the Company's investments; therefore, the value of the Company's investments can decrease. In order to manage this risk, the Management Company will seek to consider potential unfavourable scenarios of economic development when concluding the transactions of financing the Company's activities. It will also be sought to conclude financing transactions at fixed interest rates, having regard to the utility of the determination thereof, compared to the determination of variable interest. If it is necessary, the Company shall hedge against the interest rate risk by concluding respective transactions.
- 25.1.21. **Risk of spin-off from the public limited liability company Invalda INVL.** On 29 April 2014, the Company took over 30.9 per cent of the assets, equity and liabilities of AB Invalda LT (currently, AB Invalda INVL). If certain obligations of AB Invalda INVL were not known at the time of the spin-off and for this reason were not distributed to all companies operating after the spin-off, all the companies operating after the spin-off will be liable for them jointly and severally. The liability of each of these companies will be limited by the amount of the equity assigned to each of them according to the terms of the spin-off. Therefore, there is a risk that if the obligations of AB Invalda INVL are not distributed, the Company will be liable for the obligations of AB Invalda INVL which, according to the terms of the spin-off, are assigned to the Company. The Company has no data that the reorganisation of AB Invalda INVL was carried out inappropriately and/or that some of the liabilities of AB Invalda INVL have not been distributed.

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVL BALTIC REAL ESTATE

- 25.1.22. **Market risk.** Acquisition of Shares entails the risk of incurring losses due to unfavourable changes in the Share price on 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 trends in the stock market in the region and in the world. Trade in Shares of the Company can depend on comments of financial brokers and analysts and announced independent analyses about the Company and its activities. If analysts give an adverse opinion about the prospects of the Shares, this can have a negative impact on the price of the Shares on the market as well. In order to manage this risk, the Management Company will take the measures indicated in subparagraph 25.1.15 of the Prospectus. Non-professional investors are advised to apply intermediaries of public trading or other experts of this field when evaluating the Shares.
- 25.1.23. **Dividend payment risk.** There is a risk that the Company will not pay any dividends. The decision to pay out dividends will depend on the profitability of activities, cash flows, investment plans as well as the overall financial situation and other circumstances. Managing this risk, the Management Company will seek to inform the Shareholders, within the terms established by law, about the Company's financial results so that the Shareholders could plan their cash flows accordingly.
- 25.1.24. **Geopolitical risk.** There is a risk that the activities of the Company may be affected by geopolitical changes (e.g. conflicts between states, internal conflicts of neighbouring states, insurrections, wars) and for this reason the value of the Company's investments can decrease or it may be impossible to sell the Company's investments at the preferred time for the desired price. The usual monitoring of the geopolitical situation carried out by the Management Company should contribute to the management of this risk.
- 25.1.25. **Risk related to forward-looking statements.** Forward-looking statements are based on estimates, opinion, expectations and forecasts regarding future events and financial trends that will possibly have an impact on the Company's activities. Future-looking statements include information about potential or presumable results of the Company's activities, investment strategy, contractual relationships, borrowing plans, investment conditions, effect of future regulation and other information. The Company is unable to ensure that forward-looking statements will fully and correctly reflect future events and circumstances. The Company, the Management Company and its employees are under no obligation to specify or alter forward-looking statements except to the extent required by laws and the Articles of Association. It is sought to avoid misleading the Shareholders or the persons who intend to become Shareholders by informing them about the conditionality of forward-looking statements.
- 25.1.26. **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 Company's Accounting Policy established by the Management Company. Valuation of individual assets of the Company shall be carried out by at least one property appraiser; however, such valuation of assets is only the determination of the value of assets which automatically does not mean the exact sale price of the Company's investment which depends on many circumstances, for example, economic and other conditions which cannot be controlled. Thus, the sale price of the investments held by the Company can be lower or higher than the value of assets determined by the property appraiser. In order to manage this risk, only the property appraisers who can ensure the high quality of services will be selected.
- 25.1.27. **Competition risk.** By investing into investment objects, the Company will compete with other investors, including but not limited to other investment undertakings or real estate investment funds. Thus, there is a risk that competition with other investors will demand that the Company would conclude transactions at less favourable conditions than in other cases. When managing this risk, the Management Company will seek to use the maximally broad network of business contacts in order to conduct transactions the knowledge of which is not sufficiently wide to create significant competition.
- 25.1.28. **Risk related to possible liability of the Company.** There is a risk that the activities of the Company and the general performance results of the Company can be negatively affected by demands and claims regarding the non-disclosed or non-identified obligations and/or violations related to the investments acquired by the Company which may result in the Company's liability for such obligations and/or violations and, therefore, the value of the Company's investments and the price of Share can decrease significantly. When managing this risk (to the possible extent of acting reasonable and having regard to economic efficiency criteria), it will be sought not to assume any liability obligations or limit them significantly.
- 25.1.29. **Risk of the Company's insolvency.** In case of realisation of one or several of the risks indicated above, which would have a negative effect on the value and/or liquidity of Controlled Companies and/or Real Estate Company, this can result in the Company's solvency problems when the Company is incapable of fulfilling the assumed obligations. In such a case, the Company's shareholders can lose all their funds invested in the Company. The Management Company will provide the Shareholders with all information specified by law which would enable the Shareholders to take respective decisions regarding the possession or sale of Shares, having regard to the Company's financial situation.
- 25.1.30. **Risk related to the duty to redeem the Company's shares.** The applicable legal acts provide for the duty of the Company in certain circumstances to redeem its shares from the shareholders who demanded such redemption. Accordingly, if the Company becomes subject to the duty to offer to the Shareholders redemption of its own Shares and if such a redemption is requested by the Shareholders holding a significant number of Shares, the Company may be

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVL BALTIC REAL ESTATE

forced to sell its investments urgently, which can significantly reduce the return earned by the Company from the sale of investments. The respective measures are provided for the management of this risk in the Articles of Association.

25.2. Investments into the Shares are related to higher-than-average long-term risk. The Company cannot guarantee that the Shareholders will recover the invested funds.

25.3. –

25.4. –

26. WHERE AND HOW ADDITIONAL INFORMATION ON THE TYPES OF RISKS CAN BE OBTAINED.

The Shareholders can find additional information about the risks related to the Shares in the Articles of Association and historical Prospectuses which were announced in order to admit the Shares to trading on a regulated market. In addition, such information will be made available subject to request to the Management Company.

VI. INFORMATION ON FINANCING AND FINANCED COLLECTIVE INVESTMENT UNDERTAKINGS

27. –

28. –

29. –

30. –

31. –

32. –

33. –

VII. GOVERNANCE**34. GENERAL MEETING OF SHAREHOLDERS**

The competence of the General Meeting and its convening and decision-making procedures shall not differ from the competence and procedure established by the Law on Companies of the Republic of Lithuania to the extent the Articles of Association or the Law on Collective Investment Undertakings of the Republic of Lithuania do not indicate otherwise. The right of initiative to convene the meeting shall be vested in the Management Company and the Shareholders whose Shares confer at least 1/10 of all the votes at the General Meeting. The convening of the General Meeting shall be organised by the Management Company.

All decisions of the General Meeting shall be adopted by a 3/4 majority of votes conferred by the Shares held by the Shareholders present at the Meeting, except for the decisions specified below which are taken by a 2/3 majority of votes carried by the Shares held by the Shareholders participating at 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 the Company's activities and making of related amendments to the Articles of Association.

The decisions of the General Meeting specified below can be adopted only after taking into account the recommendations provided by the Board of the Management Company and/or the Investment Committee of the Company and with regard to consequences of the respective decision, namely, decisions regarding:

- amendment to the Articles of Association;
- redemption of Shares;

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVL BALTIC REAL ESTATE

- distribution of profit (loss) of the Company;
- formation, use, reduction and cancellation of reserves;
- increase or reduction of the authorised capital;
- approval of transactions that have a significant impact on the Company under the procedure established in the Company's policy on transactions with related 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 on issues indicated above together with the announced draft decisions proposed by the Management Company. The Board of the Management Company shall determine the issues on which recommendations will be provided by the Investment Committee of the Company. In case draft decisions are proposed not by the Management Company but by the 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 manner in which 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.

In the event that the General Meeting adopts a decision not following the recommendations provided by the Management Company, the Management Company shall not be responsible if such decisions violate the requirements for management of the Company, or there are other negative consequences.

An ordinary General Meeting shall take place no later than by 30 April of the current year.

Representatives of the Management Company shall have the right to participate in the General Meetings.

An extraordinary General Meeting shall be convened if:

- that is requested by the Shareholders who have the right to initiate the convening of the General Meeting or the Management Company;
- the auditor or audit firm terminates its agreement with the Company and/or the Management Company or for any other reasons cannot audit the set of the Company's annual financial statements;
- the Management Company seeks to terminate the management agreement with the Company, or there are reasons why the agreement between the Company and the Management Company cannot be performed;
- in other cases provided for in the legislation of the Republic of Lithuania and in the Articles of Association.

The General Meeting can take decisions and shall be deemed to have taken place irrespective of the number of votes conferred by the Shares held by the Shareholders present at the meeting.

The General Meeting shall have no right to adopt decisions which are assigned to the competence of the Management Company by the Articles of Association, or which are management decisions in their essence.

35. MEMBERS OF THE MANAGEMENT BODIES AND THE SUPERVISORY COUNCIL

There shall be no management bodies formed at the Company. Management of the Company shall be transferred to the Management Company; therefore, in accordance with the Law on Collective Investment Undertakings of the Republic of Lithuania, the rights and obligations of the Board and the Manager of the Company established in the Law on Companies of the Republic of Lithuania shall be transferred to the Management Company.

The Company management fee provided for in paragraph 13.1.1 of the Prospectus shall be paid to the Management Company for the management of the Company. The Management Company shall also have the right to the share of the Company's profit established according to the provisions of paragraph 13.1.1 of the Prospectus.

36. INFORMATION ON THE MANAGEMENT COMPANY

- 36.1. Information on the Management Company is provided in Section 2 of the Prospectus. The numbers of the licence of the Management Company to engage in the activities of a management company: VJK-005 (Licence of the Management



PROSPECTUS

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY INVLT BALTIC REAL ESTATE

Company acting in compliance with the Law on Collective Investment Undertakings) and 3 (Licence of the Management Company acting in accordance with the Law on the Managers of Alternative Collective Investment Undertakings).

36.2. Managers of the Management Company and information on the activities of the managers of the Management Company in other companies:

Laura Križinauskienė – General Manager of the Management Company.

Participation in the activities of other companies, institutions and organisations:

- INVLT Finasta UAB – Member of the Board;
- INVLT Asset Management (Latvia) IPAS – Member of the Supervisory Board;
- INVLT atklatais pensiju fonds (Latvia) AS – Member of the Supervisory Board.

Darius Šulnis – Chairman of the Board of the Management Company.

Participation in the activities of other companies, institutions and organisations:

- AB Invalda INVLT – Member of the Board and President;
- AB INVLT Baltic Farmland – Member of the Board;
- UAB Litagra – Member of the Board;
- AB Šiaulių bankas – Member of the Supervisory Council.

Nerijus Drobavičius – member of the Board of the Management Company, Private Capital Partner.

Participation in the activities of other companies, institutions and organisations:

- Andmevara AS – Chairman of the Supervisory Council;
- UAB Inservis – Chairman of the Board;
- UAB Įmonių grupė Inservis – Chairman of the Board;
- UAB Jurita – Chairman of the Board;
- UAB BSGF Sanus – Director;
- UAB InMedica – Chairman of the Board;
- AB „Montuotojas“ – Member of the Supervisory Board.

Vytautas Plunksnis – member of the Board of the Management Company, Director of the Private Capital Division.

Participation in the activities of other companies, institutions and organisations:

- UAB Algoritmų sistemos – Chairman of the Board;
- Investors' Association – Chairman of the Board;
- Moldova Agroindbank (MAIB) – Member of the Supervisory Council
- UAB Algoritmų sistemos – Chairman of the Board;
- UAB NRD Systems – Member of the Board;
- UAB NRD CS – Member of the Board;
- NRD Companies AS (Norway) – Member of the Board;
- Norway Registers Development AS (Norway) – Member of the Board;
- AB „Montuotojas“ – Member of the Supervisory Board.

With a view to ensure the effectiveness of the Company's activities and investment control, the Investment Committee shall be formed by the decision of the Board of the Management Company. The Investment Committee shall consist of no more than 3 members who will be the persons entitled to adopt investment decisions. The Board of the Management Company shall appoint and dismiss members of the Investment Committee. An approval of the Investment Committee must be obtained for all investments of the Company and their sale.

The procedure of formation, responsibility and functions of the Investment Committee as well as its decision-making and other procedures shall be established in the Regulations of the Investment Committee. The Regulations of the Investment Committee shall be announced publicly on the website of the Company at: www.invlbalticrealestate.lt.

As of the Prospectus announcement date, the Investment Committee shall consist of:

Vytautas Bakšinskas – Real Estate Fund Manager, Company Management Division of the Management Company.

Andrius Daukšas – Investment Manager, Company Management Division of the Management Company.

With a view to ensure the effectiveness of the activities of the Company and effective resolution of potential conflicts of interest, an advisory committee may be formed by the decision of the Board of the Management Company. The purpose of the Advisory Committee shall be to ensure the knowledge of various fields in which the Company's assets can be invested



PROSPECTUS

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY INVL BALTIC REAL ESTATE

and the specifics of its activities. The Advisory Committee shall provide its opinion and conclusions regarding the Company's investments to the Investment Committee

The procedure of formation, responsibility and functions of the Advisory Committee as well as its decision-making and other procedures shall be established in the Regulations of the Advisory Committee which are announced publicly on the website of the Company at: www.invlbalticrealestate.lt.

As of the Prospectus announcement date, no Advisory Committee has been formed.

Information on other positions held by the members of the Investment Committee and/or the Advisory Committee of the Company that the Management Company is aware of shall be available to the Shareholders upon their written request to the Management Company. As of the Prospectus date, the Management Company has no information on any significant conflicts of interest between the members of the Investment Committee and/or the Advisory Committee of the Company and the Company or its Shareholders.

36.3. On 11 November 2016, the Management Company and the Company concluded the Investment Company Management Agreement in which it is agreed that the Management Company will receive the management fee and acquire the right to the share of the Company's profit (as defined in paragraph 13.1.1 of the Prospectus) for the management of the Company, i.e. the Company's investment management, administration, marketing and other related activities as defined in the Law on Collective Investment Undertakings of the Republic of Lithuania. The Company Management Agreement between the Company and the Management Company was amended on 29 December 2017 after the approval of the General Meeting (hereinafter the Agreements dated 11 November 2016 and 29 December 2017 collectively referred to as the *Agreements*).

Under the above Agreement, the Management Company acquired the right:

- To perform all actions of the management bodies of the Company and other actions assigned to the competence of the Management Company under the applicable legal acts and/or the Articles of Association;
- To represent the Company's interests in the relations with the Supervisory Authority, the Depository of the Company, other institutions, bodies and organisations as well as natural and legal persons;
- To conclude and implement transactions on behalf, at the expense and in the interests of the Company as well as perform other actions related to the management of the Company's assets;
- To make deductions from the Company's assets provided for in the Articles of Association;
- To receive the remuneration comprised of the Management Fee and the Performance Fee;
- To delegate some of its functions to the company entitled to provide respective services;
- To initiate and carry out the issue, distribution and subscription of the Company's shares under the procedure established in the Articles of Association;
- To suspend and/or resume the payment of dividends to the Shareholders on the grounds and under the procedure established in the Articles of Association.

The Agreement shall be valid until the full discharge of the obligations of the Parties or until the termination or other expiration of the Agreement on the grounds established in the Agreement, the Articles of Association or in the applicable legislation.

The Agreement may be terminated on the initiative of the Company after the General Meeting has decided under the procedure established by the Company in the Articles of Association to replace the Management Company of the Company and hand over the management of the Company to another management company when:

- the Management Company is liquidated;
- the Management Company undergoes restructuring;
- bankruptcy proceedings have been initiated against the Management Company;
- the Supervisory Authority takes a decision to restrict or cancel the rights provided for in the licence of the Management Company related to management of investment companies;
- the Management Company commits a material breach of the Agreement, the Articles of Association or legal acts which is not eliminated within a reasonable period of time (if it is possible to eliminate it).

The Agreement may be terminated on the initiative of the Management Company only due to important reasons. In such a case the Management Company shall convene the General Meeting which would resolve the issues related to the termination of the Agreement, replacement of the Management Company, handover of the management of the Company to another company and the approval of such actions by the Supervisory Authority. In any case the Management Company shall notify the Company and the Shareholders of its intention to terminate the Agreement and inform the Supervisory Authority about such notification no later than 6 months in advance.

In the event that the Agreement is terminated due to reasons for which the Management Company is not responsible (irrespective of which Party initiates the termination of the Agreement), the Management Company shall receive

compensation amounting to the sum of management fees for the last 4 full quarters. In addition, the Management Company shall receive the full Performance Fee due until the Agreement termination date (accrued and not paid).

The new wording of the Agreement was approved on 29 December 2017.

36.4. Other collective investment undertakings managed by the Management Company:

HARMONISED INVESTMENT FUNDS:

The open-ended harmonised investment fund INVLT Baltic Fund is oriented towards investors with limited investment experience. Monetary resources of the Fund are invested into the shares of companies listed on the Baltic stock exchanges or of companies actively operating in the Baltic countries, aiming to achieve maximum return and assuming high risk. The Fund is focussed on long-term investments by identifying attractive economic sectors and specific companies.

INVLT Umbrella Fund is a harmonised umbrella investment fund which consists of the following four subfunds:

- INVLT Emerging Europe Bond Subfund – funds are invested into debt securities of developing European country governments and companies indicated by the credit analysis as the most promising. The Subfund combines the riskier (bonds of companies) and safer (bonds of governments) investments in order to ensure a stable return on investment. The purpose of the Subfund is to ensure balanced growth of the Subfund's assets;
- INVLT Emerging Europe ex Russia TOP20 Subfund – investments are distributed in a concentrated manner between the shares of 15–25 companies valued as the most attractive by the managers of the New Europe (ex Russia) Region Subfund. With a view to ensure the highest attention to each share possessed, the assets of the Subfund are distributed between the smallest number of shares permitted to harmonised investment funds. The purpose of the Subfund is to seek maximum return on investments into shares in the New Europe region;
- INVLT Russia TOP20 Subfund – investments are distributed in a concentrated manner between the shares of 15–25 Russian companies valued as the most attractive by the managers of the Subfund. With a view to ensure the highest attention to each share possessed, the assets of the Subfund are distributed between the smallest number of shares permitted to harmonised investment funds. The purpose of the Fund is to seek maximum return on investments into shares in Russia;
- INVLT Global Emerging Markets Bond Subfund – funds are invested in the debt securities of governments, municipalities and companies in emerging countries selected by the manager as the most promising. The Subfund combines the riskier (bonds of companies) and safer (bonds of governments and municipalities) investments in order to ensure a stable return on investment. The purpose of the Subfund is to ensure balanced growth of its assets.

SPECIAL COLLECTIVE INVESTMENT UNDERTAKINGS:

SUTPKIB INVLT Technology is an ICT investment company listed on AB Nasdaq Vilnius. INVLT Technology operates as a cluster of IT companies oriented towards the major business and state segments the main four fields of activities are as follows: improvement of the business climate and e-management, IT infrastructure, cyber security and solutions for IT-susceptible industries. With a view to create a significant return on the attracted investments for investors, INVLT Technology invests in mature IT companies operating in the fields of solutions for major businesses and the public sector having the industrial capacities in the Baltic countries and in Eastern and Central Europe and the synergy potential in cooperation with other INVLT Technology companies. INVLT Technology seeks to increase the value of its managed companies by providing a financial and intellectual capital and state aid for their growth and additional acquisitions as well as by helping to globalize the activities through the sale channels on the markets in East Africa and Southeast Asia.

INVLT Specialized Umbrella Fund is a specialised umbrella investment fund for investment in securities, which is comprised of the following subfund:

- INVLT Absolute Return Subfund – funds are actively invested in different regions and asset classes: shares, debt securities and other fixed-income financial instruments, limited risk investments, raw materials and currencies. No restrictions have been set on investment in particular regions and asset classes, and the managers of the Subfund can invest up to 100 per cent of the Subfund's material resources into each of the regions or asset classes. The purpose of the Subfund is to seek maximum return on investment.

The closed-end umbrella investment fund intended for informed investors INVLT Alternative Assets Umbrella Fund, which consists of the following 3 subfunds:

- The purpose of the investment activity of INVLT Baltic Forest Fund I is to collectively invest accrued monetary resources in the forest land plots (hereinafter referred to as *forest or forest land plots*) situated in the territories of the Baltic countries (Lithuania, Latvia and Estonia) suitable for forestry activity by dividing the risks (i.e. by dividing the investments between the forest land plots having different characteristics and in compliance with other diversification requirements and seek medium return on the aforementioned investments. The Subfund seeks to achieve the objective of its investment activity and maximum benefit for its investors, while observing the restrictions established by the applicable legal acts and its



PROSPECTUS

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY INVL BALTIC REAL ESTATE

incorporation documents. The Subfund can also seek to achieve its investment objectives by investing its monetary resources into other legal entities or collective investment undertakings operating in the EU Member States which are engaged in the activities related to the management of forest land plots and/or managing forest land plots by the right of ownership or any other right. The Subfund can also invest in land used for agricultural purposes. The investment portfolio of the Subfund can also consist of other assets which are necessary, related or inevitable for the use of assets of another Subfund;

- The purpose of the investment activity of INVL Special Opportunities Fund is to collectively invest accrued monetary resources into risky companies generating higher-than-average return. Investments can be made either directly or using special purpose vehicles. The geography of the investment activity of the Subfund is the underdeveloped countries which have a higher growth potential. A major focus and the highest priority will be given to companies operating in Eastern Europe and in the Commonwealth of Independent States.
- INVL Baltic Sea Growth Capital Fund – the Subfund seeks to earn return on investment into the companies operating in the states of the Baltic Sea region whose equity securities are not traded on regulated markets and which can become regional leaders of a particular business sector. These investments should bring adequate, risk-adjusted return to its Participants. The target return should be achieved through the investments of the Subfund not directly into the specified assets but through investments into the securities – investment units issued of the Main Collective Investment Undertaking. Investments will make up to 95 per cent of the assets comprising the NAV. Due attention should be paid to the fact that the Subfund's assets will not be directly diversified. Sufficient diversification of the assets comprising the Subfund will be achieved through compliance by the Main Collective Investment Undertaking with the investment policy and strategy provided for in its incorporation documents. The incorporation documents of the Main Collective Investment Undertaking will be made available to the Investors together with the Rules and the Prospectus.

COLLECTIVE INVESTMENT UNDERTAKINGS INTENDED FOR PROFESSIONAL INVESTORS:

INVL Baltic Sea Growth Fund will invest in medium-sized companies with an attractive risk-return ratio, providing them with capital for further growth. The Fund will seek to form a diversified portfolio of Baltic Sea region companies and will focus on growth capital, buyout, and “buy and build” investments.

2nd PILLAR PENSION FUNDS

The Management Company manages eight 2nd pillar lifecycle pension funds (for further information please see www.invl.com).

3rd PILLAR PENSION FUNDS:

The pension fund INVL MEDIO III 47+ invests up to 50 per cent of the funds in shares of companies and related investments and at least half of its assets in the bonds issued or guaranteed by governments and central banks, bank deposits and corporate bonds

The pension fund INVL EXTREMO III 16+ invests in corporate shares and related investments, without any limitations on investment regions or sectors.

The pension fund INVL Bold invests in corporate shares, without any limitations on investment regions or sectors.

The pension fund INVL Prudent invests in equal shares in shares, bonds and real estate, without any limitations on investment regions or sectors.

The pension fund INVL Stable invests in bonds issued or guaranteed by states or municipalities and corporate bonds.

36.5. As of the Prospectus publishing date, the subscribed and fully paid-up authorised capital of the Management Company amounts to EUR 5,452,000.00, and it is divided into 18,800,000 ordinary registered shares with the nominal value of EUR 0.29.

36.6. The Management Company has approved the Policy on Remuneration to employees adopting decisions regarding risk assumption which complies with the requirements of the legal acts applicable to the Management Company and to the management of the Company. The fixed remuneration of an employee of the Management Company shall include the employee's official monthly salary and additional benefits assigned to the employee irrespective of his/her performance and paid to all employees who meet the established criteria according to the procedure applicable at the Management Company (e.g. pension contributions to voluntary pension funds). An official monthly salary and its amount shall be established in the employment contracts concluded with employees and shall be paid under the procedure laid down by the applicable legislation. An official monthly salary shall be determined in compliance with the job requirements and the nature of work, the employee's professional qualifications and capacities. Official monthly salaries of individual employees in the same position may differ; when determining the amount of such salary, due account shall be taken of the employee's professional qualifications, available experience and personal professional activity, previous work of the

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVL BALTIC REAL ESTATE

employee at the company and in related (daughter, parent, sister) companies, other skills and capacities; the amount of the official monthly salary can be also influenced by the demand and supply for labour on the labour market. Besides the official monthly salary or remuneration paid in any other form, an additional share – an annual extra pay may be paid as well; the annual extra pay shall be assigned depending on the implementation of the annual business plan and/or budget of the Management Company, achievement of annual goals set by the employee's division and realisation of the employee's individual plans and tasks specified in the employee's individual evaluation plan. The official monthly salary shall be determined so that the appropriate proportions of the official monthly salary and its extra pays are ensured. The official monthly salary shall comprise a significant portion of the entire salary paid to the employee so that the Management Company could implement a flexible incentive policy. The extra pay shall be paid according to the following terms:

- the portion equal to 60 per cent of the extra pay amount is paid as a lump-sum under the procedure and within the time frames established in the order of the General Manager or in the decision of the Board of the Company;
- the remaining portion of the extra pay (i.e. the remaining 40 per cent of the extra pay) is paid to the employee pro rata within three years, i.e. the carried forward portion of the extra pay is pro rata distributed within the entire carry-forward period and it is started to be paid no earlier than 1 year after the evaluation of the employee's operating results and it will be paid yearly by paying out the proportionally calculated portion of the extra pay. In individual cases, the competent management body of the Management Company which takes a decision regarding the assignment of the extra pay shall have the right to decide on a longer carry-forward period (which usually does not exceed 5 years), having regard to the business cycle and the nature of activities of the Management Company and/or the respective collective investment undertaking or pension fund, the risk assumed by the employee, his/her performance and other criteria established in the applicable legislation.

Usually the extra pay is paid in cash. Acting in compliance with the principle of proportionality, the Management Company shall not apply the requirement to mandatorily pay a certain portion of the extra pay in financial instruments. However, if the Management Company provides such possibility, the extra pay may, at the employee's choice, be paid in financial instruments or equivalent instruments (share options, contributions to the private pension fund). An extra pay, including its carry-forward portion, may be assigned and/or paid out to the employee provided that the Management Company is in a sustainable financial position, having regard to the operating results of the Management Company and/or its division and only in the case that the results of the employee's annual individual evaluation are positive. Having regard to the size and organisational structure of the Management Company, no remuneration committee shall be formed. Remuneration of the General Manager, Internal Auditor and other employees of the Management Company whose subordination (responsibility) is assigned to the Board according to the management structure approved by the Board of the Management Company (both the official monthly salary and annual extra pays) shall be determined (allocated) by the Board of the Management Board. The remuneration of all other employees shall be determined by the General Manager of the Management Company. The list of these persons is provided in subparagraph 36.1 of the Prospectus.

VIII. OTHER IMPORTANT INFORMATION

37. DELEGATION OF FUNCTIONS

The Management Company has concluded the distribution services agreement for the Company with UAB FMJ Finasta. This agreement nominally encompasses the actions related to the distribution of Shares; however, under this services agreement only the services excluding the distribution of Shares are provided *de facto* (the provided services encompass the liaising with the Shareholders who are clients of UAB FMJ Finasta and who keep their Shares in the securities accounts managed by UAB FMJ Finasta). After the Management Company together with the Shareholders have adopted the decision regarding the issue and distribution of new Shares, a new respective agreement between the Management Company and UAB FMJ Finasta will be concluded by respectively providing mandatory notifications to the Supervisory Authority under the applicable legal acts.

The Management Company can delegate functions to third parties entitled to provide respective services in compliance with the requirements of the applicable legal acts.

The Management Company shall have no right to delegate so many of its management functions to another company that it would have practically no management functions left.

The delegation of some of the functions to another company shall not exempt the Management Company from its liability.

38. INFORMATION ABOUT DISTRIBUTORS OF INVESTMENT UNITS OR SHARES

See the note in paragraph 37 of the Prospectus.

39. INFORMATION ON THE DEPOSITORY

39.1. AB SEB Bankas, Gedimino Ave. 12, LT-01103 Vilnius, (8 5) 268 2800, (8 5) 268 2333, info@seb.lt, www.seb.lt.

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVL BALTIC REAL ESTATE

- 39.2. The Depository has undertaken to perform the following functions:
- 39.2.1. based on the documents and information presented by the Company, to keep records of the Company's assets which cannot be entered into cash and securities accounts of the Company opened with AB SEB Bankas. The Depository's duty to keep records of such assets of the Company appears only at the moment when the Depository is provided with documents confirming which assets make up the Company's assets;
 - 39.2.2. to accept the Company's assets (cash and securities which can be entered into cash and securities accounts of the Company opened with AB SEB Bankas) for keeping and to keep their records separately from other assets of the Management Company and the Depository. Having regard to the fact that the securities account under the Securities Account Management Agreement and the bank account under the Bank Account Agreement are opened in the name of the Company, it means that in this way the Depository separates the Company's cash and securities from the assets of the Depository, other clients of the Depository and the Management Company;
 - 39.2.3. to credit cash and securities owned by the Company (which can be kept in the securities account opened in the name of the Company) to the cash and securities accounts opened with AB SEB Bankas in the name of the Company;
 - 39.2.4. the Depository or the third person to whom the custody functions are delegated hereby undertakes not to use the Company's assets transferred for safekeeping for its/his own purposes;
 - 39.2.5. to keep securities that are kept in the securities account opened in the name of the Company as a custodian according to the Securities Account Management Agreement, the general rules for the provision of services approved by the Depository and other internal legal acts of the Depository regulating keeping of securities at the Depository;
 - 39.2.6. to keep the Company's cash in the bank account opened in the name of the Company under the Bank Account Agreement and the general rules for the provision of services approved by the Depository and other internal legal acts of the Depository regulating recording of cash and cash transactions. The Depository would like to note that the Company's cash in the bank account opened under the Bank Account Agreement, deposits formed on behalf of the Company and other cash of the Company kept at the Depository (if any) are not covered by deposit insurance by the state enterprise Indėlių ir Investicijų Draudimas under the Law on Insurance of Deposits and Liabilities to Investors of the Republic of Lithuania;
 - 39.2.7. to fulfil instructions of the Management Company if they are not in conflict with the requirements of the legal acts of the Republic of Lithuania and the Articles of Association;
 - 39.2.8. to make payments and non-payment transfers of securities from the Company's cash and securities accounts no later than on the next working day after the receipt of a relevant instruction of the Company, unless the Management Company indicates another date and time for the fulfilment of the instruction;
 - 39.2.9. to ensure that the payment for the transferred assets of the Company would be assigned to the Company within the time set by the applicable legal acts of the Republic of Lithuania and the Articles of Association. In case other assets than the assets of the Company kept in the cash and securities accounts opened with AB SEB Bankas are transferred, the Depository has the duty to ensure that the proceeds for such transferred assets of the Company would be assigned to the Company appears only from the moment when the cash is transferred into the Company's cash account opened with AB SEB Bankas;
 - 39.2.10. to check whether the Company's income (cash) is used according to the requirements of the legal acts of the Republic of Lithuania and the Articles of Association;
 - 39.2.11. immediately, but no later than within 5 (five) business days, to notify the Management Company by e-mail of any violations of the legal acts of the Republic of Lithuania or the documents of the Company; also after the Depository has received the respective information from a third party, to inform the Management Company that the separation of assets is insufficient to ensure protection against the insolvency of the third party to whom the custody functions in a particular jurisdiction have been delegated;
 - 39.2.12. after informing the Management Company, to notify the Bank of Lithuania of any noticed violation of the applicable legal acts or the Articles of Association;
 - 39.2.13. to ensure that the value of Shares is calculated according to the requirements of the legal acts of the Republic of Lithuania and the Articles of Association;
 - 39.2.14. to ensure that the sale, issue, redemption or cancellation of Shares would be carried out according to the requirements of the legal acts of the Republic of Lithuania and the Articles of Association;
 - 39.2.15. no later than on the last business day of the calculation of net assets, to check the value of the Company's net assets and the value of Shares on the basis of the information provided by 10:00 and to inform the Management Company about this by 14:00;
 - 39.2.16. upon request of the Management Company or upon receipt of important information which is necessary in order for the Management Company to perform its duties, to immediately transfer such information to the Management Company, as well as to give the Management Company reports on the Company's assets, their change and accounts;

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT
COMPANY INVLT BALTIC REAL ESTATE

39.2.17. upon request of the Company, to provide information about the third parties used by the Depository for the performance of the respective functions and information on the criteria used for the selection of the third party and the actions to be taken to monitor the activity of the chosen third party.

During the preparation of the Prospectus, the Management Company has not received any information about any potential conflicts of interest related to the Depository; however, there is a probability that the Depository can provide services to other collective investment undertakings which have similar investment objectives, investment strategy and investment policy as the Company. Thus, there might be situations when the Depository will have a potential conflict of interest in respect of the Company during the provision of its services to the Company. In such situations, the Depository will have to take into account the provisions of the agreements concluded by the Company and/or the Management Company with the Depository for the benefit of the Company. Moreover, the Depository will have to ensure that the Management Company, the Company and the Shareholders are treated fairly and in their best interests, as this is practically feasible in a particular situation.

39.3. As of the Prospectus date, the Management Company has not received any information about the functions of the Depository delegated to other entities.

39.4. More detailed and/or updated information on the data provided in paragraphs 39.2 - 39.3 of the Prospectus shall be made available to the Shareholders subject to their respective written request to the Management Company.

40. INFORMATION ON THE AUDIT COMPANY

UAB PricewaterhouseCoopers, J. Jasinskio St. 16B, LT-03163 Vilnius, +370 5 239 2300, No. 001273, 20 December 2005.

41. INFORMATION ON FINANCIAL INTERMEDIARIES

-

42. INFORMATION ON PROPERTY APPRAISERS

Before the Prospectus announcement date, the valuation of the Company's investment portfolio was performed by UAB OBER-HAUS Nekilnojamosis Turtas (+370 5 2109 700, Geležinio Vilko St. 18a, Vilnius 08104), UAB Newsec Valuations (+370 5 252 6444, Konstitucijos Ave. 21C, Vilnius, 08130), SIA OBER-HAUS Vertešanas serviss (+371 67 28 45 44, Gustava Zemgala street 76, Riga, 1039). Further information is available in the consolidated annual report and in the Company's consolidated financial statements for 2018 (announced on the website: www.invlbalticrealestate.lt).

43. LIQUIDATION OR WINDING-UP

The Company can be liquidated:

- when there is a decision of the court or creditors to liquidate the bankrupt Company;
- at the end of the term of activities of the Company;
- in other cases established by law.

Upon decision to liquidate the Company, the Management Company shall automatically become the liquidator of the Company which shall perform all the liquidator's functions.

The Company shall operate for 30 years after the date of the permission of the Supervisory Authority to approve the incorporation documents of the Company and to choose the depository for the first time (i.e. 22 December 2016). The term of the Company's activities can be additionally extended for a period not exceeding 20 years. The decision regarding the extension of the term of the Company's activities can be adopted by the General Meeting no later than 6 months prior to the expiration of the term of the Company's activities or the extended term of the Company's activities (provided that the term of the Company's activities has been extended for a period shorter than 20 years). At least 3 months prior to the expiration of the term of the Company's activities, the General Meeting shall adopt a decision regarding the liquidation of the Company. In case of liquidation of the Company, accounts with the Shareholders shall be settled in accordance with the procedure laid down by the Articles of Association.

After the decision to liquidate the Company has entered into force, the liquidator shall immediately submit to the Supervisory Authority a set of financial statements of such Company prepared on the basis of the data as of the adoption of the decision to liquidate the Company, the audit opinion on this set and the audit report. Assets of the Company being liquidated shall be sold while acting under the best conditions and in the best interests of the Shareholders. The General Meeting shall have no right to adopt decisions that would oblige the liquidator to act otherwise than under the best conditions and in the best interests of the Shareholders, including but not limited to the setting of deadlines for the completion of the liquidation procedure as well as the procedure and terms for the sale of the Company's assets. Accounts with the Shareholders shall be settled in cash.

Upon liquidation of the Company, the assets of the Company shall be sold and the cash remaining after the performance of the debt obligations shall be divided among the Shareholders pro rata to the number of shares held by them. In the case of the



PROSPECTUS

OF THE SPECIAL CLOSED-END REAL ESTATE INVESTMENT COMPANY INVLT BALTIC REAL ESTATE

Company's liquidation, accounts with the Shareholders shall be settled by transferring the amounts payable to the Shareholders into the bank accounts indicated by the Shareholders or (if the Shareholder's data are not known) to the depository account under the procedure established by the legal acts. Accounts with the Shareholders shall be settled in Euro. Settlement with the Shareholders of the Company can be suspended or effected only in part by the decision of the Management Company until the Company has received the tax administrator's confirmation regarding the settlement with the state and/or municipal budgets and state money funds.

44. OTHER RELEVANT INFORMATION WHICH, IN THE OPINION OF THE MANAGEMENT, COULD HAVE AN IMPACT ON THE DECISION OF INVESTORS

-

45. PERSONS RESPONSIBLE FOR THE INFORMATION PROVIDED IN THE PROSPECTUS:

44.1. The Manager and the Chief Finance Officer of the Management Company shall be held responsible for the information provided in the Prospectus:

44.1.1. General Manager Laura Križinauskienė, tel: (8~7) 005 5959, fax: (8~5) 279 0602.

44.1.2. Head of the Financial Division Vytenis Lazauskas, tel: (8~7) 005 5959, fax: (8~5) 279 0602.

44.2. No advisor services have been sought for the preparation of the Prospectus.

I, Laura Križinauskienė, General Manager of UAB INVLT Asset Management, hereby confirm that the information provided in the Prospectus is true and correct and that it contains no concealed facts that could have a material impact on investor decisions

[SIGNATURE]

(Signature)

I, Vytenis Lazauskas, Head of the Financial Division of UAB INVLT Asset Management, hereby confirm that the information provided in the Prospectus is true and correct and that it contains no concealed facts that could have a material impact on investor decisions

[SIGNATURE]

(Signature)