

REMUNERATION REPORT

Brief overview of the Company's activities in 2021

In 2021, INVL Baltic Real Estate earned EUR 3.4 million of consolidated net profit, or 37% less than in the previous year. By the end of 2021, the value of the company's consolidated equity, reached EUR 20.3 million, or EUR 2.52 per non-redeemable share.

The consolidated net operating income of INVL Baltic Real Estate from own objects amounted to EUR 1.6 million as at 31 December 2021 and was 27% lower than in the respective period last year. The company's consolidated income was EUR 2.7 million or 31% lower than in 2020 in the same period, of which consolidated operating income from own objects decreased by 39%, down to EUR 1.7 million. This was influenced by the sale of the IBC Business Centre and Vilnius vartai completed during 2020.

Looking at future prospects, the Company continues its work in developing the existing property and increasing its value, and is ready to invest in non-standard, creative solutions that would help to earn a high return for investors and expand the real estate management business.

The year 2021 was also second successful year of the coworking space Talent Garden Vilnius - Talent Garden Vilnius, taking into account the epidemiological situation influenced by Covid-19, not only enjoys a sufficiently large occupancy of the space but also successfully competes in the collaborating spaces market.

Management of the company

The management of INVL Baltic Real Estate is delegated to UAB INVL Asset Management (hereinafter referred to as the Management Company), which also performs the functions of the Board and Managers of INVL Baltic Real Estate. Given that and taking into account the fact that INVL Baltic Real Estate has to approve the remuneration policy (hereinafter referred to as the Policy) in accordance with Article 37³ of the Law on Companies of the Republic of Lithuania, it is established that the Company is subject to the Policy of the Management Company, the provisions of which are adapted in order to reveal as much as possible the transparency of remuneration of the persons considered to be managers of INVL Baltic Real Estate, the accountability of the management and to enable the shareholders, potential investors and stakeholders to get a comprehensive and reliable picture of the wages paid to each manager of INVL Baltic Real Estate. Moreover, from 26 July 2021, the Company has a collegial supervisory body – the Supervisory Board. The General Meeting of Shareholders, held on 29 April 2021 approved the Remuneration Policy of the Supervisory Board of the Company. For the purposes of this Report, the General manager of the Management Company, members of the Board of the Management Company, members of the CEIC Investment Committee appointed by the Management Company (hereinafter referred to as the Management) and the members of the Supervisory Board of the Company (hereinafter referred to as the members of the Supervisory Board) shall be considered to be managers of INVL Baltic Real Estate.

Official monthly wage

The regular remuneration of the Management includes the official monthly wage, employee fees and additional benefits granted irrespective of the performance results and paid to all employees meeting the established criteria in accordance with the procedure in force in the Management Company (e.g. pension contributions to voluntary pension funds). In addition to the official monthly wage or remuneration received in a different form, a supplementary component may be paid - the variable wage allocated depending on the fulfilment of the Company's annual business plan and/or budget and the fulfilment of the Management's individual plans and tasks. The official monthly wage is determined in such a way as to ensure proper proportions between the official monthly wage and the bonus components. The official monthly wage constitutes a sufficiently high proportion of the total remuneration paid so that it makes it possible to implement a flexible incentive policy.

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

Bonuses and the procedure for payment thereof

A bonus, including the deferred part thereof, may be granted and/or paid to the Management only in the case of a sustainable financial situation in the Company, taking into account the Company's performance results, and only if the results of the annual individual assessment of the Management are positive. In assessing the individual performance results of the Management, non-financial criteria, such as adherence to internal rules and procedures, communication with clients and investors, compliance with rules, enhancement of professional qualifications, etc., are also taken into account. If the financial performance results of the Company in a given year are negative or the Company has failed to achieve the established business objectives, the Company has the right to make a decision not to pay the bonus or part thereof, or to reduce the amount of previously estimated bonus, as well as the payment of such amounts earned previously, by defining the period of such non-payment or reduction which may not be shorter than 1 year. No such adjustment or deferral was applied during the reporting period. Likewise, the Board of the Management Company is entitled to demand that the Management refunds all or part of the bonus paid to it if it subsequently becomes clear that the bonus was paid to it as a result of the Management's bad faith or errors in the accounts.

The bonus is paid to Management in accordance with the following payment terms:

- 60% of the bonus amount is paid in a single payment in accordance with the procedure and within the time limits established by the decision of the Board of the Management Company;

- the remaining part of the bonus (i.e. the remaining 40% of the bonus) is paid to the employee on a pro rata basis within three years, i.e. the deferred portion of the bonus is distributed proportionally over the entire deferral period, beginning not earlier than 1 year after the end of the employee's performance assessment and is paid on a yearly basis by disbursing the portion of the bonus calculated pro rata. In individual cases, the competent body of the Management Company has the right to decide on a longer deferral period (usually not longer than 5 years) taking into consideration the business cycle of activities of the Management Company and/or respective collective investment undertaking or pension fund and other criteria provided for in the legislation.

As a rule, the bonus is paid in money. The Management Company, in accordance with the principle of proportionality, does not apply the requirement regarding the mandatory payment of the bonus in financial instruments. However, if the Management Company provides for such possibility, the bonus may be replaced by other incentives, by granting financial instruments or equivalent instruments (share options, contributions to a private pension fund) at the discretion of the Management itself.

Upon termination of the employment relationship, regardless of the grounds for termination of the employment relationship, the deferred part of the bonus payable will not be paid out.

The variable remuneration component for 2021 will be allocated in 2022, after the approval of the financial statements for 2021. In the allocation of this portion of the remuneration, account will be taken, inter alia, of the real estate purchase transaction carried out by INVL Baltic Real Estate during the reporting period. More information about the transaction is available at: [INVL Baltic Real Estate acquires building at Vilniaus Street 37-4, Vilnius.](#)

The remunerations of the General manager and Board members of the Management Company are calculated on the basis of the proportion of the Management Company's management income (including management and success fee revenues) received from the Company within the total income of the Management Company. The remunerations of the members of the Investment Committee of the Company are calculated in accordance with the part of the time actually allocated to the Company's management. Amounts of remuneration allocated and paid to Management for the years 2019, 2020 and are presented in the tables on the pages below.

Breakdown of wages allocated and paid during 2021:

Name Surname, Position	ID code	1. Regular remuneration, in EUR 000s			2. Variable remuneration, in EUR 000s		3. One-time payments, in EUR 000s	4. Contributi ons to pension funds, in EUR 000s	5. Total remuner ation, in EUR 000s	6. Portion of variable remune- ration in %*
		Official annual re- muneration	Other payouts	Reward in kind	Annual bonuses*	Multiannual results bonuses*				
Laura Križinauskienė, General manager of the Management Company	[sensitive data]	13.33	-	-	7.84	-	-	3.76	24.93	31,44
Darius Šulnis, Chairman of the Board of the Management Company	[sensitive data]	5.24	-	-	-	-	-	-	5.24	-
Nerijus Drobavičius, Member of the Board of the Management Company	[sensitive data]	10.67	-	-	8.19	-	-	0.03	18.89	43,37
Vytautas Plunksnis, Member of the Board of the Management Company	[sensitive data]	8.18	-	-	1.83	-	-	1.59	11.60	15,72
Vytautas Bakšinskas, Member of the Investment Committee	[sensitive data]	81.97	-	-	148.74	-	-	1.59	232.30	64,03
Andrius Daukšas, Member of the	[sensitive data]	42.65	-	-	23.80	-	-	2.17	68.62	34,68

Investment Committee									
Raimondas Rajeckas, Member of the Supervisory Board	[sensitive data]	-	-	-	-	-	-	-	-
Audrius Matikūnas, Member of the Supervisory Board	[sensitive data]	-	-	-	-	-	-	-	-
Eglė Surplienė, Chairman of the Supervisory Board**	[sensitive data]	-	-	-	-	-	-	-	-

* The variable remuneration component for 2021 will be allocated in 2022, after approval of financial statements for 2021.

** It is set an hourly salary of EUR 145 (excluding taxes) for an independent member of the Supervisory Board Eglė Surplienė. For 2021 no remuneration was paid to Egle Surpliene.

Breakdown of wages allocated and paid during 2021 in other undertakings of the Group of the Company:

Name Surname, Position	ID code	1. Regular remuneration, in EUR 000s			2. Variable remuneration, in EUR 000s		3. One-time payments, in EUR 000s	4. Contributions to pension funds, in EUR 000s	5. Total remuneration, in EUR 000s	6. Portion of variable remuneration in %*
		Official annual remuneration	Other payouts	Reward in kind	Annual bonuses*	Multiannual results bonuses*				
Vytautas Bakšinskas, Member of the Investment Committee**	[sensitive data]	0.96	-	-	-	-	-	-	0.96	-

* The variable remuneration component for 2021 will be allocated in 2022, after approval of financial statements for 2021.

**Other members of the Management did not receive remuneration from other companies of the Group of the Company.

Breakdown of wages allocated and paid during 2020:

Name Surname, Position	ID code	1. Regular remuneration, in EUR 000s			2. Variable remuneration, in EUR 000s		3. One-time payments, in EUR 000s	4. Contributions to pension funds, in EUR 000s	5. Total remuneration, in EUR 000s	6. Portion of variable remuneration in %*
		Official annual remuneration	Other payouts	Reward in kind	Annual bonuses*	Multiannual results bonuses*				
Laura Križinauskienė, General manager of the Management Company	[sensitive data]	18.61	-	-	4.69	-	-	4.61	27.91	16.80
Darius Šulnis, Chairman of the Board of the Management Company	[sensitive data]	9.75	-	-	-	-	-	-	9.75	-
Nerijus Drobavičius, Member of the Board of the Management Company	[sensitive data]	13.39	-	-	-	-	-	0.04	13.43	-

Vytautas Plunksnis, Member of the Board of the Management Company	[sensitive data]	13.27	-	-	-	-	1.98	15.25	-
Vytautas Bakšinskas, Member of the Investment Committee	[sensitive data]	80.13	-	-	141.88	-	1.59	223.6	63.45
Andrius Daukšas, Member of the Investment Committee	[sensitive data]	42.61	-	-	22.70	-	0.85	66.16	34.31

Breakdown of wages allocated and paid during 2020 in other undertakings of the Group of the Company:

Name Surname, Position	ID code	1. Regular remuneration, in EUR 000s			2. Variable remuneration, in EUR 000s		3. One-time payments, in EUR 000s	4. Contribu- tions to pension funds, in EUR 000s	5. Total remunerat- ion, in EUR 000s	6. Portion of variable remunerat- ion in %*
		Official annual re- muneration	Other payouts	Reward in kind	Annual bonuses*	Multiannual results bonuses*				
Vytautas Bakšinskas, Member of the Investment Committee**	[sensitive data]	0.96	-	-	-	-	-	-	0.96	-

**Other members of the Management did not receive remuneration from other companies of the Group of the Company.

As a rule, the bonus is paid in money. The Management Company, in accordance with the principle of proportionality, does not apply the requirement regarding the mandatory payment of the bonus in financial instruments. The managers of the Company are not granted shares of the Company, nor are there any share options for the Company's shares with them. In accordance with the Policy of the Management Company in force in the Company, the portion of the variable remuneration allocated to the employee of the Management Company (all or part of it) may be allocated in the options of AB Invalda INVL. Their pro rata payment is realised through the assignment of shares (i.e. the grant or obtaining of the right to acquire the relevant quantities of shares at different terms) under the procedures and conditions laid down in the option agreements.

Comparison of wages allocated and paid over the last five years

Due to the fact that the management of the Company is delegated to the Management Company and its management bodies are not formed, and the Company itself does not have employees, the annual changes in remuneration and the full-time equivalent changes in average remuneration, based on the employees of the Company who are not members of the management bodies, cannot be compared. It is also not possible to provide information on the annual changes in the remuneration of the members of the Supervisory Board and the average remuneration, as the members of the Supervisory Board do not receive remuneration.

Since only the remunerations of the members of the Investment Committee of the Company are calculated on the basis of the actual part of the time allocated to the management of the Company and their remunerations depend on the performance of the Management Company related to the activities of the Company, therefore, the table below reflects only the remunerations of the members of the Investment Committee and the financial results of the Company.

The remuneration of the Investment Committee***	ID code	2017 (in EUR 000s)	2018 (in EUR 000s)	2019 (in EUR 000s)	2020 (in EUR 000s)	2021 (in EUR 000s)
Vytautas Bakšinskas, Member of the Investment Committee	[sensitive data]	95.66	72.08	113.97	224.56	233.62
Andrius Daukšas, Member of the Investment Committee	[sensitive data]	36.26	34.92	47.35	66.16	68.62

*** Total remuneration received from the Company and other companies of the Group



The Company's results	2017 (in EUR 000s)	2018 (in EUR 000s)	2019 (in EUR 000s)	2020 (in EUR 000s)	2021 (in EUR 000s)
Net profit per share****	0.27	0.24	0.79	0.41	0.37
Net profit	3.577	3.169	10.423	5.416	3.399
Assets	57.989	59.896	75.377	41.935	33.026

**** Recalculated with the par value per share at EUR 1.45.

The Company's Remuneration Report, together with the Policy and the Remuneration Policy of the Supervisory Board, is publicly available on INVL Baltic Real Estate website at <https://bre.invl.com/lit/en>