



Recommendation
23rd December 2020
Vilnius

Investment Committee of the special closed-ended type real estate investment company INVL Baltic Real Estate (hereinafter – “**Company**”), considering (a) Clause 125 of the Articles of Association of the Company and (b) having assessed the change of the Articles of Association of the Company, (c) as well as the question regarding the buy-out of Company shares, due to material changes in the Company's founding documents, informs the Shareholders of the Company:

The Investment Committee of the Company and the Management Company propose to the shareholders of the Company to amend the Articles of Association of the Company and indicate:

- a. the right of the Company to acquire its own shares in order to reduce the difference between their price and the net asset value of the Company, which arises (or may arise) at the trading venue where the Company's shares are traded (thus creating an additional safeguard for the Company's shareholders that the price is optimally commensurate with its equity),
 - b. an updated rule for determining the Performance Fee paid for the quality and successful management of the Company to its management company (UAB INVL Asset Management), ensuring that the rules for calculating and paying this fee comply with good international practice and cover all amounts actually paid to the Company's shareholders or paid by them to the Company.
1. These amendments are in line with (i) the interests of the Company's shareholders and (ii) the economic principles of the Company's operations and its management, based on fair cooperation between the Company's shareholders and the Company's management company. Taking this into account, the Company's Investment Committee, acting on behalf of UAB INVL Asset Management, **recommends** to the Company's shareholders to approve the decisions on the amendment of the Articles of Association of the Company and approval of the new wording of the Articles of Association at the Company's General Meeting of Shareholders dated on the 14 January 2021.
 2. At the same time, the Investment Committee of the Company, considering the recommendation submitted by the Bank of Lithuania, **recognizes the amendment of the Articles of Association of the Company referred to in Clause 1.b, as a material**. Considering the provisions of Article 155 of the Law on Collective Investment Undertakings of the Republic of Lithuania, this amendment creates an obligation for the Company to redeem shares from the shareholders of the Company who oppose this amendment and have requested it. The repurchase of the Company's shares must be carried out in accordance with the main principles of the redemption of the Company's shares described in the notice on convening the Company's General Meeting of Shareholders. Based on them, UAB INVL Asset Management will establish and publish a detailed procedure for the redemption of the Company's shares prior to the commencement of the redemption process.
 3. Considering the need to properly implement the requirements of legal acts, the Investment Committee of the Company, acting on behalf of UAB INVL Asset Management, **recommends** to the shareholders of the Company to approve the decisions on the redemption of the Company's shares and the principles of this process at the Company's General Meeting of Shareholders dated on the 14 January 2021.
 4. Given that (i) the changes to the Performance Fee are in line with good international practice and (ii) ensure that the Performance Fee is determined on the basis of the amounts paid to shareholders (i.e. shareholders would not suffer as a result), the Company's Investment Committee, acting on behalf of UAB INVL Asset Management **recommends** to the Company's shareholders to approve the application of the revised principles of determining the Performance Fee from the beginning of the Company's activities as a collective investment undertaking at the Company's General Meeting of Shareholders dated on the 14 January 2021.

INVL Baltic Real Estate
On behalf of the Investment Committee
Vytautas Bakšinskas