



# BALTIC FARMLAND

## INVL Baltic Farmland, AB Consolidated Interim Report for 6 months of 2018

Prepared in accordance with The Information Disclosure Rules approved by the decision No. 03-127 of the Board of the Bank of Lithuania passed on 22 August 2017.

Approved by the Board of INVL Baltic Farmland, AB on 26 July 2018.

**Translation note:**

This version of the Consolidated Interim Report for 6 months of 2018 is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over this translation.

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# I. GENERAL INFORMATION

## 1 Reporting period for which the report is prepared

The report covers the financial period of INVL Baltic Farmland, starting from 1 January 2018 and ending on 30 June 2018. The report also discloses information from the end of the reporting period to the release of the report.

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

### 2.1. INFORMATION ABOUT THE ISSUER

Name of the Issuer	The public joint-stock INVL Baltic Farmland, hereinafter INVL Baltic Farmland, AB
Company's code	303299781
Registered address	Gynėjų str. 14, 01109, Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	farmland@invalidainvl.com
Website	www.invlbalticfarmland.com
LEI code	5299000AUE9M1W13ZQ36
Legal form	public joint-stock company
Date and place of registration	29 April 2014. Register of Legal Entities
Register in which data about the Company are accumulated and stored	Register of Legal Entities

### 2.2. INFORMATION ON COMPANY'S GOALS, PHILOSOPHY AND STRATEGY

The main goal of INVL Baltic Farmland – to invest into agricultural land in Lithuania and, after renting it to farmers and agricultural companies, to ensure that income from rent will exceed inflation and make a profit from agricultural land price growth. Since prices of agricultural products are determined in the world markets, this investment allow to participate in the world food supply chain.

The public joint-stock company INVL Baltic Farmland was established on 29 April 2014 on the basis of a part of assets split-off from one of the leading asset management groups in the Baltic region Invalda INVL. INVL Baltic Farmland manages shares of 18 companies investing into agricultural land that are owning more than 3 thousand hectares of agricultural land in Lithuania. More than 98% of land is rented to farmers and agricultural companies.

Shares of INVL Baltic Farmland are listed on Nasdaq Vilnius stock exchange since 4 June 2014.

The administration of the INVL Baltic Farmland group owned land, according to the basic property administration agreement signed on 30 June 2015, is transmitted to the owned company INVL Farmland Management. Management fees paid for INVL Farmland Management are 7 percent of annual rental income of the companies - land owners as well as 0.5 percent of INVL Baltic Farmland market capitalization. Moreover there is a success fee which becomes valid only when consolidated equity of companies - land owners annual growth is higher than 5 percent plus inflation (High-Water Mark principle is applicable). Success fee is 20 percent of the consolidated equity in excess of the above mentioned benchmark.

As the company has signed the property administration agreement it employs a minimum number of people.

It is prohibited for one person to have more than 500 hectares of land in Lithuania since 2014. That's why INVL Baltic Farmland development is limited and the generated funds are directed to the payment of dividends to shareholders.

Investments into agricultural land are classified as long term and are recommended for investors who are satisfied with the return on rent and possible income from increase of agricultural land prices.

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

INVL Baltic Farmland has 100% in 18 companies owning more than 3 thousand hectares of agricultural land in the most fertile regions of Lithuania. More than 98% of land is rented to farmers and agricultural companies. Companies - land owners and joint-stock company INVL Baltic Farmland, whose shareholder is Invalda INVL – one of the leading asset management groups in the Baltic region, on 30 June 2015 have signed a basic property administration agreement with INVL Farmland Management which administrates agricultural land owned by the companies in order to ensure steady growth of income for the shareholders and the value of the land.

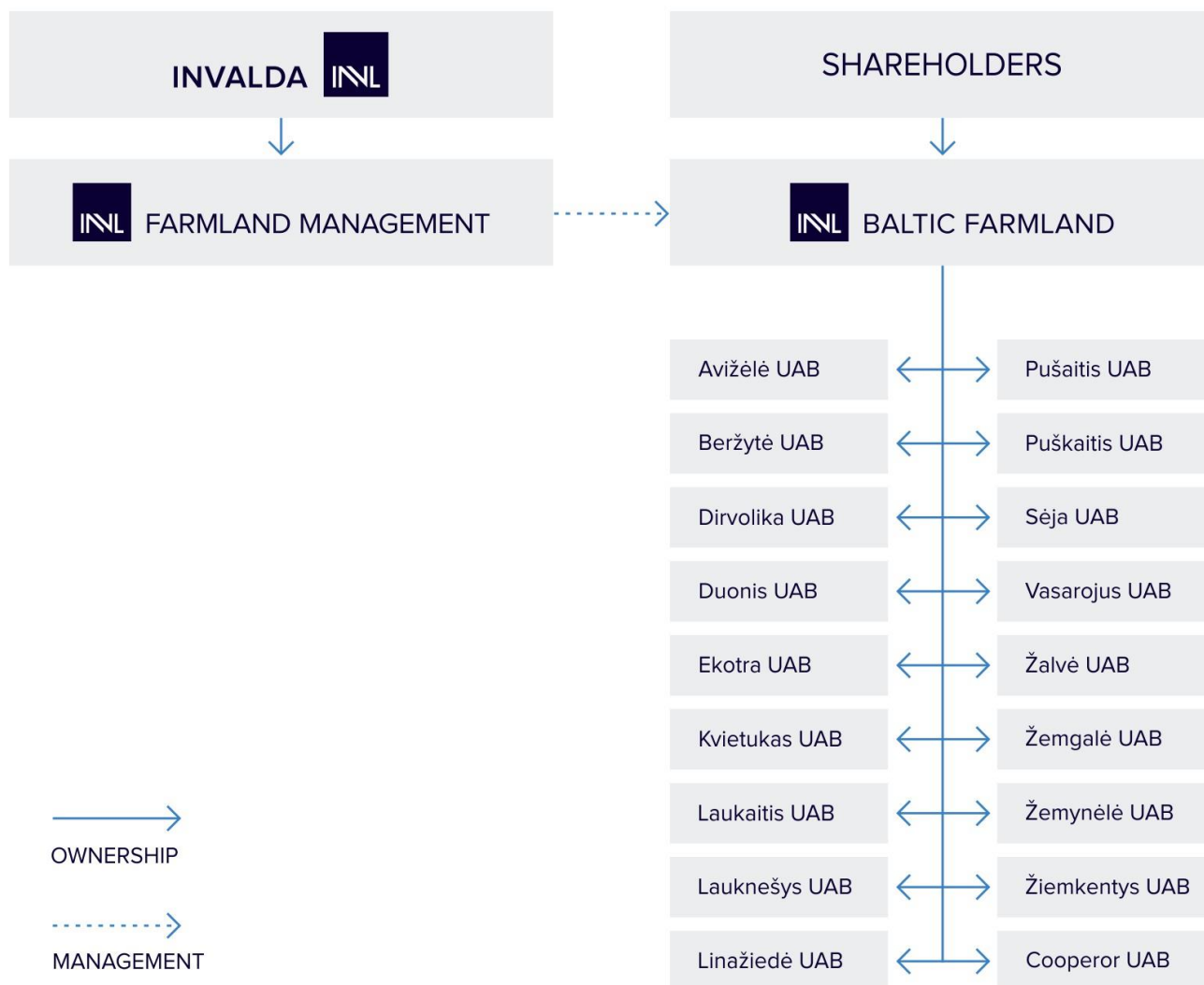


Fig. 2.3.1. Group structure of INVL Baltic Farmland, AB as of 30 June 2018



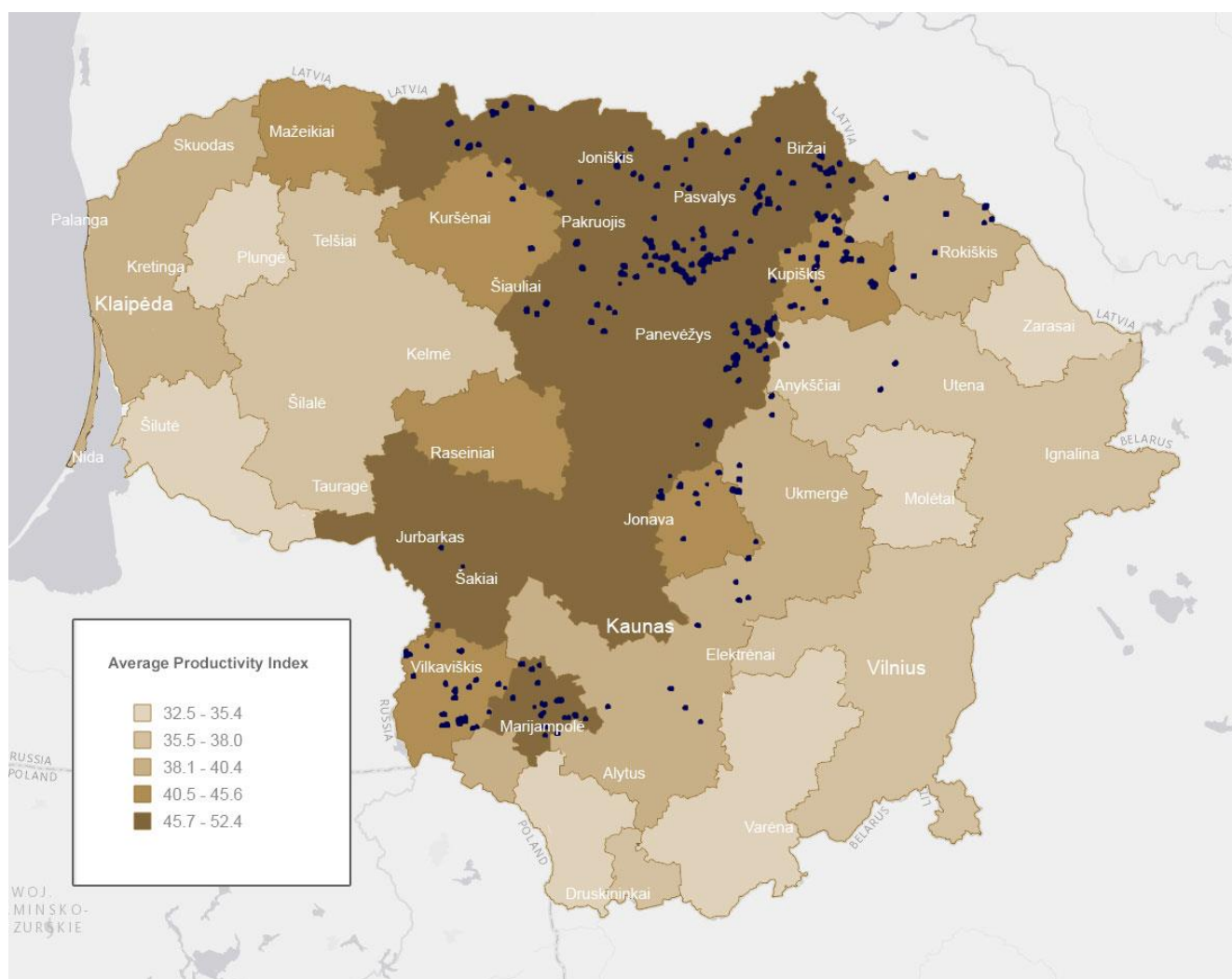


Fig. 2.3.2. Agricultural land portfolio and agricultural land fertilisation of INVL Baltic Farmland, AB  
Plots belonging to the company are in the most fertile areas of Lithuania. They are highlighted in blue.

Table 2.3.3. Information about companies of INVL Baltic Farmland group.

Company name	District of company's activities	Owned land plot, hectares	Cultivated cropland area, hectares
Avizele, UAB	Rokiskis dist., Anyksciai dist.	113.82	107.51
Berzyte, UAB	Birzai dist.	150.49	145.99
Dirvolika, UAB	Akmene dist., Joniskis dist., Siauliai dist.	199.44	192.03
Duonis, UAB	Jonava dist., Kedainiai dist., Ukmerge dist.	183.63	178.44
Ekotra, UAB	Vilkaviskis dist.	238.76	228.70
Kvietukas, UAB	Pakruojis dist., Pasvalys dist.	124.59	118.94
Laukaitis, UAB	Pakruojis dist., Pasvalys dist., Siauliai dist.	204.10	193.44
Lauknesys, UAB	Birzai dist., Pasvalys dist.	109.94	107.83
Linaziede, UAB	Alytus dist., Jonava dist., Kaisiadorys dist., Prienai dist.	85.13	80.75
Pusaitis, UAB	Radviliskis dist.	82.44	81.10
Puskaitis, UAB	Marijampole dist., Prienai dist., Vilkaviskis dist.	210.74	204.20
Seja, UAB	Kedainiai dist.	91.40	88.67
Vasarojus, UAB	Anyksciai dist., Panevezys dist., Ukmerge dist.	375.73	364.85
Zalve, UAB	Kupiskis dist.	216.88	201.73
Zemgale, UAB	Birzai dist., Kupiskis dist., Panevezys dist.	241.80	232.06
Zemynele, UAB	Sakiai dist., Vilkaviskis dist.	72.57	70.81
Ziemkentys, UAB	Panevezys dist., Pasvalys dist.	414.83	402.31
<b>Total:</b>		<b>3,116.29</b>	<b>2,999.36</b>

### 3 Agreements with intermediaries on public trading in securities

INVL Baltic Farmland has signed the agreements with these intermediaries:

- Šiaulių bank, AB (Tilžės str. 149, Šiauliai, Lithuania, tel. +370 41 595 607) – the agreement on investment services, the agreement on management of securities accounting and agreement on dividend distribution.

### 4 Information on Issuer's branches and representative offices

INVL Baltic Farmland, AB has no branches or representative offices.

## II. INFORMATION ABOUT SECURITIES

### 5 The order of amendment of Issuer's Articles of Association

The Articles of Association of INVL Baltic Farmland, AB may be amended by resolution of the General Shareholders' Meeting, passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania).

Taking into accordance the provisions of the relevant version of the Law on Companies of the Republic of Lithuania, the Company has implemented the amendment of its Articles of Association during the reporting period. The General Shareholders Meeting of the Company approved the new wording of the Articles of Association of the Company on 10 April 2018. The Articles of Association of INVL Baltic Farmland AB were registered on 18 April 2018. The Company's Articles of Association are published on the Company's web page.

## 6 Structure of the authorized capital

Table 6.1. Structure of INVL Baltic Farmland, AB authorised capital as of 30 June 2018.

Type of shares	Number of shares, units	Total voting rights granted by the issued shares, units	Nominal value, EUR	Total nominal value, EUR	Portion of the authorised capital, %
Ordinary registered shares	3,291,549	3,228,510	0.29	954,549.21	100

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

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

Subsidiaries of INVL Baltic Farmland have not implemented acquisition of shares in INVL Baltic Farmland directly or indirectly under the order of subsidiary by persons acting by their name. The company itself has acquired its own shares. Company's acquired own shares (units) – 63,039.

The General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 10 April 2018 approved resolution to purchase its own shares. The period during which the company may acquire its own shares - 18 months from the day of this resolution. The maximum one share acquisition price – EUR 5.00, minimum one share acquisition price – EUR 3.00.

INVL Baltic INVL Farmland, AB did not initiate any acquisition of own shares during the reporting period.

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

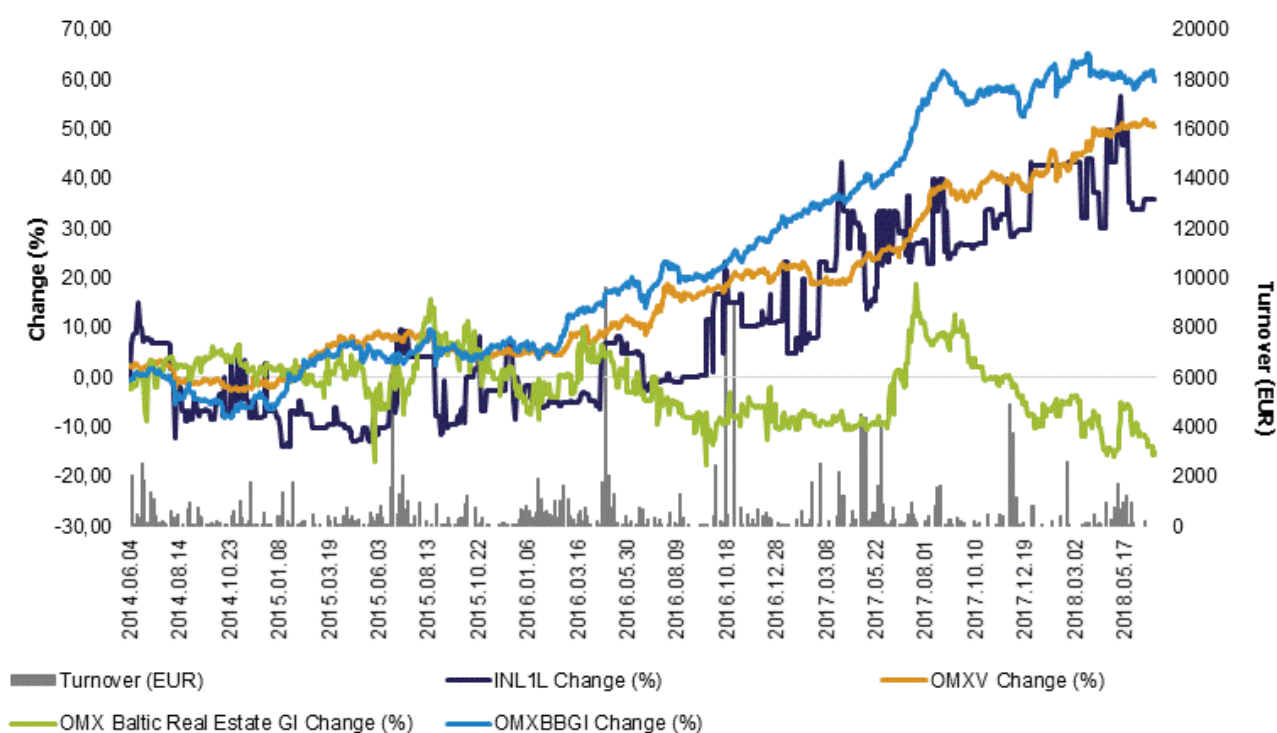
Table 7.1. Main characteristics of INVL Baltic Farmland, AB shares admitted to trading

Shares issued, units	3,291,549
Shares with voting rights, units	3,228,510
Nominal value, EUR	0.29
Total nominal value, EUR	954,549.21
ISIN code	LT0000128753
Name	INL1L
Exchange	Nasdaq Vilnius
List	Baltic Secondary list
Listing date	4 June 2014

Company uses no services of liquidity providers.

Table 7.2. Trading in INVL Baltic Farmland, AB shares

	6 months of 2016	6 months of 2017	6 months of 2018
Share price, EUR			
- open	2.950	3.340	4.300
- high	3.250	4.300	4.800
- low	2.810	3.150	3.900
- medium	3.020	3.645	4.284
- last	2.960	3.880	4.080
Turnover, units	14,173	10,759	3,415
Turnover, EUR	42,812.23	40,557.17	14,832.92
Traded volume, units	150	112	58


Fig. 7.3. Turnover of INVL Baltic Farmland, AB shares, change of share price and indexes<sup>1</sup>

<sup>1</sup> OMX index is an all-share index which includes all the shares listed on the Main and Secondary lists on the NASDAQ Vilnius with exception of the shares of the companies where a single shareholder controls at least 90% of the outstanding shares. The OMX Baltic Real Estate GI index is based on the Industry Classification Benchmark (ICB) developed by FTSE Group (FTSE).



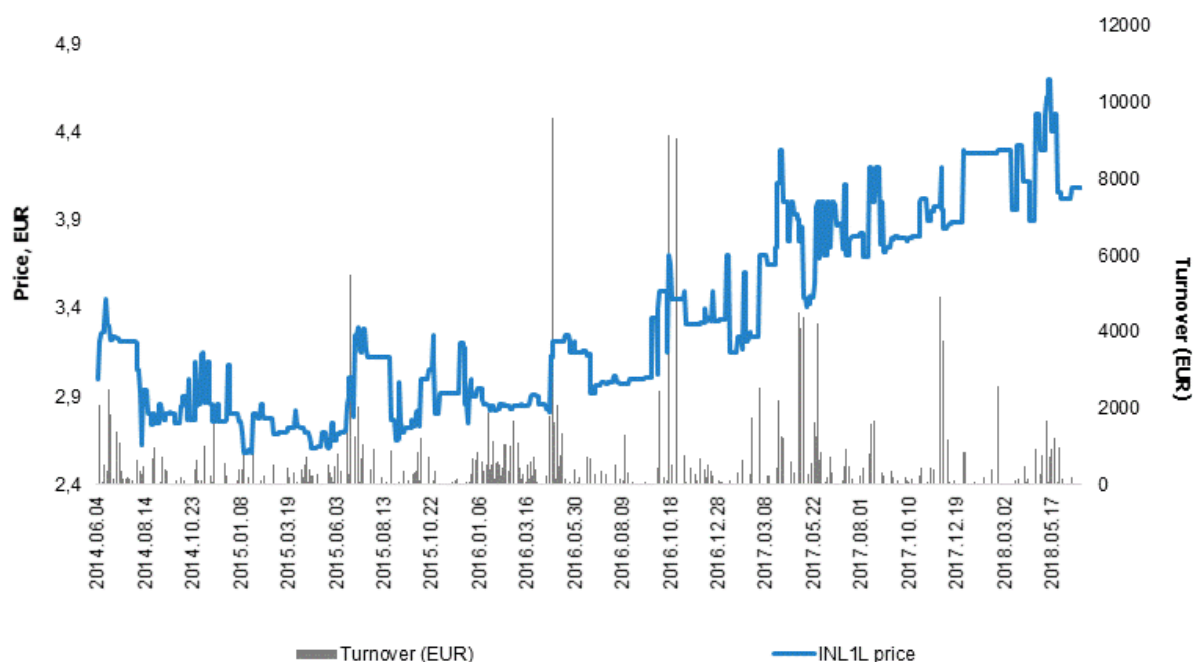


Fig. 7.4. Change of share price of INVL Baltic Farmland, AB

## 8 Dividends

The General Shareholders' Meeting decides upon dividend payment and sets the amount of dividends. The company pays out the dividends within 1 month after the day of adoption of the resolution on profit distribution.

The General Shareholders Meeting of the Company held on 10 April 2018 approved the new wording of the Dividend Payment Policy. According to the Policy, it is decided to allocate EUR 0.10 dividend per share (exceptions, which state decrease / increase of the allocated dividend is disclosed in the Company's dividend payment policy).

Persons have the right to receive dividends if they were shareholders of the company at the end of the tenth working day after the day of the General Shareholders' Meeting which issued the resolution to pay dividends.

According to the Law on Personal Income Tax and the Law on Corporate Income Tax, 15 % tax is applied to the dividends since 2014. The company is responsible for calculation, withdrawn and transfer (to the benefit of the State) of applicable taxes<sup>2</sup>.

The General Shareholders Meeting of INVL Baltic Farmland, AB held on 10 April 2018, decided to allocate EUR 0.15 dividend per share.

Dividends were allocated to the shareholders, who at the end of the tenth business day following the day of the General Shareholders Meeting that adopted a decision on dividend payment, i.e. on 24 April 2018 were shareholders of INVL Baltic Farmland, AB.

On 8 May 2018 the company announced that will start to allocate dividends from 9 May 2018. Dividends were allocated to those shareholders of the company, who has provided existing bank accounts.

Information relevant to the dividends paid by the Company, as well as matter of dividend payments and valid Dividend payment policy is published on Company's web page.

<sup>2</sup>This information should not be treated as tax consultation.

## 9 Shareholders

### 9.1. INFORMATION ABOUT COMPANY'S SHAREHOLDERS

The total number of shareholders of the INVL Baltic Farmland, AB was about 3,400 on 30 June 2018. There are no shareholders entitled to special rights of control.

Table 9.1.1. Shareholders who held title to more than 5% of the Company's authorised capital and/votes as of 30 June 2018.

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of the votes, %		
			Share of votes given by the shares held by the right of ownership, %	Netiesiogiai turimi balsai, proc.	Balsų dalis iš viso, proc.
LJB Investments, UAB code 300822575, Juozapavičiaus str. 9A, Vilnius	977,751	29.70	30.29	0	30.29
Irena Ona Mišeikienė	931,831	28.31	28.86	0	28.86
Lucrum Investicija, UAB code 300806471, Šeimyniškių str. 3, Vilnius	664,310	20.18	20.57	2.04 <sup>3</sup>	22.61
Alvydas Banys	252,875	7.68	7.83	54.90 <sup>4</sup>	62.73
Darius Šulnis	0	0.00	0.00	62.73 <sup>5</sup>	62.73
Indrė Mišeikytė	64,450	1.96	2.0	60.73 <sup>6</sup>	62.73
Eglė Surplienė	0	0.00	0.00	62.73 <sup>7</sup>	62.73

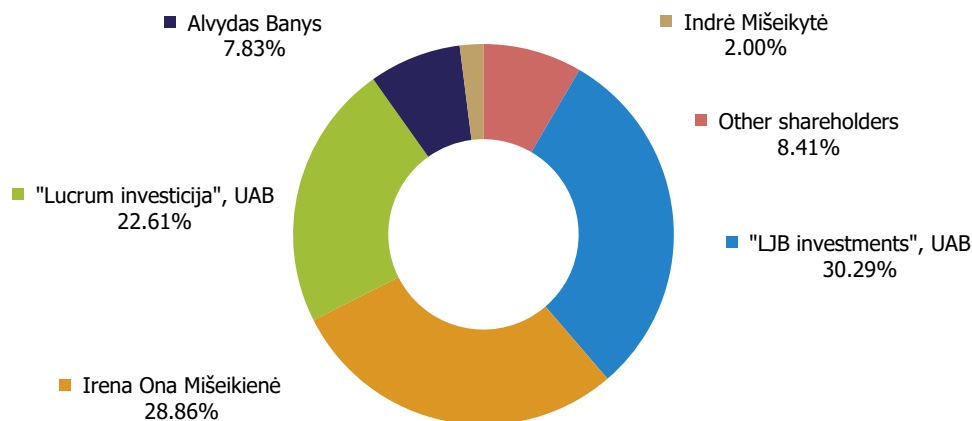


Fig. 9.1.2. Votes as of 30 June 2018

<sup>3</sup> Lucrum Investicija, UAB has 2.04% of votes according to a repurchase agreement.

<sup>4</sup> According to Part 6 of Paragraph 1 of Article 26 and Paragraph 2 of Article 26 of the Law on Securities of the Republic of Lithuania, it is considered that Alvydas Banys has votes of LJB Investments, a company controlled by him, and also votes of Darius Sulnis and Indre Miseikyte, managers of INVL Baltic Farmland.

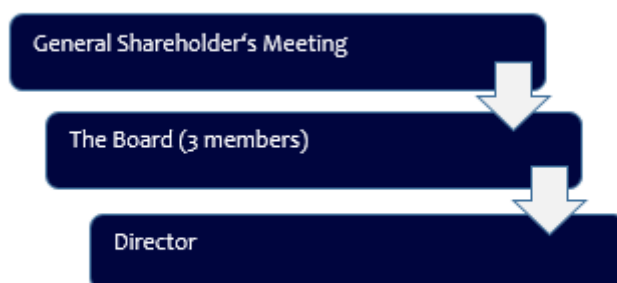
<sup>5</sup> According to Part 6 of Paragraph 1 of Article 26 and Paragraph 2 of Article 26 of the Law on Securities of the Republic of Lithuania, it is considered that Darius Sulnis has votes of Lucrum Investicija, a company controlled by him, and also votes of Alvydas Banys and Indre Miseikyte, managers of INVL Baltic Farmland. According to Paragraph 2 of Article 26 of the Law on Securities of the Republic of Lithuania, it is considered that Indre Miseikyte has votes of Alvydas Banys and Darius Sulnis, managers of INVL Baltic Farmland.

<sup>6</sup> According to Paragraph 2 of Article 26 of the Law on Securities of the Republic of Lithuania, it is considered that Indre Miseikyte has votes of Alvydas Banys and Darius Sulnis, managers of INVL Baltic Farmland.

<sup>7</sup> According to Paragraph 2 of Article 26 of the Law on Securities of the Republic of Lithuania, it is considered that Eglė Surplienė has votes of Alvydas Banys, Darius Sulnis and Indre Miseikyte, managers of INVL Baltic Farmland.

### III. ISSUER'S MANAGING BODIES

#### 10 Structure, authorities, the procedure for appointment and replacement



The governing bodies of INVL Baltic Farmland, AB are: the General Shareholders' Meeting, sole governing body – the director and a collegial governing body – the Board. The Supervisory Board is not formed.

The Board of INVL Baltic Farmland, AB for the new four (4) years old term of office was elected during the General Shareholders' Meeting of INVL Baltic Farmland, AB held on 10 April 2018. The shareholders of the Company's elected the Board consisting of the same composition as it was in 2014-2018: Mr. Banys was elected as the Chairman of the Board, Mr. Šulnis and Ms. Mišeikytė were elected as the Members of the Board. From 30 June 2015 Egle Surpliene holds position as a director of the company.



Alvydas Banys – Chairman of the Board

The term of office	From 2018 until 2022
Educational background and qualifications	Vilnius Gediminas Technical University. Faculty of Civil Engineering. Master in Engineering and Economics. Junior Scientific co-worker. Economic's Institute of Lithuania's Science Academy.
Work experience	Since 1 July 2013 Invalda INVL, AB – Advisor Since 2007 LJB Investments, UAB – Director Since 2007 JLB Property, UAB – Director 1996 – 2006 Invalda, AB – Vice President 1996 – 2007 Nenuorama, UAB – President
Owned amount of shares in INVL Baltic Farmland, AB	Personally: 252,875 units of shares, 7.68 % of authorised capital, 7.83 % of votes. Together with controlled company LJB Investments: 1,230,626 units of shares, 37.38 % of authorized capital, 38.12 % of votes. Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.73 %.
Participation in other companies	Invalda INVL, AB – Chairman of the Board Litagra, UAB – Member of the Board CEF INVL Technology – Member of the Advisory Committee


**Indrė Mišeikytė – Member of the Board**

The term of office	From 2018 until 2022
Educational background and qualifications	Vilnius Gedimino Technical University. Faculty of Architecture. Master in Architecture
Work experience	Since May 2012 Invalda INVL, AB – Advisor Since June 2013 Invalda Privatus Kapitalas, AB – Advisor Since 2002 Inreal Valdymas, UAB – Architect Since 2002 Gildeta, UAB – Architect
Owned amount of shares in INVL Baltic Farmland, AB	Personally: 64,450 units of shares, 1.96 % of authorised capital, 2 % of votes. Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.73 %.
Participation in other companies	Invalda INVL, AB – Member of the Board Invalda Privatus Kapitalas, AB – Member of the Board CEF INVL Technology – Member of the Advisory Committee


**Darius Šulnis - Member of the Board**

The term of office	From 2018 until 2022
Educational background and qualifications	Duke University (USA). Business Administration. Global Executive MBA. Vilnius University. Faculty of Economics. Master in Accounting and Audit. Financial broker's license (General) No. A109.
Work experience	2006 – 2011 Invalda, AB – President. 2011 – 2013 Invalda, AB – Advisor. Since May 2013 Invalda INVL, AB – President. 2002 – 2006 Invalda Real Estate, UAB (current name Inreal Valdymas) – Director 1994 – 2002 FBC Finasta, AB – Director
Owned amount of shares in INVL Baltic Farmland, AB	Personally: 0 units of shares, 0.00 % of authorised capital and votes. Together with controlled company Lucrum Investicija: 664,310 units of shares, 20.18 % of authorised capital, 22.61 % of votes (including votes granted by the shares transferred by the repurchase agreement). Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.73 %.

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Participation in other companies	Invalda INVL, AB – Member of the Board, the president INVL Asset Management, UAB - Chairman of the Board Šiaulių bankas, AB – Member of the Supervisory Board Litagra, UAB – Member of the Board IPAS INVL Asset Management (Latvia) – Member of the Supervisory Board (till 12.03.2018) AS INVL atklātais pensiju fonds (Latvia) – Member of the Supervisory Board (till 12.03.2018)
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**Eglė Surplienė – Director**

The term of office	Vilnius University, Faculty of Economic Cybernetics and Finance, Economic Cybernetics studies, Economics – mathematics diploma (equivalent of Master's degree) 2009 – Award in Financial Planning (CII program and exam) certificate. 2005 – OMX Vilnius dealer certificate 1996 – General financial broker license
Educational background and qualifications	October 2009 - present – Wealth manager, UAB FPI Geroves Valdymas March 2009 - present – Director, UAB DIM investment September 2014 - June 2016 – Director, UAB Margio investicija August 2006 - October 2009 – Wealth manager, VIP Clients manager, AB FBC Finasta, AB bank Finasta June 2005 - July 2006 – Project manager, UAB Zabolis ir partneriai June 1999 - June 2005 – Member, Deputy Director of the Commission, Securities Commission of Lithuania June 1995 - June 1999 – Head of Issuer Division, UAB FMI Vilfima June 1993 - June 1995 - Member of Market Regulation Division, Securities Commission of Lithuania
Work experience	Personally: 0 units of shares, 0.00 % of authorised capital and votes. Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.73 %.
Owned amount of shares in INVL Baltic Farmland, AB	Atelier investment management, UAB (till January 2018 operated under the name Gerovė kūrimas, UAB) – Chairman of the Board Ars Lab limited IE – Member of the Board

Invalda INVL, AB provides accounting services and preparation of the documents related with bookkeeping for INVL Baltic Farmland, AB according to an agreement signed on 30 April 2014 No. 20140430/03.

## 11 Information about the Audit Committee of the company and Members of the Audit Committee

The Audit Committee consists of 2 members. Both members of the Committee are independent. The members of the Audit Committee are elected by the General Shareholders' Meeting. The main functions of the Committee are the following:

- provide recommendations for the Board of the company with selection, appointment, reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit;
- monitor how the external auditor and audit company follow the principles of independence and objectivity;
- observe the preparation process of company's financial reports;

- monitor the efficiency of company's internal control and risk management systems. Once a year review the need of the internal audit function;
- monitor if the company's board and/or managers properly response to the audit firm's recommendations and comments.

The Member of the Audit Committee of INVL Baltic Farmland, AB may resign from his post before the expiry of term of office, notifying the Board of the company in writing at least 14 calendar days in advance. When the Board of the Company receives the notice of resignation and estimates all circumstances related to it, the Board may pass the decision either to convene the Extraordinary General Shareholders Meeting to elect the new member of the Audit Committee or to postpone the question upon the election of the new member of the Audit Committee until the nearest General Shareholders Meeting. In any case the new member is elected till the end of term of office of the operating Audit Committee.

The General Shareholders Meeting which took place on 22 March 2017 elected Dangutė Pranckėnienė, the partner at Moore Stephens Vilnius, UAB, and Tomas Bubinas, CFO at Biotechpharma UAB to the Audit Committee of INVL Baltic Farmland, AB for the 4 (four) years term of office. Both members are independent, having submitted an notice certifying their independence.



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

The term of office	Since 2017 until 2021
Educational background and qualifications	1995 - 1996 Vilnius Gediminas Technical University, Master of Business Administration. 1976 - 1981 Vilnius University, Master of Economics. The International Coach Union (ICU), professional coucher name, license No. E-51. Lithuanian Ministry of Finance, the auditor's name, license No. 000345.
Work experience	since 1997 the Partner at Moore Stephens Vilnius, UAB 1996 - 1997 Audit Manager, Deloitte & Touche 1995 - 1996 Lecturer, Vilnius Gediminas Technical University 1982 - 1983 Lecturer, Vilnius University
Owned amount of shares in INVL Baltic Farmland, AB	-



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

The term of office	Since 2017 until 2021
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Educational background and qualifications	2004 - 2005 Baltic Management Institute (BMI), Executive MBA 1997 - 2000 Association of Chartered Certified Accountants. ACCA. Fellow Member 1997 Lithuanian Sworn Registered Auditor 1988 - 1993 Vilnius University, Msc. in Economics
Work experience	Since 2013 Chief Operating Officer at Biotechpharma, UAB 2010 - 2012 Senior Director, Operations. TEVA Biopharmaceuticals (USA) 2004 - 2010 CFO for Baltic countries, Teva Pharmaceuticals 2001 - 2004 m. CFO, Sicor Biotech 1999 - 2001 Senior Manager, PricewaterhouseCoopers 1994 - 1999 Senior Auditor, Manager, Coopers & Lybrand.
Owned amount of shares in INVL Baltic Farmland, AB	-

## 12 Information on the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Members of the Board, director and company providing accounting services

Members of Board of INVL Baltic Farmland, AB did not receive benefit (bonus) during the reporting period. The calculated remuneration to the director of the Company totalled to EUR 796, on the average EUR 133 per month. The payment for the company providing accounting services amounted to EUR 1,796 during the reporting period.

During the reporting period the Issuer transferred no assets, granted no guarantees, paid no bonuses and made no special payouts for the Company's manager and Members of the Board. The Board members, which are the shareholders of the Company, were paid EUR 40 thousand of dividends, net of tax. The entities, which are controlled by the Board members, were paid EUR 232 thousand of dividends, net of tax, and the Company was indebted to the entities EUR 24 thousand of dividends, net of tax, as of 30 June 2018. Natural persons, who are related to the Board members of the company, were paid EUR 119 thousand of dividends, net of tax.

## IV. INFORMATION ABOUT THE ISSUER'S AND ITS GROUP COMPANIES' ACTIVITY

### 13 Overview of the Issuer and its group activity

#### 13.1. BUSINESS ENVIRONMENT

In the first quarter of 2018 the growth of the Gross Domestic Product (GDP) was a bit slower than in the same period of 2017. According to the data of the Department of Statistics of Lithuania, in January – March of this year the GDP amounted to EUR 9.8 bln at current prices. The economic growth of the country remains rapid, while the strong foreign demand and the growth of investments hold out the prospects of further economic growth. According to the assessment of the Bank of Lithuania, economic growth will amount to 3.2 per cent in 2018 and 2.7 per cent in 2019. At the time of publication of the report of the Company, comparable data covering the economic results of the first half of 2018 is not yet available, therefore the data can't be compared.

In 2017 the Lithuanian economy gained momentum, while the GDP for 2017 exceeded the forecasts – it increased by 3.9 per cent and amounted to EUR 41.9 bln. The Lithuanian economy is expected to maintain the rapid growth rate in 2018. GDP growth is expected to be close to 3 per cent in the next two years.

In 2017 the value of crop production amounted to EUR 1.4 bln (+0.5 per cent), while that of animal breeding production – to EUR 0.9 bln (+17.5%). According to the preliminary data of the Department of Statistics, compared to the same period of 2017, in the first quarter of 2018 the export of plant and animal production increased by 1.4 per cent, while import decreased by 1 per cent. In the first quarter of 2018 the positive trade balance amounted to EUR 215.9 million and increased by 13.2 per cent compared to the same period of 2017. According to the estimates of the Department of Statistics of Lithuania, in 2017 the amount of cereals harvested was 0.4 per cent higher than in 2016 and amounted to 5.8 million tonnes. Although the first half of 2017 created optimistic expectations, heavy rain in certain regions later interfered with the harvesting of all crops, while the quality of the cereals harvested was poorer than expected. The harvest for summer cereals was worst affected by the weather conditions. In the first quarter of 2018 the average buying-in price for cereals was 5.2 per cent higher, while that of rape – 19 per cent lower than in the same period of 2017. 2017 was more favourable to dairy farms. The recovery of dairy markets provided for a possibility to increase the buying-in price for milk. In January – March of 2018 the average buying-in price for milk was 0.4 per cent higher in comparison with the same period of the year before.

Looking at the trends of the longer period, the situation of the agricultural sector is improving, while the country's business efficiency is growing. The value added created by the sector has also increased considerably. This is stimulated by investments into agricultural machinery, consolidation of farms, improvement and application of know-how. According to the most recent data of the Department of Statistics of Lithuania, in 2016 there were 150.3 thousand farms in Lithuania which controlled 2.9 million hectares of farm land. Over three years, the number of farms decreased by 12.5 per cent but the area of farm land increased by 2 per cent. The trend was particularly evident among small farms, i.e. those cultivating 1-2 hectares (-15 per cent decrease), 2-5 hectares (-21 per cent) and 5-10 hectares (-15 per cent). The size of a medium farm has increased from 16.8 hectares to 19.6 hectares since 2013. The sector is strongly assisted by support for agriculture. Approximately EUR 8 bln have been allocated for the support for agriculture/food industry and rural development over the last decade. The volume of support usually causes a rise of the price of land as well as the lease of land. Farm consolidation is one of the reasons behind efficiency improvements.

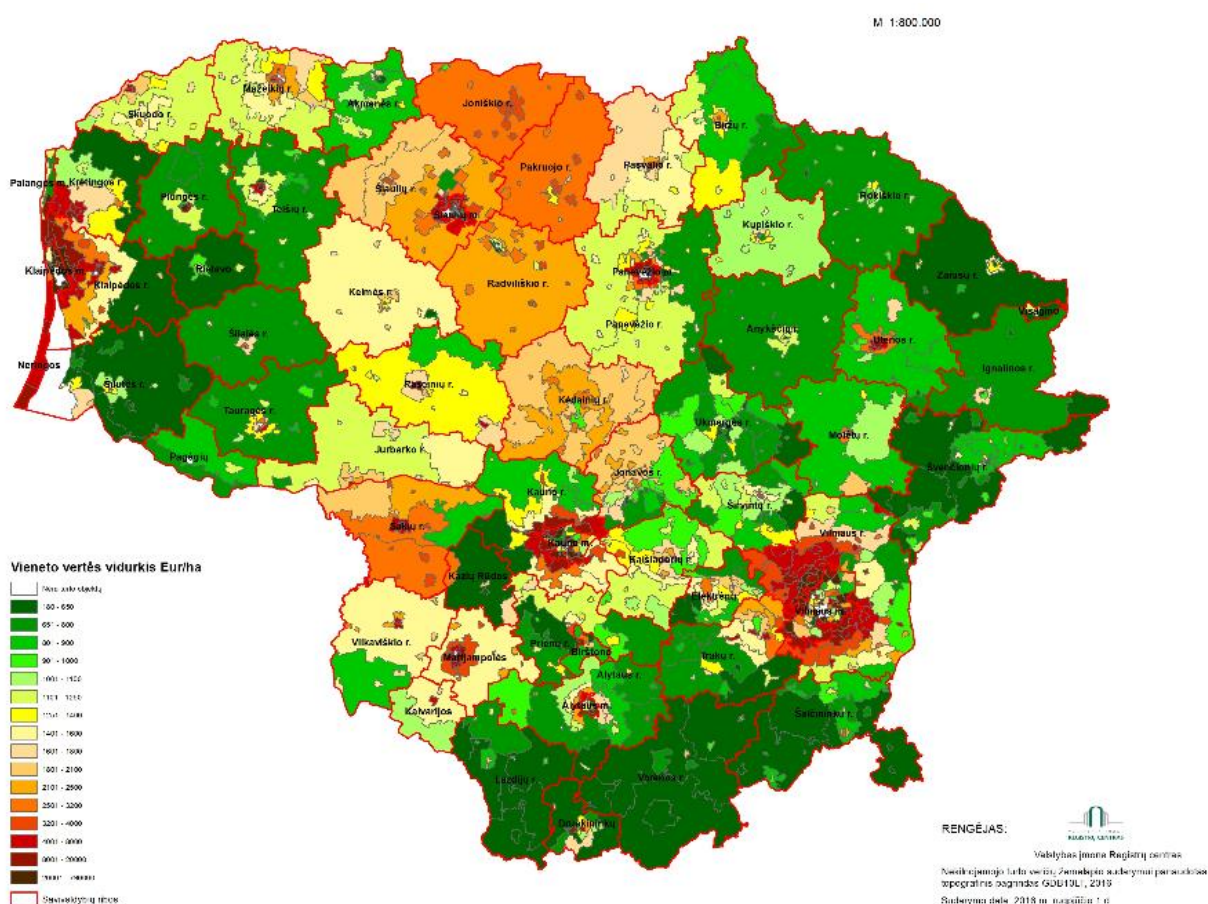
Land market liquidity has slowed down but the lease segment remains active. The effective restrictions on land acquisition increase the demand for the lease of land. The supply of agricultural land is there but it keeps decreasing year after year. The reserve of the plots offered for sale in Lithuania is temporary, therefore the land available for lease becomes increasingly sought-after. The growth of the lease price for land is determined by payments to farmers. Farmers cultivating large plots of land or agricultural companies are also interested in the lease of land because it grants priority in acquiring the leased plots when opportunities present themselves.

The more stringent amendments of the provisional law on the acquisition of agricultural land which prohibit related persons from acquiring more than 500 hectares of land from the state or from other persons have come into force in May 2014. The restrictions define related persons as those holding more than 25 per cent of stock or shares in agricultural companies as well as those holding more than 25 per cent of stock in multiple companies. The provisional law on the acquisition of agricultural land was strongly criticised, therefore a more liberal law on the amendment of the law No. IX-1314 on the acquisition of agricultural land was adopted in November 2017. The law no longer provides for individual qualification requirements for acquiring agricultural land, such as mandatory agricultural education and the requirement to have been engaged in agricultural



The new land valuation map has come into effect starting from 1 January 2018 and will be used to calculate land tax this year. State Enterprise Centre of Registers has reported that the value of agricultural plots of land has doubled since 2012.

In the graph bellow it can be observed how the price of agricultural land varies geographically:



13.1.1. Fig. Agricultural land prices in Lithuania  
Source: Centre of Registers

**GROUP KEY FIGURES**

	30 June 2016	30 June 2017	30 June 2018
Controlled cultivated cropland area, ha	3,003	2,999	2,999
Book value of land, EUR thousand	11,237	12,335	12,964
Average rental income per hectare, EUR (not included the variable part of the rent, equal to the land lease payment payable to the state)	172	179	187
Consolidated equity, EUR thousand	10,327	11,279	11,657
Number of votes, units	3,228,510	3,228,510	3,228,510
Book value of one share, EUR*	3.20	3.49	3.61
Dividend yield, %*	2.2	1.8	3.7

Indicator formulas of INVL Baltic Farmland:

\*<https://www.invlbalticfarmland.com/lit/en/investor-relations/reports/indicator-formulas>
**THE BALANCE SHEET AND PROFIT (LOSS) SUMMARY REPORTS**

Balance sheet. EUR thousand	Group		
	30 June 2016	30 June 2017	30 June 2018
Investment property	11,237	12,335	12,964
Trade and other receivables	237	269	324
Cash	105	177	104
Other assets	19	2	1
Deferred income tax liabilities	956	1,129	1,239
Deferred revenues	238	269	281
Other liabilities	77	106	216
Consolidated equity	10,327	11,279	11,627
Profit (loss), EUR thousand	01.01.2016 – 30.06.2016	01.01.2017 – 30.06.2017	01.01.2018 – 30.06.2018
Revenue	258	269	281
Reversal of impairment (impairment) of trade receivable	7	(5)	(36)
Income before tax	206	190	171
Net profit	177	162	140

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

### 13.2.1. THE COMPANY

#### FINANCIAL RESULTS AND INFORMATION RELATED TO THE DIVIDENDS

- On 19 March 2018 the Company announced an audited group results of 2017. The audited consolidated net profit of INVL Baltic Farmland, AB Group and the Company amounted to EUR 885 thousand, the revenue amounted to EUR 575 thousand. On 10 April 2018 the Company announced the approved audited annual financial information for 2017 together with the confirmation of responsible persons.
- On 19 March 2018 INVL Baltic Farmland informed that it is planning to earn EUR 360 thousand net profit in 2018. Consolidated revenues of INVL Baltic Farmland are forecasted at EUR 609 thousand and net profit should amount to EUR 360 thousand.
- On 8 May 2018 the Company announced financial results for 3 months of 2018 - the unaudited consolidated net profit of the AB INVL Baltic Farmland group was EUR 71 thousand and the revenue amounted to EUR 140 thousand.
- On 8 May 2018 INVL Baltic Farmland in order to implement resolutions of the General Shareholders Meeting regarding allocation of Company's profit, announced the procedure for the payout of dividends for 2017. On 10 April 2018, the General Shareholders Meeting of INVL Baltic Farmland, AB decided to allocate EUR 0.15 dividend per share. Dividends were paid to the shareholders who on 24 April 2018 were shareholders of INVL Baltic Farmland, AB. The Company informed that the dividends will be allocated from 9 May 2018.

#### GENERAL SHAREHOLDERS MEETING

- On 19 March 2018 INVL Baltic Farmland announced about convocation of the General Shareholders Meeting and published the draft resolutions of the General Shareholders Meeting. On 10 April 2018 the Company announced resolutions of the General Shareholders Meeting: during the meeting the Shareholders of the Company were presented with the consolidated annual report of the Company and independent auditor's report on the financial statements and annual report, approved the consolidated and companies financial statements for 2017, and approved the profit distribution (allocating EUR 0.15 dividend per share). The shareholders also made a decision regarding the purchase of own shares of the INVL Baltic Farmland, approved the new wording of the dividend payment policy, also, elected Members of the Board for the new 4 (four) years term of office, approved the new wording of the Articles of Association of the Company of INVL Baltic Farmland.

#### MANAGEMENT OF THE COMPANY

- On 10 April 2018 the Company informed that the General Shareholders Meeting of INVL Baltic Farmland re-elected Alvydas Banys, Indrė Mišeikytė and Darius Šulnis to the Board of the Company for the new 4 (four) years term of office. Also, Alvydas Banys was elected as a Chairman of the Board at the Board meeting on 10 April 2018.
- On 19 April 2018 INVL Baltic Farmland announced that on 18th April 2018 the new wording of the Articles of Association of the public joint stock company INVL Baltic Farmland was registered at the Register of Legal Entities. The Articles of Association have been changed in order to implement the current wording of the Law on Companies of the Republic of Lithuania.

### 13.2.2. THE GROUP

The companies during the reporting period rented agricultural land for farmers and agricultural companies and performed usual.

## 14 A description of the principal advantages, risks and uncertainties

During the six months of 2018 there were no material changes from the information about the principal risks and uncertainties disclosed in the latest annual report. For the next six months of this financial year, there aren't expecting any changes in principal risks and uncertainties rather than already disclosed in the latest annual report of the Company.

Principal risk and uncertainties of the Company are published in the web page of INVL Baltic Farmland.

## 15 Significant investments made during the reporting period

During the reporting period INVL Baltic Farmland, AB has not made any acquisitions.

## 16 Information on the related parties' transactions

Information on the related parties' transactions is disclosed in 8 point of explanatory notes of consolidated interim condensed financial statements for the six months ended 30 June 2018.

Director

Eglė Surplienė