



**INVALDA** **INL**

## Invalda INVL, AB Consolidated Interim Report for 6 months of 2017

Prepared in accordance with The Rules for the Preparation and the Submission  
of the Periodic and Additional Information, approved by the decision No. 03-50  
of the Board of the Bank of Lithuania passed on 28 February 2013

Translation note:

This version of the Interim Report 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 is prepared for 6 months of 2017 (January – June).

The report also includes significant events of the company and the group that took place after the reporting period.

### 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 company Invalda INVL
Code	121304349
Address	Gynėjų str. 14, LT-01109 Vilnius, Lithuania
Telephone	+370 5 279 0601
E-mail	info@invaldainvl.com
Website	www.invaldainvl.com
Legal form	The public joint-stock company
Date and place of registration	20 March 1992. Register of Enterprise of Vilnius
Register in which data about the Company are accumulated and stored	Register of Legal Entities

#### 2.2. Information on company's goals, philosophy and operating principles

##### Activity

Invalda INVL is one of the leading asset management groups in the Baltic countries. Invalda INVL group currently manages a total of more than 20 mutual, real-estate and pension funds (2nd and 3rd pillar), alternative investments, individual portfolios, private equity and other financial instruments. Companies of the group engaged in asset management manage over 540 million euros of assets entrusted to them by more than 180,000 clients in Lithuania and Latvia as well as international investors.

We believe that our team's experience in investing and asset management creates value. That's why we now manage other investors' assets in addition to those of our shareholders. Every day we make decisions to ensure the intelligent investment of our clients' assets, which is why we highly value responsibility, a professional attitude, efficiency and openness.

##### Experience

Invalda INVL, AB started the activity in 1991 as the company Invalda, AB. From 1991 until 1997 it operated as a public investment company established during the state property privatization, which was implemented in accordance to the State Property Primary Privatization law of the Republic of Lithuania. From 1997 until 2003 the company operated as a licenced holding investment company (the license was issued by the Securities Commission of Lithuania). Company's shares have been traded on the Nasdaq Vilnius Exchange since 1995. On May 2015 the company changed its corporate name to the public joint-stock company Invalda INVL.

Over its history Invalda INVL implemented a few dozen corporate acquisitions and sales, capital raising transactions worth more than EUR 1.2 bln.

Having the biggest team of investment managers in Lithuania and Latvia, and more than 20 years of successful asset management, we generate significant returns for our investors.

##### Goals

The priority of Invalda INVL group is to ensure the successful management of the assets entrusted to it. Our aim is to achieve that the products managed by the group are among the best choices on the market in their categories.

Invalda INVL strives to be the leading asset management investment group in Lithuania and one of the leaders in the region. It is planned to continue growing and investing in the asset management business' organic growth and upon appearance of opportunities, new acquisitions in this business can be made. Alongside with the importance of the annual financial results, the priority will be given for the qualitative and quantitative asset management business growth and long-term value creation for customers, employees and shareholders.

**2.3. Information about the Issuer's group of companies**

Currently, the largest part of Invalda INVL group assets is concentrated in Lithuania and Latvia. At the end of the reporting period the company acted in the field of asset management business and managed other private equity investments, investing in IT, real estate, agricultural, facility management and banking areas.

The asset management business is the core of the company's strategic, while other investments may be sold receiving attractive offers.

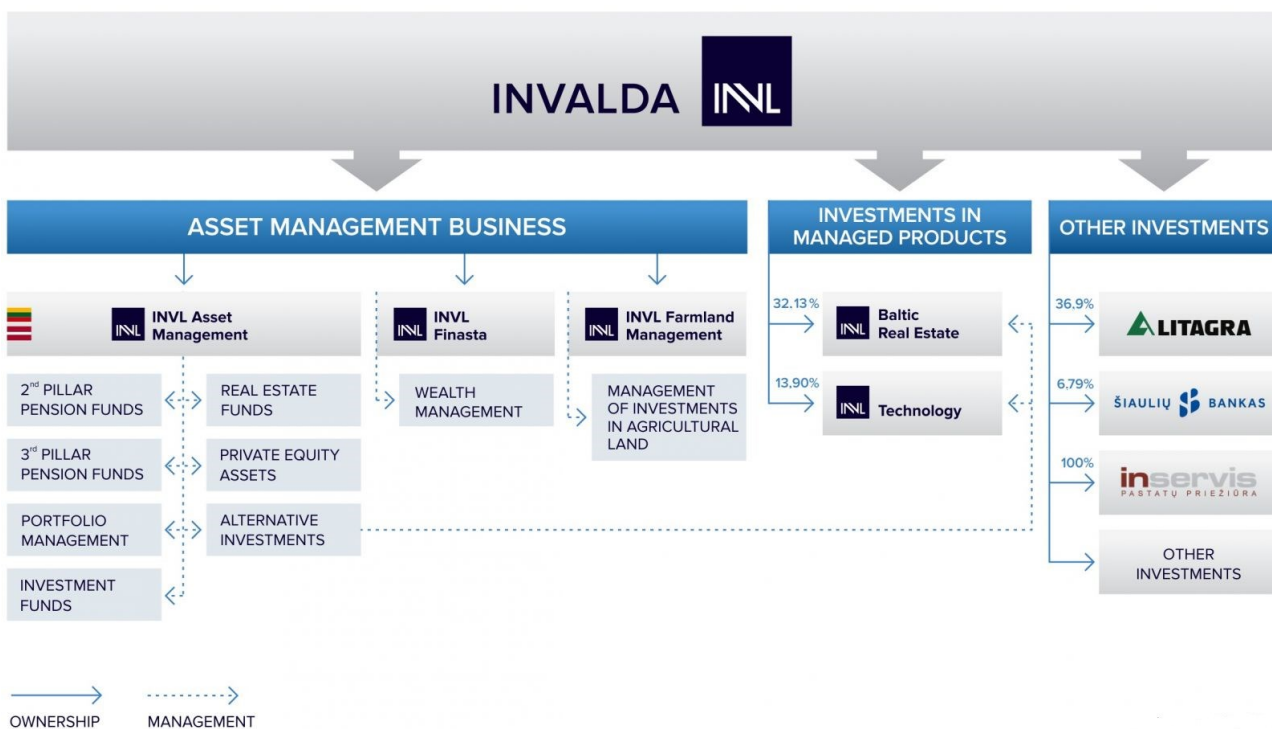


Fig. 2.3.1. The group companies of Invalda INVL as of 30 June 2017

## II. FINANCIAL INFORMATION AND SIGNIFICANT EVENTS

### 3. Business environment

**Table 3.1. Baltic stock market:**

Index/Shares	31.12.2016	30.06.2017	+/- %
OMX Tallinn	1,075.50	1,137.08	5.73%
OMX Riga	733.77	970.21	32.22%
OMX Vilnius	558.50	597.07	6.91%

Source: Nasdaq Baltic

**Table 3.2. Key economic indicators of Lithuania:**

Rate	2010	2011	2012	2013	2014	2015	2016	2017*
Real GDP annual change (excluding seasonal and labour days, %)	1.6	6.0	3.9	3.4	3.5	1.7	2.2	4.0
Nominal GDP (EUR billion)	28.028	31.275	33.348	35.002	36.590	37.331	38.631	40.041
Retail trade turnover (at constant prices, excluding vehicle trade) annual change (%)	-6.0	5.0	4.8	4.3	5.3	4.5	4.1	6.1
Unemployment rate (according to survey data, average, %)	17.8	15.4	13.4	11.8	10.7	9.1	7.9	7.0
CPI, annual change* (%)	1.2	4.1	3.2	1.2	0.2	-0.7	0.7	2.0 (June)
HICP, annual average change (%)	614.4	629.9	646.4	677.8	714.5	756.9	822.8	817.6 (Q1)
Average monthly wage	0.2	2.5	2.6	4.8	5.4	5.9	8.7	9.3 (Q1)

Source: SEB bank, Statistics Lithuania

\*Data for the first half of the year, unless otherwise noted

Lithuania's economy reached the pre-crisis level in 2012 and continues its moderate growth. In 2016, the GDP annual growth rate was 2.2%, increasing up to 4.0% in the first half of 2017. In recent years, domestic consumption has been the main driver of the economy and it will remain so in the medium term. A favourable situation in the labour market has created preconditions for wage growth and increased the purchasing power of the population. A relatively low inflation has increased both nominal and real income.

For business, the situation was aggravated by the embargo imposed in 2015 and the economic downturn in Russia, but Lithuanian companies have successfully found alternative markets in the EU countries. Export volumes minimally shrunk (1.3%) in 2016, which can be explained by lower oil product and fertilizer prices. Meanwhile, exports have been picking up this year (in the first half of 2017 it increased by as much as 17.7% at an annual rate). One of the reasons is the improving situation in the euro area.

Economists are improving their economic forecasts, calculating that in 2017 Lithuania's GDP growth will accelerate (the European Commission's forecast is 2.9%, SEB's – 3.2%). Inflation, which is expected to exceed 3%, should slow down the growth in disposable income, thus private consumption will grow slower. On the other hand, this year, with the increase in the distribution of the EU funds, private and public investment is expected to recover. Exports of goods and services should contribute to the economic growth. The country's strength remains in the stable public finances with a controlled budget deficit (a projected deficit of 0.5% of GDP in 2017) and an acceptable level of government debt (about 40% of GDP).

#### 4. Performance results of the issuer and the group

**Table 4.1. Main items of financial statements, thousand EUR**

EUR thousand	Company's			Group's		
	6 months 2015	6 months 2016	6 months 2017	6 months 2015	6 months 2016	6 months 2017
Non-current assets	40,515	46,543	58,612	38,080	43,879	55,264
Current assets	8,390	1,881	3,167	11,003	5,120	7,039
Equity	48,074	47,505	60,391	48,074	47,505	60,391
Non-current liabilities	-	-	496	84	75	576
Current liabilities	831	919	892	925	1,419	1,336
Result before taxes	4,179	-236	8,400	4,196	-210	8,326
Net result	4,139	-213	7,740	4,139	-213	7,740

**Table 4.2. Calculation of the net asset value of Invalda INVL, AB**

EUR thousand	Evaluation criteria	30 June 2015	30 June 2016	30 June 2017
Investment into asset management	Equity method	7,224	7,238	7,627
Cash and cash equivalents	Book value	1,088	444	853
Deferred income tax asset	Book value	362	131	-
Investments into INVL Baltic Real Estate	Market price	1,688	8,225	8,958
Investments into INVL Technology	Market price	933	3,437	2,707
Other listed shares	Market price	1,294	635	1,532
Investments into Litagra, UAB (including loans granted)	Comparative method of multipliers	16,196	11,998	17,798
Investments into Šiauliai Bank (in 2015 – into Finasta group)	Market price	5,884	8,405	15,129
Investments into Inservis, UAB (including loans granted)	Comparative method of multipliers	4,112	5,943	4,912
Investments into other subsidiary companies (including loans granted)	Fair value of net assets	1,297	1,093	984
Loans to group companies of INVL Baltic Real Estate	Book value	5,434	-	-
Loans to group companies of INVL Technology	Book value	2,311	-	-
Other loans, other assets	Book value	1,082	875	1,279
<b>Total assets</b>	<b>Book value</b>	<b>48,905</b>	<b>48,424</b>	<b>61,779</b>
<b>Liabilities</b>	<b>Book value</b>	<b>831</b>	<b>919</b>	<b>1,388</b>
<b>Net asset value</b>		<b>48,074</b>	<b>47,505</b>	<b>60,391</b>
<b>Net asset value per share, EUR</b>		<b>4.10</b>	<b>4.10</b>	<b>5.21</b>

## 5. Significant issuer's events for the reporting period and since the end of the last financial year

- On 24 February 2017 Cedus Invest UAB, a company 100 per cent controlled by Invalda INVL, together with other shareholders of Litagra UAB, initialled share purchase – sale agreement with Achema Group regarding sale of Litagra group trading business and grain elevators network, i.e. Litagros Prekyba AB, with its Latvian subsidiary Litagra SIA. Completion of the transaction is planned after obtaining the approval of the Competition Council and carrying out other actions foreseen in the agreement, including the reorganization of Litagra.
- On 28 April 2017 the General Meeting of Shareholders was held. The shareholders got acquainted with the Consolidated Annual Report of Invalda INVL and the auditor's report on the financial statements of Invalda INVL. The shareholders approved financial statements of Invalda INVL, profit distribution, conditions for the purchase of own shares and the issue regarding the number of ordinary shares of Invalda INVL for which during the year 2017 employees shall be offered options contracts. The meeting also approved the new wording of the regulations of the audit committee, the remuneration for independent members of the audit committee and elected the following 2 independent members of the audit committee for a 4 years term of office: Dangutė Pranckėnienė and Tomas Bubinas.
- On 28 April 2017 the General Meeting of Shareholders elected the following members to the Board of Invalda INVL for the new 4 (four) years term of office: Alvydas Banys, Indrė Mišeikytė and Darius Šulnis. At the Board meeting held on 2 May 2017 Alvydas Banys was elected the Chairman of the Board.
- On 2 May 2017 it was announced that the board of the company, considering that EUR 10.013 thousand reserve for the acquisition of own shares have been formed and unused in the public limited company Invalda INVL and in line with the decision of shareholders on 28 April 2017, decided to buy ordinary registered shares of Invalda INVL through the Nasdaq Vilnius Stock Exchange's official offering. In addition, the terms for acquiring the treasury shares were announced.
- On 18 May 2016 Invalda INVL announced that it will purchase 0.19% of own shares for the total amount of EUR 104,995.80 (without brokerage fees). Invalda INVL could purchase up to 120.000 shares. During the share buy-back 23,076 units of shares were tendered. Every shareholder sold 100% of offered shares for the price of EUR 4.55 per share. Share purchase procedure started from 4 May 2017 and was implemented through the market of official tender offers of Nasdaq Vilnius stock exchange until 18 May. The acquired shares were settled on 22 May.
- On 19 May 2017 it was announced that Invalda INVL, in the course of 29 April 2016 approved Employees Stock Option Policy and in accordance with 28 April 2017 decision of the general shareholders' meeting, have signed stock options contracts for 80.571 ordinary registered shares of the public company Invalda INVL. The stock options contracts were signed with employees of Invalda INVL and with employees of the companies where Invalda INVL owns at least 50%. In the year 2020, according to the procedure and terms specified in the stock option contracts, employees will acquire the right to purchase the above mentioned amount of 0.29 euros e nominal value shares of Invalda INVL, paying the price of 1 (one) euro for each share acquired.
- On 30 May 2017 Invalda INVL announced unaudited results of Invalda INVL group for the 3 months of 2017. Company's and consolidated net profit amounted to EUR 2.31 million (during the same period of the last year the loss of EUR 0.18 mln. was suffered). Company's and consolidated equity capital for the 3 months of 2017 amounted to EUR 54.99 million (company's and consolidated equity capital for the 3 months of 2016 amounted to EUR 52.68 million).
- On 14 June 2017 Invalda INVL together with its INVL Asset Management companies in Lithuania and Latvia, has joined the UN-supported Principles for Responsible Investment (PRI).

## 6. Information on the group's activities

### 6.1. Asset Management business



Invalda INVL manages licensed asset management companies INVL Asset Management in Lithuania and Latvia, brokerage company INVL Finasta and land administration company INVL Farmland Management.

The successful results of the first half-year of this year were also reflected in the results of the national pension funds. Most funds have calculated a positive return, while pension funds managed by INVL Asset Management continued to stand out. According to the returns of the last five years, they top ranked in all categories of second and third pillar pension funds. Assessing the return of the first half of this year, INVL Asset Management funds ranked leaders in all categories, except for the second pillar equity pension funds, where the company's fund was the second. Although a significant number of conservative domestic pension funds fell in the first half of the year, INVL Asset Management's bond funds INVL Stabilo II 58+ and INVL Stabilo III + 58 have reached quite a high return and top ranked in their respective categories.

Reviewing investment funds, investors were interested in Central and Eastern European countries. In the second quarter of 2017, investors' continued to focus on equity and bond markets of emerging countries, and interest from Russia was shifted towards the countries of Central and Eastern Europe. This let to take an advantage for INVL Emerging Europe ex Russia TOP20 Subfund. In the first half of 2017 this fund earned 15.7%. High 15.8% return has earned INVL Baltic Fund. Bond funds focused on a safer asset class and in the first half of this year earned quite a significant profit. In the first half of this year, INVL Global Emerging Markets Bond Subfund earned 5.1% return. The fund started its activities in July last year. It invests in bonds worldwide and no distribution and management fees are applied until 2018.

INVL Baltic Forest Fund I, which is dedicated to informed investors, on 12 May completed the first phase of the fund distribution. During this time the maximum amount of EUR 5 million was attracted to the fund. Currently, the funds are actively invested.

**Table 6.1.1. Results of the asset management**

EUR million (if not stated otherwise)	2015		2016		6 months of 2017	
	Lithuania	Latvia	Lithuania	Latvia	Lithuania	Latvia
Number of clients, units	118.2	48.5	126.2	52.2	132.7	51.1
Asset under management*	265.2	63.0	422.4	86.3	461.0	84.9
<i>2nd pillar pension funds</i>	<i>179.0</i>	<i>45.7</i>	<i>238.5</i>	<i>55.9</i>	<i>272.3</i>	<i>57.0</i>
<i>3rd pillar pension funds</i>	<i>10.6</i>	<i>1.2</i>	<i>15.5</i>	<i>1.2</i>	<i>17.2</i>	<i>1.2</i>
<i>Investment funds</i>	<i>31.7</i>	<i>1.9</i>	<i>71.5</i>	<i>-</i>	<i>65.2</i>	<i>-</i>
<i>Portfolios</i>	<i>33.6</i>	<i>1.3</i>	<i>39.2</i>	<i>0.6</i>	<i>41.5</i>	<i>0.6</i>
<i>Alternative assets</i>	<i>10.3</i>	<i>12.9</i>	<i>57.7</i>	<i>28.6</i>	<i>64.8</i>	<i>26.1</i>
Revenues (January – June)	1.4	0.4	1.7	0.4	2.7	0.5
Profit before tax (EUR thousand)**	(92)	79	(261)	(9)	75	75

\*eliminated investments into own products, for which management fee is not charged

\*\* according to accounting data of Invalda INVL



**6.2. Other investments**

Company	Activity	Owned shares, %	Value of the owned shares 30.06.2017, thous. EUR
 <b>INL TECHNOLOGY</b> <a href="http://www.invltechnology.com">www.invltechnology.com</a>	<ul style="list-style-type: none"> <li>Investments in information technology company; &gt;300 employees at group companies; &gt;200 clients served each year; &gt;50 countries where projects were implemented;</li> <li>Closed-ended type investment company license obtained 14.07.2016. Management transferred to INVL Asset Management;</li> <li>Listed on Nasdaq Vilnius stock exchange;</li> <li>Equity of the company amounted to EUR 19.7 million or EUR 1.62 per share as of 30.06.2017. Investments of the Company amounted to EUR 16.6 million at the end of June 2017.</li> <li>Accounted loss of the change in shares' value amounted to EUR 0.3 million.</li> </ul>	13.9	2,707
 <b>INL BALTIC REAL ESTATE</b> <a href="http://www.invlbalticrealestate.com">www.invlbalticrealestate.com</a>	<ul style="list-style-type: none"> <li>Investments in commercial real estate company;</li> <li>EUR 54 mln investment assets value;</li> <li>Consolidated net profit for the first half of this year was of EUR 1.5 million and was more than 2.5 times larger than in January-June 2016. The company's consolidated equity value per share increased 20% from a year earlier to EUR 0.48 per share at the end of June 2017</li> <li>Closed-ended type investment company license obtained 22.12.2016. Management transferred to INVL Asset Management;</li> <li>Listed on Nasdaq Vilnius stock exchange;</li> <li>In 6 months of 2017 EUR 1 million earned from this investment (included dividends received)</li> </ul>	32.13	8,958
 <b>LITAGRA</b> <a href="http://www.litagragroup.lt">www.litagragroup.lt</a>	<ul style="list-style-type: none"> <li>Crop and livestock (milk) production, grain processing and services for agriculture;</li> <li>25 years of agriculture sector experience;</li> <li>On February 2017 share purchase – sale agreement was signed with Achema Group regarding sale of Litagra group trading business and grain elevators network, i.e. Litagros Prekyba AB, with its Latvian subsidiary Litagra SIA. .</li> </ul>	36.9	17,798
 <b>ŠIAULIŲ BANKAS</b> <a href="http://www.sb.lt">www.sb.lt</a>	<ul style="list-style-type: none"> <li>&gt;70 bank branches;</li> <li>&gt;20 years of banking sector experience;</li> <li>Listed on NASDAQ Vilnius stock Exchange;</li> <li>In the first half of the year, the bank group earned EUR 19.2 million unaudited net profit, the bank's six month profit amounted to EUR 19.8 million.</li> </ul>	6.79	15,129
 <b>inservis</b> PASTATŲ PRIEŽIŪRA <a href="http://www.inservis.lt">www.inservis.lt</a>	<ul style="list-style-type: none"> <li>Facility Management company;</li> <li>2 mln sq. m. of premises managed;</li> <li>about 300 certified professionals;</li> <li>8 Lithuanian cities where services are provided.</li> </ul>	100	4,912
 <b>KELIO ŽENKLAI</b> uždaroji akcinė bendrovė <a href="http://www.keliozenklai.lt">www.keliozenklai.lt</a>	<ul style="list-style-type: none"> <li>Solid wood, metal and road maintenance equipment manufacturing company;</li> <li>&gt;80 employees;</li> <li>35 years of road sign production experience.</li> </ul>	100	973

### III. INFORMATION ABOUT SECURITIES

#### 7. Information about Issuer's authorised capital

##### 7.1. Structure of the authorized capital

**Table 7.1.1. Structure of Invalda INVL, AB authorised capital as of 30 June 2017.**

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	11,865,993	11,563,533	0.29	3,441,137.97	100

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

Invalda INVL group manages asset management company INVL Asset Management and financial brokerage company INVL Finasta. According to Lithuanian law, a natural or legal person (or persons acting in concert), indirectly willing to acquire or increase their shareholding in an asset management company (more than 20, 30 or 50 percent), have to obtain a decision from the Bank of Lithuania not to object this acquisition. This means that investors, willing to acquire more than 20 percent shareholding in Invalda INVL, AB, can do so only with a prior decision from the Bank of Lithuania.

Invalda INVL also owns asset management company INVL Asset Management in Latvia, therefore according Latvian Financial and Capital Market Commission restrictions under acquisition of the shareholding in Invalda INVL must be fulfilled as well.

##### 7.2. Information about the Issuer's treasury shares

Since the beginning of 2017 until the release of the report, the company implemented own share acquisition process for one time.

Share purchase started on 4 May 2017. Share purchase ended on 18 May 2017. Max number of shares to be acquired (units): 120,000. The company acquired 23,079 units of own shares (0.19 percent), EUR 104,995.80 (without brokerage fee) were paid for the acquired shares. The price of one share was EUR 4.55. The authorised capital of Invalda INVL is EUR 3,441,137.97. It is divided into 11,865,993 ordinary registered shares with nominal value EUR 0.29 each. Taking into consideration the fact that the shares own by the company does not give the voting rights, the total amount of shares with voting rights in Invalda INVL, AB (ISIN LT0000102279) equals to 11,563,533 units.

#### 8. The order of amendment of Issuer's Articles of Association

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

Actual wording of the Articles of Association is dated as of 11 May 2015. The document is published on the company's website.

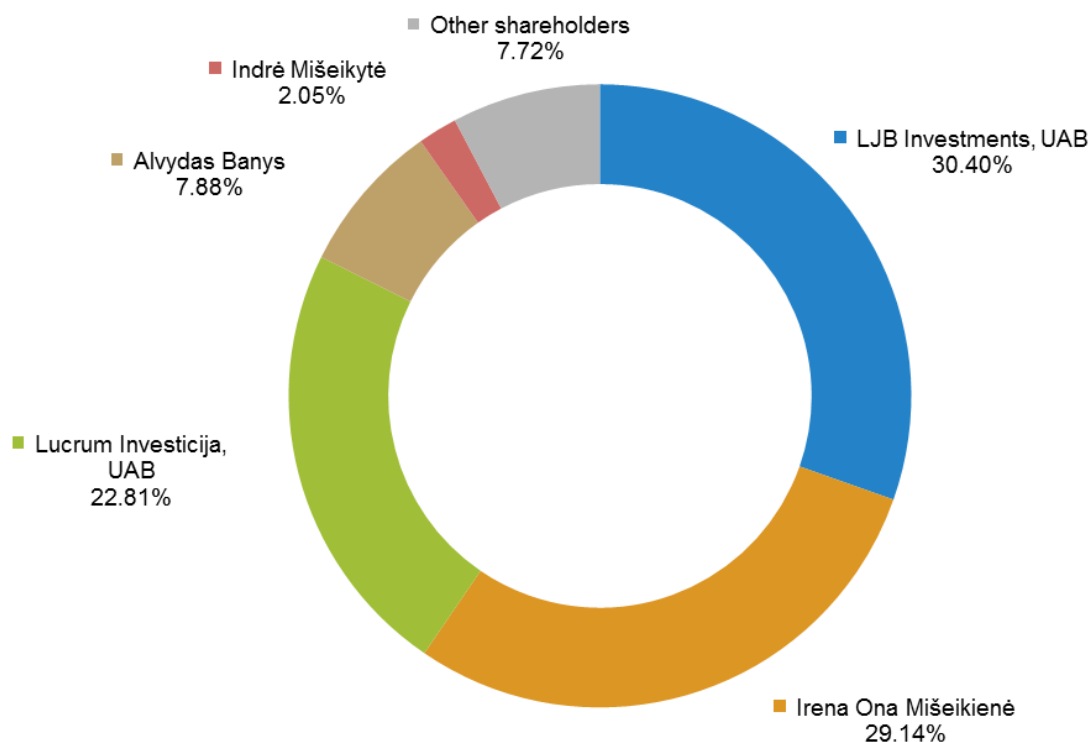
#### 9. Shareholders

##### 9.1. Information about shareholders of the company

The Shareholders of Invalda INVL, AB Alvydas Banys, LJB Investments, UAB, Irena Ona Mišeikienė, Indrė Mišeikytė, Darius Šulnis, Lucrum investicija, UAB, have signed the agreement on the implementation of a long-term corporate governance policy, so their votes are countable together .

**Table 9.1.1. Shareholders who held title to more than 5% of Invalda INVL, AB authorised capital and/or votes as of 30 June 2017.**

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, %	Indirectly held votes, %	Total (together with the persons acting in concert), %
LJB Investments. UAB code 300822575, Juozapavičiaus str. 9A, Vilnius	3,515,855	29.63	30.40	61.88	92.28
Irena Ona Mišeikienė	3,369,435	28.40	29.14	63.14	
Darius Šulnis	0	0.00	0.00	92.28	
Lucrum Investicija, UAB code 300806471. Gynėjų str. 14, Vilnius	2,401,442	20.24	20.76	71.52	
Alvydas Banys	910,875	7.68	7.88	84.40	
Indrė Mišeikytė	236,867	2.00	2.05	90.23	


*Fig. 9.1.1. Votes as of 30 June 2017*

There are no shareholders entitled to special rights of control.

Invalda INVL, AB has no knowledge of any restriction on voting rights or mutual agreements between the shareholders that might result in the restriction of shares transfer and (or) voting rights. There are no agreements to which the Issuer is a party and which would come into effect of being amended or terminated in case of change in the Issuer's control in 2017. At the end of June 2017 the total number of shareholders was around 3,500.

## 10. Trading in Issuer's securities as well as securities of the group companies'

### 10.1. Trading in Issuer's securities

**Table 10.1.1. Main characteristics of Invalda INVL, AB shares admitted to trading**

Shares issued, units	11,865,993
Shares with voting rights, units	11,563,533
Nominal value	0.29 EUR
Total nominal value	3,441,317.97 EUR
ISIN code	LT0000102279
Name	IVL1L
Exchange	NASDAQ Vilnius
List	Baltic Secondary list Baltic Main List (from 1 January 2008 until 20 July 2015)
Listing date	19 December 1995

Company uses no services of liquidity providers.

**Table 10.1.2. Trading in Invalda INVL, AB shares**

	2013 H1	2014 H1	2015 H1	2016 H1	2017 H1
Share price, EUR					
- open	1.970	3.380	3.100	3.460	3.860
- high	2.830	3.490	3.700	4.080	4.700
- low	1.960	2.760	2.950	3.260	3.790
- medium	2.291	3.135	3.142	3.611	4.222
- last	2.650	2.910	3.600	3.870	4.650
Turnover, units	1,935,755	56,183	29,476	36,610	31,480
Turnover, EUR	4,403,436.39	179,688.43	98,141.11	130,529.26	131,884.66
Trades, units	3,243	314	188	222	140

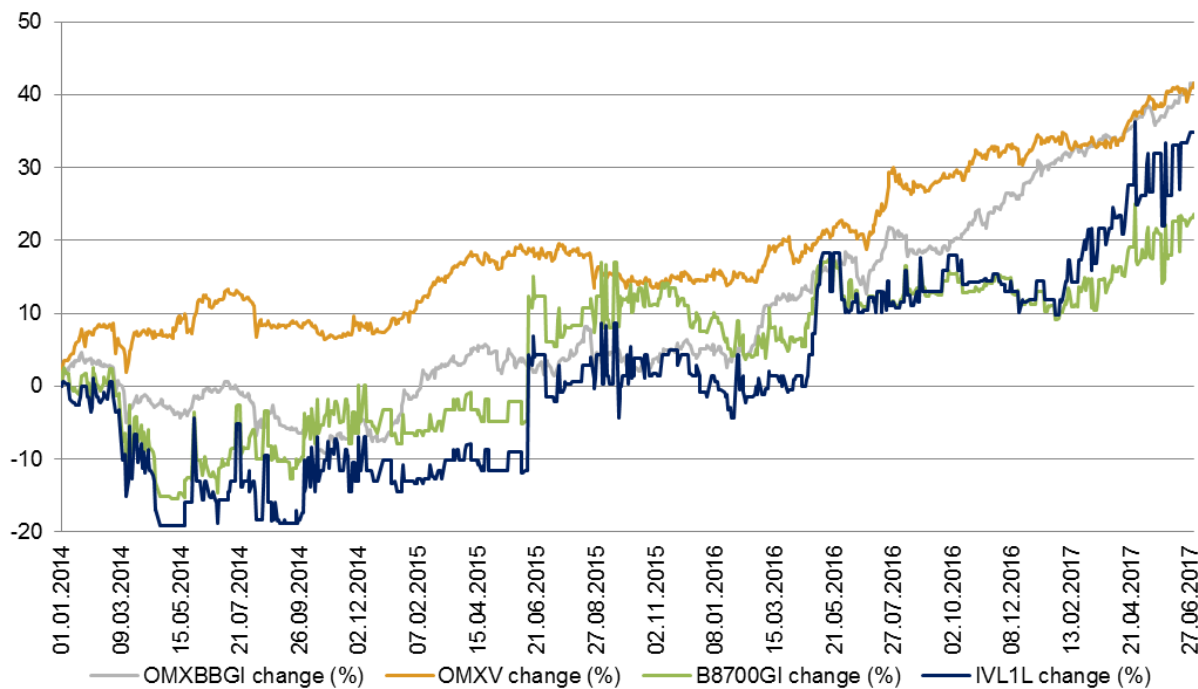


Fig. 10.1.1. Changes of Invalda INVL shares and indexes

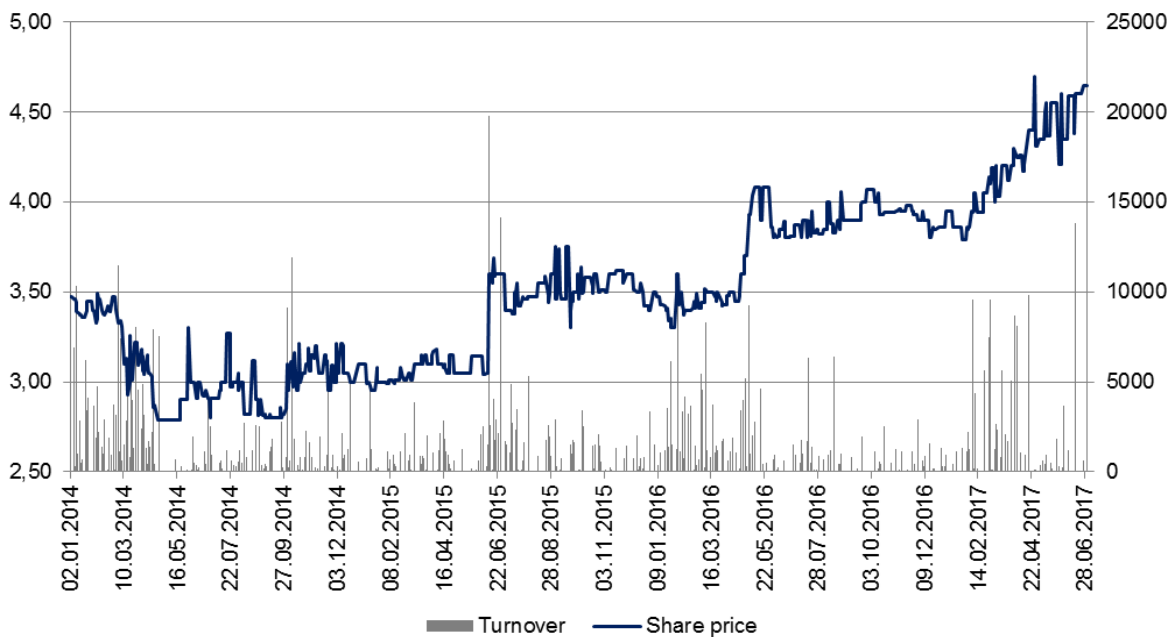


Fig. 10.1.2. Turnover of Invalda INVL AB shares and share price

**10.2. Trading in securities of the group companies'**

Shares of subsidiary companies of Invalda INVL, forming the group, are not traded on stock exchanges. INVL Baltic Real Estate, INVL Technology and Siaulių Bankas, companies assigned to other investments, are listed on Nasdaq Vilnius stock exchange.

10.2.1. Information about trading in INVL Baltic Real Estate shares

Table 10.2.1.1. Main characteristics of INVL Baltic Real Estate shares admitted to trading

ISIN code	LT0000127151
Name	INR1L
Exchange, list	Nasdaq Vilnius, Baltic Secondary list
Listing date	04.06.2014
Shares issued, units	65,750,000
Nominal value, EUR	0.29
Total nominal value, EUR	19,067,500

Table 10.2.1.2. Trading in INVL Baltic Real Estate shares, EUR

	2015 H1	2016 H1	2017 H1
Share price, EUR			
- open	0.300	0.399	0.388
- high	0.311	0.447	0.449
- low	0.261	0.380	0.375
- last	0.308	0.390	0.424
Turnover, units	64,096	233,109	542,035
Turnover, EUR	19,364.22	93,827.97	219,390.57
Trades, units	95	216	288

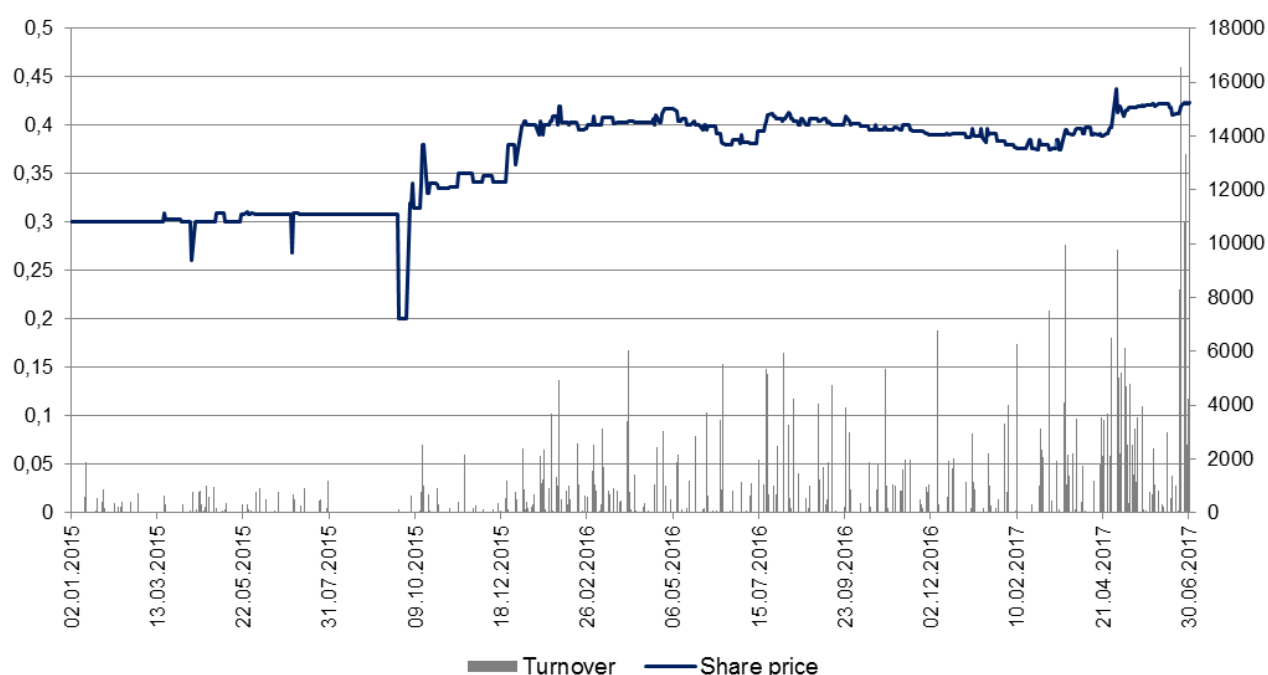


Fig. 10.2.1.1. INVL Baltic Real Estate share price and turnover

10.2.2. Information about trading in INVL Technology shares

Table 10.2.2.1. Main characteristics of INVL Technology shares admitted to trading

ISIN code	LT0000128860
Name	INC1L
Exchange, list	Nasdaq Vilnius, Baltic Secondary list
Listing date	4 June 2014
Shares issued, units	12,175,321
Nominal value, EUR	0.29
Total nominal value, EUR	3,530,843.09

Table 10.2.2.2. Trading in INVL Technology shares, EUR

	2015 H1	2016 H1	2017 H1
Share price, EUR			
- open	1.47	2.01	1.76
- high	2.00	2.07	1.76
- low	1.33	1.79	1.55
- last	1.85	1.80	1.60
Turnover, units	9,660	38,175	55,560
Turnover, EUR	17,225.06	71,327.53	91,471.12
Trades, units	122	196	192



Fig. 10.2.2.1. INVL Technology share price and turnover

10.2.3. Information about trading in Šiaulių bankas shares

Table 10.2.3.1. Main characteristics of Šiaulių bankas shares admitted to trading

ISIN code	LT0000102253
Name	SAB1L
Exchange, list	Nasdaq Vilnius, Baltic Main list
Listing date	29-11-1994
Shares issued, units	452,986,172
Nominal value, EUR	0.29
Total nominal value, EUR	131,365,989.88

Table 10.2.3.2. Trading in Šiaulių bankas shares, EUR

	2015 H1	2016 H1	2017 H1
Share price, EUR			
- open	0.173	0.206	0.382
- high	0.212	0.297	0.507
- low	0.171	0.201	0.380
- last	0.201	0.273	0.492
Turnover, units	21,858,964	34,415,992	37,831,723
Turnover, EUR	6,392,445.91	10,848,346.07	18,525,481.97



Fig. 10.2.3.1. Šiaulių Bankas share price and turnover



## IV. ISSUER’S MANAGING BODIES

### 11. Information about members of the Board. CFO and the Audit Committee of the Company

The Board of Invalda INVL, AB was elected during the Extraordinary General Shareholders’ Meeting on 28 May 2017. Mr. Banyas was elected as the Chairman of the Board. Mr. Šulnis and Ms. Mišeikytė were elected as the Members of the Board.

Mr. Šulnis was appointed as the President of the company on 22 May 2013.



Alvydas Banyas – Chairman of the Board

Term of office	From 2017 until 2021
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 Invalda INVL, AB	Personally: 910,875 units of shares. 7.68 % of authorised capital and 7.88 % votes; together with controlled company LJB Investments: 4,426,730 units of shares. 37.31 % of authorized capital and 38.28 % votes. Total votes together with persons acting in concert - 92.28 %.
Participation in other companies	INVL Baltic Farmland, AB – Chairman of the Board Litagra, UAB – Member of the Board LP Grupė, UAB - Member of the Board



Indre Miseikyte – Member of the Board

The term of office	From 2017 until 2021
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 2000 – 2002 Gildeta, UAB - Architect 1997 – 2000 Kremi, UAB - Architect 1996 – 2002 Invalda, AB - Architect 1996 – 1997 Gildeta, UAB - Architect 1994 – 1996 Vilniaus Baldai, AB - Architect
Owned amount of shares in Invalda INVL, AB	Personally: 236,867 units of shares. 2 % of authorised capital and 2.05 % votes. Total votes together with persons acting in concert - 92.28 %.
Participation in other companies	Invalda Privatus Kapitalas, AB – Member of the Board INVL Baltic Farmland, AB – Member of the Board



Darius Sulnis – Member of the Board, the President

The term of office in the Board	From 2017 until 2021
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	Since the beginning of 2015 – CEO of INVL Asset Management, UAB. 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 Invalda INVL, AB	Personally: 0 units of shares. 0.00 % of authorised capital and votes; together with controlled company Lucrum Investicija: 2,401,442 units of shares. 20.24 % of authorised capital. 22.81 % of votes. Total votes together with persons acting in concert - 92.28 %.
Participation in other companies	INVL Asset Management, UAB – CEO, Chairman of the Board INVL Asset Management, IPAS (Latvia) - Member of the Supervisory Board INVL atklātais pensiju fonds, AS (Latvia) – Member of the Supervisory Board Litagra, UAB – Member of the Board LP Grupē, UAB - Member of the Board INVL Baltic Farmland, AB – Member of the Board


**Raimondas Rajeckas – CFO**

Educational background and qualifications	Vilnius University, Faculty of Economics.
Work experience	Since 2006 Invalda LT, AB – CFO 2001 – 2006 Valmeda, AB – CFO 2000 – 2001 Galincius, AB – CFO 2000 – 2001 Invaldos Marketingas, UAB (current name Inreal Valdymas. UAB) – CFO 2000 – 2002 Gildeta, AB – Accountant 1998 – 2000 Invalda, AB – Accountant
Owned amount of shares in Invalda INVL, AB	-
Participation in other companies	Aktyvo, UAB – Director Aktyvus Valdymas, UAB – Director Iniciatyvos Fondas, VSI – Director MBGK, UAB – Director MGK Invest, UAB – Director RPNG, UAB – Director Regenus, UAB – Director Cedus Invest, UAB – Director Cedus, UAB – Director Imoniu Grupe Inservis, UAB – Member of the Board

## 12. Information about the Audit Committee of the company

The Audit Committee consists of 2 independent members. The members of the Audit Committee are elected and dismissed by the General Shareholders' Meeting of Invalda INVL, AB for a term not exceeding 4 years. The main functions of the Audit Committee should be the following:

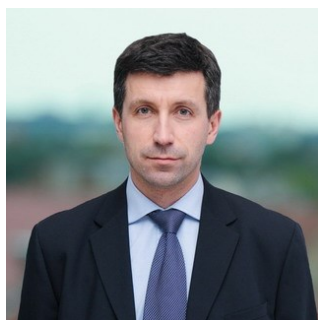
- provide recommendations to the Board of the company with selection, appointment, reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit;
- monitor how the external auditor and audit company follow the principles of independence and objectivity;
- observe the process of preparation of financial reports of the company;
- monitor the efficiency of the internal control and risk management systems of the company. Once a year review the need of the internal audit function.
- monitor the implementation of the audit firm's recommendations and comments imposed by the Board and the manager of the company.

The Member of the Audit Committee of the company 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.



Danguė 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 coach 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 Invalda INVL, AB	-



Tomas Bubinas – Independent Member of the Audit Committee

The term of office	Since 2017 until 2021
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 of Biotechpharma, UAB. 2010 – 2012 Senior Director of TEVA Biopharmaceuticals (USA). 2004-2010 – TEVA Pharmaceuticals, Chief Financial Officer for the Baltic States. 2001-2004 – Sicor Biotech, Chief Financial Officer 1999 – 2001 Senior Manager of PricewaterhouseCoopers. 1994 – 1999 Senior Auditor, Manager of Coopers & Lybrand.
Owned amount of shares in Invalda INVL, AB	-

### 13. Information on the amounts calculated by the Issuer. other assets transferred and guarantees granted to the Members of the Board, the president and CFO

Within six months period of 2017 the calculated remuneration for the Board members of Invalda INVL, AB (as employees of the Company and including wages from the subsidiaries) amounted to EUR 104.7 thousand, that is on the average EUR 6.0 thousand per month for each member.

The calculated remuneration to the president of the Company (including wages from the subsidiaries) and CFO totalled to EUR 66.6 thousand, on the average EUR 5.5 thousand per month for each.

In order to the Policy provisions, Invalda INVL signed options contract with CFO for 6,057 ordinary registered shares of Invalda INVL.

## V. OTHER INFORMATION

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

Invalda INVL, AB has signed agreements with these intermediaries:

- Siauliu Bankas, AB (Tilzes str. 149, Siauliai, Lithuania; tel. +370 41 595 607) – the agreement on investment services, the agreement on management of securities accounting, the agreement on payment of dividends;
- DnB Bankas, AB (J. Basanaviciaus str. 26, Vilnius, Lithuania; tel. +370 5 239 3503) – the agreement on financial instruments account management, implementation of orders and offering recommendations;
- SEB Bankas, AB (Gedimino ave. 12, Vilnius, Lithuania; tel. +370 5 268 2370) – the agreement on management of securities account;
- Medicinos Bankas, UAB (Pamenkalnio str. 40, Vilnius, Lithuania; tel. +370 5 264 4845) - the agreement on management of securities account;
- Danske Bank A/S, Lithuania branch (Saltoniskiu str. 2, Vilnius, Lithuania; tel. +370 5 521 6666) - the agreement on investment services;
- FMI Orion Securities, UAB (A. Tumeno str. 4. (block B), Vilnius, Lithuania; tel. +370 5 231 3841) - the agreement on investment services;

- Bank Zachodni WBK S.A. (Rynek 9/11, 50-950 Wrocław, Poland; tel. +61 856 4445) – the agreement of intermediation;
- AB SEB Pank (Tornimae str. 2., 15010, Tallin, Estonia; tel. +372 6657 772) - the agreement of intermediation.

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

Invalda INVL, AB has no branches or representative offices.

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

### Business risks

Activities of Invalda INVL, AB are influenced by overall economic situation of countries of activity.

Invalda INVL, AB also depends on its main managers – their loss could have a negative effect on activities of the company and some of business opportunities could be lost.

The main activity of Invalda INVL – asset management business. Significant part of companies' assets consists of II pillar assets in Lithuania and Latvia, wherefore the change in legal acts in the pension system could have a negative effect in this business area.

Our returns may be substantially lower than the average returns historically realized by the private equity industry as a whole because historical results do not show the future performance.

Economic recessions or downturns could impair our portfolio companies and harm our operating results. The equity interests we invest in may not appreciate in value and, in fact, may decline in value.

Our ability to use our capital loss carry forwards may be subject to limitations. Changes in the law or regulations that govern us could have a material impact on our business. Change in taxes and change in regulation of sectors, which are dependent on governmental funding or are regulated by the government, could have negative consequences on our business.

Company's and group's results may fluctuate and may not be indicative of future performance.

The trading price of our stock may fluctuate substantially. The price of the stock may be higher or lower than the price you pay for your shares, depending on many factors, some of which are beyond our control.

We are subject to market discount risk. Shares of Invalda INVL, AB can be traded below NAV.

We have not approved dividend payment policy and established a minimum dividend payment level; therefore we cannot assure you of our ability to make distributions to our shareholders in the future.

Changes in interest rates may affect our cost of capital and net operating income and our ability to obtain additional financing.

Credit risk - a risk that purchases of products and services of group companies will not fulfil their obligations and this would make negative effect on profit. Failure to fulfil major part of liabilities in time would affect the usual activity of Issuer. would result into research of additional sources of financial support, which may not always be possible. The Issuer also bears the risk of funds holding in bank accounts as well as investing into short-term financial instruments.

Currency risk - the major part of companies of Invalda INVL, AB experience a risk in selling goods and purchasing services that due to negative foreign currency exchange rate they may suffer a loss or not to receive planned profit. The management of the company assumes that the main currency risk associates with changes in U.S. dollar.

### Investment risk

Our investments may be illiquid; there is a risk that we may not exit out investment when it is planned. We may exit our investments when the portfolio company has a liquidity event, such as a sale, recapitalisation or listing in the stock exchange.

Our investments in small and middle-market privately-held companies are extremely risky and in the worst case the company could lose its entire investment.

When we are a minority equity investor in a portfolio company. we may not be in a position to control the entity. and management of the company may make decisions that could decrease the value of our portfolio holdings.

## 17. Information on the related parties' transactions

The detailed information on the related parties' transactions has been disclosed in the section 11 of the financial statements' explanatory notes.

## 18. Significant investments made during the reporting period

There were no significant investments during the reporting period. More information is provided in the section 5 of the consolidated and Company's financial statements for 2017 explanatory notes.

## 19. Activity plans and forecasts

The priority of the Invalda INVL Group is to ensure successful management of assets entrusted to us by clients. In 2017, we will further expand our range of investment solutions and products in order to achieve that the products managed by the Group are among the best choices on the market in their categories.

One of the main objectives is the establishment of a private equity fund investing in the Baltics. This would enable to further pursue the activity which has been developed since 1991 by making investments in regional companies, growing them, developing and generating value for all stakeholders, thus contributing to the growth of the Baltic countries.

As the assets managed by us exceeded EUR 500 million in 2016, our future plans are to grow and invest in the organic development of the asset management business and, upon emergence of new opportunities, we plan to implement new acquisitions in this business.

Priority will be further given to the qualitative and quantitative growth of the asset management business and generation of long-term value rather than to short-term financial goals.

The change in the value of equity investments has a significant impact on the operating result of Invalda INVL. Based on the precondition that the global and Lithuanian political and business environment will not undergo any significant changes, we have a serious ground to believe that the year 2017 will be successful for both the historical investments of the Group and investments in the products managed by the Invalda INVL Group.

We seek to achieve that Invalda INVL is the leading specialised asset management and investment group in Lithuania and one of the leaders in the region. We work to make sure that the year 2017 and subsequent years would be successful for our clients, employees and shareholders.

President



Darius Šulnis