

**EVALUATION REPORT ON
REORGANIZATION (MERGER) TERMS OF
Invalidos nekilnojamojo turto fondas AB
And
INVL Baltic Real Estate AB**

30 June 2015

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Invalidos nekilnojamojo turto fondas AB**A. Juozapavičiaus str. 6, Vilnius****INVL Baltic Real Estate AB****Šeimyniškių str. 1A, Vilnius**J. Kabiliaus g. 6
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30 June 2015

Dear Sirs/Madams,

We have conducted the evaluation of public limited company INVL Baltic Real Estate and public limited company Invalidos nekilnojamojo turto fondas reorganization terms, prepared by the board of public limited company INVL Baltic Real Estate and by the board of public limited company Invalidos nekilnojamojo turto fondas in accordance with the Minutes of the Shareholders' meetings held on 30 April 2015, following the Article 63 Part 2 and 3 of the Law on Companies of the Republic of Lithuania and the requirements of Civil code.

Evaluation of merger terms was conducted following the assumption that all documents provided to us and information included in them is fair and reflects the current situation, also that all signatures and stamps are genuine, copies correspond to the originals and the documents were not changed or amended after they were presented to us. We did not verify whether all information provided to us is fair and thorough, except for cases mentioned in the report. Our evaluation does not include any other documents of public limited company INVL Baltic Real Estate and public limited company Invalidos nekilnojamojo turto fondas, except for those mentioned in the report, and is limited to information and documents, which were provided to us with the purpose of evaluation. No inquiries for additional information were sent out to third parties. We also do not obligate to update the evaluation report if any changes should occur after the report is completed.

Managements of public limited companies INVL Baltic Real Estate and Invalidos nekilnojamojo turto fondas, which operated before the merger, are responsible for fair preparation of these Merger terms in accordance with the Law on Companies of the Republic of Lithuania and requirements of other legal acts.

The scope of merger terms evaluation is only limited to the evaluation on whether the share exchange ratio is fair and reasonable and methods applied in share exchange ratio determination and their influence on share value determination is appropriate. No other aspects of the merger were evaluated. These procedures were only conducted with the purpose of planned merger of public limited company INVL Baltic Real Estate to public limited company Invalidos nekilnojamojo turto fondas; therefore the Reorganization (Merger) terms evaluation report cannot be used for any other purposes.

The scope of our work is significantly smaller than audit or review, which are conducted in order to express the opinion on financial and other information of companies participating in Reorganization or companies that are reorganized, following the International Standards on Auditing and other applicable professional standards. If we had conducted the audit or review, our evaluation would have had other purposes, other conclusions, comments and recommendations would have been provided.

Danguė Pranckėnienė

Auditor's Licence No. 000345

Moore Stephens Vilnius UAB, Audit Company Licence No. 001226

*Nepriklausomas Moore Stephens
International Limited
tinklo narys
-nariai pagrindiniuose
pasaulio miestuose*

1. Scope and Procedures of Merger Terms Evaluation

We have conducted the evaluation of herein enclosed public limited company INVL Baltic Real Estate (Company code 303299735) and public limited company Invaldos nekilnojamojo turto fondas (Company code 152105644) reorganization terms, prepared by the board of public limited company INVL Baltic Real Estate and by the board of public limited company Invaldos nekilnojamojo turto fondas in accordance with the Shareholders' decisions on 30 April 2015, (hereinafter – the Merger terms) following the Article 63 of the Law on Companies of the Republic of Lithuania and the requirements of Civil code.

Reorganization is to be concluded by merging public limited company INVL Baltic Real Estate (hereinafter – the Reorganized company), which will terminate its activities, into Invaldos nekilnojamojo turto fondas AB (hereinafter – the Company participating in Reorganization), which will continue with its operations under the new name public limited company INVL Baltic Real Estate (hereinafter – the Company), and all rights and obligations of the Reorganized company shall be transferred to the Company continuing its operations after the reorganization.

Evaluation of merger terms was conducted following the assumption that all documents provided to us and information included in them is fair and reflects the current situation, also that all signatures and stamps are genuine, copies correspond to the originals and the documents were not changed or amended after they were presented to us. We did not verify whether all information provided to us is fair and thorough, except for cases mentioned in the report. Our evaluation does not include any other documents of public limited company INVL Baltic Real Estate and public limited company Invaldos nekilnojamojo turto fondas, except for those mentioned in the report, and is limited to information and documents, which were provided to us with the purpose of evaluation. No inquiries for additional information were sent out to third parties. We also do not obligate to update the evaluation report if any changes should occur after the report is completed.

Managements of public limited companies INVL Baltic Real Estate and Invaldos nekilnojamojo turto fondas, which operated before the merger, are responsible for fair preparation of these Merger terms in accordance with the Law on Companies of the Republic of Lithuania, Civil code and requirements of other legal acts.

We have conducted the evaluation of merger terms following the ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, with the purpose to present:

- a) The conclusion concerning the fairness and validity of share exchange ratio;
- b) Methods applied to determine share exchange ratio and conclusions concerning the appropriateness of these methods and their influence in determining share value;
- c) Description of difficulties encountered during the evaluation.

The merger is conducted by merging into the activities of public limited company Invaldos nekilnojamojo turto fondas, which before the merger was involved in activities related to investing in real estate market (Investment property comprises 91,9% of Balance value), public limited company INVL Baltic Real Estate, main asset of which is the shares of subsidiaries (71,7 %).

All shareholders of public limited company INVL Baltic Real Estate after the merger with public limited company Invaldos nekilnojamojo turto fondas, which continues its operations under the new name INVL Baltic Real Estate, are attributed shares by proportionately exchanging the held shares of Reorganized Company into the shares of the Company participating in the Reorganization.

In the course of Merger terms evaluation we have reviewed the following documents:

- Annual audited financial statements for the year ended on 31 December 2014 of INVL Baltic Real Estate AB (Reorganized Company), prepared on the basis of International Financial Reporting Standards, applicable in the European Union and Independent Auditor's Report;
- Annual audited financial statements for the year ended on 31 December 2014 of Invaldos nekilnojamojo turto fondas AB (the Company participating in the Reorganization), prepared on the basis of International Financial Reporting Standards, applicable in the European Union and Independent Auditor's Report;
- Invaldos nekilnojamojo turto fondas AB articles of association approved on 3 October 2008;
- INVL Baltic Real Estate AB (Reorganized company) articles of association approved on 30 April 2015;
- Invaldos nekilnojamojo turto fondas AB sole shareholder's decision of 30 April 2015;
- INVL Baltic Real Estate AB (Reorganized company) minutes of the general shareholders' meeting of 30 April 2015;
- INVL Baltic Real Estate AB (the Company participating in the Reorganization) project of articles of association;
- INVL Baltic Real Estate AB and Invaldos nekilnojamojo turto fondas AB reorganization terms of 30 April 2015.

In the course of evaluating the Merger terms we have concluded the following procedures:

- a. Evaluated the correspondence of Merger terms to the requirements of Article 63 of the Law on Companies of the Republic of Lithuania;
- b. Evaluated the methods applied in the Merger terms to determine the share exchange ratio and their appropriateness and influence in determining the share value;
- c. Evaluated the accuracy and validity of share exchange ratio indicated in Merger terms.

These procedures were conducted solely for the purpose of planned merger of public limited company INVL Baltic Real Estate into public limited company Invaldos nekilnojamojo turto fondas, therefore the Merger terms evaluation report cannot be used for any other purposes. Merger terms evaluation report can be presented to the manager of legal entities registers.

2. Methods Applied in Determining the Share Exchange Ratio

Registered and paid-up authorised capital of Company participating in the Reorganization Invaldos nekilnojamojo turto fondas (Company code 152105644) amounts to EUR 9.646.977,60 and is divided into 33.265.440 ordinary registered shares with nominal value of EUR 0,29 each. Registered and paid-up authorised capital of the Reorganized Company INVL Baltic Real Estate (Company code 303299735) amounts to EUR 2.042.865,85 and is divided into 7.044.365 ordinary registered shares with nominal value of EUR 0,29 each.

Reorganized Company is the sole shareholder of the Company participating in the Reorganization and owns 33.265.440 ordinary registered shares with nominal value of EUR 0,29 each of the Company participating in the Reorganization as at the date of the Merger terms. Ordinary registered shares of the Company participating in the Reorganization and other subsidiaries (comprises 71,7% of Balance value as at 31.12.2014) is the main asset of the Reorganized Company.

Main asset of the Company participating in the Reorganization (comprises 91.9% of Balance value as at 31.12.2014) is the real estate objects evaluated at a market value by the independent valuers and is reflected in the Financial statements of 31 December 2014, prepared on the basis of International Financial Reporting Standards, applicable in the European Union. Investment real estate objects were evaluated by the qualified valuator Ober-haus nekilnojamos turtas UAB on November – December 2014 by using the income method to appraise the real estate.

Management of the public limited companies believe that Equity capital of the Reorganized Company and Company participating in the Reorganization corresponds with the real market value and exchange ratio of share value will be determined in accordance with the equity capital on 31 December 2014 of the particular Company by the Book value as at the process of the business evaluation both of the Companies would be influenced by the same factors and both of the Companies are closely related.

Equity Capital of Company participating in the Reorganization amounts to LTL 38.526.000 and Equity Capital of Reorganized Company amounts to LTL 50.062.000 (information from the audited Annual Financial Statements of the year 2014). One ordinary registered share with nominal value of EUR 0.29 of the Reorganized Company gets LTL 7,106673 (EUR 2,05823) of the Company's Equity Capital. One ordinary registered share with nominal value of EUR 0.29 of the Company participating in the Reorganization gets LTL 1,158139 (EUR 0,335420) of the Company's Equity Capital.

Share exchange ratio determined in accordance with the portion of Equity Capital for one Share of the particular Company 7,106673/1.158139.

3. Conclusions on the Appropriateness of These Methods and Their Influence in Determining the Share Value

Value of one ordinary registered share of the Reorganized Company, which operated before the merger, is calculated on the basis of Book values. This method of share value determination may be appropriate, but the fact that the 27,3% of the Reorganized Company are loans given by the Company, should be taken into account. Provisions for the given loans are formed and Auditors who audited the annual financial statements did not get the Qualified Opinion. 99% of the balance assets consist of given loans and shares of subsidiaries. Share value of the Reorganized Company may be influenced by the assessed share value of the Company participating in the Reorganization during the process of business evaluation.

Value of one ordinary registered share of the Company participating in the Reorganization is calculated on the basis of Book values. Business valuers may determine the different value of one ordinary registered share of the Company participating in the Reorganization and it would influence the share value of the Reorganized Company as well as the Reorganized Company owns 100% shares of the Company participating in the Reorganization.

When exchanging the shares of Reorganized Company into the shares of the Company participating in the Reorganization, the shares of the Company participating in the Reorganization owned by the Reorganized Company should be invalidated and the Shareholders of the Reorganized Company should get the same proportion of shares of the Company continuing its operations after the reorganization. After the Invalidation of Shares of the Company participating in the Reorganization owned by the Reorganized Company, Shareholders of the Reorganized Company will get 6,136287941 shares of the new Company for 1 share of the Reorganized Company as it is presented in Table 1.

Table 1. Share exchange ratio (EUR)

	Reorganized Company INVL BRE	Company participating in the Reorganization INTF	Company continuing its operations after the reorganization
Amount of Shares, unit	7.044.365	33.265.440	43.226.252
Nominal value of 1 share, EUR	0,29	0,29	0,29
Authorised Capital, EUR	2.042.865,85	9.646.977,60	12.535.613,08
Equity Capital	14.498.957,37	11.157.900,83	25.656.858,20
Price of the Share	2,058234826	0,335420209	0,593548064
Exchange ratio	6,136287941	Invalidated	

4. Description of Difficulties Encountered during the Evaluation

Main difficulties we have encountered when conducting the evaluated were the following:

- a) Business value of public limited company Invaldos nekilnojamojo turto fondas was not determined by the business valuers;
- b) Business value of public limited company INVL Baltic Real Estate was not determined by the business valuers.

The default of business valuations has no impact for share exchange ratio of the Reorganized Companies.

5. Conclusions Concerning the Fairness and Validity of Share Exchange Ratio

In our opinion, except for the possible impact of matters indicated in previous paragraphs, share exchange ratio determined in the Merger terms is fairly and reasonably calculated by applying appropriate method.

Auditor Dangutė Pranckėnienė

Auditor's Licence No. 000345



Moore Stephens Vilnius UAB

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30 June 2015