INVL BALTIC FARMLAND

CONFIRMATION OF RESPONSIBLE PERSONS

29 February 2016

Following the Rules on Preparation And Submission Of Periodic And Additional Information of the Bank of Lithuania and the Law on Securities (article 21) of the Republic of Lithuania, management of INVL Baltic Farmland, AB hereby confirms that, to the best our knowledge, the attached Consolidated and Company's Financial Statements for 2015 are prepared in accordance with International Financial Reporting Standarts (IFRS) as adopted by the European Union, give true and fair view of the assets, liabilities, financial position and profit or loss of INVL Baltic Farmland and Consolidated Group. Presented Consolidated Annual Report includes a fair review of the development and performance of the business and position of the company and the consolidated group in relation to the description of the main risks and contingencies faced thereby.

ENCLOSURE:

1. Consolidated and Company's Financial Statements for 2015.
2. Consolidated Annual Report for 2015.

Director — Eglė Surplienė

Person authorised to conduct accounting — Raimondas Rajeckas

AB „INVL Baltic Farmland"
Gynėjų g. 14, LT-01109 Vilnius
Tel. (8 5) 279 0601
Faks. (8 5) 279 0530
El. p. farmland@invaldalt.com

Įmonės kodas: 303299781
PVM kodas: LT100009222813
A.s. LT934010051001989356
AB DNB bankas
Registro tvarkytojas VĮ "Registrų centras

AB INVL BALTIC FARMLAND

CONSOLIDATED ANNUAL REPORT, CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION
PRESENTED TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Translation note:

This version of the financial statements has been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of our report takes precedence over the English language version.

CONTENTS

INDEPENDENT AUDITORS' REPORT 3

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS:

DETAILS OF THE COMPANY 5

CONSOLIDATED AND COMPANY'S STATEMENTS OF COMPREHENSIVE INCOME 6

CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION 7

CONSOLIDATED AND COMPANY'S STATEMENTS OF CHANGES IN EQUITY 8

CONSOLIDATED AND COMPANY'S STATEMENTS OF CASH FLOWS 10

NOTES TO THE FINANCIAL STATEMENTS 11

1 GENERAL INFORMATION 11
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 12
3 FINANCIAL RISK MANAGEMENT 23
3.1. Financial risk factors 23
3.2. Capital management 25
4 FAIR VALUE ESTIMATION 26
5 SUBSIDIARIES 27
6 SPLIT-OFF 29
7 SEGMENT INFORMATION AND OPERATING LEASE COMMITMENTS 31
8 AGREEMENT ON THE ADMINISTRATION OF LAND PLOTS 32
9 INCOME TAX 32
10 EARNINGS PER SHARE 35
11 INVESTMENT PROPERTIES 36
12 FINANCIAL INSTRUMENTS BY CATEGORY 37
13 LOANS GRANTED TO SUBSIDIARIES 38
14 TRADE AND OTHER RECEIVABLES 39
15 SHARE CAPITAL, ACQUISITION OF OWN SHARES AND RESERVES 40
16 DIVIDENDS 40
17 RELATED PARTY TRANSACTIONS 41
18 EVENTS AFTER THE REPORTING PERIOD 42

CONSOLIDATED ANNUAL REPORT 43

pwc

Independent Auditor's Report

To the shareholders of AB INVL Baltic Farmland

Report on the financial statements

We have audited the accompanying stand-alone and consolidated financial statements of AB INVL Baltic Farmland ("the Company") and its subsidiaries ("the Group") set out on pages 5 to 42, which comprise the stand-alone and consolidated statements of financial position as of 31 December 2015 and the stand-alone and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information ("the financial statements").

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers UAB, J. Jasinskio g. 16B, LT-03163 Vilnius, Lithuania
T: +370 (5) 239 2300, F:+370 (5) 239 2301, Email: vilnius@lt.pwc.com, www.pwc.com/lt

PricewaterhouseCoopers UAB, company code 111473315, is a private company registered with the Lithuanian Register of Legal Entities.

Report on other legal and regulatory requirements

Furthermore, we have read the consolidated annual report for the year ended 31 December 2015 set out on pages 43 to 95 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2015.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Rasa Radzevičienė
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
29 February 2016

DETAILS OF THE COMPANY

Board of Directors

Mr. Alvydas Banys (chairman of the Board)
Ms. Indrė Mišeikytė
Mr. Darius Šulnis

Management

Ms. Eglė Surplienė (director)

Principal place of business and company code

Gynėjų str. 14,
Vilnius,
Lithuania

Company code 303299781

Banks

AB DNB Bankas
AB Šiaulių Bankas
"Swedbank", AB

Auditor

UAB PricewaterhouseCoopers
J. Jasinskio str. 16B,
Vilnius, Lithuania

The financial statements were approved and signed by the Management and the Board of Directors on 29 February 2016.

Ms. Eglė Surplienė
Director

Mr. Raimondas Rajeckas
Authorized person according to the agreement to conduct accounting

Consolidated and Company's statements of comprehensive income

		Group		Company	
	Notes	01.01.2015-31.12.2015	29.04.2014-31.12.2014	01.01.2015-31.12.2015	29.04.2014-31.12.2014
Revenue	7	**460**	**230**	**-**	**-**
Interest income		-	-	220	179
Other income		21	4	-	-
Net changes in fair value of subsidiaries at fair value through profit or loss	5	-	-	681	(35)
Net gain from fair value adjustments on investment property	11	678	-	-	-
Land plots administration fees	8	(117)	-	-	-
Legal, professional and securities administration fees		(49)	(36)	(29)	(19)
Allowance for (reversal of) impairment of trade receivables	14	21	(29)	-	-
Direct property operating expenses		(21)	(22)	-	-
Employee benefits expense		(7)	(21)	(4)	(3)
Depreciation and amortisation		(2)	(2)	-	-
Other expenses		(5)	(14)	(2)	(11)
Operating profit		**979**	**110**	**866**	**111**
Finance costs		-	-	-	-
Profit before income tax		**979**	**110**	**866**	**111**
Income tax expense	9	(141)	(21)	(28)	(22)
NET PROFIT FOR THE YEAR		**838**	**89**	**838**	**89**
Other comprehensive income for the year, net of tax		**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**838**	**89**	**838**	**89**
Attributable to:					
Equity holders of the parent		838	89	838	89
Basic and diluted earnings per share (in EUR)	10	0.25	0.03		

Consolidated and Company's statements of financial position

	Notes	Group		Company	
		As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
ASSETS					
Non-current assets					
Property, plant and equipment		-	1	-	-
Investment properties	11	11,237	10,558	-	-
Intangible assets		-	3	-	-
Investments into subsidiaries at fair value through profit or loss	5	-	-	5,581	4,866
Loans granted to subsidiaries	13	-	-	4,875	4,907
Deferred income tax asset	9	-	4	-	4
Total non-current assets		**11,237**	**10,566**	**10,456**	**9,777**
Current assets					
Trade and other receivables	14	54	23	8	-
Loans granted to subsidiaries	13	-	-	5	-
Prepayments and deferred charges		7	1	7	-
Cash and cash equivalents	3.1	367	210	136	170
Total current assets		**428**	**234**	**156**	**170**
TOTAL ASSETS		**11,665**	**10,800**	**10,612**	**9,947**
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	6, 15	955	954	955	954
Own shares	15	-	(6)	-	(6)
Share premium	6, 15	1,387	1,387	1,387	1,387
Reserves	6, 15	3,223	3,219	3,211	3,219
Retained earnings	6, 15	5,005	4,377	5,017	4,377
Total equity		**10,570**	**9,931**	**10,570**	**9,931**
Liabilities					
Non-current liabilities					
Deferred income tax liability	9	946	837	-	-
Total non-current liabilities		**946**	**837**	**-**	**-**
Current liabilities					
Trade payables		105	3	2	3
Income tax payable		28	9	24	7
Advances received		-	14	-	-
Other current liabilities		16	6	16	6
Total current liabilities		**149**	**32**	**42**	**16**
Total liabilities		**1,095**	**869**	**42**	**16**
TOTAL EQUITY AND LIABILITIES		**11,665**	**10,800**	**10,612**	**9,947**

Consolidated and Company's statements of changes in equity

					Reserves			
Group	**Notes**	**Share capital**	**Own shares**	**Share premium**	**Legal reserve**	**Reserve for purchase of own shares**	**Retained earnings**	**Total**
The Group's equity formed on 29 April 2014 under split-off conditions according to predecessor values method	6	954	-	1,387	132	3,087	4,288	9,848
Own shares buy back	15	-	(6)	-	-	-	-	(6)
Total transactions with owners of the Company, recognised directly in equity		954	(6)	1,387	132	3,087	4,288	9,842
Net profit for the year		-	-	-	-	-	89	89
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**89**	**89**
Balance as at 31 December 2014		**954**	**(6)**	**1,387**	**132**	**3,087**	**4,377**	**9,931**
Net profit for the year		-	-	-	-	-	838	**838**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**838**	**838**
Own shares buy back	15	-	(2)	-	-	-	-	**(2)**
Decrease of share capital	15	-	8	-	-	(8)	-	**-**
The adjustment of the par value of the shares due to conversion to euro	15	1	-	-	-	-	(1)	**-**
Changes in reserves		-	-	-	12	-	(12)	**-**
Dividends approved	16	-	-	-	-	-	(197)	**(197)**
Total transactions with owners of the Company, recognised directly in equity		**1**	**6**	**-**	**12**	**(8)**	**(210)**	**(199)**
Balance as at 31 December 2015		**955**	**-**	**1,387**	**144**	**3,079**	**5,005**	**10,570**

Consolidated and Company's statements of changes in equity (cont'd)

					Reserves			
Company	**Notes**	**Share capital**	**Own shares**	**Share premium**	**Legal reserve**	**Reserve for purchase of own shares**	**Retained earnings**	**Total**
The Company's share capital formed on 29 April 2014 under split-off conditions	6	954	-	1,387	132	3,087	1,158	6,718
Changes in accounting policies	2.9	-	-	-	-	-	3,130	3,130
Own shares buy back	15	-	(6)	-	-	-	-	(6)
Total transactions with owners of the Company, recognised directly in equity		**954**	**(6)**	**1,387**	**132**	**3,087**	**4,288**	**9,842**
Net profit for the year		**-**	**-**	**-**	**-**	**-**	89	89
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**89**	**89**
Balance as at 31 December 2014		954	(6)	1,387	132	3,087	**4,377**	**9,931**
Net profit for the year		-	-	-	-	-	838	**838**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**838**	**838**
Own shares buy back	15	-	(2)	-	-	-	-	**(2)**
Decrease of share capital	15	-	8	-	-	(8)	-	**-**
The adjustment of the par value of the shares due to conversion to euro	15	1	-	-	-	-	(1)	**-**
Dividends approved	16	-	-	-	-	-	(197)	**(197)**
Total transactions with owners of the Company, recognised directly in equity		**1**	**6**	**-**	**-**	**(8)**	**(198)**	**(199)**
Balance as at 31 December 2015		**955**	**-**	**1,387**	**132**	**3,079**	**5,017**	**10,570**

Consolidated and Company's statements of cash flows

	Notes	Group		Company	
		01.01.2015-31.12.2015	29.04.2014-31.12.2014	01.01.2015-31.12.2015	29.04.2014-31.12.2014
Cash flows from (to) operating activities					
Net profit for the year		838	89	838	89
Adjustments for non-cash items and non-operating activities:					
Depreciation and amortization		2	2	-	-
Net gains from fair value adjustments on investment property	11	(678)	-	-	-
Net changes in fair value of subsidiaries at fair value through profit or loss	5	-	-	(681)	35
Interest income		-	-	(220)	(179)
Deferred taxes	9	113	12	4	15
Current income tax expenses	9	28	9	24	7
Allowances	14	(21)	29	-	-
Changes in working capital:					
Decrease (increase) in trade and other receivables		(24)	(29)	(8)	-
Decrease (increase) in other current assets		(6)	1	(7)	-
(Decrease) increase in trade payables		97	(5)	(6)	3
(Decrease) increase in other current liabilities		9	3	9	6
Cash flows from (to) operating activities		**358**	**111**	**(47)**	**(24)**
Income tax paid		(9)	(2)	(7)	-
Net cash flows from (to) operating activities		**349**	**109**	**(54)**	**(24)**
Cash flows from (to) investing activities					
Proceeds from sale of non-current assets (except for investment properties)		2	-	-	-
Acquisition of investment properties		(1)	-	-	-
Loans granted		-	-	(8)	-
Repayment of granted loans		-	480	41	645
Interest received		-	-	180	113
Net cash flows from (to) investing activities		**1**	**480**	**213**	**758**
Cash flows from (to) financing activities					
Cash flows related to Group owners					
Cash received according to split-off terms	6	-	284	-	99
Acquisition of own shares	15	(2)	(6)	(2)	(6)
Dividends paid to equity holders of the parent		(191)	-	(191)	-
		(193)	278	(193)	93
Cash flows related to other sources of financing					
Repayment of borrowings	6	-	(657)	-	(657)
		-	(657)	-	(657)
Net cash flows from (to) financial activities		**(193)**	**(379)**	**(193)**	**(564)**
Net increase (decrease) in cash and cash equivalents		**157**	**210**	**(34)**	**170**
Cash and cash equivalents at the beginning of the period		**210**	**-**	**170**	**-**
Cash and cash equivalents at the end of the period		**367**	**210**	**136**	**170**

Notes to the financial statements

1 General information

AB INVL Baltic Farmland (hereinafter the Company) is a joint stock company registered in the Republic of Lithuania. It was established on 29 April 2014, following the split-off of 14.45% assets, equity and liabilities from AB Invalda INVL (company code 121304349). Entities, which business is investment into agricultural land and its rent, were transferred to the Company (hereinafter split-off). More details about the split-off are disclosed in Note 6.

The Group consists of the Company and its directly owned subsidiaries (hereinafter the Group, Note 5):

The address of the office is Gynėjų str. 14, Vilnius, Lithuania.

The Company was established on 29 April 2014, therefore the comparative figures for the year ended 31 December 2014 cover the period starting from 29 April 2014 and ending on 31 December 2014 in these financial statements.

The Company manages shares of entities investing into agricultural land and provides finance. Now the Company has 100% shares in 18 companies owning more than 3 thousand hectares of agricultural land in Lithuania (detailed list of subsidiaries is presented in Note 5), that is rented to farmers and agricultural companies. The Company focuses on growth of quality of owned land and environmental sustainability. The Group operates in one segment – agricultural land segment.

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. Since prices of agricultural products are determined in the world markets, this investment allows participating in the world food supply chain.

As at 31 December 2015 and 2014 the shareholders of the Company were (by votes)*:

	2015		2014	
	Number of votes held	Percentage	Number of votes held	Percentage
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	1,002,724	30.46	1,002,724	30.46
Mrs. Irena Ona Mišeikienė	952,072	28.92	952,072	28.92
UAB Lucrum Investicija (sole shareholder Mr. Darius Šulnis)	743,546	22.59	743,546	22.58
Mr. Alvydas Banys	252,875	7.69	252,875	7.68
Ms. Indrė Mišeikytė	65,758	2.00	65,758	2.00
Other minor shareholders	274,574	8.34	275,284	8.36
Total	3,291,549	100.00%	3,292,259	100.00%

* One shareholder sold part of his shares under repo agreement (so did not hold the legal ownership title of shares), but he retained the voting rights of transferred shares.

All the shares of the Company are ordinary shares with the par value of EUR 0.29 and LTL 1 each, respectively, and were fully paid as at 31 December 2015 and 2014. Subsidiaries did not hold any shares of the Company as at 31 December 2015 and 2014.

The Company's shares are traded on the Baltic Secondary List of NASDAQ Vilnius from 4 June 2014.

As at 31 December 2015 the number of employees of the Group and the Company was 2 and 1, respectively. As at 31 December 2014 the number of employees of the Group and the Company was 5 and 1, respectively.

According to the Law on Companies of Republic of Lithuania, the annual financial statements prepared by the Management are authorised by the General Shareholders' meeting. The shareholders hold the power not to approve the annual financial statements and the right to request new financial statements to be prepared.

2 Summary of significant accounting policies

The principal accounting policies applied in preparing the Group's and the Company's financial statements for the year ended 31 December 2015 are as follows:

2.1. Basis of preparation

Statement of compliance

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

These financial statements have been prepared on a historical cost basis, except for investment properties and investments in subsidiaries that have been measured at fair value. The financial statements are presented in thousands of euro (EUR) and all values are rounded to the nearest thousand except when otherwise indicated. From 1 January 2015 the euro became local currency of the Republic of Lithuania. The comparative information of the previous year was recalculated using the official litas to euro conversion ratio: 1 euro = 3.4528 litas.

Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group has adopted the new and amended IFRS and IFRIC interpretations as of 1 January 2015:

– IFRIC 21 *Levies* effective 17 June 2014;
– *Annual Improvements* to IFRSs 2013 effective 1 January 2015.

The principal effects of these changes are as follows:

IFRIC 21 Levies

The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Annual Improvements to IFRSs 2011 – 2013 Cycle

The improvements consist of changes to four standards.

- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
- The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.
- IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The amendments had no impact on the Group's financial statements for the year ended 31 December 2015.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Standards adopted by the EU but not yet effective and have not been early adopted

Amendments to IAS 27: *Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2016)

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. If the Company would choose to use equity method in the stand-alone financial statements, it would have an impact on disclosures and description of accounting policies, but the carrying amount of subsidiaries recognised in the stand-alone statement of financial position of the Company would not change, because the fair value of net assets of subsidiaries approximates to the carrying amount of net assets of subsidiaries (Note 5). The Company had not yet decided whether it will change accounting policy starting from 2016.

The following amendments to existing standards are adopted by the EU, but not yet effective, have not been early adopted and are not expected to have a material impact on the Company and the Group:

- *Annual Improvements to IFRSs 2010-2012 Cycle* (effective for annual periods beginning on or after 1 February 2015);
- *Annual Improvements to IFRSs 2012-2014 Cycle* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 19 – *Defined benefit plans: Employee contributions* (effective for annual periods beginning on or after 1 February 2015);
- Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation Operations* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer plants* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1: *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2016).

Standards not yet adopted by the EU

IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018 once adopted by the EU)

Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated as at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Standards not yet adopted by the EU (cont'd)

IFRS 9 (cont'd)

- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group and the Company are currently assessing the impact of the new standard on its financial statements. The standard could change classification of loans granted to subsidiaries.

IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018 once adopted by the EU)

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group and the Company are currently assessing the impact of the standard on their financial statements.

IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019 once adopted by the EU)

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group and the Company are currently assessing the impact of the standard on their financial statements, but are not expecting that impact would be material. The Group and the Company are not parties to any agreements as lessees.

Other amendments to existing standards and new standards, which are not yet adopted by the EU, are not relevant to the Group and the Company.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions that are recognised in assets, are eliminated in full.

2 Summary of significant accounting policies (cont'd)

2.2 Basis of consolidation (cont'd)

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or retained earnings, as appropriate.

2.3. Functional and presentation currency

From 1 January 2015 the euro became local currency of the Republic of Lithuania. The financial statements are prepared in euro (EUR), which is local currency of the Republic of Lithuania, and presented in EUR thousand. Euro is the Company's and the Group's functional and presentation currency. The exchange rates in relation to other currencies are set daily by the European Central Bank and the Bank of Lithuania. The previous year comparison information recalculated using the official litas to euro conversion ratio: 1 euro = 3.4528 litas.

As these financial statements are presented in euro thousand, individual amounts were rounded. Due to the rounding, totals in the tables may not add up.

2.4. Business combinations and goodwill

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

2 Summary of significant accounting policies (cont'd)

2.5. Business combinations under common control

IFRS provides no guidance on the accounting for common control transactions, but requires that entities develop an accounting policy for them [IAS 8.10]. The two methods most commonly chosen for accounting for business combinations between entities under common control are (1) the acquisition method and (2) the predecessor values method. Once a method has been adopted it should be applied consistently as a matter of accounting policy. Neither IFRS 3 nor any other IFRS require or prohibit the application of either method to business combinations involving entities under common control.

The Group elected to apply predecessor values method for transactions under common control. The principles of predecessor accounting are:

- No assets or liabilities are restated to their fair values. Instead, the acquirer incorporates predecessor carrying values. These are the carrying values that are related to the acquired entity. They are generally the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. These amounts include any goodwill recorded at the consolidated level in respect of the acquired entity. This is because the transaction is under the control of that entity, and it is a portion of the controlling entity that is being moved around in the transaction. In some cases, the controlling party, that is, the party that controls both combining businesses, may not prepare consolidated financial statements. This can occur, for example, because it is not a parent company. In such situations, the book values used are those from the highest set of consolidated financial statements available. If no consolidated financial statements are produced, the values used are those from the financial statements of the acquired entity.
- No new goodwill arises in predecessor accounting. The combining entities are looked at from the perspective of a transfer made by the controlling party. The transaction is not seen as an equal exchange of values and a change of control from the date of the business combination. No goodwill beyond that recorded by the controlling party in relation to the acquiree can therefore arise. Predecessor accounting may lead to differences on consolidation. For example, there may be a difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity. The differences are included in equity in retained earnings or in a separate reserve.

The Group incorporated the acquired entities results and balance sheets prospectively from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entities for the period before the transaction occurred. The corresponding amounts for the previous year are also not restated.

2.6. Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable. Depreciation is calculated using the straight-line method over the estimated useful lives of 3 to 6 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income within "other income" in the year the asset is derecognised.

2 Summary of significant accounting policies (cont'd)

2.7. Investment properties

Land that is held for long-term rental yields and for capital appreciation is classified as investment properties.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income within "Net gains (losses) from fair value adjustments on investment property" in the year of retirement or disposal.

2.8. Intangible assets other than goodwill

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets other than goodwill are assessed to be finite. Intangible assets are amortised using the straight-line method over their useful lives of 3 years.

2.9. Investments into subsidiaries (the Company)

Investments in subsidiaries were designated at fair value through profit or loss on initial recognition, and in the Company's stand-alone financial statements are measured at fair value through profit or loss in accordance with IAS 39. Gains or losses arising from changes in the fair value of subsidiaries are recognized in profit and loss within "Net changes in fair value of subsidiaries at fair value through profit or loss".

Investments in subsidiaries in stand-alone financial statements of AB Invalda INVL, from which the Company was split-off, were carried at cost, less impairment. Although the Company has elected to apply the predecessor values method for business combinations under common control, it has changed its accounting policy for investments in subsidiaries from cost method to fair value method, as the Company believes that fair value model more effectively demonstrates its financial position. If the accounting method has not been changed, the carrying value of investments in subsidiaries would be EUR 1,771 thousand as at 29 April 2014 and 31 December 2014, while the fair value is EUR 4,901 thousand and EUR 4,866 thousand respectively. The result of the change in accounting policy of EUR 3,130 thousand was recorded within retained earnings on 29 April 2014 which is the date when Company was established and received these investments.

2.10. Financial assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the financial assets were acquired. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial asset or financial liability not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets at initial recognition.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through amortisation process. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2 Summary of significant accounting policies (cont'd)

2.11. Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each reporting date whether is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group assesses whether objective evidence of impairment exists individually for financial assets. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation. When financial asset is assessed as uncollectible the impaired asset is derecognised. In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss within "Allowance for (reversal of) impairment of trade receivables".

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss within "Allowance for (reversal of) impairment of trade receivables", to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Impaired debts are derecognised entirely when they are assessed as uncollectible.

2.12. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank account as well as deposit in bank with an original maturity of three months or less.

2.13. Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of borrowings, net of directly attributable transaction costs.

The measurement of financial liabilities depends on their classification as follows:

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (cont'd)

2.14. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

The Company's share capital and equity was formed in accordance with the procedure set forth in the terms of split-off on 29 April 2014, whereas assets received and liabilities assumed were estimated at predecessor carrying values at the date of split-off, except for investments in subsidiaries for which accounting policy was changed and they were revalued at fair value at the date of split-off (Note 2.9). The difference between the fair value and the carrying value of investments in subsidiaries was credited to retained earnings.

2.15. Leases

Group's company is the lessor in an operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the Group's company are classified as operating leases. Payments, including pre-payments, received under operating leases (net of any incentives granted to the lessee) are credited to the statement of comprehensive income on a straight-line basis over the period of the lease.

Land leased out under operating leases is included in investment property in the consolidated statement of financial position (Note 11). See Note 2.16 for the recognition of rental income.

2.16. Revenue recognition

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

Rental income

Rental income arising from operating leases of land is accounted for on a straight-line basis over the lease terms. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

According to agreements land rent consists of two parts - a fixed rent for a year and a variable part equal to land tax paid to the State for the year. In the first quarter fixed rental fee is invoiced to the tenants. In the fourth quarter variable part of the rent is invoiced to the tenants, when State tax authorities provide an estimate of the land tax and the rental income equal to the variable rent amount as well as land tax expenses are recognised.

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2 Summary of significant accounting policies (cont'd)

2.17. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. All financial information, including the measure of profit, total assets and total liabilities, is analysed as single reporting segment - agricultural land segment, therefore is not further disclosed in these financial statements.

2.18. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in Lithuania where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The standard income tax rate in Lithuania was 15 % in 2014 and 2015. Starting from 2010, tax losses can be transferred at no consideration or in exchange for certain consideration between the group companies if certain conditions are met.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Following the provisions of Law on Corporate Income Tax the sale of shares of an entity, registered or otherwise organised in a state of the European Economic Area or in a state with which a treaty for the avoidance of double taxation has been concluded and brought into effect and which is a payer of corporate income tax or an equivalent tax, to another entity or a natural person shall not be taxed where the entity transferring the shares held more than 25% of voting shares in that entity for an uninterrupted period of at least two years. If mentioned condition is met or is expected to be met by the management of the Company, no deferred tax liabilities or assets are recognised in respect of temporary differences associated with carrying amounts of these investments.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. From 1 January 2014 current year taxable profit could be decreased by previous year tax losses only up to 70%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (cont'd)

2.19. Employee benefits

Social security contributions

The Company and the Group pay social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

Bonus plans

The Company and the Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Pension obligations

If there is an individual arrangement with an employee the Company and the Group may make payments into defined contribution pension plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2.20. Events after the reporting period

Events after the reporting period that provide additional information about the Group's position as at the end of the reporting period (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

2.21. Significant accounting judgements and estimates

The preparation of financial statements requires management of the Group and the Company to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2 Summary of significant accounting policies (cont'd)

2.21 Significant accounting judgements and estimates (cont'd)

Judgements

In the process of applying the Group accounting policies, management has made the following judgements, which has most significant effect on the amounts recognised in these financial statements:

Initial accounting of the assets received and liabilities assumed during split-off

AB Invalda INVL management has made a judgement that the split-off completed in 2014 as a result of which the Company was established was not in scope of IFRIC 17 „Distribution of Non-cash Assets to Owners". IFRIC 17 includes an exemption that the Interpretation does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution. During the split-off shares were allocated proportionally to all shareholders of AB Invalda INVL and in the newly established entities, AB Invalda INVL was controlled according to the agreement by the same shareholders' group before and after the Split-off, therefore this exemption could be applied. As a result the Company and the Group elected to apply predecessor values method for transactions under common control. The Group incorporated the acquired entities results and balance sheets prospectively from the date on which the business combination between entities under common control occurred. More details are described in Note 2.5.

Financial assets designated at fair value through profit and loss on initial recognition

Subsidiaries were designated at fair value through profit or loss on initial recognition in the stand-alone financial statements of the Company, because the Management believes that this presentation represents best the way these investments are managed and their performance is evaluated and provides more relevant information to the users of financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant areas of estimation used in the preparation of these financial statements are discussed below.

Fair value of investment properties in consolidated financial statements

Fair value of investment properties was based on the market approach by reference to sales in the market of comparable properties. Market approach refers to the prices of the analogues transactions in the market. These values are adjusted for differences in key attributes such as land size and productivity.

The fair value of the investment properties as at 31 December 2015 was EUR 11,237 thousand (as at 31 December 2014 - EUR 10,558 thousand) (described in more details in Note 11).

Fair value of investments in subsidiaries in stand-alone financial statements

The fair values of investments in subsidiaries are determined by using valuation techniques, primarily discounted cash flows and recent comparable transactions. The fair value of these investments was measured at the fair value of their net assets. The main assets of subsidiaries are agricultural land plots, which are measured at fair value using the market approach. The main liabilities of subsidiaries are loans granted by the Company, which are measured using an income approach, such as a present value technique. The models used to determine fair values are periodically reviewed and compared against historical results to ensure their reliability.

The fair value of the investments in subsidiaries as at 31 December 2015 was EUR 5,581 thousand (as at 31 December 2014 – EUR 4,866 thousand) (described in more details in Note 5).

3 Financial risk management

3.1. Financial risk factors

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks and managed on an overall Group level by the Management Board. After signing land administration agreement most of operational and legal risks, as well as credit risk are managed by the third party UAB INVL Farmland Management. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks. To limit operational risk, annual documentation reviews are held. This helps to limit legal risks as well in case a dispute arises and all the documentation is in place and of appropriate quality and can be used to prove the rights. Legal risk is limited as well by the fact that counterparties do not grant guarantees on each other.

The Group's and the Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Group's and the Company's operations. The Group and the Company have various financial assets such as trade and other receivables, loans granted and cash which arise directly from their operations. The Company and the Group have not used any derivative instruments and borrowings so far, as management considered that there is no necessity for them.

The main risks arising from the financial instruments are market risk (including currency risk, cash flow and fair value interest rate risk and price risk), liquidity risk and credit risk. The risks are identified and disclosed below.

Credit risk

Credit risk arises from cash and cash equivalents, credit exposures to outstanding trade receivables and loans granted. The Group has no significant concentrations of credit risk. The credit risk is managed by the third party UAB INVL Farmland Management according to the agreement (Note 8). The third party seeks to ensure that rental contracts are entered into only with lessees with an appropriate credit history, from some of lessees advance lease payments are required.

At the date of financial statements there are no indications of worsening credit quality of trade and other receivables, which are neither due, nor impaired, due to constant control by the Group of receivable balances. The maximum exposure to credit risk is disclosed in Notes 13 and 14. There are no transactions of the Group or the Company that occur outside Lithuania.

With respect to credit risk arising from cash and cash equivalents the Group's and the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

For banks and financial institutions, only independently rated parties with high credit ratings are accepted.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the banks:

	Group		Company	
	2015	**2014**	**2015**	**2014**
Moody's ratings				
Prime-1	366	210	135	170
Prime-2	-	-	-	-
Not Prime	1	-	1	-
	367	210	136	170

3 Financial risk management (cont'd)

3.1 Financial risk factors (cont'd)

Market risk

Cash flow and fair value interest rate risk

The Group has no borrowings and loans granted. The Company has loans granted to its subsidiaries with fixed interest rates for one year. Therefore, the Group and the Company are not exposed to cash flow interest rate risk.

Foreign exchange risk

The Group and the Company holds assets and liabilities denominated only in the euro. Therefore, the Group and the Company are not exposed to foreign exchange risk.

Price risk

The Group is not exposed to price risk of financial instruments as it does not hold any equity securities or commodities.

The Company's investments are exposed to price risk arising from uncertainties about future equity values of the subsidiaries. The fair value of subsidiaries depends on lands price risk, interest rate risk and other factors. Refer to sensitivity analysis disclosed in Note 5.

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents. The liquidity risk of the Group and the Company is controlled on an overall Group level. The Group and the Company have not been facing any liquidity issues so far. The proceeds from rent and cash balances are sufficient to settle all liabilities.

The Group's liquidity ratio (total current assets / total current liabilities) as at 31 December 2015 was approximately 2.87 (7.31 as at 31 December 2014. The Company's liquidity ratio as at 31 December 2015 was approximately 3.71 (10.63 as at 31 December 2014).

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2015 and 2014 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Trade and other payables	-	105	-	-	-	105
Other liabilities	6	6	-	-	-	12
Balance as at 31 December 2015	**6**	**111**	**-**	**-**	**-**	**117**
Trade and other payables	-	3	-	-	-	3
Other liabilities	-	6	-	-	-	6
Balance as at 31 December 2014	**-**	**9**	**-**	**-**	**-**	**9**

3 Financial risk management (cont'd)

3.1 Financial risk factors (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2015 and 2014 based on contractual undiscounted payments.

	On demand	Less than 3 months	4 to 12 months	2 to 5 years	More than 5 years	Total
Trade and other payables	-	2	-	-	-	2
Other liabilities	6	6	-	-	-	12
Balance as at 31 December 2015	**6**	**8**	**-**	**-**	**-**	**14**
Trade and other payables	-	3	-	-	-	3
Other liabilities	-	6	-	-	-	6
Balance as at 31 December 2014	**-**	**9**	**-**	**-**	**-**	**9**

3.2. Capital management

The primary objective of the capital management is to ensure that the Group and the Company maintain a strong credit health and healthy capital ratios in order to support their business and maximise shareholder value. The Company's management supervises the investments so that they are in compliance with requirements applied to the capital, specified in the appropriate legal acts, as well as provide the Group's management with necessary information.

The Group's and the Company's capital comprises share capital, share premium, reserves and retained earnings.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions and specific risks of their activity. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 2015 and 2014.

The Company is obliged to keep its equity ratio at not less than 50 % of its share capital, as imposed by the Law on Companies of Republic of Lithuania. The Company and the subsidiaries complied with this requirement as at 31 December 2015 and 2014, except one subsidiary in each respective year. In 2015 the appropriate measures were taken by the Company and the share capital of one subsidiary was increased by capitalising the loans granted by the Company. As at 31 December 2015 the dormant subsidiary has not complied with this requirement. The appropriate measures will be taken by the Company in order to increase share capital by cash instalments in 2016.

4 Fair value estimation

Assets carried at fair value

The fair value hierarchy has the following levels:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets measured at fair value in the statement of financial position as at 31 December 2015.

	Level 1	Level 2	Level 3	Total balance
Assets of the Group				
Investment properties (Note 11)	-	11,237	-	11,237
Assets of the Company				
Subsidiaries (Note 5)	-	-	5,581	5,581

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets measured at fair value in the statement of financial position as at 31 December 2014.

	Level 1	Level 2	Level 3	Total balance
Assets of the Group				
Investment properties (Note 11)	-	10,558	-	10,558
Assets of the Company				
Subsidiaries (Note 5)	-	-	4,866	4,866

There were no transfers of assets between the levels of the fair value hierarchy during 2015 and 2014.

There were no liabilities measured at fair value in the Group's and the Company's statements of financial position.

Financial instruments that are not carried at fair value

The Group's and the Company's principal financial instruments that are not carried at fair value in the statement of financial position are cash and cash equivalents, trade and other receivables, loans granted, trade and other payables.

The carrying amount of the cash and cash equivalents, trade and other receivables, trade and other payables of the Group and the Company as at 31 December 2015 and 2014 approximated their fair value because they are short-term and the impact of discounting is immaterial.

The carrying amount of loans granted by the Company approximates their fair value because the interest rates are reviewed at the end of each financial year and adjusted in line with market rates changes. Their fair value is based on cash flows discounted using 4.5 % interest rate as at 31 December 2015 and 2014. It is Level 3 fair value measurement.

5 Subsidiaries

The Group had the following subsidiaries, owned directly by the Company, as at 31 December 2015 and 2014:

Name	Country of incorporation and place of business	Proportion of shares (voting rights) directly held by the Company (%)	Nature of business
UAB Avižėlė	Lithuania	100.00	Agricultural land owner and lessor
UAB Beržytė	Lithuania	100.00	Agricultural land owner and lessor
UAB Dirvolika	Lithuania	100.00	Agricultural land owner and lessor
UAB Duonis	Lithuania	100.00	Agricultural land owner and lessor
UAB Ekotra	Lithuania	100.00	Agricultural land owner and lessor
UAB Kvietukas	Lithuania	100.00	Agricultural land owner and lessor
UAB Laukaitis	Lithuania	100.00	Agricultural land owner and lessor
UAB Lauknešys	Lithuania	100.00	Agricultural land owner and lessor
UAB Linažiedė	Lithuania	100.00	Agricultural land owner and lessor
UAB Pušaitis	Lithuania	100.00	Agricultural land owner and lessor
UAB Puškaitis	Lithuania	100.00	Agricultural land owner and lessor
UAB Sėja	Lithuania	100.00	Agricultural land owner and lessor
UAB Vasarojus	Lithuania	100.00	Agricultural land owner and lessor
UAB Žalvė	Lithuania	100.00	Agricultural land owner and lessor
UAB Žemgalė	Lithuania	100.00	Agricultural land owner and lessor
UAB Žemynėlė	Lithuania	100.00	Agricultural land owner and lessor
UAB Žiemkentys	Lithuania	100.00	Agricultural land owner and lessor
UAB Cooperor	Lithuania	100.00	Dormant

All subsidiary undertakings are included in the consolidation.

Subsidiaries are measured at fair value through profit or loss in the Company's stand-alone financial statements. It is Level 3 fair value measurement. The fair value of investments is measured at the fair value of their net assets. The main assets of subsidiaries are agricultural land plots, which are measured at fair value using the market approach (level 2 measurement, more details provided in Note 11). The main liabilities of subsidiaries are loans granted by the Company, which are measured using an income approach, such as a present value technique. The Company used the following inputs to estimate fair value of loans granted as at 31 December 2015 and 2014:

- interest of 4.5% paid on annual basis;
- term of ten years
- principal amount is repaid at the end of term;
- the discount rate of 4.5%.

Had the discount rate been 50 basis points lower with all other variables remaining constant, the negative change in the fair value of subsidiaries would amount approximately EUR 198 thousand (2014: EUR 199 thousand). Had the discount rate been 50 basis points higher with all other variables remaining constant, the positive change in the fair value of subsidiaries would amount approximately EUR 188 thousand (2014: EUR 189 thousand).

In December 2015 the Company has additionally invested EUR 34 thousand increasing the share capital of two subsidiaries by converting loans granted.

5 Subsidiaries (cont'd)

The following table presents the changes in Level 3 instruments for the year ended 31 December 2015.

Fair value as at 31 December 2014	4,866
Increase of share capital	34
Gains and losses recognised in profit or loss (within 'Net changes in fair value of subsidiaries at fair value through profit or loss')	681
Fair value as at 31 December 2015	**5,581**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	681

The following table presents the changes in Level 3 instruments for the year ended 31 December 2014.

Split-off	4,901
Gains and losses recognised in profit or loss (within 'Net changes in fair value of subsidiaries at fair value through profit or loss')	(35)
Fair value as at 31 December 2014	**4,866**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(35)

6 Split-off

On 21 March 2014 the split-off terms of AB Invalda INVL (code 121304349) were announced. The Extraordinary General Shareholders Meeting approved the terms of the Company's split-off on 28 April 2014. The Split-off was completed on 29 April 2014. According to the terms, three new entities AB INVL Baltic Farmland, AB INVL Baltic Real Estate and AB INVL Technology, comprising 47.95% of AB Invalda INVL total assets measured at carrying amounts, were split-off from AB Invalda INVL. Following the split-off, 14.45% of the assets, equity and liabilities were transferred to the Company.

The Company

The Company's share capital and equity was formed in accordance with the procedure set forth in the terms of split-off on 29 April 2014, whereas assets received and liabilities assumed were estimated at predecessor carrying values at the date of split-off, except for investments in subsidiaries for which accounting policy was changed and they were revalued at fair value at the date of split-off (Note 2.9). The difference between fair value and the carrying value of investments in subsidiaries is included in retained earnings.

On the split-off the fair value of investments to subsidiaries was determined under the same principles and methods as those applied as at 31 December 2014 and 2015. More details are disclosed in Note 5.

Transferred net assets to the Company were as follows:

Investments into subsidiaries* (Note 2.9)	1,771
Deferred income tax asset	19
Loans granted to subsidiaries	5,006
Other loans granted	480
Cash and cash equivalents	99
Total assets	*7,375*
Borrowings	(657)
Total liabilities	*(657)*
Total net assets	**6,718**
Share capital	954
Share premium	1,387
Reserves	3,219
Retained earnings	1,158
Total equity	**6,718**

* *Investments in subsidiaries in stand-alone financial statements of AB Invalda INVL, from which the Company was split-off, were carried at cost, less impairment. Although the Company has elected to apply the predecessor values method for business combinations under common control, it has changed its accounting policy for investments in subsidiaries from cost method to fair value method and measured these subsidiaries at fair value of EUR 4,901 thousand recording the impact of the change of EUR 3,130 thousand directly within retained earnings (Note 2.9). The amount in the table above represents the carrying value of investments in Invalda INVL financial statements as of the date of split-off.*

During the split-off part of liability rising from credit agreement with Šiaulių bankas was transferred to the Company. The credit was fully repaid in the beginning of May 2014.

6 Split-off (cont'd)

The Group

The Group elected to apply predecessor values method for transactions under common control (Note 2.5). No assets or liabilities were restated to their fair values. Instead, the Group incorporated predecessor carrying values.

Transferred net assets to the Group were as follows:

Intangible assets	5
Property, plant and equipment	1
Investment properties	10,558
Deferred income tax asset	19
Other loans granted	480
Prepayments and deferred charges	2
Trade and other receivables	225
Cash and cash equivalents	284
Total assets	**11,574**
Share capital	954
Share premium	1,387
Reserves	3,219
Retained earnings	4,288
Total equity (net assets)	*9,848*
Deferred income tax liability	840
Borrowings	657
Trade payables	8
Income tax payable	2
Advances received	216
Other current liabilities	3
Total liabilities	*1,726*
Total equity and liabilities	**11,574**

7 Segment information and operating lease commitments

Management of the Company has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. All financial information, including the measure of profit, total assets and total liabilities, is analysed as a single reporting segment - agricultural land segment, therefore is not further disclosed in these financial statements. The Company and its subsidiaries are domiciled in Lithuania. There are no transactions of the Group or the Company that occur outside Lithuania. Therefore, the management has neither analysed revenue, nor other financial indicators by geographical areas. All revenue of the Group is received from one type of service – rent of land. Therefore, the Group has not disclosed any breakdown of revenue by product and services type and by geographical areas.

There is no single customer, from which the Group has received more than 10% of its revenue.

Operating lease commitments – Group as a lessor

The Group has entered into leases of the Group's investment properties under operating lease agreements. The majority of the agreements have remaining terms of between 1 and 5 years.

Future rentals receivable under operating leases as at 31 December were as follows:

		2015	2014
Within one year			
	- non-cancellable	54	52
	- cancellable	462	388
		516	440
From one to five years			
	- non-cancellable	178	233
	- cancellable	1,070	894
		1,248	1,127
After five years			
	- non-cancellable	-	-
	- cancellable	15	65
		15	65
Total		**1,779**	**1,632**
	- non-cancellable	232	285
	- cancellable	1,547	1,347

The amounts of future rentals receivable presented above are calculated in accordance with the contractual maturity of lease agreements, disregarding termination or renewal options.

Cancellable lease agreements can be cancelled under the following terms:

- Tenants must notify the lessor 12 months in advance if they wish to cancel the rent agreement without any reason and have to pay annual rent fee for these 12 months.
- The lessor has the right to unilaterally change the rent price for the coming year and must notify the tenant about the change till 1 May of the current year. If tenants do not agree with the new rent price, they can terminate the agreement with notification of 3 months in advance.

Had all tenants utilised free cancelation option with 12 months notification on 31 December, the future rentals receivable arising from cancellable lease agreements would be limited to EUR 462 thousand as at 31 December 2015 (31 December 2014: EUR 388 thousand).

8 Agreement on the administration of land plots

The Group has signed land plot administration agreement with UAB INVL Farmland Management on 30 June 2015. UAB INVL Farmland Management, is a company owned by AB Invalda INVL. The agreement came into force on 1 July 2015. According to the agreement administration fees paid to UAB INVL Farmland Management will be 7% of annual rent revenues and 0,5% market capitalization of AB INVL Baltic Farmland. Success fee is also set and it consists of 20 % from the share of the return exceeding the pre-determined annual return of 5 % plus inflation. If the carrying amount of past due trade receivables arising from the current year would exceed 5 % of yearly turnover (revenue plus VAT), the excess shall be fully compensated by UAB INVL Farmland Management. In 2015 the Group has recognised land plots administration fees of EUR 117 thousand, from which success fee amounted to EUR 78 thousand.

9 Income tax

	Group		Company	
	01.01.2015-31.12.2015	29.04.2014-31.12.2014	01.01.2015-31.12.2015	29.04.2014-31.12.2014
Components of the income tax expenses				
Current year income tax	(28)	(9)	(24)	(7)
Deferred income tax expenses	(113)	(12)	(4)	(15)
Income tax expenses charged to profit or loss – total	(141)	(21)	(28)	(22)

There is no income tax expense (credit) recognised in other comprehensive income or directly in equity.

Deferred income tax asset and liability were estimated at 15% rates as at 31 December 2015 and 2014.

The movement in deferred income tax assets and liabilities of the Group during 2015 is as follows:

	Balance as at 31 December 2014	Recognised in profit or loss during the year	Balance as at 31 December 2015
Deferred tax asset			
Tax loss carry forward for indefinite period of time	57	(11)	46
Recognised deferred income tax asset	57	(11)	46
Asset netted with liability of the same legal entities	(53)	7	(46)
Deferred income tax asset, net	**4**	**(4)**	**-**
Deferred tax liability			
Investment properties	(890)	(102)	(992)
Deferred income tax liability	(890)	(102)	(992)
Liability netted with asset of the same legal entities	53	(7)	46
Deferred income tax liability, net	**(837)**	**(109)**	**(946)**
Deferred income tax, net	**(833)**	**(113)**	**(946)**

9 Income tax (cont'd)

The movement in deferred income tax assets and liabilities of the Group during 2014 is as follows

	Assets (liabilities) recognised on Split-off (Note 6)	Recognised in profit or loss during the year	Balance as at 31 December 2014
Deferred tax asset			
Tax loss carry forward for indefinite period of time	69	(12)	57
Recognised deferred income tax asset	69	(12)	57
Asset netted with liability of the same legal entities	(50)	(3)	(53)
Deferred income tax asset, net	**19**	**15**	**4**
Deferred tax liability			
Investment properties	(890)	-	(890)
Deferred income tax liability	(890)	-	(890)
Liability netted with asset of the same legal entities	50	3	53
Deferred income tax liability, net	**(840)**	**3**	**(837)**
Deferred income tax, net	**(821)**	**(12)**	**(833)**

The movement in deferred income tax assets and liabilities of the Company during 2015 is as follows:

	Balance as at 31 December 2014	Recognised in profit or loss during the year	Balance as at 31 December 2015
Deferred tax asset			
Tax loss carry forward for indefinite period of time	4	(4)	-
Deferred income tax asset, net	**4**	**(4)**	**-**
Deferred tax liability	-	-	-
Deferred income tax liability, net	**-**	**-**	**-**
Deferred income tax, net	**4**	**(4)**	**-**

9 Income tax (cont'd)

The movement in deferred income tax assets and liabilities of the Company during 2014 is as follows:

	Assets recognised on Split-off (Note 6)	Recognised in profit or loss during the year	Balance as at 31 December 2014
Deferred tax asset			
Tax loss carry forward for indefinite period of time	19	(15)	4
Deferred income tax asset, net	**19**	**(15)**	**4**
Deferred tax liability	-	-	-
Deferred income tax liability, net	**-**	**-**	**-**
Deferred income tax, net	**19**	**(15)**	**4**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2015	2014	2015	2014
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	-	-	-	-
Deferred tax assets to be recovered within 12 months	-	4	-	4
	-	4	-	4
Deferred tax liabilities				
Deferred tax liability to be recovered after more than 12 months	946	837	-	-
Deferred tax liability to be recovered within 12 months	-	-	-	-
	946	837	-	-

The reconciliation of the total income tax to the theoretical amount that would arise using the tax rate of the Group and the Company is as follows:

	Group		Company	
	01.01.2015-31.12.2015	29.04.2014-31.12.2014	01.01.2015-31.12.2015	29.04.2014-31.12.2014
Profit before income tax	**979**	**110**	**866**	**111**
Tax calculated at the tax rate of 15 %	(147)	(17)	(130)	(17)
Tax effect of non-deductible expenses and non-taxable income	6	(4)	102	(5)
Income tax expenses recorded in the statement of comprehensive income	(141)	(21)	(28)	(22)

10 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares for 2015 was as follows:

Calculation of weighted average for the year 2015	Number of shares (thousand)	Par value (EUR)	Issued/365 (days)	Weighted average (thousand)
Shares issued as at 31 December 2014	3,292	0.29	365/365	3,292
Acquired own shares as at 2 March 2015	(1)	0.29	304/365	(1)
Shares issued as at 31 December 2015	3,291	0.29		3,291

The weighted average number of shares for 2014 was as follows:

Calculation of weighted average for the year 2014	Number of shares (thousand)	Par value (LTL)	Issued/246 (days)	Weighted average (thousand)
Shares issued as at 29 April 2014	3,294	1	246/246	3,294
Acquired own shares as at 3 October 2014	(2)	1	89/246	(1)
Shares issued as at 31 December 2014	3,292	1		3,293

The following table reflects the income and share data used in the basic earnings per share computations:

	Group	
	01.01.2015 31.12.2015	29.04.2014 31.12.2014
Net profit (loss), attributable to the equity holders of the parent	838	89
Weighted average number of ordinary shares (thousand)	3,291	3,293
Basic earnings (deficit) per share (EUR)	0.25	0.03

For 2015 and 2014 diluted earnings per share of the Group and the Company are the same as basic earnings per share.

11 Investment properties

The movements of investment properties during 2015 were:

Fair value hierarchy	**Level 2**
Balance as at 31 December 2014	**10,558**
Additions	-
Subsequent expenditure	1
Disposals	-
Gain from fair value adjustment	699
Loss from fair value adjustment	(21)
Balance as at 31 December 2015	**11,237**
Unrealised gains and losses for the period included within 'Net gains (losses) from fair value adjustments on investment property' in the statement of comprehensive income	**678**

The movements of investment properties during 2014 were:

Fair value hierarchy	**Level 2**
Received during split-off on 29 April 2014	**10,558**
Additions	-
Subsequent expenditure	-
Disposals	-
Gain from fair value adjustment	-
Loss from fair value adjustment	-
Balance as at 31 December 2014	**10,558**
Unrealised gains and losses for the period included within 'Net gains (losses) from fair value adjustments on investment property' in the statement of comprehensive income	**-**

Investment properties are stated at fair value and are valued by accredited valuer UAB korporacija Matininkai using sales comparison method. The valuations were performed in November 2015 and in July 2014. Most of comparable transactions, on which property's fair value was based in July 2014, took part during the period from January till April of 2014. Therefore, the investment properties were recognised at newly established fair value at the starting date of the Group activities on 29 April 2014. There were no significant changes in the market from August until December 2014 that could have an effect on the value of those investment properties, therefore the updated valuation was not performed as at 31 December 2014.

The fair value represents the price that would be received selling an asset in an orderly transaction between market participants at the measurement date. An investment property's fair value was based on the market approach by reference to sales in the market of comparable properties. Market approach refers to the prices of the analogues transactions in the market. These values are adjusted for differences in key attributes such as land plot size and productivity. The most significant input into this valuation approach is price per hectare.

There were no changes to the valuation techniques during the period.

On 1 May 2014 changes to the Agricultural Land Acquisition temporary law entered into force, providing restrictions of the purchase of agricultural land (including restriction of purchase of shares in the legal entity owning agricultural land). These restrictions mean that the Group cannot purchase additional agricultural land and/or acquire shares in entities owning agricultural land. As a result of restrictions the land sale market in Lithuania became less liquid. There were no other restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals during 2015 and 2014. No contractual obligations to purchase investment properties existed at the end of the period.

12 Financial instruments by category

Group	Loans and receivables	
	2015	**2014**
Assets as per statement of financial position		
Trade and other receivables excluding tax prepayments	18	18
Cash and cash equivalents	367	210
Total	**385**	**228**

Company	Loans and receivables	Assets at fair value through the profit and loss	Total
31 December 2015			
Assets as per statement of financial position			
Investments into subsidiaries at fair value through profit or loss	-	5,581	5,581
Loans granted to subsidiaries – non-current assets	4,875	-	4,875
Loans granted to subsidiaries – current assets	5	-	5
Trade and other receivables excluding tax prepayments	8	-	8
Cash and cash equivalents	136	-	136
Total	**5,024**	**5,581**	**10,605**

Company	Loans and receivables	Assets at fair value through the profit and loss	Total
31 December 2014			
Assets as per statement of financial position			
Investments into subsidiaries at fair value through profit or loss	-	4,866	4,866
Loans granted to subsidiaries	4,907	-	4,907
Cash and cash equivalents	170	-	170
Total	**5.077**	**4.866**	**9,943**

	Financial liabilities at amortised cost	
	Group	**Company**
31 December 2015		
Liabilities as per statement of financial position		
Trade payables	105	2
Other current liabilities excluding taxes and employee benefits	12	12
Total	**117**	**14**

	Financial liabilities at amortised cost	
	Group	**Company**
31 December 2014		
Liabilities as per statement of financial position		
Trade payables	3	3
Other current liabilities excluding taxes and employee benefits	6	6
Total	**9**	**9**

13 Loans granted to subsidiaries

The Company's loans granted are described below:

	2015	2014
Loans granted to subsidiaries – non-current assets	4,875	4,907
Loans granted to subsidiaries – current assets	5	-
Total loans granted	**4,880**	**4,907**

The movements of loans granted to subsidiaries during the year were:

Loans granted received on split-off	**5,006**
Loans granted during year	-
Loans repayment received	(165)
Interest charged	179
Interest received	(113)
Balance as at 31 December 2014	**4,907**
Loans granted during year	8
Loans repayment received	(41)
Loans converted to increased share capital	(34)
Interest charged	220
Interest received	(180)
Balance as at 31 December 2015	**4,880**

The contractual maturity of loans granted to subsidiaries is 31 December 2016 according to the agreements, but the Company classifies them as long term, because intends to prolong them on maturity date. Effective interest rate of loans is 4.5 %. At each year end maturity of the loans granted is prolonged for one extra year and new market interest rate is determined.

As at 31 December 2015 and 2014, the Company loans granted were neither overdue, nor impaired and had no history of counterparty defaults. The Company's policy is to grant loans only to the subsidiaries controlled by it. The maximum credit risk as at the financial reporting date is the carrying amount of each category of amounts receivable as indicated above. The Company does not hold any collateral.

The carrying amount of loans granted by the Company approximates their fair value because the interest rates are reviewed at the end of each year and adjusted when market rates change. Their value is based on cash flows discounted using 4.5 % and interest rate as at 31 December 2015 and 2014. It is Level 3 fair value measurement.

14 Trade and other receivables

	Group	
	2015	**2014**
Trade and other receivables, gross	85	106
Taxes receivable, gross	36	5
Less: allowance for doubtful trade and other receivables	(67)	(88)
	54	23

The Company had no trade and other receivables as at 31 December 2014. As at 31 December 2015 the Company had receivable of EUR 8 thousand, which was VAT receivable arising from interest on loans granted to subsidiaries (the Company has elected to calculate VAT from interest). The receivable is neither past due nor impaired and was settled in January 2016.

Changes in allowance for doubtful trade and other receivables for the year 2015 and 2014 have been included within 'Allowance for (reversal of) impairment of trade receivables' in the statement of comprehensive income.

Trade and other receivables are non-interest bearing and are generally with a credit term of 30 days.

As at 31 December 2015 and 2014 the Group's trade and other receivables with nominal value of EUR 80 thousand and EUR 94 thousand, respectively, were past due and impaired. The net amount of EUR 13 thousand and EUR 6 thousand is presented in the statement of financial position of the Group as at 31 December 2015 and 2014, respectively.

Movements in the allowance for accounts receivable of the Group (assessed individually) were as follows:

	Individually impaired
	Group
Allowances recorded under predecessor method during split-off	59
Charge for the year	32
Write-offs charged against the allowance	-
Recoveries of amounts previously written-off	(3)
Balance as at 31 December 2014	88
Charge for the year	5
Write-offs charged against the allowance	-
Recoveries of amounts previously written-off	(26)
Balance as at 31 December 2015	67

The ageing analysis of trade and other receivables of the Group as at 31 December 2015 is as follows:

		Trade receivables past due but not impaired				
	Trade receivables neither past due nor impaired	**Less than 30 days**	**30–90 days**	**90–180 days**	**More than 180 days**	**Total**
Group	-	-	3	-	2	5

The ageing analysis of trade and other receivables of the Group as at 31 December 2014 is as follows:

		Trade receivables past due but not impaired				
	Trade receivables neither past due nor impaired	**Less than 30 days**	**30–90 days**	**90–180 days**	**More than 180 days**	**Total**
Group	-	-	2	-	10	12

15 Share capital, acquisition of own shares and reserves

The total authorised number of ordinary shares is 3,291,549 (as of 31 December 2014: 3,294,209 shares) with a par value of EUR 0.29 per share (as of 31 December 2014: LTL 1 per share) All the shares of the Company were fully paid. The Company's share capital and equity was formed in accordance with the procedure set forth in the terms of split-off on 29 April 2014 (Note 6).

Changes during 2014

From 14 August 2014 until 30 September 2014 the share buy-back was implemented through the tender offer market. Maximum number of shares to be acquired was 16,471. Share acquisition price established at EUR 2.86 per share. During buy-back 1,950 shares (0.06% of share capital) were acquired for EUR 6 thousand, including brokerage fees. The acquired shares were settled on 3 October 2014. Acquired own shares do not have voting rights.

Changes during 2015

From 29 January 2015 until 26 February 2015 the Company implemented share buy-back through the tender offer market. Maximum number of shares to be acquired was 16,471. Share acquisition price established at EUR 2.86 per share. During buy-back 710 shares (0.02% of share capital) were acquired for EUR 2 thousand, including brokerage fees. The acquired shares were settled on 2 March 2015. Acquired own shares do not have voting rights.

According to the decision of shareholders 2,660 acquired own shares were cancelled, and the reserve for the acquisition of own shares was decreased by EUR 8 thousand. Also the par value of shares was changed from LTL 1 to EUR 0.29. The changes in share capital were registered in the Register of Legal entities on 5 June 2015. From 5 June 2015 the total authorised number of ordinary shares is 3,291,549 with the par value of EUR 0.29 per share, the Company's authorized share capital is equal to EUR 954,549.21.

Legal reserve

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with the statutory financial statements, are compulsory until the reserve reaches 10 % of the share capital. The reserve can be used only to cover the accumulated losses.

Reserve for the acquisition of own shares

Reserve for the acquisition of own shares is formed for the purpose of buying own shares in order to keep their liquidity and manage price fluctuations. It can be formed by shareholders' decision from the profit available for distribution. The reserve cannot be used to increase the share capital. The reserve is utilised when own shares are cancelled. At the Ordinary General Shareholders Meeting the shareholders can decide to transfer unused amounts of the reserve to retained earnings.

16 Dividends

A dividend in respect of the year ended 31 December 2014 of EUR 0.06 per share, amounting to a total dividend of EUR 197 thousand, was approved at the annual general meeting on 24 March 2015.

17 Related party transactions

The related parties of the Group were the shareholders of the Company (Note 1), key management personnel, including companies under control or joint control of key management and shareholders having significant influence, the entities of the group of AB Invalda INVL and entities of other groups, which were split-off from AB Invalda INVL.

The Group's transactions with related parties during 2015 and related balances as at 31 December 2015 were as follows:

2015 **Group**	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
AB Invalda INVL (accounting services)	-	16	-	1
UAB INVL Farmland Management (sale of assets)	7	-	-	-
UAB INVL Farmland Management (administration fees)	-	117	-	103
AB FMĮ Finasta (services to issuer)	-	2	-	-
	7	135	-	104

The Group's transactions with related parties during 2014 and related balances as at 31 December 2014 were as follows:

2014 **Group**	**Sales to related parties**	**Purchases from related parties**	**Receivables from related parties**	**Payables to related parties**
AB Invalda INVL (accounting services)	-	11	-	1
AB FMĮ Finasta (services to issuer)	-	-	-	1
	-	11	-	2

The Company's related parties are the subsidiaries (Note 5), shareholders (Note 1), key management personnel and companies under control or joint control of key management and shareholders with significant influence, the entities of the group of AB Invalda INVL and entities of other groups, which were split-off from AB Invalda INVL.

Transactions of the Company with subsidiaries in 2015 and 2014 and balances as at 31 December 2015 and 2014 were as follows:

Company	**2015**		**2014**	
	Interest income from related parties	**Receivables from related parties**	**Interest income from related parties**	**Receivables from related parties**
Loans and borrowings	220	4,880	179	4,907
VAT receivable arising from interest	-	8	-	-
	220	4,888	179	4,907

The maturity of loans granted is till 31 December 2016, effective interest rate 4.5% (Note 13). As at 31 December 2014 the maturity of loans granted was till 31 December 2015, effective interest rate 4.5% (Note 13).

The Company's transactions with other related parties during 2015 and 2014 and related balances as at 31 December 2015 and 2014 were as follows

Company	**2015**		**2014**	
	Purchases from related parties	**Payables to related parties**	**Purchases from related parties**	**Payables to related parties**
AB Invalda INVL (accounting services)	4	1	3	1
AB FMĮ Finasta (services to issuer)	2	-	-	1
	6	1	3	2

17 Related party transactions (cont'd)

The management remuneration contains short-term employees' benefits. Key management of the Company and the Group includes Board members, the Director of the Company and Directors of the subsidiaries, respectively.

	Group		Company	
	2015	**2014**	**2015**	**2014**
Wages, salaries and bonuses	5	12	3	2
Social security contributions	2	4	1	1
Payments to pensions funds	-	2	-	-
Total key management compensation	7	18	4	3

There were no loans granted during the reporting period or outstanding at the end of the reporting period. In 2014 dividends were not paid. In 2015 to the Board members, which are shareholders of the Company, the Company paid EUR 16 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, the Company paid EUR 105 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 49 thousand of dividends, net of tax.

18 Events after the reporting period

A dividend in respect of the year ended 31 December 2015 of EUR 0.066 per share, amounting to a total dividend of EUR 217 thousand, is to be proposed at the annual general meeting on 25 March 2016. These financial statements do not reflect this dividend payable.

INVL Baltic Farmland

INVL Baltic Farmland, AB Consolidated Annual Report of 2015

Prepared in accordance with The Rules for the Preparation and the Submission of the Periodic and Additional Information. approved by the decision No. 03-48 of the Board of the Bank of Lithuania passed on 28 February 2013.

Approved by the Board of INVL Baltic Farmland, AB on 29 February 2016.

Translation note:
This version of the Consolidated Annual Report of 2015 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.

CONTENTS

I. GENERAL INFORMATION 46
1. Reporting period for which the report is prepared 46
2. General information about the Issuer and other companies comprising the Issuer‘s group 46
2.1. Information about the Issuer 46
2.2. Information on company’s goals, philosophy and strategy 46
2.3. Information about the Issuer‘s group of companies 47
3. Agreements with intermediaries on public trading in securities 48
4. Information on Issuer’s branches and representative offices 48
II. INFORMATION ABOUT SECURITIES 48
5. The order of amendment of Issuer’s Articles of Association 48
6. Structure of the authorized capital 48
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 49
8. Dividends 51
9. Shareholders 51
9.1. Information about company‘s shareholders 51
9.1. Rights and obligations carried by the shares 52
9.2. Obligations of the shareholders 52
III. ISSUER’S MANAGING BODIES 53
10. Structure, authorities, the procedure for appointment and replacement 53
10.1. General Shareholders’ Meeting 53
10.1.1. Powers of the General Shareholders’ Meeting 53
10.1.2. Convocation of the General Shareholders’ Meeting of INVL Baltic Farmland, AB 54
10.2.1. Powers of the Board 55
10.2.2. Procedure of work of the Board 56
10.3. The Director 56
11. Information about members of the Board, Company providing accounting services and the Audit Committee of the Company 57
12. Information about the Audit Committee of the company. 59
13. 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 61
IV. INFORMATION ABOUT THE ISSUER’S AND ITS GROUP COMPANIES’ ACTIVITY 61
14. Overview of the Issuer and its group activity 61
14.1. Business environment 61
Group key figures 62
The balance sheet and profit (loss) summary reports 63
Indexes 63
14.2. Significant Issuer’s and its group events during the reporting period, affect on the financial statement 64
The Company 64
The group 65

14.3. Employees 65
14.4. Information about agreements of the Company and the members of the Board, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the Company. 65
15. A description of the principal advantages, risks and uncertainties 65
15.1. Advantages of investments 65
15.2. Risk factors 66
16. Significant investments made during the reporting period 68
17. Information about significant agreements to which the issuer is a party, which would come into force, be amended or cease to be valid if there was a change in issuer's controlling shareholder 69
18. Information on the related parties' transactions 69
19. Significant events since the end of the financial year 69
20. Estimation of Issuer's and Group's activity last year and activity plans and forecasts 69
20.1. Evaluation of implementation of goals for 2015 69
20.2. Activity plans and forecasts 69
INFORMATION 69
21. References to and additional explanations of the data presented in the annual financial statements and consolidated financial statements 69
22. Information on audit company 69
23. Data on the publicly disclosed information 70
APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS 71
APPENDIX 2. DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE 73

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 2015 and ending on 31 December 2015. The report was audited.

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
Code	303299781
Registered address	Gyneju str. 14, LT-01109, Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	farmland@invaldalt.com
Website	www.invlbalticfarmland.lt
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 company 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 OMX 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 prohibitted for one person to have more than 500 hectares of land in Litnuania 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. 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.

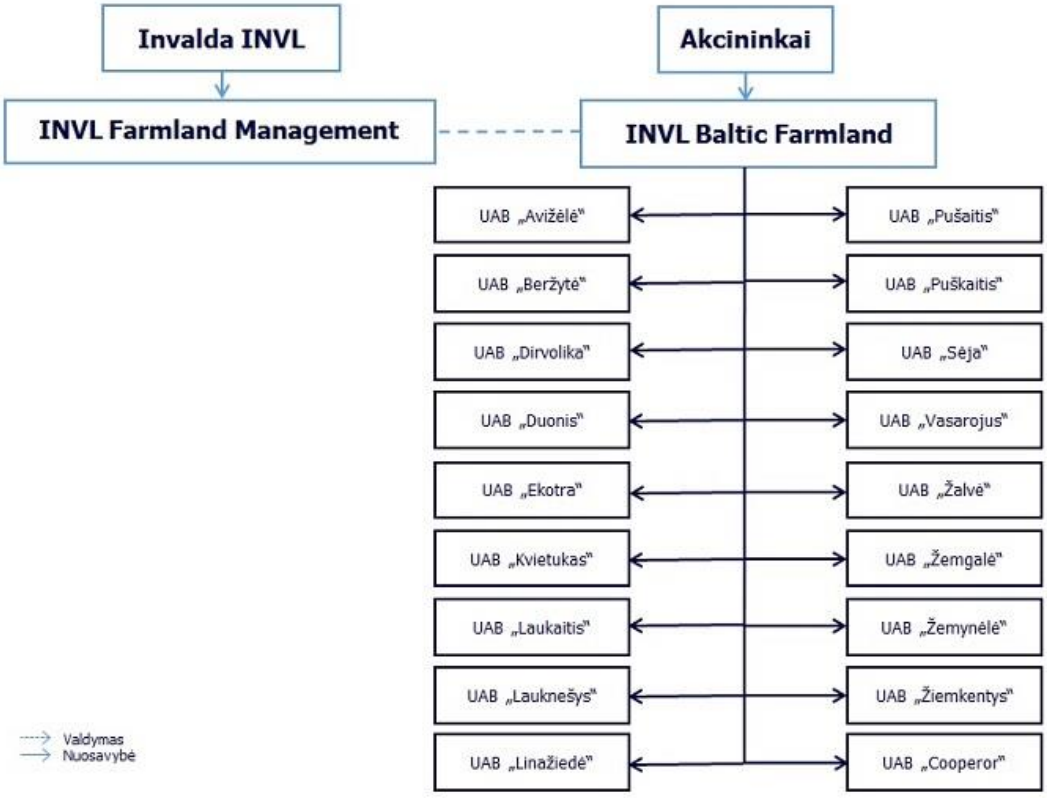


Fig. 2.3.1. Group structure of INVL Baltic Farmland, AB since 1 July 2015 (after the agreement between "INVL Baltic Farmland" and "INVL Farmland Management" entered into force)

Contact information of the group companies is presented in Annex 1.

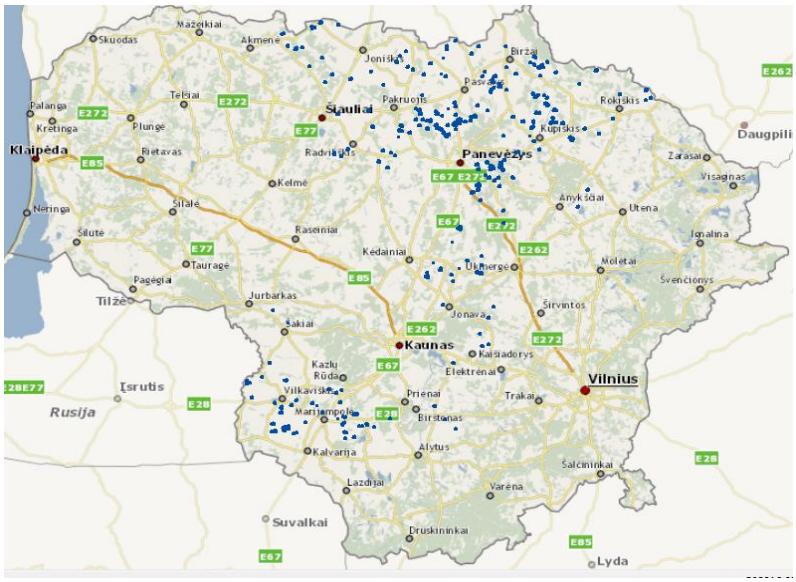


Fig. 2.3.2. Agricultural land portfolio of INVL Baltic Farmland, AB

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.	149,89	145,79
Dirvolika, UAB	Akmene dist., Joniskis dist., Siauliai dist.	199,43	192,02
Duonis, UAB	Jonava dist., Kedainiai dist., Ukmerge dist.	183,60	178,36
Ekotra, UAB	Vilkaviskis dist.	238,75	228,70
Kvietukas, UAB	Pakruojis dist., Pasvalys dist.	124,61	118,90
Laukaitis, UAB	Pakruojis dist., Pasvalys dist., Siauliai dist.	204,10	193,44
Lauknesys, UAB	Birzai dist., Pasvalys dist.	109,85	107,73
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.	375,66	365,10
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.	415,00	406,43
	Total	**3115,67**	**3003,30**

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 and the agreement on management of securities accounting.

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).
Actual wording of the Articles of Association is dated as of 5 June 2015.

6. Structure of the authorized capital

Table 6.1. Structure of INVL Baltic Farmland, AB authorised capital as of 31 December 2015.

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	3,291,549	0.29	954,549.21	100

All shares are fully paid-up and no restrictions apply on their transfer. In 1 May 2014 changes to the Agricultural Land Acquisition temporary law entered into force. Under these changes, the persons or related persons cannot acquire more than 500 hectares of agricultural land in the territory of Lithuania from the state or from related persons. Acquisition of shares in legal entities, as well as INVL Baltic Farmland, are also under restrictions according to the Agricultural Land Acquisition temporary law.

6.1. Information about the Issuer's treasury shares

INVL Baltic Farmland or its subsidiary 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 General Shareholders Meeting of INVL Baltic Farmland, AB that was held on 25 June 2014 approved resolution to purchase of own shares. The period during which the company may acquire its own shares - 12 months from the day of this resolution. The maximum one share acquisition price – EUR 4.00 (LTL 13.81), minimum one share acquisition price – EUR 2.86 (LTL 9.88).

Seeking to ensure shareholders will, expressed during voting for the implementation of the reserve for own shares, and seeking to ensure the right of choice for the shareholders to decide whether to hold or to sell shares of the company, Baltic INVL Farmland, AB initiated acquisition of own shares 1 time during 2015.

- On 27 January 2015 INVL Baltic Farmland, AB announced about initiating acquisition of own shares since 29 January 2015. Share acquisition ends on 26 February 2015. Max number of shares to be acquired: 16,471. Share acquisition price: EUR 2.86 per share. On 26 February the company announced about acquisition fo 0.02 percent of own shares. 710 units of shares were offered. The settlement for the acquired shares happened on 2 March 2015.

The general shareholders meeting of INVL Baltic Farmland held on 24 March 2015 approved the resolution to annul 2,660 shares owned by INVL Baltic Farmland.

On 28 October 2015 General Shareholders Meeting of INVL Baltic Farmland, AB approved resolution to purchase of 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 4.00, minimum one share acquisition price – EUR 2.87.

At the end of the reporting period the Authorised capital of the company was EUR 954,549.21, shares issued (units) – 3,291,549, issued shares granted by the voting rights (units) – 3,291,549.

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

(LTL, if not stated otherwise)	31 December 2015 (EUR)
Shares issued, units	3,291,549
Shares with voting rights, units	3,291,549
Nominal value	0.29
Total nominal value	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 the company's shares 2014* - 2015 (quarterly) on NASDAQ Vilnius:

Reporting period	Price, EUR			Turnover, EUR			Last trading date	Total turnover	
	high	low	last	high	low	last		units	EUR
2014 2nd Q*	3.450	3.000	3.240	2,505	7	142	30.06.2014	2,436	7,983
2014 3rd Q	3.450	2.630	2.750	1,402	3	131	30.09.2014	3,148	9,384
2014 4nd Q	3.150	2.750	2.800	1,750	3	17	30.12.2014	2,292	6,625
2015 1st Q	2.86	2.58	2.82	1799.56	2,69	42.3	31.03.2015	2,455	6,647.69
2015 2nd Q	3.01	2.61	2.79	5499.57	5.4	22.32	30.06.2015	5,086	14,277.25
2015 3rd Q	3.38	2.65	2.81	2056.53	3.12	367.55	30.09.2015	3,346	10,215.73
2015 4nd Q	3.25	2.73	2.9	1235	8.76	0	30.12.2015	1,970	5,831.7

* The data is provided since 4 June 2014, from the begining of the listing of the company in the Stock Exchange.

INVL Baltic Farmland

Table 7.3. Trading in INVL Baltic Farmland, AB shares

	2014*	2015
Share price, EUR		
- open	3.000	2,800
- high	3.450	3,380
- low	2.620	2,580
- medium	2.969	2,876
- last	2.800	2,900
Turnover, units	7,876	12.857
Turnover, EUR	23,992.4	36.972,37
Traded volume, units	133	199

* The data is provided since 4 June 2014, from the begining of the listing of the company in the Stock Exchange.

Table 7.4. Capitalisation, 2014*-2015

Last trading date	Number of shares, units	Last price, EUR	Capitalisation, EUR
30.06.2014	3,294,209	3.240	10,673,237
30.09.2014	3,294,209	2.750	9,059,075
30.12.2014	3,292,259	2.800	9,218,325
31.03.2015	3,291,549	2.820	9,282,168.2
30.06.2015	3,291,549	2.790	9,183,421.7
30.09.2015	3,291,549	2.810	9,249,252.7
30.12.2015	3,291,549	2.900	9,545,492.1

* The data is provided since 4 June 2014, from the begining of the listing of the company in the Stock Exchange.

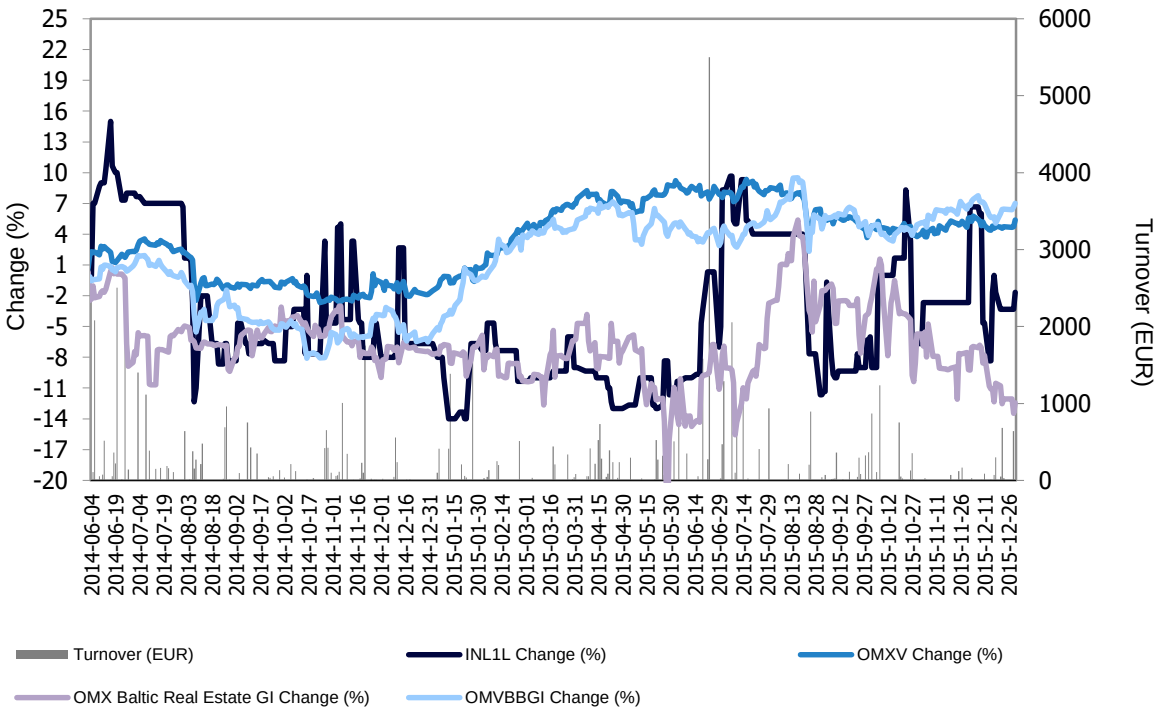


Fig. 7.5. Turnover of INVL Baltic Farmland, AB shares, change of share price and indexes[1]

[1] OMX index is an all-share index which includes all the shares listed on the Main and Secondary lists on the NASDAQ OMX 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).

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.

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[2].

On 24 March 2015, the General Shareholders Meeting of INVL Baltic Farmland, AB approved the dividend payment policy and decided to allocate EUR 0.06 dividend per share.

Dividends were 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 8 April 2015 were shareholders of INVL Baltic Farmland, AB.

21 April 2015 INVL Baltic Farmland announced that the company will start to allocate dividends from 22 April 2015.

Dividends were allocated to whose shareholders of the company, who has provided existing bank accounts.

Table 8.1. Indexes related with shares

Company's	2014 m.	2015 m.
Net Asset Value per share, EUR	3.02	3.21
Price to book value (P/Bv)	0.93	0.90
Dividend yield	-	2.10

9. Shareholders

9.1. Information about company's shareholders

Table 9.1. Shareholders who held title to more than 5% of INVL Baltic Farmland, AB authorised capital and/or votes as of 31 December 2015.

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, %
LJB Investments, UAB code 300822575, Juozapavičiaus str. 9A, Vilnius	1,002,724	30.46	30.46	0	30.46
Irena Ona Mišeikienė	952,072	28.92	28.92	0	28.92
Lucrum Investicija, UAB code 300806471, Šeimyniškių str. 3, Vilnius	677,788	20.59	20.59	2,0[3]	22.59
Alvydas Banys	252,875	7.69	7.69	55,05[4]	62.74
Darius Šulnis	0.00	0.00	0,00	62,74[5]	62.74
Indrė Mišeikytė	65,758	2.00	2.00	60,74[6]	62.74
Eglė Surplienė	0	0,00	0,00	62,74[7]	62.74

[2]This information should not be treated as tax consultation.
[3] Lucrum Investicija, UAB has 2% of votes according to a repurchase agreement.
[4] According to Part 6 of Paragraph 1 of Article 24 and Paragraph 2 of Article 24 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.
[5] According to Part 6 of Paragraph 1 of Article 24 and Paragraph 2 of Article 24 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.
[6] According to Paragraph 2 of Article 24 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.
[7] According to Paragraph 2 of Article 24 of the Law on Securities of the Republic of Lithuania, it is considered that Egle Surpliene has votes of Alvydas Banys, Darius Sulnis and Indre Miseikyte, managers of INVL Baltic Farmland.

The total number of shareholders in INVL Baltic Farmland was 3626 on 31 December 2015. There are no shareholders entitled to special rights of control.

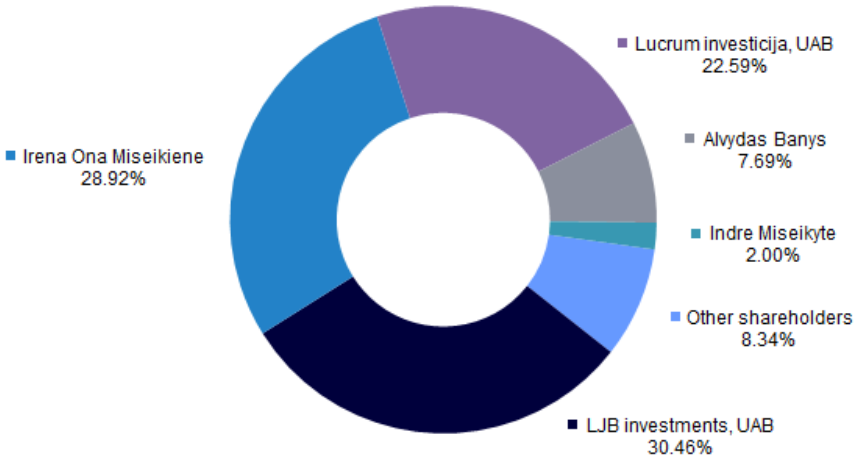


Fig. 9.2. Votes as of 31 December 2015

9.1. Rights and obligations carried by the shares

9.1.2. Rights of the shareholders

The Company's shareholders have the following property and non-property rights:

1) to receive a part of the Company's profit (dividend);
2) to receive the company's funds when the authorised capital of the company is reduced with a view to paying out the company's funds to the shareholders;
3) to receive a part of assets of the company in liquidation;
4) to receive shares without payment if the authorised capital is increased out of the Company funds, except in cases provided by the laws of the Republic of Lithuania;
5) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Shareholders' Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
6) to lend to the company in the manner prescribed by law; however, when borrowing from its shareholders, the company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders shall be prohibited from negotiating a higher interest rate;
7) other property rights provided by laws;
8) to attend the General Shareholders' Meetings;
9) to submit to the Company in advance the questions connected with the issues on the agenda of the General Meeting of Shareholders;
10) to vote at the General Shareholders' Meetings according to voting rights carried by their shares;
11) to receive information on the Company specified in the Law on Companies of the Republic of Lithuania;
12) to appeal to the court for reparation of damage resulting from nonfeasance or malfeasance by the Company's manager and the Board members of their obligations prescribed by the Law on Companies of Republic of Lithuania and other laws of the Republic of Lithuania and the Company's Articles of Association as well as in other cases laid down by laws;
13) other non-property rights established by laws and the Company's Articles of Association.

9.2. Obligations of the shareholders

The shareholders have no property obligations to the Company, except for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Shareholders' Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Shareholders' Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

The person who acquired all shares in the company or the holder of all shares in the company who transferred a part of his shares to another person must notify the company of the acquisition or transfer of shares within 5 days from the conclusion of the transaction. The notice shall indicate the number of acquired or transferred shares, the nominal share

price and the particulars of the person who acquired or transferred the shares (the natural person's full name, personal number and address; the name, legal form it has taken, registration number, address of the registered office of the legal person.)

Contracts between the company and holder of all its share shall be executed in a simple written form, unless the Civil Code prescribes the mandatory notarised form.

A shareholder shall repay the Company any dividend paid out in violation of the mandatory norms of the Law on Companies, if the Company proves that the shareholder knew or should have known thereof.

Each shareholder shall be entitled to authorise a natural or legal person to represent him when maintaining contacts with the Company and other persons.

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.

10.1. General Shareholders' Meeting

10.1.1. Powers of the General Shareholders' Meeting

Persons who were shareholders of the Company at the close of the accounting day of the meeting (the 5th working day before the General Shareholders' Meeting) shall have the right to attend and vote at the General Shareholders' Meeting in person, unless otherwise provided for by laws, or may authorise other persons to vote for them as proxies or may conclude an agreement on the disposal of the voting right with third parties. The shareholder's right to attend the General Shareholders' Meeting shall also cover the right to speak and enquire.

The General Shareholders' Meeting may take decisions and shall be held valid if attended by the shareholders who hold the shares carrying not less than ½ of all votes. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the General Shareholders' Meeting. If a quorum is not present, the General Shareholders' Meeting shall be considered invalid and a repeat General Shareholders' Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the General Shareholders' Meeting that has not been held and to which the quorum requirement shall not apply.

An Annual General Shareholders' Meeting must be held every year at least within 4 months from the close of the financial year.

The General Shareholders' Meeting shall have the exclusive right to:

- amend the Articles of Association of the Company, unless otherwise provided for by the Law on Companies of the Republic of Lithuania;
- elect members of the Board;
- dismiss the Board or its members;
- elect and dismiss the firm of auditors, set the conditions for auditor remuneration;
- determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- take a decision regarding conversion of shares of one class into shares of another class, approve share conversion procedure;
- take a decision to replace private limited liability company share certificates by shares;
- approve the annual accounts and the report on company operations;
- take a decision on profit/loss appropriation;
- take a decision on the formation, use, reduction and liquidation of reserves;
- take a decision on the issue of convertible debentures;

- take a decision on withdrawal for all the shareholders the pre-emption right to acquire the Company's shares or convertible debentures of the specific issue;
- take a decision to increase the authorised capital;
- take a decision to reduce the authorised capital, except the cases provided for by the Law on Companies of the Republic of Lithuania;
- take a decision for the Company to purchase its own shares;
- take a decision on the reorganisation or split-off of the Company and approve the terms of reorganisation or split-off;
- take a decision on transformation of the Company;
- take a decision on restructuring of the Company;
- take a decision to liquidate the Company, cancel the liquidation of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania;
- elect and dismiss the liquidator of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania.

The General Shareholders' Meeting may also decide on other matters assigned within the scope of its powers by the Articles of Association of the Company, unless these have been assigned under the Law on Companies of the Republic of Lithuania within the scope of powers of other organs of the Company and provided that, in their essence, these are not the functions of the governing bodies.

10.1.2. Convocation of the General Shareholders' Meeting of INVL Baltic Farmland, AB

The documents related to the agenda, draft resolutions on every item of agenda, documents what have to be submitted to the General Shareholders Meeting and other information related to realization of shareholders rights are available at the registered office of the Company during working hours.

The shareholders are entitled: (i) to propose to supplement the agenda of the General Shareholders Meeting submitting draft resolution on every additional item of agenda or, than there is no need to make a decision - explanation of the shareholder. Proposal to supplement the agenda is submitted in writing by registered mail or delivered in person against signature. The agenda is supplemented if the proposal is received no later than 14 before the General Shareholders Meeting; (ii) to propose draft resolutions on the issues already included or to be included in the agenda of the General Shareholders Meeting at any time prior to the date of the General Shareholders meeting (in writing, by registered mail or delivered in person against signature) or in writing during the General Shareholders Meeting; (iii) to submit questions to the Company related to the issues of agenda of the General Shareholders Meeting in advance but no later than 3 business days prior to the General Shareholders Meeting in writing by registered mail or delivered in person against signature.

Shareholder participating at the General Shareholders Meeting and having the right to vote must submit documents confirming personal identity. Each shareholder may authorize either a natural or a legal person to participate and to vote on the shareholder's behalf at the General Shareholders Meeting. The representative has the same rights as his represented shareholder at the General Shareholders Meeting. The authorized persons must have documents confirming their personal identity and power of attorney approved in the manner specified by law which must be submitted to the Company no later than before the commencement of registration for the General Shareholders Meeting. Shareholder is entitled to issue power of attorney by means of electronic communications for legal or natural persons to participate and to vote on its behalf at the General Shareholders Meeting. The shareholders must inform the Company about power of attorney issued by means of electronic communications no later than before the commencement of registration for the General Shareholders Meeting. The power of attorney issued by means of electronic communications and notice about it must be written and submitted to the Company by means of electronic communications.

Shareholder or its representative may vote in writing by filling general voting bulletin, in such a case the requirement to deliver a personal identity document does not apply. The form of general voting bulletin is presented at the Company's webpage. If shareholder requests, the Company shall send the general voting bulletin to the requesting shareholder by registered mail or shall deliver it in person against signature no later than 10 days prior to the General Shareholders Meeting free of charge. The filled general voting bulletin must be signed by the shareholder or its authorized representative. Document confirming the right to vote must be added to the general voting bulletin if authorized person is voting. The filled general voting bulletin must be delivered to the Company by means of electronic communications, registered mail or in person against signature no later than before the day of the General Shareholders Meeting.

For the convenience of the shareholders of INVL Baltic Farmland, AB the company provides notifications about convocation of General Shareholders Meeting, draft resolutions as well as general voting bulletins and resolutions adopted in the Meetings in the section For Investors reference Shareholders' Meeting Voting Results on the company's web page.

During the General Shareholders Meeting of 24 March 2015 INVL Baltic Farmland, AB the Shareholders were presented with the consolidated annual report of the Company and independent auditor's report on the financial statements, approved the consolidated and companies financial statements for 2014, dividend payment and distribution of the profit of the Company, reduced authorized capital from LTL 3,294,209 to LTL 3,291,549, changed the par value of share from LTL 1 to EUR 0.29, approved the new wording of the Articles of Association and decided to sign an agreement with private limited company INVL Farmland Management, UAB based on which to transfer the administration of assets owned by joint-stock company INVL Baltic Farmland, AB subsidiaries to the company mentioned before.

The General Shareholders Meeting of 28 October elected the audit company to audit company's financial statements for 2015, 2016, 2017 and set the payment conditions for the audit sevices, also the registered office of the company was

changed and a resolution to purchase of own shares was approved (more information is provided in the part 6.1. “Information about treasury shares“).

10.2.1. Powers of the Board

The Board shall continue in office for the 4 year period or until a new Board is elected and commences its activities, but not longer than until the date of the Annual General Shareholders’ Meeting to be held during the final year of the term of office of the Board. If individual members of the Board are elected, they shall serve only until the expiry of the term of office of the current Board.

The Board or its members shall commence their activities after the close of the General Shareholders’ Meeting which elected the Board or its members. Where the Articles of Association of the Company are amended due to the increase in the number of its members, newly elected members of the Board may commence their activities solely from the date of registration of the amended Articles of Association. The Board shall elect the chairman of the Board from among its members.

The General Shareholders’ Meeting may dismiss from the office the entire Board or its individual members (as well as the Chairman of the Board) before the expiry of their term of office. A member of the Board may resign from his post before the expiry of his term of office, notifying the Board in writing at least 14 calendar days in advance.

The Board shall have all authorities provided for in the Articles of Association of the Company as well as those assigned to the Board by the laws. The activities of the Board shall be based on collegial consideration of issues and decision-making as well as shared responsibility to the General Shareholders’ Meeting for the consequences of the decisions made. Striving for as big benefit for the Company and shareholders as possible and in order to ensure the integrity and transparency of the control system, the Board closely cooperates with the manager of the Company. The procedure of work of the Board shall be laid down in the rules of procedure of the Board.

The Board shall consider and approve:

- the operating strategy of the Company;
- the management structure of the Company and the positions of the employees;
- the positions to which employees are recruited through competition;
- regulations of branches and representative offices of the Company.

The Board shall elect and dismiss from office the manager of the Company, fix his salary and set other terms of the employment contract, approve his job description, provide incentives for and impose penalties against him.

The Board shall determine which information shall be considered to be the Company's commercial secret and confidential information. Any information which must be publicly available under the laws may not be considered to be the commercial secret and confidential information.

The Board shall take the following decisions:

- for the Company to become an incorporator or a member of other legal entities;
- to open branches and representative offices of the Company;
- to invest, dispose of or lease the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction);
- to pledge or mortgage the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions);
- to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company;
- to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company;
- to restructure the Company in the cases laid down by the Law on Restructuring of Enterprises of the Republic of Lithuania;
- other decisions assigned to the scope of powers of the Board by the Law on Companies of the Republic of Lithuania, Articles of Association or the decisions of the General Shareholders’ Meeting.

The Board shall analyse and evaluate the information submitted by the manager of the Company on:

- the implementation of the operating strategy of the Company;
- the organisation of the activities of the Company;
- the financial status of the Company;
- the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

The Board shall analyse and assess a set of Company's and consolidated annual financial statements and draft of profit/loss appropriation and shall submit them to the General Shareholders’ Meeting together with the annual report of the Company.

It shall be the duty of the Board to convene and organise the General Shareholders’ Meetings in due time.

10.2.2. Procedure of work of the Board

The order of the formation of the Board of the company should ensure objective, impartial and fair representation of minority shareholders of the company: names and surnames of the candidates to become members of the Board of the company, information about their education, qualification, professional background, positions taken in supervisory and management Boards of other companies, owned block of shares in other companies, larger than 1/20, potential conflicts of interest, information on whether the candidates are applied to administrative sanctions or punishment for violations / crimes against the economy, business policy, property, property rights and property interests, or do they have no obligations neither functions which would threaten the safe and reliable operations of the company, or whether candidates meet the legal requirements made for the Managers, are disclosed not later than 10 days prior the General Shareholders' Meeting in which the election of the Members of the Board is intended, so that the shareholders would have sufficient time to make an informed voting decision

In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the Board of the company are determined with regard to the company's structure and activities. The Board plans to evaluate its performance once a year.

Any Member of the Board of the company must confound companies property with its own property and do not use it or information which they received while holding position as the Members of the Board for personal benefit or for the benefit of third party on other way than the General Shareholders Meeting and the Board allows it.

Any Member of the Board of the company within 5 (five) days must inform the Manager or the Chairman of the company on any subsequent changes in provided information that have been submitted for shareholders prior to the election of the Member of the Board. Changes in provided information are disclosed in the company's annual report.

Each Member of the Board actively participates in the Meetings of Board and devotes sufficient time and attention to perform his duties as the Member of the Board. 11 Meetings of the Board of the company have been held in 2015. Since the start of the company, the compostion of the Board has not changed and consisted from: Alvydas Banys, Indrė Mišeikytė and Darius Šulnis.

10.3. The Director

The manager of the Company (the Director) shall be elected and dismissed from office by the Board which shall also fix his salary, approve his job description, provide incentives and impose penalties. An employment contract shall be concluded with the Director. The Director shall assume office after the election, unless otherwise provided for in the contract concluded with him. If the Board adopts a decision on his removal from office, the employment contract therewith shall be terminated.

In his activities, the Director shall be guided by laws and other legal acts, the Articles of Association of the Company, decisions of the General Shareholders' Meeting and the Board, his job description. The Director is accountable to the Board.

The Director shall organise daily activities of the Company, hire and dismiss employees, conclude and terminate employment contracts therewith, provide incentives and impose penalties.

The Director shall act on behalf of the Company and shall be entitled to enter into transactions at his own discretion. The Director may conclude the transactions to invest, dispose of or lease the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction), to pledge or mortgage the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions), to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company, to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company, provided there is a decision of the Board to enter into these transactions.

The Director shall be responsible for:

- the organisation of activities and the implementation of objects of the company
- the drawing up of the annual accounts;
- the conclusion of the contract with the firm of auditors where the audit is mandatory or required under the Statutes of the company;
- the submission of information and documents to the General Meeting, the Supervisory Board and the Board in cases laid down in this Law or at their request;
- the submission of documents and particulars of the company to the administrator of the Register of Legal Persons;
- the submission of the documents of a public limited liability company to the Securities Commission and the Central Securities Depository of Lithuania;
- the publication of information referred to in this Law in the daily indicated in the Statutes;
- the submission of information to shareholders;
- the fulfilment of other duties laid down in this Law and other laws and legal acts as well as in the Statutes and the staff regulations of the manager of the company.

The Director must keep commercial secrets and confidential information of the Company which he learned while holding this office.

11. Information about members of the Board, Company providing accounting services and the Audit Committee of the Company

The Board of INVL Baltic Farmland, AB was elected during the General Shareholders' Meeting of INVL Baltic Farmland, AB the company split-off from Invalda LT, AB on 28 April 2014. Mr. Banys was elected as the Chairman of the Board. Mr. Šulnis and Ms. Mišeikytė were elected as the Members of the Board. Mr. Sulnis were appointed as a director of the company since the establishment of the company, he held this position until 29 June 2015. 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 2014 untill 2018
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, 7.69 % of authorised capital, 7.69 % of votes. Together with controlled company LJB Investments: 1,255,599 units of shares, 38.14 % of authorized capital, and 38.14 % of votes. Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.74 %.
Participation in other companies	Invalda INVL, AB – Chairman of the Board Invalda LT Investments, UAB – Chairman of the Board INVL Baltic Real Estate, AB – Chairman of the Board INVL Technology, AB – Member of the Board Litagra, UAB – Member of the Board

Indrė Mišeikytė – Member of the Board

The term of office	From 2014 untill 2018
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: 65,758 units of shares, 2 % of authorised capital, 2 % of votes. Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.74%.
Participation in other companies	Invalda INVL, AB – Member of the Board Invalda Privatus Kapitalas, AB – Member of the Board INVL Baltic Real Estate, AB – Member of the Board

INVL Baltic Farmland

Darius Šulnis – Member of the Board, director (director until 29 June 2015)

The term of office	From 2014 untill 2018
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 the 2015 – general director of INVL Asset Management, UAB. 2006 – 2011 Invalda, AB – President. 2011 – 2013 Invalda, AB – Advisor. Since May 2013 Invalda, 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: 677,788 units of shares, 20.59 % of authorised capital, 22.59 % 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) – 62.74 %.
Participation in other companies	Invalda INVL, AB – Member of the Board, the president Litagra, UAB – Member of the Board Invalda LT Investments, UAB – director, Member of the Board INVL Asset Management, UAB – CEO, Chairman of the Board INVL Asset Management, IPAS (Latvia) - Deputy of the chairman of the Supervisory Board INVL atklātajs pensiju fonds, AS (Latvia) - Deputy of the chairman of the Supervisory Board

Eglė Surplienė – Director (since 30 June 2015)

Educational background and qualifications	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
Work experience	September 2014 - present - Director, UAB Margio investicija October 2009 - present - Wealth manager, UAB FPI Geroves Valdymas March 2009 - present - Director, UAB DIM investment Autumn 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
Owned amount of shares in INVL Baltic Farmland, AB	Personally: 0 units of shares, 0.00 % of authorised capital and votes. Total votes (together with Members of the Board of INVL Baltic Farmland) – 62.74 %.
Participation in other companies	Birstono investicija, UAB – Member of the Board, UAB Tuta, UAB – Member of the Board Green Vilnius hotel, UAB – 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.

12. Information about the Audit Committee of the company.

The Audit Committee consists of 2 members, one of whom is 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 responce 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.

Procedure of work of the audit committee

The Audit Committee is a collegial body, taking decisions during meetings. The Audit Committee may take decisions and its meeting should be considered valid, when both members of the Committee participate in it. The decision should be passed when both members of the Audit Committee vote for it. The Member of the Audit Committee may express his will – for or against the decision in question, the draft of which he is familiar with – by voting in advance in writing. Voting in writing should be considered equal to voting by telecommunication end devices, provided text protection is ensured and it is possible to identify the signature. The right of initiative of convoking the meetings of the Audit Committee is held by both Members of the Audit Committee. The other Member of the Audit Committee should be informed about the convoked meeting, questions that will be discussed there and the suggested drafts of decisions not later than 3 (three) business days in advance in writing (by e-mail or fax). The meetings of the Audit Committee should not be recorded, and the taken decisions should be signed by both Members of the committee. When both Audit Committee Members vote in writing, the decision should be written down and signed by the secretary of the Audit Committee who should be appointed by the Board of the Company. The decision should be written down and signed within 7 (seven) days from the day of the meeting of the Audit Committee.

The Audit Committee should have the right to invite the Manager of the Company, Member(s) of the Board, the chief financier, and employees responsible for finance, accounting and treasury issues as well as external auditors to its meetings. Members of the Audit Committee may receive remuneration for their work in the committee at the maximum hourly rate approved by the General Shareholders' Meeting.

The General Shareholders Meeting which took place on 23 December 2014 decided to elect Danute Kadanaite and Tomas Bubinas (independent member) to the Audit Committee of INVL Baltic Farmland, AB for the 4 (four) years term of office.

Danutė Kadanaitė – Member of the Audit Committee

The term of office	Since 2014 until 2017
Educational background and qualifications	2004 – 2006 Mykolas Romeris University. Faculty of Law. Master in Financial Law 2000 – 2004 m. Faculty of Law, BA in Law 1997 International School of Management
Work experience	Since 2009 Lawyer. Legisperitus, UAB 2008 – 2009 Lawyer, Finasta FBC 2008 – Lawyer, Invalda, AB 1999 – 2002 Administrator, Office of Attorney of Law Arturas Sukevicius 1994 – 1999 Legal Consultant, Financial brokerage company Apyvarta, UAB
Owned amount of shares in INVL Baltic Farmland, AB	-

Tomas Bubinas – Independent Member of the Audit Committee

The term of office	Since 2014 until 2017
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	-

13. 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

CEO of the company is entitled only to a fixed salary. The company does not have a policy concerning payment of a variable part of remuneration to the management.

During the year 2015 to the Board members, which are shareholders of the Company, were paid EUR 16 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 105 thousand of dividends, net of tax. There were no assets transferred, no guarantees granted, no bonuses paid and no special payouts made by the company to its managers. The Members of the Board were not granted with bonuses by other companies of INVL Baltic Farmland, AB group.

INVL Baltic Farmland, AB group for the company providing accounting services paid EUR 16 thousand during the reporting period (in 2014 – EUR 10 thousand). INVL Baltic Farmland, AB for the company providing accounting services paid EUR 4 thousand during the reporting period (in 2014 – EUR 2 thousand).

Table 13.1. Information about calculated remuneration for the CEO of the issuer for 2014-2015

	29 04 2014 – 31 12 2014	31 12 2015 – 01 01 2015
For members of administration (the CEO)	2,326	2,652

IV. Information about the Issuer's and its Group Companies' activity

14. Overview of the Issuer and its group activity

14.1. Business environment

INVL Baltic Farmland has 100% in 18 companies owning more than 3 thousand hectares of agricultural land in the most fertile regions of Lithuania. Companies – land owners and joint-stock company INVL Baltic Farmland on 30 June 2015 have signed a basic property administration agreement with INVL Farmland Management which administrates agricultural land owned by the companies.

In the long time period the company seeks to gain profit from growth of rent as well as increase of land value.

In the fourth quarter of 2015 the valuation of land plots took place and the total value of the managed land was EUR 11.2 million, or EUR 3.7 thousand per hectare.

Since May 2014 changes to the Agricultural Land Acquisition temporary law entered into force. Under these changes, the persons cannot acquire more than 500 hectares of agricultural land. Also, the amount of people having pre-emptive right to purchase the land was expanded. Restrictions define that persons who own more than 25 percent of shares in agricultural land companies, as well as persons who own more than 25 percent in several companies are held as related parties. Therefore, those willing to purchase additional agricultural land have to have documents proving that the person, during the last 10 years before the deal, was engaged in agricultural activity for at least 3 years and has declared his farmland as well as crop. For legal entities restrictions define that they have to additionally provide documents proving that more than 50 percent of their business annual income comes from farming activities and company is economically sound.

Due to the restrictions INVL Baltic Farmland is unable to invest in agricultural land in Lithuania as well as unable to take control of the companies owning agricultural land.

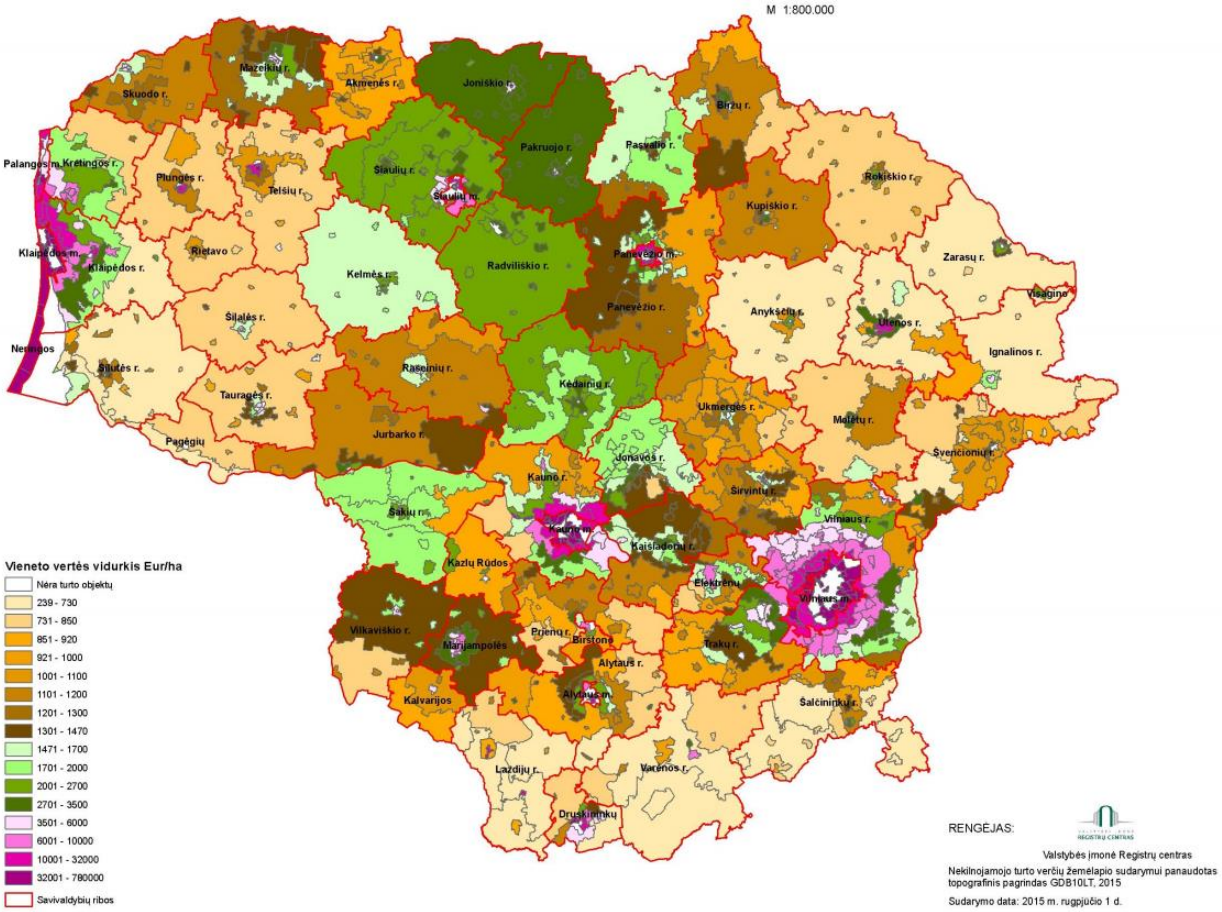
Despite the restrictions in the end of 2015 one significant transaction took place when Agrowill Group AB transferred ownership of the shares of companies which own entities controlling land plots to the fund Fixed Yield Investment Fund owned by the fund management company Synergy Finance. The transfer contained 6.4 thousand hectares of agricultural land which market value is around EUR 24 million or EUR 3.8 thousand per hectare.

Contrary to slowing agricultural land transactions land rental market was gaining momentum. Rental prices were positively affected by the decision to allot bigger funds to small farmers. The biggest benefits are paid to the farmers for the first 30 hectares. Moreover, rent is interesting for big farmers and agricultural companies as well because it gives priority to acquire the land in case of owner's decision to sell.

Restrictions had a significant impact on the whole agricultural land sector, in 2014 amount of transaction in agricultural land was down by 22 percent compared to 2013. However the situation has changed in 2015 when amount of transactions grew by almost 1 percent to 21.2 thousand. According to State Enterprise Centre of Registers data in 2015 average price of agricultural land in Lithuania was EUR 2.6 thousand per hectare, however the size fluctuates significantly between different regions.

INVL Baltic Farmland

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



Group key figures

	31 December 2014	31 December 2015
Controlled cultivated cropland area, ha	3,002	3,003
Book value of land,	10,558*	11,237*
Average rental income per hectare	109	149
Consolidated equity	9,931	10,570
Number of votes, units	3,292,259	3,291,549
Book value of one share	3.02	3.21

*Investment properties are stated at fair value and are valued by accredited valuer UAB korporacija Matininkai using sales comparison method. The valuation was performed in June-July 2014 and in November 2015.

INVL Baltic Farmland

The balance sheet and profit (loss) summary reports

	Group		Company	
Balance sheet	31 12 2014	31 12 2015	31 12 2014	31 12 2015
Investment property	10,558	11,237	-	-
Investments into subsidiaries	-	-	4,866	5,581
Loans granted	-	-	4,907	4,880
Trade receivables	23	54	-	8
Deferred tax assets	4	-	4	-
Cash	210	367	170	136
Other assets	5	7	-	7
Deferred income tax liabilities	837	946	-	-
Other current liabilities	32	149	16	42
Consolidated equity	9,931	10,570	9,931	10,570
Profit (loss)	**29 04 2014 – 31 12 2014**	**31 12 2015 – 01 01 2015**	**29 04 2014 – 31 12 2014**	**31 12 2015 – 01 01 2015**
Revenue	230	460	-	-
Revaluation of investment property	-	678	-	-
Income before tax	110	979	111	866
Net profit	89	838	89	838

Indexes

	Group	
	2014	**2015**
Return on Equity (ROE), %	0.90	8.18
Return on Assets (ROA), %	0.80	7.46
Liquidity ratio	7.31	2.87
Operating profit margin (pretax profit margin), %	47.83	212.83
Operating profit excluding revaluation of investment property margin, %	47.83	65.43
Earning per share (EPS), EUR	0.03	0.25
Price earning ratio (P/E)	93.33	11.60

14.2. Significant Issuer's and its group events during the reporting period, affect on the financial statement

The Company

- On 27 January 2015 the Company announced preliminary unaudited results for 12 months of 2014. Unaudited consolidated net profit as well as consolidated net profit attributable to shareholders of INVL Baltic Farmland, AB amounted to EUR 90.7 thousand (LTL 313 thousand).
- On 27 January 2015 INVL Baltic Farmland, AB announced that the Company initiates the acquisition of own shares since 29 January 2015. Share acquisition ends on 26 February 2015. Max number of shares to be acquired: 16,471. Share acquisition price: EUR 2.86 per share.
- On 26 February 2015 the Company announced about acquisition of 0.02 % of own shares for the total amount of EUR 2.03 thousand without brokerage fees. INVL Baltic Farmland, AB could purchase up to 16,471 shares. During the share buy-back procedure 710 units of shares were tendered. Share buy-back procedure started from 29 January and was implemented through the market of official tender offers of NASDAQ Vilnius stock exchange until 26 February. Settlement for the acquired shares will happen on 2 March.
- On 27 February 2015 the Company announced consolidated net profit as well as consolidated net profit attributable to shareholders of INVL Baltic Farmland, AB amounted to EUR 89.5 thousand (LTL 309 thousand) of 2014.
- On 27 February 2015 INVL Baltic Farmland, AB announced that it is planning to earn EUR 260 thousand net profit in 2015. The Board of INVL Baltic Farmland, AB, a company investing into agricultural land, approved its activity forecasts for 2015. Consolidated revenues of INVL Baltic Farmland, AB are forecasted at EUR 450 thousand and net profit should amount to EUR 260 thousand.
- On 27 February 2015 the Company announced results of INVL Baltic Farmland, AB for 12 months of 2014. Consolidated net profit as well as consolidated net profit attributable to shareholders of INVL Baltic Farmland, AB amounted to EUR 89.5 thousand (LTL 309 thousand) at the end of 2014.
- On 2 March 2015 INVL Baltic Farmland, AB informed that that the company settled for treasury shares and acquired 710 units of shares (0.02 % of share capital) for the amount of EUR 2.03 thousand (without brokerage fee), during the share buy-back procedure, which took place from 29 January till 26 February 2015. The company paid EUR 2.86 for one share.
- On 24 March 2015 INVL Baltic Farmland, AB announced decisions of the General Shareholders Meeting. During the meeting the Shareholders were presented with the consolidated annual report of the Company and independent auditor's report on the financial statements, approved the consolidated and companies financial statements for 2014, dividend payment and distribution of the profit of the Company, reduced authorized capital from LTL 3,294,209 to LTL 3,291,549, changed the par value of share from LTL 1 to EUR 0.29, approved the new wording of the Articles of Association and decided to sign an agreement with private limited company INVL Farmland Management, UAB based on which to transfer the administration of assets owned by joint-stock company INVL Baltic Farmland, AB subsidiaries to the company mentioned before. Information about convened General Shareholders Meeting was published on 27 February 2015.
- On 24 March 2015 the Company announced the annual information (consolidated and Company's financial statements, consolidated annual report) and the confirmation of responsible persons of INVL Baltic Farmland, AB for the year 2014.
- On 21 April 2015 the General Shareholders Meeting of INVL Baltic Farmland, ABdecided to allocate EUR 0.06 dividend per share.
- On 28 April 2015 the Company announced that an unaudited consolidated net profit as well as consolidated net profit attributable to shareholders of INVL Baltic Farmland, AB amounted to EUR 116 thousand.
- On 5 June 2015 The public joint-stock company INVL Baltic Farmland announced that according to the resolution of the General Shareholders Meeting held on 24 March 2015, the Company registered the reduced authorized capital from EUR 955 320.61 to EUR 954 549.21 and the new wording of the Articles of Association.
- On 30 June 2015 by the decision of the Board of INVL Baltic Farmland, AB of 29 June 2015, Egle Surpliene is elected to the position of CEO of INVL Baltic Farmland, AB from 30 June. She is replacing Darius Sulnis who has submitted a notice of resignation from CEO position.
- On 30 June 2015 INVL Baltic Farmland, AB and group companies made land plot administration agreement with INVL Farmland Management, UAB.
- On 21 July 2015 the company announced the amended investors calendar of the company for 2015: 27 January 2015 preliminary result for 12 months of 2014; 27 February 2015 Interim information for 12 months of 2014; 28 April 2015 Interim information for 3 months of 2015; 21 July 2015 Interim information for 6 months of 2015; 27 October 2015 Interim information for 9 months of 2015.
- 21 July 2015 the company announced unaudited results of INVL Baltic Farmland for 6 months of 2015. Unaudited consolidated net profit as well as consolidated net profit attributable to shareholders of the company amounted to EUR 206 thousand for 6 months of 2015. INVL Baltic Farmland income in the first half of 2015 reached EUR 230 thousand while net profit amounted to EUR 206 thousand. INVL Baltic Farmland was established in April, 2014 therefore 2014 data is not comparable (EUR 55 thousand revenue and EUR 38 thousand profit).
- 21 July 2015 the Board of INVL Baltic Farmland announced the amended activity forecats for 2015. Consolidated revenues of INVL Baltic Farmland are forecasted at EUR 457 thousand and net profit should amount to EUR 316 thousand.

- 6 October 2015 the company announced about convocation and draft resolutions of the Shareholders Meeting of INVL Baltic Farmland. The Shareholders Meeting will be held 28 October in the office of Gyneju str. 14, Vilnius, Lithuania. Agenda includes: Regarding election of auditor to carry out of the audit of the annual financial statements and setting conditions of payment for audit services; Regarding the registered office address of the public joint stock company INVL Baltic Farmland; Regarding purchase of own shares of the public joint stock company INVL Baltic Farmland.
- 27 October 2015 INVL Baltic Farmland announced an unaudited results for 9 months of 2015: unaudited consolidated net profit as well as consolidated net profit attributable to shareholders of INVL Baltic Farmland amounted to EUR 270 thousand for 9 months of 2015;
- 28 October General Shareholder Meeting of the company passed the folloowing resolutions: to elect joint-stock company PricewaterhouseCoopers, code 111473315, to audit annual financial statements for the financial year 2015, 2016, 2017 and to set the payment for the audit services; to change the registered office of INVL Baltic Farmland and to register the new address in the premises located at Gyneju str. 14, Vilnius, Lithuania; to use the reserve (or the part of it) for the purchase of own shares and to purchase shares in the public joint stock company INVL Baltic Farmland.
- 5 November 2015 INVL Baltic Farmland informed that the Registry of Legal Entities registered the new office address of INVL Baltic Farmland – Gyneju St. 14, Vilnius;
- 23 December 2015 INVL Baltic Farmland, AB announced that instead of interim financial statements the company will publish preliminary operating results and factsheet.
- The investors'calendar for 2016 was announced on 23 December: 2 February 2016 – preliminary operating results and factsheet for 12 months of 2015; 26 April 2016 – preliminary operating results and factsheet for 3 months of 2016; 20 July 2016 - Interim information for 6 months of 2016; 24 October 2016 – preliminary operating results and factsheet for 9 months of 2016.

The group

Since the begining of the activity of the Issuer until the end of the reporting period, companies - land owners and INVL Baltic Farmland 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. The companies during the reporting period rented agricultural land for farmers and agricultural companies and performed usual.

14.3. Employees

There is only one employee (director) at INVL Baltic Farmland, AB. Invalda INVL, AB provides accounting services for the company. Employment agreements are concluded following requirements of the Labour Code of the Republic of Lithuania. Employees are employed and laid off following requirements of the Labour Code. There are no special employees' rights and duties described in the employment agreements.

There were 2 employees working at INVL Baltic Farmland and INVL Baltic Farmland subsidiary companies on 31 December 2015 (31 December 2014 – 5).

14.4. Information about agreements of the Company and the members of the Board, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the Company.

There are no agreements of the company and the Members of the Board, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the company.

15. A description of the principal advantages, risks and uncertainties

15.1. Advantages of investments

Agricultural land in Lithuania is undervalued

Agricultural land prices in Lithuania are among the lowest in the European Union, and much lower than in neighbouring Poland. This is caused by increased land fragmentation and other reasons.

Land allows saving core capital and has a low risk

After recent market turmoil, investors are paying more and more attention on capital preservation. Investment in agricultural land is backed by assets which has only a small possibility of devaluation. Historical data shows that land, in the long term, is characterized by strong core capital preservation features. Unlike investments in exhaustible metals, oil and gas resources, a well-managed agricultural land is a completely renewable resource, which remains productive forever.

Land is a good protection against inflation

Agricultural land, as an asset class, has a positive correlation with inflation. Historically, agricultural land values rose faster than inflation, therefore agricultural land is an effective insurance against inflation and a capital preservation tool. It may be attractive to investors, who are worried about governments' inflationary policies.

Land generates stable income

Unlike other popular insurance against inflation measures, such as precious metals, land provides a regular income to the investor, which, in the low interest environment, is often higher than the deposit or bond interest. Although land investment does not bring the highest income in the real estate sector, not depreciating assets with strong price growth potential and close to 100 % occupation (unlike commercial real estate, high-quality agricultural land demand is always high, regardless of the economic environment) generate the income.

Investment in land is characterized by lower income volatility

By placing agricultural land in a diversified portfolio, investors can reduce the risk of income shortage at a time when other assets generate little or no income. While the long-term rise in agricultural commodity prices positively affect the value of land, short-term fluctuations in the price of production are assumed by the farmer rather than the landowner.

Historically, land had higher yield

In developed countries agricultural land had higher profits than other asset classes, including equities, bonds and commercial real estate, despite the lower risk (measured as the standard deviation of the annual return).

Land is an attractive diversification tool

Agricultural land yield has a low or even negative correlation with traditional asset classes like stocks and bonds, and a small positive correlation with residential and commercial real estate. These features make farmland an attractive diversification tool that can reduce the impact of general market fluctuations on diversified portfolio.

Agricultural land advantages compared with other real estate investments

Investment in agricultural land is classified as a real estate, but has unique features. This allowed agricultural land to protect itself from extreme falls in the value of assets, which were experienced by residential and commercial property during the crisis.

15.2. Risk factors

Information, provided in this section, should not be considered complete and covering all aspects of the risk factors associated with the activity and securities of the public joint-stock company INVL Baltic Farmland.

Risk factors, associated with activities of INVL Baltic Farmland

Restriction of the purchase of agricultural land

The public joint-stock company INVL Baltic Farmland will invest in agricultural land in Lithuania through its owned private companies. In 1 January 2014 changes to the Agricultural Land Acquisition temporary law (No. IX-1314) entered into force, providing restrictions of the purchase of agricultural land (including restriction of purchase of shares in the legal entity owning agricultural land). These restrictions mean that the public joint-stock company INVL Baltic Farmland and its owned private companies will not be able to purchase agricultural land additionally and/or acquire shares in companies owning agricultural land.

Prohibition stated in the law can reduce the amount of buyers of agricultural land, owned by subsidiaries of the public joint-stock company INVL Baltic Farmland, and thus the liquidity and price of the asset.

The total investment risk

The value of the investment in agricultural land can vary in the short term, depending on the harvest, prices of agricultural products, local demand and supply fluctuations, competition between farmers and financial situation. Investment in agricultural land should be carried out in the medium and long term, so that investor can avoid the short-term price fluctuations. Investing in real estate is connected with the long-term risks. After failure of investments or under other ill-affected circumstances (having been unable to pay for the creditors) the bankruptcy proceedings may be initiated.

Agricultural production and other commodity price volatility risk

Agricultural products and other commodities prices are historically characterized by very large fluctuations, on which, in many cases, depends the price of agricultural land. The main factor affecting profitability of agricultural business is the price of the crop (wheat, canola, etc.), but fuel, labor, fertilizers' and other commodity prices also affect the cost of agricultural activity, therefore their increase lowers profit margins and reduces the ability to pay higher prices for agricultural land leases. If high fuel, fertilizer and labor costs coincide with the fall of agricultural output prices, farmers and investors in the agricultural sector may suffer a loss.

Common agricultural risk

The public joint-stock company INVL Baltic Farmland will seek to lease its owned agricultural land to farmers and agricultural companies for the highest price possible. Factors that could adversely affect the agricultural sector may be: weather conditions (floods, droughts, heavy rains, hail, frost, weeds, pests, diseases, fire, climate change related worsening conditions and others). Any of these factors, together or separately, could have a negative impact on farmers' incomes and farmland values. Part of the risks, not all, can be insured, but the insurance costs reduce agricultural profitability, thus not all Lithuanian farmers do it.

Reliance on the European Union and national subsidies

Lithuanian and the European Union farmers' activities and profits are highly dependent on the European Union's Common Agricultural Policy (CAP) - EU and national subsidies for agricultural activities. Recent changes to the CAP are valid for the period 2014-2020 and provide that direct payments for the Lithuanian farmers in 2014 will average 149 euros, in 2020 - 196 euros per hectare (now Lithuania payments to farmers equal 144 euros) and will form 75 percent of all EU farmers received payments average.

Elimination of direct payments could have a negative impact on agricultural land rents and values.

Land illiquidity risk

Investments in agricultural land under certain market conditions are relatively illiquid, thus finding buyers for these lands can take time. Investors may consider the investment in agricultural land only if they do not have needs for the sudden liquidity.

Risk of legislative and regulatory changes

Lithuanian law, the European Union directives and other legislative changes may affect the income of farmers and agricultural land rents. For example, changes affecting agricultural products price controls, export restrictions, customs entry or withdrawal, more stringent environmental restrictions could adversely affect the profitability of agriculture.

Tax increase risk

Tax laws change may lead to a greater taxation of the public joint-stock company INVL Baltic Farmland and its group companies, which in turn may reduce the profits and assets of the company.

Inflation and deflation risk

It is likely that during its operational period the public joint-stock company INVL Baltic Farmland will face both inflation and deflation risks as investments in agricultural land are long term. If the profit from the agriculture land rent will be less than the inflation rate, it will result in loss of purchasing power. It is estimated that investment in agricultural land profitability is highly correlated with inflation.

Credit risk

The public joint-stock company INVL Baltic Farmland will seek to lease agricultural land plots in the highest price possible to farmers in Lithuania and agricultural companies. There is a risk that tenants of the land will not fulfil their obligations - it would adversely affect the profit of the public joint-stock company INVL Baltic Farmland. Large parts of liabilities not fulfilled in time may cause disturbances in activities of the public joint-stock company INVL Baltic Farmland, there might be a need to seek additional sources of financing, which may not always be available.

The public joint-stock company INVL Baltic Farmland also bears the risk of holding funds in bank accounts or investing in short-term financial instruments.

Liquidity risk

The public joint-stock company INVL Baltic Farmland may be faced with a situation where it will not be able to settle with suppliers and other creditors in time. The company will seek to maintain adequate liquidity levels or secure funding in order to reduce this risk.

Interest rate risk

Interest rate risk mainly includes loans with a variable interest rate. The public joint-stock company INVL Baltic Farmland plans to use very small amount of debt. Rising interest rates worldwide may adversely affect the values of property - agricultural land.

Large shareholders risk

Three shareholders of the public joint-stock company INVL Baltic Farmland together with related parties hold more than 60 percent of shares and their voting will influence the election of the Members of the Boards of company, essential decisions regarding management of the public joint-stock company INVL Baltic Farmland, operations and financial position. There is no guarantee that the decisions made by the major shareholders' will always coincide with the opinion and interest of the minority shareholders. Large shareholders have the right to block the proposed solutions of other shareholders.

The Split-Off from the public joint-stock company Invalda INVL risk

The public joint-stock company INVL Baltic Farmland established in the process of Split-Off of the public joint-stock company Invalda INVL (former name – Invalda LT) and took over 14.45 percent of assets, equity and liabilities of the public joint-stock company Invalda INVL. If certain public joint-stock company's Invalda INVL obligations will not be distributed to all companies operating after the separation, then all post-split-off-based companies will be jointly liable for it. Each of the companies' responsibility will be limited by the size of equity, attributable under the Split-Off conditions.

When any obligation of the public joint-stock company Invalda INVL under the terms of the Split-Off will be assigned to one of the company, established after the Split-Off, that company will be liable to answer the obligation. If this company does not meet the whole or part of the obligation, and there is no additional guarantee provided to creditors under the Company Law, all post-split-off companies will be jointly liable for that obligation (or part of it). Each of the companies' responsibility will be limited by the size of equity, attributable under the split-off conditions.

Market-related risks

Market risk

Shareholders of the public joint-stock company INVL Baltic Farmland bear the risk of incurring losses due to adverse changes in the market price of the shares. The stock price drop may be caused by negative changes in assets value and profitability of the company, general stock market trends in the region and the world. Trading of shares of the public joint-stock company INVL Baltic Farmland may depend on comments of the brokers and analysts and published independent analyzes of the company and its activities. The unfavorable analysts' outlook of the shares of the public joint-stock company INVL Baltic Farmland may adversely affect the market price of the shares. Non-professional investors assessing the shares are advised to seek the assistance of intermediaries of public trading or other experts in this field.

Liquidity risk

If demand for shares decreases or they are deleted from the stock exchange, investors will face the problem of realization of shares. If the financial situation of the public joint-stock company's INVL Baltic Farmland deteriorates, the demand for company's shares may drop, which will lead to fall in share price.

Dividend payment risk

Dividend payment to the shareholders of the public joint-stock company INVL Baltic Farmland is not guaranteed and will depend on the profitability, investment plans and the overall financial situation of the company.

Tax and legal risk

Changes in the equity-related legislation or state tax policy can change shares attractiveness of the public joint-stock company INVL Baltic Farmland. This may reduce the liquidity of the shares of the company and/or price.

Inflation risk

When inflation increases, the risk, that the stock price change may not offset the current rate of inflation, appears. In this case, the real returns from capital gain on market shares for traders may be less than expected.

16. Significant investments made during the reporting period

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

17. Information about significant agreements to which the issuer is a party, which would come into force, be amended or cease to be valid if there was a change in issuer‘s controlling shareholder

There are no significant agreements of the company which would come into force, be amended or cease to be valid if there was a change in issuer‘s controlling shareholder.

18. Information on the related parties’ transactions

Information on the related parties’ transactions is disclosed in consolidated interim condenced unaudited financial statements’ 17 point of explanatory notes for 12 months of 2015.

19. Significant events since the end of the financial year

- On 2 February 2016 the company announced preliminary operating results and factsheet for 12 months of 2015. Unaudited consolidated net profit of the AB INVL Baltic Farmland group and the part of profit attributable to the shareholders of AB INVL Baltic Farmland was EUR 0.8 million.

20. Estimation of Issuer’s and Group’s activity last year and activity plans and forecasts

20.1. Evaluation of implementation of goals for 2015

The initial forecast of INVL Baltic Farmland was income of EUR 450 thousand and net profit of EUR 260 thousand. Taking into consideration better than expected results of the first half of 2015 the Board of INVL Baltic Farmland has adjusted its forecast for the full year 2015. Forecasted income planned at EUR 457 thousand and net profit at EUR 316 thousand, as the administrative costs of the first half of 2015 were lower than expected and the profit increased because of earlier written off debt recovery.

INVL Baltic Farmland had revenue of EUR 460 thousand in 2015 and earned unaudited net income of EUR 838 thousand for the year. Profit was forecast under the assumption that the value of agricultural land holdings in the balance sheet would not change, but a valuation conducted by the company Matininkai showed that it had increased by 6.4% to EUR 11,237 million, or EUR 3,750 per hectare. Excluding the effects of the property revaluation and related deferred profit tax and management fees, INVL Baltic Farmland’s profit would have been EUR 327 thousand.

According to this, it can be said that INVL Baltic Farmland exceeded the revenue and profit forecasts for 2015.

20.2. Activity plans and forecasts

INVL Baltic Farmland will continue focusing on enhancing the quality of owned land and environmental sustainability.

Taking into consideration the lease agreements total income including land tax should be around 530 thousand EUR in 2016. Net profit for the year is expected to be around EUR 300 thousand. These predictions are based on the assumption that there will be no changes in land value and no transactions in 2016.

The shareholders are proposed to approve EUR 0.066 dividend per share and totally pay EUR 217 thousand of dividends. INVL Baltic Farmland’s dividend policy stipulates that dividend payments to shareholders should be no less than EUR 0.06 per share.

INFORMATION

21. References to and additional explanations of the data presented in the annual financial statements and consolidated financial statements

All data is presented in consolidated and company’s financial statements explanatory notes of 2015.

22. Information on audit company

The company have not approved criteria for selection of the audit company. In the General Shareholders’ Meeting of the company held 28 October 2015 the audit company PricewaterhouseCoopers, UAB was elected to provide audit services on annual financial statements of the company for the financial year of 2015, 2016, 2017. It was decided to set remuneration of EUR 6 thousand plus VAT for the audit of the annual financial statements.

Audit company	PricewaterhouseCoopers, UAB
Address of the registered office	J. Jasinskio str. 16B, LT-03163 Vilnius, Lithuania
Enterprise code	111473315
Telephone	+370 5 239 2300
Fax	+370 5 239 2301
E-mail	vilnius@lt.pwc.com
Website	www.pwc.com/lt

The audit company does not provide any other than audit services to the company. No internal audit is performed in the company.

23. Data on the publicly disclosed information

The information publicly disclosed of INVL Baltic Farmland, AB during 2015 is presented on the company's website www.invlbalticfarmland.lt.

Table 23.1. Summary of publicly disclosed information

Date of disclosure	Brief description of disclosed information
27.01.2015	Preliminary unaudited results of INVL Baltic Farmland for 12 months of 2014
27.01.2015	On acquisition of own shares
26.02.2015	INVL Baltic Farmland, AB will buy-back 0.02 % shares
27.02.2015	Audited results of INVL Baltic Farmland group of 2014
27.02.2015	Convocation of the Shareholders Meeting of INVL Baltic Farmland and draft resolutions
27.02.2015	INVL Baltic Farmland plans to earn EUR 260 thousand net profit in 2015
27.02.2015	Results of INVL Baltic Farmland for 12 months of 2014
02.03.2015	Amount of voting rights in INVL Baltic Farmland, AB
24.03.2015	Resolutions of the Shareholders Meeting of INVL Baltic Farmland, AB
24.03.2015	Annual information of the public joint - stock company INVL Baltic Farmland
21.04.2015	Procedure for the payout of dividends for the year 2014
28.04.2015	Unaudited results of INVL Baltic Farmland for 3 months of 2015
05.06.2015	Regarding the new wording of the Articles of Association of the public joint-stock company INVL Baltic Farmland
30.06.2015	Egle Surpliene is elected as CEO of INVL Baltic Farmland
30.06.2015	The land plot administration agreement with INVL Baltic Farmland, AB and INVL Farmland Management, UAB has been signed
01.07.2015	Notification about acquisition of voting rights
21.07.2015	Amended investors calendar of INVL Baltic Farmland for 2015
21.07.2015	Unaudited results of INVL Baltic Farmland for 6 months of 2015
21.07.2015	INVL Baltic Farmland announces the amended activity forecats for 2015
06.10.2015	Convocation of the Shareholders Meeting of INVL Baltic Farmland and draft resolutions
27.10.2015	Unaudited results of INVL Baltic Farmland for 9 months of 2015
28.10.2015	Resolutions of the Shareholders Meeting of INVL Baltic Farmland, AB
05.11.2015	Notification on the registration of the new office address of the public joint-stock company INVL Baltic Farmland
23.12.2015	Regarding the announcement of interim financial information
23.12.2015	INVL Farmland, AB investor's calendar for the 2016

23.2. Summary of the notifications on transactions in INVL Baltic Farmland, AB shares concluded by managers of the company during 2015.

There was no transactions in INVL Baltic Farmland, AB shares concluded by managers of the Company during 2015.

Director Egle Surpliene

APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS

Company	Registration information	Type of activity	Contact details
Ekotra, UAB	Code 303112623 Registration address Gyneju str. 14, Vilnius; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Puskaitis, UAB	Code 303112769 Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Zemynele, UAB	Code 303112559 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Kvietukas, UAB	Code 303112678 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Lauknesys, UAB	Code 303112655 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Vasarojus, UAB	Code 303004626 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Laukaitis, UAB	Code 303112694 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Ziemkentys, UAB	Code 303112648 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Zemgale, UAB	Code 303112744 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com

INVL Baltic Farmland

Company	Registration information	Type of activity	Contact details
Avizele, UAB	Code 303113077 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Berzyte, UAB	Code 303112915 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Duonis, UAB	Code 303112790 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Pusaitis, UAB	Code 3031131032 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Zalve, UAB	Code 303113045 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Seja, UAB	Code 303113013 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Dirvolika, UAB	Code 303112954 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Linaziede, UAB	Code 303112922 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 01.08.2013	investments into agricultural land. Rent of the agricultural land.	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com
Cooperor, UAB	Code 303252162 Registration address Gyneju str. 14, Vilnius; Legal form – private limited liability company; Registration date 27.02.2014	Carries no activity	Telephone +370 5 279 0601 Fax +370 5 279 0530 E-mail farmland@invaldalt.com

APPENDIX 2. DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE

INVL Baltic Farmland, AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules NASDAQ OMX Vilnius, discloses its compliance with the Governance Code, approved by NASDAQ OMX Vilnius for the companies listed on the regulated market, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLI-CABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a Company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company constantly discloses information about group's activities and objectives including performance forecasts in notifications on material event, annual information.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Board's and the President's activities are concentrated on the fulfillment of the Company's strategic objectives taking count of the shareholders' equity increase.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Supervisory Board is not formed. Nevertheless, the Board and the President acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results. The President may conclude the transactions referred to in subparagraphs 3, 4, 5 and 6, paragraph 4, Article 34 of the Law on Companies of the Republic of Lithuania, provided that there is a decision of the Board to enter into these transactions.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company respects all rights and interests of the persons other than the Company's shareholders participating in or connected with the Company's operation.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the Company, the effective oversight of the Company's management bodies, an appropriate balance and distribution of functions between the Company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a General Shareholders' Meeting and the Chief Financial Officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the Chief Executive Officer, who, in its turn, facilitate a more efficient and transparent management process.	No	Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. The President of the Company is accountable to the Board.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate	Yes	The functions set forth in this recommendation are performed by the collegial management body – the Board.

governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.		
2.3. When a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the Supervisory Board. In such a case, the Supervisory Board is responsible for the effective monitoring of the functions performed by the company's Chief Financial Officer.	No	Only one collegial body is formed in the Company - the Board. It performs all essential management functions and ensures accountability and control of the Director of the Company. The Supervisory Board is not formed in the Company.
2.4. The collegial supervisory body to be elected by the General Shareholders' Meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the Board, Principles III and IV should apply to the Board as long as that does not contradict the essence and purpose of this body.	Yes	The provisions set forth in III and IV principles are applied on the Board's formation and activity as long as that does not contradict with the essence and purpose of this body.
2.5. Company's management and supervisory bodies should comprise such number of Board (executive directors) and Supervisory (non-executive directors) Board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	There are 3 independent Board members in the Company who are seeking benefit to the Company and its shareholders.
2.6. Non-executive directors or members of the Supervisory Board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the Management Board.	No	The Supervisory Board is not formed in the Company, and there are no non–executive directors either.
2.7. Chairman of the collegial body elected by the General Shareholders' Meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a Supervisory Board but rather the Board, it is recommended that the chairman of the Board and Chief Financial Officer of the company should be a different person. Company's Chief Financial Officer should not be immediately nominated as the chairman of the collegial body elected by the General Shareholders' Meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The Chairman of the Board is not and has not been the manager of the Company. His current or past office constitutes has no obstacles to conduct independent and impartial supervision.
Principle III: The order of the formation of a collegial body to be elected by a General Shareholders' Meeting. **The order of the formation a collegial body to be elected by a General Shareholders' Meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the Company's operation and its management bodies.**		
3.1. The mechanism of the formation of a collegial body to be elected by a General Shareholders' Meeting (hereinafter in this Principle referred to as	Yes	The Board operates impartially, objectively and represents the interests of all shareholders equally.

the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.		
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the General Shareholders' Meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	According to the Board's rules of procedure, at least 10 days before the General Shareholders' Meeting, where it is planned to elect Board members (member), the information about the candidates to the Board will be fully disclosed to the shareholders with the indication of the candidates' names, surnames, their membership in supervisory and management bodies of other companies, shareholding of other companies exceeding 1/20, and all other circumstances that can affect the independence of the candidate as well as the data on their education, qualifications, professional experience, other important information. The Board members inform the Chairman of the Board in case of the changes of the data. The information of these changes shall be disclosed to the shareholders in the Company's periodical reports. Information about current members of the Board, their educational background, qualification, professional experience, participation in other companies is disclosed in Company's website.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	Information about the composition of the Board, members' education, work experience and participation in other companies is disclosed in Company's periodical reports and website.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the Audit Committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the Remuneration Committee should have knowledge of and experience in the field of remuneration policy.	Yes	The company operates in the market less than one year. In the future the company will regularly assess the composition of the Board with consideration to the nature of Company's activity and structure. The Board members have sufficient experience to perform its functions and the required diversity of knowledge to complete their tasks properly. The Audit Committee members have the required experience. The Remuneration Committee is not formed.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	No	Presently, members of the Board do not perform the assessment of their skills and knowledge.

3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	No	The Board members are delegated by the largest shareholders, but represents the interests of all shareholders. Independent board members are not elected.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) he/ she is not an executive director or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) of the company or any associated company and has not been such during the last five years; 2) he/ she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) he/ she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) he/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) he/ she does not have and did not have any material business relations with the company or associated companies within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant	No	Members of the Board are elected by the General Shareholders' Meeting. They are independent and in their actions seek the benefit to the Company and its shareholders, however fail to meet the recommendation on independency.

payments from the company or its group; 6) he/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated companies; 7) he/she is not an executive director or member of the Board in some other company where executive director of the company or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) is non-executive director or member of the Supervisory Board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) he/she has not been in the position of a member of the collegial body for over than 12 years; 9) he/ she is not a close relative to an executive director or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he can not be considered independent due to special personal or company-related circumstances.	No	No Board members' independency assessment and announcement practice is applicable in the Company.
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	No Board members' independency assessment and announcement practice is applicable in the Company.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	No Board members' independency assessment and announcement practice is applicable in the Company.

3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The General Shareholders' Meeting should approve the amount of such remuneration.	Not applicable	The Board members are not remunerated for their work and participation in the meeting of the Board from the Company's funds.
Principle IV: The duties and liabilities of a collegial body elected by the General Shareholders' Meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the General Shareholders' Meeting, and the powers granted to the collegial body should ensure effective monitoring of the Company's management bodies and protection of interests of all the Company's shareholders.**		
4.1. The collegial body elected by the General Shareholders' Meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The Board submits Company's annual financial statement and consolidated annual financial statement, profit distribution drafts to the General Shareholders' Meeting, delivers consolidated annual report, also performs all other functions set forth in the legal acts of the Republic of Lithuania.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or Audit Committee and, if necessary, respective company-not-pertaining body (institution).	Yes	According to the information held with the Company, all Board members act in good will with respect to the Company, are guided by the interests of the Company, not by the personal or third parties' interests, and seek to preserve their independency while adopting the decisions.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The Board members perform their functions properly: they actively participate in the Board meetings and devote sufficient time for the performance of their duties as Board members.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members	Yes	The Board treats all shareholders honestly and impartially.

of the collegial body when communicating with and committing to shareholders.		
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	No	In 2015 the company, in accordance with the shareholders' decision, signed the ordinary property management contract with the related to and controlled by Invalda INVL company INVL Farmland Management for INVL Baltic Farmland group's land administration.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	Yes	The Board is independent while adopting decisions which are significant for the activity and strategy of the Company.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of the company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish Nomination, Remuneration, and Audit Committees. Companies should ensure that the functions attributable to the Nomination, Remuneration, and Audit Committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be	No	Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.

performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.		
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgment and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.		
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the Company chooses not to set up a Supervisory Board, Remuneration and Audit Committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit Committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.		
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to		

participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.		
4.12. Nomination Committee. 4.12.1. Key functions of the Nomination Committee should be the following: 1) identify and recommend, for the approval of the collegial body, candidates to fill Board vacancies. The Nomination Committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination Committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) properly consider issues related to succession planning; 5) review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination Committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) and senior management, Chief Financial Officer of the company should be consulted by, and entitled to submit proposals to the Nomination Committee.		
4.13. Remuneration Committee. 4.13.1. Key functions of the Remuneration Committee should be the following: 1) make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) make proposals to the collegial body on the		

individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the Committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; 4) periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; 5) make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 6) assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 7) make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the Committee should: 1) consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) examine the related information that is given in the company's annual report and documents intended for the use during the General Shareholders' Meeting; 3) make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the Remuneration Committee, the Committee should at least address the chairman of the collegial body and/or Chief Financial Officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The Remuneration Committee should report on the exercise of its functions to the shareholders and be present at the Annual General Shareholders' Meeting for this purpose.		

4.14. Audit Committee. 4.14.1. Key functions of the Audit Committee should be the following: 1) observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) at least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the General Shareholders' Meeting) and with the terms and conditions of his engagement. The Committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; 5) monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the Committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the May 16, 2002 Commission Recommendation 2002/590/EC, the Committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the Committee, and (c) permissible without referral to the Committee; 6) review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the Committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the Audit Committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special	Yes	The members of the Audit Committee are elected by the General Shareholders' Meeting. The main functions of the Audit Committee should be the following: - provide recommendations 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. In conducting of the mentioned above functions, the Audit committee supervises the process of preparation of annual accounts and gives recommendations to the Board on provision of the annual accounts for the approval of the shareholders. Furthermore, the Audit commitee analizes the independance and other criterias of the potential auditors and gives the necessary conclusions to the management. The Audit committee prepares activity report on the main conclusions regarding Company's activity.

consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The Audit Committee should decide whether participation of the chairman of the collegial body, Chief Financial Officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the Committee is required (if required, when). The Committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the Audit Committee should act as the principal contact person for the internal and external auditors. 4.14.5. The Audit Committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The Audit Committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The Committee should be timely furnished information on all issues arising from the audit. 4.14.6. The Audit Committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The Audit Committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and Committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	Yes	The Board once a year conducts self-assessment of its activities. During 2015 the Board structure and composition remained unchanged. The Board assesses its organization positively. The Board members actively participate in Board meetings and devote sufficient time and attention to the board member's duties. Members of the Board attend the meetings in person or remotely. In 2015 the Board analyzed available information, discussed and adopted decisions on all main issues concerning the activities of INVL Baltic Farmland and its group. In 2015 the Board initiated two shareholders meetings. During the first meeting the Board presented the draft decision on the contract with INVL Farmland

		Management award, which was aprroved. On 30 June 2015 the ordinary property management contract with INVL Farmland Management was signed. According to the contract INVL Farmland Management administers the land controlled by companies in order to effectively ensure a reasonable income growth for shareholders and raise of the value of the land. During the second shareholders' meeting the shareholders approved the Board's proposal to authorize the INVL Baltic Farmland to acquire their our shares.
Principle V: The working procedure of the Company's collegial bodies. **The working procedure of supervisory and management bodies established in the Company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the Company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The activity of the Board is chaired by the chairman who is also responsible for convocation of the meetings as well as preparation of the agenda. Frequency of the meetings and questions of the agenda depend on the particular events or projects or they are related with ordinary functions of the Board prescribed by legal acts.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's Supervisory Board should be convened at least once in a quarter, and the company's Board should meet at least once a month[8].	Yes	The Board meetings are held at least once per quarter.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	The Board meetings are being convened by the Chairman. The Chairman of the Board informs members about the meeting by phone or by email.

[8] The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's Board should be free to attend meetings of the company's Supervisory Board, especially where issues concerning removal of the Board members, their liability or remuneration are discussed.	No	The Company may not implement this recommendation since only the Board is formed.
Principle VI: The equitable treatment of shareholders and shareholder rights. **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	Shares which compose the authorized capital of the Company grant equal rights to all shareholders.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company informs shareholders about the rights of newly issued shares. Information about the rights of already issued shares is provided in the Shareholders' Policy approved by the Board, the Articles of the Association, Company's annual report.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the General Shareholders' Meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	Shareholders of the Company have equal opportunities to get familiarized and participate in adopting decisions important to the Company. Approval of the General Shareholders' Meeting is also necessary in cases stipulated in Chapter V of the Law on Companies of the Republic of Lithuania. No other cases when the approval of the General Shareholders' Meeting should be obtained are foreseen, since it would impair Company's business considering the nature of the Company's activity.
6.4. Procedures of convening and conducting a General Shareholders' Meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the Company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the General Share-holders' Meeting and receive answers to them.	Yes	The procedures of convening and conducting of the General Shareholders' Meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meetings get familiarized with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.

6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the General Shareholders' Meeting, should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the General Shareholders' Meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	The information about General Shareholders' Meetings are published in Lithuanian and English on the Company's website.
6.6. Shareholders should be furnished with the opportunity to vote in the General Shareholders' Meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company's shareholders are furnished with the opportunity to participate in the General Shareholders' Meeting both personally and via an attorney, if such a person has a proper authorization or if an agreement on the transfer of voting rights was concluded in the manner set forth in the legal acts. The Company provides the shareholders with conditions to vote by completing the general voting ballot.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at General Shareholders' Meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in General Shareholders' Meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	Shareholders can vote via an attorney or by completing the general voting ballot but for the meantime shareholders can not participate and vote in General Shareholders' Meetings via electronic means of communication.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The Board members fully comply with these recommendations.
7.2. Any member of the company's supervisory and		

management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the General Shareholders' Meeting or any other corporate body authorised by the meeting.		
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.		
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.		
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the Company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of Company's remuneration policy and remuneration of directors.**		
8.1. A Company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	No	The Company does not prepare a remuneration policy since the majority of VIII principle items are not relevant for the present structure of the Company. Information about the benefits and loans for the members of the management bodies is provided in the periodical reports, financial statements.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.		
8.3. Remuneration statement should leastwise include the following information: 1) explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) an explanation how the choice of performance criteria contributes to the long-term interests of the		

company; 4) an explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) sufficient information on deferment periods with regard to variable components of remuneration; 6) sufficient information on the linkage between the remuneration and performance; 7) the main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) sufficient information on the policy regarding termination payments; 9) sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; 10) sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) a description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) remuneration statement should not include commercially sensitive information.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.		
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: - the total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the Annual General Shareholders' Meeting; - the remuneration and advantages received from any undertaking belonging to the same group; - the remuneration paid in the form of profit sharing		

and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; - if permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; - compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; - total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: - the number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; - the number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; - the number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; - all changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: - when the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; - when the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.		
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.		

8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.		
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.		
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.		
8.11. Termination payments should not be paid if the termination is due to inadequate performance.		
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of Annual General Shareholders' Meeting.		
8.13. Shares should not vest for at least three years after their award.		
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.		
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).		
8.16. Remuneration of non-executive or supervisory directors should not include share options.		
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend General Shareholders' Meetings where appropriate and make considered use of their votes regarding directors' remuneration.		

8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the Annual General Shareholders' Meeting. Remuneration statement should be put for voting in Annual General Shareholders' Meeting. The vote may be either mandatory or advisory.		
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of Annual General Shareholders' Meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in Annual General Shareholders' Meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	Not applicable	In 2015 the schemes, on which basis the managers were remunerated in shares, share selection transactions or other rights to acquire the shares or be remunerated based on the share price movements were not applied in the Company.
8.20. The following issues should be subject to approval by the Annual General Shareholders' Meeting: 1) grant of share-based schemes, including share options, to directors; 2) determination of maximum number of shares and main conditions of share granting; 3) the term within which options can be exercised; 4) the conditions for any subsequent change in the exercise of the options, if permissible by law; 5) all other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual General Shareholders' Meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.		
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe the shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.		
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the Annual General Shareholders' Meeting.		

8.23. Prior to the Annual General Shareholders' Meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the Company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the Company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The Company respects the rights of interest holders and allows the interest holders to participate in the management of the Company in the manner set forth by the laws. The detailed information about planned events has been constantly discosed in line with reuirements of legal acts; therefore, the investors (shareholders) have enough opportunities to familiarize with necessary information as well as vote on decisions. More detailed explanation about disclosure procedure is provided below in the part 10.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the Company, including the financial situation, performance and governance of the Company.**		

10.1. The company should disclose information on: 1) the financial and operating results of the company; 2) company objectives; 3) persons holding by the right of ownership or in control of a block of shares in the company; 4) members of the company's supervisory and management bodies, Chief Financial Officer of the company and their remuneration; 5) material foreseeable risk factors; 6) transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) material issues regarding employees and other stakeholders; 8) governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	Information set forth in this recommendation is disclosed in the notifications on material event, periodical reports. This information is also published on Company's website.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the Company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.		
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, Chief Financial Officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and Chief Financial Officer as per Principle VIII.		
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.		
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the NASDAQ OMX Vilnius, so that all the company's shareholders and investors should have equal	Yes	The company discloses information via NASDAQ OMX news distribution service so that the public in Lithuania and other EU countries should have equal access to the information. The information is disclosed in Lithuanian and English. The company publishes its information prior to or after the trade sessions on the NASDAQ OMX Vilnius. The company does not disclose information

access to the information and make informed investing decisions.		that may have an effect on the price of shares in the commentaries, interview or other ways as long as such information is publicly announced via NASDAQ OMX news distribution service.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	The information is disclosed in Lithuanian and English simultaneously via NASDAQ OMX news distribution service. It is also published on company's website.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	The company publishes all information indicated in this recommendation on its website.
Principle XI: The selection of the Company's auditor **The mechanism of the selection of the Company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	The annual Company's and consolidated financial statements and consolidated annual report are conducted by the independent audit company. The interim financial statements are not conducted by the audit company.
11.2. It is recommended that the company's Supervisory Board and, where it is not set up, the company's Board should propose a candidate firm of auditors to the General Shareholders' Meeting.	Yes	The candidate audit company is suggested to the General Shareholders' Meeting by the Board.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's Supervisory Board and, where it is not formed, the company's Board upon their consideration which firm of auditors to propose for the General Shareholders' Meeting.	Not applicable	The audit company does not provide non-audit services to the Company.