

**ARTICLES OF ASSOCIATION
OF
SPECIAL CLOSED-END TYPE REAL ESTATE INVESTMENT COMPANY
INVL BALTIC REAL ESTATE**

The Articles of Association were signed in Vilnius on 2nd January 2018

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I. GENERAL INFORMATION ABOUT THE COMPANY

1. These Articles of Association were prepared following the Law of the Republic of Lithuania on Collective Investment Undertakings, the Law of the Republic of Lithuania on Securities, the Law of the Republic of Lithuania on Companies, the Law of the Republic of Lithuania on Markets in Financial Instruments, the Civil Code of the Republic of Lithuania and other legal acts.
2. The Company is a special closed-end type real estate investment company.
3. **Investments into Shares are related to higher than average, long-term risk.**
4. Redemption of Shares is limited. Share won't be redeemed on request by the Shareholder. Shares shall be redeemed during the Term of Activities of the Company only in cases provided for in the Articles of Association.
5. A financial year of the Company coincides with a calendar year.
6. Shares shall be offered to the public under the procedure set in the Law of the Republic of Lithuania on Securities.
7. The type of the Company shall be a closed-end type investment company.
8. The legal form of the Company shall be a public limited liability company.
9. The name of the Company shall be special closed-end type real estate investment company INVL Baltic Real Estate.

II. TERMS USED IN THE ARTICLES OF ASSOCIATION

10. Capitalised terms used in the Articles of Association shall have the meanings defined in this section of the Articles of Association. Section II of the Articles of Association presents only the main terms used in the Articles of Association. The Articles of Association may also give explanations or definitions of other terms.
 - 10.1. **Share** shall mean an ordinary registered non-certificated share of the Company with the nominal value of EUR 1.45.
 - 10.2. **Shareholder** shall mean a natural person or legal entity that holds Shares.
 - 10.3. **Accounting Policy** shall mean the accounting principles and methods intended for keeping accounts and drawing up of financial statements of a closed-end type investment company.
 - 10.4. **Company** shall mean special closed-end type real estate investment company INVL Baltic Real Estate, Shares of which shall be issued and redeemed under the procedure set by the Articles of Association.
 - 10.5. **Term of Activities of the Company** – the Company shall operate for 30 years after obtaining a license for the closed-end investment company. The Term of Activities of the Company can be extended for no more than 20 years, under the procedure set in the Articles of Association.
 - 10.6. **Business Day** shall mean a calendar day, except for public holidays and days off in the Republic of Lithuania.
 - 10.7. **Depository** shall mean a bank authorized to provide investment services in the Republic of Lithuania and having its registered office or a unit or being established in the Republic of Lithuania.
 - 10.8. **Material Change** shall mean material changes in the documents of the Company, as indicated in Article 98 of these Articles of Association.

- 10.9. **Euro** or **EUR** shall mean the official currency of the Member States of the European Union that are members of the European Economic and Monetary Union.
- 10.10. **Net Asset Value** shall mean the difference between the value of assets owned by the Company and long-term and current liabilities of the Company.
- 10.11. **Articles of Association** shall mean this document.
- 10.12. **Controlled Company** shall mean a specially established company which is controlled by the Company by exercising direct decisive influence on it.
- 10.13. **Real Estate Company** shall mean a company, the main activities of which are real estate acquisition, reconstruction, lease, trade and/or development.
- 10.14. **Offeror** shall mean a person, performing sale of Shares under an agreement with the Management Company, also performing other actions set in the agreement with the Management Company.
- 10.15. **Supervisory Authority** shall mean the Bank of Lithuania, which performs the function of licensing and supervising activities of management companies and collective investment undertakings under the procedure set by legal acts of the Republic of Lithuania.
- 10.16. **Prospectus** shall mean a document prepared in accordance with the Law of the Republic of Lithuania on Securities, where main information about Shares is presented to Shareholders, potential Shareholders and the public.
- 10.17. **Performance Fee** shall mean a fee payable to the Management Company for exceeding the requested minimal return to be earned for Shareholders.
- 10.18. **IAS** shall mean the International Accounting Standards, as they are defined in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.
- 10.19. **Management Company** shall mean a legal entity, with which the Company enters into a management agreement. When the term “Management Company” is used in the Articles of Association, it shall be deemed that the Management Company acts on behalf of the Company.
- 10.20. **Management Fee** shall mean the fee for management of assets of the Company payable to the Management Company.

III. PURPOSES OF ACTIVITIES AND TYPE OF ACTIVITIES OF THE COMPANY

11. The purpose of the Company is to accumulate Shareholders' funds by public offering of Shares under the procedure set in the Articles of Association and, diversifying the risk, to invest them collectively into assets indicated in the Articles of Association in compliance with investment requirements indicated in legal acts. For this purpose, the Company shall perform investment and reinvestment activity.
12. The Company shall operate as a closed-end type investment company under the procedure set by legal acts.
13. The Company shall perform economic and commercial activities following legal acts of the Republic of Lithuania and the Articles of Association.
14. The Shares are admitted to trading on the NASDAQ Vilnius stock exchange.
15. Management of the Company shall be assigned to the Management Company, whereas assets of the Company shall be transferred to the Depository for keeping.

IV. INVESTMENT STRATEGY OF THE COMPANY

16. The purpose of the Company is to accumulate and invest the Shareholders' funds seeking the largest return from investments into investment objects indicated in Article 18 of the Articles of Association.
17. Diversifying investments and managing the risk, the Management Company shall seek to reduce the risk and to prevent possible reduction of investments value and to create value by selecting investment objects and making use of other market participants' experience.
18. The aim of the Company is to earn return for Shareholders' benefit from investments into land, buildings and/or premises that make separate real estate objects, real estate objects under construction, which are planned to be constructed within an acceptable period, securities and money market instruments of Real Estate Companies if assets of such companies are invested into real estate corresponding to the investment strategy of the Company, investment units or shares of real estate collective investment undertakings established in the European Union Member States, supervision over which is no less strict than in the Republic of Lithuania, movable property and equipment necessary for operating real estate objects in the investment portfolio of the Company, transferrable securities and money market instruments admitted to trading on the multilateral trading facility and other investment objects not prohibited by legal acts.
19. The Management Company shall invest up to 100 percent of the Net Asset Value into investment objects indicated in Article 18 of these Articles of Association directly or by use of Real Estate Companies.
20. Investing directly or by use of Real Estate Companies, the Management Company shall (acting on behalf of the Company) seek to acquire commercial and/or mixed purpose investment objects indicated in Article 18 of the Articles of Association, which generate or can generate regular income.
21. The Company shall seek to increase return on investments, making efforts that assets under its management would generate regular long-term income and their value would grow. Therefore, assets held by the Company shall be managed and acquisition of new assets shall be made taking into account value creation for Shareholders of the Company.
22. The Management Company shall manage the portfolio of investment objects of the Company following these main principles of diversification (the conformity of the portfolio of assets of the Company to the following principles shall be achieved within four years after the Supervisory Authority issued a permission to certify the Company's incorporation documents and to choose a Depository (after the day on which the Supervisory Authority issued a permission to engage in activities of a closed-end type investment company)):
 - 22.1. no more than 20% of the net assets accounting for assets of the Company can be invested:
 - 22.1.1. into transferrable securities and money market instruments entered onto the trade list of the market, which according to the Law of the Republic of Lithuania on Markets in Financial Instruments is considered regulated and operating in the Republic of Lithuania or in another Member State, and/or
 - 22.1.2. into transferrable securities and money market instruments, admitted to trading on the market operating, recognised, supervised and available to the public in another Member State according to set rules, and/or
 - 22.1.3. into transferrable securities and money market instruments, admitted to trading on the market operating, recognised, supervised and available to the public in another state (other than Member States) according to set rules, and/or
 - 22.1.4. into new transferrable securities issued by issuers established in the Member States of the European Union, if the issue terms provide for the obligation to have these securities admitted to trading on a regulated market and if they are admitted to trading no later than within one year after their issue, and/or

- 22.1.5. into investment units and shares of harmonised collective investment undertakings and into investment units and shares of such collective investment undertakings, which meet the following conditions:
 - 22.1.5.1. the sole purpose of such undertakings is to accumulate persons' funds by public offering of investment units or shares and by splitting them to collectively invest them into transferrable securities and/or other planned liquid assets and investment units or shares of which must be redeemed at any time upon request of their holder, these undertakings are licensed in the Republic of Lithuania and their supervision is no less strict than in the European Union or licensed in such a State, where supervision is no less strict than in the European Union, and the supervisory authority cooperates with the relevant supervisory authority of another Member State or third country;
 - 22.1.5.2. protection of rights of participants in the undertakings, including regulation of separation of assets, borrowing, lending and gratuitous transfer of assets, is no less strict than established for harmonised collective investment undertakings according to the Law of the Republic of Lithuania on Collective Investment Undertakings;
 - 22.1.5.3. the undertakings present semi-annual and annual reports on their activities, enabling to assess their assets and liabilities, profit and activities during a reporting period;
 - 22.1.5.4. no more than 10 percent of their net assets, according to their documents of incorporation, can be invested into investment units or shares of other collective investment undertakings, and/or
- 22.1.6. into deposits for a term no longer than 12 months, which can be collected upon demand in a credit institution, domiciled in a Member State or in another State, where risk limiting supervision is no less strict than in the European Union, and/or
- 22.1.7. into financial derivatives (including those which entitle only to receipt of money), which meet the following conditions:
 - 22.1.7.1. they are admitted to trading in markets, which are deemed regulated according to the Law of the Republic of Lithuania on Markets in Financial Instruments and which operate in the Republic of Lithuania or in another Member State, and/or in a market operating, recognised, supervised and available to the public according to rules set in another Member State, and/or in a market operating, recognised, supervised and available to the public according to rules set in another State (other than Member States), or that are traded beyond the limits of the markets indicated above;
 - 22.1.7.2. they are linked to investment instruments indicated in paragraphs 22.1.1.-22.1.6. hereof, financial indexes, interest rates, currencies and currency exchange rates, to which the Company will invest;
 - 22.1.7.3. the counterparty to the transaction conducted beyond the limits of the markets indicated in paragraph 22.1.7.1 hereof meets criteria set by the supervisory authority and is subject to risk limiting supervision;
 - 22.1.7.4. they are traded beyond the limits of the markets indicated in paragraph 22.1.7.1 hereof, but they can be checked, reliably and exactly valued every day and sold or otherwise realised for a consideration at any time at their fair value, and/or
- 22.1.8. into money market instruments, which are not admitted to trading on a regulated market, however the issuer or issuer of such instruments are regulated in order to protect investors and their savings and such instruments:

- 22.1.8.1. are issued or guaranteed by the government, regional government, municipality or the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, the government of a third country or of the entities forming a federal state, or an international organisation, that at least one Member State is a member of, or
- 22.1.8.2. are issued by an entity, securities of which are admitted to trading on the regulated markets indicated in paragraph 22.1.7.1 hereof, or
- 22.1.8.3. are issued or guaranteed by the entity, whose operational risk is supervised according to requirements of the European Union law or such requirements, which are no less strict than in the European Union, or
- 22.1.8.4. are issued by a company meeting criteria approved by the supervisory authority, capital and reserves of which are equal to at least EUR 10 million and which draws up consolidated financial statements and performs the function of financing the company group, when transferrable securities of at least one company within its group are admitted to trading on a regulated market, or which is used for issuing securities financed with bank loans, and investments into such money market instruments are protected no less than indicated in paragraph 22.1.7.1 hereof, and/or
- 22.1.9. into transferrable securities and money market instruments, admitted to trading on the multilateral trading facility or not admitted to trading in the markets meeting criteria indicated in paragraph 22.1.7.1 hereof;
- 22.2. no more than 30 percent of net assets accounting for assets of the Company can be invested into one real estate object and/or Real Estate Company. This investment restriction does not apply to investments into Controlled Companies, if these companies invest the received funds into real estate objects, provided that:
 - 22.2.1. a Controlled Company meets all requirements for investing assets applicable to the Company, when the Company invests 100 percent of net assets accounting for its assets into such a company;
 - 22.2.2. the Company together with a Controlled Company meets all requirements for investing assets applicable to the Company, when the Company invests more than 30 percent, but less than 100 percent of net assets accounting for its assets into the Controlled Company;
 - 22.2.3. the Depository is provided with all documents and information in connection with investments into the Controlled Company, which are necessary for the Depository for proper performance of its functions;
- 22.3. the total amount of investments into real estate objects under construction cannot exceed 20 percent of net assets accounting for the assets of the Company;
- 22.4. the total amount of investments into a real estate object and movable property and/or equipment necessary for its use cannot exceed 40 percent of net assets accounting for the assets of the Company;
- 22.5. the total amount of investments into securities, money market instruments issued by the same Controlled Company and liabilities of the Company due to financial derivatives transactions with that company cannot exceed 30 percent of net assets accounting for the assets of the Company;
- 22.6. the total amount of investments into investment instruments indicated in paragraph 22.5 hereof and investment objects indicated in paragraph 22.4 hereof, into which such Real Estate Company and the Company has invested, cannot exceed 30 percent of net assets accounting for the assets of the Company.

23. All investment decisions in connection with assets of the Company must be taken with regard to restrictions on investing assets of the Company provided for in applicable legal acts.
24. For the sake of efficiency of the Company's activities and control over its investments, an Investment Committee shall be formed by a decision of the Board of the Management Company. The Investment Committee shall consist of 3 (three) members, representatives of the Management Company (employees, members of management bodies of the Management Company, other persons appointed by a decision of the Board of the Management Company) shall be appointed to their positions. Members of the Investment Committee shall be appointed by a decision of the Management Company. Members of the Investment Committee shall be appointed and removed from office by the Board of the Management Company. An approval of the Investment Committee must be obtained for all investments of the Company and for their sale.
25. The procedure of formation, responsibilities, functions of the Investment Committee, decision-making procedure and other procedures of the Investment Committee shall be set in the regulations of the Investment Committee. The regulations of the Investment Committee shall be made public on the Company's website www.invbalticrealestate.lt.
26. For the sake of efficiency of activities of the Company, an Advisory Committee may be formed by a decision of the Board of the Management Company. The purpose of the Advisory Committee is to ensure having knowledge about investments objects, into which the Company's assets may be invested, and knowing their specifics. The Advisory Committee shall present its opinion and conclusions to the Investment Committee regarding investments of the Company.
27. The procedure of formation, responsibilities, functions of the Advisory Committee, decision-making procedure and other procedures of the Advisory Committee shall be set in the regulations of the Advisory Committee, which shall be made public on the Company's website www.invlbalticrealestate.lt.
28. The strategy of investment of the Company's assets provided for in the Articles of Association can be changed by making relevant amendments to the Articles of Association by a decision of the general meeting of Shareholders.
29. In case of an essential change in the Company's investment strategy, all the Shareholders must be informed about that in writing at least 3 months in advance by sending them a relevant notification. In such cases, the Shareholders must be given a possibility to demand redemption of the Shares owned by them without any additional deductions within a sufficient period of time, which cannot be shorter than 2 months after properly informing the Shareholders about the planned change of the investment strategy of the Company (redemption of the Shares shall be performed following Article 89 of these Articles of Association). Shareholders must be informed about this right by sending a notification about the planned change of the investment strategy of the Company.
30. An investment object(s) of the Company can be transferred only subject to prior consent of the Depository.
31. The Company may own investment objects directly and it may own securities of Real Estate Companies. When investing through Real Estate Companies, the Depository is to be provided with documents in connection with investments into Real Estate Companies in order that the Depository could perform its functions provided for in legal acts.
32. If necessary, funds may be borrowed in the name of the Company in order to additionally finance investment objects acquired by the Company (or by use of Real Estate Companies) and in this way seek higher investment return. The Management Company can take a decision to borrow in the name of the Company up to 50 percent of real estate value for not longer than until the end of activities of the Company. The Company may lend its assets to companies that are directly controlled by the Company.
33. The Company shall not use a benchmark.

34. After incorporation of the Company, its investment portfolio can fail to meet the set diversification requirements for 4 years after the date when the Supervisory Authority issued a permit to certify documents of its incorporation and choose a Depository (issued a license to engage in activities of a closed-end investment company). In all cases, the right not to meet the set diversification requirements does not cancel the duty of the Management Company to invest assets of the Company in compliance with requirements set in Articles 16 – 18 hereof.
35. If after the end of the term set in Article 34 hereof investment requirements are violated for reasons that the Management Company cannot control, any non-conformity must be eliminated as soon as possible, but in any case no later than within one year. This term can be longer only in exceptional cases, when the Management Company cannot correct the situation due to reasons beyond its control. In such a case, after the end of the one-year term, the Management Company must immediately inform the Supervisory Authority in writing about the situation and reasons for it. The notification must also indicate the expected date of fulfilment of the requirement.

V. INVESTMENT RISKS

36. Investments into Shares are related to higher than average, long-term risk. The Company cannot guarantee that the Shareholders will get invested funds back.

General risk

37. The value of an investment into real estate can fluctuate in the short term depending on the general economic situation, real estate lease and sale prices, demand and supply fluctuations. Investments into real estate should be made for a medium or long period in order that the investor could avoid the risk of short-term price fluctuations. Investments into real estate are related to higher than average risk. If investments are not profitable or in case of other unfavourable circumstances (inability to pay creditors in time), bankruptcy proceedings can be instituted against the Company. Redemption of the Shares is limited, i.e. a Shareholder cannot demand that the Company or the Management Company, which took over its management, would redeem the Shares. But a Shareholder will have a possibility to sell Shares in the secondary market (cf. Articles 85 – 87 of the Articles of Association).

Real estate development risk

38. Real estate projects developed by the Company can take longer than planned or cost more than planned and return on investments of the Company may decrease for this reason. Managing this risk, the Company will assign sufficient resources for control over the budgets and performance terms of real estate development projects.

Leverage risk

39. Leverage risk is related to possible depreciation of real estate objects acquired with borrowed money. The bigger the leverage, the higher probability of this risk is.

Investment diversification risk

40. This is a risk that one bad investment can have a significant effect on the results of the Company. In order to reduce this risk, the Company will have a sufficient number of different real estate objects in its portfolio, in this way maintaining the proper diversification level.

Risk of the management and human resources

41. The success of the Company's investments will largely depend on decisions taken by persons in the Management Company who are responsible for management of the Company and on experience and capabilities of the said persons. There is no guarantee that the same persons will always remain responsible for management of the Company, however efforts will be used that activities of the Company would always be taken care of by properly qualified persons.

Risk of conflicts of interest

42. There is a risk that there will be situations when interests of the Management Company (or persons related to it) and the Company or Shareholders will differ or interests of individual Shareholders will differ, i.e. there will be a conflict of interest. When it is impossible to avoid a conflict of interest, the Management Company must ensure that Shareholders are treated fairly. Employees of the Management Company must immediately, as soon as they become aware of such information, notify the Investment Committee about a potential or existing conflict of interest. The Investment Committee, approving of investment decisions, shall take into account the information presented to it about potential or existing conflicts of interest. The Investment Committee shall immediately inform the head and the Board of the Management Company about conflicts of interest it is aware of. Following legal acts regulating organisation of activities of collective investment undertakings, the Management Company has implemented appropriate measures for avoiding and managing conflicts of interest, which enable to perform the activities of managing the risk of conflicts of interest and managing conflicts of interest independently, in order to avoid/reduce the risk of conflicts of interest or properly manage a conflict of interest when it occurs.

Risk of changes in laws and regulation

43. There is a risk that upon changes in legal acts of the Republic of Lithuania or the States where assets of the Company are invested, such changes in legal acts can have a negative effect on the protection of the Company's investments, their profitability and value or such changes in legal acts can have a negative effect on rights and interests of the Company otherwise. Taking that into account, the Company will invest only into assets located in the Member States of the European Union.

Tax risk

44. There is a risk that upon changes in economic conditions, political situation in the country or due to any other reasons, new taxes on Shareholders, the Company or investment objects of the Company will appear or the rates of current taxes will increase, therefore the price, liquidity and/or attractiveness of the Shares or the value of investments of the Company may decrease.

Taxation and legal risk

45. Upon change of legal acts related to equity securities or the national taxation policy, this may result in the change of attractiveness of the Shares. For this reason, the liquidity and/or the price of the Shares may decrease.

Risk of inflation and deflation

46. There is a risk that in case of inflation the value of a Share will grow slower than inflation, which would result in the return lower than inflation. In such a case, the real return earned by persons who sold Shares in the market from increase in the value of the Shares can be smaller than expected. In case of deflation, there would be a risk that the value of the Company's investments will decrease by reason of the drop of the general price level.

Tenants' risk

47. The Company will seek to let real estate objects at as high prices as possible. Though currently the rent is paid in time (overdue obligations of tenants are very small and are not significant for activities of the Company), there is a risk that upon change (deterioration) of the economic situation the tenants will default on their obligations – this would have a negative impact on the profit and cash flows of the Company. In case of late performance of a large part of obligations, the ordinary business of the Company may be disrupted, it may be necessary to search for additional sources of financing, which may be not always available. The Company, in case of failure to earn planned income from lease or to maintain a high percentage of occupation of the buildings, can face the problem of costs that are not compensated by permanent tenants. This risk may manifest itself in case of big increase in the supply of rented premises and reduction in demand, drop in rental fees. In case of a failure to let the premises at planned prices or in planned scopes, also in case current tenants terminate their lease agreements, the income of the Company could decrease, whereas fixed costs would remain the same. Accordingly, the profit of the Company would decrease.

Credit risk

48. The Company has given and may have given loans to other companies, therefore, in case of deterioration of the financial condition of those companies, there is a risk that the Company will not get back all the loans granted by it.

Risk of financial intermediaries

49. The Company will also incur risk by keeping funds in bank accounts or investing into short-term financial instruments. Currently, no short-term financial instruments are being acquired, excess funds are kept in bank accounts or are used to cover obligations of the Company.

Liquidity risk

50. This is a risk to incur losses due to low liquidity of the market, when it becomes difficult to sell assets at the desired time at the desired price. In management of this risk, the Company will regularly monitor the real estate market, will get ready for the property sale process in advance, in this way reducing the liquidity risk. Acquiring Shares, the Shareholders also assume the risk of securities liquidity – in case of a drop in demand for Shares or delisting them from the stock exchange, investors would find it difficult to sell them. In case of deterioration of the Company's financial situation, the demand for Shares, as well as their price may decrease. Liquidity risk also covers the cash flow disruption risk incurred by the Company due to late payments and/or full default on monetary obligations by insolvent tenants.

Interest rate risk

51. There is a risk that in case of fast recovery of the global economy or increase in inflation, central banks will increase interest rates and it will be more expensive to service loans in connection with the Company's investments, therefore, the value of the Company's investments can decrease. In order to avoid this risk, the Management Company shall seek that the Company would get most of its loans at fixed interest rates. If it seems necessary, the Company shall hedge against interest rate risk when entering into relevant transactions.

Risk of spin-off from AB Invalda INVL

52. On 29 of April 2014 the Company took over 30.9 percent of the assets, equity and liabilities of AB Invalda LT (currently, AB Invalda INVL). If certain obligations of AB Invalda INVL were not known at the time of the spin-off and for this reason were not distributed to all companies operating after the spin-off, all the companies operating after the spin-off will be liable for them jointly and severally. The liability of each of those companies for these obligations will be limited by the amount of the equity, assigned to each of them according to the terms of spin-off. Thus, there is a risk that if the obligations of AB Invalda INVL are not distributed, the Company will be liable for obligations of AB Invalda INVL, which according to

the terms of spin-off are assigned to the Company. The Company does not have any information that the reorganisation of AB Invalda INVL was performed improperly and/or that some of the obligations of AB Invalda INVL are not distributed.

Risk related to uncertainty of legal regulation of activities of the Company

53. Legal acts of the Republic of Lithuania do not clearly regulate the legal status and activities of a closed-end type investment company. Therefore, there is a risk that legal actions may be taken against the Company and/or the Management Company, including, without limitation, disputing obtaining of a license for a closed-end type investment company, powers of the Management Company to manage the Company, also enforcing recovery from the assets of the Company for fulfilment of obligations to creditors of Shareholders and/or the Management Company or demanding that Shareholders and/or the Management Company fulfil outstanding obligations of the Company.

Risk of major shareholders

54. Most Share (approx. 80 percent) and votes carried by them are held by several major Shareholders, who controls AB “Invalda INVL” and Management Company, and therefore they can exercise material impact on the Company. There are no guarantees that the position of these Shareholders will always coincide with the opinion and interests of the Management Company, minor shareholders.

Market risk

55. Acquisition of Shares entails the risk to incur losses due to unfavourable changes in the Share price in the market. A drop in the price of the Shares can be caused by negative changes in the value of assets and profitability of the Company, general share market trends in the region and in the world. Trade in Shares can depend on comments of financial brokers and analysts and announced independent analyses about the Company and its activities. If the analysts give an adverse opinion about prospects of the Shares, this can also have a negative effect on the price of Shares in the market. In assessing Shares, non-professional investors are advised to address intermediaries of public trading or other specialists in this field for help.

Dividend payment risk

56. Though the Company has approved its dividend payment policy, payment of dividend to Shareholders is not guaranteed and will depend on profitability of activities, investments plans and the general financial situation.

Geopolitical risk

57. There is a risk that geopolitical changes can have an effect on activities of the Company (e.g. conflicts of States, internal conflicts in neighbouring States, insurrections, wars) and for this reason the investment value of the Company can decrease or it may be impossible to sell the Company’s investments at the desired time for the desired price.

Risk related to statements in the future tense

58. Statements in the future tense are based on estimate, opinion, expectations and forecasts regarding future events and financial trends that will possibly have an effect on the activities of the Company. Statements in the future tense include information about possible or presumable results of the Company’s activities, investment strategy, contractual relationships, borrowing plans, investment conditions, effect of future regulation and other information. The Company cannot assure that statements in the future tense will reflect future events and circumstances fully and correctly. The Company, the Management Company and its employees do not undertake to adjust or modify statements in the future tense, except to the extent required by laws and these Articles of Association.

Risk of valuation of the Company’s assets

59. The assets of the Company will be evaluated according to the main rules set in these Articles of Association and the Accounting Policy. Valuation of individual assets held by the Company shall be performed by a two property appraiser, however such valuation of assets shall be only determining the value of the assets, which does not automatically mean the exact sale price of an investment held by the Company, which depends on many circumstances, for example, economic and other conditions, which cannot be controlled. Thus, the sale price of investments held by the Company can be higher or lower than the value of assets determined by a property appraiser.

Competition risk

60. The Company, investing into investment objects, will compete with other investors, including, without limitation, with other investment companies or real estate investment funds. Thus, there is a risk that competition with other investors will demand that the Company would conduct transactions at less favourable conditions than it would be possible in other cases.

Risk related to possible liability of the Company

61. There is a risk that the activities of the Company and the general performance results of the Company can be negatively affected by demands and claims regarding non-disclosed or non-identified obligations and/or violations in connection with investments acquired by the Company, which may result in the Company's liability for such obligations and/or violations and for this reason the value of the Company's investments and, at the same time, the price of the Shares can significantly decrease.

Risk of insolvency of the Company

62. In case of realisation of one or several of the above-indicated risks, which would have a negative effect on the value and/or liquidity of investments of the Company, this can result in the Company's solvency problems, when the Company will be incapable of fulfilling its obligations. In such a case, Shareholders can lose all their funds invested into the Company.

Risk related to the duty to redeem Shares of the Company

63. Legal acts provide for a duty of the Company in certain circumstances to redeem its Shares from the Shareholders that requested such redemption (see Article 89 hereof). Accordingly, if the Company becomes subject to the duty to offer to the Shareholders redemption of its own Shares and if such a redemption is requested by the Shareholders holding a significant number of Shares, the Company can be forced to sell its investments urgently, which can significantly reduce the return earned by the Company from sale of its investments. This risk is planned to be managed by means stipulated in Article 96 hereof.

VI. SHARES. PROCEDURE OF ISSUE OF NEW SHARES OF THE COMPANY. RIGHTS GRANTED TO SHAREHOLDERS

64. The number of Shares issued by the Company is 13,150,000, the authorised capital of the Company is EUR 19,067,500. The Company issues ordinary registered shares.
65. Shares are non-certificated. They are recorded by entries in Shareholders' personal securities accounts. These accounts are managed under the procedure set by legal acts regulating the market in financial instruments.
66. The nominal value of one Share shall be EUR 1.45. The nominal values of all the Shares shall be equal.
67. The value of the Shares will change depending on the Net Asset Value.
68. The title to the Shares shall be proved by entries in personal securities (share) accounts.

69. The Shareholders shall have the following property rights:
 - 69.1. to receive a share of profit (dividend) of the Company if the general meeting of Shareholders of the Company decides to distribute it;
 - 69.2. to sell or otherwise transfer all or some of their Shares to the ownership of other persons on the secondary market;
 - 69.3. under the procedure set in the Articles of Association, to receive a part of the funds of the Company, which are disbursed in case the general meeting of Shareholders of the Company takes a decision to redeem some of the Shares;
 - 69.4. under the procedure set in legal acts of the Republic of Lithuania and in the Articles of Association, to receive a part of funds of the Company, disbursable in case of winding up of the Company (i.e. liquidation of the Company);
 - 69.5. other property rights provided for in legal acts and the Articles of Association.
70. Shares shall give the Shareholders the following personal non-property rights:
 - 70.1. to take part in general meetings of Shareholders;
 - 70.2. to vote at general meetings of Shareholders according to rights carried by the Shares. One Share shall give one vote in the general meeting of Shareholders;
 - 70.3. to obtain information about the Company under the procedure set by legal acts of the Republic of Lithuania;
 - 70.4. to give questions to the Management Company in advance, related to issues on the agenda of general meetings of Shareholders;
 - 70.5. other non-property rights provided for in legal acts of the Republic of Lithuania and in these Articles of Association.
71. New Shares can be issued by increasing the authorised capital of the Company by a decision of the general meeting of Shareholders of the Company upon a proposal of the Management Company. The proposal of the Management Company regarding increase of the authorised capital must *inter alia* discuss in detail the procedure of issue of new Shares and terms of payment for them, as well as the reason why it is proposed to increase the authorised capital of the Company.
72. Current Shareholders will have the pre-emptive right to acquire newly issued Shares pro rata to the number of Shares held by them (on the rights record date).
73. Newly issued Shares can be offered to persons other than the Shareholders only in case the current Shareholders did not subscribe for all the Shares of the Company planned to be issued within a period set by a decision of the Management Company, which cannot be shorter than 10 calendar days and longer than 30 calendar days.
74. Shares of a new Share issue must be paid within the term set in the Share subscription agreement, which cannot be longer than 30 Business Days.
75. New Shares shall be issued only after the money is credited to the bank account of the Company.
76. Shares of the Company shall be paid only in cash. Shares shall be purchased in Euros.
77. Newly issued Shares can be publicly offered only after the Company announces the Prospectus approved by the Supervisory Authority under the procedure set by legal acts of the Republic of Lithuania.
78. The Company shall announce the approved Prospectus without delay, no later than by the start of the public offering of the Shares or their admission to trading on the regulated market. After public

announcement of the Prospectus, the Company must publish it in the Central Base of Regulated Information under the procedure set by the Law of the Republic of Lithuania on Securities.

VII. OFFERING AND REDEMPTION OF SHARES OF THE COMPANY

Offering of Shares

79. The Shares shall be offered by the Management Company on behalf of the Company. The Management Company can enter into agreements on offering of the Shares with third parties (Offerors).
80. The Shares in the primary market shall be acquired by entering into simple written agreements with the Management Company acting on behalf of the Company.
81. The procedure of issue of new Shares is described in Chapter VI of the Articles of Association. Newly issues Shares shall be acquired by signing a Share subscription agreement and paying for the Shares in Euros no later than within a term indicated in the Share subscription agreement.
82. In the Share subscription agreement signed by a person and the Company, the Company shall undertake to deliver the Shares, whereas the person shall undertake to pay for the whole number of the subscribed Shares under the procedure set in effective legal acts, the Articles of Association and in the agreement.
83. The agreements for subscription of Shares must indicate that if a person who subscribed for Shares does not pay for the subscribed Shares in full within the term set in the Share subscription agreement, it shall be deemed that the Share subscription agreement was terminated and expired and a relevant number of Shares subscribed for by such a Share subscription agreement was not subscribed.
84. A person shall get the title to the Shares from the moment of making an entry in the personal securities account.

Trading in Shares on the secondary market

85. Shares shall be traded on the NASDAQ Vilnius stock exchange (secondary market).
86. Payment for Shares sold on the NASDAQ Vilnius stock exchange (secondary market) shall be effected under the procedure set by the NASDAQ Vilnius stock exchange and in the agreement with an intermediary in public trading. Accounts for sold Shares shall be settled with the Shareholder on the second day after the transaction of sale of Shares on the stock exchange, unless the agreement with the intermediary in public trading establishes otherwise. The intermediary in public trading shall be responsible for timely and proper settlement of accounts under the procedure set by legal acts applicable to public trading in securities and the rules of the stock exchange.
87. A Shareholder may also transfer Shares to third parties, by conducting various over-the-counter transactions (sale and purchase, donation, etc.). A Shareholder, who conducted such transactions, must no later than within 5 (five) days after the moment of the transaction, provide the transaction documents to the intermediary in public trading in order that the conducted transactions would be properly recorded, noting the change in the ownership of the Shares in securities accounts.

Restriction on redemption of Shares

88. Redemption of Shares is limited. Share won't be redeemed on request by the Shareholder. Shares shall be redeemed during the Term of Activities of the Company only in cases provided for in the Articles of Association.

Redemption of Shares when documents of incorporation of the Company and/or the Prospectus are amended and in other cases provided for in legal acts

89. If the general meeting of Shareholders of the Company takes a decision on the documents of incorporation of the Company, which have an effect on Shareholders' interests, or other decisions, taking of which gives the right to Shareholders, referring to the Law of the Republic of Lithuania on Collective Investment Undertakings, to demand that Shares held by them would be redeemed, the Company must ensure proper implementation of the Shareholders' right to demand that Shares held by them would be redeemed without any deductions. In cases when, according to the Law of the Republic of Lithuania on Collective Investment Undertakings, Shareholders are given the right to demand redemption of the Shares held by them and implementation of this right is ensured by the Company itself, Shares acquired by the Company from the Shareholders must be immediately annulled, whereas the decision on annulment of a relevant number of Shares must be taken together with the decision of the meeting of shareholders, which results in the duty to ensure the right for Shareholders to demand redemption of the Shares held by them.
90. The Management Company shall inform each Shareholder in writing about decisions of the general meeting of Shareholders, provided for in Article 89 hereof, no later than 1 month before the effective date of an amendment to relevant documents by sending a respective notification, save for exceptions indicated in Articles 91-92 hereof.
91. The Management Company shall inform each Shareholder in writing about amendments to essential documents, related to changing the investment strategy of the Company, no later than 2 months before the effective date of amendments to relevant documents by sending a respective notification.
92. The Management Company shall inform Shareholders about the decision to merge the Company with another collective investment undertaking by sending a respective notification after the Supervisory Authority gives a permission to merge the collective investment undertakings, but in any case no later than 30 days before the last day of the term, within which Shareholders of the Company have the right to demand that their Shares would be redeemed without any deductions. The Shareholder's right to make use of the right indicated in this article shall expire 5 Business Days before the planned merger completion date. The notification shall provide Shareholders with information, which must be provided according to applicable legal acts and other information important for Shareholders in the opinion of the Management Company.
93. A notification to Shareholders indicated in Articles 90 - 91 hereof must contain the following:
- 93.1. the essence and content of the planned amendments;
 - 93.2. explanation of the influence that the planned amendments to documents will have on interests and investments of the Shareholders;
 - 93.3. information about the Shareholders' right to make an objection against the essential amendments to the documents indicated in the notification and to demand redemption of their Shares without any deductions and the procedure and terms of exercising this right;
 - 93.4. other information, which, in the opinion of the Management Company, is important for Shareholders.
94. The Shareholders shall have the right to make an objection and demand redemption of their Shares within 1 month before the effective date of amendments to relevant documents, except for cases when the investment strategy of the Company is being changed. When the investment strategy of the Company is

being changed, the Shareholders can make an objection and demand redemption of their Shares within 2 months before the effective date of amendments to relevant documents. The Management Company can set longer terms than set in this article, within which the Shareholders can make use of their right to redemption of Shares.

95. Essential amendments to documents of incorporation of the Company and/or Prospectuses (Article 98 hereof) shall be made only if no Shareholder objects to this. It is considered that no Shareholder objected if, following requirements of these Articles of Association and legal acts, the Shareholders, who objected to essential amendments to documents and demanded redemption of their Shares without any deductions, were ensured exercise of this Shareholder's right.
96. If the general meeting of Shareholders takes a decision on essential amendments to documents of incorporation of the Company and/or the Prospectus, having an effect on the Shareholders' interests, or another decision, taking of which, following the Law of the Republic of Lithuania on Collective Investment Undertakings, gives the right to Shareholders to demand redemption of the Shares held by them, the Management Company shall take a decision, where it shall be indicated, under what conditions essential amendments to documents of the Company will be made, including, without limitation, the decision on the number of Shares that can be redeemed, in case of exceeding of which the Company shall not perform the mandatory redemption of Shares from the Shareholders that demanded it and, accordingly, essential amendments to documents of the Company shall not be made should they might have negative effect on activities of the Company.
97. The price of the redeemed Shares shall be calculated according to latest published Net Asset Value if there were no material changes in economic circumstances or real estate market that might make establishment of Net Asset Value inevitable.
98. Amendments are deemed essential if:
 - 98.1. such amendments can have a direct negative effect on the financial situation of the Company or Shareholders (the set fees, charges or deductions are increased or new fees, charges or deductions are introduced, etc.);
 - 98.2. these amendments directly restrict or cancel rights granted to the Shareholders or make other influence on the possibilities of the Shareholders to make use of their rights in connection with their investments;
 - 98.3. these amendments directly establish new duties of the Shareholders.
99. Amendments are not deemed essential if they are made due to changes in legal requirements for the Company and/or the Management Company.
100. The Board of the Management Company, taking into account the content, type, scope of the amendments to the documents of incorporation and/or the Prospectus and the impact of such amendments on Shareholders' interests, shall decide in each case, which is not indicated in Article 98 hereof, whether amendments to the documents are deemed essential or not; only such amendments, which can have a negative impact on interests of the Company or Shareholders, can be deemed essential amendments.
101. Information on whether initiated amendments to the documents of incorporation and/or the Prospectus are deemed essential is indicated in the agenda of the general meeting of Shareholders.
102. The Management Company ensures that conditions of redemption of Shares would be indicated separately in the draft decisions of the organised general meeting of Shareholders.
103. A notification about redemption of Shares performed by the Company should be announced publicly under the procedure set by legal acts of the Republic of Lithuania.
104. Decisions taken by the general meeting of Shareholders regarding essential amendments to the documents of incorporation of the Company and/or the Prospectus shall come into effect after the receipt of the

approval of the Bank of Lithuania of amendments to these Articles of Association according to decisions of the general meeting of Shareholders and after implementation of redemption of its own Shares by the Company, as indicated in Article 89 hereof.

105. [Invalid]

Settlement of accounts with Shareholders in case of liquidation of the Company

106. In accordance with the procedure and terms set in the Law of the Republic of Lithuania on Companies and the Law of the Republic of Lithuania on Collective Investment Undertakings, the Shareholders of the Company must take a decision on liquidation of the Company after the end of the Term of Activities of the Company or on the extension of the Term of Activities of the Company. In case of liquidation of the Company, the assets of the Company shall be sold and money remaining after fulfilment of debt obligations shall be distributed to Shareholders of the Company pro rata to the number of Shares held by them.
107. In case of liquidation of the Company, accounts with the Shareholders shall be settled by transferring the amounts payable to the Shareholders to the bank accounts indicated by the Shareholders or (if a Shareholder's data is unknown) to a deposit account under the procedure set by legal acts.
108. Accounts with the Shareholders shall be settled in Euros.
109. Settlement of accounts with Shareholders of the Company in liquidation will be performed only after the Company receives a confirmation of the tax administrator about settlement of accounts with state and/or municipal treasuries and state monetary funds.

VIII. BODIES OF THE COMPANY. MANAGEMENT COMPANY AND ITS REPLACEMENT PROCEDURE

110. No management bodies shall be formed in the Company. In the period starting with registration of Articles of Association and lasting till Supervisory Authority will grant license to the Company it will have a sole management body – director (hereinafter – **the Director**). During aforementioned period the Director has a right to individually enter into contracts on behalf of the Company, to authorize other persons to act on behalf of the Company and to perform other rights and obligations that are provided to the director of the Company in the respective laws. The Director also has all rights prescribed to the Management Company in the Articles of Association if such authority provided to the Director according to the applicable legislation. After the Company will be granted a license, recall of the Director comes into force and his registration must be cancelled. After the respective license will be granted to the Company only Management Company will have a right to exercise all rights and obligations of the Management Company.
111. Management of the Company shall be transferred to the Management Company, therefore, following the Law of the Republic of Lithuania on Collective Investment Undertakings, and the rights and duties of the Board and the head of the Company, as set in the Law of the Republic of Lithuania on Companies, shall be transferred to the Management Company.
112. The Management Company shall be responsible for convocation and organisation of the general meeting of Shareholders of the Company, giving notices about publically not disclosed information under the procedure set by legal acts, organisation of activities of the Company, proper management of information about activities of the Company and performance of other functions assigned to the Management Company.
113. The Management Company shall have the right:

- 113.1. to perform all actions of management bodies of the Company and other actions assigned to the competence of the Management Company according to effective legal acts and/or these Articles of Association;
 - 113.2. to get the Management Fee and the Performance Fee, as they are defined in the Articles of Association;
 - 113.3. to conduct and perform transactions in connection with management of the assets of the Company at the expense and in the interests of the Company;
 - 113.4. to make deductions from assets of the Company provided for in these Articles of Association;
 - 113.5. subject to approval of the general meeting of Shareholders, to instruct a company, having the right to provide relevant services, to perform some of its management functions;
 - 113.6. other rights established in these Articles of Association and legal acts of the Republic of Lithuania.
114. The Management Company must:
- 114.1. act in a fair, correct and professional manner on the terms best for the Company and its Shareholders and in their interests and ensure integrity of the market;
 - 114.2. act carefully, professionally and prudently;
 - 114.3. have and use means and procedures necessary for its activities;
 - 114.4. have reliable administration and accounting procedures, electronic data processing control and security measures and a proper mechanism of internal control, including the rules on personal transactions in financial instruments conducted by employees of the Management Company and transactions in financial instruments conducted at the expense of the Management Company;
 - 114.5. ensure that documents of and information about taken investment decisions, conducted transactions would be kept for at least 10 years after the date of taking an investment decision, conduction of a transaction or performance of an operation, unless legal acts set a longer term of keeping documents;
 - 114.6. have such an organisational structure that would help to avoid conflicts of interest. When it is impossible to avoid conflicts of interest, the Management Company must ensure that Shareholders are treated fairly;
 - 114.7. ensure that persons taking decisions on management of the Company would have qualification and experience established by the Supervisory Authority, be of sufficiently good repute;
 - 114.8. ensure that assets of the Company would be invested according to the investment strategy set in these Articles of Association and requirements set in legal acts of the Republic of Lithuania;
 - 114.9. prepare the Prospectus, the key investor information document, annual and semi-annual reports under the procedure set by legal acts;
 - 114.10. perform other duties set in these Articles of Association and legal acts of the Republic of Lithuania.
115. The Company management agreement with the Management Company must be approved by the general meeting of Shareholders. A copy of the management agreement must be presented to the Supervisory Authority and the Depository.
116. The Management Company can be replaced by a decision of the general meeting of Shareholders of the Company.
117. The Management Company can be replaced by a decision of the general meeting of Shareholders in cases when:

- 117.1. the Management Company is liquidated;
 - 117.2. the Management Company undergoes restructuring;
 - 117.3. bankruptcy proceedings are initiated against the Management Company;
 - 117.4. the Supervisory Authority takes a decision to restrict or cancel the rights provided for in the license of the Management Company related to management of investment companies;
 - 117.5. the Management Company commits a material breach of the agreement, these Articles of Association or legal acts;
 - 117.6. in other circumstances in compliance with applicable legislation.
118. The Management Company shall be replaced after receipt of a prior permission of the Supervisory Authority.

IX. COMPETENCE, PROCEDURE OF CONVOCATION OF THE GENERAL MEETING OF SHAREHOLDERS

119. The competence of the general meeting of Shareholders, the procedure of its convocation and taking of decisions thereat shall not differ from the competence and procedure set in the Law of the Republic of Lithuania on Companies to the extent these Articles of Association or the Law of the Republic of Lithuania on Collective Investment Undertakings do not indicate otherwise.
120. The right to initiate convocation of the meeting shall be vested in the Management Company and Shareholders, Shares owned by which carry at least 1/10 of all the votes in the general meeting of Shareholders.
121. The convocation of a general meeting of Shareholders shall be organised by the Management Company.
122. All decisions of the general meeting of Shareholders of the Company shall be taken by a 3/4 majority of votes carried by Shares of the Shareholders present in the meeting, except for the decisions indicated below, which shall be taken by a 2/3 majority of votes carried by Shares of the Shareholders present in the meeting, i.e. decisions:
- 122.1. to elect and remove a certified auditor or audit firm and establish terms of payment for audit services;
 - 122.2. to approve sets of annual and interim financial statements;
 - 122.3. on extension of the Term of Activities of the Company and making related amendments to the Articles of Association.
123. The below-indicated decisions of the general meeting of Shareholders of the Company can be taken only after taking into account the recommendations given by the Management Company and with regard to consequences of a relevant decision indicated by the Management Company, i.e. decisions regarding:
- 123.1. amending the Articles of Association of the Company;
 - 123.2. redemption of Shares;
 - 123.3. distribution of the profit (loss) of the Company;
 - 123.4. formation, use, reduction and cancellation of reserves;
 - 123.5. increase or reduction of the authorised capital;
 - 123.6. reorganisation, spin-off or transformation of the Company;
 - 123.7. merger of the Company with other collective investment undertakings;

- 123.8. approval of the agreement with the Depository, appointment of the person authorised to sign the approved agreement with the Depository on behalf of the Company, change of the Depository;
- 123.9. liquidation of the Company or extension of the Term of Activities of the Company;
- 123.10. restructuring of the Company.
124. The Management Company must present its recommendations on draft decisions on issues indicated in Article 122 hereof together with the announced draft decisions proposed by the Management Company. In case draft decisions are proposed not by the Management Company but by Shareholders, the Management Company must, no later than within 5 (five) Business Days after presentation of such a draft decision to the Company, prepare a relevant recommendation and announce it in the manner in which draft decisions are announced. In any case recommendations of the Management Company regarding all draft decisions on relevant issues of the agenda must be announced no later than 3 (three) Business Days until the date of the general meeting of Shareholders.
125. In case the general meeting of Shareholders takes a decision not following the recommendations given by the Management Company, the Management Company shall not be responsible if such decisions violate requirements for management of the Company or there are other negative consequences.
126. An annual general meeting of Shareholders must take place no later than by 30 April of the current year.
127. Representatives of the Management Company shall have the right to take part in all general meetings of Shareholders of the Company.
128. An extraordinary general meeting of Shareholders must be convened if:
- 128.1. that is requested by Shareholders having the right to initiate convocation of the general meeting of Shareholders or by the Management Company;
 - 128.2. the auditor or audit firm terminates its agreement with the Company or for any other reasons cannot audit the set of annual financial statements of the Company;
 - 128.3. the Management Company seeks to terminate the management agreement with the Company or there are reasons why the agreement between the Company and the Management Company cannot be performed;
 - 128.4. in other cases, set in legal acts of the Republic of Lithuania and in these Articles of Association.
129. The general meeting of Shareholders of the Company can take decisions and shall be deemed quorate irrespective of the number of votes carried by Shares held by the Shareholders present thereat.
130. The general meeting of Shareholders shall not have the right to take decisions, which are assigned to the competence of the Management Company by these Articles of Association or which are management decisions by their essence.

X. PROCEDURE OF DISTRIBUTION AND PAYMENT OF DIVIDEND TO SHAREHOLDERS

131. Dividend is a share of profit assigned to a Shareholder, proportionate to the nominal value of Shares owned by him.
132. Decision on payment of dividend shall be taken by the general meeting of Shareholders of the Company taking into account the recommendations of the Management Company.
133. In case of payment of interim dividend, a set of financial statements of the Company must be drawn up and audited no earlier than 30 days before making a decision to distribute dividend.

134. The Company shall pay the distributed dividend within one month after the date of the decision of the general meeting of Shareholders to pay dividend, except for those cases when the Management Company decides to postpone payment of dividend following these Articles of Association.
135. The Management Company can, by its reasoned decision, postpone payment of dividend if payment of dividend:
 - 135.1. would result in violation of the requirements for diversification of investments of the Company; or
 - 135.2. would pose a threat for sustainable finances of the Company;
 - 135.3. would pose a risk for proper fulfilment of obligations assumed by the Company or would pose a risk that the Company would be unable to complete the transactions of acquisition of investment objects or of additional investments into them that started to be implemented (implementation of a transaction in this case is understood as a process from commencing negotiations with a counterparty until closing (fulfilment) of the transaction).
136. The Management Company must take a relevant decision and resume payment of dividend, ensuring that dividend would be paid to Shareholders no later than within one month after the moment of disappearance of the grounds for suspension of payment of dividend, but in any case payment of dividend cannot be postponed for more than one year after the date of taking a relevant decision of the meeting of shareholders to pay dividend.
137. Dividend payable to Shareholders shall be transferred to the bank accounts indicated by the Shareholders or (if a Shareholder's data is unknown) to a deposit account under the procedure set by legal acts.
138. The Company shall pay dividend in Euros.
139. The right to receive dividend shall be vested in persons who were Shareholders or had the right to dividend on any other lawful grounds at the end of the record date of the general meeting of Shareholders.

XI. VALUATION OF ASSETS OF THE COMPANY AND CALCULATION OF THE NET ASSET VALUE

140. Accounts of the Company shall be kept and financial statements of the Company shall be prepared following the IAS, the Law of the Republic of Lithuania on Accounting, the Law of the Republic of Lithuania on Collective Investment Undertakings, legal acts adopted by the Board of the Bank of Lithuania, which define keeping of financial accounts and drawing up of financial statements, as well as other legal acts regulating financial accounting and financial statements.
141. The currency in which the Net Asset Value shall be calculated is the Euro.
142. The Management Company must ensure that real estate objects forming the investment portfolio of the Company or planned to be acquired are valued by at least two independent property appraisers, having the right to engage in real estate valuation business, who shall present separate conclusions. In case the investment portfolio of the Company contains real estate objects located outside the Republic of Lithuania, the Management Company must ensure that its value is determined by at least one real property appraiser meeting requirements for real property appraisers set in legal acts of a relevant foreign state.
143. Heads or employees of the Management Company, the Company or the Depository cannot be a real property appraiser. The same real property appraiser can perform valuation of assets the Company for no longer than 3 years in sequence.
144. Real property appraisers selected by the Management Company shall:
 - 144.1. perform valuation of each real estate object forming the assets of Company, on the basis of which the Net Asset Value is calculated;

- 144.2. no earlier than a month before the conduction of a real estate object purchase or sale transaction, perform valuation of the real estate object planned to be acquired or sold as assets of the Company, except when real estate objects forming the assets of the Company were valued no earlier than 6 months before and there have been no essential economic changes or essential changes in real estate market prices, due to which new valuation must be performed.
145. An additional independent real estate valuation (without participation of property appraisers that performed a previous property valuation) shall be performed on the initiative of the Supervisory Authority when:
- 145.1. it is established that the performed property valuation does not meet requirements set in the documents of incorporation of the Company;
- 145.2. there is a reason to believe that the performed property valuation was not objective and may violate interests of the Shareholders.
146. The Net Asset Value shall be calculated by deducting liabilities, including the Management Fee commitments and the Performance Fee commitments, from the assets of the Company.
147. The calculation of the Net Asset Value must be based on the fair value of the assets and liabilities of the Company. The fair value is the value, for which it is possible to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date.
148. Calculations of the Net Asset Value shall be performed at least once per three months based on property valuations performed by independent property appraisers, having the right to engage in such a business. A property appraiser must meet the following requirements:
- 148.1. an external property appraiser must be competent and must have the right under the procedure set by legal acts to engage in property or business valuation business;
- 148.2. an external property appraiser must have valid professional indemnity insurance for at least EUR 100,000;
- 148.3. an external property appraiser must be of sufficiently good repute;
- 148.4. an external property appraiser cannot be a co-owner of the property under valuation, cannot be related by blood or kinship to the owner (co-owner) of the property under valuation or heads of the Management Company;
- 148.5. an external property appraiser must meet and fulfil requirements of legal acts, which apply to an external property appraiser of the assets of the Company.
149. An external property appraiser can be replaced by reason of negative comments of the auditor, the Bank of Lithuania, a material breach or improper fulfilment of the agreement for provision of services, material deterioration of the appraiser's reputation, cancellation of the qualification certificate issued by a competent governmental authority, discontinuation of the appraiser's business and in other cases for important reasons.
150. Real estate objects forming assets of the Company shall be deemed valued if their value has been established no earlier than 6 months before and only in case there have been no essential economic changes or essential changes in real estate market prices, due to which new valuation must be performed. Management company should give a decent evaluation should material changes in real estate value occur.
151. The value of Real Estate Companies shall be determined according to their values presented by an independent business appraiser, having the right to engage in such a business. The business appraiser must meet the qualification, transparency and experience requirements provided for in the accounting policy of the Management Company and the rules for calculation of the Net Asset Value and in legal acts.
152. The calculation of the Net Asset Value shall be performed as on the last day of a calendar quarter and the set value shall be announced:

- 152.1. for the first quarter of a calendar year and for the first three quarters of a calendar year – no later than within one month after the end of the reporting quarter;
 - 152.2. for half a year – no later than within 2 months after the end of the reporting half a year;
 - 152.3. for a year – no later than within 4 months after the end of the reporting year.
153. The calculation of the Net Asset Value is discussed in detail in the accounting policy of the Management Company and the rules for calculation of the Net Asset Value.

XII. STRUCTURE OF EXPENSES OF THE COMPANY AND THEIR PAYMENT PROCEDURE

154. Expenses incurred by the Company, which will be covered with assets of the Company, shall consist of:
- 154.1. the Management Fee payable to the Management Company;
 - 154.2. expenses related to services provided by the Depository;
 - 154.3. remuneration to property and business appraisers;
 - 154.4. expenses of incorporation (restructuring of activities) of the Company;
 - 154.5. accounting expenses of the Company, expenses of services of determining the value of Shares;
 - 154.6. remuneration for audit services and consultations;
 - 154.7. remuneration to consultants for legal services and representation;
 - 154.8. expenses of litigation and judicial processes;
 - 154.9. other legal expenses incurred by the Management Company in defence of interests of Shareholders and/or the Company;
 - 154.10. fines and default interest (including interest) arising out of and/or in connection with obligations of the Company;
 - 154.11. remuneration to financial institutions for their services (opening and management of accounts, execution of cash and securities operations, fulfilment of orders, currency exchange, etc.) and expenses related to such services (commission and other fees);
 - 154.12. expenses incurred by the Advisory Committee;
 - 154.13. expenses incurred by the Investment Committee;
 - 154.14. expenses incurred by the Audit Committee;
 - 154.15. state and municipal taxes, levies and charges;
 - 154.16. expenses related to acquisition, management and sale of investment objects, including, without limitation, expenses related to lease of assets, administration of assets, etc.;
 - 154.17. expenses of preparation and translation of information about the Company (including documents and agreements of the Company) and its presentation to Shareholders;
 - 154.18. consultancy expenses;
 - 154.19. expenses of preparing and amending Prospectuses and the Articles of Association;
 - 154.20. expenses related to obtaining and modifying licences and permits;
 - 154.21. expenses related to admission of Shares of the Company to trading on a regulated market and remuneration to the operator of the regulated market for its services;

- 154.22. expenses related to services provided by Nasdaq CSD SE Lithuanian branch;
 - 154.23. remuneration to the operator of the regulated market, to financial intermediaries related to offering of or subscription for new Shares;
 - 154.24. expenses for notaries public and registers;
 - 154.25. expenses related to loans obtained in the name of the Company;
 - 154.26. currency exchange rate and interest rate change hedging expenses;
 - 154.27. expenses of maintaining assets owned by the Company;
 - 154.28. expenses related to development of business of the Company (including expenses of designing, construction and their management, sale of property);
 - 154.29. expenses of documentation, registration and deregistration of securities for performance of obligations;
 - 154.30. commissions for real estate brokers;
 - 154.31. enforced debt recovery expenses;
 - 154.32. expenses of preparation and presentation of information about the Company;
 - 154.33. expenses of insuring persons responsible for activities of the Company (i.e. insurance against damage and/or liability);
 - 154.34. expenses of insurance on assets of the Company;
 - 154.35. expenses of presentation of the Company and its assets (entertainment, advertising, etc. expenses) and marketing expenses (including, without limitation, sponsorship expenses);
 - 154.36. effect of discounting the Performance Fee (including corrections in accounting mandatory according to the IAS and/or the accounting policy and/or the Net Asset Value calculation rules);
 - 154.37. other expenses compensated to the Depository and the Management Company incurred by them for the benefit of the Company.
155. The Performance Fees shall be additionally paid to the Management Company under the procedure set in these Articles of Association. The Performance Fees and its effect expenses shall not be included in the maximum amount of expenses indicated in Article 156.
156. The total amount of expenses paid from the assets of the Company and related to the activities of the Company shall not exceed 10 percent of the average annual Net Asset Value of the Company. This expense limit shall not include expenses incurred by the Company, exclusively related to maintenance and/or development of real estate objects owned by it (including, without limitation, expenses of construction of real estate objects, public utilities expenses, object cleaning services, expenses for manned security, expenses of geodesic and cadastre measurements, etc.).
157. Expenses of the Company, exclusively related to improvement of a specific real estate object, shall be deemed a part of the Company's investments into a relevant real estate object and shall not be subject to the total limit of expenses indicated in Article 156.

Management Fee

158. The Management Fee is the remuneration paid to the Management Company for management of the assets of the Company, which shall be payable for each quarter of a calendar year. The Management Fee for a full quarter of a calendar year shall not exceed 0,375 percent of the weighted average capitalisation of the Company, calculated according to the following formula:

$$VM_{ketv} = VSK_{ketv} * A$$

where:

VM_{ketv} – the amount of the Management Fee;

A – the quarterly Management Fee in percentage terms, used for the calculation of the quarterly Management Fee;

VSK_{ketv} – quarterly weighted average capitalization of the Company calculated according to the following formula:

$$VSK_{ketv} = \frac{T_{ketv}}{Q_{ketv}} * \sum_{i=1}^{n_{ketv}} \frac{Vnt_i}{n_{ketv}}$$

where:

Vnt_i – number of Shares of the Company at the end of Business Day i ;

Q_{ketv} – number of Shares transferred on the regulated market during the respective quarter;

n_{ketv} – number the Business Days per respective quarter, irrespective of the number of trading days (except when the Management Fee is calculated not for a full quarter of a calendar year; in this case the number of Business Days in a relevant period shall be used in the calculation);

T_{ketv} – turnover of the Shares during the respective quarter according to Shares trading data on the regulated market, calculated according to the formula:

$$T_{ketv} = \sum_{j=0}^k (P_j * Q_j)$$

k – the number of transactions on the regulated market during the respective quarter;

P_j – Share price of transaction j on the regulated market;

Q_j – the number of Shares traded in transaction j on the regulated market.

If the Management Fee is calculated only for a part of a calendar quarter of the year – the Management Fee in percentage terms shall be recalculated by dividing it by the number of Business Days in the calendar quarter and multiplying by the number of Business Days in the period for which the Management Fee is calculated (a part of the quarter). If there was no trading in Shares throughout the entire calendar quarter, the Management Fee for the quarter of a calendar year shall not exceed 0.375 percent of the average Net Asset Value of the Company in the quarter, which shall be calculated as the arithmetic average of the values at the beginning and at the end of the quarter.

159. The calculated Management Fee shall be entered into accounts and added to the Net Asset Value according to the accounting policy of the Management Company and the rules for calculating the Net Asset Value.

Depository Fee

160. According to the agreement signed with the Depository, the Company will have to pay the annual fee for services of the Depository in the amount set in the agreement for provision of the Depository's services, the minimum amount of which shall be EUR 5000 per quarter.

161. The services of the Depository shall be paid for according to the invoice issued by the Depository to the Management Company or directly to the Company. The annual fee for services of the Depository shall not exceed 0,15 % of the average annual Net Asset Value of the Company.

Performance Fee

162. The share of profit of the Company assigned to the Management Company, i.e. the Performance Fee, directly depends on the return earned by the Company, which shall be calculated for the whole Company but not for an individual Shareholder. Microsoft Excel function XIRR shall be used for determining the return earned by the Company, which shall regard days (i.e. account shall be taken of periods) when positive and negative flows occurred and the amount of such flows.
163. The profit of the Company shall be the amount of positive and negative flows in respect of Shareholders, where:
- 163.1. the initial negative flow:
- 163.1.1. until the last day of the reporting period (a calendar quarter of the Company's activities), after the end of which the Performance Fee is paid to the Management Company for the first time – the initial negative flow is deemed equal to the Net Asset Value on the last day of a previous month, before the Company was granted a closed-end type investment company license;
- 163.1.2. after the date indicated in Article 163.1.1 – the initial negative flow is deemed equal to the amount of funds, used for calculation of the Performance Fee paid to the Management Company last time, which is determined according to Article 165 (if the Net Asset Value was used for calculation of the paid Performance Fee, then the initial negative flow for the next calculation shall be the Net Asset Value determined at the end of the reporting period (for which the Performance Fee was paid last time) according to paragraph 163.6, reduced by the amount of the Performance Fee paid to the Management Company after the reporting period, for which the Performance Fee was paid last time).
- 163.2. a positive flow is dividend paid to Shareholders, if any was paid when distributing the net profit of the Company;
- 163.3. a positive flow is funds disbursed to Shareholders by the Company when purchasing its own Shares;
- 163.4. a positive flow is funds disbursed to Shareholders by the Company when mandatorily redeeming Shares;
- 163.5. a positive flow is funds disbursed to Shareholders by the Company when reducing the authorised capital;
- 163.6. a positive flow is the Net Asset Value, plus the Performance Fee commitment recognised in the balance sheet of the Company as at the end of the period for calculation of the Performance Fee assigned for the Management Company;
- 163.7. a positive flow is any other payments to Shareholders;
- 163.8. a negative flow is the size of each new Share issue.

Assignment of the Performance Fee

164. Profit of the Company will be distributed in following way:
- 164.1. profit of the Company shall be assigned only to Shareholders until the share of profit assigned to them reaches the average return of 8 percent earned by the Company on the negative flows indicated in Article 163 of the Articles of Association (amounts of funds invested by Shareholders) during the period of calculation of the Performance Fee assigned to the Management Company;
- 164.2. after the distribution provided for in paragraph 164.1, 80 percent of all the remaining free funds shall be assigned to Shareholders, whereas 20 percent – to the Management Company as the Performance Fee. The Performance Fee, which was calculated in earlier calculation periods, but which was not paid according to Article 169, shall reduce the Performance Fee calculated in a new calculation period;

- 164.3. in case the annual return of the Company is less than or equal to 8 percent, no Performance Fee shall be assigned to the Management Company – all the return of the Company shall be assigned to Shareholders.
165. The assignment of the Performance Fee shall be subject to the high-water mark principle, which says that the Performance Fee can be assigned only in case the Net Asset Value or the average weighted capitalisation of the Shares for the last ended quarter on the Nasdaq Vilnius stock exchange (whichever is less) exceeds the highest value calculated until then, according to which the Performance Fee was paid. In such a case, in later periods the initial point for calculation of the Performance Fee shall be the value of the highest limit which was reached last (the Net Asset Value or the average weighted capitalisation of the Shares for the last ended quarter on the Nasdaq Vilnius stock exchange) (whichever is less), for which the Performance Fee was paid to the Management Company.
166. The Performance Fee commitment shall be recalculated on the Net Asset Value calculation day (each quarter), taking into account the return earned by the Company from the date indicated in paragraph 163.1 until the relevant Net Asset Value calculation day.
167. The calculated Performance Fee commitment shall be entered into accounts and added to the Net Asset Value subject to the accounting policy of the Company and the Net Asset Value calculation rules approved by the Management Company.

Payment of the Performance Fee

168. The assigned Performance Fee shall be paid to the Management Company after the end of a calendar quarter of activities of the Company.
169. The Performance Fee shall be paid to the Management Company if the following conditions are satisfied:
- 169.1. the condition indicated in paragraph 164.1 hereof is satisfied;
- 169.2. the return earned by the Company for Shareholders, calculated both according to the Net Asset Value defined in paragraph 163.6 and according to the average weighted capitalisation of the Shares for the last ended quarter on the Nasdaq Vilnius stock exchange, exceeds the average return of 8 percent earned by the Company on the negative flows indicated in Article 163 of the Articles of Association (the amounts of funds invested by the Shareholders);
- 169.3. the Performance Fee paid to the Management Company cannot exceed the return earned by the Company for Shareholders, calculated on the lesser of the amounts indicated in paragraph 169.2. In determining the Performance Fee amount, which must be paid to the Management Company in the nearest reporting period, paragraph 164.2 shall apply, accordingly using the lesser of the amounts indicated in paragraph 169.2 instead of the amount indicated in paragraph 163.6 in calculations;
- 169.4. the average weighted capitalisation of the Shares for the last ended quarter on the Nasdaq Vilnius stock exchange exceeds the highest value calculated until then, according to which the Performance Fee was paid.

XIII. DEPOSITORY. CONDITIONS AND PROCEDURE OF CHANGE OF THE DEPOSITORY

170. All the assets of the Company shall be kept in the Depository.
171. The Depository services agreement shall be approved in the general meeting of Shareholders under the procedure set by the Articles of Association.
172. The Depository can be changed by a decision of the general meeting of Shareholders when:

- 172.1. the Depository fails to comply with requirements of legal acts;
 - 172.2. the Depository fails to perform its obligations or fails to perform them properly;
 - 172.3. the Management Company seeks to reduce the costs of services provided by the Depository;
 - 172.4. the Depository loses the right to provide Depository services;
 - 172.5. in case of other important reasons.
173. If the Depository fails to comply with requirements of legal acts, fails to perform its obligations or fails to perform them properly, the Supervisory Authority, seeking to ensure rights of Shareholders, shall have the right to obligate the Management Company to terminate the agreement concluded with the Depository and to change the Depository.
174. In case of changing the Depository, the Management Company shall terminate the agreement with the Depository and shall enter into an agreement with another entity having the right to provide Depository services. The agreement with the Depository shall be approved in the general meeting of Shareholders of the Company.
175. The Depository shall be selected, changed only with a prior permission of the Supervisory Authority.

XIV. ACCOUNTING AND AUDIT OF THE COMPANY

176. The Management Company shall keep accounts of the Company according to requirements set by the effective IAS.
177. The financial statements of the Company for each financial year shall be audited by an auditor (audit firm).
178. A decision on selection of an auditor shall be taken by the general meeting of Shareholders. The conditions of remuneration for the auditor's work shall be set by the general meeting of Shareholders.
179. Audit shall be performed according to legal acts regulating audit and auditors' work, the terms and conditions of the agreement between the Company and the auditor.

XV. PROCEDURE OF GIVING NOTICES AND ANNOUNCING INFORMATION OF THE COMPANY

180. Notices of the Company, which must be public according to laws of the Republic of Lithuania and/or these Articles of Association, shall be published in the electronic publication published by the administrator of the Register of Legal Entities.
181. Under the procedure set by the Supervisory Authority, the Company shall immediately give a notification about each Material Event (except for cases set in the Law of the Republic of Lithuania on Securities) to the operator of the regulated market, in which securities issued by the Company are traded, to the Supervisory Authority and shall make such notification public under the procedure set in the Law of the Republic of Lithuania on Securities, shall put it into the Central Base of Regulated Information, shall publish it on its website www.invlbalticrealestate.lt. The notification must reveal the character of the Material Event and must give its brief content.
182. Notices, notifications about not disclosed information of the Company shall be made public under the procedure set by the Law of the Republic of Lithuania on Securities, the Law of the Republic of Lithuania on Markets in Financial Instruments, legal acts issued by the Supervisory Authority setting forth rules for public announcement of information.
183. The Management Company shall prepare and shall publish the following on its website at www.invlbalticrealestate.lt:
- 183.1. the Prospectus;
 - 183.2. the key investor information document;

- 183.3. a report for each financial year;
- 183.4. a report for the first six months of each financial year;
- 183.5. information on overall amount of voting rights granted by the Shares, the amount of the authorized capital, the number of Shares and their nominal value.
184. Upon a Shareholder's written request, no later than within 7 days after the receipt of the request, documents of the Company, other than indicated in Article 183 hereof, which are not related to commercial secret and confidential information of the Company, shall be provided for information of the Shareholder during the business hours of the Management Company in its registered office or another place indicated by the Management Company, where such documents are kept. Copies of such documents can be sent to the Shareholder by registered mail or delivered against signature.
185. A Shareholder or a group of Shareholders, holding or managing at least 1/2 of the Shares, having presented a written undertaking not to disclose commercial secrets and confidential information in the form set by the Company to the Company, shall have the right to get access to all documents of the Company. The form of the undertaking shall set by the Management Company.
186. The Management Company shall provide all information in connection with the activities of the Company at the addresses indicated by Shareholders either to it or to the Company. It shall not be regarded that the Management Company and/or the Company failed to properly fulfil their obligations to Shareholders if the Shareholders do not present relevant information to it about their correspondence address and/or changes in presented information.

XVI. LIQUIDATION AND BANKRUPTCY OF THE COMPANY

187. The Company can be liquidated:
- 187.1. when there is a decision of court or creditors to liquidate the bankrupt Company;
- 187.2. at the end of the Term of Activities of the Company;
- 187.3. in other cases, set by laws.
188. After it is decided to liquidate the Company, the Management Company shall automatically become the liquidator of the Company, which shall perform all the liquidator's functions.
189. In the case provided for in paragraph 187.2 hereof, decisions on liquidation of the Company shall be taken and other actions shall be performed taking into account the procedure set in Articles 106 – 109 hereof. When the decision to liquidate the Company comes into effect, the liquidator must immediately provide the Supervisory Authority with a set of financial statements of such Company as on the date of taking the liquidation decision, the auditor's report and the audit report on such a set.
190. Assets of the Company in liquidation must be sold at best conditions for and in the best interests of the Shareholders. The general meeting of Shareholders of the Company shall not have the right to take decisions, which would obligate the liquidator to act not at best conditions for and not in the best interests of the Shareholders, including, without limitation, to set terms of completion of the liquidation procedure, the procedure and conditions of sale of the Company's assets. Payments to Shareholders shall be effected in cash. The detailed procedure of sale of assets of the Company in liquidation shall be determined by the Supervisory Authority.
191. The procedure of sale of assets is set in legal acts adopted by the Supervisory Authority.
192. In case of liquidation of the Company, accounts with Shareholders shall be settled in accordance with provisions of Articles 106 – 109 hereof.

Taking a decision on extension of the Term of Activities of the Company

193. The Company shall operate for 30 years after obtaining a license for the Company.
194. The Term of Activities of the Company can be additionally extended for no more than 20 years.
195. A decision on extension of the Term of Activities of the Company can be taken in the general meeting of Shareholders no later than 6 months before the end of the Term of Activities of the Company or the end of the extended Term of Activities of the Company (in case the Term of Activities of the Company was extended for less than 20 years).

Taking a decision on liquidation of the Company before expiry of the Term of Activities of the Company

196. The general meeting of Shareholders of the Company must take a decision on liquidation of the Company no later than 3 months before the end of the Term of Activities of the Company.

XVII. PROCEDURE OF AMENDING THE ARTICLES OF ASSOCIATION

197. These Articles of Association shall be approved and amended by a decision of the general meeting of Shareholders.
198. The adopted amendments to the Articles of Association shall come into effect when they are registered with the Register of Legal Entities under the procedure set by laws.
199. Amendments and additions to the Articles of Association shall be registered with the Register of Legal Entities under the procedure set by laws after they are approved by the Supervisory Authority.

Authorised person:

(signature)

Vytautas Bakšinskas