INFORMATION ON THE PUBLIC JOINT-STOCK COMPANY INVL BALTIC REAL ESTATE, FORMED IN THE SPLIT – OFF

On the basis of those Terms, 47.95% of the total assets, equity and liabilities of the public joint-stock company Invalda LT will be split-off. 30.9% of the total assets, equity and liabilities (**book values**) of the Split-off Company shall be transferred to the public joint-stock company INVL Baltic Real Estate.

Interim financial statements prepared for 31 December 2013 include:

Thousand LTL	**INVL Baltic Real Estate, AB standalone balance sheet**	**INVL Baltic Real Estate, AB consolidated balance sheet**
Percentage	30.90%	
Intangible assets		3
Property, plant and equipment		41
Investment property		129,461
Investments in subsidiaries	38,698	
Loans granted	14,269	13,738
Loan granted to Cedus Invest, UAB	293	293
Trade and other receivables		1,148
Deferred income tax asset		5
Prepayments and deferred charges	5	2,952
Cash and cash equivalents	777	2,527
Total assets	**54,042**	**150,168**
Loans	4,506	91,941
Deferred income tax liability		11,721
Other short-term liabilities		2,185
Total liabilities	**4,506**	**105,847**
Total equity	**49,536**	**44,321**

Key data on the public joint-stock company INVL Baltic Real Estate, formed in the Split – Off:

	Description
Name of the legal entity	Public joint-stock company INVL Baltic Real Estate
Legal form of the legal entity	Public joint-stock company
Registered address	Seimyniskiu str. 1 A, Vilnius
Company code	Shall be provided in accordance with Legal acts of the Republic of Lithuania after registration of the Split-off Company in the Register of Legal Entities
The VAT payer‘s code	Shall be provided in accordance with Legal acts of the Republic of Lithuania after registration of the Split-off Company in the VAT payer’s register.
Register which accumulates and stores the data about the legal entity	Vilnius Branch of the Register of Legal Entities
Authorized capital	7 044 365 litas, which will be formed in line with the Spin-off terms.
Fully paid authorized capital	7 044 365 litas
Number of shares	7 044 365
Nominal value per one share	1 litas
Class of the shares	Ordinary registered shares
Type of the shares	Un-certificated
ISIN code of the shares	Shall be provided in accordance with Legal acts of the Republic of Lithuania after registration of the Split-off Company in the Register of Legal Entities
Regulated market on which the shares are traded	NASDAQ OMX Vilnius. Shares will be admitted to trading under minimum statutory terms.
Share account manager	Contract will be executed in accordance with Legal acts of the Republic of Lithuania after the registration of the Split-off Company.

The shares of Split-Off Companies are allocated to Shareholders of the public joint-stock company Invalda LT proportional to their stake in the public joint-stock company Invalda LT; therefore, the public joint-stock company’s INVL Baltic Real Estate shareholders’ structure will remain similar to Invalda LT shareholders’ structure (taking into account the nonessential deviations possible due to arithmetic rounding).

Public joint-stock company INVL Baltic Real Estate shall own the shares of the INVL Baltic Real Estate, UAB (which shall change its name during the Split-Off and give the right to the symbolic name INVL Baltic Real Estate to the Split-Off Company). Public joint-stock company’s Invalda LT real estate segment results are presented in the consolidated financial statements of Invalda LT.

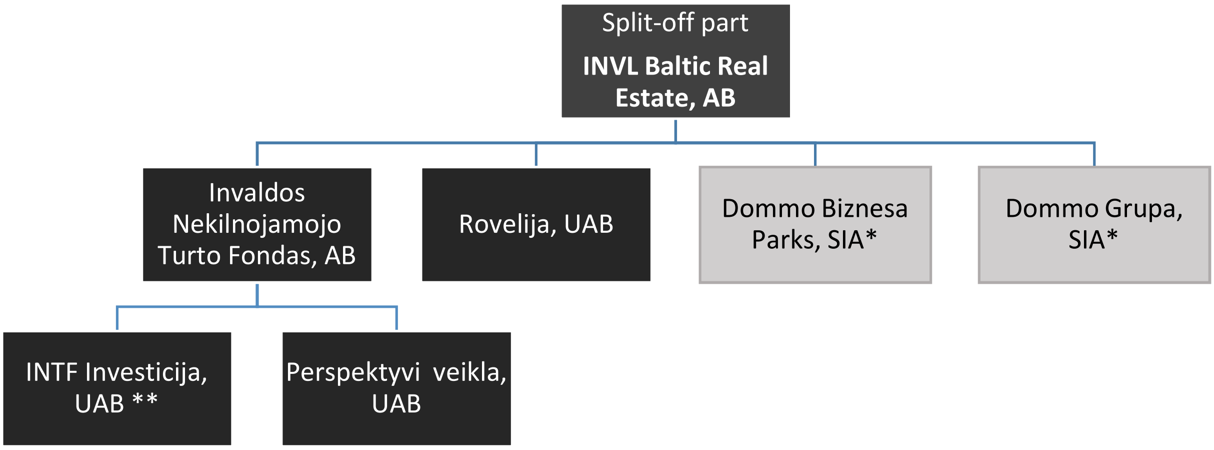
Public joint-stock company Invalda LT began investing into real estate through its subsidiaries in 1992. 28 January 1997, limited liability company Pastana was registered, which primary activity included the management of real estate. 25 June 2004 the company was reorganized into a joint stock company, in the Fall of 2004, in the way of reorganization, joint stock company Pastana took over real estate of Invalda LT Group companies’ AB Gildeta and AB Kremi. 29 December 2004 name of the company was changed into the joint-stock company Invaldos Nekilnojamojo Turto Fondas.

At the end of 2005 Invaldos Nekilnojamojo Turto Fondas signed contracts with Teo LT Group for the purchase of eight real estate objects. The target area of the buildings was about 40 thousand sq. m., the total transaction amount – LTL 72.2 million (at that time it was one of the largest real estate transactions in Lithuania).

In 2007 Invalda LT Group sold three office buildings and two logistics centers in Vilnius and Kaunas to the company owned by Irish investors for LTL 78.85 million, in 2008 three office buildings in Vilnius were sold for LTL 48.55 million. Invalda LT-owned companies built and later sold the hotel Holiday Inn in Vilnius, also developed several residential construction projects in Lithuania and Latvia.

Annex 7

ESTIMATED CONTROL STRUCTURE OF THE JOINT-STOCK COMPANY INVL BALTIC REAL ESTATE



*INVL Baltic Real Estate, AB will own 50% of creditors' claims in both the Dommo Biznesa Parks, SIA and Dommo Grupa, SIA (corporate debt exceeds the market value of assets held). Real estate will be pledged to INVL Baltic Real Estate for the loans granted by this company.

** Investment value of shares of INTF Investicija, UAB is evaluated at LTL 0 in the financial statements of the public joint-stock company Invalda LT, since the liabilities of INTF Investicija, UAB exceeded the value of the property (there is a real risk associated with business continuity of INTF Investicija, UAB).

Companies, which will belong to INVL Baltic Real Estate, have invested in an office, warehouse, manufacturing purpose real estate sites in Lithuania and Latvia. Almost all objects bring rental income, some have further development prospects.

IBC, Class A business center Seimyniskių str.1a/Seimyniskiu str.3 Vilnius (Invaldos Nekilnojamojo Turto Fondas, AB)

IBC Business Center - a versatile, functional business premises complex. IBC is located in a very convenient location - on the right bank of the Neris River in the central part of Vilnius, situated near important public institutions and businesses at the main business artery in the Constitution Avenue, therefore is easily and quickly accessible from any place in Vilnius.

IBC, Class A business center consists of two buildings, in which about 6700 sq. m. are being leased (the total area of buildings - 13 200 sq m). The center owns 250 spots parking lot in the protected courtyard, also in the two-storey covered and underground garages. IBC Business Center is being consistently developed, more and more services are offered each year.

Basic information:

Total area: 13 200 sq. m.

Leased area: 6 700 sq. m.

Land area: 1.47 ha (total area of IBC complex)

Property market value at the end of 2013: LTL 42 550 000

IBC, Class B business center A.Juozapavicciaus str. 6 / Slucko str. 2, Vilnius (Invaldos Nekilnojamojo Turto Fondas, AB)

IBC, Class B business center consists of 4 buildings, in which about 10 600 sq. m. of different purpose premises are being leased (the total area of buildings –11 400 sq m). The center owns 200 spots parking lot in the protected courtyard.

The IBC business center has a development opportunity, detailed plan of the area is prepared.

Basic information:

Total area: 11 400 sq. m.

Leased area: 10 600 sq. m.

Land area: 1.47 ha (total area of IBC complex)

Property market value at the end of 2013: LTL 34 450 000

Ofice building Palanga str. 4, Vilnius (Invaldos Nekilnojamojo Turto Fondas, AB)

Business center is located in one of the busiest places in the Old Town of Vilnius, between Vilnius, Pamenkalnio, Islandijos and Palangos streets. Vilnius Old Town - one of the most important components of the city and its center, the oldest part of the city of Vilnius, situated on the left bank of the Neris River. Old Town area - protected and managed in accordance with the special heritage protection well, small business and residential function are being supported. There is a closed, guarded parking and underground garage in the area, convenient public transport access. Radvilu Palace, Teacher's House, Lithuanian Technical Library, St. Catherine's Church and other cultural attractions, cafes, restaurants are located near the building.

Basic information:

Total area: 9 700 sq. m.

Leased area: 6 200 sq. m.

Land area: 0.49 ha

Property market value at the end of 2013: LTL 25 000 000

Zygio Business Center – office building J. Galvydzio str. 7 / Zygio str. 97, Vilnius (Invaldos Nekilnojamojo Turto Fondas, AB)

Žygio business center - the yellow brick, authentic nineteenth century architecture, renovated office building, perfectly adapted to modern office activities. The building stands in the Northern town (J. Galvydzio str. 7 / Žygio str. 97) – in a strategically attractive, busy part of Vilnius, easily accessible by car and public transport. Other commercial and business centers, banks, the State Tax Inspectorate, Social Insurance, Employment Exchange, medical clinics and various business services companies, attracting large flows of people, are located nearby. Also, even four large shopping centers – Domus Gallery, Parkas, Hyper Rimi, Banginis-Senukai, are located near the business center. Distance to the center of Vilnius is about 3.5 km. 70 spots covered parking lot is installed next to the building.
The object has a development potential, building permit for the construction of a new building is obtained.

Basic information:

Total area: 3 200 sq. m.

Leased area: 2 600 sq. m.

Land area: 0.60 ha

Property market value at the end of 2013: LTL 10 180 000

Office building Kirtimu str. 33, Vilnius (Invaldos Nekilnojamojo Turto Fondas, AB)

Administrative buildings and warehouses are in a strategically convenient location, in respect to storage/manufacturing, in the industrial area, the southwestern part of Vilnius, Kirtimu street. This complex is very suitable for logistics, as it is located near the Western city bypass, which is one of the most important traffic arteries of Vilnius city. Engineering infrastructure is well-developed in the area.

Basic information:

Total area: 3 000 kv. m

Leased area: 2 500 kv. m

Land area: 0.67 ha

Property market value at the end of 2013: LTL 2 570 000

Dommo Business Park manufacturing/warehouse and office premises complex in Latvia (assets are owned by SIA DOMMO Group and SIA DOMMO biznesa parks, pledged to AB Invalda LT for the loans granted)

The area is strategically well-located, to the right of Jelgava road, in front of the intersection with Jurmala - Tallinn bypass. Distance to the center of Riga and the airport is 13 km, the port - 16 km. The area is suitable for the development of logistics centers.

Basic information:

Total area: 12 800 sq. m.

Leased area: 12 600 sq. m.

Land area: 58.21 ha

Property market value at the end of 2013: LTL 27 612 000

Manufacturing, warehousing and office buildings complex Visoriu str. 20, Vilnius (INTF Investicija, UAB)

It is 6 buildings complex for the production and storage activities. The object is located in the Eastern outskirts of Fabijoniskes, Visoriu street. Production, industrial, warehouse buildings dominate around the object, but in the South/Southwest side complex borders with Visorių forest park, in the West - with low-rise residential area. The town center is about 8 km far. The buildings are located in an over 3 acres fenced, protected area.

Investment value of shares of INTF Investicija, UAB is evaluated at 0 Lt in the joint-stock company's Invalda LT financial statements, since the liabilities of INTF Investicija, UAB exceeded the value of the property (there is a real risk associated with business continuity of INTF Investicija, UAB).

Basic information:

Total area: 8 700 sq. m.

Leased area: 8 700 sq. m.

Land area: 3.15 ha

Property market value at the end of 2013: LTL 14 000 000

Residential house Kalvariju str. 11, Vilnius (UAB Rovelija)

The house borders with IBC complex area owned by Invaldos Nekilnojamojo Turto Fondas, AB. Company owns 5 of 6 apartments located in this building.

REVIEW OF THE BALTIC COUNTRIES ECONOMY AND REAL ESTATE

Macroeconomic situation

According to the latest forecasts, Lithuanian economy in 2014 will maintain the growth momentum and will be one of the fastest growing economies in the European Union. The main drivers of the economy will be increasing domestic consumption and high volume of investment, the role of exports will decline. Low inflation, rising wages and falling unemployment rate will stimulate domestic consumption, low interest rates and improving business and population expectations will stimulate lending volume growth. Lithuania meets all the Maastricht criteria, thus in 2015 the Litas should be changed to the Euro.

It is forecast that export growth will slow, but the recession will be avoided. The slowdown will be offset by the Europe, which broke out of the recession, and by sustainable growth of the Baltic countries, therefore change in Lithuanian exports in 2014 will remain positive. Russian restrictions on Lithuanian production export had no significant effect on the Lithuanian export performance. The greater threat is the overall slowdown of the Russian economy, which can reduce Lithuanian transport sector exports to this country (Russia has 30% of all export of transport services). Another threat is the growing competition in the oil refining and fertilizer markets, which are exacerbated by relatively high energy prices in Lithuania and growing personnel expenses.

Private consumption will become the main driver of economic growth. Declining unemployment, rising wages and low inflation improves the financial situation of households. The biggest threat to private consumption growth is high long-term (40% of all unemployed) and structural (low-skilled, low-population towns people) unemployment rate.

Office market

Business centers sector in Lithuania was dominated by employment and growing rental price trends in 2013. Active investments were continued in Vilnius business center market – 2 new business centers were opened (Gama in Verkiai and Baltic Hearts II in the New city center added 13,300 sq. m. area to the office market) and another 6 new business centers are being built (73 500 sq. m.). Despite newly opened business centers, the vacancy in the capital continued to fall - over the year it has shrunk more than double from 7.1 to 3.5 percent. Vilnius office market take-up in 2013 remained similar to that in 2012 - about 26 000 sq. m. per year. At the end of the year there was a total of 12 700 sq. m. of modern office space vacant in the capital. All class rents, having increased up to 5% at the beginning of 2013, has remained stable the rest of the time. The average rental price for class A offices reached 42-55 LTL/sq. m., class B1 - 32-42 LTL/sq. m., and class B2 - 23-30 LTL/sq. m. at the end of the year.

New business centers in the capital are being further actively developed – the construction of the Grand Office (Viršuliskes) and Quadrum I (New City Center) business centers, started in 2012, is now in full swing - a total of 37,350 sq. m. At the second half of 2013, a construction of 4 new business centers was started - Baltic Hearts III, K29, Gostauto 12A (New City Center) and Premium (Žirmunai) - a total of 36 150 sq. m. The first business centers under construction should open as early as the middle of 2014, therefore until then further decline in vacancies in Vilnius, and later a successful uptake of new supply, is projected.

The number of investment acquisitions increased in the capital – 4 investment business centers transactions were formed during 2013 (Alpha & Beta & Gamma, Gostauto 40, Danske Bank, Kernave). The total area of the objects was 61 500 sq. m., the value of the investment - almost LTL 310 million.

The vacancy of Kaunas modern business centers decreased at a considerably slower pace than in the capital - during 2013, the vacancy rate fell from 6.9 to 5.8 percent. Class B1 office space was the most absorbed - 770 sq. m., while the free class B2 office space fell by only 50 sq. m. There were 4 400 sq. m. of free modern office space at the end of the year in Kaunas. Slightly changing vacancy of modern business centers in Kaunas does not increase the average segment rents. Class B1 office rents continued to equal 25-35 LTL/sq. m. and B2-class business center facilities could have been rented for 18-25 LTL/sq. m. No brighter change in rental prices in Kaunas is expected in the near future.

There has been recorded a significant vacancy rate decrease in Klaipeda in 2013. Over the year, this indicator fell from 18.1 to 14.0 percent in the port city. At year-end, total of about 7 350 sq. m. of the modern office space was recorded in Klaipeda. Klaipeda office market continues to be dominated by the small tenants, who, in contrast to the large local or multinational companies, give priority to simpler and cheaper accommodations rather than the top notch. Class B2 segment average rents increased by an average of 1 litas and reached 16-20 LTL/sq. m. Meanwhile, the A and B1 class business centers average rental rates remained stable throughout the year 2013 and amounted to respectively 30-35 LTL/sq. m. and 22-30 LTL/sq. m. In this port city segment of the market no major changes are expected in the nearest future. This is influenced by, while improving, still prevailing unattractive business centers market indicators to developers - high vacancies and low rents.

Manufacturing/warehouse facilities market

Industrial production and export volumes in Lithuania, having settled a bit in the second half of 2013, maintained a solid growth in the overall yearly context. Market expansion of storage facilities continued. Investments in the development of logistics centers in the country were revived.

Manufacturing output in Lithuania reached 62.5 billion Lt mark in 2013. Comparing to the same period ratio in 2012 (LTL 60.5 billion), 3.9% growth is observed. The volume of exports grew even at a faster rate. During the 11 months of 2013, it reached 77.8 billion Lt and, comparing to the same period in 2012 (LTL 72.5 billion), it grew by 7.3 percent. Thus, although there was no growth recorded in the second half of the year due to the rising controversy of export markets in the East, Lithuanian industrial output and export volume has maintained solid growth in the overall context of 2013.

In all major cities of Lithuania a decline in vacancy was observed - for modern logistics centers in Vilnius, the vacancy fell to 0.9% (3 600 sq. m.), Kaunas rate also remained close to 0%, Klaipeda vacancy rate reached 0.5% (350 sq. m.). Logistics centers managers increased rents for the new tenants by 5-10% at the beginning of 2013. Lease price of the modern logistics centers in the capital was 12-17 LTL/sq. m. at the end of the year, in Kaunas and Klaipeda - 11-15 LTL/sq. m. Old logistics centers in Vilnius rent price was 6-10 LTL/sq. m., in Kaunas and Klaipeda - 5-9 LTL/sq. m. Constructions of logistics centers in Vilnius - Transekspedicija II (17 000 sq. m.), and Klaipeda - Vlantana II (15 000 sq. m.), started in 2013, are in full swing. The development of existing centers in Vilnius should be begun by Arvada's services (8500 sq. m.), in Klaipeda – by Ad Rem Lez (8200 sq. m.) in 2014.

Companies in the major cities also actively invest in the old construction production facilities acquisition and renovation or build new warehouses for their needs ("built-to-suit"), seeking to optimize the cost of the rental. This type of constructed warehouses area typically range from a few to 10 thousand sq. m. In 2013, manufacturing companies Hormann Lithuania (5000 sq. m.) and Wurth Lithuania (5700 sq. m.) began building "built-to-suit" type stores near Vilnius. In Kaunas these companies include trading company Osama (2 000 sq. m.) and Gintarine vaistine (9600 sq. m.), in Klaipeda - Klaipedos Juru Kroviniu Kompanija, AB (KLASCO, 8 000 sq. m.).

The improving industry and logistics centers market situation opens the possibilities for investment acquisitions in Lithuania. In the first half of the year, Estonian fund Capital Mill purchased Zariju logistics center in Vilnius (22 000 sq. m.) for about LTL 35 million. It is expected that investments in the sector should be higher in 2014.

ESTIMATED CONTROL STRUCTURE OF THE PUBLIC JOINT-STOCK COMPANY INVL BALTIC REAL ESTATE

Public joint-stock company INVL Baltic Real Estate bodies include:

- General meeting of shareholders;
- The Board (elected from 3 members);
- Manager (director).

The governing bodies will be elected (appointed) before the registration of the public joint-stock company INVL Baltic Real Estate, information about elected (appointed) Board members and the Manager of the company will be disclosed no later than the next business day after the election (appointment) on the website of the public joint-stock company Invalda LT, www.invaldalt.com.

RISK FACTORS, RELATED TO THE PUBLIC JOINT-STOCK COMPANY INVL BALTIC REAL ESTATE

This document provides information about the risk factors associated with activities and securities of the public joint-stock company INVL Baltic Real Estate, created in the split-off, separating the part, which is associated with investments into the real estate, of the public joint-stock company Invalda LT.

Information, provided in this document, should not be considered complete and covering all aspects of the risk factors associated with public company's INVL Baltic Real Estate activity and securities.

Risk factors, associated with activities of INVL Baltic Real Estate

The total investment risk

The value of the investment in real estate can vary in the short term, depending on the general economic conditions, rent and purchase prices of real estate, demand and supply fluctuations. Investment in real estate should be carried out in the medium and long term, so that investor can avoid the short-term price fluctuations. Investing in real estate is connected with the higher than medium risks.

Liquidity risk

It is the risk of incurring losses due to low liquidity of the market, when it becomes difficult to sell the assets at the desired time and at the desired price. In order to manage this risk, public joint-stock company INVL Baltic Real Estate will keep monitoring the real estate market, will prepare in advance for property sales process, thereby reducing the liquidity risk.

Real estate development risk

Real estate development projects, undertaken by the public joint-stock company INVL Baltic Real Estate, may take longer than anticipated or be more costly than expected, which may reduce the return on investments of the public joint-stock company INVL Baltic Real Estate. In managing this risk, the company will allocate sufficient resources to the real estate development project budgets' and time control.

Leverage usage risk

Leverage usage risk is associated with potential real estate depreciation, which was acquired using borrowed money. The higher the leverage used, the greater the likelihood of this risk. The level of bank loans of the public joint-stock company's INVL Baltic Real Estate subsidiary – Invaldos Nekilnojamojo Turto Fondas, AB, is close to 50% of its real estate market value. Loan agreements are valid until 15 December 2015, principal loan amount is repaid at maturity.

Investment diversification risk

This is the risk that one failed investment will significantly influence results of the public joint-stock company INVL Baltic Real Estate. In order to reduce the risk, company will include a sufficient number of different real estate properties in its portfolio, thus maintaining an appropriate level of diversification.

Tax increase risk

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

Inflation and deflation risk

It is likely that during its operational period public joint-stock company INVL Baltic Real Estate will face both inflation and deflation risks as investments in real estate are long term. At high inflation, the value of lease agreements, which are not subject to inflation or at high deflation, the value of lease contracts, which are linked to inflation, will decrease.

Credit risk

Public joint-stock company INVL Baltic Real Estate will seek to lease real estate in the highest price possible. There is a risk that tenants will not fulfill their obligations - it would adversely affect the profit of INVL Baltic Real Estate. Large parts of liabilities not fulfilled in time may cause disturbances in activities of public joint-stock company INVL Baltic Real Estate, there might be a need to seek additional sources of financing, which may not always be available.

Public joint-stock company INVL Baltic Real Estate also bears the risk of holding funds in bank accounts or investing in short-term financial instruments.

Currency risk

Public joint-stock company INVL Baltic Real Estate forms transactions in Litas or Euros; therefore the currency risk is low. Lithuania plans to adopt the Euro since 2015. There is a risk that before the introduction Lithuanian Central Bank may change fixed LTL/EUR rate, which may reduce the investment value of the public joint-stock company INVL Baltic Real Estate.

Interest rate risk

Interest rate risk mainly includes loans with a variable interest rate. Rising interest rates will increase the public joint-stock company's INVL Baltic Real Estate debt service costs, which will reduce the return on investment. If considered necessary, the public joint-stock company INVL Baltic Real Estate will get insured from interest rate risk engaging in the relevant transactions.

Reliance on the company's assets administrator

Invaldos Nekilnojamojo Turto Fondas, AB has entered into an agreement at a market price with Inreal Valdymas, UAB for the company's asset management and administration services. Under this agreement, Inreal Valdymas, UAB, as an administrator of the property, is committed to increase companies' value and maintain high quality of service for buildings' tenants and employees. In case of change in administrative prices in the market, new contracts under less favorable conditions can be created with administrator, which may directly influence company's costs' increase.

Dependence on tenants

If subsidiaries of public joint-stock company INVL Baltic Real Estate fail to achieve expected revenue from the rental of buildings or maintain high employment rate, they may be faced with permanent non-reimbursable cost problem of tenants. This risk may appear due to dramatic increase in rented accommodation supply and a drop in demand, the fall in rents. Failing to lease space under expected price/volume or after current tenants terminate their leases, could cause corporate earnings to be reduced without a change in fixed costs. Accordingly, their profits will also fall.

Sub-lease agreement risk

In 2007, Invaldos Nekilnojamojo Turto Fondas, AB has sold 5 real estate properties and entered into the lease agreement with the buyer, under which they agreed to sub-lease the property until 2017 October. Currently, the company is incurring about LTL 100 000 loss per month due to sublease. This amount varies depending on the income from the sub-lease, property maintenance costs incurred and the rent paid.

Large shareholders risk

Three joint-stock company's INVL Baltic Real Estate shareholders together with related parties after the split – off will hold more than 90% of shares and their voting will influence the election of the directors of company, essential decisions regarding the joint-stock company's INVL Baltic Real Estate management, operations and financial position. There is no guarantee that the major shareholders' decisions will always coincide with the opinion and interest of the minority shareholders. Large shareholders have the right to block the proposed solutions of other shareholders.

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

The public joint-stock company INVL Baltic Real Estate will be established in the process of split-off of the public joint-stock company Invalda LT and will take over 30.9 percent of assets, equity and liabilities of the public joint-stock company Invalda LT. If certain public joint-stock company's Invalda LT obligations will not be distributed to all companies operating after the separation, then all post-split-off-based companies will be jointly liable for it. Each of the companies' responsibility will be limited by the size of equity, attributable under the Split-Off conditions.

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

Market-related risks

Market risk

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

Liquidity risk

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

Dividend payment risk

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

Tax and legal risk

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

Inflation risk

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

The initial stock price risk

Shares of joint-stock company INVL Baltic Real Estate, prior to inclusion in the stock market, have not been publicly traded. As a result, their stock price, having added them to the trading list, will be determined on the basis of the purchase and sale orders, which may depend on subjective factors, such as the market and the economic situation, performance evaluation of the public joint-stock company INVL Baltic Real Estate, the interest of investors. As a result, the initial share price may not reflect accurately the true value and have high fluctuations.

The legal status change risk

Public joint-stock company INVL Baltic Real Estate intends to have closed-end investment company license, issued by the Bank of Lithuania. This will lead to changes in the company's shareholders' protection and certain operating restrictions. Closed-end investment company shareholders are under no obligation to publish an official tender offer; the company has a limited duration and is a subject to certain diversification requirements. Becoming a closed-end investment company will influence only certain restrictions on the activities and supervision, which may increase the company's operating costs.