

**INFORMATION ON THE PUBLIC JOINT-STOCK COMPANY INV L BALTIC FARMLAND
FORMED IN THE SPLIT – OFF**

On the basis of those Terms, 47.95 percent of the total assets, equity and liabilities of the public joint-stock company Invalda LT will be split-off. 14.45 percent of the total assets, equity and liabilities (**book values**) of the Company participating in the Split-Off shall be transferred to the public joint-stock company INV L Baltic Farmland.

Interim financial statements prepared for 31 December 2013 include:

Thousand Lt	Unconsolidated balance sheet of INV L Baltic Farmland, AB	Consolidated balance sheet of INV L Baltic Farmland, AB
Percentage	14.45%	
Intangible assets		20
Property, plant and equipment		4
Investment property		36,087
Investments in subsidiaries	6,102	
Investments in associates and joint ventures		
Investments available for sale		
Loans granted	16,046	
Loan granted to Cedus Invest, UAB	2,693	2,693
Trade and other receivables		214
Deferred income tax asset	68	68
Prepayments and deferred charges		5
Financial assets at fair value through profit (loss) statement		
Cash and cash equivalents	363	477
Total assets	25,272	39,568
Loans	2,107	2,107
Deferred income tax liability		2,971
Other short-term liabilities		105
Total liabilities	2,107	5,183
Total equity	23,165	34,385

**KEY DATA ON THE PUBLIC JOINT-STOCK COMPANY INV L BALTIC FARMLAND
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	Description
Name of the legal entity	Public joint-stock company INV L Baltic Farmland
Legal form of the legal entity	Public joint-stock company
Registered address	Seimyniskiu str. 1 A, LT-09312, Vilnius, Lithuania
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	LTL 3 294 209, which will be formed in line with the Split-Off terms.
Fully paid authorized capital	LTL 3 294 209
Number of shares	3 294 209
Nominal value per one share	LTL 1
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 appointed to Shareholders of the public joint-stock company Invalda LT proportional to their stake in the public joint-stock company Invalda LT; therefore, shareholders' structure of the public joint-stock company INV L Baltic Farmland will remain similar to Invalda LT (taking into account the nonessential deviations possible due to arithmetic rounding).

The public joint-stock company INV L Baltic Farmland shall own the shares of the limited liability companies investing in agricultural land and INV L Baltic Farmland, UAB (which shall change its name during the Split-Off and give the right to the symbolic name INV L Baltic Farmland to the Split-Off Company). The public joint-stock company's Invalda LT agricultural land segment results are presented in the consolidated financial statements of the public joint-stock company Invalda LT.

The public joint-stock company Invalda LT began investing into agricultural land in Lithuania in 2004 (primary investments were performed through a subsidiary – Ekotra, UAB).

The restructuring of the owned agricultural land portfolio, when the plots were grouped by geographical areas, was finished at the end of the third quarter of 2013.

Currently, Invalda LT owns 100 percent of the below stated limited liability companies' shares, which jointly owned 2.9 thousand ha of agricultural land at the end of 2013. This land is leased to farmers and agricultural companies. In the long-term, the aim is to profit from the growth of rental prices and the increase of land values.

Detailed information about the assets, liabilities and equity, transferable to the public joint-stock company INV L Baltic Farmland, is presented in Annex 10 (Part 4). Below are the details of the private companies investing into agricultural land, whose sole shareholder is currently the public joint-stock company Invalda

LT, and whose shares will be transferred to the public joint-stock company INVL Baltic Farmland during the Split-Off:

Name	Company code	Authorized capital, LTL	Equity, LTL	Loans from Invalda LT, LTL	Land value, LTL	Available land area, ha
Avizele, UAB	303113077	163 325	184 567	570 000	783 500	107.37
Berzyte, UAB	303112915	103 018	393 625	1 195 691	1 636 300	147.392
Dirvolika, UAB	303112954	461 063	1 510 285	894 937	2 605 900	192.0262
Duonis, UAB	303112790	298 189	1 192 094	1 075 312	2 451 600	176.2961
Ekotra, UAB	303112623	291 463	1 333 265	1 288 397	2 882 100	229.3674
Kvietukas, UAB	303112687	153 513	736 117	712 056	1 595 700	118.6868
Laukaitis, UAB	303112694	221 922	1 312 188	1 085 880	2 645 900	193.4379
Lauknesys, UAB	303112655	142 396	781 801	596 565	1 539 600	107.8356
Linaziede, UAB	303112922	179 352	291 574	461 944	742 900	91.9959
Pusaitis, UAB	303113102	105 248	601 730	460 000	1 140 000	81.0793
Puskaitis, UAB	303112769	262 889	1 309 928	1 197 885	2 719 500	205.6418
Seja, UAB	303113013	171 650	1 006 404	409 000	1 589 900	88.6713
Vasarojus, UAB	303112776	759 566	1 608 492	1 224 430	2 987 100	270.4975
Zalve, UAB	303113045	401 825	881 896	1 056 501	2 099 600	200.3675
Zemgale, UAB	303112744	403 143	911 878	1 248 170	2 321 800	234.0548
Zemynele, UAB	303112559	108 326	552 993	458 430	1 081 800	70.4742
Ziemkentys, UAB	303112648	561 551	2 713 325	2 110 515	5 263 300	408.7962

2012 was a good year for Lithuanian agriculture: growing farms efficiency and competition led to the increase of prices of the land lease and the land itself. Nevertheless, the average price of land in Lithuania remains one of the lowest in the European Union.

Agriculture land market was active in 2013 – large farmers increased the area of land owned, so the Central Lithuania, where the land is the most fertile, captured significant price gains.

Since 2014, changes to the Agricultural Land Acquisition temporary law entered into force. Under these changes, the persons cannot acquire more than 500 acres of agricultural land. Also, the amount of people having pre-emptive right to purchase the land was expanded. Correction determines that the public joint-stock company INVL Baltic Farmland and its Group companies will not be able to invest directly in agricultural land and that increase of the managed portfolio in Lithuania is only possible buying the shares of companies which own the agricultural land.

Based on the estimates of management of the public joint-stock company Invalda LT, the total value of the agricultural land, owned by the Group companies, equaled LTL 36.1 million (LTL 12.2 thousand per acre) in 2013. A positive change in the value of land amounted to LTL 11.2 million, having accounted for deferred income tax effect – 9.5 million, and led to sector gains.

A large part of the rental income in 2013 was invested in improving the quality of land - cadastral measurements of vast part of portfolio and chemical analysis of soil were performed.

Compared with the beginning of 2013, the agriculture land portfolio, managed through the subsidiaries of the public joint-stock company Invalda LT decreased due to the Split-Off of the public joint-stock company Invalda, after which 45.5 percent of all agriculture land, belonging to the Group companies of the public joint-stock company Invalda, were transferred to the public joint-stock company Invalda Privatus Kapitalas.

According to the Department of Statistics, in 2013, compared with 2012, the cultivated land area in Lithuania, increased by 4 percent and amounted to 1.255 million hectares, but yields declined by 4 percent, up to 4.555 million tons. This means that, compared with the record year 2012, fertility declined by 8 percent.

Harvested area, yield and production for all farms

	Harvested area, th. ha		Yield, th. tons		Fertility, 100 kg/ha	
	2012	2013	2012	2013	2012	2013
Grain crops, total	1202.1	1255.4	4736.5	4550.0	39.4	36.2
Winter cereals	594.7	640.7	2810.0	2623.0	47.3	40.9
Summer cereals	565.0	569.8	1846.6	1836.3	32.7	32.2
Leguminous plants	42.4	44.9	79.9	90.7	18.9	20.2

The highest yield of grain crops was in Marijampole, Siauliai and Kaunas counties, 4.7, 4.3 and 4.2 tons per hectare, respectively.

ESTIMATED CONTROL STRUCTURE OF THE PUBLIC JOINT-STOCK COMPANY INV L BALTIC FARMLAND

The public joint-stock company INV L Baltic Farmland governing bodies include:

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

The governing bodies will be elected (appointed) before the registration of the public joint-stock company INV L Baltic Farmland, information about persons elected (appointed) for the Members of the Board 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 JOINT-STOCK COMPANY INV L BALTIC FARMLAND

This document provides information about the risk factors associated with the public joint-stock company INV L Baltic Farmland, whose activities will be associated with investments in agricultural land, activities of the Company and its securities.

Information, provided in this document, should not be considered exhaustive and covering all aspects of the risk factors associated with activity and securities of INV L Baltic Farmland.

Risk factors, associated with activities of INV L Baltic Farmland*Prohibition of direct purchase of agricultural land*

The public joint-stock company INV L Baltic Farmland will invest in agricultural land in Lithuania through its owned private companies. In 1 January 2014 changes to the Agricultural Land Acquisition temporary law (No. IX-1314) entered into force, providing that a person or related persons may buy agricultural land in a way that the total share of the state and others acquired agricultural land in the area is not more than 500 ha. This means that the public joint-stock company INV L Baltic Farmland and its owned private companies will not be able to directly purchase agricultural land (unless transactions were started before the Law entered into force), and managed agricultural land portfolio could be increased only by the acquisition of shares or other securities of companies owning agricultural land.

Prohibition to purchase more than 500 acres of agricultural land can reduce the amount of buyers of agricultural land, owned by subsidiaries of the public joint-stock company INV L Baltic Farmland, and thus the liquidity and price of the asset.

Risk of additional restrictions on the acquisition or transfer of land

Politicians and various sectors of society have been recently giving a variety of proposals on how to limit the availability to purchase and transfer agricultural land. There may be a ban on the transfer of agricultural land to foreigners, people who do not work on it, or do not live in a certain area, the minimum agricultural land

holding period may be introduced. These and similar potential limitations may adversely affect agricultural land liquidity, its prices and reduce assets of the public joint-stock company INVL Baltic Farmland.

The total investment risk

The value of the investment in agricultural land can vary in the short term, depending on the harvest, prices of agricultural products, local demand and supply fluctuations, competition between farmers and financial situation. Investment in agricultural land should be carried out in the medium and long term, so that investor can avoid the short-term price fluctuations. Investing in real estate is connected with the long-term risks.

Agricultural production and other commodity price volatility risk

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

Common agricultural risk

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

Reliance on the European Union and national subsidies

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

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

Land illiquidity risk

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

Risk of legislative and regulatory changes

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

Tax increase risk

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

Inflation and deflation risk

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

Credit risk

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

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

Liquidity risk

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

Currency risk

The public joint-stock company INVL Baltic Farmland forms agricultural land rental transactions in litas or Euros; therefore the currency risk is low.

Interest rate risk

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

Large shareholders risk

Three shareholders of the public joint-stock company INVL Baltic Farmland together with related parties at the start of company's activities will hold more than 90 percent of shares and their voting will influence the election of the directors of company, essential decisions regarding management of the public joint-stock company INVL Baltic Farmland, operations and financial position. There is no guarantee that the decisions made by the major shareholders' will always coincide with the opinion and interest of the minority shareholders. Large shareholders have the right to block the proposed solutions of other shareholders.

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

The public joint-stock company INVL Baltic Farmland will be established in the process of split-off of the public joint-stock company Invalda LT and will take over 14.45 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 company, established after the split-off, that company will be liable to answer the obligation. If this company does not meet the whole or part of the obligation, and there is no additional guarantee provided to creditors under the Company Law, all post-split-off companies will be jointly liable for that obligation (or part of it). Each of the companies' responsibility will be limited by the size of equity, attributable under the split-off conditions.

Market-related risks

Market risk

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

Liquidity risk

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

Dividend payment risk

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

Tax and legal risk

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

Inflation risk

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

The initial stock price risk

The shares of the public joint-stock company INVL Baltic Farmland, 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, as well as performance evaluation of the public joint-stock company INVL Baltic Farmland, 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

The public joint-stock company INVL Baltic Farmland intends to apply for closed-end investment company license, issued by the bank of Lithuania. This will lead to changes in the shareholders' protection of the company 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.