



BALTIC REAL ESTATE

CEF INVL Baltic Real Estate Related Party Transaction Policy Statement

26 March 2018

GENERAL PROVISIONS

1. This Related Party Transaction Policy Statement of CEF INVL Baltic Real Estate (**BRE**), hereinafter referred to as the '**Policy Statement**', shall establish the requirements that must be met by BRE and UAB INVL Asset Management (the '**Management Company**') managing BRE as a collective investment undertaking prior to concluding transactions on behalf of BRE with BRE's related parties under which BRE's rights and obligations are created, changed or cancelled.
2. The Policy Statement has been formulated in accordance with and implements provisions of the Law on Companies of the Republic of Lithuania.
3. The Policy Statement shall be adopted, amended or withdrawn by decision of the General Shareholders Meeting of BRE. Such decision shall be taken by a three-fourths majority of the votes attached to the shares held by the BRE shareholders present at the meeting.

TERMS USED IN THIS DOCUMENT

4. The terms used in this Policy Statement shall be consistent with the terms used in the Articles of Association of BRE (the '**Articles of Association**') unless expressly stated otherwise or unless the context otherwise requires.
5. A party related to BRE (the '**Related Party**') shall be an individual or an economic operator as defined in International Accounting Standard 24 (IAS 24) 'Related Party Disclosures' adopted by Commission Regulation (EC) No 1126/2008 of 3 November 2008 **adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.**

APPLICATION

6. This Policy Statement shall be binding upon the Management Company which exercises the rights and fulfils the duties of the Board and the single-handed head of BRE in concluding transactions with the Related Party on behalf of BRE.
7. Provisions of the Policy Statement shall apply to BRE's transactions with the Related Party provided that the transaction:
 - 7.1. is concluded under abnormal market conditions and/or
 - 7.2. is not classified as BRE's usual economic activity and/or
 - 7.3. has a material impact on BRE, its finances, assets and liabilities (a transaction shall be considered as meeting this criterion if its value (i. e. an amount payable by BRE, a liability assumed by BRE, etc.) is equal to or exceeds 10% of the amount of equity as disclosed in BRE's latest published consolidated balance sheet).

ASSESSMENT OF RELATED PARTY TRANSACTIONS

8. Assessment and approval of a transaction with the Related Party shall be performed provided that the transaction meets the criteria specified in Clause 7 of this Policy Statement (the '**Transaction**').
9. The Management Company, having received a notice from the Related Party stating the reasons why the latter could be deemed to be related to BRE and/or having established itself that the Transaction is to be concluded with the Related Party, shall take action referred to in Clauses 10 – 14 of the Policy Statement.
10. Prior to concluding the Transaction with the Related Party on BRE's behalf, the Management Company shall obtain a consent of the general meeting of shareholders of BRE, which shall be given by a three-fourths majority of the votes attached to the shares held by the BRE shareholders present at the meeting (the Related Party shall be excluded from such voting).



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11. The Management Company shall approach the BRE's Audit Committee regarding the Transaction to be concluded with the Related Party on BRE's behalf and shall submit information related to the Transaction. The BRE's Audit Committee shall, no later than within 20 business days after the date of the submission, shall formulate, based on the information provided by the Management Company as well as the latter's assessment of the Transaction, a written opinion containing the following information and shall present it to the Management Company (its Investment Committee):
 - 11.1. whether the Transaction is being concluded on market conditions;
 - 11.2. whether the Transaction is fair and justified with respect to BRE and its shareholders that are not counterparties; and
 - 11.3. assumptions, criteria and arguments substantiating the opinion.
12. The Management Company shall immediately notify the receipt of the written opinion from the Audit Committee as stated in Clause 11 above to BRE's shareholders, BRE's Advisory Committee (if established) and the Related Party. The BRE's shareholders shall also be enabled to familiarise themselves with the written opinion in the offices of the Management Company. At the shareholder's request made in writing or by means of electronic communications, the Management Company shall, no later than within 3 business days after the date of receipt of the request, hand a copy of the written opinion to the shareholder against signature or send it by registered letter or transmit it by means of electronic communications provided that security of the transmitted information is ensured and the shareholder's identity can be established.
13. The General Shareholders Meeting of BRE shall take the decision on the Transaction with the Related Party at the nearest such meeting convened by the Management Company.
14. The following information shall be published on BRE's website www.invlbalticrealestate.lt no later than at conclusion of the Transaction with the Related Party:
 - 14.1. the information about how BRE is related to the counterparty to the Transaction;
 - 14.2. details of the Related Party (name, legal form, business ID and registered office of the legal entity and register in which date on the legal entity is accumulated and stored; name and correspondence address of a natural person);
 - 14.3. date and value of the Transaction;
 - 14.4. other information proving that the Transaction is fair and justified with respect to BRE and its shareholders that are not counterparties to the Transaction.
15. Provisions of the Policy Statement, except Clause 14, shall not apply to the Transactions concluded on BRE's behalf with the Related Party in the course of usual business activities of BRE.
16. Provisions of the Policy Statement shall also apply to the Transactions that meet the criteria set out in Clause 7 and are concluded by and between the Related Party and BRE's subsidiaries.
17. Provisions of the Policy Statement shall not apply to the Transactions concluded by and between BRE and companies controlled by BRE directly and/or indirectly and to the Transactions concluded by and between such companies controlled by BRE directly and/or indirectly.