



 INVL Baltic Farmland

# **Presentation of INVL Baltic Farmland, AB**

Vilnius, 30 May 2014



## About INVL Baltic Farmland, AB

- INVL Baltic Farmland, AB controls 17 companies, which together have about 3 thousand hectares of agricultural land in the most fertile regions of Lithuania.
- Consolidated equity amounted to LTL 34.25 mln. on 31.03.2014.
- All land is being leased to Lithuanian farmers and agricultural companies.
- Company was established in 2014 separating a part of assets from investment company Invalda LT, AB.
- Invalda LT, AB has been investing in farmland since 2004.
- Shares of INVL Baltic Farmland, AB, will be listed on NASDAQ OMX Vilnius stock exchange on 4 June.



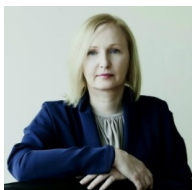
# Management of INVL Baltic Farmland, AB

Company intends to pursue closed-end investment company status. It is planned that after the license is granted, INVL Baltic Farmland will be managed by Invalda LT Investments – company controlled by Invalda LT and consisting of professionals in various fields. Therefore, the current management structure of INVL Baltic Farmland is temporary.



## **Alvydas Banys – Chairman of the Board**

After graduation from the Vilnius Gediminas Technical University Alvydas Banys worked for two years in the Lithuanian Academy of Science as a junior research fellow of the Institute of Economics. In 1996-2006 he served as a vice president of the company, in 1996-2000 – member of the Board, 2001-2007 – Chairman of the Board. Alvydas Banys took part in real estate, hotels management, production companies management Boards' activities. Currently Alvydas Banys is a Chairman of „Invalda LT“ Board, also a member of the BAIP Group Board, INVL Baltic Farmland, AB, INVL Baltic Real Estate, AB, INVL Technology, AB, and Invalda LT Investments, UAB, Chairman of the Board.



## **Indrė Mišeikytė – Member of the Board**

Indrė Mišeikytė acquired architect degree at the Vilnius Gediminas Technical University. In 1994-1996 she worked in Vilniaus Baldai, AB, later in real estate and investment companies Gildeta, UAB, and Kreminė, UAB. Since 2002 she works as an architect in Inreal Valdymas, AB. Since April 2012 – a member of Invalda LT Board. Indrė Mišeikytė is also a member of INVL Baltic Farmland, AB, INVL Baltic Real Estate, AB, and INVL Technology, AB, Boards. Since 2013 – a Member of the Board of Invalda Privatus Kapitalas, AB.



## **Darius Šulnis – Member of the Board, director**

Darius Šulnis graduated from the Vilnius University acquiring accounting and audit Master degree. In 2013 completed business administration studies at the Duke University (USA). He worked as a manager of the broker company Finasta for eight years, then four more years as a manager of the real estate company Inreal Valdymas, AB, also took part in activities of Polish, Latvian and Lithuanian companies' Management and Supervisory Boards. Currently Darius Šulnis is a member of the Board and president of Invalda LT, AB, also takes part in activities of Invaldos Nekilnojamojo Turto Fondas, AB, Litagra, UAB, Inservis, UAB, BAIP Group, UAB, Invalda LT Investments, UAB, also INVL Baltic Farmland, AB, INVL Baltic Real Estate, AB, INVL Technology, AB, Boards and is a director of the last three companies.



## Management of land owning companies

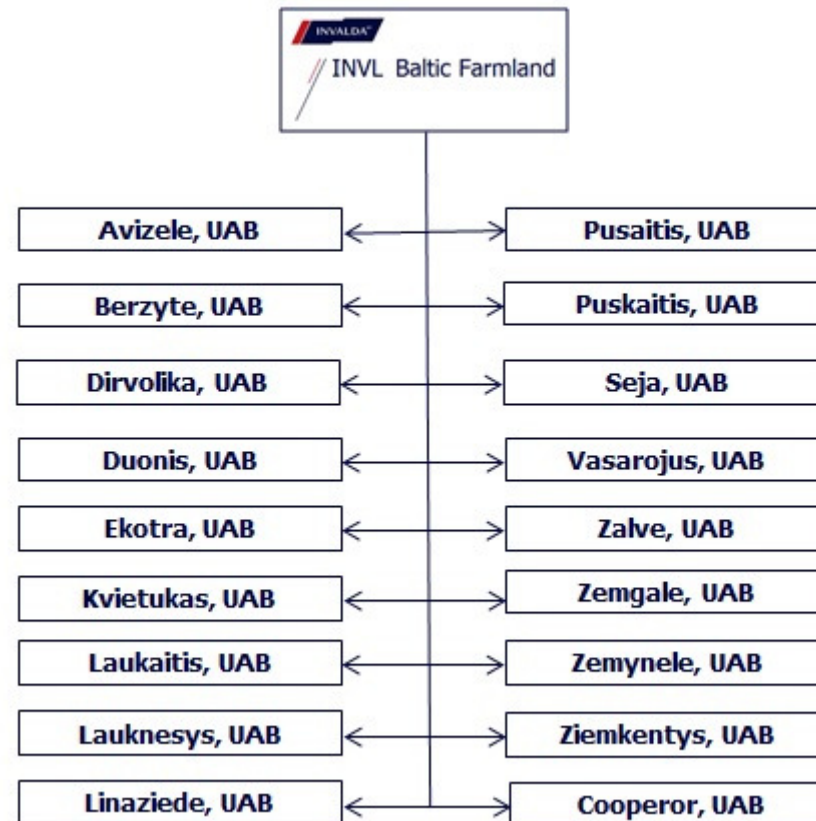
The manager of land owning companies is Sigita Bizulienė, who has more than ten years of experience in acquiring, leasing and selling agricultural land.



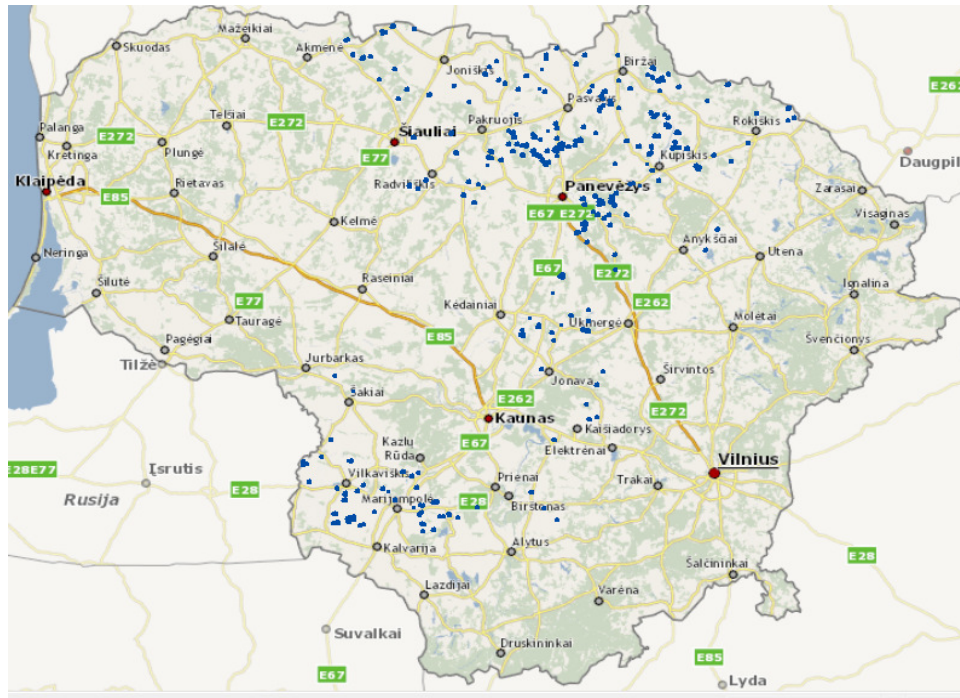
Sigita Bizulienė acquired forest economy Master degree at Aleksandras Stulginskis University in 2005. Later deepened her knowledge at Kaunas Technology University, where she acquired business economy Master degree in 2011. Sigita Bizulienė worked as a project manager in Inreal Valdymas, UAB, in 2007 and 2012, in 2007-2011 served as a director of land owning companies at Invalda group. Since 2013 she continues to manage land owning companies, which now are owned by INVL Baltic Farmland.



# The structure of INVL Baltic Farmland, AB Group



# Agricultural land portfolio of the company



*Note:* Plots belonging to the company are in the most fertile areas of Lithuania. They are highlighted in blue.

## Data on shares

Amount of shares, units	3,294,209
Total number of voting rights granted by shares, units	3,294,209
Nominal value of one share, LTL	1
Total nominal value of shares, LTL	3,294,209
ISIN code	LT0000128753
Ticker	INL1L
Exchange	NASDAQ OMX Vilnius
Trading list	Baltic Secondary List
Date of listing	4 June 2014

## Acquisition of own shares

- INVL Baltic Farmland Shareholders' Meeting is convened on 25 June 2014. The acquisition of INVL Baltic Farmland, AB own shares is included in the agenda of the meeting.
- Reserve of amount LTL 10.659.595,78 is formed in INVL Baltic Farmland, AB for acquisition of own shares.
- The maximum number of shares to be acquired – the total nominal value of own shares acquired during the whole period cannot exceed 1/10 of the share capital.
- The period during which the company INVL Baltic Farmland may acquire its own shares – 12 months after the decision is accepted.
- The maximum acquisition price per share – EUR 4.00 (LTL 13.81), minimum acquisition price per share – EUR 2.86 (LTL 9.88).



## **Basic information**

<b>31 March 2014</b>	
Controlled agricultural land area, ha	3016
Book value of land, LTL mln.	36.972
Average rental income per hectare in 2014, LTL	381
Consolidated equity, LTL mln.	34.313
Number of shares	3,294,209
Book value of one share, LTL	10.42

## The balance sheet and pro forma profit (loss) summary reports

<b>Balance sheet, LTL mln.</b>	<b>31 March 2014</b>
Investment property	37.0
Trade receivables	1.0
Deferred tax assets	0.1
Cash	0.3
Deferred income tax liabilities	-3.0
Other current liabilities	-1.1
<i>Deferred income</i>	<i>-0.8</i>
<i>Other liabilities</i>	<i>-0.3</i>
Consolidated equity	34.3
<b>Profit (loss), LTL mln.</b>	
Revenue	0.287
Income before tax	0.198

## Further plans

- INVL Baltic Farmland, AB later will apply to the Bank of Lithuania for closed-end investment company license and in its essence will become similar to investment fund.
- Management of INVL Baltic Farmland, AB, will be transferred to Invalda LT Investments, company owned by Invalda LT.
- Company does not plan to finance its activities with considerable amount of borrowed capital.
- Generated cash flow should be used for dividend payments or buying up of own shares.
- After closed-end investment company license is granted, the company plans to evaluate the investment environment and attract additional capital.



## Development restrictions in Lithuania

- Since 1 May 2014 legislative changes took place, prohibiting direct or indirect acquisition of land for entities that manage more than 500 ha of land and do not have relevant experience in agricultural activities.
- It is not only prohibited to acquire land but also the shares of companies that manage land.
- This means that development of INVL Baltic Farmland land portfolio in Lithuania is currently limited, therefore income growth is only possible from the rental income increase.
- Further development of the land portfolio is only possible if new amendments are passed.



## **Development restrictions in Latvia and Estonia**

- Constraints on agricultural land acquisition are also present in Latvia and Estonia (experience in agricultural activities, county or municipal permits and other).
- Expansion in these countries is possible through acquisition of land managing companies shares.



## Investment success factors

- Lithuania has a long tradition of farming and is a grain exporter.
- Land is a limited natural resource. Investing in land allows to receive stable profit.
- Agricultural land acquisition and rental price is one of the lowest, comparing to other, analogic, European agricultural regions.
- According to approved plan, subsidies for agriculture in Lithuania will be ones of the fastest growing in Europe. It will have a positive effect on rents and plots value.
- Low correlation with other asset classes (stocks and bonds).
- Stable cash flow, which can be paid out to the shareholders.



## Possible investment risks

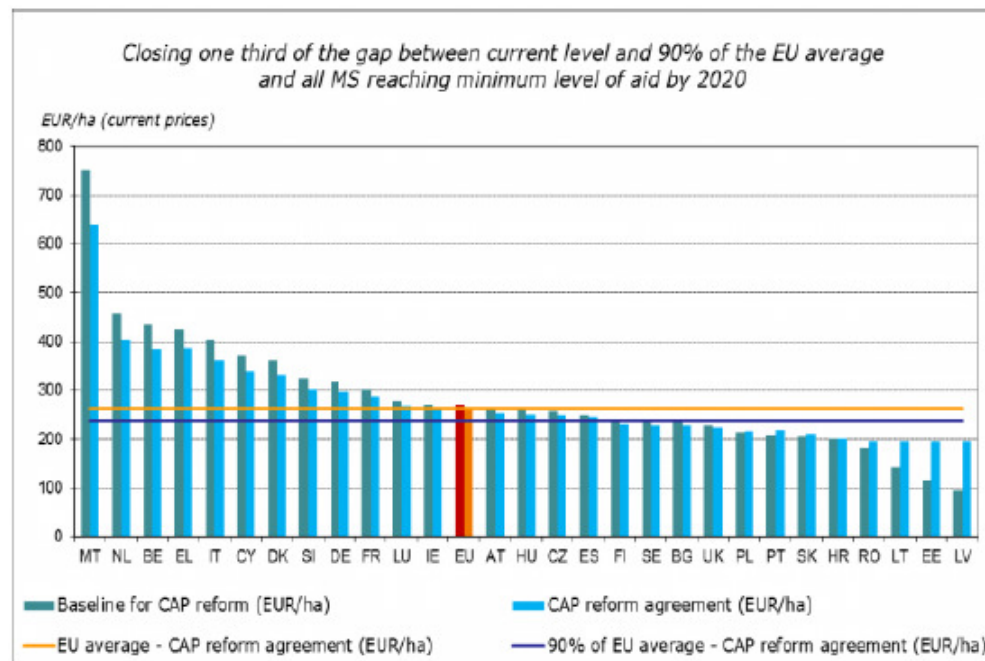
- The limitations on agricultural land acquisition can significantly reduce a number of potential land buyers and to lower land price.
- Agricultural production is characterized by large fluctuations in the price: under unfavorable circumstances, farmers may experience difficulties which will adversely affect cash flow and rental prices.
- A more detailed description of the risks is presented on company's website: [www.invlBalticFarmland.lt](http://www.invlBalticFarmland.lt).



# Market data

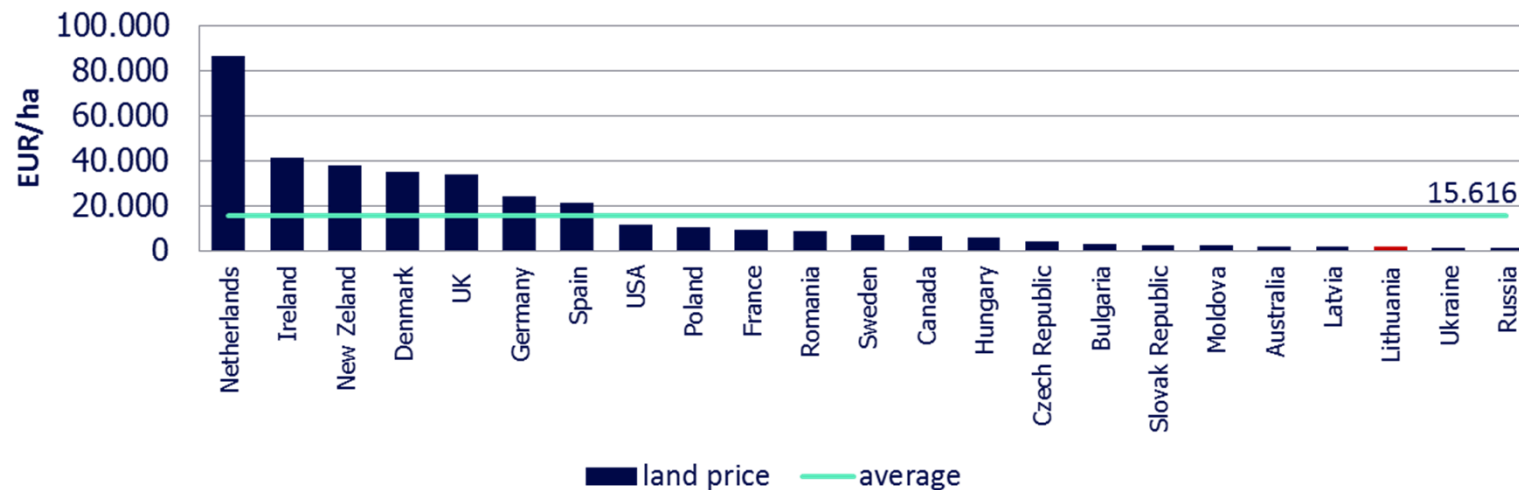


# The projected growth of direct payments in the Baltic countries – fastest in EU



Source: DG Agriculture and Rural Development

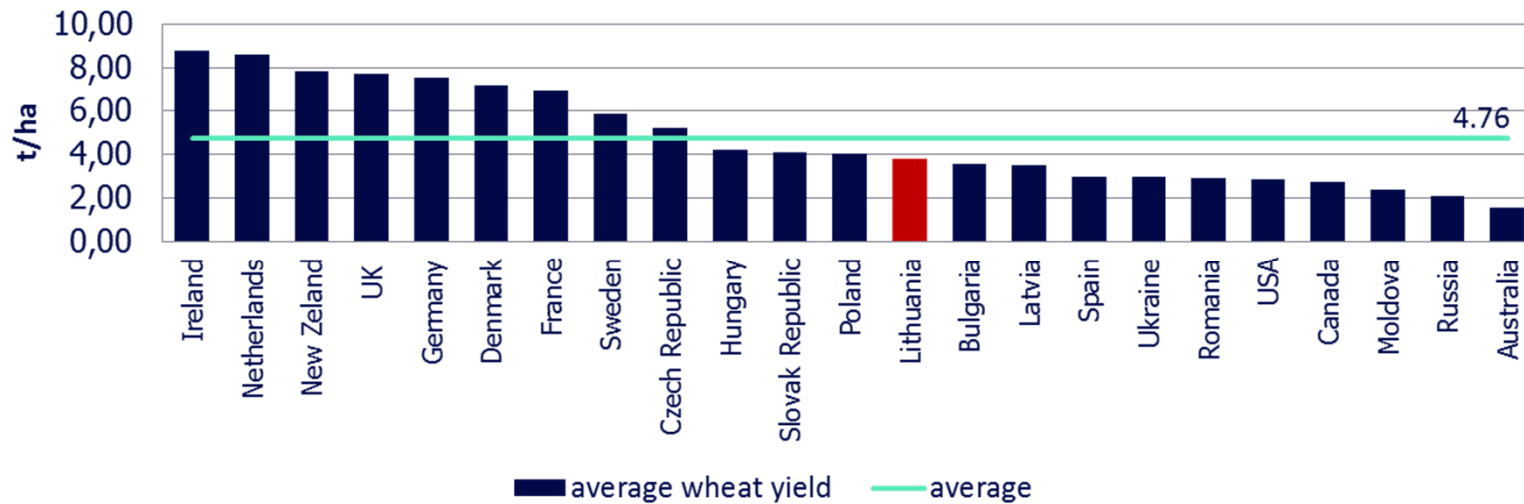
## The average agricultural land price in the EU (2012)



Source: Calculations based on data from Savills Research

- The chart shows the average land prices in the EU. The most expensive land is in the Netherlands, the cheapest – the Eastern European region. On average, agricultural land in Europe cost EUR 15.616 per ha in 2012.
- Average land price in Lithuania in 2012 was EUR 1.782 per ha. The value of INV L Baltic Farmland managed land is currently EUR 3.562 per ha.

## The average wheat yield of the EU (2004-2013)

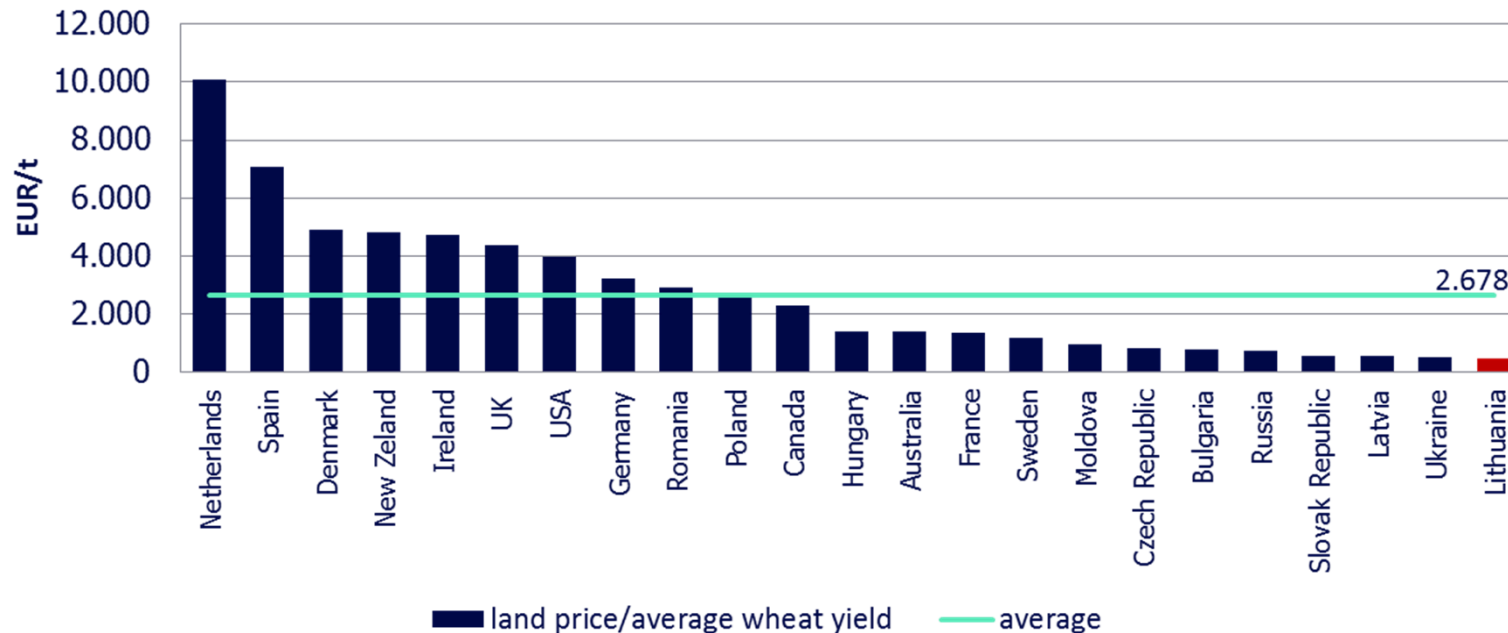


Source: Calculations based on data from Eurostat

- The average yields of Northern and Western European countries in 2004-2013 exceeded the 4.76 t/ha EU average.
- The average Lithuanian yield (3.8 t/ha) is lower than EU average.

Note: INVL Baltic Farmland managed land productivity is higher than the average of Lithuania.

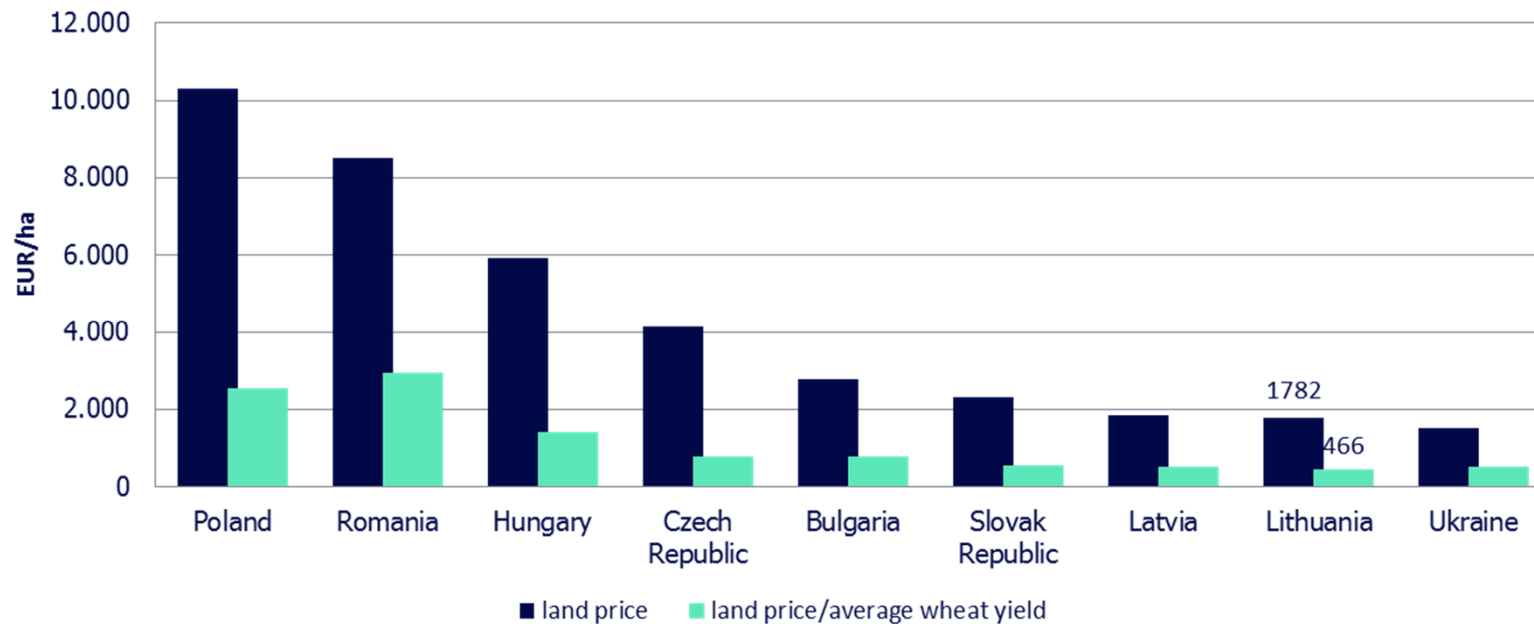
# Land price and wheat yield ratio of the EU



Source: Calculations based on data from Savills Research and Eurostat

Note: INVL Baltic Farmland's managed land value and wheat yield is higher than the average of Lithuania (Lithuanian average land productivity score – 39, INVL Baltic Farmland – 46).

# Agricultural land price in Eastern Europe (2012)



Source: Calculations based on data from Savills Research and Eurostat

Note: INVL Baltic Farmland managed land price is higher than the average of Lithuania.



# Disclaimer

- Presentation was prepared by INVL Baltic Farmland, AB.
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