

To
Special Closed-Ended Type Private Capital Investment Company
„INVL Technology“
Gynėjų g. 14,
Vilnius

**SPECIAL CLOSED-END TYPE PRIVATE CAPITAL INVESTMENT COMPANY INV L TECHNOLOGY AUDIT
COMMITTEE ACTIVITY REPORT FOR THE FINANCIAL YEAR 2018**

Vilnius, 25 April 2019

GENERAL PART

The Audit Committee (hereinafter – the Committee) of the special closed-end type private capital investment company INV L Technology (hereinafter –INV L Technology or the Company) was formed by the decision of the General Meeting of Shareholders on the 27th of April 2017.

The Committee works in accordance with the laws of the Republic of Lithuania, the Articles of Association of INV L Technology and Regulations of the Audit Committee of INV L Technology (hereinafter – the Regulations), approved by the decision of the General Meeting of Shareholders on 27th of April 2017.

COMPOSITION OF THE AUDIT COMMITTEE

INV L Technology (company code 300893533) was registered in the Centre of Registers of the Republic of Lithuania on. 27th of June, 2007.

On the 14nd of July 2016 after the board of supervisory authority – the Bank of Lithuania has approved the Company to act as a closed-end investment company, all rights and obligations of the management body of the Company were transferred to the management company UAB INV L Asset Management, company code 126263073 (hereinafter – the Management company).

On the 27th of April 2017 General Meeting of Shareholders of INV L Technology was held. At the meeting Tomas Bubinas and Danguolė Pranckėnienė were appointed as the independent members of the audit committee of INV L Technology for a four-year term.

The members of the Committee correspond with the qualification and experience requirements set out in the Regulations:

- an independent member of the Committee has a university degree in economics and more than three years work experience in the field of accounting;
- an independent member of the Committee has a university degree in economics and more than three years work experience in the field of audit.

The independent members of the Committee comply with the main criteria set out in the Regulations which are used for identifying whether a member of the Audit Committee can be considered as independent:

1. he/she is not and has not been for the last five years a manager of the Company or the associated companies (as they are defined in clause 24 of Description on requirements for audit committee (hereinafter – Description) approved by the board of Bank of Lithuania in 2017 January 24 Resolution No. 03-14);
2. he/she is not and has not been for the last three years an employee of the Company or the associated companies;
3. he/she is not receiving and has not been receiving significant, compared to the revenue received by the member of the Audit Committee, additional remuneration from the Company or the associated companies other than remuneration for the duties of a member of the Audit Committee and / or a member of the Supervisory Body;
4. he/she is not a controlling shareholder and is not a representative of such shareholder;
5. he/she does not have and has not had any material business relations with the Company or associated company within the past year directly or as a partner, shareholder or a member, managing employee of the subject having such relationships (a subject is considered to have business relations when it is a major supplier or service

provider (including financial, legal, advisory and consulting services), major client or organisation receiving significant part of the income from the Company or its group);

6. he/she is not and has not been for the last three years a partner or employee of the current or former external audit company of the Company or the associated companies;
7. he/she has not been in the position of a member of the Committee of the Company for over than 12 years;
8. he/she is not a close relative to the managers of the Management Company or to any person specified in paragraphs 1 – 7 above (a spouse (partner), children (adopted children), parents (adoptive parents), brothers (stepbrothers) and sisters (stepsisters) are considered to be close relatives).

FUNCTIONS AND PROCEDURE OF WORK OF THE AUDIT COMMITTEE

The main functions of the Committee:

1. to inform the Management Company about the results of the audit of financial statements and explain how this audit has contributed to the credibility of financial statements and what role has been performed therein by the Audit Committee ;
2. to monitor the financial reporting process and submit recommendations regarding ensuring of the credibility thereof;
3. to monitor the effectiveness of the Company's internal quality control and risk management systems affecting the financial statements of the Company and internal audit, without prejudice to the independence of the internal audit;
4. to monitor the audit of annual financial statements and consolidated financial statements with a particular focus on its performance, having regard to the deficiencies of the audit of financial statements identified during the inspection of the Company and to the drawn conclusions;
5. to review and monitor the independence of auditors and audit companies seeking to avoid conflict of interests;
6. to bear responsibility for the carrying out of the procedure of selection of the auditor or the audit company and the submission of a recommendation for the appointment of the auditor or the audit company;
7. to submit recommendations to the General Meeting of Shareholders of the Company related to selection, appointment, repeated appointment and revocation of external audit company and terms of agreement with external audit company;
8. to monitor and evaluate whether process of the financial statements audit is effective.

The work of the Committee is organized taking into account the specifics of the activity of the Company, external factors and changes in legal environment.

The right of initiative of convoking the meetings of the Committee is held by both members of the Committee. Usually the time of the meetings is combined with discussion of preparation process of financial and audit (including intermediate financial statements) statements.

During the reporting period the Committee discussed all questions collegially.

Managers of the Management Company have cooperated with the members of the Committee, introduced with the activity of the Company, provided with detailed information regarding the specific peculiarities of accounting, finance and activity of the Company, informed about methods of settlement for important and unusual transactions when the settlement may be included in accounting in several different ways, provided with other information which is necessary to carry out the functions of the Committee properly.

The Committee has received information regarding all questions of the external audit from the management of the Company on time.

THE ACTIVITY OF THE AUDIT COMMITTEE IN FINANCIAL YEAR 2018

Monitoring of the financial statements' preparation process

Without prejudice to the responsibility and rights of the administration, management of the Management Company also the external audit company, the Committee *inter alia*, observed the Company's financial statements (including 6-month statement) preparation process.

The members of the Committee were informed about any possible non-compliance with the accounting policies or problems of disclosure, a regular two-way dialogue between the members of the Committee and persons, responsible for preparing financial statements took place, information regarding work of independent audit was received.

The Company pays enough attention and resources to ensure timely implementation of all legislative changes governing the preparation of financial statements.

The members of the Committee, after familiarizing with the audited set of annual financial statements for the year 2018 and report for the Audit Committee, hearing from the person authorized under the agreement to manage accounting of the Company about the preparation process of the above mentioned statements and problems related with it and discussed with Company's auditors the process of audit and issues arose within, recommended to the Company's Management Company to submit audited set of annual financial statements for the year 2018 and financial statements to the General Meeting of Shareholders of the Company, which is held on the 26 April 2019.

Monitoring of the efficiency of internal control and risk management systems

Without prejudice to the rights and responsibility of the administration, management of the Management Company and the external audit company, the Committee monitored the effectiveness of internal control and risk management systems having impact on the financial statements of the Company and assessed the need of internal audit function in the Company.

The Management Company exercised risk control in 2018 when exercising the Company's management functions. The Company's key risk indicators were monitored. In 2018, the Company underwent stress testing under the requirements of the AIFM Directive

Monitoring the process of external audit

Without prejudice to the rights and responsibility of the administration, management of the Management Company and the external audit company, the Committee *inter alia* monitored the process of external audit.

Management of the Company's Management Company as well as Audit Company provided the members of the Committee with information about the process of external audit of financial statements of year 2018 of the Company.

The main questions of the audit for year 2018 discussed with auditors: (i) review of the Company's investment properties valuation, (ii) estimating the fair value of the Company's investments (iii) Annual Report of the Company.

Independence and objectivity of external auditor and the audit company

The Committee reviews and observes an independence of external auditor and the audit company first of all in the point of view of provision of additional services to the audited subject.

The Committee examined received statements of independence of the audit company – that Pricewaterhouse Coopers remains independent of INVL Technology during performance of financial statements' audit for the year 2018. The members of the Committee confirm that:

a) Rasa Radzevičienė and (or) the audit company – PricewaterhouseCoopers, UAB are not directly or indirectly related to the Company and there are no grounds which could harm the independence of the auditor and (or) the audit company.

b) Rasa Radzevičienė is considered to be independent of the Company since:

- she is not linked by family with the participants of the Company and/or the subsidiary or its significant subsidiaries, managers, chief accountant or with any other employee of the Company or its significant subsidiaries, who may have a direct and material influence on the drawing up of financial statements, and managing persons of the Company or its significant subsidiaries;
- she is not linked by close family relationship with the Company or its significant subsidiaries participants, according to the audit firm's quality control policies and procedures set out criteria with a significant effect on the Company or its significant subsidiaries, managers, chief accountant (accountant) or any other company or its significant subsidiaries employee who may have a direct and significant influence on the preparation of the financial statements, the persons who are in management positions in the Company or its significant subsidiaries;

- she is not an employee of the Company or its significant subsidiaries and has not been an employee that may have a direct and significant influence on the preparation of the financial statements of the Company or its significant subsidiaries during the period covered by the audited financial statements;
- she is not and has never been a participant of the Company or its significant subsidiaries and has not been a participant of the Company or its significant subsidiaries during the period covered by the audited financial statements;
- she or persons who may have a direct or indirect impact on the results of financial statements do not have financial instruments of the Company, except for interests indirectly held under diversified collective investment schemes;
- she or persons who may have a direct or indirect impact on the results of financial statements do not have financial instruments of any entity associated with the Company, which ownership may cause a conflict of interests or is usually expected to cause it, except for interests indirectly held under diversified collective investment schemes;
- other than grounds specified above does not have and does not receive material and direct benefit of any financial instruments issued, guaranteed or otherwise supported by the Company, except for interests indirectly held under diversified collective investment schemes, including managed funds, and does not participate in any transaction on any financial instrument;
- during the period of carrying out the audit of financial statements of the Company and during the periods covered by the audited financial statements, has not had work, business or other relations which may cause a conflict of interests, as described in the Code of Ethics of Professional Accountants, or is usually expected to cause it;
- she is not influenced by other significant conditions that might affect her independence.

c) UAB PricewaterhouseCoopers is considered to be independent of the Company and its significant subsidiary companies since:

- neither the Company nor its significant subsidiaries are participants of the audit company;
- the audit company, participants in the audit company and managing persons, except for persons holding management positions who do not provide services to the Company or its significant subsidiaries, are not members of the Company or its significant subsidiaries;
- participants in the audit company and managing persons, other than those in management positions, who do not provide services to the Company or its significant subsidiaries, are not linked by family relationship with the Company or its affiliated subsidiaries or linked by close family relationship with the Company or its significant subsidiaries, according to the criteria established by the audit company's quality control policies and procedures and having a significant influence on the Company or its significant subsidiaries;
- the audit company or persons who may have a direct or indirect impact on the results of financial statements do not have financial instruments of the Company, except for interests indirectly held under diversified collective investment schemes;
- the audit company or persons who may have a direct or indirect impact on the results of financial statements do not have financial instruments of any entity associated with the Company, which ownership may cause a conflict of interests or is usually expected to cause it, except for interests indirectly held under diversified collective investment schemes;
- other than grounds specified above does not have and does not receive material and direct benefit of any financial instruments issued, guaranteed or otherwise supported by the Company, except for interests indirectly held under diversified collective investment schemes, including managed funds, and does not participate in any transaction on any financial instrument;
- during the period of carrying out the audit of financial statements of the Company and during the periods covered by the audited financial statements, has not had work, business or other relations which may cause a conflict of interests, as described in the Code of Ethics of Professional Accountants, or is usually expected to cause it;
- it is not influenced by other significant conditions that might affect its independence.

d) The payment for the performance of the audit, indicated in the agreement with the audit company, in the opinion of the Committee ensures that the audit will be performed according to the principles of professional ethics and requirements of international standards of audit. There are no indefinite conditions set in the agreement concluded with the audit company, which could influence the amount of payment for the audit services. The payment for other services, rendered by the same audit company, does not influence the payment for the audit services.

Assessment of compliance with the provisions of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (hereinafter – the Regulation (EU)).

Without prejudice to the responsibility and rights of the administration, the Board members also the external audit company, the Committee *inter alia* have monitored and assessed whether the additional services provided by the audit company PwC Norway to the Company's subsidiary Norway Registers Development AS contradict with the Regulation (EU).

The Audit Committee have assessed the services additionally provided by PwC Norway to the Company's subsidiary Norway Registers Development AS and decided that the provision of these services does not contradict with Regulation (EU) No. 537/2014 on specific statutory audit requirements for public-interest entities, repealing Commission Decision 2005/909 / EC (Regulation).

Tomas Bubinas
Chairman of the Audit Committee

Danguolė Pranckėnienė
The Audit Committee Member