

## INVESTMENT COMPANY MANAGEMENT AGREEMENT NO. [...]

[...] [...] 2016, Vilnius

**AB INVL Technology**, legal entity code: 300893533, address of the registered office: Gynėjų g. 16, Vilnius, represented by the Company's manager Kazimieras Tonkūnas, acting pursuant to the Articles of Association (hereinafter, the **Company**),

and

**UAB INVL Asset Management**, legal entity code: 126263073, address of the registered office: Gynėjų g. 14, Vilnius, represented by the General Manager Darius Šulnis, acting pursuant to the Articles of Association (hereinafter, the **Management Company**),

(the Company and the Management Company are hereinafter collectively referred to as the **Parties**, whereas each individually – as a **Party**)

### WHEREAS:

- (a) The Company is a public limited liability company established according to legal acts of the Republic of Lithuania, seeking to obtain a relevant license to perform activities according to the Law of the Republic of Lithuania on Collective Investment Undertakings as a collective investment undertaking – a special closed-ended type private capital investment company, the management of which is transferred to a management company;
- (b) The Management Company is a management company acting pursuant to the Law of the Republic of Lithuania on Collective Investment Undertakings, the activity license held by which (license issue date: 09 January 2004, No. VĮK-005) gives it the right to manage private capital collective investment undertakings;
- (c) On [...] the general meeting of shareholders of the Company took a decision to transfer management of the Company to the Management Company and to approve the management agreement with the Management Company;

Now, therefore, the Parties enter into this Investment Company Management Agreement No. [...] (hereinafter, the **Agreement**).

### I. DEFINITIONS

1. Capitalised terms used in this Agreement shall have the following meanings, except for cases when the context obviously gives them another meaning:

- |                                     |   |
|-------------------------------------|---|
| 1.1. <b>Shareholder</b>             | shall mean a natural person or a legal entity holding shares of the Company;  |
| 1.2. <b>Articles of Association</b> | shall mean the effective Articles of Association of the Company approved by the general meeting of shareholders of the Company and registered with the Register of Legal Entities;              |
| 1.3. <b>Material Event</b>          | shall mean an event related to the Company that the Company is or must be aware of, disclosure of information about which can have a big effect on the market price of the shares issued by it; |
| 1.4. <b>Management</b>              | shall mean management, administration, marketing of investments of the Company and other related activities, as defined in Law on Collective Investment Undertakings;                           |
| 1.5. <b>NAV</b>                     | shall mean the net asset value, i.e. the difference between the value of assets owned by the Company and long-term and current financial liabilities of the Company;                            |
| 1.6. <b>Supervisory Authority</b>   | shall mean the Bank of Lithuania;   |

### 1.7. IAS

shall mean the International Accounting Standards, as they are defined in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards: International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), all the interpretations regarding IAS and IFRS, updates and later changes on standards themselves and updates and later changes of all the interpretations regarding IAS and IFRS, upcoming standards and all the interpretations of the upcoming standards regarding IAS and IFRS issued and approved by the International Accounting Standards Board.

## II. SUBJECT-MATTER OF THE AGREEMENT

2. The Company hereby transfers its Management to the Management Company, whereas the Management Company takes over the Management of the Company and undertakes to perform the functions of the management company of the Company, following the requirements set in the Agreement, the Articles of Association and legal acts of the Republic of Lithuania.
3. All the rights and duties assigned to the head and the Board of the Company by the Law of the Republic of Lithuania on Companies are also transferred to the Management Company by this Agreement.

## III. RIGHTS AND DUTIES OF THE MANAGEMENT COMPANY

4. The Management Company shall have the right:
  - 4.1. to perform all actions of management bodies of the Company and other actions assigned to the competence of the Management Company according to effective legal acts and/or the Articles of Association;
  - 4.2. to represent interests of the Company in relationship with the Supervisory Authority, the depository of the Company, other institutions, authorities and organisations, natural persons and legal entities;
  - 4.3. acting on behalf of the Company, at its expense and in its interests, to conduct and perform transactions and to perform any other actions related to management of assets of the Company;
  - 4.4. to make deductions from assets of the Company provided for in the Articles of Association;
  - 4.5. to receive remuneration consisting of the management fee and the success fee;
  - 4.6. to assign performance of some of its Management functions to a company having the right to provide relevant services;
  - 4.7. to initiate and perform the issue, offering of and subscription for shares of the Company under the procedure set in the Articles of Association;
  - 4.8. to suspend and/or resume payment of dividend to Shareholders on the grounds and under the procedure set in the Articles of Association;
  - 4.9. other rights set in the Articles of Association and legal acts of the Republic of Lithuania.
5. The Management Company must:
  - 5.1. act in a fair, just and professional manner on the terms best for the Company and its Shareholders and in their interests and ensure integrity of the market;
  - 5.2. act carefully, professionally and prudently;
  - 5.3. have and use means and procedures necessary for its activities;
  - 5.4. have reliable administration and accounting procedures, electronic data processing control and protection measures and a proper internal control mechanism, including the rules for personal transactions in financial instruments conducted by employees of the Management Company and transactions in financial instruments conducted at the expense of the Management Company;

- 5.5. ensure that documents of and information about investment decisions taken and transactions conducted would be kept for at least 10 years after the date of taking an investment decision, conduction of a transaction or performance of an operation, unless legal acts establish a longer term for keeping of documents;
  - 5.6. have such an organisational structure, which would help to avoid conflicts of interest. When it is impossible to avoid a conflict of interest, the Management Company must ensure that Shareholders are treated fairly;
  - 5.7. ensure that persons taking decisions on management of the Company would have the qualification and experience set by the Supervisory Authority, would be of sufficiently good repute;
  - 5.8. ensure that assets of the Company would be invested in accordance with the investment strategy set in the Articles of Association and requirements set in legal acts of the Republic of Lithuania;
  - 5.9. in cases and under the procedure set in the Articles of Association, give its recommendations (along with related documents and/or information) to the general meeting of shareholders of the Company;
  - 5.10. under the procedure set in the Articles of Association, pay dividend to Shareholders;
  - 5.11. keep accounts of the Company and prepare its financial statements in accordance with the IFRS, the Law of the Republic of Lithuania on Accounting, the Law of the Republic of Lithuania on Collective Investment Undertakings, legal acts adopted by the Board of the Bank of Lithuania, which define keeping of financial accounts and drawing up of financial statements, as well as other legal acts regulating accounting and financial reporting;
  - 5.12. in cases provided for in the Articles of Association and/or legal acts, perform functions of the liquidator of the Company;
  - 5.13. provide all information set in the Articles of Association and legal acts of the Republic of Lithuania to the Company and Shareholders;
  - 5.14. notify about circumstances, due to which there is a risk that the Management Company will not be able to perform management functions in the future, immediately, but in any case no later than within 5 business days after becoming aware of such circumstances;
  - 5.15. perform other duties set in the Agreement, the Articles of Association and legal acts of the Republic of Lithuania.
6. The Management Company shall also be responsible for convocation and organisation of the general meeting of shareholders of the Company, giving notices about Material Events under the procedure set by legal acts, organisation of activities of the Company, proper management of information about activities of the Company and performance of other functions assigned to the Management Company.
  7. Money laundering and terrorist financing prevention requirements are implemented by Management Company in accordance with laws of Republic of Lithuania and internal legal acts of Management Company, which defines and regulates money laundering and terrorist financing prevention.
  8. The activities of the Management Company shall be controlled by the general meeting of shareholders of the Company.

#### **IV. MANAGEMENT OF INVESTMENTS OF THE COMPANY**

9. In taking and fulfilling investment decisions, the Management Company must take into account the purposes of investment activities of the Company and follow the investment strategy of the Company.
10. The purpose of investment activities of the Company is to accumulate funds of Shareholders of the Company by public offering of shares of the Company under the procedure set in the Articles of Association and, diversifying the risk, to invest them collectively into assets indicated in the Articles of Association in compliance with investment requirements indicated in legal acts. For this purpose, the Company shall rationalise the structure of the investment portfolio, shall perform investment and reinvestment activity, shall perform supervision over economic – financial activities of controlled companies.

11. The investment strategy of the Company is set in the Articles of Association. The strategy of investment of assets of the Company can be amended by making relevant amendments to the Articles of Association under the procedure set therein.
12. The procedure of taking and performance of investment decisions shall be regulated by the policy of assessment, taking and performance of investment decisions approved by the Management Company. By signing this Agreement, the Company confirms that it is familiar with the policy provided for in this clause, as well as with the regulations of the investment committee and the advisory committee and consents to such documents.
13. The general meeting of shareholders or the Company shall not have the right to take decisions, which are assigned to the competence of the Management Company by the Articles of Association or which in essence are management decisions.
14. The composition of the investment portfolio of the Company transferred to the Management Company for management under this Agreement and its market value are given in Annex No. 1 hereto.

#### **V. REMUNERATION TO THE MANAGEMENT COMPANY AND COMPENSATION FOR EXPENSES**

15. For management of the assets of the Company, the Management Company shall be paid remuneration consisting of the management fee and the success fee.
16. The management fee is the remuneration paid to the Management Company for management of assets of the Company, which shall be payable for each quarter of a calendar year. The annual management during investment period, provided in the Articles of Association, shall be 2.5 percent while after its closure shall be 2 percent of the weighted average capitalisation of the Company, calculated according to the following formula:

$$VM = \sum_{i=1}^n \left( \frac{T_i}{Q_i} * Vnt_i \right) * \left( \left( 1 + \frac{A}{100} \right)^{\frac{1}{n}} - 1 \right)$$

where:

VM – annual amount of the management fee;

Q<sub>i</sub> – the number of shares transferred on a regulated market during a trading session of day i. If a regulated market did not trade on i day, the average Share price (T<sub>i</sub>/Q<sub>i</sub>) of the i day, shall be the previous (i-1) day's annual Share price;

n – business days per year, regardless of number of trading days;

Vnt<sub>i</sub> – the number of shares of the Company on end of the business day i;

A – the annual management fee in percent;

T<sub>i</sub> – the turnover of shares during a session of trading day i according to shares trading data on the regulated market, calculated according to the formula:

$$T = \sum_{j=0}^k (P_j * Q_j)$$

where:

k - number of transactions on a regulated market during the i day;

P<sub>j</sub> – share price of j transaction on a regulated market;

Q<sub>j</sub> – number of shares of j transaction on a regulated market.

If there was no trading in shares of the Company throughout the entire calendar quarter, the management fee for the quarter of a calendar year shall be equal to 0.5 percent of the average net

asset value of the Company in the quarter, which shall be calculated as the arithmetic average of values at the beginning and at the end of the quarter.

17. The management fee for the investment period shall be paid out in according to following rules:
  - 17.1. 80 percent of the management fee shall be paid out not later than on 5 business day after the last day of the quarter of a calendar year;
  - 17.2. 20 percent of the management fee shall be paid out at the same time as the success fee is paid out (corresponding amount until the day it is being distributed to the Management Company shall be accumulated and reflected in financial statements as a liability to the Management Company. Should Management Company is not granted a success fee, aforementioned liability is being annulled and respective amount is shall be returned to the Shareholders' equity).
18. The management fee after the end of the investment period shall be paid out not later that on 5 business day after the last day of the quarter of a calendar year.
19. The management fee for the past four quarters of a calendar year shall be adjusted by auditors. The management fee overpayment or underpayment amount, which becomes apparent when auditors present conclusions on the net asset value of the Company or the weighted average price of the shares of the Company on a regulated market, will accordingly be deducted from or added to the management fee payable for the next period after the approval of the annual report of the Company.
20. The share of profit of the Company belonging to the Management Company, i.e. the success fee, directly depends on the return earned by the Company, which shall be calculated for the whole Company but not for an individual Shareholder. Microsoft Excel function XIRR shall be used for determining the return earned by the Company, which shall regard days (i.e. account shall be taken of periods) when positive and negative flows occurred and the amount of such flows.
21. The profit of the Company shall be the amount of positive and negative flows in respect of Shareholders, where:
  - 21.1. the initial negative flow is NAV of the Company on the last day before the Company is being granted a license to carry out activities of the special closed-ended type private capital investment Company;
  - 21.2. a positive flow is dividend paid to Shareholders, if any was paid when distributing the net profit of the Company;
  - 21.3. a positive flow is funds disbursed to Shareholders by the Company when purchasing its own shares;
  - 21.4. a positive flow is funds disbursed to Shareholders by the Company when mandatorily redeeming shares;
  - 21.5. a positive flow is funds disbursed to Shareholders by the Company when reducing the authorised capital;
  - 21.6. a positive flow is the net asset value on the date of calculation of the success fee;
  - 21.7. a positive flow is monetary funds, remaining in the Company's account at the time of liquidation, after settling accounts with creditors;
  - 21.8. a positive flow is any other payments to Shareholders;
  - 21.9. a negative flow is the size of each new share issue of the Company.
22. In case the annual return of the Company is 8 (eight) percent or less, no success fee shall be calculated and paid – all the return earned by the Company shall go to Shareholders.
23. In case the annual return of the Company is over 8 (eight) percent but less than or equal to 10 (ten) percent, first of all, a part of profit, in case of which the return of the Company would be equal to 8 (eight) percent, shall be determined. 100 (one hundred) percent of this part of the profit of the Company shall be distributed to Shareholders pro rata to the number of shares of the Company held

by them. The remaining part of the profit shall be the success fee that belongs to the Management Company.

24. In case the annual return of the Company is over 10 (ten) percent, first of all, a part of profit of the Company, in case of which the return of the Company would be equal to 8 percent, shall be determined. This part of the profit shall be distributed to Shareholders pro rata to the number of shares of the Company held by them. The remaining part of the profit of the Company shall be distributed to Shareholders at the ratio 80/20, i.e. 80 (eighty) percent of the return shall be distributed to Shareholders pro rata to the number of shares held by them, whereas 20 (twenty) percent shall go to the Management Company as the success fee.
25. The correctness of the calculation of the success fee shall be checked by the Depository.
26. The Success Fee shall be disbursed to the Management Company only after the Shareholders are paid their initial investment (indicated in Clause 21.1 of the Agreement) with the annual return of 8 (eight) percent. Until then, the success fee shall be accumulated and reflected in financial statements as a liability to the Management Company.
27. The Success Fee shall be disbursed to the Management Company each time when funds are disbursed to the Shareholders if the obligation in Clause 24 of the Agreement is fulfilled.
28. The success fee commitment shall be recalculated on NAV calculation day, taking into account the return of the Company from the day indicated in Clause 21.1 (the initial negative cash flow) until the NAV calculation day.
29. The Company shall compensate the Management Company for expenses incurred by the Management Company for the benefit of the Company, which can be covered from the assets of the Company according to the Articles of Association.

## **VI. LIABILITY OF THE PARTIES, DISPUTE RESOLUTION AND GOVERNING LAW**

30. The Parties undertake to fulfil all the conditions and obligations provided for in the Agreement, the Articles of Association and laws of the Republic of Lithuania.
31. A Party, in breach of the requirements of the Agreement, shall compensate the other Party for suffered damages under the procedure set by legal acts. The Parties agree that, except for the cases set in legal acts of the Republic of Lithuania, the Parties shall be held liable under the Agreement only in case they are at fault and their liability shall be limited to indemnification for direct damages.
32. The amount of the liability of the Management Company cannot exceed the amount of the remuneration received under this Agreement, except for cases when liability arises due to wilfulness or gross negligence of the Management Company.
33. The Management Company shall not be liable for damages of the Company (its shareholders) arising due to fluctuation in the value of financial instruments; crises or other negative changes in the markets; changes in currency exchange rates and inflation; other risks related to financial instruments. Nor shall the Management Company be liable for loss and damages suffered by the Company (its shareholders) due to actions or omissions of issuers or third parties; the issuer's bankruptcy; due to any other circumstances, which are not related to failure to perform or improper performance of the obligations of the Management Company under the Agreement.
34. The Management Company shall not be liable for any damages, loss or other negative consequences appearing by the reason that the general meeting of shareholders of the Company took relevant decisions ignoring the recommendations given by the Management Company under the procedure set in the Articles of Association.
35. A Party shall be released from liability for failure to perform or improper performance of its obligations under the Agreement due to circumstances, which were beyond its control and which it could not reasonably foresee at the time of conclusion of the Agreement and could not prevent the appearance of such circumstances or their consequences (*force majeure*).

36. The Management Company shall compensate for differences appearing due to the NAV calculation mistakes under the procedure set in the Methodology of Calculation of the Net Asset Value approved by Resolution No. 03-153 of the Board of the Bank of Lithuania.
37. The Parties shall seek that all disputes, controversies, demands and claims, which may arise between the Parties with regard to the application and interpretation of this Agreement, would be settled by way of negotiations, mutual agreement and cooperation.
38. If the Parties fail to settle disagreements by way of negotiations, any and all disputes, controversies, demands and claims, arising out of the application and interpretation of this Agreement, shall be settled by arbitration in the Vilnius Court of Commercial Arbitration according to its Arbitration Rules. The number of arbitrators in the arbitral tribunal shall be 3 (three), the venue of arbitration shall be Vilnius, the language used in arbitration proceedings shall be Lithuanian.
39. The Agreement is governed by the law of the Republic of Lithuania. The law of the Republic of Lithuania shall apply to the application and interpretation of the Agreement.

#### **VII. EFFECTIVE TERM AND TERMINATION**

40. The Agreement shall come into effect on the date of its signature, but in any case no earlier than all the following conditions are met:
  - 40.1. the Agreement is approved by the general meeting of shareholders of the Company;
  - 40.2. the Company obtains an activity license for a closed-ended type investment company;
  - 40.3. the Company receives a permission of the Supervisory Authority to select a management company (applicable if such a permission is separately required according to requirements of legal acts).
41. The Agreement shall continue in full force and effect until full discharge of the Parties' obligations or until the termination or other expiry of the Agreement on the grounds set in the Agreement, the Articles of Association or legal acts.
42. The Agreement can be terminated on the initiative of the Company if the general meeting of shareholders of the Company takes a decision under the procedure set in the Articles of Association to change the management company of the Company and to transfer the management of the Company to another management company when:
  - 42.1.1. the Management Company is in liquidation;
  - 42.1.2. the Management Company is under restructuring;
  - 42.1.3. bankruptcy proceedings are instituted against the Management Company;
  - 42.1.4. the Supervisory Authority takes a decision to restrict or cancel rights provided for in the activity license of the Management Company in connection with management of investment companies;
  - 42.1.5. the Management Company commits a material violation of the Agreement, the Articles of Association or legal acts, which is not corrected within a reasonable time limit (if it is possible to correct it).
43. The Agreement can be terminated on the initiative of the Management Company only in case of important reasons. In such a case the Management Company must convene the general meeting of shareholders of the Company, which would solve issues regarding the termination of the Agreement, replacing the Management Company of the Company, transfer of the management of the Company to another company and the approval of the Supervisory Authority for performance of such actions. In any case, the Management Company must notify the Company and the Shareholders about the intention to terminate the Agreement no later than 6 months in advance, informing the Supervisory Authority about such a notification, as well.
44. If the Agreement is terminated for reasons, for which the Management Company is not responsible (no matter which Party initiates termination of the Agreement), the Management Company shall be paid a compensation, the amount of which shall be equal to the amount of the management fee for

the past 4 (four) full quarters. Besides, the Management Company shall be paid the whole success fee owing to it until the termination date of the Agreement (accrued but not disbursed).

- 45. The Agreement can be amended and supplemented by a separate written agreement of both the Parties. Any amendments and additions to the Agreement must be approved by the general meeting of shareholders of the Company.
- 46. If any provision of this Agreement is admitted to be invalid or unenforceable, it shall not have an effect on validity of the remaining provisions. The Parties agree to replace the invalid or unenforceable provision by an additional agreement to this Agreement with another legally effective provision, which as much as possible will have the same legal and economic result, which was sought by including the provision, which was admitted to be invalid or unenforceable, into the Agreement.

### VIII. FINAL PROVISIONS

- 47. The Parties shall regard the terms and conditions of this Agreement, all information about negotiations, as well as all other information received in connection with this Agreement from the other Party in writing, orally or in any other form, to be confidential and shall not disclose such information to any other persons unless: (a) other persons, who are not bound by the undertaking of confidentiality, already know such information, or (b) the said information becomes public not by the reason of its disclosure by that Party, or (c) disclosure of such information is required by legal acts, the Supervisory Authority acting according to its rules, strictly interpreted, or (d) that is necessary for enforcement of this Agreement.
- 48. The Agreement is made in 4 (four) equally binding counterparts in the Lithuanian language, a counterpart to be delivered to each of the Parties, to the depository and the Supervisory Authority.

### IX. PARTICULARS AND SIGNATURES OF THE PARTIES

**Company:**

AB INVL Technology  
Legal entity code 300893533  
Gynėjų str. 16, Vilnius  
info@invltechnology.lt

Authorised person  
Kazimieras Tonkūnas

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**Management Company:**

UAB INVL Asset Management  
Legal entity code 126263073  
Gynėjų str. 14, Vilnius  
info@invl.com

General Manager  
Darius Šulnis

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L.S.



**COMPOSITION AND VALUE OF THE INVESTMENT PORTFOLIO**

1. The total value of the investment portfolio of AB INVL Technology transferred for management to UAB INVL Asset Management: [...].
2. Composition of the investment portfolio:

**2.1. Shares:**

Name	Company code	Nominal value	Market value, thousand EUR
Vitma UAB	121998756	733 375.81 EUR	11 442 EUR
NRD CS UAB	303115085	86 886.01 EUR	1 773 EUR
Norway Registers Developement AS	985 221 406	2 150 000.00 NOK	3 716 EUR
Informatikos pasaulis UAB	126396718	72 405.00 EUR	0 EUR
Inventio UAB	303252340	2 896.20 EUR	0 EUR

**2.2. Cash:**

Currency	Balance
EUR	6 994 399

**2.3 Other:**

Assets	Balance, EUR
Trade and other amounts receivable	307 907
Other short term assets	84 606
Deferred tax assets	25 813
Other tangible assets	5 021

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**Management Company:**

UAB INVL Asset Management  
Legal entity code 126263073  
Gynėjų str. 14, Vilnius  
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Darius Šulnis

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