

**REPORT OF THE COUNCIL of AS PRO KAPITAL GRUPP
ON THE 2017 FINANCIAL YEAR AND THE 2017 ANNUAL REPORT**

In Tallinn, on 23rd of April, 2018

AS Pro Kapital Grupp (code of registration 10278802, located at Sõjakooli 11, Tallinn, Estonia, hereinafter 'the Company') Council has prepared this report on the annual report of the Company for the 2017 financial year (hereinafter '2017 Annual Report').

The Management Board prepared and submitted the Annual Report to the Council on 16.04.2018. The Council has examined the 2017 Annual Report, comprising of the annual accounts, the Management Board's activity report together with the appended certified auditor's report and the proposal on the distribution of profit.

The Council has unanimously resolved to approve the 2017 Annual Report with appendices by its decision dated 23.04.2018.

The Council has organised and managed the activities of the Company in accordance with applicable law, the Articles of Association of the Company and NASDAQ OMX Tallinn Stock Exchange corporate governance recommendations.

During the 2017 financial year, there have been no changes in the membership of the Council. During the 2017 financial year, the Council held 11 meetings: on 23.01, 23.02, 01.03., 13.03., 20.04., 23.05., 10.07., 14.08., 12.09., 19.09. and 22.11.2017.

During the meetings held in the 2017 financial year the Council discussed various issues, risks and supporting data regarding the financial and operational performance of the Company and, amongst other things, approved the divestment of the PK Riga and PK Ilmarine Hotels, one share acquisition in one subsidiary (AS TallinnaMoekombinaat), the offering of new shares with corresponding trading prospectus and the resulting increase of share capital of the Company. The Council also authorised the Management Board to call an extraordinary general meeting of shareholders of the Company as per the request of OÜ Svalbork. All of the resolutions with potential material impact on the share price of the Company were disclosed via NASDAQ OMX Tallinn Stock Exchange. A more detailed description of the Council activities, incl. composition, competences and terms in office, as well as decisions of committees, related party transactions and co-operation of Management Board and the Council has been given in the corporate governance report, which is part of the Company's 2017 Annual Report.

It is the understanding of the Council that any issues outside of the day-to-day management of the Company have been referred by the Management Board to the Council for approval, as required by the law and the Articles of Association of the Company.

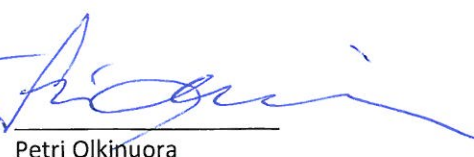
As a result of the activities and good work of the Management Board, the 2017 financial year, the Company has managed to have a successful year, keeping its costs stable and increasing its profits, which resulted in a pay-out of dividends to the Company's shareholders in January 2018. The Council appreciates the contribution and efforts of the Management Board and all the employees of the Company in enhancing the Company's performance in 2017.



Emanuele Bozzone
Chairman of the Council



Pertti Huuskonen



Petri Olkinuora