

REPORT OF THE COUNCIL of AS PRO KAPITAL GRUPP
ON THE 2019 FINANCIAL YEAR AND THE 2019 ANNUAL REPORT

In Tallinn, on 29th of April, 2020

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 2019 financial year (hereinafter '2019 Annual Report').

The Management Board prepared and submitted the audited 2019 Annual Report to the Council on 29.04.2020. The Council has examined the 2019 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 2019 Annual Report with appendices by its decision dated 29.04.2020.

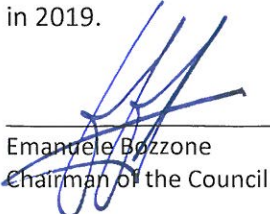
The Council has organised and managed the activities of the Company in accordance with applicable law, the Articles of Association of the Company and NASDAQ OMX Tallinn Stock Exchange corporate governance recommendations.


During the 2019 financial year, there has been one change in the membership of the Council – Mr. Pertti Huuskonen stepped down and Mr. Ernesto Achille Preatoni was elected at the 23 May 2019 annual shareholders meeting for the term of one year until 22 May 2020. During the 2019 financial year, the Council held 11 meetings out of which six were minuted as written resolutions (foregoing the 7-day prior notice) due to the difficulty to coordinate travelling arrangements and time zones.

During the meetings held in the 2019 financial year besides the approval of quarterly and annual reports, business review and CEO's annual targets, the Council discussed various issues, such as investor relations, prolongation of term of one Management Board member, election of committees, review of the results of the auditors' tender, approvals of signing construction contracts and respective loans, approval of 2020 financial calendar, annual risks review and operational performance of the Company. 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 2019 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 2019 financial year, the Company has managed to have a successful year in residential real estate development, keeping its general costs stable and increasing its revenues mainly due to the successful completion of residential projects in Tallinn and in Vilnius. 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 2019.


Emanuele Bozzone
Chairman of the Council


Ernesto Preatoni


Petri Olkinuora