

**REPORT OF THE COUNCIL of AS PRO KAPITAL GRUPP
ON THE 2020 FINANCIAL YEAR AND THE 2020 ANNUAL REPORT**

In Tallinn, on 11.062021

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 2020 financial year (hereinafter ‘2020 Annual Report’).

The Management Board prepared and submitted the audited 2020 Annual Report to the Council on 11.06.2021. The Council has examined the 2020 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 covering losses.

The Council has unanimously resolved to approve the 2020 Annual Report with appendices by its decision dated 11.06. 2021.

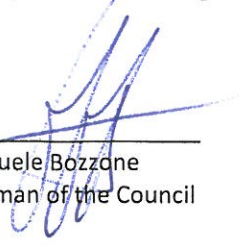
The Council has organised and managed the activities of the Company in accordance with applicable law, the Articles of Association of the Company and NASDAQ OMX Tallinn Stock Exchange corporate governance recommendations.

During the 2020 financial year, there has been one change in the membership of the Council – Mr. Ernesto Achille Preatoni did not renew his tenure and Mr. Oscar Crameri was elected in his stead at the 27 May 2020 annual shareholders’ meeting, where all Council members were elected until 05 July 2023. During the 2020 financial year, the Council held 16 meetings out of which 11 were minuted as written resolutions (foregoing the 7-day prior notice) due to COVID-19-related travelling restrictions. All three Council members participated at all the meetings.

During the meetings held in the 2020 financial year besides the approval of quarterly and annual reports, business review, incl. sales and T1, review of budget and end-of-year forecast, setting and evaluation of CEO’s annual targets, the Council discussed various issues, such as approval of refinancing and listing of Swedish, approval of refinancing convertible bonds and issuing new non-convertible bonds, AS Tallinna Moekombinaat restructuring issues, prolongation of term of one Management Board member, election of committees and review of elections of Council members to subsidiaries, approvals of signing loans for construction projects as well as releasing post-construction warranty period bank guarantees and prolonging one parent-company guarantee, approval to sell a land plot, review and approval of D&O insurance offers, approval of 2021 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 2020 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 2020 financial year, the Company has managed to have a good year in residential real estate development despite COVID-19 implications, keeping its general costs stable. 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 2020.


Emanuele Bozzone
Chairman of the Council


Oscar Crameri


Petri Olkinuora