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**East Capital Baltic Property Investors AB (publ)**

Corporate Identity Number 556674-0923

Financial year 1 July 2020 - 30 June 2021

*The Board of Directors and the Managing Director hereby  
presents the Annual Report*

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## Administration Report

The Board of Directors of East Capital Baltic Property Investors AB (publ) (solo "the Company"; consolidated "the Group"), Corporate Identity Number 556674-0923, domiciled in Stockholm with the address PO Box 1364, 111 93 Stockholm, hereby presents the Annual Report for the financial year 1 July 2020 – 30 June 2021.

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### Information regarding the operations

The Company's operations are based in Stockholm, and comprise of investing in the East Capital Baltic Property Fund AB (556674-0915) ("the Fund"), a Swedish limited liability company with emphasis on the acquisition and management of properties in the Baltic region. The majority of property management activities are outsourced to East Capital Real Estate AS, a fully owned subsidiary of East Capital Holding AB (556584-9899), a Swedish asset management company specialized in emerging and frontier markets.

The Company holds 4,010 preference shares of series A in the East Capital Baltic Property Fund AB, which corresponds to 72.78 percent of the total number of preference shares. The Company holds 24.29 percent of the share capital and 3.47 percent of the votes.

The Company's operations are primarily governed by the shareholders' agreement which has been entered into with East Capital Real Estate AS and other shareholders concerning the administration of the Fund. Under the shareholders' agreement, the Company commits to pay shareholders' contributions to the Fund in order to execute property investments or in order to finance the day-to-day administration. The shareholders' agreement further stipulates that the original term of the Fund was seven years from 2005 with a possibility to extend the life term by up to two years. At an EGM on 20 May 2013, the shareholders approved an extension of the life term until 30 June 2016, with a possibility to extend by a further two years, one year at the time. At an EGM on 9 June 2017, consent was given to the extension of the term of the shareholders agreement of East Capital Baltic Property Fund AB for up to five years, until July 2022.

The Fund management team is actively working on orderly and value positive or neutral exits of the fund's properties. However, it is unlikely that such exits can be made of all properties before the fund's maturity in June 2022.

The board of directors intend to present a proposal for extension of the mandate at an extraordinary general meeting during the first quarter of 2022.

In accordance with the articles of association, the Company shall be liquidated within a period of six months if the Fund is decided to be liquidated.

The Company's reporting currency is Euro (EUR).

The Company has no employees and did not pay any salaries during the financial year, nor has any remuneration been paid to the Board of Directors.

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### Financial information

The Group result for the financial year was EUR 3.3 m (EUR -2.9). The result is mainly attributable to unrealised value changes of the holdings in the Fund. The unrealised value changes were EUR 3.3m in 2020/2021 and EUR -2.8m in 2019/2020.

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### Significant events during the financial year

The associated company East Capital Baltic Property Fund AB is since 2007 fully invested, meaning that the Company no longer has any remaining obligations towards the Fund.

The fund's rental income for the financial year 2020/21 was EUR 6.6m. The rental income for a comparable portfolio, excluding divested properties, remained flat compared to the 2019/20 financial year. For the first half of the 2020/21 financial year, the Covid-19 infection rates in the Baltic states remained low, no major restrictions were in force and the rental income in most properties was restored to pre-covid levels. During the period January - June 2021, new restrictions were imposed, which affected mostly the hotel and retail properties in the portfolio. Most Covid-related restrictions in the Baltic countries were lifted again during Q2 2021, in conjunction with infection rate drop and vaccination rate increase.

The rental income in the office and industrial properties remained mostly stable. Rents in Aiandi 13 office increased by 20% during the year, benefiting from full occupancy achieved in December 2019. Vacancy ranged between 10-15% in Jin office in Vilnius, however the occupancy was restored to 100% during summer 2021, after financial year end. Rental income also increased in Metal property as occupancy has improved to 84%. In Tånassilma industrial property, one tenant has returned part of its office area in accordance with their lease agreement, and the complex now includes 12% of vacant areas.

Kerese and Papiniidu commercial centres, balancing a good mix of retail and office tenants, maintained their rents, and increased them compared to 2019/20 financial year, as well as compared to previous years. Jewe Keskus and Jõhvi Tsentraal centres located in Jõhvi are more focused on retail and were subject to government restrictions imposed to retail activities during spring 2021. However, in Jewe Retail Centre, rental income increased by a strong 25% y-o-y, after reconstruction project completed in December 2019. The vacancy in Jewe Centre is only 6%, with improved tenant mix and longer lease length achieved in the upgrade project. On the other hand, vacancy had increased to almost 40% in Jõhvi Tsentraal commercial centre, both from the pandemic effects on retail segment as well as the competition situation in the Jõhvi town. In spring 2021, the management team signed a new lease with Jysk household store to open a 1,000 sqm store in the centre, which will reduce the vacancy to 30%, significantly enhance the centre's tenant mix and attract new tenants. The Jysk store was opened in August 2021. The management team is also preparing to renovate the centre façade and sketching drawings to improve the centre layout.

Gospa hotel in the island of Saaremaa enjoys the momentum of domestic tourism, emerged in summer 2020 and continuing to date. The hotel sales in the period June 2020 to December 2020 were strong and remained only 5% below the results of the same period in 2019. During first half of 2021, the hotel was subject to restrictions, however reported record strong sales again in June 2021, the first month in 2021 when all restrictions have been lifted. During the financial year 2020/21, the rental income collected from the property increased by 6% compared to the financial year 2019/20 but remains ca 14% less than prior to the pandemic.

The occupancy and sales in Tallinn Seaport Hotel, located in the Tallinn passenger port, remained suppressed, as demand from foreign tourist has not recovered fully. Passenger cruise traffic has now been restored with both Stockholm and Helsinki, and the sales are expected to pick up during the summer season. The rent discount, in place for 2020, was extended until end of June 2021, but contractual rent is in effect again starting from July 2021.

The average rental level for the portfolio for financial year 2020/21 was EUR 6.3 sqm/month and portfolio economic vacancy concluded at 8%.

The Fund's strategic target remains to optimise the portfolio and focus on properties in Estonia. During 2019-2020, the Investment Manager has successfully divested the two properties in Klaipeda, Lithuania and besides the Estonian portfolio, the Fund currently holds one office property in Riga and one in Vilnius. In spring 2021, the Investment Manager has negotiated the sale of the Papiniidu commercial centre in Pärnu, housing the Bauhof DIY store as an anchor tenant. The property was sold at EUR 11.2m, a price slightly higher than its book value from June 2020 as well as its most recent appraisal. As of 30 June 2021, the property was included in the fund's balance sheet as an asset held for sale in its net sales value of EUR 11.08m. The sale was completed at the beginning of July.

### Significant events after the end of the financial year

No significant events after the end of the financial year.

### Future development, risk and factors of uncertainty

During the remaining fund term until July 2022, the investment team will aim to maximize cashflow to the fund holders, while also taking the necessary steps to enhance the portfolio in its composition and quality, to allow for the best possible divestment of its holdings during this period. In line with the strategic target to focus the portfolio to the strongest properties, sale process continues for the Latvian and Lithuanian property and some of the Estonian properties.

In 2020, Baltic economies were affected by the global health and economic crisis and the GDP contracted by 2.9% in Estonia, 3.6% in Latvia and 0.9% in Lithuania y-o-y compared to 2019. The unemployment rate during 2020 increased to close to 10%. In the beginning of 2021, the Baltic economies started to recover quickly and are expected to reach 3-5% GDP growth in 2021. Inflation will increase building on the strong economic recovery. Employment rates are quickly increasing, and the shortage of labour already experienced before the crisis re-emerged in spring 2021. Unemployment rates are expected to drop to 5-7% already in 2022.

The Fund's long-term view on the Baltic economies remains positive, as experience has shown that agile Baltic markets can quickly adapt to changing conditions and recover from the unstabilities. All three countries have sound public finances with low debt levels, and the governments have planned for additional government borrowing, to support a quick economic and social recovery.

Despite a pause in the real estate activities in 2Q 2020, the year overall resulted in investment volumes excess of EUR 1.0bn, comparable to previous years. In 2021, the real estate market has shown strong activity in the industrial, as well as office sector, and prime yields are compressing in both segments. Investors are also looking into new and niche investment products, such as residential rental, student and senior housing, and data centres.

There are no significant environmental risks regarding the properties as there are no high environmental risk (chemical, or other environmentally sensitive production and/or handling) tenants in the portfolio.

### Proposed appropriation of profits

The following profits are at the disposal of the Annual General Meeting (amount in EUR):

Share premium	31,674,448
Retained earnings	-1,228,795
Net result for the year	<u>3,276,385</u>
	33,722,038

The Board of Directors recommends that the earnings will be distributed as follows:

Dividends	3,215,680
To be carried forward	<u>30,506,358</u>
Total	33,722,038

In the opinion of the Board of Directors, the distribution of profits is justifiable in view of the requirements that the nature, scope and risks of the business impose on the size of equity, the company's consolidation requirements, liquidity and position in accordance with the Swedish Companies Act 17, § 3.

For information regarding the Company's results of operations and financial position, refer to the following income statement and balance sheet, with accompanying notes.

## Statement of comprehensive income

EUR thousands	Note	1 Jul 2020 - 30 Jun 2021	1 Jul 2019 - 30 Jun 2020
Administrative expenses	2	-34	-28
Profit / -loss from participation in associated companies	8	3,303	-2,845
<b>Result from operating activities</b>		<b>3,269</b>	<b>-2,873</b>
Other financial income / -expenses	4	-2	-6
<b>Profit before tax</b>		<b>3,267</b>	<b>-2,879</b>
Tax expense	5	9	6
<b>Profit for the year / Total Comprehensive income for the year</b>		<b>3,276</b>	<b>-2,873</b>
<b>Earnings per share, EUR</b>	6		
-basic and diluted		40.76	-35.74

Profit/loss for the year/total Comprehensive income is attributable to the company shareholders.

The Notes on pages 10 to 15 are an integral part of these consolidated financial statements.

## Consolidated statement of financial position

EUR thousands	Note	30 Jun 2021	30 Jun 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in associates	8	34,002	30,699
Deferred tax assets		104	90
<b>Total non-current assets</b>		<b>34,106</b>	<b>30,789</b>
<b>Current assets</b>			
Other receivables		13	13
<b>Total current assets</b>		<b>13</b>	<b>13</b>
<b>Total assets</b>		<b>34,119</b>	<b>30,802</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's equity</b>			
Share capital	9	135	135
Shareholders' contribution		31,675	31,675
Retained earnings including profit/loss for the year		2,046	-1,230
<b>Total shareholder's equity</b>		<b>33,856</b>	<b>30,580</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable - trade		-	8
Other liabilities		253	210
Accrued expenses and deferred income		10	4
<b>Total current liabilities</b>		<b>263</b>	<b>222</b>
<b>Total liabilities</b>		<b>263</b>	<b>222</b>
<b>Total equity and liabilities</b>		<b>34,119</b>	<b>30,802</b>

The Notes on pages 10 to 15 are an integral part of these consolidated financial statements.

## Consolidated cash flow statement

EUR thousands	Note	1 Jul 2020 - 30 Jun 2021	1 Jul 2020 - 30 Jun 2021
<b>Cash flow from operating activities</b>			
Operating profit before financial items		3,269	-2,873
Adjustments for:			
-Revaluation of associated company	8	-3,303	2,845
Increase/decrease in liabilities related to operating activities		-2	-5
<b>Cash flow from operating activities</b>		<b>-36</b>	<b>-33</b>
<b>Cash flow from investing activities</b>			
Received repayment of shareholder contribution		-	804
<b>Cash flow from investing activities</b>		<b>-</b>	<b>804</b>
<b>Cash flows from financing activities</b>			
Dividend payment		-	-804
Proceeds from borrowings		36	32
<b>Cash flows from financing activities</b>		<b>36</b>	<b>-772</b>
<b>Net decrease in cash and cash equivalents</b>		<b>-</b>	<b>-1</b>
Cash and cash equivalents at the beginning of the period		-	1
<b>Cash and cash equivalents at the end of the period</b>		<b>-</b>	<b>-</b>

Cash and cash equivalents in the Statement of Cash Flow correspond with 'Cash and cash equivalents' in the Statement of Financial position, and comprise bank balances.

## Consolidated statement of changes in equity

EUR thousands	Share capital	Paid in capital	Retained earnings, including profit for the year	Total equity
<b>Opening equity, 1 July 2019</b>	<b>135</b>	<b>32,479</b>	<b>1,643</b>	<b>34,257</b>
Profit for the year/Total Comprehensive income	-	-	-2,873	-2,873
Dividend payment	-	-804	-	-804
<b>Closing equity, 30 June 2020</b>	<b>135</b>	<b>31,675</b>	<b>-1,230</b>	<b>30,580</b>
<b>Opening equity, 1 July 2020</b>	<b>135</b>	<b>31,675</b>	<b>-1,230</b>	<b>30,580</b>
Profit for the year/Total Comprehensive income	-	-	3,276	3,276
<b>Closing equity, 30 June 2021</b>	<b>135</b>	<b>31,675</b>	<b>2,046</b>	<b>33,856</b>

The Notes on pages 10 to 15 are an integral part of these consolidated financial statements.

## Income statement - Parent Company

EUR thousands	Note	1 Jul 2020 - 30 Jun 2021	1 Jul 2019 - 30 Jun 2020
Administrative expenses	2	-34	-28
Unrealised changes in value of shares in associated companies	8	3,303	-2,845
<b>Result from operating activities</b>		<b>3,269</b>	<b>-2,873</b>
Financial income / -expenses	4	-1	-6
<b>Profit before tax</b>		<b>3,268</b>	<b>-2,879</b>
Tax expense	5	9	6
<b>Net profit for the year</b>		<b>3,277</b>	<b>-2,873</b>

## Statement of comprehensive income - Parent Company

EUR thousands	1 Jul 2020 - 30 Jun 2021	1 Jul 2019 - 30 Jun 2020
Net profit for the year	<b>3,277</b>	<b>-2,873</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>3,277</b>	<b>-2,873</b>

The Notes on pages 10 to 15 are an integral part of these consolidated financial statements.

## Balance sheet - Parent Company

EUR thousands	Note	30 Jun 2021	30 Jun 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Participations in group companies	7	10	10
Participations in associated companies	8	34,002	30,699
Deferred tax assets		104	90
<b>Total non-current assets</b>		<b>34,116</b>	<b>30,799</b>
<b>Current assets</b>			
Other receivables		3	2
<b>Total current assets</b>		<b>3</b>	<b>2</b>
<b>Total assets</b>		<b>34,119</b>	<b>30,801</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<i>Restricted equity</i>			
Share capital, 135 392 shares	9	135	135
<b>Total restricted equity</b>		<b>135</b>	<b>135</b>
<i>Non-restricted equity</i>			
Share premium reserve		31,675	31,675
Retained earnings		-1,229	1 644
Profit/loss for the year		3,277	-2,873
<b>Total non-restricted equity</b>		<b>33,723</b>	<b>30,446</b>
<b>Total equity</b>		<b>33,858</b>	<b>30,581</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable - trade		-	8
Other liabilities		251	208
Accrued expenses and prepaid income		10	4
<b>Total current liabilities</b>		<b>261</b>	<b>220</b>
<b>Total liabilities</b>		<b>261</b>	<b>220</b>
<b>Total equity and liabilities</b>		<b>34,119</b>	<b>30,801</b>
<b>Pledged assets and contingent liabilities</b>		<b>None</b>	<b>None</b>

The Notes on pages 10 to 15 are an integral part of these consolidated financial statements.



## Cash flow statement - Parent Company

EUR thousands	Note	1 Jul 2020- 30 Jun 2021	1 Jul 2019- 30 Jun 2020
<b>Cash flow from operating activities</b>			
Operating profit for the year		3,269	-2,873
Adjustments for:			
-Revaluation of associated company	8	-3,303	2,845
Increase/decrease in liabilities related to operating activities		-2	-4
<b>Cash flow from operating activities</b>		<b>-36</b>	<b>-32</b>
<b>Cash flow from investing activities</b>			
Received repayment of shareholder contribution		-	804
<b>Cash flow from investing activities</b>		<b>-</b>	<b>804</b>
<b>Cash flows from financing activities</b>			
Dividend payment		-	-804
Proceeds from borrowings		36	32
<b>Cash flows from financing activities</b>		<b>36</b>	<b>-772</b>
<b>Net decrease in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the period		-	-
<b>Cash and cash equivalents at the end of the period</b>		<b>-</b>	<b>-</b>

Cash and cash equivalents in the Cash flow Statement correspond with 'Cash and cash equivalents' in the Balance Sheet, and comprise bank balances.

## Change in equity- Parent Company

EUR thousands	Restricted equity	Non-restricted equity	Total equity
	Share capital	Retained earnings, including net loss for the year	
<b>Opening equity, 1 July 2019</b>	<b>135</b>	<b>34,123</b>	<b>34,258</b>
Profit for the year / Total Comprehensive income	-	-2,873	-2,873
Dividend payment		-804	-804
<b>Closing equity, 30 June 2020</b>	<b>135</b>	<b>30,446</b>	<b>30,581</b>
<b>Opening equity, 1 July 2020</b>	<b>135</b>	<b>30,446</b>	<b>30,581</b>
Profit for the year / Total Comprehensive income	-	3,277	3,277
<b>Closing equity, 30 June 2021</b>	<b>135</b>	<b>33,723</b>	<b>33,858</b>

The Notes on pages 10 to 15 are an integral part of these consolidated financial statements.

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## Notes to the financial statements

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### Note 1 Accounting principles

#### Compliance with standards and legislation

These consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) with the interpretative statements from the International Financial Reporting Interpretations Committee (IFRIC), such as have been approved by the Commission of the European Communities for application within the EU. Furthermore, the Swedish Financial Reporting Board recommendation RFR 1, Complementary accounting rules for groups, has been applied.

The Parent Company applies the same accounting principles as the Group, except in the instances presented below in the section "Parent Company's accounting principles." Discrepancies arising between the Parent Company's and the Group's principles are due to restrictions on the application of IFRS in the Parent Company as a consequence of the Swedish Annual Accounts Act and the Income Tax Act.

The annual report and the consolidated financial statements were approved for issue by the Board on 10 November 2021. The statement of comprehensive income and statement of financial position of the Group and Income Statement and Balance sheet of the Parent Company will be submitted to the shareholders' meeting for adoption 2 December 2021.

#### Functional currency and presentation currency

The Parent Company's functional currency is euro (EUR), which is also the presentation currency for the Parent Company and the Group. Thus, all financial statements are presented in EUR. All amounts, unless stated otherwise, are rounded off to the nearest thousand. Note that certain figures may not total exactly due to rounding off.

#### Estimates and assumptions in the financial statements

Preparation of the financial reports in accordance with IFRS requires management to make estimates and assumptions affecting application of the accounting principles and the reported amounts of assets, liabilities, revenue and expenses. Actual outcome may differ from these estimates and assumptions, and the latter is reviewed regularly. The estimations and assumptions are based on historical experience and on a number of other factors which seem to be reasonable under the prevailing conditions. The results of these estimations and assumptions are subsequently used to assess the reported values of assets and liabilities which would not otherwise be clearly apparent from other sources.

Estimations and assumptions are regularly taken under review. Changes in estimations are reported in the period in which the change is made if the change effects only this period, or in the period in which the change is made and in subsequent periods if the change affects both the period in question and future periods.

The accounting principles presented below have been consistently applied to all periods presented in the Group's financial statements, unless otherwise stated below. Furthermore, the Group's accounting policies have been consistently applied by Group companies.

#### New and amended IFRS applicable to the current year

No new or amended IFRS that are applicable from the current year have had any effects on Group's accounting policies.

#### New and amended standards for future application

No issued new or amended IFRS with application during future periods are expected to have a material impact on the Group's accounting policies.

### CONSOLIDATED ACCOUNTS

#### Subsidiary

A subsidiary is a company under the control of East Capital Baltic Property Investors AB (publ.). Control means that East Capital Baltic Property Investors exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control can be exercised directly or indirectly by the parent of the group. The parent company and any subsidiary have and make no material investments in subsidiaries.

#### Foreign currencies

##### Transactions in foreign currencies

Transactions in currencies other than EUR are translated into the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency in the primary economic environment in which the companies operate. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the closing rate of exchange. Exchange rate differences arising on currency translations are recognised in profit or loss. Non-monetary assets and liabilities are recognised at historical acquisition cost translated at the exchange rate on the transaction date. The values of non-monetary assets and liabilities reported at fair value are translated into the functional currency at the exchange rate prevailing at the date of measurement, and changes in exchange rates are subsequently recognised in the same manner as other changes in value attributable to assets or liabilities.

##### Financial income and expenses

Financial income and expenses comprise interest income from bank balances, receivables and interest-bearing securities, and interest expenses on borrowings, dividends, exchange rate differences, unrealised and realised gains on financial investments and derivative instruments used within the financial operations.

Interest expenses include the allocated amount of share issue expenses and similar direct transaction costs for loans raised. Interest is calculated based on the average weighted borrowing costs for the Group.

## Financial assets

### Classification

The Group's only financial instrument that is not immaterial, is the investment in the associated company East Capital Baltic Property Fund AB. The participation in the associated company is in accordance with an option in IAS 28.18 recognised at fair value through profit or loss (see below), as a financial instruments in the scope of IFRS 9.

### Measurement

At initial recognition, the Group measures a financial assets at its fair value plus, in the case of financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

### Participations in associated companies in investment operations

The valuation is based on the "International Private Equity and Venture Capital Valuation Guidelines," which were created and published jointly by the risk capital organisations EVCA, BVCA and AFIC.

The fair value of shares in associated companies is equivalent to the Group's share of the underlying NAV as of 30.06.2021. Associated companies' consolidated financial statements are prepared in accordance with IFRS.

The table below provides an analysis of the basis of measurement used by the Company to fair value its financial instruments at fair value, categorised by the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

As at 30.06.2021 and 30.06.2020, the Group had no assets measured at fair value that were be included within Level 1 and 2 of the fair value hierarchy. The fair values of the shares in associated companies belong to level 3 in the fair value hierarchy.

## Cash and cash equivalents

Cash and cash equivalents includes cash and immediately available bank balances. Cash and bank balances are reported at nominal value.

## Income tax

Income tax comprises current and deferred tax. Income tax is reported in the statement of comprehensive income, except when the underlying transaction, such as a Group contribution, is reported directly against equity. In such cases, associated tax effects are reported in equity. Current tax is tax which is to be paid or received regarding the current year, and adjustments of previous years' current taxes. Deferred tax is calculated according to the balance sheet method on all temporary differences between the reported and tax values of assets and liabilities, applying the tax rates which have been determined or which have been announced as per the balance sheet date. Temporary differences are not considered in goodwill arising on consolidation or in differences attributable to subsidiaries and associated companies which are not expected to be taxed within the foreseeable future. In legal entities, untaxed reserves are reported including deferred income tax liabilities.

Deferred tax assets attributable to deductible temporary differences and tax loss carry-forward are recognised only to the extent it is likely that they will be utilised and result in lower tax payments in the future. Deferred tax assets and deferred tax liabilities in the same countries are reported net.

## Financial liabilities

On initial recognition, financial liabilities are recognised at fair value less, in the case of financial liabilities not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial liability. Subsequent measurement is at amortised cost using the effective interest rate method.

## Earnings per share

Earnings per share is calculated only for ordinary shares, since the company's B-shares are not entitled to dividends from reported profits. Earnings per share is calculated as profit or loss divided by the average number of ordinary shares outstanding.

## COMPANY'S ACCOUNTING PRINCIPLES

The Company applies the same accounting principles as the Group, unless otherwise specified below. The variances arising between the Company's and the Group's principles result from limitations in the possibility of applying IFRS in the Company as a result of the Swedish Annual Accounts Act (SFS 1995:1554) and the Income Tax Act.

The Company has prepared its annual report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities, as well as the pronouncements of the Swedish Financial Reporting Board for listed companies. Application of RFR 2 stipulates that, in its preparation of the annual report for the legal entity, the Company apply all of the IFRS and interpretive statement approved by the European Union to the extent possible within the framework of the Swedish Annual Accounts Act and with consideration for the relationship between reporting and taxation. The recommendation states which exceptions from and additions to IFRS which must be undertaken.

## Subsidiaries and associated companies

Participations in subsidiaries and associated companies are recognised in the Parent Company at fair value with changes in value reported in the statement of comprehensive income.

### Deferred tax assets

Deferred tax assets attributable to tax loss carry-forward are recognised only to the extent it is likely that such assets can be utilised to reduce tax payments in the future. It is management's assessment that the Group, within the foreseeable future, will generate a fiscal surplus that will exceed the existing tax loss carry-forward. For this reason, deferred tax assets have been recognised in the full amount in the statement of financial position for both the Company and the Group.

### Taxation of unrealised increases in the value of participations in associated companies

Participations in the associated company, East Capital Baltic Property Fund AB (publ), are considered to be shares held for business purposes. As dividends and profit from sales of shares held for business purposes are tax-free, the Group does not provide for any possible taxes on unrealised increases in the values of these participations.

### Note 2 Administrative expenses

EUR thousands	Group	Note	2020/2021	2019/2020
Consulting fees			-18	-15
Legal fees			-	-2
Audit fees		3	-16	-11
<b>Total</b>			<b>-34</b>	<b>-28</b>

EUR thousands	Parent company	Note	2020/2021	2019/2020
Consulting fees			-18	-15
Legal fees			-	-2
Audit fees		3	-16	-11
<b>Total</b>			<b>-34</b>	<b>-28</b>

### Note 3 Remuneration to auditors

EUR thousands	Group	2020/2021	2019/2020
<b>Audit services</b>			
KPMG		-16	-11
<b>Total</b>		<b>-16</b>	<b>-11</b>

EUR thousands	Parent company	2020/2021	2019/2020
<b>Audit services</b>			
KPMG		-16	-11
<b>Total</b>		<b>-16</b>	<b>-11</b>

### Note 4 Financial income and expenses

EUR thousands	Group	2020/2021	2019/2020
Net exchange rate differences		-2	-6
<b>Total</b>		<b>-2</b>	<b>-6</b>

EUR thousands	Parent company	2020/2021	2019/2020
Net exchange rate differences		-1	-6
<b>Total</b>		<b>-1</b>	<b>-6</b>

### Note 5 Income tax

EUR thousands	Group	2020/2021	2019/2020
Current tax		9	6
<b>Total</b>		<b>9</b>	<b>6</b>

#### Reconciliation of effective tax

Profit/loss before tax	3,267	-2,879
Tax according to current tax rate for Parent Company, 21,4%	-699	616
Tax effect on non-taxable income/non tax-deductible expense	708	-610
<b>Total income tax</b>	<b>9</b>	<b>6</b>

The weighted average tax rate was 0%.

The non-taxable income refers to increases in the value of shares in and dividends from associated companies. As these shares are shares held for business purposes, dividends and profit from sales are non-taxable income.

Effective tax rate in the Group per 30th June 2021 was 0,24 percentage (0,24).

EUR thousands	Parent company	2020/2021	2019/2020
Current tax		9	6
<b>Total</b>		<b>9</b>	<b>6</b>
<b>Reconciliation of effective tax</b>			
Profit/loss before tax		3,268	-2,879
Tax according to current tax rate for Parent Company, 21,4%		-699	616
Tax effect on non-taxable income/non tax-deductible expense		708	-610
<b>Total income tax</b>		<b>9</b>	<b>6</b>

The weighted average tax rate was 0%.

Effective tax rate in the Parent per 30th June 2021 was 0,24 percentage (0,24).

#### Note 6 Earnings per share

EUR	Group	2020/2021	2019/2020
<b>Basic and diluted - ordinary shares</b>			
Profit/loss attributable to the Parent Company's ordinary shareholders (Euro)		3,276,385	-2,873,630
Weighted average number of outstanding ordinary shares		80,392	80,392
<b>Earnings per share, basic and diluted (Euro)</b>		<b>40.76</b>	<b>-35.74</b>

Series B shares do not entitle their holders any right to dividends. Consequently, all dividends go to the holders of the ordinary shares.

#### Note 7 Participation in group companies

EUR thousands	Parent company	30 Jun 2021	30 Jun 2020
<b>Opening book value</b>		<b>10</b>	<b>10</b>
<b>Closing book value</b>		<b>10</b>	<b>10</b>

Parent company has the following subsidiaries:

	Number of shares	Shares of equity and voting power	Book value 30 Jun 2021	Book value 30 Jun 2020
ABPF Investors AB, corp id no. 556674-0907, Stockholm, Sweden	1,000	100%	10	10
<b>Total</b>			<b>10</b>	<b>10</b>

#### Note 8 Participation in associated companies

EUR thousands	Group	30 Jun 2021	30 Jun 2020
<b>Financial assets at fair value through profit or loss</b>			
<b>Opening balance</b>		<b>30,699</b>	<b>34,348</b>
Received repayment of shareholder contribution		-	-804
Unrealised changes in value		3,303	-2,845
<b>Closing balance</b>		<b>34,002</b>	<b>30,699</b>

EUR thousands	Parent company	30 Jun 2021	30 Jun 2020
<b>Financial assets at fair value through profit or loss</b>			
<b>Opening balance</b>		<b>30,699</b>	<b>34,348</b>
Received repayment of shareholder contribution		-	-804
Unrealised changes in value		3,303	-2,845
<b>Closing balance</b>		<b>34,002</b>	<b>30,699</b>

	Number of shares	Shares of equity	Voting power	Fair value 30 Jun 2021	Fair value 30 Jun 2020
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The group and the Parent company have the following associated companies:

East Capital Baltic Property Fund AB (publ) corp id no. 556674-0915, Stockholm, Sweden	4,010	72.78 %	3.5%	34,002	30,699
<b>Total</b>				<b>34,002</b>	<b>30,699</b>

The Parent Company is considered to have a significant influence over East Capital Baltic Property Fund AB (publ) and thus it is accounted for as an associated company. The significant influence is exercised through the contractual arrangements with East Capital Real Estate AS and the other shareholders of East Capital Baltic Property Fund AB (publ). In addition, the Parent Company's main business activities are related to its participation in East Capital Baltic Property Fund AB (publ).

The fair value of shares in associated companies is equivalent to the Group's share of the underlying NAV as of 30.06.2021.

The following table summarises the financial information of East Capital Baltic Property Fund AB (publ) :

EUR thousands	30 Jun 2021	30 Jun 2020
Non-current assets	72,209	81,997
Current assets	16,321	7,591
Non-current liabilities	-780	-39,083
Current liabilities	-41,016	-8,321
Net assets (100%)	46,734	42,184
<b>Group's share of net assets (72.78%)</b>	<b>34,002</b>	<b>30,699</b>
Revenue	6,606	6,881
Total comprehensive income (100%)	4,725	-3,717
<b>Group's share of comprehensive income (72.78%)</b>	<b>3,439</b>	<b>-2,705</b>

#### Note 9 Share capital

EUR thousands	30 Jun 2021	30 Jun 2020
Ordinary shares with a nominal value of EUR 1 per share	80	80
Series B shares with a nominal value of EUR 1 per share	55	55
<b>Share capital</b>	<b>135</b>	<b>135</b>

The total number of ordinary shares amounts to 80,392 (80,392) shares with a nominal value of 1 Euro (1 Euro) per share. The number of series B shares amounts to 55,000 (55,000) shares with a nominal value of 1 Euro (1 Euro) per share.

Series B shares do not entitle their holders any right to dividends. Consequently, all dividends go to the holders of the ordinary shares.

#### Asset management

Apart from some negligible operating liabilities arising in the ordinary course of business, the Group is entirely financed with equity. This is expected to continue to be the case. A financial goal for the Company is to return a yearly dividend yield of 4-6%.

Neither the Parent Company nor the subsidiary are under external capital requirements.

#### Note 10 Financial assets and liabilities - measurement categories and fair values

2020/2021	Group	Financial instruments at fair value through profit or loss	Financial liabilities at amortised cost	Total carrying amount
EUR thousands				
Financial investments		34,002		34,002
<b>Total</b>		<b>34,002</b>		<b>34,002</b>
Other liabilities			253	253
<b>Total</b>			<b>253</b>	<b>253</b>

  

2019/2020	Group	Financial instruments at fair value through profit or loss	Financial liabilities at amortised cost	Total carrying amount
EUR thousands				
Financial investments		30,699		30,699
<b>Total</b>		<b>30,699</b>		<b>30,699</b>
Accounts payable - trade			8	8
Other liabilities			210	210
<b>Total</b>			<b>218</b>	<b>218</b>

**Note 10 Financial assets and liabilities - measurement categories and fair values (continued)**

2020/2021 EUR thousands	Parent company	Financial instruments at fair value through profit or loss	Financial liabilities at amortised cost	Total carrying amount
Financial investments		34,002		34,002
<b>Total</b>		<b>34,002</b>		<b>34,002</b>
Other liabilities			251	251
<b>Total</b>			<b>251</b>	<b>251</b>

2019/2020 EUR thousands	Parent company	Financial instruments at fair value through profit or loss	Financial liabilities at amortised cost	Total carrying amount
Financial investments		30,699		30,699
<b>Total</b>		<b>30,699</b>		<b>30,699</b>
Accounts payable - trade			8	8
Other liabilities			208	208
<b>Total</b>			<b>216</b>	<b>216</b>

The fair value of shares in associated companies is equivalent to the Group's share of the underlying NAV as of 30.06.2021, valuation of these assets are classified as Level 3 in the fair value hierarchy.

**Note 11 Financial risks**

The company is exposed to financial risk, mainly liquidity risks, interest rate risks, currency risks and credit risks. The financial policy is determined by the Board. The operative responsibility for the Group's borrowing, cash management and financial risk exposure lies with the management company East Capital Real Estate AS, a wholly owned subsidiary of East Capital Holding AB. The financial policy is reviewed by way of reporting to the Board on a regular basis.

**Market risk****Other price risk**

The company's business consisting of the investment in East Capital Baltic Property Fund AB, it is exposed to the risk in changes in the fair value of this investment. Those changes in fair value in turn depend on the changes in fair value of the investment properties held by ECBPF in the Baltic countries.

**Interest rate risk**

Interest rate risk refers to the risk for changes in interest rates and the effects of this on the Group's borrowing costs. The Group has no interest-bearing loans, and, therefore, interest rate risk is very low.

**Currency risk**

The Group's functional and presentation currency is the Euro (EUR), which is also the denomination of almost all of the statement of financial position items and the cash flow.

Taken the above into consideration, the Group's currency risk is low as Estonia, Latvia and Lithuania use the Euro.

**Credit risk**

As the Group does not provide any credit or grant any loans, credit risk is essentially non-existent.

**Note 12 Related party transactions**

The Parent Company has a controlling influence over its subsidiary, see Note 7. Furthermore, as the Parent Company has a significant influence over East Capital Baltic Property Fund AB (publ), this is considered to be an associated company to the Parent Company and, therefore, is considered to be a related party to the Parent Company and the Group, see Note 8.

According to the management agreement between East Capital Real Estate AS, East Capital Baltic Property Fund AB (publ) and the Parent Company, East Capital Real Estate AS provides some services to the Parent Company, primarily related to the current management of excess liquidity and accounting. Compensation for these services is included in the management fee paid by East Capital Baltic Property Fund AB (publ) to East Capital Real Estate AS, in total EUR 0.6m annually. This cost is borne solely by East Capital Baltic Property Fund AB (publ).

At financial year-end, East Capital Baltic Property Fund Investors AB has outstanding receivables of EUR 0 (EUR 0) from East Capital Baltic Property Fund AB (publ).

All companies related to East Capital are considered to be related parties. No other significant transactions have been made between the group and other related parties.

No remuneration has been paid to the Board of Directors of the company during the financial year.

The Chairman of the board, Albin Rosengren is employed by East Capital International AB and is a board member of the following affiliated companies: BN Securities AB, East Capital Baltic Property Fund AB, (Chairman), FBF Sweden AB, East Capital Asset Management S.A., East Capital Holding AB, East Capital Real Estate AS, (Chairman), East Capital Financial Services AB and Monyx Asset Management AB (deputy).

The board member, Peter Elam Håkansson, is board member of the following affiliated companies: Rytu Invest AB, (Chairman), Eastate AB, (Chairman), Cadre Invest S.A, (Chairman), East Capital Holding AB, (Chairman), East Capital Baltic Property Fund AB, BN Securities AB, (Chairman), East Capital Asset Management S.A, East Capital SICAV, East Capital (Lux) General Partner S. à r. l., East Capital Real Estate AS, Espiria SICAV, and East Capital Financial Services AB (Chairman).

The board member Torbjörn Odenhagen is employed by East Capital Financial Services AB and is board member of the following affiliated companies: East Capital Financial Services AB, ABPF Lithuania AB (deputy), ABPF Jeruzalemes (Lat) AB (deputy), ABPF Zemitana (Lat) AB (deputy), ABPF Investors AB (deputy) and Kingstower AB (dormant- former East Capital Power Utilities Fund AB) (deputy).

The Managing director is Magnus Lekander, who is employed as General Counsel by East Capital International AB. Mr Lekander holds several positions as managing director or board member in a number of companies related to East Capital or its fund products. All these positions are held pursuant to Mr Lekander's employment within East Capital.

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#### **Note 13 Significant events after the financial year**

No significant events after the end of the financial year.



Stockholm, ... November 2021

Albin Rosengren  
*Chairperson of the Board*

Torbjörn Odenhagen  
*Member of the Board*

Peter Elam Håkansson  
*Member of the Board*

Magnus Lekander  
*Managing Director*

Our audit report was presented ... November 2021  
KPMG AB

Mårten Asplund  
*Authorised Public Accountant*