EAST CAPITAL

Annual Report

East Capital Baltic Property Fund Aktiebolag

Corporate Identity Number 556674-0915

Financial year 1 July 2019 - 30 June 2020

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

The Board of Directors of East Capital Baltic Property Fund AB ("the Company"), Corporate Identity Number 556674-0915, domiciled in Stockholm with the address PO Box 1364, 111 93 Stockholm, hereby presents the Annual Report for the financial year 1 July 2019 - 30 June 2020.

Information regarding the operations

This is the Company's thirteenth financial year. As all operational activities are performed in East Capital Baltic Property Fund AB's group companies ("the Group") and the Company itself only hold the shares of the Group companies, all further information relates to the Group's activities.

The Company's operations are based in Stockholm, Sweden and the Group companies' mainly in the Baltic States. The Group's operations comprise acquisition and management of commercial properties in the Baltic region. The vast majority of property management activities are outsourced to East Capital Real Estate AS ("Investment Manager"), a wholly-owned subsidiary of East Capital Holding AB, Corporate Identity No. 556584-9899, a Swedish asset manager specialized in emerging and frontier markets.

East Capital Real Estate AS owns 66.63% of the share capital via ordinary shares with strong voting rights, representing 95.23% of the total number of votes in the Company. The Company is not included in the East Capital Holding Group due to the fact that East Capital Real Estate AS has no power to influence how the subsidiary's distributable earnings are appropriated, see note 26. Other shareholders have preferential series A shares. The largest owner of preferential shares is East Capital Baltic Property Investors AB (publ), which holds 72.78% of the total number of preferential shares.

The original term of the Company was seven years from 2005 with a possibility to extend the life term by up to two years. At an extraordinary general meeting ("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 of East Capital Baltic Property Investors AB 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 Company's reporting currency is Euro (EUR).

In May 2020, Biljana Pehrsson resigned from the Board after joining the Board of Swedbank AS. The current Board consists of four members.

The Company has no employees and did not pay any salaries during the financial year.

Financial information

Net rental revenue for the Group in the financial year 2019/20 was EUR 6.90, ca 13% less than in previous financial year. The rental income was impaired short-term in retail properties during the state of emergency, in force in the Baltic states for most of 2Q 2020, as due to government regulations only essential services such as grocery stores and pharmacies could remain open in shopping centres. Rental income remained mostly unharmed in office and industrial properties, and are expected to remain so going forward. Additionally, some loss of rents occurred from short-term vacancies in Aiandi 13 office and Metal industrial properties prior to the crisis (previous occupancy levels now restored) and during Jewe Keskus shopping centre reconstruction in 2HY 2019.

The Group reports a net loss for the financial year of EUR -3.7m, however excluding property revaluations and one-off investment works, this increases to a net profit of EUR 3.6m.

The Group had EUR 3.0m of cash at 30 June 2020.

In the external valuation of the property portfolio carried out at financial year end, the investment properties were valued at EUR 81.97m gross fair market value, implying a value change of EUR -4.74m or -5.5% compared to previous values at 30 June 2019. The revaluation was highly affected by the current global pandemic. The property portfolio has been quite resilient to the ongoing health and connected economic crisis, and vacancy in the properties has not significantly increased. Also, any short-term discounts and / or rent postponements during this period have ended. Despite that, the valuators have included reserves for vacancy increase, discounts and credit losses to secure against the uncertainties in the market. The valuators also remain conservative regarding the recovery of the turnover for the hotel properties in the portfolio.

The decrease in Net Asset Value (NAV) at year-end was also affected by the capital expenditure for the reconstruction of Jewe Keskus shopping centre as well as smaller investments in Aiandi 13 office, both projects which were communicated at the Annual General Meeting in November 2019. The investment works totalled EUR 2.7m and as required by accounting standards, they were included in income statement at year-end once all works completed.

As of 30 June 2020, the Group has EUR 44.7m in bank loans, representing a loan-to-value ratio of 52%. The fund has signed an amortization holiday for the principal payments for the syndicated loan covering the Estonian properties and one Lithuanian property for the period April - September 2020, enabling to maintain and strengthen the positive free cash flow from the property portfolio.

The syndicated bank loan, granted to EPF Neli OÜ in June 2018, has a maturity in July 2022, matching the Fund's term. During the financial year, the Investment Manager successfully negotiated and extended the two short-term bank loans in the portfolio.

Significant events during the financial year

The fund portfolio operations continued according to expectations for the most of financial year 2019/20, until March 2020, when due to the outbreak of the Covid-19 disease, all Baltic governments applied restrictions on travelling, public gatherings, retail and leisure activities. During 2Q 2020, the Fund's rental income decreased by 15%, compared to the previous quarter, most affected being the retail properties. However, during Q2 the Baltic countries were successful in containing the spread of the Covid-19 disease and from mid-May most restrictions were lifted and businesses reopened. All properties in the fund have now returned to their regular operations, with no significant increase in vacancy or further decrease in rental income expected.

The average rental level for the portfolio for financial year 2019/20 was EUR 6.2 sqm/month, slightly lower compared to previous financial years, affected by the short-term discounts granted to selected tenants or unreceived rent from retail properties during the state of emergency in 2Q 2020.

Portfolio vacancy in June 2020, at the financial year end, was 9%. Despite the current crisis, no remarkable increase in vacancy has occured in portfolio properties. In Metal industrial property, the occupancy level have been improved afetr a new lease was signed in June 2020 for 2,483 sqm or 28% of area in the complex, with rent commencing from Q3 2020. Aiandi 13 office is working above 90% occupancy after a 10-year unbreakable lease with a new tenant commenced from December 2019; and lease negotiations are held for the remaining vacant units, and full occupancy is expected to be achieved during a few months. Occupancy is above 90% also in Jin office in Vilnius, Papiniidu commercial centre in Pärnu, Jewe Retail Centre in Jõhvi and Tänassilma Industrial Facility in Tallinn. Higher vacancy with longer vacancy periods is only experienced in secondary locations, where the demand for commercial premises remains weak (Jõhvi Tsentraal Commercial Centre, Kerese Commercial Centre, Laracija offices, Zemitana offices).

During 2019, the hotels GoSpa in Saaremaa and Tallinn Seaport Hotel in Tallinn continued to show strong sales growth, with year-on-year hotel turnover increase of 8% and 5% respectively. The sales in 1Q 2020 continued at a strong pace, however the hotels were closed during April and May 2020, due to travel restrictions applied by the Estonian government in connection with the outbreak of the Covid-19 disease. After restrictions lifted, both hotels reopened and continued their regular operations from June 2020. Gospa hotel witnessed immediate high demand from domestic visitors, as well as from visitors from neighboring Baltic countries and Finland. In June 2020, the hotel sales reached 85% of last year’s level and in July 2020, the hotel sales were only 6% less compared to July 2019. A short-term lower rent for the lock-down period was agreed with the hotel operator. For the rest of 2020, the rent is connected to the hotel turnover. Tallinn Seaport Hotel, mostly focused on tourists arriving by ferry from Finland and Sweden, reopened mid-June, in conjuction with restored ferry traffic with Finland. However, its turnover is expected to recover more slowly as the number of tourists is still significantly lower than previously and the ferry traffic with Sweden is still not restored. The hotel continues to pay its contractual rent fee, nevertheless currently no turnover based addition is expected at year-end.

Jewe Keskus shopping centre in Jõhvi, Estonia, was fully refurbished during July-December 2019 to strengthen the position of the shopping centre in the local market. The shopping centre, incorporating the regional bus station, is a focal point in the city, but needed an upgrade considering the competition from a new shopping centre being built in the city. During the reconstruction, the layout of the shopping centre was modernized and all retail areas renewed, including the anchor tenant Selver grocery store under a 10-year unbreakable lease. Several new tenants have opened shopping centre, and together with lease renewals with existing tenants, the average lease term in the shopping centre was increased from 4.8 years to 6.3 years.

The Fund's strategic target remains to optimise the portfolio and focus on properties in Estonia. The Investment Manager is either actively marketing or preparing to put on sale the remaining properties in Latvia and Lithuania. For the Estonian portfolio, the focus with regards to the ongoing crisis is to restore the rental income for the portfolio properties and further improve the rents where possible.

The annual general meeting of the fund was held on 29 November 2019, where the annual report for 2018/19 was approved and the Investment Manager presented the portfolio performance update and forecast. The annual general meeting also approved a dividend payment of EUR 1.1m in the fund, enabling a distribution of EUR 10 per share or 2% of initially-committed equity in East Capital Baltic Property Investors. The distributions were made in 4Q 2019. The distributions were lower than previous year in connection with the investments projects, financed by fund internal cash flow.

Significant events after the end of the financial year

In October 2020, the sale of Laracija property in Klaipeda, Lithuania, was finalized. No other significant events after the end of the financial year but there is an increased uncertainty in the economy due to the Corona pandemic and new restrictions.

Future development, risks 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. The active sale process of remaining Lithuanian and Latvian properties continues, targeting successful exits during the coming financial year around, or above, book values. In line with the strategic target to focus the portfolio to the strongest properties similar exit efforts will also continue for some of the Estonian properties.

In 2020, Baltic economies will be affected by the ongoing global health and economic crisis. The GDP in all Baltic countries, which has grown above the EU average level in the previous years, has contraced in 2020. The currently forecasted GDP decrease is up to 10%. Similarly, the previously low unemployment rate has increased to close to 10%. The real estate market paused in 2Q 2020 with very low investment activity, due to uncertainties in the market and also travel restrictions for inspecting the properties. Investment activity in the coming quarters of 2020 however broader recovery is not expected in 2021, tracking the economy and the sentiment of the market participants. The Fund's long-term view on the Baltic economies and real estate market still remains positive. 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.

The Fund has hedged 83% of the loans in the portfolio and locked in current low interest rates until Fund maturity.

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	38,218,038
Retained earnings	-27,993,265
Net result for the year	-521,848
	9,702,925

The Board recommends that the earnings will be distributed as follows:	
To be carried forward	**9,702,925**

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 2019 - 30 Jun 2020	1 Jul 2018 - 30 Jun 2019
Revenue	2	6,881	7,780
Direct expenses	3	-3,859	-1,076
Gross profit		**3,022**	**6,704**
Administrative expenses	4,25	-1,131	-1,438
Changes in value of investment properties	11	-4,740	-2 078
Other income		18	26
Operating profit		**-2,831**	**3,214**
Other interest income and similar profit/loss items	6	204	1
Other interest expenses and similar profit/loss items	7	-1,118	-1,793
Profit before tax		**-3,745**	**1,422**
Tax expense	8	28	-82
Profit for the year / Total Comprehensive income for the year		**-3,717**	**1,340**
Earnings per share – Ordinary Shares			
- basic and diluted (EUR)	9	0.00	0.00
Earnings per share – Preferential Shares series A			
- basic and diluted (EUR)	9	-674.62	242.91

Profit for the year / Total comprehensive income is attributable to the company shareholders.

The Notes on pages 12 to 29 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

EUR thousands	Note	30 Jun 2020	30 Jun 2019
ASSETS			
Non-current assets			
Equipment	10	10	52
Investment properties	11	81,970	90,360
Other non-current		17	-
Total non-current assets		**81,997**	**90,412**
Current assets			
Assets held for sale		3,650	2,490
Accounts receivables - trade	24	369	578
Other receivables	14	488	196
Accrued income and prepaid expenses		59	112
Cash and cash equivalents		3,025	5,498
Total current assets		**7,591**	**8,874**
Total assets		**89,588**	**99,286**
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	16	17	17
Other paid-in capital		38,217	39,322
Retained earnings including profit/loss for the year		3,525	7,242
Total equity		**41,759**	**46,581**
LIABILITIES			
Non-current liabilities			
Borrowings	17	37,805	36,599
Derivative instruments	18	215	422
Other liabilities		684	634
Deferred tax liabilities	15	594	776
Total non-current liabilities		**39,298**	**38,431**
Current liabilities			
Borrowings	17	6,922	12,807
Derivative instruments	18	210	207
Accounts payable - trade		955	913
Other liabilities		119	36
Current tax liabilities		70	37
Accrued expenses and deferred income	19	255	274
Total current liabilities		**8,531**	**14,274**
Total liabilities		**47,829**	**52,705**
Total equity and liabilities		**89,588**	**99,286**

The Notes on pages 12 to 28 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

EUR thousands	Note	1 Jul 2019 - 30 Jun 2020	1 Jul 2018 - 30 Jun 2019
Cash flow from operating activities			
Operating profit/loss before financial items		-2,831	3,214
Adjustments:			
- Depreciation	10	2	4
- Changes in fair value of investment properties	11	4,740	2,078
- Other adjustments		1	-
Increase/decrease in assets related to operating activities		53	123
Increase/decrease in liabilities related to operating activities		87	820
Income tax paid		-54	-
Cash flows from operating activities		**1,998**	**6,239**
Cash flows from investing activities			
Proceeds from sale of subsidiaries	13	-	8
Proceeds from sale of properties	11	2,490	-
Investments in investment equipments	10	-3	-44
Loans granted		-32	-43
Cash flows from investing activities		**2,455**	**-79**
Cash flows from financing activities			
Proceeds from borrowings	17	2,500	-
Repayment of borrowings	17	-7,205	-2,585
Repayment of shareholders contribution		-1,105	-2,762
Interest paid		-1,115	-1,213
Cash flows from financing activities		**-6,925**	**-6,560**
Net decrease in cash and cash equivalents		**-2,472**	**400**
Cash and cash equivalents at the beginning of the year		5,498	5,900
Exchange rate differences in cash and cash equivalents		-1	-2
Cash and cash equivalents at the end of the year		**3,025**	**5,498**

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

The Notes on pages 12 to 28 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

EUR thousands	Share capital	Paid in capital	Retained earnings, including total comprehensive income	Total equity
Opening equity, 1 July 2018	**17**	**42,084**	**5,902**	**48,003**
Repayment of shareholders` contribution		-2,762	-	-2,762
Profit for the year / Total Comprehensive income for the year	-	-	1,340	1,340
Closing equity, 30 June 2019	**17**	**39,322**	**7,242**	**46,581**
Opening equity, 1 July 2019	**17**	**39,322**	**7,242**	**46,581**
Repayment of shareholders` contribution		-1,105	-	-1,105
Profit for the year / Total Comprehensive income for the year	-	-	-3,717	-3,717
Closing equity, 30 June 2020	**17**	**38,217**	**3,525**	**41,759**

Reconciliation to Net Asset Value	
Consolidated equity above	41,759
Interest rate swap not in NAV balance	425
Net Asset Value 30 June 2020	**42,184**

As at 30 June 2020, outstanding interest swaps are valued at fair value in the legal annual accounts, while reported net in Net Asset Value at the same time as the interest expense is reported based on that the derivatives will be held until maturity. The negative value of future interest swap payments included in the Statement of Financial Position in the annual report as at 30 June 2020 is EUR 0.43m (30 June 2019: EUR 0.63m).

The Notes on pages 12 to 28 are an integral part of these consolidated financial statements.

Income statement - Parent Company

EUR thousands	Note	1 Jul 2019 - 30 Jun 2020	1 Jul 2018 - 30 Jun 2019
Revenue	2,25	295	187
Gross profit		**295**	**187**
Administrative expenses	4	-827	-640
Result from operating activities		**-532**	**-453**
Write-down/reverse write-down of shares in subsidiaries	13	-477	-96
Dividends		216	-
Profit from sale of subsidiary	13	-	8
Interest income from group companies	25	11	57
Other interest income and similar profit/loss items	6	1	-
Other interest expense and similar profit/loss items	7	-	-16
Profit/loss before tax		**-781**	**-500**
Year-end appropriations	26	259	257
Tax expense	8	-	-
Profit for the year		**-522**	**-243**

Statement of comprehensive income - Parent Company

EUR thousands	1 Jul 2019 - 30 Jun 2020	1 Jul 2018 - 30 Jun 2019
Net profit for the year	-522	-243
Other comprehensive income	-	-
Total comprehensive income for the year	**-522**	**-243**

The Notes on pages 12 to 28 are an integral part of these consolidated financial statements.

Balance sheet - Parent Company

EUR thousands	Note	30 Jun 2020	30 Jun 2019
ASSETS			
Non-current assets			
Shares in subsidiaries	13	5,927	5,927
Receivables from Group companies	12, 25	-	869
Total non-current assets		**5,927**	**6,796**
Current assets			
Receivables from Group companies	14, 25	4,219	4,504
Other receivables		127	83
Cash and cash equivalents		261	326
Total current assets		**4,607**	**4,913**
Total assets		**10,534**	**11,709**
EQUITY AND LIABILITIES			
Shareholder's equity			
Restricted equity			
Share capital, 16,510 shares	16	17	17
Total restricted equity		**17**	**17**
Non-restricted equity			
Shareholders' contribution		38,217	39,322
Retained earnings		-27,994	-27,751
Profit for the year		-522	-243
Total equity		**9,718**	**11,345**
LIABILITIES			
Current liabilities			
Liabilities to Group companies	25	20	19
Accounts payable - trade		783	307
Other liabilities		-	13
Current tax liabilities		-	8
Accrued expenses and deferred income		13	17
Total current liabilities		**816**	**364**
Total equity and liabilities		**10,534**	**11,709**

The Notes on pages 12 to 28 are an integral part of these consolidated financial statements.

Cash flow statement-Parent Company

EUR thousands	Note	1 Jul 2019 - 30 Jun 2020	1 Jul 2018 - 30 Jun 2019
Cash flow from operating activities			
Operating profit/-loss for the year		-532	-453
Increase/decrease in assets related to operating activities		58	252
Increase/decrease in liabilities related to operating activities		443	303
Cash flow from operating activities		**-31**	**102**
Cash flows from investing activities			
Proceeds from sale of subsidiaries	13	-	8
Loans granted to Group companies		-32	-45
Repayment of loans granted from Group companies	12	869	2,824
Dividends received		216	-
Interest received		19	92
Cash flows from investing activities		**1 072**	**2 879**
Cash flows from financing activities			
Repayment of shareholders contribution		-1,105	-2,762
Cash flows from financing activities		**-1 105**	**-2 762**
Net decrease in cash and cash equivalents		**-64**	**219**
Cash and cash equivalents at the beginning of the year		326	109
Exchange rate differences in cash and cash equivalents		-1	-2
Cash and cash equivalents at the end of the year		**261**	**326**

Cash and cash equivalents in the Cash Flow Statement correspond with ‘Cash and cash equivalents’ in the Balance Sheet and comprise of bank balances.

Change in equity-Parent Company

EUR thousands	Restricted equity	Non-restricted equity		
	Share capital	Shareholders` contribution	Retained earnings, including net loss for the year	Total equity
Opening equity, 1 July 2018	**17**	**42,084**	**-27,751**	**14,350**
Repayment of shareholders` contribution	-	-2,762	-	-2,762
Total comprehensive income	-	-	-243	-243
Closing equity, 30 June 2019	**17**	**39,322**	**-27,994**	**11,345**
Opening equity, 1 July 2019	**17**	**39,322**	**-27,994**	**11,345**
Repayment of shareholders` contribution	-	-1,105	-	-1,105
Total comprehensive income	-	-	-522	-522
Closing equity, 30 June 2020	**17**	**38,217**	**-28,516**	**9,718**

The Notes on pages 12 to 28 are an integral part of these consolidated financial statements.

Notes to the financial statements

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), as approved by the Commission of the European Communities for application within the EU. Furthermore, the Swedish Financial Reporting board recommendation RFR 1 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 Company's and the Group's principles are due to restrictions on the application of IFRS in the 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 24 November 2020. The Statement of Comprehensive Income and statement of financial position of the Group and Parent Company Income Statement and Parent Company Balance Sheet will be submitted to the shareholders' meeting for adoption on 10 December 2020.

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 statement 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 assumtions, 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.

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 key sources of estimation uncertainty that have a significant risk of causing material restatements to the financial statements is described below:

Determination of the fair value of investment property
At each balance sheet date, investment properties are measured at their fair values. The Group's investment property is values by Colliers International Advisors. The independent appraiser of the Group values the investment properties on an individual basis using the discounted cash flow method. The investment properties owned by the Group generate rental revenue, therefore the applied method best indicates the fair value of the investment properties among the alternatives (comparison method for example). The estimates of the cash flows of properties have been updated to determine the fair value and the discount rates and exit yield have been differentiated depending on the location of the property, their technical condition and the tenant risk level.

Additional information on the assumptions used in valuation of fair value can be found in Note 11.

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 revised IFRS applicable to the current year
IFRS 16: Leases
The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (A) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statements. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard has not had any significant effect on the financial statements.

New and amended standards for future application
No new or changed standards are expected.

Consolidation

The consolidated financial statements present the financial information of East Capital Baltic Property Fund AB and its subsidiaries, consolidated on a line-by-line basis.
Subsidiaries are companies under the controlling influence of East Capital Baltic Property Fund AB. Controlling influence means the direct or indirect right to govern the financial and operating policies of an entity so as to obtain financial benefit. In assessing whether controlling influence exists, potential shares which convey voting rights and which can be converted or utilised without delay shall be taken into consideration. Subsidiaries are accounted for using the purchase method. In accordance with this method, an acquisition is treated as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities.

The consolidated cost is determined by an acquisition analysis at the time of the business combination. In such analysis, the cost of the business combination is established, as are the fair values of recognised identifiable assets, liabilities and contingent liabilities. The difference between the cost of the shares of the subsidiary and the fair value of the acquired assets, assumed liabilities and contingent liabilities constitute, if the difference is positive, consolidated goodwill. When the difference is negative, it is recognised directly in the Statement of Comprehensive Income. Transaction expenditure is expensed and the effects of restating liabilities related to conditional purchase prices are reported as a revenue or cost in Comprehensive Income.

The financial statements of subsidiaries are consolidated from the date of the acquisition until the date when control ceases.

Transactions eliminated on consolidation

Intra-Group balances and any unrealised income and expenses or gains and losses from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

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 the Statement of Comprehensive Income. 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 reports of foreign operations

The assets and liabilities and the revenues and expenses of foreign entities, including goodwill and fair value adjustments arising on consolidation, are in EUR therefore no exchange differences are recognised in other comprehensive income and in cumulative shareholders' equity of foreign entities.

Income

Rental income

All investment properties are leased under operating lease agreements. Rental income is accounted for in the period to which the income is related. Rental income is recognised in the Statement of Comprehensive Income on a straight-line basis, in accordance with the conditions of the lease agreements. Rents paid in advance are, consequently, recognised as 'Prepaid rental income'. Discounts provided as compensation, for example gradual occupancy, are recognised in the period in which they are provided. Other discounts are allocated over the duration of the rental agreement. Income from premature settlement of a rental agreement is recognised as income in the period in which the compensation is received.

The Group acts as an agent for resale of utility and administrative expenses, and therefore such income is not shown in gross amount but is offset by the related expense.

Financing component

The Group dose not have any contracts where the period between the transfer of the promised goods or services to the costumer and payment by the customer exceeds one year. Consequently, the Group dose not adjust any of the transaction prices for the time value of money.

Income from property sales

Income from the sale of properties is generally recognised on the date of taking possession, provided the risks and benefits of ownership have not been transferred to the purchaser on a prior date. Control of the asset may have been transferred on a date prior to the date of taking possession and, if such is the case, income from the sale is recognised on this earlier date. In determining the date on which revenue is to be recognised, consideration is taken for agreements between the parties regarding risks and benefits, as well as for engagement in the day-to-day management of the property. In addition, circumstances which could affect the outcome of the transaction and which lie outside the control of the purchaser's and/or the seller's control are also considered.

Criteria for revenue recognition are applied to each transaction, individually.

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

Interest income on receivables and interest expenses on liabilities are calculated applying the effective interest method. The effective interest is the amount of interest which makes the current value of all estimated future receipts and payments during the expected fixed-interest term equal to the reported value of the receivable or liability. The interest component of financial leasing is recognised in the profit or loss via the application of the effective interest method. Interest income includes the allocated amount of transaction costs and any discounts, premiums and other differences between the original value of the receivable and the amount to be received on maturity.

Interest expenses include the allocated amount of share issue expenses and similar direct transaction costs for loans raised. The portion of interest expenses referring to interest accrued during the production time for large new construction, expansion and renovation projects is capitalised and, consequently, reduces financial costs. Interest is calculated on the basis of the average weighted borrowing costs for the Group.

Financial assets

Classification
The company classifies its financial assets in the following measurement categories:
· those to be measured subsequently at fair value (either through OCI or through profit or loss), and
· those to be measured at amortised cost.
The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership. Regular purchases and sales of financial assets are recognised on the trade date, the date the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. All Group's debt instruments are classified in amortised cost measurement category.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/expenses.

As at 1 July 2018 and 30 June 2019, all the Group's financial assets were classified in this category:
· cash and cash equivalents;
· trade receivables
· derivatives

Impairment
The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects: (i) an unbiased and probably weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecast of future conditions.

For trade receivables and contract assets without a significant financing component the Group applies simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses of the receivables. The Group uses a provision matrix in which allowance for impairment losses is calculated for trade receivables falling into different ageing or overdue periods.

Cash and cash equivalents
Cash and cash equivalents include cash and immediately available bank balances. Overdraft facilities are classified among borrowings under current liabilities. Cash and bank balance are recognised at nominal value.

Derivatives
Derivatives measured at fair value in the Statement of Financial position are measured at fair value based on a comparison of the contracted swap rate with the current market swap rate for the remaining tenor. The present value is calculated by discounting the cash flow differences between the contracted swap rate and the market swap rate multiplied by the outstanding principal amount on each coupon date. The value corresponds to the value which the swap would have if cancelled on the valuation date.

Equipment

Equipment is reported at acquisition cost, less accumulated depreciation and any write-downs. Acquisition cost includes the purchase price and costs directly attributable to putting the asset in place and in a condition in which it can be utilised according to the intentions of the acquisition.

Depreciation

Depreciation takes place on a straight-line basis over the estimated useful life of the asset. Depreciation takes place according to plan, The following periods of depreciation are applied:

Alarm systems	4 years
Equipment	4-5 years

Investment property

Investment property is property (land or building or both) held or developed to earn rental income or for capital appreciation rather than for use in production or supply of goods or services for administrative purposes. In addition, investment property includes properties, which are held over an extended period for an undetermined future use.

An investment property is initially recognised in the balance sheet as cost, including any direct attributable expenditure (e.g. Notary fees, property transfer taxes, professional fees for legal services, and other transaction costs without which the transaction would not have taken place). After initial recognition, investment property is measured at fair value at each balance sheet date. The fair value of investment property reflects market conditions at the balance sheet date.

The fair value of investment property is determined based on the valuation performed by qualified appraisers. In determining the fair value, the method of discounted cash flow is used. In order to calculate the present value of a property's future cash flows, the appraiser has to forecast the property's future rental income (including rent per 1 square meter and occupancy rate) and operating expenses. Depending on the terms of the leas (weather and how easily the lease can be terminated by the lessee), the appraiser will base the projections on either the property's existing cash flows or the market's current average cash flows for similar properties. The present value of the future net cash flow is found by applying a discount rate, which best reflects the current market assessments of the time value of money and risk specific to the asset. The discount rate is selected on the market's average capital structure, not asset structure. The discounted cash flow method is used to determine the value of investment properties that generate stable rental income.

Both unrealised and realised changes in value are reported in the Statement of Comprehensive Income. Changes in value are recognised net in profit or loss.

An investment property is derecognised from the balance sheet on disposition or when the property is permanently withdrawn from use and the asset is expected to generate no future economic benefits.

Fianacial liabilities

All financial liabilities (trade payables, borrowings, accrued expenses and other current and non-current liabilities) are initially measured at cost that also includes all directly attributable expenditure incurred in the acquisition. Subsequent measurement is at amortised cost. Exceptions are financial liabilities acquired for the purpose of resale that are measured in fair value.

The amortised cost of current financial liabilities generally equals their nominal value; therefore, current financial liabilities are carried in the balance sheet in theur net realisable value. For determining the amortised cost of non-current financial liabilities they are initially recognised at the fair value of the consideration received (less transaction costs), and subsequently interest expense is recognised on the liabilities using the effective interest rate method.

A financial liability is classified as current if it is due within 12 months from the balance sheet date or if the Group dose not have an unconditional right to postpone payment of the liability more than 12 months after the balance sheet date. Loans with due date 12 months after the balance sheet date which are refinanced as non-current after balance sheet date but before the financial statements are authorised for issue, are recognised as current. Borrowings that the lender has the right to recall at the balance sheet date as a consequence of a breach of contractual terms are also recognised as current.

A financial liability is removed from the statement of financial position when it is settled or cancelled or expires.

Equity

Asset management

The Company's investment target is to realise a long-term value increase in value of capital through the expected value growth in the investment area. Capital is defined as equity and amounts to EUR 41.8m (30 June 2019: 46.6m).

The Company's criteria for investing in portfolio companies include a target for the internal rate of return of at least 15 %. The manager will work actively with the investment to increase its value and to continuously assess possible exit alternatives during the holding period.

Provisions

A provision is recognised in the Statement of Financial position when the Group has an existing legal or constructive obligation as a result of past events, when it is likely that an outflow of resources will be required to settle the obligation and when the amount can be estimated reliably. When the point in time at which payment is to take place has a material effect, the amount of the provision is calculated via discounting of the expected future cash flow to an interest rate before taxes which reflects the relevant market assessments of the effect of the time value of money and, if applicable, the risks associated with the liability.

A provision for restructuring is reported when the Group has established an explicit, formal restructuring plan and restructuring has either begun or been publicly announced. No provision is established for future operating expenses.

Costs for environmental efforts associated with previous operations and which do not contribute to current or future income are carried as an expense as they arise.

Current and deferred 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 to be paid on received during the current year, using the tax rates that have been enacted or substantively enacted by the statement of financial position date, and adjustments of current tax attributable to previous periods. Deferred tax is calculated according to the Statement of Financial position 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 Statement of Financial position 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 loss carry forwards are recognised only to the extent it is likely that they will be utilised and will result in lower tax payments in the future. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilised. Deferred tax assets and deferred tax liabilities in the same country are reported net.

Earnings per share

Earnings per share are calculated for both ordinary and preferential shares, as both types of shares are entitled to dividends from reported profits. The pro rata right to the earnings serves as a basis for the allocation of the profit for the year to the two types of shares. The result allocated to each type of share is divided by the number of shares of the respective type.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation relating to past events and which existence is confirmed by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision as it is not probable that an outflow of resources will be required.

Leases

Business as a lessor

Leases, which transfer substantially all the risks and rewards incidental to ownership to the lessee are classified as finance leases. Other leases are classified as operating leases.

Assets subject to operating leases are recognised in the lessor's balance sheet. Operating lease payments received and made are recognised as income and expenses, respectively, on a straight-line basis over the period of the lease.

The operational leasing agreements refer to the rental agreements related to the Group's investment properties.

Cash Flow Statement

The cash flow statement has been prepared in accordance with the indirect method. This implies that the net profit/loss is adjusted for transactions which have not resulted in payments during the period, and for any income or expenses attributable to cash flow from investing or financing activities.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

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

The Parent 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.

Swedish tax legislation allows companies to postpone tax payments by carrying out provisions to untaxed reserves in the Statement of Financial position via the Statement of Comprehensive Income item "Appropriations". In the consolidated Statement of Financial position, these provisions are treated as temporary differences, that is to say allocated between consolidated Statement of Comprehensive Income and equity. Changes in untaxed reserves are reported in the consolidated Statement of Comprehensive Income, allocated between deferred tax and profit/loss for the year.

The Swedish tax code permit Group contributions to be rendered and received by Swedish corporations, subject to special restrictions, with the contribution becoming taxable for the recipient and tax deductible for the rendering entity. Group contributions are reported according to their economic significance. This entails that Group contributions rendered and received in order to minimise the Group's total tax are reported directly against retained earnings, less the current tax effect of the transaction.

Note 2 Revenue

EUR thousands	Group	2019/2020	2018/2019
Rental income		6,776	7,672
Other income		105	108
Total income		**6,881**	**7,780**

EUR thousands	Parent Company	Note	2019/2020	2018/2019
Service fees		25	295	187
Total income			**295**	**187**

All properties have generated rental income during the year.

Note 3 Direct expenses

EUR thousands	Group	Note	2019/2020	2018/2019
Maintenance and construction expenses			-3,371	-601
Insurance			-29	-36
Property tax			-122	-116
Depreciation cost		10	-2	-4
Public utilities			-235	-223
Other			-100	-96
Total direct expenses			**-3,859**	**-1,076**

Note 4 Administrative expenses

EUR thousands	Group	Note	2019/2020	2018/2019
Management fees			-604	-613
Consulting fees			-117	-146
Audit fees		5	-65	-69
Personnel expenses			-20	-42
Remuneration of the Board Member			-49	-28
Non recoverable VAT expenses			-148	31
Bad dept			-1	-235
Other expenses			-127	-336
Total administrative expenses			**-1,131**	**-1,438**

EUR thousands	Parent Company	Note	2019/2020	2018/2019
Management fees		25	-604	-613
Consulting fees			-	-1
Remuneration of the Board Member			-49	-28
Audit fees		5	-17	-23
Non recoverable VAT expenses			-148	37
Other expenses			-9	-12
Total administrative expenses			**-827**	**-640**

Note 5 Remuneration to auditors

EUR thousands	Group	2019/2020	2018/2019
KPMG audit services		-65	-69
Total		**-65**	**-69**

EUR thousands	Parent Company	2019/2020	2018/2019
KPMG audit services		-17	-23
Total		**-17**	**-23**

Note 6 Other interest income and similar profit/loss items

EUR thousands	Group	2019/2020	2018/2019
Interest income		-	1
Fair value adjustment of interest swap		204	-
Total		**204**	**1**

EUR thousands	Parent Company	2019/2020	2018/2019
Net exchange rate differences		1	-
Total		**1**	**-**

Interest income mainly relates to cash and cash equivalents.

Note 7 Other interest expense and similar profit/loss items

EUR thousands	Group	2019/2020	2018/2019
Interest expense		-1,118	-1,195
Net exchange rate differences		-	-16
Fair value adjustment of interest swap		-	-582
Total		**-1,118**	**-1,793**

EUR thousands	Parent Company	2019/2020	2018/2019
Net exchange rate differences		-	-16
Total		**-**	**-16**

Interest expenses relate mainly to financial liabilities valued at amortised cost.

Note 8 Income tax

EUR thousands	Group		2019/2020	2018/2019
Income tax reported in the Statement of Comprehensive Income				
Current tax			-154	-7
Deferred tax (Note 15)			182	-75
Total			**28**	**-82**
Reconciliation of effective tax				
Profit/loss before tax			-3,745	1,422
Tax according to current tax rate for Parent Company		21,4% (22%)	801	-313
Difference in tax rate in foreign operations:				
Estonia		0%	-625	367
Latvia		0%	6	-70
Lithuania		15%	-38	16
Non-deductible expenses:				
Lithuania		15%	-67	-35
Non taxable income:				
Lithuania		15%	47	35
Increase/decrease of deficit deduction without the corresponding activation of deferred tax:				
Lithuania		15%	14	-48
Sweden		21,4% (22%)	-56	-34
Tax from dividend payments:				
Estonia		20%	-54	-
Total income tax			**28**	**-82**

The weighted average tax rate was 18% (2018/2019: 18%)
Effective tax rate in the Group per 30th june 2020 was 5,72 percentage (5,72).

EUR thousands	Parent Company		2019/2020	2018/2019
Current tax		21,4% (22%)	-	-
Total			**-**	**-**
Reconciliation of effective tax				
Profit/loss before tax			-522	-243
Tax according to current tax rate for Parent Company		21,4% (22%)	112	53
Non-deductible expenses:				
Write-down on participations in group companies		21,4% (22%)	41	-21
Write-down internal debts		21,4% (22%)	-	-
Increase/decrease of deficit deduction without the corresponding activation of deferred tax		21,4% (22%)	-153	-32
Total income tax			**-**	**-**

The weighted average tax rate was 0% (2018/2019: 0%).
Effective tax rate in the Parent per 30th june 2020 was 0 percentage (0).

At 30 June 2020, the total unused tax losses amounted to EUR 0.88m (30 June 2019: EUR 0.39m), deferred tax assets have not been recognised.

Estonia – taxation of subsidiaries
According to the Income Tax Act, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends. The tax rate on (net) dividends is 20/80. Income tax arising from dividend distribution is expected when dividends are declared (when the liability arises).

From 1st of January 2019, tax rate of 14/86 can be applied to dividend payments. The more beneficial tax rate can be used for dividend payments in the amount up to the average dividend payment during the three preceding years that were taxed with the tax rate 20/80. When calculating the average dividend payment of three preceding years, 2018 will be the first year to be taken into account.

Lithuania – taxation of subsidiaries

According to income tax regulations in Lithuania, the profit of the company is adjusted for temporary and permanent differences. The tax rate in Lithuania has been 15% during both 2017/2018 and in the previous year.

Latvia – taxation of subsidiaries
According to income tax regulations in Latvia until 31 December 2017, the profit of the company was adjusted for temporary and permanent differences and the tax rate until end of December 2017 was 15%. As of 1 January 2018, the income tax rate is 20%. Reinvested profit will be subject to 0 % tax and at the rate of 20 % will only have to be paid from the profit share which will be distributed or disbursed as dividends, or used for purposes not directly related to business development. When assessing the income tax base, the value of taxable objects is divided by the coefficient 0.8. Due to the change, the deferred income tax liability was eliminated from the balance sheet of the Group's Latvian subsidiaries.

Note 9 Earnings per share

EUR Group	2019/2020	2018/2019
Before and after dilution – Ordinary Shares		
Profit attributable to the Parent Company's ordinary shareholders (amount in EUR)	0	0
Weighted average number of outstanding ordinary shares	11,000	11,000
Earnings per ordinary share before and after dilution (amount in EUR)	**0.00**	**0.00**
Before and after dilution – Preferential Shares series A		
Profit attributable to the Parent Company's preferential shareholders (amount in EUR)	-3,717,186	1,338,445
Weighted average number of outstanding ordinary shares	5,510	5,510
Earnings per preferential share series A before and after dilution (amount in EUR)	**-674.62**	**242.91**

Each type of share in the company carries entitlement to dividends in accordance with the following:
Firstly, the series A preferential shares entitle allocation of all dividends in an amount pro rata to the shareholder's contributions provided for investment purposes, until these contributions have been repaid. Secondly, the series A preferential shares entitle allocation of all dividends until these shareholders have received an amount corresponding to a 10% annual interest (compounded) on the shareholder's contributions referred to in the previous sentence. Thirdly, the ordinary shares entitle dividends corresponding to 60% of remaining distributable earnings and series A preference shares entitle dividends corresponding to 40% of remaining distributable earnings, up to a maximum allocation corresponding to a distribution of 20% to the ordinary shares and 80% to the series A preferential shares, in addition to the repayment of the shareholders' contributions referred to in the first sentence. Lastly, in respect of any remaining distributable earnings after the first three allocations, 20% is to be distributed to the ordinary shares and 80% to the series A preferential shares. The Group's accumulated profit/loss at the end of the accounting period is currently on a level at which all of the income is attributable to the preferential shares.

Complete terms for the distribution are set out in the Company's articles of association.

Note 10 Equipment

EUR thousands Group	2019/2020	2018/2019
Acquisition cost		
Opening balance	**136**	**92**
Acquisitions	3	44
Reclassification to the expenses	-43	-
Accumulated acquisition cost	**96**	**136**
Depreciation and write-downs		
Opening balance	**-84**	**-80**
Depreciation for the year	-2	-4
Accumulated depreciation and write-downs	**-86**	**-84**
Closing carrying value	**10**	**52**

Note 11 Investment properties

As at 30.06.2020, the Group has made investments in the following properties:

Name	Location	Type	Area (m2)	Market value at 30.06.2020	Share of market value of the Fund's assets
EPF Metal OÜ	Tallinn, Estonia	Industrial	8 943	4,500	4%
EPF Papiniidu OÜ	Pärnu, Estonia	Retail, office	17 280	11,050	11%
EPF Portus OÜ	Tallinn, Estonia	Hotel	4 225	6,560	6%
Jewe Keskuse OÜ	Jõhvi, Estonia	Retail	11 887	10,860	11%
Jõhvi Tsentraal OÜ	Jõhvi, Estonia	Retail, office	8 800	7,160	7%
Kerese Keskuse OÜ	Narva, Estonia	Retail, office	4 953	4,340	4%
Norbert AS	Kuressaare, Estonia	Hotel	6 610	9,720	10%
Tammsaare Ärimaja OÜ	Tallinn, Estonia	Office	8 783	11,740	12%
Tanassilma OÜ	Tallinn, Estonia	Industrial	13 349	8,680	9%
Zemitana Cennters SIA	Riga, Latvia	Office	4 539	2,300	2%
EPF Lit-two UAB	Vilnius, Lithuania	Office	3 626	5,060	5%
Total				**81,970**	**90%**

Reconciliation of carrying amount:

EUR thousands Group	
Opening balance, 1 July 2018	**94,928**
Classified as held for sale	-2,490
Changes in value	-2,078
Closing balance, 30 June 2019	**90,360**
Opening balance, 1 July 2019	**90,360**
Classified as held for sale	-3,650
Changes in value	-4,740
Closing balance, 30 June 2020	**81,970**

The fair value measurement for investment property of EUR 82.0m (2018/2019: 90.4m) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The table above "Reconciliation of carrying amount" shows also a reconciliation from the opening balances to the closing balances for Level 3 fair values.

EUR thousands Group	2019/2020	2018/2019
Changes in value of investment properties		
Unrealised value changes	-4,740	-2,078
Total changes in value	**-4,740**	**-2,078**

During the financial year 2019/2020 and 2018/2019, a revaluation to a higher or a lower value has been made of all of the Group's investment properties.

As of 30 June 2020, the Group has classified Laracija property in Klaipeda, Lithuania as assets held for sale. Property sale agreement was signed on 8 September 2020 and the ownership was transferred on 30 October 2020. The sale price for the property was EUR 3.650m.

As of 30 June 2019, the Group has classified Deco property in Klaipeda, Lithuania as assets held for sale. Property sale agreement was signed on 20 June 2019 and the ownership was transferred on 12 July 2019. The sale price for the property was EUR 2.490m.

The Company has no additional commitments regarding the investment properties.

Valuation of the investment properties has been made by the Company's property manager, East Capital Real Estate AS, in accordance with the "European Private Equity & Venture Capital Association's Guidelines." The valuation has been conducted monthly, or at the request of the Company's Board of Directors. The most recent external valuation of the property portfolio was carried out in July 2020 by Colliers International. The fair value of investment properties is prepared using Income Approach (Discounted Cash Flow method), considering a five-year cash flow prognosis and the following assumptions: rent growth, vacancy rate, inflation rate, discount rate and exit yield.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

Significant unobservable inputs by country, 30 Jun 2020	Estonia	Latvia	Lithuania
Average rental income EUR/sq.m/month; year 1	6.6	5.0	7.3
Operating expenses	0.4	1.3	0.8
Average long-term income growth	1.3%	1.3%	2.0%
Average long-term vacancy rate	5.5%	7.4%	6.6%
Inflation rate	0.0%-1.5%	0.0-2.0%	0.3%-2.0%
Capital structure			
equity	50%	40%	40%
loan	50%	60%	60%
Return on equity	13.5%-15.0%	19.0%	17.0%
Interest rate	3.5%-4.0%	3.5%	3.0%
Average initial yield	7.0%	8.4%	7.1%
Average exit yield	8.2%	8.5%	8.1%

For sensitivity analysis, see Note 24.

Note 12 Other non-current receivables

EUR thousands	Parent Company	Note	30 Jun 2020	30 Jun 2019
Receivables from Group companies				
Interest-bearing loans				
Opening balance			**869**	**3,693**
Loan repayments			-869	-2,824
Closing balance		25	**-**	**869**

Note 13 Subsidiaries

EUR thousands	Parent Company	30 Jun 2020	30 Jun 2019
Opening carrying value		**5,927**	**5,927**
Shareholders contributions		477	96
Write down shares		-477	-96
Closing carrying value		**5,927**	**5,927**

East Capital Baltic Property Fund AB has the following subsidiaries:

		Ownership share	Book value 30 Jun 2020	Book value 30 Jun 2019
EPF Neli OÜ, Corp. Identity No. 11240865, Tallinn, Estonia	1	100%	5,920	5,920
Tanassilma OÜ, Corp. Identity No. 11219954, Tallinn, Estonia	1	100%		
AS Norbert, Corp. Identity No. 10639832, Tallinn, Estonia		100%		
Tammsaare Ärimaja OÜ, Corp. Identity No. 11330077, Tallinn, Estonia	1	100%		
Kerese Keskuse OÜ, Corp. Identity No. 11346090, Tallinn, Estonia	1	100%		
Jõhvi Tsentraal OÜ, Corp. Identity No. 11365130, Tallinn, Estonia	1	100%		
JEWE Keskuse OÜ, Corp. Identity No. 11365199, Tallinn, Estonia	1	100%		
EPF Portus OÜ, Corp. Identity No. 11366112, Tallinn, Estonia	1	100%		
EPF Metal OÜ, Corp. Identity No. 11399264, Tallinn, Estonia	1	100%		
EPF Papiniidu OÜ, Corp. Identity No. 11404388, Tallinn, Estonia	1	100%		
ABPF Zemitana (Lat) AB, Corp. Identity No. 556691-4049, Stockholm, Sweden	1,000	100%	-	-
SIA EPF Latone, Corp. Identity No. 40003816265, Riga, Latvia	2,845	100%		
SIA Zemitana Centrs, Corp. Identity No. 44103022784, Riga, Latvia	9,147	100%		
ABPF Lithuainia AB, Corp. Identity No. 556693-7222, Stockholm, Sweden	1,000	100%	-	-
EPF Litone UAB, Corp. Identity No 300582233, Vilnius, Lithuania	100	100%		
Baldu Pasažas UAB, Corp. Identity No. 142183274, Klaipeda, Lithuania	1,000	100%		
Laracija UAB, Corp. Identity No. 163362686, Klaipeda, Lithuania		100%		
EPF Lit-two UAB, Corp.Identity No. 301114718, Vilnius, Lithuania		100%		
ABPF Jeruzalemes (Lat) AB, Corp. Identity No. 556702-2370, Stockholm, Sweden	1,000	100%	7	7
Jeruzalemes Centrs SIA, Corp. Identity No. 40003871977, Riga, Latvia		100%		
Total			**5,927**	**5,927**

In May 2019, the Group sold ABPF Duntes (Lat) AB shares to Svenska Standardbolag AB. The sale price for the shares was EUR 0.008m.

Note 14 Other current receivables

EUR thousands	Group	30 Jun 2020	30 Jun 2019
VAT		8	16
Other receivables		480	180
Total		**488**	**196**

EUR thousands	Parent Company	Note	30 Jun 2020	30 Jun 2019
Receivables from Group companies				
Accrued receivables			3,782	3,973
Accounts receivable - service fee			437	531
Total			**4,219**	**4,504**

Interest on long-term interest-bearing loans has been 3% (3%).

Note 15 Deferred income tax

Deferred tax assets and liabilities are offset when there is a legal right to offset for current income tax assets and liabilities and when deferred taxes refer to the same tax authority.

EUR thousands	Reported deferred tax receivables and liabilities, Group	Deferred tax receivables		Deferred tax liability		Net	
		2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
Investment properties		-	-	-1,163	-1,613	-1,163	-1,613
Loss carry forward		569	837	-	-	569	837
Tax receivables/ liabilities		**569**	**837**	**-1,163**	**-1,613**	**-594**	**-776**
Setoff		-569	-837	569	837	-	-
Tax receivables/ liabilities, net		**-**	**-**	**-594**	**-776**	**-594**	**-776**

EUR thousands	Change of deferred tax in temporary differences and deficit deduction, Group	Balance, 1 July 2019	Reported in Statement of Comprehensive Income	Balance, 30 June 2020
Group				
Investment properties		-1,613	450	-1,163
Change of loss carry-forward		837	-268	569
Total		**-776**	**182**	**-594**

Deferred tax assets are reported as fiscal tax loss carry-forward to the extent that it is probable that they can be utilised by future taxable profits.

Potential unrealised tax effects on profits in the Estonian subsidiaries amount to a maximum total of EUR 6.3m (2018/2019: EUR 6.6m).

Deferred tax liabilities relate to temporary differences between tax value and fair value on investment properties.

Note 16 Share capital

EUR thousands	Parent Company	30 Jun 2020	30 Jun 2019
Ordinary shares with a nominal value of EUR 1 per share		11	11
Preferential shares with a nominal value of EUR 1 per share		6	6
Share capital		**17**	**17**

There are a total of 11,000 (11,000 shares) ordinary shares with a nominal value of EUR 1 per share (EUR 1). There are also 5,510 preferential shares (5,510 shares) with a nominal value of EUR 1 per share (EUR 1). The maximum number of shares in accordance with the articles of association is 44,000 (44,000 shares).

Asset management

According to the Board's policy, the Company's financial goal is to have a good capital structure with financial stability and thereby maintain the confidence of investors, lenders and the market, at the same time as this forms a basis for the on-going development of the operations. Capital is defined as equity. A financial goal for the Company is to give the investors a yearly dividend yield of 4-6%.

Annual return on equity of at least 15% has been set up as a target for the Company. The result for the financial year resulted in a negative return on equity of -5.4 % (2018/2019: -2.1%).

Neither the Company nor any of the subsidiaries are under external capital requirements.

Note 17 Interest-bearing liabilities

EUR thousands	Group	30 Jun 2020	30 Jun 2019
Maturity date 1-5 years from Statement of Financial position date		37,805	36,599
Maturity date within one year from Statement of Financial position date		6,922	12,807
Total		**44,727**	**49,406**

During the financial year, the weighted average interest rates of the Group's bank loans were 2.4% (2.4%). Additional information on loan security and interest rates is presented in Notes 21 and 24, respectively.

All loans are denominated in EUR.

Some of the companies have covenants to follow as regards loan obligations. These consist of various ratios including: Loan To Value (interest-bearing debt/property value), Equity ratio (equity/total assets), Debt Service Coverage Ratio (operating profit/interest expenses + amortisations on interest-bearing debt), Interest Coverage Ratio (operating profit/interest expense on interest-bearing debt) and Total Debt/EBITDA (interest-bearing debt/operating profit).

Cash flows of borrowings:

EUR thousands	Group	30 Jun 2020	30 Jun 2019
Balance at the beginning of period		**49,406**	**51,962**
Bank loans received		2,500	-
Annuity payments on bank loans		-1,939	-2,585
Repayment of bank loans		-5,266	-
Change of discounted contract fees		26	29
Balance at the end of period		**44,727**	**49,406**

Note 18 Derivatives

EUR thousands	Group	30 Jun 2020	30 Jun 2019
Liabilities held at fair value through profit and loss:			
Interest rate swap - non-current liability		215	422
Interest rate swap - current liability		210	207
Total		**425**	**629**
Opening balance		**629**	**47**
Fair value adjustment in the financial year		-204	582
Closing balance		**425**	**629**

Derivative instruments are recognised in the group of financial assets and financial liabilities "at fair value through profit and loss". Two interest swap agreement held as at 30 June 2020 to hedge 98% of the interest rate risk from one loan agreement with floating interest rate, are fixed at 0.306% and 0.16% and had a negative value of as of 30 June 2020 EUR 0.43m (30 June 2019: EUR 0.63m).

The fair values of the interest rate swaps have been calculated by banks and valuation of these liabilities are classified as Level 2 in the fair value hierarchy.

Note 19 Accrued expenses and deferred income

EUR thousands	Group	30 Jun 2020	30 Jun 2019
Accrued auditing expenses		57	62
Accrued interest expense		6	7
Other accrued expenses		192	205
Total		**255**	**274**

Note 20 Operational leasing

Operational leasing: as the lessor

The operational leasing agreements refer to the rental agreements related to the Group's investment properties. Some of rental agreements have been signed with tenants with a fixed period of 1-3 years. Even if the rental agreement is signed for a longer time period, the agreements can be terminated with only three month notice. The information below includes rental income up until the end of the rental agreement, as both parties have entered the agreement with the purpose to fulfill it.

EUR thousands	Group	30 Jun 2020	30 Jun 2019
Within 1 year		5,638	5,724
Between 1 and 2 years		4,655	4,385
Between 2 and 3 years		3,743	3,414
Between 3 and 4 years		3,476	2,765
Between 4 and 5 years		2,876	2,546
More than 5 years		5,538	5,507
Total		**25,926**	**24,341**

Note 21 Pledged assets

EUR thousands	Group	30 Jun 2020	30 Jun 2019
Investment properties		109,480	119,153
Financial pledge		-	15
Other		471	892
Total		**109,951**	**120,060**

EUR thousands	Parent Company	30 Jun 2020	30 Jun 2019
Investment properties		109,480	119,153
Financial pledge		-	15
Other		471	892
Total		**109,951**	**120,060**

The investment properties have been pledged as security for bank loans. These pledges are measured based on the fair value in Lithuania and based on the value fixed at the contracts in Estonia and Latvia.

Note 22 Contingent liabilities

No provision has been made in the consolidated accounts for income tax on profits in the Estonian subsidiaries, which, for future dividends, may trigger a tax expense. For more information on future tax exposure, please see Note 8 and 15.

Note 23 Financial assets and liabilities at fair value

EUR thousands	Group 2019/2020	Financial instruments at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total book value
Accounts receivables - trade			369		369
Other receivables			488		488
Cash and cash equivalents			3,025		3,025
Total			**3,882**		**3,882**
Non-current interest-bearing liabilities				37,805	37 805
Other non-current liabilities				684	684
Current interest-bearing liabilities				6,922	6 922
Derivatives		425			425
Accounts payables – trade				955	955
Other liabilities				119	119
Total		**425**		**46,485**	**46,910**

EUR thousands	Group 2018/2019	Financial instruments at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total book value
Accounts receivables - trade			578		578
Other receivables			196		196
Cash and cash equivalents			5,498		5,498
Total			**6,272**		**6,272**
Non-current interest-bearing liabilities				36,599	36,599
Other non-current liabilities				634	634
Current interest-bearing liabilities				12,807	12,807
Derivatives		629			629
Accounts payables – trade				913	913
Other liabilities				36	36
Total		**629**		**50,989**	**51,618**

EUR thousands	Parent Company 2019/2020	Financial assets at amortised cost	Financial liabilities at amortised cost	Total book value
Other receivables		4,219		4,219
Cash and cash equivalent		261		261
Total		**4,480**		**4480**
Accounts payable - trade			783	783
Other liabilities			20	20
Total			**803**	**803**

EUR thousands	Parent Company 2018/2019	Loans and receivables	Other financial liabilities	Total book value
Non-current receivables		869		869
Other receivables		4,504		4,504
Cash and cash equivalent		326		326
Total		**5,699**		**5699**
Accounts payable - trade			307	307
Other liabilities			19	19
Total			**326**	**326**

The carrying amounts and fair values of financial assets and financial liabilities are in material respects equal. The consolidated non-current liabilities since they are variable rate loans. The fair value of derivatives/interest rate swaps is measured in level 2 of the fair value hierarchy.

The fair values of Parent Company´s assets with a fixed interest rate are not significantly different from their carrying amounts because the fixed interest rate does not differ significantly from current market interest rates.

Note 24 Financial risk management

As a net borrower, the Croup is exposed to financial risk, mainly liquidity risks, market 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.

Liquidity risks

Liquidity risk arises from potential changes in the financial positions, reducing the Group's ability to meet its liabilities in due time and in correct manner. Above all, the Group's liquidity is affected by the following factors:
· Decrease or volatility of rental income, reducing the Group's ability to generate positive net cash flows;
· Vacancy of rental property;
· Mismatch between the maturities of assets and liabilities and flexibility in changing them;
· Marketability of long-term assets;
· Volume and pace of real estate development activities;
· Financing structure.

Liquidity risks are managed on the basis of a five-year strategy, adjusted approximately every six months in accordance with the Group's investment plan. The short-term management of liquidity risk is based on the Group's budget and is adjusted after each acquisition or disposal of an investment object. In order to decrease liquidity risk, the maturity dates for most loans taken to finance property transactions correspond with the expected disposal dates for the respective properties.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and includes estimated interest payments.

EUR thousands	Carrying amount	Contractual cash flows				
		Total	2 months or less	2-12 months	1-2 years	2-5 years
Non-derivative financial liabilities						
Bank loans	46,717	46,717	201	7,819	38,697	-
Trade payables	955	955	955	-	-	-
Total	**47,672**	**47,672**	**1 156**	**7,819**	**38,697**	**-**

Report of working capital :

EUR thousands	30 Jun 2020	30 Jun 2019
Assets held for sale	3,650	2,490
Accounts receivables - trade	369	578
Other receivables (Note 14)	488	196
Accrued income and prepaid expenses	59	112
Cash and cash equivalents	3,025	5,498
Total current assets	**7,591**	**8,874**
Short-term portion of long-term liabilities (Note 17)	6,922	12,807
Derivatives (Note 18)	210	207
Accounts payable - trade	955	913
Other liabilities	119	36
Current tax liabilities	70	37
Accrued expenses and deferred income (Note 19)	255	274
Total current liabilities	**8,531**	**14,274**
Total working capital	**-940**	**-5,400**

As at 30 June 2020, the Group's working capital is negative in the amount of EUR 0.9m (30 June 2019 EUR 5.4m). Current liabilities include bank loans in the amount of EUR 5.3m, with maturities within one year. In October 2020 the Group sold Laracija property in Klaipeda, Lithuania and paid back one of the short-term bank loans in the amount of EUR 3.1m.

Therefore, taking into consideration that if the other short-term loan which matures in May 2021 is extended (EUR 2.2m), the Group's working capital would be positive in the amount of EUR 1.25m. Management believes that the loan will be extended and therefore that working capital is sufficient to meet the requirements of everyday business.

Market risk

Market risk is risk involving change in the fair value of financial instruments due to changes in market prices. The Group's financial instruments most influenced by changes in market prices are borrowings and interest rate derivatives. The main factor influencing these financial instruments is interest rate risk.

Interest rate risks

Interest rate risk is the risk of changes in the future cash flows of financial instruments due to changes in market interest rates. A change in market interest rates mainly influences the long-term floating rate borrowings of the Group.
The Group's long-term loans are primarily linked to EURIBOR and are therefore affected by fluctuations in the international financial market. The Group continually evaluates the potential risk for losses due to fluctuations in market interest rate levels with regard to the cost of hedging strategies. Sensitivity analysis for changes in interest rates:

Sensitivity analysis EUR thousands	Change in P/L Estonia	Latvia	Lithuania	Total
Interest expenses as interest rate is changed, +/-1%	-/+394	-/+22	-/+31	-/+447
Interest expenses from SWAP as interest rate is changed, +/- 1%	-/+4	-/+0	-/+0	-/+4

For hedging the interest rate risk, an interest swap contract was concluded in June 2018 in the total nominal amount EUR 40.42m (Note 18). Two interest swap agreement held as at 30 June 2020 to hedge 98% of the interest rate risk from one loan agreement with floating interest rate, are fixed at 0.306% and 0.16% and had a negative value of as of 30 June 2020 EUR 0.43m (30 June 2019: EUR 0.63m).

Currency risk
The majority of the Fund contracts are related to Euro (EUR). Consequently, the Group has no significant liabilities or receivables in any other currency than Euro (EUR). All longterm loan agreements have been drafted in Euro (EUR).

Taken the above into consideration, the Group's currency risk is low as Estonia, Latvia and Lithuania use the Euro.
The remaining exposure for other exchange rates than the EUR is limited and the sensitivity to fluctuations in currency rates is marginal.

Real Estate market risk

Sensitivity analysis property value EUR thousands	Change in P/L Estonia	Latvia	Lithuania	Total
+/-1%	+/-746	+/-23	+/-94	+/-863

Sensitivity on exit yield EUR thousands				
-50bps	3,370	100	420	3,890
+50bps	-2,980	-80	-380	-3,440

Sensitivity on discount rate EUR thousands				
-50bps	1,520	50	190	1 760
+50bps	-1,460	-40	-180	-1 680

Credit risks
Credit risk refers to the risk of loss if the counterparty is not able to fulfill is obligations.
The Group does not have any significant concentration of credit risks. To manage credit risk, the Group companies regularly check clients' historical credit ratings, which enable the necessary measures to be taken in time.
As the Group utilises credit institutions to finance a large number of property transactions, credit risk management is also conducted in cooperation with banks. The maximum exposure to credit risks is the reported value of the financial assets in the Statement of Financial position. Subsequently, the Group deems that the maximum exposure is reflected in the amount of Accounts receivable - trade, reduced by provision for bad debts, and long-term receivables that have been capitalised in the Statement of Financial position.

The Group's companies only enter into rental contracts with parties that have been determined to be eligible for credit. The corresponding analysis of customers is carried out before entering into a rental contract.
If it becomes evident that there is a risk of a tenant becoming insolvent, the Group assesses each receivable individually and decides whether the receivables should be classified as doubtful. For measuring expected credit losses, trade receivables and contractual assets are grouped according to the common features of the credit risk and the expiration period. Expected credit loss rates are based on payment discipline over past 36 months, and historical credit losses in the respective periods. Historical losses have been adjusted to reflect current and future information relating to macroeconomic factors and the ability of buyers to pay claims. The Group has estimated that GDP and unemployment rates in the countries where its goods and services are sold are the most relevant indicators and accordingly adjusts historical loss rates based on the expected change in these indicators.

Ageing of debts: EUR thousands	Estonia	Latvia	Lithuania	Total	Share in %
Not expired	145	6	70	221	60%
Expired by 1-30 days	41	8	17	66	18%
Expired by 31-60 days	12	2	21	35	9%
Expired by 61-180 days	31	2	15	48	13%
Expired by 181 days or more	8	24	66	98	27%
Provision for bad debt	-12	-21	-66	-99	-27%
Total accounts receivables	**225**	**21**	**123**	**369**	**100%**

Note 25 Transactions with related parties

The Company has, in addition to the close relationships specified for the Group, a controlling influence over its subsidiaries, see Note 13. Furthermore, all companies related to East Capital are considered to be related parties.
Transactions within the Group are all based on businesslike conditions.
The Company’s receivables contain loan receivables from the subsidiaries of EUR zero (2018/2019: 0.9m). Agreed interest rate was 3% (2018/2019: 3%) for the financial year. Accrued interest for the loans is EUR 2.0m (2018/2019: 2.0m). Remaining current receivable is EUR 2.2m (2018/2019: 2.5m).

EUR thousands	Group	Sales of services to related parties	Purchase of services from related parties	Liabilities with related parties per 30 Jun 2020	Liabilities with related parties per 30 Jun 2019
East Capital Real Estate AS		21	-691	2	2
Total		**21**	**-691**	**2**	**2**

EUR thousands	Parent Company	Interest income	Sales of services to related parties	Purchase of services from related parties	Liabilities with related parties per 30 Jun 2020	Liabilities with related parties per 30 Jun 2019
East Capital Real Estate AS		-	-	-604	-	-
Subsidiary/Group company		11	295	-	20	19
Total		**11**	**295**	**-604**	**20**	**19**

The Chairman of the board Albin Rosengren is employed by East Capital (Dubai) Ltd and is a board member of the following affiliated companies: BN Securities AB, FBF Sweden AB, East Capital (Dubai) Ltd, East Capital Asset Management S.A., East Capital Holding AB, East Capital Financial Services AB, East Capital Baltic Property Investors AB (publ) (Chairman), East Capital Real Estate AS, (Chairman) and Monyx Asset Management AB (deputy).
The board member, Peter Elam Håkansson, is employed by East Capital Financial Services AB, and 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), BN Securities AB, (Chairman), East Capital Financial Services AB (Chaiman), East Capital International AB , East Capital Private Equity AB, East Capital Asset Management S.A, East Capital SICAV, East Capital (Lux) General Partner S. à r. l., East Capital Baltic Property Investors AB (publ), East Capital Real Estate AS and Espiria SICAV.
The board members Pami Philström and Magnus Sonnorp are not employed by or hold any board positions in any affiliated companies.

Note 26 Information about the parent company

East Capital Real Estate AS, Corporate Identity No. 11085028, domiciled in Tallinn, Estonia, owns 66.63% of the shares. Its complete address is: Tartu mnt 2, 10145, Tallinn, Republic of Estonia.

The shareholders' agreement between the partners in the Company regulates in detail how the Company's distributable earnings shall be allocated between the shareholders. However, despite its voting majority, East Capital Real Estate AS has not any power to influence how the subsidiary's distributable earnings are appropriated. According to IAS 27 Consolidated and Separate Financial Statements, a Parent Company loses its controlling influence if it does not have the power to govern a subsidiary's financial and operating policies to obtain benefit from its activities. If a controlling influence is lacking, so is the basis for consolidation with the Parent Company. With reference to IAS 27, the Company, with subsidiaries, will not be consolidated with East Capital Real Estate AS.

Year-end appropriations:

EUR thousands	Parent Company	Note	2019/2020	2018/2019
Group contribution:				
received			259	257
given			-	-
Total appropriations			**259**	**250**

Note 27 Significant events after the end of the financial year

In October 2020, the sale of Laracija property in Klaipeda, Lithuania, was finalized. No other significant events after the end of the financial year but there is an increased uncertainty in the economy due to the Corona pandemic and new restrictions.

Stockholm, 24 November 2020

Albin Rosengren
Chairman of the Board

Magnus Sonnorp
Member of the Board

Peter Elam Håkansson
Member of the Board

Pami Pihlström
Member of the Board

Our audit report was presented 24 November 2020
KPMG AB

Mårten Asplund
Authorised Public Accountant