

AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT
FOR 1 QUARTER AND 3 MONTHS OF 2019
(UNAUDITED)

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AS Pro Kapital Grupp in brief

AS Pro Kapital Grupp (hereinafter as “the Company” and/or “Pro Kapital”) is the leading real estate development company in the Baltics, with a commitment and passion for developing high quality, uniquely designed residential and commercial buildings. The Company was established in 1994, which makes Pro Kapital the first professional real estate development company in the Baltics with 25 years of experience. The key focus is on developing large-scale premium areas in the capitals of Baltic states – Tallinn, Riga and Vilnius, aimed at delivering maximum value for the stakeholders. Pro Kapital is the only real estate company with eight large ongoing and upcoming projects in its portfolio.

Pro Kapital has to date, successfully completed more than 250 thousand square meters of living and commercial premises and at least the same volume is yet to be developed. The Company is focused on delivering the highest quality. Forward looking business management is implemented through all operations across the value-chain, with inhouse competence. The Company can thereby ensure socially, economically and environmentally sustainable business growth.



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Management report

Key highlights

The total revenue of the Company in the first quarter of 2019 was 10.4 million euros, which is an increase of 53% compared to 6.8 million during the same period in 2018. The real estate sales revenues are recorded at the moment of handing over the premises to the buyer. Therefore, the revenues from sales of real estate of the Company depend on the completion of the residential developments. The improvement of the results in the first quarter of 2019 was influenced by active sales of Kristina Houses development in Tallinn and River Breeze Residence in Riga, also the completion of the 7th apartment building in the Kristina Houses development, where presales were realized in notarised sales transactions.

The gross profit of the first quarter of 2019 was 4.1 million euros compared to 1.8 million euros during the same period in 2018. Gross profit margin has increased by 130%.

The operating result of the first quarter in 2019 was 2.6 million euros comparing to 0.7 million euros profit during the same period in 2018. The higher operating result was influenced by good real estate sales in Tallinn and Riga and higher gross margin.

The net result of the first quarter in 2019 was 0.1 million euros loss and remained to the same level as in the comparable period. The net result of the period was influenced negatively by 1.7 million euros of interest expenses in AS Tallinna Moekombinaat due to the change of recognition of interest expenses. They are recorded in finance cost instead of capitalizing them into investment property, which has been done until 31 December 2018 (Note 14).

Cash used in operating activities in the first quarter of 2019 was -0.4 million euros comparing to 2.0 million euros of cash generated during same period in 2018.

Net assets per share on 31 March 2019 totalled to 1.78 euros compared to 1.46 euros on 31 March 2018.

Main events

On 31 January 2019 the Company informed about changes in the Management Board and Supervisory Council of its subsidiaries. Ervin Nurmela was recalled from the Management Board member position of AS Tallinna Moekombinaat and from the Supervisory Council member position of AS Tondi Kvartal. Allan Remmelkoo was elected as the new Supervisory Council member of AS Tondi Kvartal. Allan Remmelkoo was recalled from the Management Board member position of AS Tondi Kvartal and

Ervin Nurmela was elected as the new Management Board of AS Tondi Kvartal. CEO of AS Pro Kapital Grupp Paolo Michelozzi said that Allan Remmelkoor continues to work with the T1 Mall of Tallinn and in preparations for potential new shopping mall developments. Ervin Nurmela focuses on the large-scale development projects of Kristiine City and Kalaranna Kvartal residential and commercial area in Tallinn, Estonia.

On 8 March 2019 the Company prolonged the redemption date of 382 778 PKG6 convertible bonds by 2 years. New redemption date is 8 March 2021.

On 13 March 2019 the Company announced about the decision of the Supervisory Council of Pro Kapital to re-elect member of the Management Board of Pro Kapital, Edoardo Axel Preatoni until 31 December 2021.

On 24 April 2020, after the reporting period, the Company redeemed 30 “AS Pro Kapital Grupp bond 04.2019” bonds in total issue price of 300 000 euros.

Key performance indicators

	2019 3M	2018 3M	2018 12M
Revenue, th EUR	10 372	6 798	27 991
Gross profit, th EUR	4 142	1 804	9 576
Gross profit, %	40%	27%	34%
Operating result, th EUR	2 644	687	21 483
Operating result, %	25%	10%	77%
Net result, th EUR	-113	-118	18 056
Net result, %	-1%	-2%	65%
Earnings per share, EUR	0.00	0.00	0.30
	31.03.2019	31.03.2018	31.12.2018
Total Assets, th EUR	247 386	183 962	245 112
Total Liabilities, th EUR	146 761	101 398	144 374
Total Equity, th EUR	100 625	82 564	100 738
Debt / Equity *	1.46	1.23	1.43
Return on Assets, % **	-0.1%	-0.1%	8.6%
Return on Equity, % ***	-0.1%	-0.1%	19.7%
Net asset value per share, EUR ****	1.78	1.46	1.78

*debt / equity = total debt / total equity

**return on assets = net profit/loss / total average assets

***return on equity = net profit/loss / total average equity

****net asset value per share = net equity / number of shares

Chairman's summary

Our key focus is set on the development of residential and commercial quarters in all Baltic states. We have either already started or are in the planning process for seven large-scale development projects in Tallinn, Riga and Vilnius. In addition to residential and commercial developments, we develop and operate shopping malls. In early November 2018 we opened T1 Mall of Tallinn shopping and entertainment centre right at the heart of the future transportation hub of the capital of Estonia. The concept of the new mall foresees the changes in the customer behaviour – people are looking for ways of spending quality time. In addition to shopping, T1 offers a diverse and large restaurant area, a cinema, family entertainment centre Super Sky Park and a newly opened Ferris Wheel on the rooftop - one of a kind in all Europe.

We have started the year 2019 with strong results in revenues and gross profit. The sales revenues for the first quarter of 2019 were 10.4 million euros, which is an increase of 53% compared to the 6.8 million euros during the same period last year. This result was strongly influenced by the active sales of Kristina Houses development in Tallinn and River Breeze Residence in Riga, but also rental revenues from T1. Our revenues from the sales of the real estate depend on the completion of the residential developments, as the revenues are recorded at the moment notary deeds of sale are concluded. As a result of the active sales, the operating result for the first quarter of 2019 was 2.6 million euros comparing to 0.7 million euros profit during the same period in 2018. Gross profit margin has increased significant 51%. However, otherwise the positive results were influenced by 1.7 million euros interest expenses related to T1 project, which in previous periods have been capitalized into cost of investment property. Consequently, the net result of the first quarter in 2019 was 113 thousand euros loss compared to 118 thousand euros loss during the same period in 2018.

Pro Kapital is continuously focused on improving the efficiency. We are exploring opportunities to reduce financial costs by refinancing current debt instruments. We expect stable growth in revenues and operating results during the upcoming periods.

Building new communities

Our activities have significant impact on the wider communities they are built in. We are focused on large area developments and by doing so, we create completely new value to the neighbourhoods which have not been used historically or have been considered invaluable.

One of the most significant ongoing developments in Tallinn, Kristiine City, allows to expect increase in real-estate price in the entire surrounding area. We are currently developing the Kristiine City second development stage Kristiina Houses, consistent of ten apartment buildings and the surrounding infrastructure and greenery as an integral part of every one of our development projects. Kristina Houses has already proven to be highly valued amongst the customers, with more than 85% of the apartments find a new owner during the presales prior the completion of the construction. We finalized the construction of the seventh house during the first quarter of 2019 and realized therefore the pre-sales into notarized sales transactions. Development of the final three Kristina Houses, with 92 new homes is ongoing. Simultaneously to construction works we are actively proceeding with the presales.

Concurrently we are in progress with projecting works for a prestigious Kalaranna Residential and Commercial Quarter, right at the border of Tallinn's old town. Kalaranna's unique location just by the bay of Tallinn is making it as one of the most exclusive development projects in the city. Although we have not yet started with construction nor sales activities, we have started with initial reservations responding to the high interest towards the project. To date we have signed 78 reservation agreements for residential premises in Kalaranna.

In Riga we are building Kliversala residential area right at the heart of the city. A land plot of almost five hectares in total, will be developed as an integral area that binds together the feeling of a metropolitan, modern architecture and well considered living environment. First apartment house of the area, River Breeze Residence was completed last year. The sales of two luxury homes in the River Breeze Residence, totalling to net 2.4 million euros, had a strong impact on the 2019 first quarter revenues. Simultaneously to active sales and development in the Kliversala, we are also proceeding with other major development projects in Riga. The Brivibas Business Quarter, known before as Zvaigznes, will be built on the site of a former factory and its location at the artery of transportation is making it an attractive commercial area. This business quarter is also highly expected in the market, because there is an evident lack of large commercial premises. Another development project under technical design

process is Tallinas Street 5/7 residential quarter, which is a modern combination of new and restored historical buildings.

In Vilnius, Pro Kapital is developing a Šaltinių Namai area, bordering with and offering a stunning view from the top-hill to the historic old town. The construction works for the area's second stage, Šaltinių Namai Attico, are ongoing and we expect to complete the four houses mid 2019. Likely with our other regions, the sales are actively ongoing during the construction works. 79 preliminary agreements have been signed in Šaltinių Namai Attico project.



Paolo Michelozzi
CEO
AS Pro Kapital Grupp
29 April 2019

Group structure

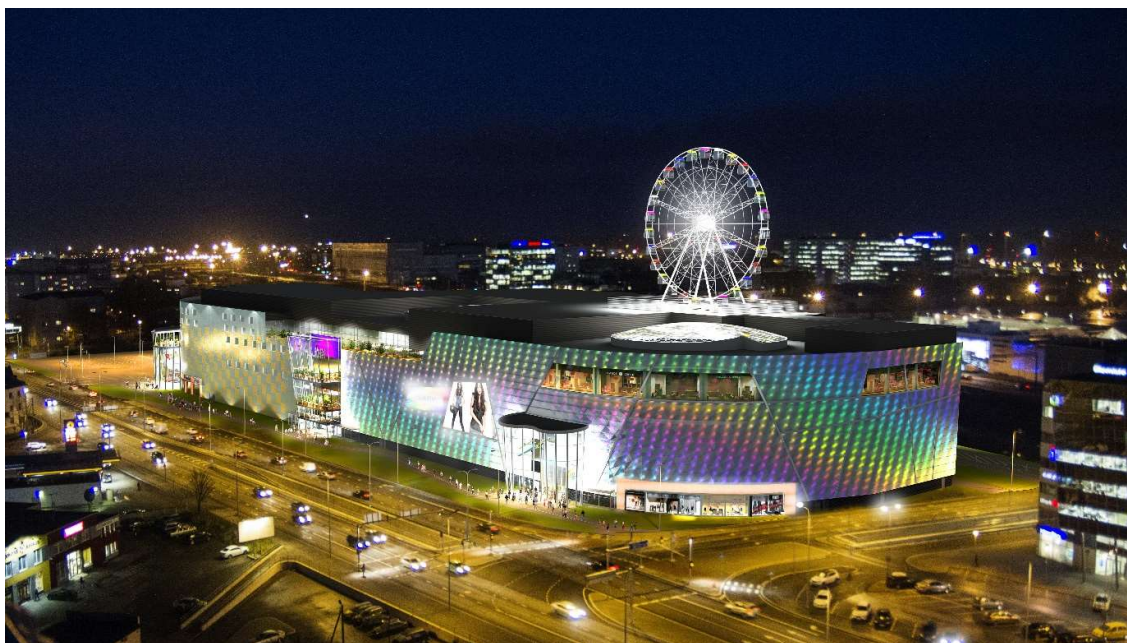
As at 31 March 2019



Overview of the development projects

T1 Mall of Tallinn – a new standard of retail and entertainment

T1 Mall of Tallinn is located at the centre of the near-future heart of the capital of Estonia. Unlike any shopping or entertainment centre in the Baltics, T1 is bringing communities together and change the behaviour and interpersonal interaction entirely. The Company believes people need more comfort and consolidation from services and experiences, more openness and responsiveness. T1 is thereby one of the key development projects that reflects the mindset of the Company. T1, with total building volume of 130 thousand square metres and gross leasable area 55 thousand square meters, is opened to the visitors from November 2018.



Ülemiste 5, Tallinn

Ülemiste 5 land plot is closely connected to the T1 Mall of Tallinn property, located on Peterburi road 2. Ülemiste 5 will be developed for commercial premises with gross leasable area 14 thousand square meters. This development project will play a significant role in establishing the new public transportation centre of Tallinn. The Company is currently in the process of establishing new detail plan with regards to the connection with Rail Baltica terminal. The plan will be coordinated and implemented in close co-operation with the City of Tallinn.

Kristiine City in Tallinn

Kristiine City is one of the largest residential areas in the Baltic countries, located in the Kristiine borough, a residential area very close to the heart of the City Centre of Tallinn. The unique project plans exquisitely integrated historical red brick buildings with the modern architecture that will arise over the hill, at the very heart of the new quarter. The Kristiine City development will bring lively and elegant atmosphere to the historical barrack area. The residential area is developed mainly to offer green living environment to families and people who prefer living outside the very centre or the city.

Kristina Houses in Kristiine City

This is a development of ten new apartment buildings located in Kristiine City with an estimation of 22 thousand square meters of net sellable area in total. The Company



has, to date, completed seven apartment buildings. The construction and presale of the final three buildings are ongoing. Seventh building was completed in March and the last three apartment buildings at Sammu street will be ready by the end of 2019.

Kalaranna in Tallinn

The Kalaranna development is located at the very heart of Tallinn, in the most exclusive and prestigious area, right on the beachfront of central Tallinn. The detail planning of the property includes a beach promenade and a well-connected public space with a building solution, turning the entire region into a truly valuable area at the heart of the city. The



total net sellable or rentable area of the development is more than 30 thousand square meters, most of which is residential real estate. The Company has finalised the detail planning and design works are currently in progress. The design is carried out by well-known architects Ott Kadarik and Mihkel Tüür, who were the winners of architectural competition held.

Kliversala in Riga

The district of Kliversala is located in the most picturesque and beautiful part of the centre of Riga. A land plot of almost five hectares in total, is located on the peninsula on the Daugava river and Agenskalna bay, facing the towers of Old Riga and the President Castle. The property will be developed as an integral residential quarter.

The River Breeze Residence and the neighbouring territory are a significant part of the long-term development strategy of the city of Riga, which will be carried out through the period until 2030. Mainly, because the River Breeze Residence is located within the UNESCO heritage protection area and is thereby considered as a highly valuable territory.

The River Breeze Residence is a newly constructed residential building and a landmark of the city's silhouette, on the left side of the bank of the river. The River Breeze Residence is the first building in the Kliversala quarter, exclusive residential development, located on the shore of river Daugava and Agenskalna bay. Construction works of the building were completed in spring 2018 and the Company has started design works for the following phase.



Zvaigznes Quarter in Riga

Commercial property development for modern office complex will be built on the site of a former factory. The area is located at one of the main transport arteries heading through the city – the Brīvības street - making it an attractive commercial area. The first phase of the project foresees renovation of the existing industrial building into an office building. The construction of new office and commercial buildings will be carried out as a second phase of the project. The site is ready for construction, existing building is conserved. The Company started the design works for the renovation in 2017 and is currently in progress with technical design of the premises.



Tallinas Quarter in Riga

Tallinas street 5/7 is located in the central city of Riga, where a new residential development is planned. The project foresees a series of apartment buildings with commercial premises on the first floor. The building complex will consist of new buildings and restored historical buildings that will create a unique atmosphere in the area. The building permit has been issued and the technical design is currently in progress.

Šaltinių Namai in Vilnius

Šaltinių Namai Attico is a prestigious new quarter surrounded by the nature in the most peaceful part of the Old Town of Vilnius. All four apartment buildings, currently under construction, will be built ensuring the highest standards of energy efficiency.

The first stage of Project Šaltinių Namai has been completed, with altogether six five-floor buildings with attics and eleven private cottages. Residents of Šaltinių Namai quarter are already enjoying the private courtyard, beautiful landscape and fully equipped children's playground.



Segments and sales information

The Company's operations are divided across four geographical segments: Estonia, Latvia, Lithuania and Germany. In addition, the Company monitors its activities through the business activities: real estate sale and rent, hotel operations, maintenance of real estate and other services.

Revenue structure of three months in 2019, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	3M	3M	3M	3M	3M	3M	3M	3M	3M	3M
Real estate	4 465	5 067	2 375	0	58	188	0	0	6 898	5 255
Rent	2 502	1	17	18	20	25	0	0	2 539	44
Hotel	0	0	0	0	0	0	864	898	864	898
Maintenance	10	526	0	7	36	35	0	0	46	568
Other	15	0	5	32	5	1	0	0	25	33
Total	6 992	5 594	2 397	57	119	249	864	898	10 372	6 798

During the reporting period, the Company's operations in **Estonia** consisted of the development and sales of apartments and business premises, rental revenue and maintenance of residential and business premises. Revenue from rent and maintenance services of T1 Mall of Tallinn is included in the rent revenue.

The share of the Estonian segment as a percentage of total revenues of the Company for the three months amounted to 67.4% compared to 82.3% during the same period last year. The decrease in Estonian segment is resulting from growing real estate sale segment in Latvia.

During the reporting period, the total of 32 apartments, 38 parking lots and 22 storage rooms were sold (2018 3M: 55 apartments, 1 business premises, 44 parking lots and 8 storage rooms). Seven of ten apartment buildings have been completed in Kristina Houses development project. Five of them are completely sold. At the moment of issuing the current report the total of only 5 apartments are available in the sixth and seventh buildings. 42 presales agreements have been signed for the last three houses. At the end of the reporting period the stock consisting of 12 apartments and 1 business premises, also several parking spaces and storage rooms were available for sale in Tallinn.

During the reporting period, the Company's operations in **Latvia** mainly consisted of development and sale of apartments in premium residential real estate property.

The share of the Latvian segment as a percentage of total revenues of the Company for the three months amounted to 23.1% comparing to 0.8% in the same period last year. The increase results from active sale of real estate in the River Breeze Residence in Kliversala. At the moment of issuing the current report only 36 luxury apartments are available for sale.

The Company's operations in **Lithuania** mainly consist of development and sale of apartments in premium residential real estate properties.

The share of the Lithuanian segment as a percentage of total revenues of the Company for the three months amounted to 1.1% comparing to 3.7% during the same period last year. Most of the first stage of Šaltinių Namai completed project has been sold. In 2017, the construction works of the second stage started and four apartment buildings should be completed in the middle of 2019. At the moment of issuing the current report 78 preliminary agreements have been signed for the Šaltinių Namai Attico project.

As there are limited number of inventories for sale in Lithuania, the Company purchased 12 flats and 7 parking lots at a competitive price for further resale in 2018. 11 of the flats and 5 parking lots have been already sold by this date.

During the reporting period 7 storage rooms were sold in Lithuania (2018 3M: 1 business premises). There were 6 apartments, 3 cottages, 3 business premises, several storage rooms and parking lots in stock in Vilnius at the end of the reporting period.

The Company's operations in **Germany** consist of development and management of PK Parkhotel Kurhaus, located in Bad Kreuznach.

The share of the German segment as a percentage of total revenues of the Company for the three months amounted to 8.3% comparing to 13.2% last year. The decrease in German segment is resulting from growing real estate sale segment in Estonia and Latvia and opening of T1 Mall of Tallinn. The occupancy of PK Parkhotel Kurhaus 58.2% shows 12% decrease comparing to 66.2% for the same period in 2018. Gross operating profit has decreased 37.1% and amounted to 69 thousand euros comparing to 110 thousand in 2018. Net result fell by 49% comparing to the same period last year.

Other operative data of three months in 2019

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	3M	3M	3M	3M	3M	3M	3M	3M	3M	3M
M2 sold*	2 289	2609	689	0	0	96	0	0	2 978	2705
Average price, m2/EUR*	1 801	1 861	3 131	0	0	1 960	0	0	2 109	1 865
M2 under maintenance	21 048	61 869	0	15 038	17 844	17 546	0	0	38 892	94 453
Occupancy rate %, hotels**	N/A	N/A	N/A	N/A	N/A	N/A	57.8%	66.2%	57.8%	66.2%

*Square meters do not include parking spaces nor storage rooms, prices are considered without value added tax

** EST, LV and Total hotel occupancy is presented until the hotel sale transaction dates

Financing sources and policies

Pro Kapital pursues conservative financing policy, targeting on high ratio of equity in its projects, as compared to the industry standards. The objective of the Company is to use external financing in a manner that enables to avoid interest and loan covenant related risk during the low economic periods and to have sufficient additional external financing capacity when attractive business opportunities occur. The Company seeks to maintain such long-term debt levels that are in reasonable proportion to growth in operations and which preserve the Company's credit standing.

During the reporting period, the Company borrowed 1.7 million euros from AB Luminor Bankas (Lithuania) and 5.8 million euros from LHV Bank. The Company has repaid 1.8 million euros of the bank loans during the first quarter of 2019. As at 31 March 2019, the total amount borrowed from the banks was 89.3 million euros. Bank loans are predominantly of middle-term duration, maturing within one to five years. Repayment schedule is mixed, both fixed for some loans and floating, depending on sales volumes, for others.

As at 31 March 2019 the Company had 10.1 million euros convertible bonds (current portion: 4.3 million euros; long term portion: 5.8 million euros), 0.6 million euros non-convertible bonds (current portion: 0.6 million euros) and 29.4 million euros secured, callable, fixed rate bonds with redemption date 1 June 2020 of which 1.4 million euros worth bonds are held by Pro Kapital.

Shares and shareholders

As at 31 March 2019 Pro Kapital had issued 56 687 954 shares in total with the nominal value 0.20 euros. The registered share capital of the Company was 11 337 590.80 euros.

As at 31 March 2019 there were 169 shareholders registered in the shareholders register. Many of the shareholders registered in the shareholders register are nominee companies, which represent different non-resident investors.

Shareholders holding over 5% of the shares as at 31 March 2019 were as follows:

Shareholders	Number of shares	Participation in %
Raiffeisen Bank International AG	27 954 561	49.31%
Clearstream Banking Luxembourg S.A. Clients	10 844 908	19.13%
Nordea Bank AB (Publ)/ Non-treaty Clients	6 161 496	10.87%
Svalbork Invest OÜ	4 051 238	7.15%

The largest shareholders of AS Pro Kapital Grupp are Ernesto Preatoni and his affiliates. Based on the information at the possession of AS Pro Kapital Grupp as of 31 March 2019 Ernesto Preatoni and his affiliates control 41.22% of shares of AS Pro Kapital Grupp. The following shares are considered as being controlled by Ernesto Preatoni because the Management Board believes that he is able to control the use of voting rights by such persons:

- OÜ Svalbork Invest, Estonian company controlled by Ernesto Preatoni which holds 4 051 238 shares representing 7.15% of the total shares of the Company.
- 14 007 726 shares representing 24.71% of the total shares of the Company held through a nominee account opened by Raiffeisen Bank International AG.
- 5 310 985 shares representing 9.36% of the total shares of the Company held through a nominee account opened by Nordea Bank.

Participation of Member of the Management Board and the Council Members as at 31 March 2019 is as follows:

Name	Position	Number of shares	Participation in %
Paolo Vittorio Michelozzi	CEO	281 647	0.50%
Allan Remmelkoor	COO	0	0.00%
Edoardo Axel Preatoni	Board member	0	0.00%
Emanuele Bozzone	Chairman of the Council	0	0.00%
Petri Olkinuora	Council Member	30 000	0.05%
Pertti Huuskonen	Council Member	26 000	0.05%

Paolo Vittorio Michelozzi is holding 3 secured, callable, fixed rate bonds of the Company with the nominal value of 300 000 euros.

Edoardo Axel Preatoni is holding 10 secured, callable, fixed rate bonds of the Company with the nominal value of 1 000 000 euros.

Emanuele Bozzone, with his affiliates, is holding 5 secured, callable, fixed rate bonds of the Company with the nominal value of 500 000 euros.

Earnings per share during the three months of 2019 were 0.00 euros (2018 3M: 0.00 euros).

Trading price range and trading amounts of Pro Kapital Grupp shares, 1 January – 31 March 2019, NASDAQ Baltic Main List



Source: nasdaqbaltic.com

On 23 November 2012 the Company was listed on the secondary list of Tallinn’s stock exchange. Starting from 19 November 2018 the shares of the Company are traded in the Main List of Tallinn’s stock exchange. During the period 1 January – 31 March 2019 the shares were trading at the price range 1.40 - 1.71 euros, with the closing price of 1.48 euros per share on 29 March 2019. During the period 169 thousand of the Company’s shares were traded with their turnover amounting to 258 thousand euros.

On 13 March 2014 the Company's shares started trading on Frankfurt's stock exchange trading platform Quotation Board. During the period of 1 January – 31 March 2019 the shares were trading at the price range of 1.30 - 1.62 euros, with the closing price 1.41 euros per share on 29 March 2019. During the period 153 thousand of the Company's shares were traded with the total turnover of 221 thousand euros.

Legal overview and developments

The Company has set the policy to disclose the information about pending court litigation disputes which might have material financial effect on the Company and its share price. The Company will disclose all disputes which might have financial effect of at least 100 000 euros (at once or during the period of one financial year).

AS Pro Kapital Grupp and its subsidiaries did not have any pending court litigation which might have financial effect of at least 100 000 euros as at the end of the reporting period.

People

As at 31 March 2019 the Company employed 91 people compared to 88 people on 31 March 2018. 42 of them were engaged in hotel and property maintenance services (45 on 31 March 2018). The number of employees does not include council members.

Risks

The most significant risks for the Company are related with the market, liquidity and financing. The long- term business approach enables the Company to mitigate the risks of possible market fluctuation. The Company is further pursuing long-term strategic approach, allowing it to acquire properties for development when market is low and sell the developed properties at the peak of business circle, thus naturally capitalising on market opportunities and hedging market risks.

Liquidity risks are managed on an ongoing basis, with increased focus on working capital dynamics and needs. Both careful roll-on basis cash planning, monitoring of development project cash flow and flexibility in everyday cash needs contribute to effective management of liquidity risks.

Risk of financing might prolong the Company's schedule of property development and cause the slow-down of realization of its real estate portfolio. The risk is managed through maintaining the continuity of funding and balancing through the use of bank overdrafts, bank loans, bonds and other debentures as well as expanding its investor base and attracting additional financing from outside of Estonia. The Company considers the main risk of events occurring in local banking market, in terms of less alternatives for financing real estate projects and increasing interest rates.

Estonian real estate market has increased continuously during the last decade. At the end of 2018 the market was decreasing slightly but it has remained active that are approving the latest results in 2019.

Significant risk of business risk would occur with another crisis, the decrease of the substantial purchasing capability of the permanent residence, the increase of the interest rates for mortgage loans and other factors which could decrease the demand for real estate and have a negative impact to the Group operating activities, decreasing the sales and rent income as well the gain from development activities, property management service. The Company has valued possible business risks and has taken necessary measures to ensure the sustainability in its development.

Due to long-term orientation in business model the Company can survive turbulences in the markets. The Company is further pursuing long term strategic approach, enabling it to acquire properties for development when market is low and sell the developed properties at the peak of business cycle, thus naturally capitalising on market opportunities and hedging market risk. The size and the diversity of the Company's real estate portfolio allows to adjust itself according to the needs in the market.

Asset risks are covered by effective insurance contracts.

Management Board's confirmation of the management report

The Management Board confirms that the management report presents a true and fair view of any significant event, development of business activities and financial position as well as includes a description of the main risks and doubts. The interim report includes description of relevant transactions with related parties.

Paolo Michelozzi	Chief Executive Officer and Chairman of the Management Board	29 April 2019
Allan Remmelkoor	Chief Operating Officer and Member of the Management Board	29 April 2019
Edoardo Preatoni	Member of the Management Board	29 April 2019

Consolidated financial statements

Consolidated interim statement of financial position

in thousands of euros	Notes	31.03.2019	31.03.2018	31.12.2018
ASSETS				
Current assets				
Cash and cash equivalents		6 166	8 225	7 040
Current receivables		845	4 459	2 928
Inventories	5	59 962	39 488	59 331
Total current assets		66 973	52 172	69 299
Non-current assets				
Non-current receivables		677	36	216
Property, plant and equipment	6	7 743	7 125	7 128
Investment property	7	171 672	124 316	168 145
Intangible assets		321	313	324
Total non-current assets		180 413	131 790	175 813
TOTAL ASSETS	3	247 386	183 962	245 112
LIABILITIES AND EQUITY				
Current liabilities				
Current debt	8	14 540	10 667	10 328
Customer advances		5 510	6 920	5 707
Current payables		8 188	12 210	11 939
Tax liabilities		395	510	357
Short-term provisions		903	176	852
Total current liabilities		29 536	30 483	29 183
Non-current liabilities				
Long-term debt	8	113 937	64 651	112 009
Other non-current payables		1 140	4 152	1 039
Deferred income tax liabilities		2 004	2 004	2 004
Long-term provisions		144	108	139
Total non-current liabilities		117 225	70 915	115 191
TOTAL LIABILITIES	3	146 761	101 398	144 374
Equity attributable to owners of the Company				
Share capital in nominal value		11 338	11 338	11 338
Share premium		5 661	5 661	5 661
Statutory reserve		1 082	1 082	1 082
Revaluation reserve		3 262	3 262	3 262
Retained earnings		76 771	59 944	59 944
Profit/ Loss for the period		-43	-96	16 827
Total equity attributable to owners of the Company		98 071	81 191	98 114
Non-controlling interest	4	2 554	1 373	2 624
TOTAL EQUITY		100 625	82 564	100 738
TOTAL LIABILITIES AND EQUITY		247 386	183 962	245 112

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated interim statements of comprehensive income

in thousands of euros	Notes	2019 3M	2018 3M	2018 12M
CONTINUING OPERATIONS				
Operating income				
Revenue	9	10 372	6 798	27 991
Cost of goods sold	10	-6 230	-4 994	-18 415
Gross profit	11	4 142	1 804	9 576
Marketing expenses		-142	-179	-1 336
Administrative expenses	12	-1 353	-1 085	-5 427
Other income	13	27	176	18 839
Other expenses	13	-30	-29	-169
Operating profit		2 644	687	21 483
Financial income	14	1	1	4
Financial expense	14	-2 757	-859	-3 473
Profit/ loss before income tax		-112	-171	18 014
Income tax		-1	53	42
Profit/ loss for the period		-113	-118	18 056
Attributable to:				
Equity holders of the parent		-43	-96	16 827
Non-controlling interest	4	-70	-22	1 229
Total comprehensive income/ loss for the year		-113	-118	18 056
Attributable to:				
Equity holders of the parent		-43	-96	16 827
Non-controlling interest		-70	-22	1 229
Earnings per share for the period (EUR)	15	0.00	0.00	0.30

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated interim statements of cash flows

in thousands of euros	Note	2019 3M	2018 3M	2018 12M
Cash flows from operating activities				
Profit/loss for the period		-113	-118	18 056
Adjustments for:				
Depreciation, amortisation of non-current assets		94	52	214
Gain from disposal of property, plant, equipment		0	-18	-4
Gain from disposal of investment property		0	0	-418
Change in fair value of property, plant, equipment		0	0	-13
Change in fair value of investment property		0	0	-17 995
Finance income and costs	14	2 756	858	3 469
Changes in deferred tax assets and liabilities		0	0	-54
Other non-monetary changes (net amounts)		31	-503	15 458
Changes in working capital:				
Trade receivables and prepayments		1 572	430	1 781
Inventories		-582	-1 464	-21 307
Liabilities and prepayments		-4 145	2 850	-128
Provisions		10	19	-107
Net cash used/ generated in operating activities		-377	2 053	-1 048
Cash flows from investing activities				
Payments for property, plant and equipment	6	-31	-57	-206
Payments for intangible assets		-1	0	-24
Proceeds from disposal of property, plant, equipment		0	336	336
Payments for investment property		-3 533	-9 290	-47 786
Proceeds from disposal of investment property		0	0	1 000
Interests received	14	1	1	4
Net cash used in investing activities		-3 564	-9 010	-46 676
Cash flows from financing activities				
Dividend payment		0	0	-850
Redemption of convertible bonds		0	0	-9
Redemption of non-convertible bonds		0	0	-640
Proceeds from borrowings		7 570	7 443	56 923
Repayment of borrowings		-3 843	-2 051	-7 496
Repayment of lease liabilities		-36	0	0
Interests paid		-624	-527	-3 481
Net cash generated by financing activities		3 067	4 865	44 447
Net change in cash and cash equivalents		-874	-2 092	-3 277
Cash and cash equivalents at the beginning of the period		7 040	10 317	10 317
Cash and cash equivalents at the end of the period		6 166	8 225	7 040

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated interim statements of changes in equity

in thousands of euros	Share capital	Share premium	Statutory reserve	Properties revaluation reserve	Retained earnings	Attributable to equity owners of the parent	Non-controlling interests	Total equity
1 January 2017	10 854	1 816	1 082	9 462	55 191	78 405	1 799	80 204
Increase of share capital	484	3 845	0	0	0	4 329	0	4 329
Distribution of dividends	0	0	0	0	-850	-850	0	-850
Changes in revaluation reserve	0	0	0	-6 202	6 202	0	0	0
Comprehensive loss for the period	0	0	0	-4	-419	-423	-99	-522
31 December 2017	11 338	5 661	1 082	3 256	59 950	81 287	1 395	82 682
Changes in revaluation reserve	0	0	0	6	-6	0	0	0
Comprehensive loss for the period	0	0	0	0	-96	-96	-22	-118
31 March 2018	11 338	5 661	1 082	3 262	59 848	81 191	1 373	82 564
Comprehensive profit for the period	0	0	0	0	16 923	16 923	1 251	18 174
31 December 2018	11 338	5 661	1 082	3 262	76 771	98 114	2 624	100 738
Comprehensive loss for the period	0	0	0	0	-43	-43	-70	-113
31 March 2019	11 338	5 661	1 082	3 262	76 728	98 071	2 554	100 625

Notes to consolidated interim financial statements

Note 1. General information

AS Pro Kapital Grupp (hereinafter also referred to as “the Parent Company”) is a holding company incorporated and operating in the Republic of Estonia. The main shareholders of the Parent Company are following:

Shareholder	Country of incorporation	Ownership 31.03.19	Ownership 31.12.2018
Raiffeisen Bank International AG	Austria	49.31%	49.44%
Clearstream Banking Luxembourg S.A. Clients	Luxembourg	19.13%	18.42%
Nordea Bank Finland Plc Clients	Finland	10.87%	10.87%
Svalbork Invest OÜ	Estonia	7.15%	7.15%

For the purpose of comparable financial figures of these interim financial statements as at 31 March 2018, AS Pro Kapital Grupp is a holding company, which owns subsidiary groups in Estonia (Pro Kapital Eesti AS), Latvia (Pro Kapital Latvia PJSC), Lithuania (Pro Kapital Vilnius Real Estate UAB), and Germany (Pro Kapital Germany Holding OÜ) (hereinafter also referred to as „the Group“) and whose main fields of activity are to coordinate and control the development and implementation of the subsidiaries’ business strategies, to administrate the Group’s financial management, business reporting and to forward information to the investors.

For the comparable period of three months of 2019, these interim financial statements represent the consolidated assets, liabilities, equity, results of operations and cash flows of the Parent Company and its subsidiaries.

Note 2. Basis of preparation

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 „Interim Financial Reporting” as adopted by the European Union. The consolidated interim financial statements do not include all of the information required by complete set of financial statements and should be read in conjunction with annual consolidated financial statements of the Company as at and for the year ended 31 December 2018.

The accounting policies applied by the Company in these consolidated interim financial statements are the same as those applied by the Company in its consolidated financial

statements as at and for the year ended 31 December 2018, except for application of the new standard IFRS 16.

IFRS 16 “Leases” was adopted by the EU on 31 October 2017 and became effective for annual periods beginning on or after 1 January 2019. The purpose of the new standard is to ease the comparability of the financial statements, presenting both financial and operating leases in the statement of financial position of the lessees, and providing corresponding information to the users of the financial statements about the risks associated with the agreements.

The Group has decided to apply modified retrospective approach (with adjustment on initial application and with no restatement of 2018) and practical expedient not to reassess whether a contract is, or contains, a lease at the date of initial application. The Group as a lessee recognises all leases as right-of-use assets (Note 6) and lease liabilities (Note 8) at their present value of the future payments in the statement of financial position. The Group has decided to apply the practical expedient, which allows leases not longer than twelve months and leases of low value assets to recognise as an expense. Alternative incremental borrowing rate of 2.62% - 5% is applied depending on the class of asset.

Note 3. Segment reporting

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
2019 3M							
Revenue	0	6 992	2 399	119	990	-128	10 372
<i>Sale of real estate</i>	0	4 465	2 375	58	0		6 898
<i>Rental income</i>	0	2 502	17	20	0		2 539
<i>Hotel operations</i>	0	0	0	0	990		990
<i>Maintenance services</i>	0	10	0	36	0		46
<i>Other revenue</i>	0	15	7	5	0		27
Other operating income and expenses (net)	-1	-6	7	-2	-3		-3
Segment operating profit/loss	-491	2 382	854	-55	-48	2	2 644
Financial income and expense (net)	-1 253	-1 293	-116	-55	-34	-5	-2 756
Profit/Loss before income tax	-1 744	1 089	738	-110	-82	-3	-112
Income tax	0	0	0	-1	0		-1
Non-controlling interest	0	-70	0	0	0		-70
Net profit/loss for the financial year attributable to equity holders of the parent	-1 744	1 159	738	-111	-82		-43

31.03.2019

Assets	59 195	258 098	32 528	27 307	6 924	-136 666	247 386
Liabilities	117 661	87 930	22 639	19 631	4 025	-105 125	146 761
Acquisition of non-current assets	1	2	2	1	26		32
Depreciation and amortisation	-2	-15	-13	-8	-56		-94

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
2018 3M							
Revenue	0	5 594	58	249	1 033	-136	6 798
<i>Sale of real estate</i>	0	5 128	0	188	0		5 316
<i>Rental income</i>	0	1	18	25	0		44
<i>Hotel operations</i>	0	0	0	0	1 033		1 033
<i>Maintenance services</i>	0	465	8	35	0		508
<i>Other revenue</i>	0	0	32	1	0		33
Other operating income and expenses (net)	0	134	3	2	23	-15	147
Segment operating profit/loss	-407	1 336	-114	-95	-33		687
Financial income and expense (net)	-1 190	517	95	-55	-35		-858
Profit/Loss before income tax	-1 597	1 853	-209	-150	-68		-171
Income tax	0	0	0	53	0		53
Non-controlling interest	0	-22	0	0	0		-22
Net profit/loss for the financial year attributable to equity holders of the parent	-1 597	1 875	-209	-97	-68		-96

31.03.2018

Assets	56 786	188 387	36 394	21 998	7 027	-126 630	183 962
Liabilities	111 772	42 835	23 739	13 956	4 187	-95 091	101 398
Acquisition of non-current assets	0	4	40	0	13		57
Disposal of non-current assets	0	-2	0	-366	0		-368
Depreciation and amortisation	-1	-13	0	-5	-37		-56

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transacti ons eliminati on	Total
2018 12M							
Revenue	705	15 464	5 771	2 828	4 457	-1 234	27 991
Sale of real estate	0	13 284	5 616	2 553	0		21 453
Rental income	0	1 271	69	118	0		1 458
Hotel operations	0	0	0	0	4 457		4 457
Maintenance services	0	644	10	141	0		795
Other revenue	705	265	76	16	0		1 062
Other operating income and expenses (net)	-1	20 599	-1 934	0	6		18 670
Segment operating profit/loss	-1 592	23 294	-300	-136	217		21 483
Financial income and expense (net)	-1 741	2 086	-383	-265	-140	-3 026	-3 469
Profit/Loss before income tax	-3 333	25 380	-683	-401	77	-3 026	18 014
Income tax	0	0	-3	48	-3		42
Non-controlling interest	0	1 229	0	0	0		1 229
Net profit/loss for the financial year attributable to equity holders of the parent	-3 333	24 151	-686	-353	74		16 827

31.12.2018

Assets	60 057	255 324	32 409	27 156	7 034	-136 868	245 112
Liabilities	116 780	86 244	23 258	19 369	4 052	-105 329	144 374
Acquisition of non-current assets	0	56	40	2	132		230
Disposal of non-current assets	0	0	0	-358	0		-358
Depreciation and amortisation	-5	-39	-7	-11	-152		-214

Note 4. Changes in minority shareholding

AS Tallinna Moekombinaat

Minority (%) as at 1 January 2018	6.65%
Minority (%) as at 31 March 2018	6.65%
Minority (%) as at 31 December 2018	6.65%
Minority (%) as at 31 March 2019	6.65%

in thousands of euros

Non-controlling interest as at 1 January 2018	1 395
Loss for the reporting period	-22
Non-controlling interest as at 31 March 2018	1 373
Profit for the reporting period	-1 251
Non-controlling interest as at 31 December 2018	2 624
Loss for the reporting period	-70
Non-controlling interest as at 31 March 2019	2 554

Note 5. Inventories

in thousands of euros	31.03.2019	31.03.2018	31.12.2018
Property held for resale	15 140	5 782	16 604
Works in progress	44 718	33 554	42 665
Goods bought for resale	55	50	58
Prepayments for inventories	49	102	4
Total	59 962	39 488	59 331

Property held for resale include completed real estate stock in Tallinn, Riga and Vilnius.

Works in progress include properties being under development in Tallinn and Vilnius or waiting for development in the nearest future. Second stage of Šaltinių Namai development project in Vilnius is expected to be completed in the middle of 2019 and residential buildings in Sammu street in autumn of 2019.

Note 6. Property, plant and equipment

Land and buildings held for providing services or for administrative purposes are stated at their revalued amounts being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

in thousands of euros	31.03.2019	31.03.2018	31.12.2018
Acquisition value	10 859	10 189	10 154
Accumulated depreciation	-3 116	-3 064	-3 026
Residual value	7 743	7 125	7 128

On 31 March 2019 land and buildings comprised of hotel property in Bad Kreuznach, Germany and office premises in Tallinn.

On comparable date 31 December 2018, property, plant and equipment did not include right-of-use assets. On 1 January 2019 the Group recognised leases in total amount of 674 thousand euros as right-of-use assets using modified retrospective approach.

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Right-of-use assets	Prepayments	Total
Acquisition value 01.01.2018	9 267	880	344	0	9	10 500
Additions:						
Acquired	0	13	44	0	0	57
Disposals:						
Sold	-358	0	0	0	0	-358
Written off	0	0	-10	0	0	-10
Acquisition value 31.03.2018	8 909	893	378	0	9	10 189
Additions:						
Acquired	94	25	30	0	-9	140
Reclassification	-45	0	-123	0	0	-168
Changes in fair value	-2	0	0	0	0	-2
Disposals:						
Written off	0	0	-5	0	0	-5
Acquisition value 31.12.2018	8 956	918	280	0	0	10 154
Initial application of IFRS 16 (Note 1)	0	0	0	674	0	674
Adjusted acquisition value 01.01.2019	8 956	918	280	674	0	10 828
Additions:						
Acquired	0	3	5	0	23	31
Acquisition value 31.03.2019	8 956	921	285	674	23	10 859

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Right-of-use assets	Prepayments	Total
Accumulated depreciation 01.01.2018	1 934	843	288	0	0	3 065
Additions:						
Depreciation charge for the period	38	5	6	0	0	49
Disposals and write offs:						
Sold	-40	0	0	0	0	-40
Written off	0	0	-10	0	0	-10
Accumulated depreciation 31.03.2018	1 932	848	284	0	0	3 064
Additions:						
Depreciation charge for the period	109	16	24	0	0	149
Relassification	-44	0	-123	0	0	-167
Changes in fair value	-15	0	0	0	0	-15
Disposals and write offs:						
Written off	0	0	-5	0	0	-5
Accumulated depreciation 31.12.2018	1 982	864	180	0	0	3 026
Additions:						
Depreciation charge for the period	37	5	9	39	0	90
Accumulated depreciation 31.03.2019	2 019	869	189	39	0	3 116

Note 7. Investment property

in thousands of euros	Property held for increase in value	Property held for operating lease	Total
Balance at 01.01.2018	114 140	0	114 140
Additions:			
Investments	9 290	0	9 290
Capitalised interests	886	0	886
Balance at 31.03.2018	124 316	0	124 316
Additions:			
Investments	40 910	0	40 910
Capitalised interests	3 184	0	3 184
Changes in fair value:			
Profit from change in fair value (Note 13)	17 995	0	17 995
Disposals:			
Sold	-582		-582
Start of operating lease	-129 200	129 200	0
Reclassified into inventories	-17 678	0	-17 678
Balance at 31.12.2018	38 945	129 200	168 145
Additions:			
Investments	293	3 234	3 527
Balance at 31.03.2019	39 238	132 434	171 672

The fair values of the Group's investment property at 31 December 2018 have been derived on the basis of valuations carried out by Colliers International, an independent valuator not related to the Group. The valuations were performed by reference to recent market information. Mainly discounted cash flow method was used due to low number of comparable market transactions.

Investments into property during reporting period include mainly construction costs of AS Tallinna Moekombinaat in amount of ca 3.2 million euros.

Note 8. Current and non-current debt

Current debt

in thousands of euros	31.03.2019	31.03.2018	31.12.2018
Bank loans and overdrafts	9 486	4 084	5 397
Convertible bonds	4 306	5 943	4 331
Non-convertible bonds	600	640	600
Lease liabilities	148	0	0
Total	14 540	10 667	10 328

Non-current debt

in thousands of euros	31.03.2019	31.03.2018	31.12.2018
Bank loans and overdrafts	79 333	31 600	77 970
Convertible bonds	5 819	4 318	5 802
Non-convertible bonds	27 789	28 287	27 763
Payables to non-controlling interest	483	446	474
Lease liabilities	513	0	0
Total	113 937	64 651	112 009

Creditors

in thousands of euros	31.03.2019	31.03.2018	31.12.2018
Luminor Bank AS (EE)	438	784	445
LHV Bank AS (EE)	7 074	0	3 855
AS Swedbank (LV)	3 276	0	4 494
AS DNB Bankas (LT)	6 081	6 008	4 347
Lintgen Adjacent Investments (Agent) incl long-term interests	71 947	28 892	70 222
Fiducaria Emiliana S.r.l including long-term interests	312	288	306
Anndare Limited including long-term interests	171	158	168
Convertible bonds, various investors	10 125	10 261	10 133
Non-convertible bonds, various investors	600	1 240	600
Secured bonds, various investors	27 789	27 687	27 763
Lease agreements (Note 1)	661	0	0
Swedbank (EE), overdraft	3	0	4
Total	128 477	75 318	122 337

All agreements and liabilities are fixed in euros. The total interest and other financial cost for the reporting period was 2.8 million euros (2018 3M: 859 thousand euros).

On comparable date 31 December 2018, current and non-current debt didn't include lease liabilities. On 1 January 2019, the Group recognised all leases, in amount of 673 thousand euros and the remaining balance as at 31 March 2019 is 661 thousand euros.

Convertible bonds

The Company has issued convertible bonds with issue price 2.80 euros and remaining balance sheet value is 10.3 million euros. Each convertible bond entitles the holder to redeem and exchange one bond to one share of the Company and for that purpose to subscribe for 1 share as provided in Terms and Conditions of the Convertible Bond Issue by AS Pro Kapital Grupp. Convertible bonds carry interest rate of 7%.

On 8 March 2019 the company prolonged the redemption date of 382 778 PKG6 convertible bonds by 2 years. New redemption date is 8 March 2021.

All other conditions for convertible bonds have remained unchanged.

Non-convertible unsecured bonds

The company has issued non-convertible bonds with issue price 10 000 euros. On the reporting date the remaining balance of non-convertible unsecured bonds is 60 bonds with total value of 600 000 euros.

Non-convertible secured bonds

On 2 April 2015 the Supervisory Council of AS Pro Kapital Grupp decided to approve the issue of secured, callable, fixed rate bonds of the Company. The Management Board of the Company was authorized to issue the bonds in several tranches, maximum up to 50 million euros. As at 31 December 2018 the Company has issued 293 bonds with the total value of 29.3 million euros with redemption date on 1 June 2020 and with a fixed rate of 8%. At the end of the reporting period 14 bonds were held by the Company itself and the liability on the balance sheet has been reduced by 1.4 million euros. The last emission of the bonds was issued with a discount, therefore 150 bonds are accounted for at a discounted rate. The total value of the bonds on the balance sheet on 31 December 2018 was 27.8 million euros.

Secured, callable, fixed rate bonds of the Company are secured with the shares of all subsidiaries of the Group as at 31 December 2018. Since 8 July 2015 the bonds have been listed on Nasdaq Stockholm.

Pledged assets in balance sheet value

in thousands of euros

Beneficiary	Collateral description	31.03.2018	31.12.2018
Bank accounts			
Nordic Trustee & Agency AB (Sweden)	Nordea Bank AB (Sweden)	35	37
Lintgen Adjacent Investments	AS Swedbank	245	919
Inventory			
Luminor Bank	Sõjakooli 12, 12a, 12b, 12c, Tallinn	1 161	3 176
Luminor Bank	Sammu 6, 6a, 6b, Tallinn	5 663	2 807
LHV Bank AS	Kalaranna 5, 7, 8, 22, Tallinn	15 825	15 681
AS Swedbanka (Latvia)	Trijadibas St.5, Riga	24 578	25 956
AB DNB Bankas (Lithuania)	Aguonu 8 & 10, Vilnius	14 025	12 916
Property, plant and equipment			
Nordea Bank Finland Estonian branch	Sõjakooli 11, Tallinn	730	730
Investment property			
Lintgen Adjacent Investments	AS Tallinna Moekombinaat	132 434	129 200

Share pledges to Nordic Trustee & Agency AB (NTA) related to secured callable fixed rate bonds:

NTA	Pro Kapital Germany Holdings OÜ	11	10
NTA	Pro Kapital Germany GmbH	25	25
NTA	PK Hotel Management Services GmbH	116	116
NTA	Pro Kapital Eesti AS	16 880	16 880
NTA	OÜ Ilmarise Kvartal	3	3
NTA	Pro Halduse OÜ	26	26
NTA	AS Tondi Kvartal	160	160
NTA	OÜ Marsi Elu	20	20
NTA	AS Tallinna Moekombinaat	11 795	11 795
NTA	Kalaranna Kvartal OÜ	3	0
NTA	Dunte Arendus OÜ	3	0
NTA	Pro Kapital Latvia JSC	9 960	9 960
NTA	Kliversala SIA	14 531	14 531
NTA	Tallina Nekustamie Īpašumi SIA	4 000	4 000
NTA	Nekustamo īpašumu sabiedrība Zvaigznes centrs SIA	2 500	2 500
NTA	Pro Kapital Vilnius Real estate UAB	1 335	1 335
NTA	In Vitam UAB	3	3
NTA	PK Invest UAB	823	823
NTA	Pro Kapital Bonum UAB	800	800

Note 9. Revenue

Segment revenue

in thousands of euros	2019 3M	2018 3M	2018 12M
Revenue from contracts with customers			
Revenue from sale of real estate	6 897	5 255	21 453
Hotel operating revenue	864	898	3 935
Revenue from maintenance and other services	72	601	1 145
Total revenue from contracts with customers	7 833	6 754	26 533
Rental income	2 539	44	1 458
Total	10 372	6 798	27 991

Rental income has increased significantly for 2.5 million euros due to the opening of T1 Mall of Tallinn in November 2018.

Timing of revenue recognition

in thousands of euros	2019 3M	2018 3M	2018 12M
At a point in time			
Revenue from sale of real estate	6 897	5 255	21 453
Hotel operating revenue	864	898	3 935
Revenue from other services	26	94	351
Total revenue recognised at a point in time	7 787	6 247	26 533
Over time			
Rental income	2 539	44	1 458
Revenue from maintenance fees	46	507	794
Total	10 372	6 798	27 991

Customer advances have decreased for 200 thousand euros compared to the end of 2018. Customer advances decrease when real right agreements are signed and real estate have been handed over to the customer, and is the point in time when the Group is entitled for consideration and revenue from sale of real estate is recognised.

Note 10. Cost of sales

in thousands of euros	2019 3M	2018 3M	2018 12M
Cost of real estate sold	4 238	3 734	14 021
Cost of providing rental services	1 235	34	782
Cost of hotel operations	732	736	2 889
Cost of maintenance	24	455	664
Cost of other services	1	35	59
Total	6 230	4 994	18 415

Note 11. Gross profit

in thousands of euros	2019 3M	2018 3M	2018 12M
Real estate	2 660	1 521	7 432
Rental revenue	1 304	10	676
Hotel operating	132	162	1 046
Maintenance services	22	113	130
Other services	24	-2	292
Total	4 142	1 804	9 576

Note 12. Administration expenses

in thousands of euros	2019 3M	2018 3M	2018 12M
Staff costs	695	660	2 814
Land and real estate taxes	88	97	450
Depreciation charge	33	16	63
Amortisation charge	0	1	0
Other	296	311	2 100
Total	1 353	1 085	5 427

Note 13. Other income and expenses

Other income

in thousands of euros	2019 3M	2018 3M	2018 12M
Fines collected	7	150	348
Profit from sale of non-current assets	0	4	4
Profit from sale of investment property	0	0	418
Gain from fair value adjustments of non-current assets	0	0	13
Gain from fair value adjustments of investment property (Note 7)	0	0	17 995
Other	20	22	62
Total	27	176	18 839

Other expenses

in thousands of euros	2019 3M	2018 3M	2018 12M
Fines paid	3	2	92
Other	27	27	77
Total	30	29	169

Note 14. Finance income and cost

Finance income

in thousands of euros	2019 3M	2018 3M	2018 12M
Interest income	1	1	4
Total	1	1	4

Finance cost

in thousands of euros	2019 3M	2018 3M	2018 12M
Interest expenses	2 676	859	3 260
Other financial expenses	81	0	213
Total	2 757	859	3 473

AS Tallinna Moekombinaat finished capitalisation of interest expenses on 31 December 2018 due to the completion of T1 Mall of Tallinn shopping center. The effect from the change of recognition to the finance cost is 1.8 million euros in the first quarter.

Note 15. Earnings per share

Earnings per share are calculated by dividing the net profit (loss) for the period which is attributable to the equity holders of the Parent with the weighted average number of the shares for the period.

Average number of shares:

For the period	01.01.2019-31.03.2019	(56 687 954x90/90)	= 56 687 954
For the period	01.01.2018-31.03.2018	(56 687 954x90/90)	= 56 687 954
For the period	01.01.2018-31.12.2018	(56 687 954x365/365)	= 56 687 954

Indicative earnings per share:

01.01.2019-31.03.2019	-43 thousand euros/ 56 687 954 = 0.00 euros
01.01.2018-31.03.2018	-96 thousand euros/ 56 687 954 = 0.00 euros
01.01.2018-31.12.2018	16 827 thousand euros/ 56 687 954 = 0.30 euros

The convertible bonds issued by the Company did not have a dilutive effect on earnings in 2019 and 2019, therefore they have not been included in the calculation of the diluted net profit (loss) per share and diluted net profit (loss) per share equals the net profit (loss) per share indicator.

Note 16. Transactions with related parties

Transactions with related parties are considered to be transactions between the entities within the consolidated Group, its shareholders, the members of the Supervisory Council and the Management Board, their families and companies in which they hold majority interest or have significant influence.

Transactions with related parties

in thousands of euros	2019 3M	2018 3M	2018 12M
Significant owners and owner related companies			
Revenues	11	9	62
Administrative expenses	0	2	8
Purchase of real estate	0	0	1 978
Payment for real estate	0	0	1 776
Dividend payment	0	0	851
Minority shareholders			
Interest expenses	9	9	37
Other shareholders/ bondholders			
Interest expenses	177	177	718
Redemption of convertible bonds	0	0	9
Redemption of non- convertible bonds	0	0	640
Interest payments	362	424	718
Members of the Management Board and Council			
Salaries and bonuses paid to management	289	194	974
Administrative expenses	6	2	18

Receivables from related parties

in thousands of euros	31.03.2019	31.03.2018	31.12.2018
Short-term receivables			
From significant owners and owner related companies	0	2	2
Total	0	2	2

Payables to related parties

in thousands of euros	31.03.2019	31.03.2018	31.12.2018
Long-term payables			
To significant owner related company	0	0	203
To minority shareholders	483	455	474
Total	483	455	677

Shareholding in the Company %	31.03.2019	31.03.2018	31.12.2018
Members of the Council and individuals related them	0.10%	0.10%	0.10%
Members of the Board and individuals related them	0.50%	0.50%	0.50%

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Management Board's confirmation of the financial statements

The Management Board confirms the correctness and completeness of AS Pro Kapital Grupp consolidated interim report for the three months and the first quarter of 2019.

The consolidated interim report has been prepared in accordance with the International Financial Reporting Standards and gives a true and fair view of the company's financial position, its results of the operations and cash flows. AS Pro Kapital Group is a going concern.

Paolo Michelozzi Chairman of the Management Board 29 April 2019

Allan Remmelkoor Member of the Management Board 29 April 2019

Edoardo Preatoni Member of the Management Board 29 April 2019