

# AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT  
FOR 1 QUARTER AND 3 MONTHS OF 2021  
(UNAUDITED)

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## AS Pro Kapital Grupp in brief

AS Pro Kapital Grupp (hereinafter as “the Company”, “the Group” 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 over 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 2021 was 6.6 million euros, which is an increase of 12% compared to the reference period (2020 3M: 5.9 million euros). 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 depend on the completion of the residential developments. The real estate sales revenue was higher in 2021 due to completion of Ratsuri Houses project, where apartments were handed over to new owners during March-April. In 2021, the Company has continued with presales of current development projects: first phases of Kalaranna District and Kindrali Houses in Tallinn.

**The gross profit** in the first quarter of 2021 decreased by 8% amounting to 2.0 million euros compared to 2.1 million euros during the same period in 2020.

**The operating profit** in the first quarter of 2021 was 1.9 million euros compared to 0.3 million euros during the same period in 2020. The increase in operating result is mainly influenced by the sale of investment property.

**The net result** in the first quarter of 2021 was -2.1 million euros compared to -4.0 million euros during the same period in 2020. The net result of the reporting period was influenced by the sale of the investment property, but as well in fewer administrative (decreased 27% compared to 2020 3M) and financial costs (decreased 6% compared to 2020 3M).

**Cash generated from operating activities** during the first quarter of 2021 was 1.3 million euros compared to 2.0 million euros during the same period in 2020.

**Net assets per share** on 31 March 2021 totalled to 0.20 euros compared to 1.19 euros on 31 March 2020.

## Key performance indicators

	2021 3M	2020 3M	2020 12M (Unaudited*)
Revenue, th EUR	6 563	5 873	19 234
Gross profit, th EUR	1 974	2 137	6 775
Gross profit, %	30%	36%	35%
Operating result, th EUR	1 897	346	-43 108
Operating result, %	29%	6%	-224%
Net result, th EUR	-2 113	-3 966	-59 456
Net result, %	-32%	-68%	-309%
Earnings per share, EUR	-0.03	-0.07	-0.98

  

	31.03.2021	31.03.2020 (Restated*)	31.12.2020 (Unaudited*)
Total Assets, th EUR	185 287	207 361	179 048
Total Liabilities, th EUR	177 829	142 022	169 477
Total Equity, th EUR	7 458	65 339	9 571
Debt / Equity **	18.44	2.10	14.15
Return on Assets, % ***	-1.2%	-1.9%	-30.7%
Return on Equity, % ****	-24.8%	-5.9%	-141.2%
Net asset value per share, EUR *****	0.20	1.15	0.23

\* See Note 2 for details regarding the unaudited status of the report and restatement as a result of an error in 2019 year end results

\*\*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

## Main events

On **19 January 2021** the Company announced about publishing a listing prospectus in respect of its unsecured, callable, fixed rate non-convertible bonds “EUR 8.00 PRO KAPITAL GRUPP VÕLAKIRI 20-2024” and applying for admission to trading of these bonds on Nasdaq OMX Tallinn bond list. The prospectus was approved by the Estonian Financial Supervisory Authority on January 2021. The first day of trading was on **27 January 2021**.

On **3 February 2021** the Company announced about OÜ Marsi Elu, a company belonging to the AS Pro Kapital Grupp group, and Oma Ehitaja AS signing a contract for the construction of three five-storey building complexes (Kindrali Houses) located in Kristiine City, in Tondi, Estonia. The construction will be carried out in two stages with a total cost of 20 million euros including the VAT. In the first construction phase 129 apartments and in the following 66 apartments with parking spaces under the houses and above-ground will be completed. Completion of the first two building complexes is planned for the summer of 2022 at the latest.

On **8 March 2021** the Company announced about redemption of 24 572 PKG6 convertible bonds in total nominal value of 15 726.08 euros and issue value of 68 801.60 euros.

On **29 January 2021** the Company announced about Tallinn District Court ruling from 29 January 2021, which decided not to satisfy the appeals of AS Tallinna Moekombinaat (TMK) and its three creditors - Elkorall OÜ, OÜ Kristiine KVH and AS Merko Ehitus Eesti - against the ruling in which Harju County Court decided to terminate the reorganization proceedings. On **15 February 2021** the Company announced about AS Tallinna Moekombinaat, the subsidiary of AS Pro Kapital Grupp, contesting the ruling of Tallinn District Court and its decision to file an appeal to the Supreme Court of Estonia. On **26 April 2021** the Company announced about the Supreme Court decision not to take AS Tallinna Moekombinaat’s appeal into proceedings. Without the reorganisation proceedings AS Tallinna Moekombinaat is not capable of fulfilling its obligations and has become permanently insolvent. On **7 May 2021** the Company announced about Harju County Court’s decision to appointed Kristo Teder as an interim bankruptcy trustee of AS Tallinna Moekombinaat. The management of TMK will continue to operate T1 Mall of Tallinn in cooperation with the interim trustee in bankruptcy. Interim bankruptcy trustee presented to the court a written report and opinion on 27 May 2021. Based on the report the court will take a decision about the following proceedings.

On **25 May 2021** the Company announced about redemption of 5 400 PKG7 convertible bonds in total nominal value of 3 456 euros and issue value of 15 120 euros.

## Chairman's summary

Start of 2021 has been a dynamic working period. We have continued working on our developments, where we see remarkable results, but also had to face a setback as after reporting date the decision of the Supreme Court terminated reorganisation proceedings of our subsidiary AS Tallinna Moekombinaat which led to the permanent insolvency of the subsidiary.

### Real estate development

We have continued construction of Ratsuri Houses and Kalaranna projects and preparing project documentation for the following development phases **in Tallinn**. In March we completed Ratsuri Houses in Kristiine City where we had booked or presold all 39 apartments already prior to the completion. All apartments were sold and handed over within March and April. Soon we start handing over apartments in two first buildings of Kalaranna project, where completion of eight buildings with the total of 240 apartments will be achieved step by step in four phases. Today we have reservations or presales concluded for 85% of premises. After reporting date, we concluded an agreement for sales of all business premises of Kalaranna project for 16.16 million euros (with VAT) including the option to sell also premises of the last phase, which we are preparing to launch in the near future. This year we have started with construction of the new project Kindrali Houses in Kristiine City, where two building complexes with 129 apartments will be raised by next summer. In this project we had booked or presold more than half of the apartments before signing the construction agreement. Today over 90% of the apartments have been booked or presold.

**In Riga** we are selling our luxury product River Breeze Residence and prepare for the further development of Kliversala Residential Quarter. We have received a building permit for City Oasis residential quarter with 326 apartments – a tranquil and green living environment in the city centre. We will be ready to proceed with construction activities as soon as the market situation becomes more favourable. Unfortunately, the Latvian real-estate market has not been as active as its neighbouring countries Estonia and Lithuania. However, we have observed some changes in the recent months and recovery of the market.

In 2019 we completed five buildings in Šaltiniu Namai Attico project **in Vilnius** with 115 apartments. Today we have only 5 apartments unsold. We are preparing for the following phase with city villas and commercial building and plan to start the construction this year.

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. In 2021 we have already completed Ratsuri Houses project with

39 apartments and soon we start handing over exclusive homes in prime location of Kalaranna project.

### **T1 Mall of Tallinn**

On 3 April 2020 Harju County Court initiated reorganization proceedings of the operator of T1 Mall of Tallinn - AS Tallinna Moekombinaat (TMK). Reorganization proceedings were terminated a year later by the decision of 26 April 2021 of the Supreme Court not to take TMK's appeal into proceedings. Without the reorganisation proceedings AS Tallinna Moekombinaat is not capable to fulfil its obligations and has become permanently insolvent. On 7 May 2021 Harju County Court appointed Kristo Teder as an interim bankruptcy trustee of TMK. Interim bankruptcy trustee presented to the court a written report and opinion on 27 May 2021. Based on the report the court will take a decision about the following proceedings. The management of TMK continues to operate T1 Mall of Tallinn in cooperation with the interim trustee in bankruptcy until appointment of bankruptcy trustee and declaration of insolvency.

Supreme Court's decision as an adjusting event after balance sheet date requires writing-off investment into subsidiary. AS Pro Kapital Eesti has written off an investment into subsidiary in amount of 13.4 million euros due to negative equity of TMK and as a result of adjusting event also receivables in the total amount of 26 million euros as at 31 December 2020. When bankruptcy is declared and the Company loses control over subsidiary, TMK will not be consolidated into the group any more. Although discontinuing consolidation will influence consolidated results by 26 million negatively, it will have a positive effect to the Group financial results due to derecognition of negative equity of the subsidiary (Note 18). Bankruptcy of TMK will not affect liquidity of the Group nor short-term cash flows. Long-term cash flows are influenced by uncollectable receivables to the Group.

Adjusting event described above and writing off the debts of subsidiary on parent company level has triggered a non-compliance with financial covenants of secured bonds (Notes 9 and 19).

### **Hotel operations**

Last year had a significant impact on PK Parkhotel Kurhaus in Bad Kreuznach, Germany. Due to the COVID-19 restrictions, the hotel was closed from March until the end of June and due to new restrictions hotel is not operating since November 2020. The impact of COVID-19 has been 0.7 million euros in less hotel revenues in the first quarter of 2021 comparing to last year. However, due to governmental support, the net result was better by 30 thousand euros. We expect to reopen the hotel in the middle of June.

In the following months we continue construction works of ongoing development projects and plan to start with the following phases. In spite of losing T1 Mall of Tallinn, our real estate development is doing well, the Company is a going concern and we have an optimistic view for the future.



Paolo Michelozzi  
CEO  
AS Pro Kapital Grupp  
31 May 2021

# Group structure

As at 31 March 2021



## Overview of the development projects

### 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 close to 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 near the very centre of the city.

### *Ratsuri Houses in Kristiine City*

The project Ratsuri Houses has been named after its history as a horse stable which will receive a new look being united with a modern New Holland style building. Ratsuri Houses was renovated and constructed by OÜ Vanalinna Ehitus. The construction includes the reconstruction of a 20th-century, two-storey stables building on Talli 5 (former Marsi 5) property, the construction of an extension and partially underground car park. The project was completed this spring. Ratsuri Houses have a total of 39 apartments – 17 in the former stables and 22 in the modern New Holland style building. All apartments were reserved or presold already prior to the end of construction in March 2021. The apartments were handed over during March-April 2021.



### *Kindrali Houses in Kristiine City*

Located among the private houses and apple orchards of Kristiine district, the modern Kindrali Houses project has a warm and cosy heart. Kindrali Houses form a part of the Kristiine City district which is undergoing rapid development near the city centre and offering versatile opportunities for residents of all ages. New five-storey apartment buildings will be built at 6 Sõjakooli Street. The focus is on comfort, safety and living in harmony with environment. The contemporary and Nordic appearance of the buildings is complemented by carefully selected high-quality materials and details in interior design. There are both spacious five-room flats and ground floor studio apartments with separate entrances as well as a washing room for the four-legged friends. The two first buildings are scheduled for completion in summer 2022. To date, 90% of apartments have been reserved. Presale of the third building starts in June 2021.



### **Kalaranna in Tallinn**

Kalaranna District is a unique sea-side residential district on the border of Tallinn's central city and old town. Kalaranna District, located at Kalaranna 8, will have twelve 4-5 storey buildings on nearly six hectares. The area is being developed in two stages. An integral part of the residential quarter is well-thought-out landscape architecture and a beach promenade that largely preserves the existing natural environment. During the first phase of construction, eight buildings will be completed with 240 apartments, commercial premises and an underground car park. The area will include the Kalaranna

Park with versatile leisure opportunities and a Square connecting the buildings. The first buildings will be completed by September at the latest. To date, 85% of premises have been reserved or presold.



### Ülemiste 5, Tallinn

Ülemiste 5 will be developed for commercial premises with gross leasable area of ca 14 thousand square meters. This development project will play a significant role in establishing the new public transportation centre of Tallinn.

### T1 Mall of Tallinn

The concept of T1 Mall of Tallinn is to balance the traditional shopping experience by creating an environment where people can spend time and experience something new and exciting. T1 has spacious, bright interior architecture, shopping and art, but also versatile dining area “Taste of Tallinn” or “TOT” which is unique in Estonia both, for scope and layout. Most restaurants are located on the fourth floor above regular shopping with an opportunity to admire the breath-taking views to the city. T1 has a world-class Cinamon Movie Theatre, the region’s largest indoor family entertainment centre – Super Skypark and a rooftop observation wheel Skywheel of Tallinn, unique in Europe.

In April 2020 the reorganisation proceedings of the owner and operator of T1 Mall of Tallinn were initiated. On 26 April 2021 the Supreme Court decided not to take

AS Tallinna Moekombinaat's (T1 Mall of Tallinn operator) appeal into proceedings and Harju County Court ruling terminating the reorganisation proceedings came into force. Without the reorganisation proceedings AS Tallinna Moekombinaat is not capable of fulfilling its obligations and has become permanently insolvent. However, T1 Mall of Tallinn is continuing its daily business. Since 15 March 2021 most of the centre has been closed due to spread of COVID-19 and restrictions applied by Estonian Government. The centre was reopened for the public on 3 May 2021.

### 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 the first residential building in Kliversala

Quarter. We are in the process of projecting the second phase of the area - the Blue Marine, named by its close proximity to the river and yacht port area.

### Brivibas Business Quarter in Riga

Commercial property development of the 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 building permit has been issued and the Company will start with construction when market conditions will be favourable.

### City Oasis Quarter in Riga



City Oasis quarter lies in Tallinas street 5/7 and is a unique residential area in the central city of Riga, where new buildings, modern loft-style apartment buildings and also restored historical buildings can

be found to create an extraordinary atmosphere in the area. The development foresees business premises on the first floors of the buildings. The building permit has been issued and the technical design is currently in progress.

## Šaltinių Namai in Vilnius

Šaltinių Namai | Attico is a prestigious living area, surrounded by the nature in the most tranquil part of the Old Town, located within the UNESCO protection area. Šaltinių Namai | Attico is inspired by the baroque spirit of Vilnius Old Town and the tradition of Italian architecture in Lithuania. Homebuyers can choose from thoroughly planned apartments with exceptional views to spacious town houses. As an integral part of the landscape, this unique area has the first Italian courtyard garden in the city, designed by an Italian concept architect Gianmarco Cavagnino. To date we have completed five houses of the Šaltinių Namai | Attico project and are currently planning the following construction phase with city villas and commercial building.



## 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 first quarter, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
Real estate	4 070	343	727	920	641	1 774	0	0	5 438	3 037
Rent	978	2 004	19	20	4	11	0	0	1 001	2 035
Hotel	0	0	0	0	0	0	33	724	33	724
Maintenance	16	15	0	0	63	52	0	0	79	67
Other	7	0	4	5	1	5	0	0	12	10
<b>Total</b>	<b>5 071</b>	<b>2 362</b>	<b>750</b>	<b>945</b>	<b>709</b>	<b>1 842</b>	<b>33</b>	<b>724</b>	<b>6 563</b>	<b>5 873</b>

The Company's operations in **Estonia** consist of the development and sales of residential and business premises, rental activity 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 in the first quarter of 2021 amounted to 77.3% compared to 40.2% during the same period last year.

During three months of 2021 the total of 33 apartments, 33 parking lots and 8 storage rooms were sold (2020 3M: 2 apartments, 4 parking lots and 3 storage rooms).

At the end of the reporting period the stock consisting of several parking spaces and storage rooms were available for sale in Tallinn. No completed apartment is available – 6 apartments in stock were already presold and handed over to clients in April 2021.

The Company's operations in **Latvia** consist 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 in the first quarter of 2021 amounted to 11.4% comparing to 16.1% in the same period last year. During the reporting period 2 apartments, 2 storage rooms and 3 parking lots were sold in Latvia (2020 3M: 2 apartments, 1 storage room and 2 parking lots). At the end of the reporting period the stock consisting of 28 luxury apartments, several storage rooms and parking lots are available for sale in Latvia.

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 in the first quarter of 2021 amounted to 10.8% comparing to 31.4% during the same period last year.

During the reporting period 3 apartments, 6 storage rooms and 5 parking lots were sold in Lithuania (2020 3M: 2 apartments, 1 cottage, 2 storage rooms and 2 parking lots). There were 7 apartments, 1 business premise, 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 in the first quarter of 2021 amounted to 0.5% comparing to 12.3% last year. The occupancy rate of 20% of PK Parkhotel Kurhaus has decreased by 62% compared to 53% during the same period in 2020. The revenue for three months was 33 thousand euros compared to 724 thousand euros during the same period in 2020. Net result for the first quarter of 2021 was 94 thousand euros loss (2020 3M: 125 thousand euros loss). Due to the Emergency State and restrictions set by the German Government the hotel was closed during 21 March - 30 June 2020. The hotel was re-opened from 1 July 2020, but forced to close again from 2 November 2020 at least until further notice (expected to reopen from 11 June 2021).

### Other operative data of first quarter

	EST	EST	LV	LV	LT	LT	Total	Total
	2021 Q1	2020 Q1						
M <sup>2</sup> sold*	1 704	152	250	286	166	668	2 120	1 106
Average price, m <sup>2</sup> /EUR*	2 246	1 978	2 559	3 018	3 149	2 472	2 354	2 545
M <sup>2</sup> under maintenance	26 307	26 307	0	0	26 203	24 127	52 510	50 434

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

## 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 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 5.2 million euros from LHV Pank AS and 0.6 million euros from Coop Pank AS. The Company repaid 2.9 million euros of the bank loans, 69 thousand euros of convertible bonds and refinanced non-convertible bonds with the nominal value of 1.0 million euros. As at 31 March 2021, the total loan debt was 99.7 million euros, which includes liabilities of AS Tallinna Moekombinaat in amount of 75.8 million euros (Note 9).

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 the others.

As at 31 March 2021 the Company had issued 0.5 million euros convertible bonds, 28.5 million euros secured, callable, fixed rate non-convertible bonds with redemption date in February 2024 and 9.7 million euros unsecured, callable, fixed rate non-convertible bonds with redemption date in October 2024 (Note 9).

## Shares and shareholders

As at 31 March 2021 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 2021 there were 515 shareholders registered in the shareholders' register. Many of the registered shareholders are nominee companies, which represent multiple non-resident investors.

Shareholders holding over 5% of the shares as at 31 March 2021 were as follows:

Shareholders	Number of shares	Participation in %
Raiffeisen Bank International AG	29 174 698	51.47%
Clearstream Banking AG	13 888 036	24.50%
Nordea Bank ABP/Non-Treaty Clients	4 787 996	8.45%
Svalbork Invest OÜ	3 759 620	6.63%

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 2021 Ernesto Preatoni and his affiliates control 45.99% 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 the following persons:

- OÜ Svalbork Invest, Estonian company controlled by Ernesto Preatoni which holds 3 759 620 shares representing 6.63% of the total shares of the Company.
- 18 803 439 shares representing 33.17% of the total shares of the Company held through a nominee account opened by Raiffeisen Bank International AG.
- 3 510 985 shares representing 6.19% 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 2021 was as follows:

Name	Position	Number of shares	Participation in %
Paolo Vittorio Michelozzi	CEO	281 647	0.50%
Allan Remmelkoo	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%
Oscar Crameri	Council Member	15 000	0.03%

Earnings per share for 2021 were -0.03 euros (2020 3M: -0.07 euros).

### Trading price range and trading amounts of Pro Kapital Grupp shares, 1 January – 31 March 2021, NASDAQ Baltic Main List



Source: [nasdaqbaltic.com](http://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 2021 the shares were traded at the price range 0.68-0.76 euros, with the closing price of 0.71 euros per share on 31 March 2021. During the period 500 thousand of the Company's shares were traded with their turnover amounting to 359 thousand euros.

Since 13 March 2014 the Company's shares are available for trading on Frankfurt's stock exchange trading platform Quotation Board. During the period of 1 January – 31 March 2021 the shares were traded at the price range of 0.65-0.745 euros, with the closing price 0.70 euros per share on 31 March 2021. During the period 75 thousand of the Company's shares were traded with the total turnover of 52 thousand euros.

## Legal overview and developments

To bring out better the events which might have material financial effect on the Company and its share price and not to burden the reporting with smaller litigation issues, the Group has set the policy to disclose in its reporting pending court litigation disputes which might have material financial effect on the Company and its share price. As per the policy all disputes which might have financial effect of at least 100 000 euros (at once or during the period of one financial year) are disclosed in the reporting.

As at 31 December 2020, AS Pro Kapital Eesti had two interlinked administrative court cases in progress. In the first court case, the company is requesting nullification of a decision of the Land Board whereby a cadastral unit located at Kalasadama 3, Tallinn, with 100% purpose of land under water bodies was not registered. On 27 March 2020, the Tallinn District Court decided in favour of AS Pro Kapital Eesti and ruled that the Land Board should make a new decision or, then, should invalidate its original 30 April 1999 decision from the privatisation era. On 27 April 2020 the Land Board appealed the District Court's decision to the Supreme Court, which has accepted the appeal and granted AS Pro Kapital Eesti the right of response. The company has responded on time on 6 October 2020. On 24 March 2021, the Supreme Court issued its judgment, upholding Land Board's view and denying AS Pro Kapital Eesti's claim. The Supreme Court concluded that AS Pro Kapital Eesti has never been the owner of the water cadastral unit. This case is now terminated and AS Pro Kapital Eesti can only pursue compensation from the state for illegal allocation of water land that should never have been owned by the company.

The second court case is a claim of compensation against the state in relation to the same cadastral unit – court proceedings were halted until 23 March 2021 when a final

court decision took effect in the first court case. Since the Supreme Court in the preceding case has decided in favour of the Land Board, then AS Pro Kapital Eesti has unjustly paid a portion of the purchase price and land tax from this cadastral unit. Following the Supreme Court decision in the previous case, the Administrative Court ordered AS Pro Kapital Eesti to submit a revised complaint by 15 April 2021. For purposes of gathering additional evidence, AS Pro Kapital Eesti applied for and was granted the extension of the deadline until 30 April 2021 and submitted required documents on time. The company is claiming from the state compensation of 192 338 euros of land tax paid in excess during 01.01.2004-31.12.2018 as well as that the state compensate 681 816 euros of the purchase price overpaid by the company for that portion of land (including notary and state fees paid in excess = 675 546 + 2 034 + 4 236), the claim for compensation amounting to 874 152 euros in total in the principal sum plus 1 176 261.55 euros of interest in arrears. The court has ordered Land Board to reply to the company's revised complaint by 3 June 2021.

## People

As at 31 March 2021 the Company employed 78 people compared to 92 people at 31 March 2020. 31 of them were engaged in hotel and property maintenance services (43 on 31 March 2020). 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.

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.

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, 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.

Significant 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.

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	31 May 2021
Allan Remmelkoor	Chief Operating Officer and Member of the Management Board	31 May 2021
Edoardo Preatoni	Member of the Management Board	31 May 2021

## Consolidated financial statements

### Consolidated interim statement of financial position

in thousands of euros	Notes	31.03.2021	31.03.2020 (Restated*)	31.12.2020 (Unaudited*)
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents		13 331	9 459	9 393
Current receivables		1 542	1 281	1 797
Inventories	5	61 481	40 329	58 352
<b>Total current assets</b>		<b>76 354</b>	<b>51 069</b>	<b>69 542</b>
Non-current assets				
Non-current receivables	6	3 715	2 942	3 517
Property, plant and equipment	7	6 717	7 100	6 745
Right-of-use assets	7	318	480	357
Investment property	8	97 814	145 406	98 512
Intangible assets		369	364	375
<b>Total non-current assets</b>		<b>108 933</b>	<b>156 292</b>	<b>109 506</b>
<b>TOTAL ASSETS</b>	3	<b>185 287</b>	<b>207 361</b>	<b>179 048</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities				
Current debt	9	104 373	83 153	107 581
Customer advances		10 284	5 935	7 866
Current payables		24 011	10 837	22 211
Tax liabilities		1 280	849	458
Short-term provisions		471	329	459
<b>Total current liabilities</b>		<b>140 419</b>	<b>101 103</b>	<b>138 575</b>
Non-current liabilities				
Long-term debt	9	33 425	38 398	27 255
Other non-current payables		2 638	1 064	2 295
Deferred income tax liabilities		1 151	1 320	1 170
Long-term provisions		196	137	182
<b>Total non-current liabilities</b>		<b>37 410</b>	<b>40 919</b>	<b>30 902</b>
<b>TOTAL LIABILITIES</b>	3	<b>177 829</b>	<b>142 022</b>	<b>169 477</b>
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		1 134	1 134	1 134
Revaluation reserve		2 984	3 262	2 984
Retained earnings		-8 031	47 647	47 647
Profit/ loss for the period		-1 951	-3 788	-55 678
<b>Total equity attributable to owners of the Company</b>		<b>11 135</b>	<b>65 254</b>	<b>13 086</b>
<b>Non-controlling interest</b>	4	<b>-3 677</b>	<b>85</b>	<b>-3 515</b>
<b>TOTAL EQUITY</b>		<b>7 458</b>	<b>65 339</b>	<b>9 571</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>185 287</b>	<b>207 361</b>	<b>179 048</b>

\* See Note 2 for details regarding the unaudited status of the report and restatement as a result of an error

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

# Consolidated interim statements of comprehensive income

in thousands of euros	Notes	2021 3M	2020 3M	2020 12M (Unaudited*)
<b>CONTINUING OPERATIONS</b>				
<b>Operating income</b>				
Revenue	3, 10	6 563	5 873	19 234
Cost of goods sold	11	-4 589	-3 736	-12 459
<b>Gross profit</b>	12	<b>1 974</b>	<b>2 137</b>	<b>6 775</b>
Marketing expenses		-126	-161	-621
Administrative expenses	13	-1 143	-1 562	-6 154
Other income	14	1 351	3	478
Other expenses	14	-159	-71	-43 586
<b>Operating profit/ loss</b>		<b>1 897</b>	<b>346</b>	<b>-43 108</b>
Financial income	15	1	1	4
Financial expense	15	-3 994	-4 244	-15 998
<b>Profit/ loss before income tax</b>		<b>-2 096</b>	<b>-3 897</b>	<b>-59 102</b>
Income tax		-17	-69	-354
<b>Profit/ loss for the period</b>		<b>-2 113</b>	<b>-3 966</b>	<b>-59 456</b>
Attributable to:				
Equity holders of the parent		-1 951	-3 788	-55 678
Non-controlling interest	4	-162	-178	-3 778
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Net change in properties revaluation reserve		0	0	-278
<b>Total comprehensive income/ loss for the year</b>		<b>-2 113</b>	<b>-3 966</b>	<b>-59 734</b>
Attributable to:				
Equity holders of the parent		-1 951	-3 788	-55 956
Non-controlling interest		-162	-178	-3 778
Earnings per share for the period (EUR)	16	-0.03	-0.07	-0.98

\* See Note 2 for details regarding the unaudited status of the report

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

## Consolidated interim statements of cash flows

in thousands of euros	Note	2021 3M	2020 3M	2020 12M (Unaudited*)
<b>Cash flows from operating activities</b>				
Profit/ loss for the period		-2 113	-3 966	-59 456
Adjustments for:				
Depreciation, amortisation of non-current assets		100	105	416
Profit/ loss from disposal of investment property		-1 092	0	0
Profit/ loss from write-off PPE and intangible assets		0	0	8
Change in fair value of property, plant, equipment		0	0	-16
Change in fair value of investment property		0	0	43 128
Finance income and costs	15	3 993	4 243	15 994
Changes in deferred tax assets and liabilities		-19	-27	-178
Other non-monetary changes (net amounts)		2	-1	-3 111
Changes in working capital:				
Trade receivables and prepayments		53	-409	-1 514
Inventories		-3 129	703	-13 011
Liabilities and prepayments		3 506	1 336	10 025
Provisions		13	10	59
<b>Net cash used/ generated in operating activities</b>		<b>1 314</b>	<b>1 994</b>	<b>-7 656</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	7	-28	-10	-94
Payments for intangible assets		-2	-2	-43
Payments for investment property	8	-210	-302	-844
Proceeds from disposal of investment property		2 000	0	0
Interests received	15	0	1	1
<b>Net cash used/ generated in investing activities</b>		<b>1 760</b>	<b>-313</b>	<b>-980</b>
<b>Cash flows from financing activities</b>				
Net proceeds from secured bonds		0	28 500	28 500
Redemption of convertible bonds		-69	0	-33
Redemption of non-convertible bonds		0	-28 000	-28 000
Proceeds from borrowings		5 838	100	14 410
Repayment of borrowings		-2 857	-648	-1 376
Repayment of lease liabilities		-46	-48	-135
Interests paid		-2 002	-2 742	-5 953
<b>Net cash used/ generated by financing activities</b>		<b>864</b>	<b>-2 838</b>	<b>7 413</b>
<b>Net change in cash and cash equivalents</b>		<b>3 938</b>	<b>-1 157</b>	<b>-1 223</b>
Cash and cash equivalents at the beginning		9 393	10 616	10 616
Cash and cash equivalents at the end of the period		13 331	9 459	9 393

\* See Note 2 for details regarding the unaudited status of the report

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
<b>1 January 2019</b>	<b>11 338</b>	<b>5 661</b>	<b>1 082</b>	<b>3 262</b>	<b>76 771</b>	<b>98 114</b>	<b>2 624</b>	<b>100 738</b>
Allocation of funds to statutory reserve	0	0	52	0	-52	0	0	0
Changes in non-controlling interests (Restated*)	0	0	0	0	6	6	-6	0
Comprehensive loss for the period	0	0	0	0	-29 078	-29 078	-2 355	-31 433
<b>(Restated*) 31 December 2019</b>	<b>11 338</b>	<b>5 661</b>	<b>1 134</b>	<b>3 262</b>	<b>47 647</b>	<b>69 042</b>	<b>263</b>	<b>69 305</b>
Comprehensive loss for the period	0	0	0	0	-3 788	-3 788	-178	-3 966
<b>31 March 2020</b>	<b>11 338</b>	<b>5 661</b>	<b>1 134</b>	<b>3 262</b>	<b>43 859</b>	<b>65 254</b>	<b>85</b>	<b>65 339</b>
Allocation of funds to statutory reserve	0	0	-82	0	82	0	0	0
Comprehensive loss for the period	0	0	0	-278	-51 808	-52 168	-3 600	-55 768
<b>(Unaudited*) 31 December 2020</b>	<b>11 338</b>	<b>5 661</b>	<b>1 134</b>	<b>2 984</b>	<b>-8 031</b>	<b>13 086</b>	<b>-3 515</b>	<b>9 571</b>
Comprehensive loss for the period	0	0	0	0	-1 951	-1 951	-162	-2 113
<b>31 March 2021</b>	<b>11 338</b>	<b>5 661</b>	<b>1 134</b>	<b>2 984</b>	<b>-9 982</b>	<b>11 135</b>	<b>-3 677</b>	<b>7 458</b>

\* See Note 2 for details regarding the unaudited status of the report and restatement as a result of an error

Changes in non-controlling interests are described in Note 4.

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

## 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 31.03.2021	Ownership 31.03.2020
Raiffeisen Bank International AG	Austria	51.47%	51.81%
Clearstream Banking AG	Germany	24.50%	20.16%
Nordea Bank ABP (Publ)/ Non-treaty Clients	Finland	8.45%	8.47%
Svalbork Invest OÜ	Estonia	6.63%	6.41%

For the purpose of comparable financial figures of these interim financial statements as at 31 March 2021, 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 2020, 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 2019 due to the fact, that the audited annual report for the year ended 31 December 2020 has not been issued. There have not been significant changes in the basis of preparation of these interim financial statements. 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 2019.

The following amendments to the existing standards and new standards and interpretation effective for the annual year of 2020, which had an impact on the Company, were made:

- **Amendments to IFRS 16 “Leases” - COVID-19-Related Rent Concessions** - The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications (effective from 1 June 2020 for financial years starting on or after 1 January 2020).

Company has used the IFRS 16 “Leases” exemption and recognised the temporary rental discounts in the amount of 10 thousand euros related to the COVID-19 pandemic, in the statement of profit and loss.

The adoption of other amendments to the existing standards and interpretation has not led to any material changes in the Company’s consolidated financial statements.

### **Prior period errors**

When determining the fair value of investment property, double counting of assets or liabilities that are separately recognised in the balance sheet should be avoided. When making the adjustment to the fair value of investment property in the balance sheet as at 31 December 2019, the Management did not take into account the fact that a receivable had already been recognised for a portion of the future cash flows. The carrying amount of the T1 Mall of Tallinn investment property is therefore 108.6 million euros as at 31 December 2019, restated by 2.3 million euros already recognised in the balance sheet.

The following table summarises the impact of the prior period error on the financial statements of the Group.

**Consolidated statement of profit and loss and other comprehensive income**

	2019	2019
in thousands of euros	(Restated)	
Other operating expenses	-26 602	-24 341
Including net result from fair value adjustments from investment property	-26 497	-24 236
Operating profit/ loss	-17 439	-15 178
Profit/ loss before income tax	-31 454	-29 193
Profit/ loss from continuing operations	-31 433	-29 172
Total comprehensive loss for the year	-31 433	-29 172
Attributable to:		
Owners of the Company	-29 078	-26 981
Non-controlling interests	-2 355	-2 191
Earnings per share		
Basic (euros per share)	-0.51	-0.48
Diluted (euros per share)	-0.51	-0.48

**Consolidated statement of financial position**

	31.12.2019	31.12.2019
in thousands of euros	(Restated)	
Non-current assets		
Investment property	145 104	147 365
Total non-current assets	155 438	157 699
TOTAL ASSETS	208 560	210 821
Equity attributable to owners of the Company		
Profit/ loss for the financial year	-29 078	-26 981
Total equity attributable to owners of the Company	69 042	71 139
Non-controlling interest	263	427
TOTAL EQUITY	69 305	71 566
TOTAL LIABILITIES AND EQUITY	208 560	210 821

**Disclaimer for the unaudited financial results for the year ended 31 December 2020**

Due to the fact, that the Company has not been able to publish the 2020 audited financial report, the financial information for the year 2020 is preliminary and unaudited. The Company expects to publish the audited 2020 annual report as soon as possible.

See Note 18 for more information about the impact of Supreme Court's 26 April 2021 decision and the following bankruptcy proceedings of AS Tallinna Moekombinaat to the Company.

Differences between comparative information of unaudited financial results for the year ended 31 December 2020 presented in this report and interim financial results of 2020, which were published on 26 February 2021

**Consolidated statement of comprehensive income**

in thousands of euros	Notes	2020 12M (Unaudited)	2020 12M
Administrative expenses	13	-6 154	-5 587
Other expenses	14	-43 586	-41 978
<i>Including net result from fair value adjustments from investment property</i>		-43 128	-41 902
Operating profit/ loss		-43 108	-40 933
Profit/ loss before income tax		-59 102	-56 927
Profit/ loss for the period		-59 456	-57 281
Attributable to:			
Equity holders of the parent		-55 678	-53 648
Non-controlling interest	4	-3 778	-3 633
Items that will not be reclassified subsequently to profit or loss			
Net change in properties revaluation reserve		-278	0
<b>Total comprehensive income/ loss for the year</b>		<b>-59 734</b>	<b>-57 281</b>
Attributable to:			
Equity holders of the parent		-55 956	-53 648
Non-controlling interest		-3 778	-3 633
Earnings per share for the period (EUR)	16	-0.98	-0.95

In the course of auditing process, the amendments have been made to administrative expenses and other expenses in relation to the subsidiary AS Tallinna Moekombinaat. Administrative costs increased by 567 thousand euros due to recording additional credit losses for expected rental revenues. Changes in other expenses are related to the fair value adjustment by 1 226 thousand euros (Note 8) and recording penalties of 382 thousand euros which have been accounted for off balance sheet and were recognised due to adjusting event (Note 18). Non-controlling interest has changed accordingly. Net change in properties revaluation reserve has decreased by 278 thousand euros and is related to the German hotel fair value (Note 7). Total effect of changes in the statement of comprehensive income is 2 453 thousand euros additional loss for the period.

*Consolidated statement of financial position*

In thousands of euros	Notes	31.12.2020 (Unaudited)	31.12.2020
<b>Non-current assets</b>			
Non-current receivables	6	3 517	4 085
Property, plant and equipment	7	6 745	7 023
Investment property	8	98 512	101 998
Total non-current assets		109 506	113 838
<b>TOTAL ASSETS</b>		<b>179 048</b>	<b>183 380</b>
<b>Current liabilities</b>			
Current debt	9	107 581	79 939
Current payables		22 211	21 829
Total current liabilities		138 575	110 551
<b>Non-current liabilities</b>			
Long-term debt	9	27 255	54 897
Total non-current liabilities		30 902	58 544
<b>TOTAL LIABILITIES</b>		<b>169 477</b>	<b>169 095</b>
<b>Equity attributable to owners of the Company</b>			
Revaluation reserve		2 984	3 262
Retained earnings		47 647	49 744
Profit/ loss for the period		-55 678	-53 648
Total equity attributable to owners of the Company		13 086	17 491
Non-controlling interest	4	-3 515	-3 206
<b>TOTAL EQUITY</b>		<b>9 571</b>	<b>14 285</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>179 048</b>	<b>183 380</b>

In the course of auditing process, the amendments have been made to non-current assets, liabilities and equity. Non-current receivables decreased by 567 thousand euros due to recording additional credit losses on expected rental revenues. PPE and revaluation reserve have been influenced by change in fair value of the German hotel in amount of 278 thousand euros (Note 7). The value of investment property has decreased by 3 486 thousand euros, of which 2 261 thousand euros is the effect from 2019 as described above and the rest from 2020 for similar adjustment (Note 8). Current payables have increased by penalties in amount of 382 thousand euros which have been accounted for off-balance sheet and recorded due to adjusting event (Note 18). Long-term debt has decreased and current debt has increased as per reclassification of secured bonds balance sheet value because of the event of not meeting financial covenants due to adjusting event (Notes 9 and 19). Total effect of net changes in the statement of financial position is a decrease of 4 332 thousand euros of which 2 261 is related to restatement in 2019.

## Note 3. Segment reporting

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
<b>2021 3M</b>							
<b>Revenue</b>	<b>0</b>	<b>5 071</b>	<b>751</b>	<b>709</b>	<b>33</b>	<b>-1</b>	<b>6 563</b>
<i>incl. sale of real estate</i>	0	4 070	727	641	0		5 438
<i>incl. rental income</i>	0	978	19	4	0		1 001
<i>incl. hotel operations</i>	0	0	0	0	33		33
<i>incl. maintenance services</i>	0	16	0	63	0		79
<i>incl. other revenue</i>	0	7	5	1	0	-1	12
Other operating income and expenses (net)	0	955	0	5	232		1 192
Segment operating profit/loss	-449	2 199	99	96	-49	1	1 897
Financial income and expense (net)	-1 386	-2 463	-110	7	-38	-3	-3 993
<b>Profit/Loss before income tax</b>	<b>-1 835</b>	<b>-264</b>	<b>-11</b>	<b>103</b>	<b>-87</b>	<b>-2</b>	<b>-2 096</b>
Income tax	0	0	0	-16	-1		-17
Non-controlling interest	0	-162	0	0	0		-162
<b>Net profit/loss for the financial year attributable to equity holders of the parent</b>	<b>-1 835</b>	<b>-102</b>	<b>-11</b>	<b>87</b>	<b>-88</b>	<b>-1</b>	<b>-1 951</b>
<b>31.03.2021</b>							
Assets	54 411	224 417	28 022	14 204	7 092	-142 859	185 287
Liabilities	126 650	135 587	20 114	1 722	5 064	-111 308	177 829
Acquisition of non-current assets	0	2	0	1	29		32
Write-off non-current assets	0	0	-2	0	0		-2
Depreciation and amortisation	-1	-22	-12	-7	-58		-100
<b>2020 3M</b>							
<b>Revenue</b>	<b>0</b>	<b>2 363</b>	<b>945</b>	<b>1 842</b>	<b>851</b>	<b>-128</b>	<b>5 873</b>
<i>incl. sale of real estate</i>	0	343	920	1 774	0		3 037
<i>incl. rental income</i>	0	2 004	20	11	0		2 035
<i>incl. hotel operations</i>	0	0	0	0	851	-127	724
<i>incl. maintenance services</i>	0	15	0	52	0		67
<i>incl. other revenue</i>	0	1	5	5	0	-1	10
Other operating income and expenses (net)	0	-62	0	0	-6		-68
Segment operating profit/loss	-491	222	243	457	-87	2	346
Financial income and expense (net)	-1 773	-2 305	-113	-14	-35	-3	-4 243
<b>Profit/loss before income tax</b>	<b>-2 264</b>	<b>-2 083</b>	<b>130</b>	<b>443</b>	<b>-122</b>	<b>-1</b>	<b>-3 897</b>
Income tax	0	0	0	-68	-1		-69
Non-controlling interest	0	-178	0	0	0		-178
<b>Net profit/loss for the financial year attributable to equity holders of the parent</b>	<b>-2 264</b>	<b>-1 905</b>	<b>130</b>	<b>375</b>	<b>-123</b>	<b>-7</b>	<b>-3 788</b>
<b>31.03.2020</b>							
(Restated) Assets	56 570	238 176	29 573	15 771	6 932	-139 661	207 361
Liabilities	121 951	98 223	20 435	5 425	4 103	-108 115	142 022
Acquisition of non-current assets	0	5	1	0	7		13
Disposal of non-current assets	0	0	0	0	0		0
Depreciation and amortisation	-1	-26	-13	-8	-57		-105

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
<b>(Unaudited) 2020 12M</b>							
<b>Revenue</b>	736	6 687	2 007	8 874	1 684	-754	<b>19 234</b>
<i>incl. sale of real estate</i>	0	1 002	1 903	8 574	0		11 479
<i>incl. rental income</i>	0	5 588	78	23	0		5 689
<i>incl. hotel operations</i>	0	0	0	0	1 684	-12	1 672
<i>incl. maintenance services</i>	0	62	0	224	0		286
<i>incl. other revenue</i>	736	35	26	53	0	-742	108
Other operating income and expenses (net)	22	-42 874	-602	0	346		-43 108
Segment operating profit/loss	-1 369	-43 517	-613	2 786	-404	9	-43 108
Financial income and expense (net)	-5 917	-9 425	-475	-15	-148	-14	-15 994
<b>Profit/loss before income tax</b>	<b>-7 286</b>	<b>-52 942</b>	<b>-1 088</b>	<b>2 771</b>	<b>-552</b>	<b>-5</b>	<b>-59 102</b>
Income tax	0	0	-2	-348	-4		-354
Non-controlling interest	0	-3 778	0	0	0		-3 778
<b>Net profit/loss for the financial year attributable to equity holders of the parent</b>	<b>-7 286</b>	<b>-49 164</b>	<b>-1 090</b>	<b>2 423</b>	<b>-556</b>	<b>-5</b>	<b>-55 678</b>
<b>(Unaudited) 31.12.2020</b>							
Assets	53 832	214 948	28 224	13 518	7 492	-138 966	179 048
Liabilities	124 237	125 854	20 306	1 401	5 096	-107 417	169 477
Acquisition of non-current assets	0	60	1	3	73		137
Write-off non-current assets	0	-33	-11	0	0		-44
Depreciation and amortisation	-5	-62	-49	-29	-227		-372

## Note 4. Changes in minority shareholding

### AS Tallinna Moekombinaat

Minority (%) as at 31 December 2019	6.65%
Minority (%) as at 31 March 2020	6.65%
Minority (%) as at 31 December 2020	6.65%
Minority (%) as at 31 March 2021	6.65%

in thousands of euros

<b>(Restated) Non-controlling interest as at 31 December 2019</b>	<b>263</b>
Loss for the reporting period	-178
<b>Non-controlling interest as at 31 March 2020</b>	<b>85</b>
(Unaudited) Loss for the reporting period	-3 600
<b>(Unaudited) Non-controlling interest as at 31 December 2020</b>	<b>-3 515</b>
Loss for the reporting period	-162
<b>Non-controlling interest as at 31 March 2021</b>	<b>-3 677</b>

## Note 5. Inventories

in thousands of euros	31.03.2021	31.03.2020	31.12.2020 (Unaudited)
<b>Completed property held for sale</b>	<b>11 248</b>	<b>15 889</b>	<b>11 534</b>
<i>incl. Kristiine City, Tallinn</i>	654	279	58
<i>incl. River Breeze, Riga</i>	8 254	9 382	8 705
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	2 232	6 115	2 663
<i>incl. other properties</i>	108	113	108
<b>Works in progress</b>	<b>50 117</b>	<b>24 319</b>	<b>46 694</b>
<i>incl. Kristiine City, Tallinn</i>	4 505	734	7 059
<i>incl. Kalaranna District, Tallinn</i>	39 640	17 614	33 663
<i>incl. Šaltinių Namai, Vilnius</i>	5 972	5 971	5 972
Goods bought for resale	114	119	124
Prepayments for inventories	2	2	0
<b>Total</b>	<b>61 481</b>	<b>40 329</b>	<b>58 352</b>

Completed property held for sale include completed real estate stock in Tallinn, Riga and Vilnius. Works in progress include properties being under development or waiting for development in the nearest future in Tallinn and Vilnius.

All completed properties are transferred from “works in progress” to “property held for sale”.

Works in progress include two development projects being currently under construction in Tallinn – Kindrali Houses in Kristiine City and Kalaranna District. The planned completion of Kalaranna District is step by step in 2021-2022. Construction in Kindrali Houses in Kristiine City started in March 2021. The following phase of Šaltinių Namai is waiting for the start of development.

## Note 6. Non-current receivables

in thousands of euros	31.03.2021	31.03.2020	31.12.2020 (Unaudited)
Accrued income (rental income)	3 689	2 913	3 490
Finance leases	25	29	26
Other non-current receivables	1	0	1
<b>Total</b>	<b>3 715</b>	<b>2 942</b>	<b>3 517</b>

Accrued income has increased by 0.2 million euros during the first quarter of 2021 and consists of accrued rental income of T1 Mall of Tallinn according to IFRS 16, which is adjusted with expected credit losses. Rent concessions provided to the lessees are accounted as rent modifications on short-term basis.

## Note 7. Property, plant, equipment and right-of use assets

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. On 31 March 2021 land and buildings comprised of hotel property in Bad Kreuznach, Germany and office premises in Tallinn, Estonia.

in thousands of euros	31.03.2021	31.03.2020	31.12.2020 (Unaudited)
Acquisition value of property, plant and equipment	10 182	10 382	10 154
Accumulated depreciation	-3 465	-3 282	-3 409
<b>Residual value of property, plant and equipment</b>	<b>6 717</b>	<b>7 100</b>	<b>6 745</b>
Acquisition value of right-of-use assets	662	674	664
Accumulated depreciation	-344	-194	-307
<b>Residual value of right-of-use assets</b>	<b>318</b>	<b>480</b>	<b>357</b>

On 1 January 2019 the Group recognised leases in total amount of 674 thousand euros as right-of-use assets using modified retrospective approach (initial application of IFRS 16). Right-of-use assets comprise of land in Germany (rentable until end of heritable building right agreement) and Lithuania (rentable until sales of the properties), office premises in Latvia and machinery and equipment in the group.

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepayments	Total	Right-of-use assets
<b>Acquisition value 31.12.2019</b>	<b>9 077</b>	<b>959</b>	<b>336</b>	<b>0</b>	<b>10 372</b>	<b>674</b>
Additions:						
Acquired	3	3	0	4	10	0
<b>Acquisition value 31.03.2020</b>	<b>9 080</b>	<b>962</b>	<b>336</b>	<b>4</b>	<b>10 382</b>	<b>674</b>
Additions:						
Acquired	37	24	20	3	84	0
Reclassification	7	0	0	-7	0	0
Change in fair value	-278	0	0	0	-278	0
Disposals:						
Adjustments	0	0	0	0	0	-10
Written off	0	0	-34	0	-34	0
<b>(Unaudited) Acquisition value 31.12.2020</b>	<b>8 846</b>	<b>986</b>	<b>322</b>	<b>0</b>	<b>10 154</b>	<b>664</b>
Additions:						
Acquired	0	23	2	3	28	0
Disposals:						
Adjustments	0	0	0	0	0	-2
<b>Acquisition value 31.03.2021</b>	<b>8 846</b>	<b>1 009</b>	<b>324</b>	<b>3</b>	<b>10 182</b>	<b>662</b>

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepayments	Total	Right-of-use assets
<b>Accumulated depreciation 31.12.2019</b>	<b>2 115</b>	<b>889</b>	<b>222</b>	<b>0</b>	<b>3 226</b>	<b>155</b>
Additions:						
Depreciation charge for the period	38	5	13	0	56	39
<b>Accumulated depreciation 31.03.2020</b>	<b>2 153</b>	<b>894</b>	<b>235</b>	<b>0</b>	<b>3 282</b>	<b>194</b>
Additions:						
Depreciation charge for the period	114	15	39	0	168	113
Changes in fair value	-16	0	0	0	-16	0
Disposals:						
Written off	0	0	-25	0	-25	0
<b>(Unaudited) Accumulated depreciation 31.12.2020</b>	<b>2 251</b>	<b>909</b>	<b>249</b>	<b>0</b>	<b>3 409</b>	<b>307</b>
Additions:						
Depreciation charge for the period	38	6	12	0	56	37
<b>Accumulated depreciation 31.03.2021</b>	<b>2 289</b>	<b>915</b>	<b>261</b>	<b>0</b>	<b>3 465</b>	<b>344</b>

## Note 8. Investment property

in thousands of euros	Property held for increase in value	Property held for operating lease	Total
<b>(Restated) Balance at 31.12.2019</b>	<b>36 465</b>	<b>108 639</b>	<b>145 104</b>
Additions:			
Investments	292	10	302
<b>Balance at 31.03.2020</b>	<b>36 757</b>	<b>108 649</b>	<b>145 406</b>
Additions:			
Investments	395	147	542
Changes in fair value:			
Profit/ loss from change in fair value	2 880	-42 520	-39 640
Double-counted adjustment - recognised as separate assets	0	-3 487	-3 487
Reclassified into inventories	-4 309	0	-4 309
<b>(Unaudited) Balance at 31.12.2020</b>	<b>35 723</b>	<b>62 789</b>	<b>98 512</b>
Additions:			
Investments	210	0	210
Sales of investment property	-908	0	-908
<b>Balance at 31.03.2021</b>	<b>35 025</b>	<b>62 789</b>	<b>97 814</b>

The fair value of the Company's investment properties has been derived on the basis of valuations carried out by Colliers International, an independent valuator, at the end of 2020, except for the property of AS Tallinna Moekombinaat, which was valued by its Management Board. The valuations were performed by reference to recent market

information by external valuator. Mainly discounted cash flow method was used due to low number of comparable market transactions.

## Note 9. Current and non-current debt

### Current debt

in thousands of euros	31.03.2021	31.03.2020	31.12.2020 (Unaudited)
Bank loans and overdrafts	76 212	77 084	78 458
Convertible bonds	292	5 893	1 296
Secured non-convertible bonds	27 701	0	27 542
Unsecured non-convertible bonds	0	0	100
Lease liabilities	168	176	185
<b>Total</b>	<b>104 373</b>	<b>83 153</b>	<b>107 581</b>

### Non-current debt

in thousands of euros	31.03.2021	31.03.2020	31.12.2020 (Unaudited)
Bank loans and overdrafts	23 115	5 779	17 888
Convertible bonds	163	4 238	191
Secured non-convertible bonds	0	27 470	8 293
Unsecured non-convertible bonds	9 285	0	0
Payables to non-controlling interest	662	520	651
Lease liabilities	200	391	232
<b>Total</b>	<b>33 425</b>	<b>38 398</b>	<b>27 255</b>

### Creditors

in thousands of euros	31.03.2021	31.03.2020	31.12.2020 (Unaudited)
Luminor Bank AS (EE)	379	409	387
AS LHV Pank (EE)	22 615	5 300	17 388
AS Swedbank (LV)	477	1 698	993
Coop Pank AS (EE)	0	0	1 722
Sparkasse (DE)	500	0	500
Lintgen Adjacent Investments (Agent) incl. interests	75 356	75 356	75 356
Colosseum Finance OÜ including long-term interests	105	100	104
Fiducaria Emiliana S.r.l including long-term interests	359	335	353
Ernesto Achille Preatoni including long-term interests	198	185	194
Convertible bonds, various investors (discounted value)	455	10 131	1 487
Secured bonds, various investors (discounted value)	27 701	27 470	27 642
Unsecured bonds, various investors (discounted value)	9 285	0	8 293
Lease agreements (related to right-of-use assets)	368	567	417
<b>Total</b>	<b>137 798</b>	<b>121 551</b>	<b>134 836</b>

All agreements and liabilities are fixed in euros. The total interest and other financial cost (Note 15) for the reporting period was 3.8 million euros (2020 3M: 4.2 million euros).

The most significant loan facility has been provided to AS Tallinna Moekombinaat for the construction of T1 Mall of Tallinn. The total amount of the facility agreement was 65 million euros to which accumulated interests have been added until interest payment obligation started (September 2019). The lower operating profitability of AS Tallinna Moekombinaat triggered non-fulfilment of two financial maintenance covenants under the loan facility agreement with the subsidiary's main creditor (DSCR or Debt Service Coverage Ratio and NLR or Net Leverage Ratio – which are ratios to assess the health of the investment in conformity with expected operating results). However, the operating result of AS Tallinna Moekombinaat before non-monetary revaluation effect and the interest costs have been positive. AS Tallinna Moekombinaat is also in payment default under the above-mentioned loan facility agreement. While the first regular interest payment under the loan facility agreement was duly made in September 2019, during ongoing negotiations with the lender and the following reorganisation proceedings AS Tallinna Moekombinaat has made no further interest or default interest payments. However, the lender has transferred in its favour 2 million euros from a secured account to cover interest costs. Such non-payment and the above-described non-fulfilment of financial covenants entitles the creditor to accelerate its claims under the facility agreement. On 3 April 2020 Harju County Court initiated reorganization proceedings of AS Tallinna Moekombinaat. With its 14 August 2020 ruling the County Court terminated the reorganization proceedings because it had established that AS Tallinna Moekombinaat was allegedly permanently insolvent. AS Tallinna Moekombinaat contested the ruling and three creditors of the subsidiary also filed an appeal to the District Court. After the reporting period, Tallinn District Court decided on 29 January 2021 not to satisfy the appeals and AS Tallinna Moekombinaat filed an appeal to the Supreme Court of Estonia on 15 February 2021. On 26 April 2021 the Supreme Court decided not to take AS Tallinna Moekombinaat's appeal into proceedings and Harju County Court ruling terminating the reorganisation proceedings came into force. Without the reorganisation proceedings AS Tallinna Moekombinaat is not capable of fulfilling its obligations and has become permanently insolvent. On 7 May 2021 the court appointed an interim trustee in bankruptcy. The management of T1 Mall of Tallinn in cooperation with the interim trustee continues daily business of the centre. Since 15 March 2021 most of the centre has been closed due to spread of COVID-19 and restrictions applied by Estonian Government. The centre was reopened for the public on 3 May 2021.

## Convertible bonds

The Company has issued convertible bonds with issue price of 2.80 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 30 November 2020 the Company announced about the start of the third subscription period for private placement of non-convertible bonds with the aggregate nominal value of 1 502 015.20 euros. The Bonds were to be subscribed for only in exchange for the existing Pro Kapital convertible bonds. The subscription period of the Bonds started on 1 December 2020 and ended on 13 December 2020. During the third subscription period 345 938 bonds with the total issue value of 968 626.40 euros were subscribed. The issue date of the third tranche of the Bonds took place on **15 January 2021**.

On **8 March 2021** the Company announced about redemption of 24 572 PKG6 convertible bonds in total nominal value of 15 726.08 euros and issue value of 68 801.60 euros.

On **25 May 2021** the Company announced about redemption of 5 400 PKG7 convertible bonds in total nominal value of 3 456 euros and issue value of 15 120 euros.

## Unsecured non-convertible bonds

Due to the refinancing of PKG1-PKG7 convertible bonds as described in the chapter “Convertible bonds” above, new 2 925 641 unsecured and non-convertible bonds with the total face value of 8 191 794.80 euros were issued on 3 August 2020. During the second subscription period, 187 502 bonds with the total issue value of 525 005.60 euros were issued. The total value of the unsecured non-convertible bonds was 8.7 million euros on 31 December 2020. The balance sheet value on the reporting date is 8.3 million euros - nominal value minus 0.4 million euros of refinancing costs. During the third subscription period, 345 938 bonds with the total issue value of 968 626.40 euros were issued. The third tranche subscription results were notified at 14 December 2020 and bonds were issued at 15 January 2021. New unsecured non-convertible bonds with the total issue value of 9 685 426.80 euros have been listed on Nasdaq Tallinn bond list since January 2021.

On **19 January 2021** the Company announced about publishing a listing prospectus in respect of its unsecured, callable, fixed rate non-convertible bonds “EUR 8.00 PRO

KAPITAL GRUPP VÕLAKIRI 20-2024” and applying for admission to trading of these bonds on Nasdaq OMX Tallinn bond list. The prospectus was approved by the Estonian Financial Supervisory Authority on January 2021. The first day of trading was on **27 January 2021**.

### Secured non-convertible bonds

In February 2020, the Company refinanced the senior secured bonds 2015/2020 (the “Old Bonds”) in full by issuing new senior secured, called, fixed rate bonds 2020/2024 (the “New Bonds”) in total amount of 28.5 million euros. The New Bonds are similar to the Old Bonds with minor differences. All shares of Pro Kapital subsidiaries with and exception of shares of AS Tallinna Moekombinaat have been pledged. 285 bonds, with the value of 100 000 euros each, carry a fixed rate coupon 8% and mature in February 2024.

Remaining balance of the secured non-convertible bonds is 28.5 million euros on 31 March 2021. The balance sheet value is 27.7 million euros - nominal value minus 0.8 million euros of refinancing costs are being discounted over the effective period of the New Bonds (until the maturity period). According to New Bonds terms and conditions, the Company has to maintain the equity ratio above 35% at all times. For calculation consolidated figures are used excluding AS Tallinna Moekombinaat (TMK). Due to the adjusting event of insolvency of TMK (Note 18), the Group has written-off receivables from TMK at the end of 2020 and the equity ratio fell from 50% to 32.4% as at the end of 2020 and from 48.4% to 31.0% as at the end of March 2021. Due to temporarily not meeting financial covenants and the breach of secured non-convertible bonds terms as a result of an adjusting event, the Company has reclassified the bonds as a short-term liability as at the end of 2020 (Note 19).

In thousands of euros, 31 March 2021	PKG consolidated		Difference
	PKG consolidated	without TMK	
Revenue	6 563	5 580	-15%
Gross profit	1 974	1 592	-19%
Net result	-2 113	713	134%
<b>Total Assets</b>	<b>185 288</b>	<b>118 047</b>	<b>-36%</b>
Current Assets	76 354	75 663	-1%
Non-Current Assets	108 934	42 384	-61%
<b>Total Liabilities</b>	<b>177 829</b>	<b>81 413</b>	<b>-54%</b>
Current Liabilities	140 419	18 720	-87%
Non-Current Liabilities	37 410	62 693	68%
<b>Equity</b>	<b>7 458</b>	<b>36 634</b>	<b>391%</b>
<b>Equity ratio</b>	<b>4.0%</b>	<b>31.0%</b>	<b>671%</b>

## Pledged assets in balance sheet value

in thousands of euros

Beneficiary	Collateral description	31.03.2021	31.03.2020	31.12.2020
				(Unaudited)
<b>Bank accounts</b>				
Nordic Trustee & Agency AB (Sweden)	Nordea Bank AB (Sweden)	25	322	25
Lintgen Adjacent Investments S.A.R.L.	Swedbank AS	0	3	0
<b>Inventory</b>				
LHV Pank AS	Kalaranna St. 8, 22, Tallinn	39 640	17 614	33 663
AS Swedbank (Latvia)	Trijadibas St. 5, Riga	21 672	23 489	23 489
Coop Pank AS	Marsi 5, Tallinn	N/A	N/A	3 310
<b>Property, plant and equipment</b>				
Luminor Bank AS	Sõjakooli 11, Tallinn	730	730	730
Colosseum Finance OÜ	AS Tallinna Moekombinaat fixed assets and trademark	59	N/A	67
<b>Investment property</b>				
Lintgen Adjacent Investments S.A.R.L.	Peterburi tee 2, Tallinn	62 789	108 649*	62 789

\* See Note 2 for details regarding the restatement as a result of an error

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

		31.03.2021	31.03.2020	31.12.2020
				(Unaudited)
NTA	Pro Kapital Germany Holdings OÜ	11	11	11
NTA	Pro Kapital Germany GmbH	25	25	25
NTA	PK Hotel Management Services GmbH	116	116	116
NTA	Pro Kapital Eesti AS	16 880	16 880	16 880
NTA	OÜ Ilmarise Kvartal	3	3	3
NTA	Pro Halduse OÜ	26	26	26
NTA	AS Tondi Kvartal	160	160	160
NTA	OÜ Marsi Elu	20	20	20
NTA	Kalaranna Kvartal OÜ	3	3	3
NTA	Dunte Arendus OÜ	3	3	3
NTA	Pro Kapital Latvia JSC	9 960	9 960	9 960
NTA	Kliversala SIA	14 531	14 531	14 531
NTA	Tallina Nekustamie Īpašumi SIA	10 300	7 500	10 300
NTA	Nekustamo Īpašumu sabiedrība Zvaigznes centrs SIA	6 100	4 300	6 100
NTA	Pro Kapital Vilnius Real Estate UAB	1 335	1 335	1 335
NTA	In Vitam UAB	3	3	3
NTA	PK Invest UAB	823	823	823
NTA	Pro Kapital Bonum UAB*	N/A	800	N/A

\* Pro Kapital Bonum UAB has been merged with its parent company PK Invest UAB as at 25 September 2020

## Note 10. Revenue

### Segment revenue

in thousands of euros	2021 3M	2020 3M	2020 12M (Unaudited)
<b>Revenue from contracts with customers</b>			
Revenue from sale of real estate	5 438	3 037	11 479
Hotel operating revenue	33	724	1 672
Revenue from maintenance and other services	91	77	394
<b>Total revenue from contracts with customers</b>	<b>5 562</b>	<b>3 838</b>	<b>13 545</b>
Rental income	1 001	2 035	5 689
<b>Total</b>	<b>6 563</b>	<b>5 873</b>	<b>19 234</b>

### Timing of revenue recognition

in thousands of euros	2021 3M	2020 3M	2020 12M (Unaudited)
<b>At a point in time</b>			
Revenue from sale of real estate	5 438	3 037	11 479
Hotel operating revenue	33	724	1 672
Revenue from other services	12	10	108
<b>Total revenue recognised at a point in time</b>	<b>5 483</b>	<b>3 771</b>	<b>13 259</b>
<b>Over time</b>			
Rental income	1 001	2 035	5 689
Revenue from maintenance fees	79	67	286
<b>Total</b>	<b>6 563</b>	<b>5 873</b>	<b>19 234</b>

Revenue from sale of real estate increased by 79%, as during the first quarter of 2021 apartment building in Ratsuri Houses was completed and final sales agreements were signed according to presales and continued in April. Sales of available inventory have continued in Kliversala in Riga and in Šaltinių Namai in Vilnius. Revenue from hotel operations decreased by 95% due to COVID-19 as the hotel has been closed during the first quarter 2021 and was closed in the comparable period from 21 March 2020. Rental revenues declined by 51% and are also affected by COVID-19, as most shops were closed in the shopping centres since mid-March both in 2021 and 2020 and there have been further restrictions affecting the tenants in entertainment and restaurant segment. Rental revenue includes provision of future rental revenues as per IFRS revenue recording principles.

Customer advances which are recorded in the balance sheet decrease when real right agreements are signed and real estate have been handed over to the customers and is the point in time when the Group is entitled for consideration and revenue from sale of real estate is recognised.

## Note 11. Cost of sales

in thousands of euros	2021 3M	2020 3M	2020 12M (Unaudited)
Cost of real estate sold	3 720	2 079	7 385
Cost of providing rental services	603	976	3 011
Cost of hotel operations	220	640	1 852
Cost of maintenance services	45	40	163
Cost of other services	1	1	48
<b>Total</b>	<b>4 589</b>	<b>3 736</b>	<b>12 459</b>

## Note 12. Gross profit

in thousands of euros	2021 3M	2020 3M	2020 12M (Unaudited)
Real estate	1 718	958	4 094
Rental revenue	398	1 059	2 678
Hotel operating	-187	84	-180
Maintenance services	34	27	123
Other services	11	9	60
<b>Total</b>	<b>1 974</b>	<b>2 137</b>	<b>6 775</b>

## Note 13. Administration expenses

in thousands of euros	2021 3M	2020 3M	2020 12M (Unaudited)
Staff costs	702	700	2 953
Land and real estate taxes	85	92	391
Allowance of doubtful debt and written-off debt	61	184	998
Depreciation charge	31	33	128
Other	264	553	1 684
<b>Total</b>	<b>1 143</b>	<b>1 562</b>	<b>6 154</b>

## Note 14. Other operating income and expenses

### Other income

in thousands of euros	2021 3M	2020 3M	2020 12M (Unaudited)
Fines collected	20	2	63
Profit from sale of investment property	1 092	0	0
Gain from fair value adjustments of non-current assets	0	0	16
Other	239	1	399
<b>Total</b>	<b>1 351</b>	<b>3</b>	<b>478</b>

## Other expenses

in thousands of euros	2021 3M	2020 3M	2020 12M (Unaudited)
Fines paid	139	61	445
Loss from write off of non-current assets	0	0	9
Net loss from fair value adjustments - investment property	0	0	43 128
Other	20	10	4
<b>Total</b>	<b>159</b>	<b>71</b>	<b>43 586</b>

Other income includes non-refundable state aid in the amount of 232 thousand euros paid in relation to the restrictions of COVID-19 pandemic.

## Note 15. Finance income and cost

### Finance income

in thousands of euros	2021 3M	2020 3M	2020 12M (Unaudited)
Interest income	1	1	4
<b>Total</b>	<b>1</b>	<b>1</b>	<b>4</b>

### Finance cost

in thousands of euros	2021 3M	2020 3M	2020 12M (Unaudited)
Interest expenses	3 839	4 021	15 965
Foreign currency loss	0	0	1
Other financial expenses	155	223	32
<b>Total</b>	<b>3 994</b>	<b>4 244</b>	<b>15 998</b>

## Note 16. 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	01.01.2021-31.03.2021	(56 687 954 x 90/90)	= 56 687 954
For the period	01.01.2020-31.03.2020	(56 687 954 x 91/91)	= 56 687 954
(Unaudited) For the period	01.01.2020-31.12.2020	(56 687 954 x 366/366)	= 56 687 954

### Indicative earnings per share:

For the period	01.01.2021-31.03.2021	-1 951 thousand euros / 56 687 954 = -0.03 euros
For the period	01.01.2020-31.03.2020	-3 788 thousand euros / 56 687 954 = -0.07 euros
(Unaudited) For the period	01.01.2020-31.12.2020	-55 678 thousand euros / 56 687 954 = -0.98 euros

The convertible bonds issued by the Company did not have a dilutive effect on earnings in 2021 and 2020 (unaudited), 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 17. 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	2021 3M	2020 3M	2020 12M (Unaudited)
Significant owners and owner related companies			
Revenues	2	6	14
Loans received	0	0	100
Interest expenses incurred	8	0	4
Minority shareholders			
Interest expenses incurred	6	9	37
Other shareholders / bondholders			
Interest expenses incurred	202	179	754
Redemption of non-convertible bonds	0	100	100
Interest payments	343	362	789
Members of the Management Board and Council			
Salaries and bonuses paid to management	480	322	915
Administrative expenses	5	5	19
Revenues	150	0	0

### Payables to related parties

in thousands of euros	31.03.2021	31.03.2020	31.12.2020 (Unaudited)
Long-term payables			
To significant owner related company	303	0	104
To minority shareholders	359	520	547
<b>Total</b>	<b>662</b>	<b>520</b>	<b>651</b>

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

## Shareholding in the Company %

	31.03.2021	31.03.2020	31.12.2020 (Unaudited)
Significant owner and owner related companies*	45.99%	39.69%	45.99%
Members of the Board and individuals related them	0.50%	0.50%	0.50%
Members of the Council and individuals related them	0.08%	0.08%	0.08%

\*Significant owner was also a member of the Council until 22 May 2020. For the sake of clarity, the participation is recorded only on this line.

## Note 18. Subsequent events

On **25 May 2021** the Company announced about redemption of 5 400 PKG7 convertible bonds in total nominal value of 3 456 euros and issue value of 15 120 euros.

On **29 January 2021** the Company announced about Tallinn District Court ruling from 29 January 2021, which decided not to satisfy the appeals of AS Tallinna Moekombinaat (TMK) and its three creditors - Elkorall OÜ, OÜ Kristiine KVH and AS Merko Ehitus Eesti - against the ruling in which Harju County Court decided to terminate the reorganization proceedings. On **15 February 2021** the Company announced about AS Tallinna Moekombinaat, the subsidiary of AS Pro Kapital Grupp, contesting the ruling of Tallinn District Court and its decision to file an appeal to the Supreme Court of Estonia. On 26 April 2021 the Company announced about the Supreme Court decision not to take AS Tallinna Moekombinaat's appeal into proceedings. Without the reorganisation proceedings AS Tallinna Moekombinaat is not capable of fulfilling its obligations and has become permanently insolvent. On **7 May 2021** the Company announced about Harju County Court's decision to appointed Kristo Teder as an interim bankruptcy trustee of AS Tallinna Moekombinaat. The management of TMK will continue to operate T1 Mall of Tallinn in cooperation with the interim trustee in bankruptcy. Interim bankruptcy trustee presented to the court a written report and opinion on 27 May 2021. Based on the report the court will take a decision about the following proceedings.

The Supreme Court's decision of **26 April 2021** is considered as an adjusting event and the Company recorded into 2020 consolidated accounts 382 540 euros penalties as accrued expenses, which had been accounted for off-balance sheet during reorganization proceedings. The management considers the moment of loss of control over the subsidiary when bankruptcy of TMK will be declared and bankruptcy trustee appointed. According to estimations it will happen in June 2021. The reporting period of the subsidiary for the last year will be prolonged until the same moment as according to Bankruptcy Act § 128 the new financial year starts with appointment of the bankruptcy trustee.

AS Pro Kapital Eesti has written off an investment into subsidiary in amount of 13.4 million euros due to negative equity of TMK and as a result of adjusting event also receivables in the total amount of 26 million euros as at 31 December 2020. Although discontinuing consolidation will influence consolidated results by 26 million negatively, it will have a positive effect to the Group financial results due to derecognition of negative equity of the subsidiary. Bankruptcy of TMK will not affect liquidity of the Group nor short-term cash flows. Long-term cash flows are influenced by uncollectable receivables to the Group.

Impact of derecognition of the subsidiary:

#### TMK standalone

in thousands of euros	31.12.2020 (Unaudited)	31.03.2021	30.04.2021
Assets	67 170	67 242	67 294
Liabilities	119 806	122 703	123 617
Equity	-52 636	-55 461	-56 323
<i>of which NCI</i>	-3 515	-3 676	-3 746
<b>Impact to the shareholders of the Group</b>	<b>49 121</b>	<b>51 785</b>	<b>52 577</b>

## Note 19. Going concern

The reorganisation proceedings of the subsidiary of the group, AS Tallinna Moekombinaat, were terminated on 26 April 2021 and bankruptcy proceedings have started. Thus, the subsidiary is not going concern and will be derecognised from the moment of loss of control. However, this event will influence the results of the Group positively.

The management of the Company considers some uncertainty in relation to not meeting financial covenants and the breach of secured non-convertible bonds terms. According to terms and conditions of the secured bonds, the Company has to meet maintenance test, which requires equity to assets ratio to be higher than 35% (excluding TMK). Due to the adjusting event of insolvency of TMK (Note 18), the Group has written-off receivables from TMK at the end of 2020 and the equity ratio fell from 50% to 32.4% as at the end of 2020 and from 48.4% to 31.0% as at the end of March 2021. This situation is temporary due to peculiarity of the Group's business - high value of the assets during construction, especially right before completion, and no effect to equity before the start of final sales. The management foresees that the ratio will meet requirements after starting final sales of Kalaranna project when first two buildings are completed and we conclude notary sales in August-September. The total sales revenue from apartments of first two buildings is estimated to be over 14 million euros. In

addition, the Company has sold all business premises and will record profit from sales in the course of completion and handover. Cash from sales will be used to repay the bank loan, assets will decrease significantly and profit from sales will be recorded in equity providing a necessary effect to reach the required ratio.

The Company has started negotiations with the bondholders to waive the temporary breach.

Taking into consideration possible recall of the bonds and bankruptcy of the subsidiary, the management assesses that the Company is still going concern. The Company has enough assets to meet its liabilities.

## 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 2021.

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 going concern.

Paolo Michelozzi	Chairman of the Management Board	31 May 2021
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Allan Remmelkoor	Member of the Management Board	31 May 2021
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Edoardo Preatoni	Member of the Management Board	31 May 2021
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