

AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT
FOR 1 QUARTER AND 3 MONTHS OF 2018
(UNAUDITED)

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AS Pro Kapital Grupp in brief

Established in 1994 AS Pro Kapital Grupp (hereinafter as „the Company“ and/or „Pro Kapital“) is a leading Estonian real estate company with a focus on development, management and sale of modern large-scale retail and residential real estate in the capitals of Estonia, Latvia and Lithuania. The Company owns and manages also a hotel in Bad Kreuznach, Germany.

Since its establishment Pro Kapital has completed ca 20 development projects with ca 190 000 square meters of total saleable area. Pro Kapital's operating strategy is to develop prime residential and retail real estate in all three Baltic capitals. The Company adds value through the entire life cycle of the development process, taking a long-term approach.



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Management report

Key figures, main events 1 January – 31 March 2018 and after the reporting period

- Total revenue was 6 798 thousand euros, an increase of 121% compared to the reference period (2017 3M: 3 074 thousand euros for continuing operations and 3 614 thousand euros including discontinued operations). Revenues of the Company depend on completing residential developments, as sales revenues are recorded at the moment of handing over the premises. Positive results of the first quarter of 2018 were influenced by completion of the 4th apartment building in a Kristina Houses development and renovated Marsi 6 building in Tallinn as presales were turned into notarised sales transactions.
- Gross profit was 1 804 thousand euros, an increase of 122% compared to the reference period (2017 3M: 814 thousand euros for continuing operations and 935 thousand euros including discontinued operations). Gross profit margin of continuing operations increased by 1%.
- Operating result increased by 1 212 thousand euros (231%) compared to the reference period, totalling to operating profit of 687 thousand euros (2017 3M: loss of 525 thousand euros for continuing operations and loss of 497 thousand euros including discontinued operations). Operating result of the period was influenced positively by real estate sales in Tallinn.
- Net result increased positively by 1 284 thousand euros (92%) compared to the reference period, totalling still to negative result of 118 thousand euros (2017 3M: loss of 1 402 thousand euros for continuing operations and loss of 1 429 thousand euros including discontinued operations). The net result of the period was influenced positively by real estate sales in Tallinn. Nevertheless, high interest costs resulted in negative bottom line.
- Cash flow from operations was positive 2 053 thousand euros (2017 3M: negative 2 558 thousand euros).
- Net assets per share on 31 March 2018 totalled to 1.46 euros (31 March 2017: 1.44 euros).
- On 15 January 2018 the Parent distributed dividends to its shareholders in total amount of 850 319 euros, 0.015 euros per each share. The decision to pay dividends was taken on extraordinary shareholders' meeting held on 20 December 2017.
- On 22 January 2018 the Company prolonged the redemption date of 378 070 PKG2 convertible bonds by 2 years. New redemption date is 20 January 2020.

- On 30 January 2018 Pro Kapital group company OÜ Marsi Elu notified Nordecon AS to start with the fourth building of second construction phase of Kristina Houses. A 5-storey residential building with 31 apartments shall be completed, which is the seventh building of Kristina Houses development. The planned completion of the works is April 2019 and the price of construction works is slightly over 2.8 million euros without VAT.
- On 9 March 2018 the Company announced about intention to reorganise its subsidiary Pro Halduse OÜ and reduce maintenance service business in Estonia. The goal of the maintenance services has been and also will be in the future, to provide good quality maintenance service to the buyers of the apartments and to get feedback of any maintenance issues, to be able to use such information for improvements in future developments. Providing maintenance services to other properties under maintenance has not been the part of the core strategy of the group nor has it provided any significant profit for the group. Therefore it has been decided that the Company will concentrate on providing maintenance services only to the properties developed by Pro Kapital in recent years and to be developed in the future, all maintenance services to other properties will be terminated in the next few months. The influence of the reorganisation of the maintenance service business in Estonia for the group is as follows: based on 2017 financial results the group revenue will decrease by 1 352 thousand euros and gross profit by 155 thousand euros. The reorganization does not have material effect on profitability of the group.

Sale of Šaltinių Namai project in Vilnius and Kristina Houses in Tallinn have been continued. In Vilnius, at the moment of issuing interim report, in the 2nd stage of Šaltinių Namai project 72 preliminary agreements are signed. In Tallinn, in Kristiine City, four apartment buildings of Kristina Houses have been completed and 119 apartments out of 124 have been handed over to the clients. Presale is continuing for the fifth building with 26 presales, the sixth building with 14 presales and the seventh building with 13 presales signed. Each building has 31 apartments. In Kliversala project in Riga, the River Breeze Residence with 47 apartments and 1 business premises was completed at the end of April. 4 apartments have been handed over to the clients and four more apartments are waiting for a notary deal.

Key financial figures

	Continuing operations			Continuing and discontinued operations		
	2018 3M	2017 3M	2017 12M	2018 3M	2017 3M	2017 12M
Revenue, th EUR	6 798	3 074	12 077	6 798	3 614	14 098
Gross profit, th EUR	1 804	814	4 561	1 804	935	5 380
Gross profit, %	27%	26%	38%	27%	26%	38%
Operating result, th EUR	687	-525	1 797	687	-497	2 385
Operating result, %	10%	-17%	15%	10%	-14%	17%
Net result, th EUR	-118	-1 402	-953	-118	-1 429	-518
Net result, %	-2%	-46%	-8%	-2%	-40%	-4%
Earnings per share, EUR	-0.00	-0.03	-0.02	-0.00	-0.03	-0.01

	31.03.2018	31.03.2017	31.12.2017
Total Assets, th EUR	183 962	144 439	175 158
Total Liabilities, th EUR	101 398	66 143	92 476
Total Equity, th EUR	82 564	78 296	82 682
Debt / Equity *	1.23	0.84	1.12
Return on Assets, % **	-0.1%	-1.0%	-0.3%
Return on Equity, % ***	-0.1%	-1.8%	-0.6%
Net asset value per share, EUR ****	1.46	1.44	1.46

*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

CEO review

During the first quarter of 2018 Pro Kapital continued construction works of the new T1 Mall of Tallinn shopping and entertainment centre in Tallinn, which is the Company's largest single-object development project. Active negotiations with several local and international retail operators were carried on. The Company continued residential development activities in Kristiine City in Tallinn, in Kliversala in Riga and Šaltinių Namai in Vilnius.

In Tallinn, Kristiine City, the Company has completed four apartment buildings where 119 apartments out of 124 have been handed over to the clients. Next three buildings are under construction. Presale has been continuing for all three buildings with 26 apartments presold in the fifth, 14 apartments presold in the sixth and 13 apartments presold in the seventh building at the moment of publishing current interim report. Each building will have 31 apartments.

In Riga, the construction works of River Breeze Residence in Kliversala project were continued and the building was completed at the end of April. 4 luxury apartments have been handed over to the clients and 4 will be handed over in the nearest weeks. 39 apartments are available for sale. Many negotiations are in process with potential new buyers. The projecting works were continued also for Tallinas Residential Complex and for the first stage of office complex in Zvaigznes Quarter.

In Vilnius the first stage of Šaltinių Namai development has been almost sold. Last year the construction works for the second stage residential buildings started and 72 preliminary agreements have been already signed. Four buildings of the second stage should be completed in the middle of 2019. Our Vilnius real estate portfolio has no further projects for development after completion of Šaltinių Namai project, therefore the Company is seeking for obtaining attractive developments in the region.

At the end of reporting period the Company recorded net revenue of 6.8 million euros, an increase of 121% as compared to 3.1 million euros in the same period in 2017. Revenues have increased in real estate segment. This segment is influenced by time of completion of the buildings as revenues are recorded at the moment notary deed of sale is concluded. The net result remained negative due to high financial costs, though recorded net loss of 0.1 million euros for the first three months in 2018 was 92% lower as compared to 1.4 million euros loss during the same period in 2017. The Company is

working on increasing its efficiency and results are improving. For 2018 we foresee a positive year end result, which is influenced by completion of residential real estate developments in Tallinn and in Riga and opening of T1 Mall of Tallinn.

Overall loans from financial institutions were 35.7 million euros as at 31 March 2018. The loans from minority shareholders were 0.3 million euros. The Company had 10.2 million euros worth convertible bonds debt and 28.9 million euros worth non-convertible bonds debt at the end of reporting date.

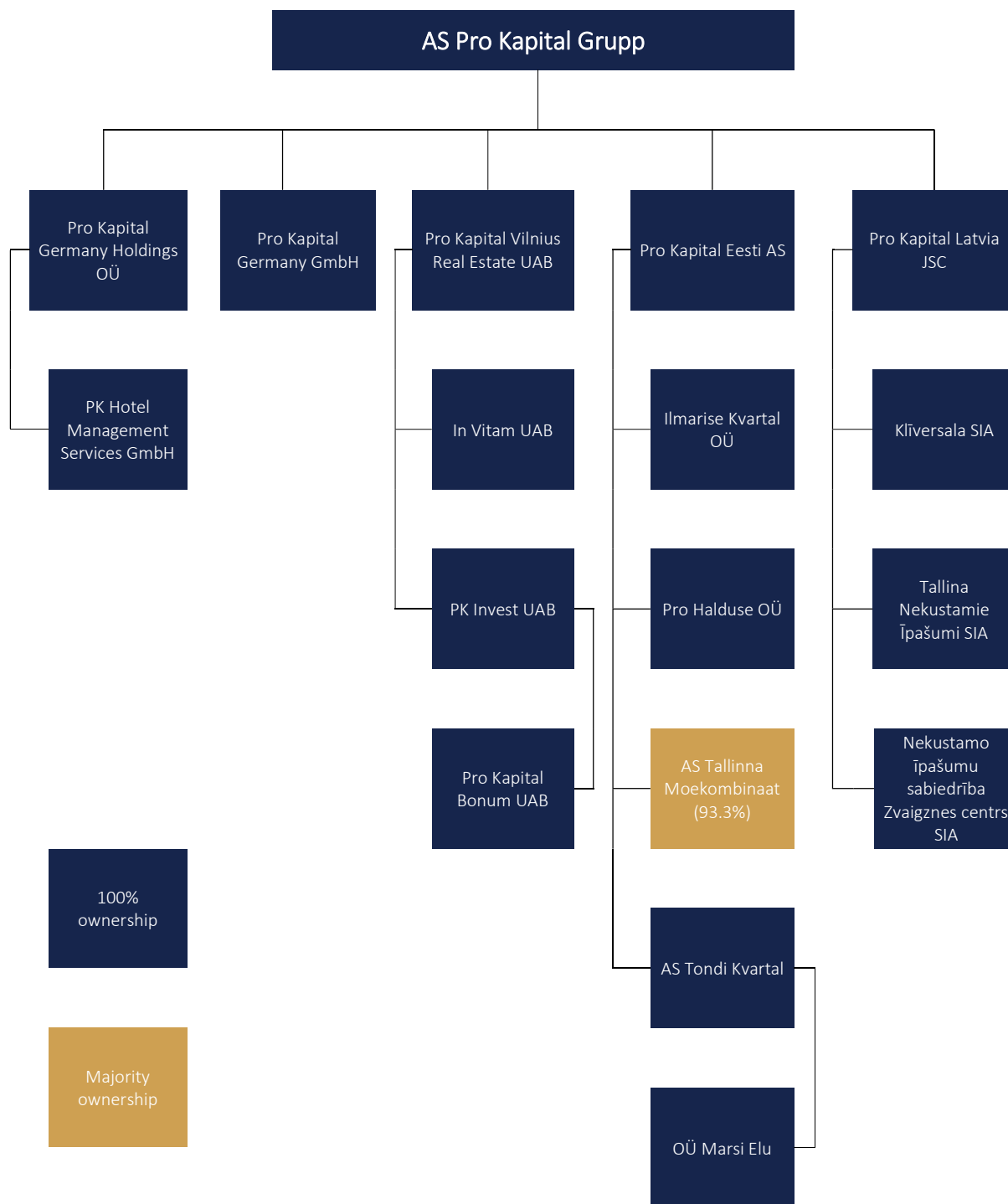
As at 31 March 2018 there were 84 employees working in the Company, 45 of them were employed in the hotel and property maintenance business.

Paolo Michelozzi
CEO
AS Pro Kapital Grupp

22 May 2018

Group structure

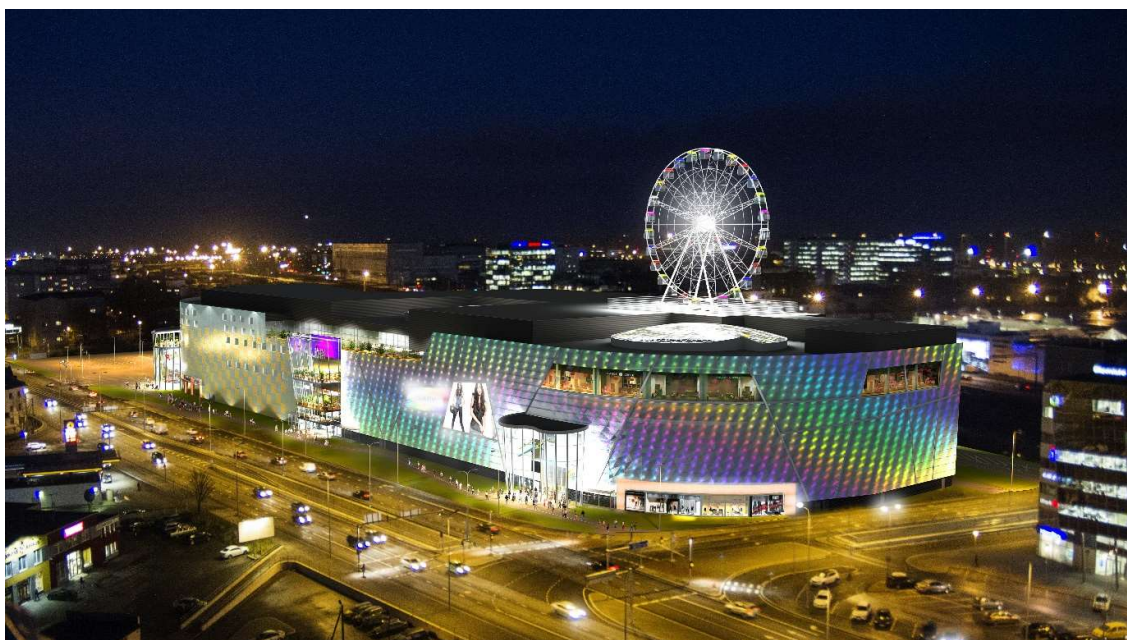
As at 31 March 2018



Overview of development projects

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

Today being under construction, in autumn 2018 the new T1 Mall of Tallinn shall open at the heart of Estonia's capital – a shopping and entertainment centre unlike any other built in Estonia and the Baltics so far. Total building volume is 130 thousand square metres, gross leasable area 55 thousand square meters.



Ülemiste 5, Tallinn

Ülemiste 5 land plot is closely connected to the T1 Mall of Tallinn property situated on Peterburi road 2. It is planned to develop commercial premises with gross leasable area 14 thousand square meters. Currently there is detail plan adopted, but new detail plan is under consideration in collaboration with the city in connection with Rail Baltica terminal.

Kristiine City in Tallinn

Kristiine City is one of the largest residential blocks in the Baltic countries, located in Kristiine borough, a residential area in the City Centre periphery of Tallinn. The unique project foresees impressive red brick buildings smoothly integrated with the modern architecture that will arise over the hill in the centre of the new block, providing a series of apartment and office buildings built on land plots historically occupied by barracks. Overall the project is to middle class individual buyers who prefer to live in the proximity of city centre and appreciate spacious green environment.

Marsi 6 (picture below) - renovation of historical building with special design loft apartments has been completed in the beginning of 2018. Only one apartment is still available for sale.



Kristina Houses (picture below) is a development of ten new apartment buildings in Kristiine City (ca 22 thousand square meters of net sellable area), of which four have been completed. Construction works and presale of the following three buildings are continuing.



Kalaranna in Tallinn

The Kalaranna development (picture below) is located on the most exclusive real estate sea border of central Tallinn. The plans for the real estate property include a beach promenade and a public room with a building solution, turning the region into a valued community space in the city of Tallinn. The total area of the development is close to 30 thousand square meters, most of it residential real estate. Detail plan is in place and projecting works are in progress in collaboration with the winners of architectural competition – Ott Kadarik and Mihkel Tüür.



Kliversala in Riga

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

The River Breeze Residence and the adjacent territory have been included in the long-term development strategy of Riga for the period until year 2030 as a high added value territory, which will be developed because it is located within the UNESCO heritage protection area.

River Breeze Residence (picture below) is a newly constructed residential building – a new landmark of Riga city left bank skyline. It is the first building in Kliversala Quarter – exclusively located residential development on the river Daugava and Agenskalna bay. Construction works of the building have been just completed. Projecting works of the following phase have started.



Zvaigznes Quarter in Riga

Office complex (picture below) to be built on the site of former factory is located at one of the main transport arteries heading through the city – Brīvības street. The project foresees renovation of the existing industrial building into office building during the first phase, and construction of new office and commercial buildings during the second phase. The site is ready for construction, existing building is conserved. In 2017 projecting works for renovation started, technical project is under process.



Tallinas Quarter in Riga

Tallinas street 5/7 is a centrally located area where a new residential development is planned. The project foresees a series of apartment buildings with commercial functions on the first floor. Residential complex will consist of newly constructed buildings and restored historical buildings that will give a special vibe to the area.

Building licence has been issued, technical project is under process.

Šaltinių Namai in Vilnius

The first stage of Project Šaltinių Namai has been completed: six five floor buildings with attics and 11 private cottages have been built. Residents of Šaltinių Namai quarter are already enjoying the private courtyard, finished landscape works and fully equipped children 's playground.

Šaltinių Namai Attico (picture below) is a prestigious new quarter surrounded by nature in the most tranquil part of Vilnius Old Town – Šaltinių Street. New luxury A - class energy apartments are currently being built in four apartment buildings.



Segments and key performance indicators

The Company's operations are spread across four geographical segments: Estonia, Latvia, Lithuania, and Germany. In addition, the Company monitors its activities amongst business lines of real estate (sale), rental activities, hotel operations, maintenance of real estate and other services.

Revenue structure 1 January – 31 March 2018, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	3M	3M	3M	3M	3M	3M	3M	3M	3M	3M
Real estate	5 067	1 008	0	0	188	820	0	0	5 255	1 828
Rent	1	7	18	15	25	22	0	0	44	44
Hotels	0	308	0	223	0	0	898	721	898	1 252
Maintenance	526	418	7	34	35	33	0	0	568	485
Other	0	0	32	3	1	2	0	0	33	5
Total	5 594	1 741	57	275	249	877	898	721	6 798	3 614

During reporting period, the Company's operations in **Estonia** mainly consisted of development and sales of apartments and business premises and maintenance of residential and business premises. On the comparative period, the Company operated PK Ilmarine Hotel in Tallinn, the hotel business was exited in July 2017.

The share of the Estonian segment as a percentage of total revenues of the Company for the first quarter amounted to 82.3% comparing to 48.2% during the same period last year. The increase is influenced by real estate sales.

During the reporting period, the total of 55 apartments, 1 business premise, 44 parking lots and 8 storage rooms were sold (2017 3M: 8 apartments, 10 parking lots and 8 storage rooms). In Kristina Houses development project of ten buildings the construction of four apartment buildings have been completed today. 119 apartments out of 124 have been handed over to the owners at the moment of the preparation of the current report. Three following buildings are under construction and available for presales: 26 agreements have been concluded for the fifth building, 14 agreements for the sixth building and 13 agreements for the seventh building. Marsi 6 project construction works were completed in January of the current year and almost all of 45 apartments have been sold. At the end of reporting period the stock consisting of 8 apartments and 1 business premises, also several parking spaces and storage rooms were available for sale in Tallinn.

During reporting period, the Company's operations in **Latvia** mainly consisted of development and sale of apartments in premium residential real estate property. On the comparative period, the Company operated PK Riga Hotel in Riga, the hotel business was exited in August 2017.

The share of the Latvian segment as a percentage of total revenues of the Company for the first quarter amounted to 0.8% comparing to 7.6% in the same period last year. Such a decrease is a result of exiting the hotel segment. There are no residential real estate properties for sale until completion of new developments. In Kliversala project the River Breeze Residence was completed only after the reporting period and therefore no real estate sales revenue is recorded for the first quarter. At the moment of issuing current report 4 apartments have been handed over to the buyers and 4 more sales are awaiting to be completed.

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 first quarter amounted to 3.7% comparing to 24.3% during the same period last year. The first stage of Šaltinių Namai project has been completed and most of the premises are sold. Last year construction works of the second stage started and four apartment buildings should be completed in the middle of the next year. At the moment of compilation of this report 72 preliminary agreements have been signed for the second stage in Šaltinių Namai project.

As there are limited number of inventory for sale in Lithuania, the Company purchased during reporting period 12 flats at a competitive price for further resale.

During the reporting period, 1 business premises was sold in Lithuania (2017 3M: 3 apartments, 5 parking lots). There were 16 apartments, 4 cottages, 3 business premises, 10 storage rooms and several 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, Germany.

The share of the German segment as a percentage of total revenues of the Company for the first quarter amounted to 13.2% comparing to 20.0% last year. The occupancy of PK Parkhotel Kurhaus 66.2% shows 22% increase comparing to 54.0% for the same period in 2017. Gross operating profit has increased 52 times and amounted to 110

thousand euros comparing to 2 thousand in 2017. Net result improved by 59% comparing to the same period last year.

Other operative data 1 January – 31 March 2018

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	3M	3M	3M	3M	3M	3M	3M	3M	3M	3M
M2 sold*	2 609	548	0	0	96	222	0	0	2 705	770
Average price, m2/EUR*	1 861	1 695	0	0	1 960	3 366	0	0	1 865	2 185
M2 under maintenance	61 869	61 869	15 038	15 038	17 546	16 983	0	0	94 453	93 890
Occupancy rate %, hotels**	N/A	62.3%	N/A	51.8%	N/A	N/A	66.2%	54.0%	66.2%	56.1%

*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 for high ratio of equity in its projects, as compared to the industry standards. Company's goal is to use external financing in a manner to avoid interest and loan covenant related risk during low economic periods and to have sufficient additional external financing capacity in case 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 Company's credit standing.

During the reporting period the Company has borrowed 5 735 thousand euros from Lintgen Adjacent Investments, 1 010 thousand euros from Swedbank Latvia and 698 thousand euros from Luminor Bank. The Company has repaid 2 051 thousand euros of the bank loans during first three months of 2018. Total amount borrowed from banks was 35.7 million euros as at 31 March 2018. 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 in dependence on sales volumes for others.

As at 31 March 2018 the Company had 10.2 million euros convertible bonds (current portion: 5.9 million euros; long term portion: 4.3 million euros), 1.2 million euros non-convertible bonds (current portion: 0.6 million euros; long term portion: 0.6 million euros) and 29.3 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 2018 Pro Kapital has issued total 56 687 954 shares with the nominal value 0.20 euros. The registered share capital of the Company was 11 337 590.80 euros.

As at 31 March 2018 there were 130 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 2018 were as follows:

Shareholders	Number of shares	Participation in %
Nordea Bank Finland Plc Clients	32 840 914	57.93%
Svalbork Invest OÜ	6 008 490	10.60%
Clearstream Banking Luxembourg S.A. Clients	4 652 196	8.21%
Eurofiduciaria S.R.L.	4 052 311	7.15%

Participation of Member of the Management Board and the Council Members as at 31 March 2018:

Name	Position	Number of shares	Participation in %
Paolo Vittorio Michelozzi	CEO	281 647	0.50%
Allan Remmelkoor	COO	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 bond of the Company with the nominal value of 300 000 euros.

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

Earnings per share during first three months of 2018 were -0.00 euros (2017 3M: -0.03 euros).

**Trading price range and trading amounts of Pro Kapital Grupp shares,
1 January – 31 March 2018, NASDAQ Baltic Secondary List**



Source: nasdaqbaltic.com

On 23 November 2012 the Company's shares started trading on the secondary list of Tallinn's stock exchange. During the period 1 January – 31 March 2018 the shares were trading at the price range 1.70 - 1.92 euros, with the closing price of 1.79 euros per share on 31 March 2018. During the period 120 thousand of the Company's shares were traded with their turnover amounting to 212 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 2018 the shares were trading at the price range of 1.72- 1.97 euros, with the closing price 1.79 euros per share on 31 March 2018. During the period 48 thousand of the Company's shares were traded with their turnover amounting to 85 thousand euros.

Legal overview and developments

The Company 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.

In the opinion of the Management Board 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 of the end of the reporting period.

People

As at 31 March 2018 the Company employed 84 people compared to 122 people on 31 March 2017, 45 of them were engaged in hotel and property maintenance services (87 on 31 March 2017). The number of employees has decreased due to disposal of Tallinn and Riga hotels.

Risks

Market risk, liquidity risk and risk of financing have the most significant influence on the Company. The long- term orientation in business model the Company enables to mitigate the risks of possible market fluctuation. 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 circle, thus naturally capitalising on market opportunities and hedging market risk.

Liquidity risk is managed on 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 risk.

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 flexibility through the use of bank overdrafts, bank loans, bonds and other debentures as well as expanding its investor base and attracting additional private equity.

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	22 May 2018
	and Chairman of the Management Board	

Allan Remmelkoor	Chief Operating Officer	22 May 2018
	and Member of the Management Board	

Edoardo Preatoni	Member of the Management Board	22 May 2018
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Consolidated financial statements

Consolidated interim statement of financial position

in thousands of euros	Notes	31.03.2018	31.03.2017	31.12.2017
ASSETS				
Current assets				
Cash and cash equivalents		8 255	3 331	10 317
Current receivables		4 459	4 568	4 888
Inventories	5	39 488	27 086	38 024
Total current assets		52 172	34 985	53 229
Non-current assets				
Non-current receivables		36	41	37
Property, plant and equipment	6	7 125	18 261	7 435
Investment property	7	124 316	90 855	114 140
Intangible assets		313	297	317
Total non-current assets		131 790	109 454	121 929
TOTAL ASSETS	3	183 962	144 439	175 158
LIABILITIES AND EQUITY				
Current liabilities				
Current debt	8	10 667	7 654	6 738
Customer advances		6 920	3 846	7 224
Current payables		12 210	3 978	10 091
Tax liabilities		510	675	132
Short-term provisions		176	203	170
Total current liabilities		30 483	16 356	24 355
Non-current liabilities				
Long-term debt	8	64 651	44 433	62 527
Other non-current payables		4 152	1 827	3 437
Deferred income tax liabilities		2 004	3 348	2 058
Long-term provisions		108	179	99
Total non-current liabilities		70 915	49 787	68 121
TOTAL LIABILITIES	3	101 398	66 143	92 476
Equity attributable to owners of the Company				
Share capital in nominal value		11 338	10 854	11 338
Share premium		5 661	1 816	5 661
Statutory reserve		1 082	1 082	1 082
Revaluation reserve		3 262	9 462	3 256
Retained earnings		59 944	55 017	60 369
Loss for the period		-96	-1 411	-419
Total equity attributable to owners of the Company		81 191	76 820	81 287
Non-controlling interest	4	1 373	1 476	1 395
TOTAL EQUITY		82 564	78 296	82 682
TOTAL LIABILITIES AND EQUITY		183 962	144 439	175 158

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

Consolidated interim statements of comprehensive income

in thousands of euros	Notes	2018 3M	Adjusted 2017 3M	2017 12 M
CONTINUING OPERATIONS				
Operating income				
Revenue	9	6 798	3 074	12 077
Cost of goods sold	10	-4 994	-2 260	-7 516
Gross profit	11	1 804	814	4 561
Marketing expenses		-179	-188	-822
Administrative expenses	12	-1 085	-1 193	-5 256
Other income		176	45	4 114
Other expenses		-29	-37	-800
Operating profit/ loss		687	-525	1 797
Financial income	13	1	1	6
Financial expense	13	-859	-847	-3 352
Loss before income tax		-171	-1 371	-1 549
Income tax		53	-31	596
Loss from continuing operations		-118	-1 402	-953
Profit/ loss from discontinued operations		0	-27	435
Loss for the period		-118	-1 429	-518
Attributable to:				
Equity holders of the parent		-96	-1 411	-419
Non-controlling interest		-22	-18	-99
Other comprehensive income, net of income tax				
Income that will not be reclassified subsequently to profit				
Net change in properties revaluation reserve		0	0	-4
Total comprehensive income for the year				
Attributable to:				
Equity holders of the parent		-96	-1 411	-423
Non-controlling interest		-22	-18	-99
Earnings per share from continuing operations (EUR)	14	-0.00	-0.03	0.02
Earnings per share for the period (EUR)	14	-0.00	-0.03	0.02

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

Consolidated interim statements of cash flows

in thousands of euros	Note	2018 3M	Adjusted 2017 3M	2017 12 M
Cash flows from operating activities				
Loss for the year		-118	-1 429	-518
Adjustments for:				
Depreciation and amortisation of non-current assets		52	175	-455
Gain from disposal of property, plant and equipment		-18	0	-3 045
Change in fair value of property, plant and equipment		0	0	-26
Change in fair value of investment property	7	0	0	-530
Loss from disposal of shares of subsidiaries		0	0	346
Finance income and costs	13	858	887	3 460
Other non-monetary changes (net amounts)		-503	12 584	12 410
Changes in working capital:				
Trade receivables and prepayments		430	-93	-408
Inventories	5	-1 464	-12 942	-23 880
Liabilities and prepayments		2 850	-1 752	6 556
Provisions		19	12	-101
Net cash used in/ generated by operating activities		2 053	-2 558	-5 281
Cash flows from investing activities				
Payments for property, plant and equipment	6	-57	-98	-281
Payments for intangible assets		0	-24	-52
Proceeds from disposal of property, plant and equipment		336	0	6 651
Payments for investment property	7	-9 290	-4 085	-24 772
Net cash from disposal of shares of subsidiaries		0	0	6 249
Interests received	13	1	1	6
Net cash used in/ generated by investing activities		-9 010	-4 206	-12 199
Cash flows from financing activities				
Proceeds from increase of share capital		0	0	4 328
Net changes related to non-controlling interests		0	0	-480
Proceeds from bonds		0	0	1 446
Redemption of convertible bonds	8	0	-522	-773
Proceeds from borrowings		7 443	6 450	28 260
Repayment of borrowings		-2 051	-168	-7 048
Interests paid		-527	-567	-3 318
Net cash used in/ generated by financing activities		4 865	4 713	22 415
Net change in cash and cash equivalents		-2 092	-2 051	4 935
Cash and cash equivalents at the beginning of the period		10 317	5 382	5 382
Cash and cash equivalents at the end of the period		8 225	3 331	10 317

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 2016	10 841	1 669	1 082	9 462	58 743	81 797	1 635	83 432
Increase of share capital	13	147	0	0	0	160	0	160
Changes in non-controlling interests	0	0	0	0	361	361	276	637
Comprehensive loss for the period	0	0	0	0	-3 913	-3 913	-112	-4 025
31 December 2016	10 854	1 816	1 082	9 462	55 191	78 405	1 799	80 204
Changes in non-controlling interests	0	0	0	0	-174	-174	-305	-479
Comprehensive loss for the period	0	0	0	0	-1 411	-1 411	-18	-1 429
31 March 2017	10 854	1 816	1 082	9 462	53 606	76 820	1 476	78 296
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 profit for the period	0	0	0	-4	992	988	-81	907
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

Notes to consolidated interim financial statements

Note 1. General information

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

Shareholder	Country of incorporation	Ownership 31.03.2018	Ownership 31.12.2017
Nordea Bank Finland Plc Clients	Finland	57.93%	46.99%
Svalbork Invest OÜ	Estonia	10.60%	11.07%
Clearstream Banking Luxembourg S.A. Clients	Luxembourg	8.21%	10.07%
Eurofiduciaria S.R.L.	Italy	7.15%	12.24%

For the purpose of comparative financial figures of these interim financial statements as at 31 March 2018, Pro Kapital 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 investors.

For the comparative period of three months of 2018, these interim financial statements represent the consolidated assets, liabilities, equity, results of operations and cash flows of the Ultimate 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 2017.

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 2017.

Note 3. Segment reporting

in thousands of euros (including discontinued operations)	the Ultimate Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
2018 3M							
Revenue	0	5 594	58	249	1 033	-136	6 798
Other operating income and expenses (net)	0	134	3	2	23	-15	147
Segment operating profit (loss)	-407	1 336	-114	-95	-33	0	687
Financial income and expense (net)	-1 190	517	95	-55	-35	0	-858
Profit (loss) before income tax	-1 597	1 853	-209	-150	-68	0	-171
Income tax	0	0	0	53	0	0	53
Non-controlling interest	0	-22	0	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	0	-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	0	57
Disposal of non-current assets	0	-2	0	-366	0	0	-368
Depreciation and amortisation	-1	-13	0	-5	-37	0	-56
2017 3M							
Revenue	0	1 742	286	877	832	-123	3 614
Other operating income and expenses (net)	0	4	20	0	49	-14	59
Segment operating profit (loss)	-455	-95	-192	399	-154	0	-497
Financial income and expense (net)	-1 110	502	-128	-112	-40	0	-888
Profit (loss) before income tax	-1 565	407	-320	287	-194	0	-1 385
Income tax	0	0	-14	-30	0	0	-44
Non-controlling interest	0	-18	0	0	0	0	-18
Net profit (loss) for the financial year attributable to equity holders of the parent	-1 565	425	-334	257	-194	0	-1 411
31.03.2017							
Assets	55 577	152 002	35 933	18 692	7 224	-124 989	144 439
Liabilities	107 903	12 878	24 532	9 946	5 103	-94 219	66 143
Acquisition of non-current assets	0	5	1	0	92	0	98
Depreciation and amortisation	0	-43	-54	-6	-70	0	-173

in thousands of euros (including discontinued operations)	the Ultimate Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
2017 12M							
Revenue	607	7 591	1 194	1 784	3 974	-1 052	14 098
Other operating income and expenses (net)	0	1 572	186	-16	230	-80	1 892
Segment operating profit (loss)	-1 471	2 903	-400	-90	-9	0	933
Financial income and expense (net)	-4 634	2 078	951	-239	-164	0	-2 008
Profit (loss) before income tax	-6 105	4 981	551	-329	-173	0	-1 075
Income tax	0	0	578	-21	0	0	557
Non-controlling interest	0	-99	0	0	0	0	-99
Net profit (loss) for the financial year attributable to equity holders of the parent	-6 105	5 080	1 129	-350	-173	0	-419
31.12.2017							
Assets	58 292	179 472	37 551	19 171	7 029	-126 357	175 158
Liabilities	111 680	35 772	24 687	11 031	4 123	-94 817	92 476
Acquisition of non-current assets	25	46	12	11	239	0	333
Disposal of non-current assets	0	-6 267	-7 562	0	0	0	-13 829
Depreciation and amortisation	-1	-114	-139	-28	-173	0	-455

Note 4. Changes in minority shareholding

AS Tallinna Moekombinaat

Minority (%) as at 1 January 2017	8.05%
Repurchase of shares	-1.40%
Minority (%) as at 31 March 2017	6.65%
Minority (%) as at 31 December 2017	6.65%
Minority (%) as at 31 March 2018	6.65%

in thousands of euros

Non-controlling interest as at 1 January 2017	1 799
Net change in non-controlling interest	-305
Loss for the reporting period	-18
Non-controlling interest as at 31 March 2017	1 476
Loss for the reporting period	-81
Non-controlling interest as at 31 December 2017	1 395
Loss for the reporting period	-22
Non-controlling interest as at 31 March 2018	1 373

Note 5. Inventories

in thousands of euros	31.03.2018	31.03.2017	31.12.2017
Property held for resale	5 782	3 867	4 894
Works in progress	33 554	23 122	33 062
Goods bought for resale	50	64	59
Prepayments for inventories	102	33	9
Total	39 488	27 086	38 024

Property held for resale include completed real estate stock in Tallinn and Vilnius. Works in progress include properties being under development in all three Baltic states or waiting for development in the nearest future.

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.

On comparative date 31 March 2017, land and buildings included three hotel properties (in Tallinn, Riga and Bad Kreuznach) and administrative premises in Tallinn and Vilnius. Tallinn and Riga hotel properties were sold during 2017. In January 2018 the office in Vilnius was sold.

in thousands of euros	31.03.2018	31.03.2017	31.12.2017
Acquisition value	10 189	24 175	10 500
Accumulated depreciation	-3 064	-5 914	-3 065
Residual value	7 125	18 261	7 435

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepay- ments	Total
Acquisition value 01.01.2017	20 066	1 686	1 216	1 118	24 086
Additions:					
Acquired	1 211	0	5	-1 118	98
Disposals:					
Sold	0	0	-8	0	-9
Written off	0	0	-1	0	-70
Acquisition value 31.03.2017	21 277	1 686	1 212	0	24 175
Additions:					
Acquired	140	7	22	14	183
Changes in fair value	26	0	0	0	26
Disposals:					
Sold	-6 100	0	-1	0	-6 101
Sold through disposal of subsidiary	-6 076	-804	-835	-5	-7 720
Written off	0	-9	-54	0	-63
Acquisition value 31.12.2017	9 267	880	344	9	10 500
Additions:					
Acquired	0	13	44	0	57
Disposals:					
Sold	-358	0	0	0	-358
Written off	0	0	-10	0	-10
Acquisition value 31.03.2018	8 909	893	378	9	10 189

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Prepay- ments	Total
Accumulated depreciation 01.01.2017	3 103	1 560	1 087	0	5 750
Additions:					
Depreciation charge for the period	132	29	12	0	173
Disposals:					
Sold	0	0	-8	0	-8
Written off	0	0	-1	0	-1
Accumulated depreciation 31.03.2017	3 235	1 589	1 090	0	5 914
Additions:					
Depreciation charge for the period	195	54	23	0	272
Disposals:					
Sold	-696	0	0	0	-696
Sold through disposal of subsidiary	-800	-791	-771		-2 362
Written off	0	-9	-54	0	-63
Accumulated depreciation 31.12.2017	1 934	843	288	0	3 065
Additions:					
Depreciation charge for the period	38	5	6	0	49
Disposals:					
Sold	-40	0	0	0	-40
Written off	0	0	-10	0	-10
Accumulated depreciation 31.03.2018	1 932	848	284	0	3 064

Note 7. Investment property

in thousands of euros	Investment property held for increase in value	Total
Balance at 01.01.2017	99 660	99 660
Additions:		
Investments	4 085	4 085
Reclassified into inventories	-12 890	-12 890
Balance at 31.03.2017	90 855	90 855
Additions:		
Investments	21 808	21 808
Capitalised interests	947	947
Changes in fair value:		
Profit from change in fair value	530	530
Balance at 31.12.2017	114 140	114 140
Additions:		
Investments	9 290	9 290
Capitalised interests	886	886
Balance at 31.03.2018	124 316	124 316

The fair values of the Group's investment property at 31 December 2017 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 ca 8.9 million euros.

Note 8. Current and non-current debt

Current debt

in thousands of euros	31.03.2018	31.03.2017	31.12.2017
Bank loans and overdrafts	4 084	3 073	168
Convertible bonds	5 943	4 569	5 930
Non-convertible bonds	640	0	640
Current portion of finance lease	0	12	0
Total	10 667	7 654	6 738

Non-current debt

in thousands of euros	31.03.2018	31.03.2017	31.12.2017
Bank loans and overdrafts	31 600	10 714	29 498
Convertible bonds	4 318	5 943	4 331
Non-convertible bonds	28 287	27 360	28 261
Payables to non-controlling interest	446	409	437
Non-current portion of finance lease	0	7	0
Total	64 651	44 433	62 527

Creditors

in thousands of euros	31.03.2018	31.03.2017	31.12.2017
Swedbank AS (EE)	0	1 277	0
Swedbank AS (EE)	0	1 901	0
Luminor Bank AS (EE)	467	494	474
Luminor Bank AS (EE)	317	0	1 663
AS Swedbank (LV)	0	2 779	0
AS Swedbank (LV)	6 008	2 719	4 999
Lintgen Adjacent Investments (Agent) incl long-term interests	28 892	4 617	22 530
Lease agencies	0	19	0
Fiducaria Emiliana S.r.l including long-term interests	288	265	283
Anndare Limited including long-term interests	158	144	154
Convertible bonds, various investors	10 261	10 512	10 261
Non-convertible bonds, various investors	1 240	1 240	1 240
Secured bonds, various investors	27 687	26 120	27 661
Total	75 318	52 087	69 265

All agreements and liabilities are fixed in euros. The total interest cost for the reporting period was 859 thousand euros (2017 3M: 889 thousand euros).

Convertible bonds

The Company has issued convertible bonds with issue price 2.80 euros and remaining total value of 10 261 thousand 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 22 January 2018 the Company prolonged the redemption date of 378 070 PKG2 convertible bonds by 2 years. New redemption date is 20 January 2020.

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 124 bonds with total value of 1 240 000 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 March 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, therefor 150 bonds are accounted for at a discounted rate. The total value of the bonds on the balance sheet on 31 March 2018 was 27.7 million euros.

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

Pledged assets

in thousands of euros

Beneficiary	Collateral description	31.03.2018	31.12.2017
Luminor Bank AS (Estonia)	Sõjakooli St 12, 12a, 12b, 12c, Tallinn	3 373	5 612
Luminor Bank AS (Estonia)	Sammu St 6, 6a, 6b, Tallinn	2 397	2 355
Luminor Bank AS (Estonia)	Marsi 6, Tallinn	164	2 653
Luminor Bank AS (Estonia)	Sõjakooli 11, Tallinn	746	732
Lintgen Adjacent Investments	Peterburi 2, Tallinn	69 281	59 450
AS Swedbanka (Latvia)	Trijadibas St 5, Riga	28 976	27 701
<u>Share pledges related to secured callable fixed rate bonds:</u>			
Nordic Trustee & Agency AB	Pro Kapital Germany Holdings OÜ	10	10
Nordic Trustee & Agency AB	Pro Kapital Germany GmbH	25	25
Nordic Trustee & Agency AB	PK Hotel Management Services GmbH	116	116
Nordic Trustee & Agency AB	Pro Kapital Eesti AS	16 880	16 880
Nordic Trustee & Agency AB	OÜ Ilmarise Kvartal	3	3
Nordic Trustee & Agency AB	Pro Halduse OÜ	26	26
Nordic Trustee & Agency AB	AS Tondi Kvartal	160	160
Nordic Trustee & Agency AB	OÜ Marsi Elu	20	20
Nordic Trustee & Agency AB	AS Tallinna Moekombinaat	11 795	11 795
Nordic Trustee & Agency AB	Pro Kapital Latvia JSC	9 960	9 960
Nordic Trustee & Agency AB	Kliversala SIA	14 531	14 531
Nordic Trustee & Agency AB	Tallina Nekustamie Īpašumi SIA	4 000	4 000
Nordic Trustee & Agency AB	Nekustamo īpašumu sabiedrība Zvaigznes centrs SIA	2 500	2 500
Nordic Trustee & Agency AB	Pro Kapital Vilnius Real estate UAB	1 335	1 335
Nordic Trustee & Agency AB	In Vitam UAB	3	3
Nordic Trustee & Agency AB	PK Invest UAB	823	823
Nordic Trustee & Agency AB	Pro Kapital Bonum UAB	800	800
Nordic Trustee & Agency AB	bank accounts with Nordea Bank AB (SE)	37	374

Note 9. Revenue

in thousands of euros	2018 3M	Adjusted 2017 3M	2017 12M
Revenue from sale of real estate	5 255	1 828	6 621
Rental revenue	44	44	175
Hotel operating revenue	898	712	3 533
Revenue from maintenance services	568	485	1 720
Other services	33	5	28
Total	6 798	3 074	12 077

Revenues of comparative period does not include discontinued hotel operations, which form 540 thousand euros in the first quarter of 2017 and 2 021 thousand euros for the year 2017.

Note 10. Cost of sales

in thousands of euros	2018 3M	Adjusted 2017 3M	2017 12M
Cost of real estate sold	3 734	1 167	3 303
Cost of providing rental services	34	52	182
Cost of hotel operations	736	616	2 516
Cost of maintenance	455	422	1 467
Cost of other services	35	3	48
Total	4 994	2 260	7 516

Cost of sales of comparative period does not include discontinued hotel operations, which form 419 thousand euros in the first quarter of 2017 and 1 202 thousand euros for the year 2017.

Note 11. Gross profit

in thousands of euros	2018 3M	Adjusted 2017 3M	2017 12M
Real estate	1 521	661	3 318
Rental revenue	10	-8	-7
Hotel operating	162	96	1 017
Maintenance services	113	63	253
Other services	-2	2	-20
Total	1 804	814	4 561

Gross profit of comparative period does not include discontinued hotel operations, which form 121 thousand euros in the first quarter of 2017 and 819 thousand euros for the year 2017.

Note 12. Administration expenses

in thousands of euros	2018 3M	Adjusted 2017 3M	2017 12M
Staff costs	660	599	2 593
Land and real estate taxes	97	118	488
Depreciation charge	16	22	95
Amortisation charge	1	1	2
Other	311	453	2 078
Total	1 085	1 193	5 256

Administration expenses of comparative period do not include discontinued hotel operations, which form 84 thousand euros in the first quarter of 2017 and 205 thousand euros for the year 2017.

Note 13. Finance income and cost

Finance income

in thousands of euros	2018 3M	Adjusted 2017 3M	2017 12M
Interest income	1	1	6
Total	1	1	6

Finance cost

in thousands of euros	2018 3M	Adjusted 2017 3M	2017 12M
Interest expenses	859	755	3 148
Other financial expenses	0	92	204
Total	859	847	3 352

Financial expenses of comparative period do not include discontinued hotel operations, which form 42 thousand euros in the first quarter of 2017 and 114 thousand euros for the year 2017.

Note 14. Earnings per share

Earnings per share are calculated by dividing the net profit (loss) for the period with the weighted average number of shares in the period.

Average number of shares:

For the period	01.01.2018-31.03.2018	$(56\,687\,954 \cdot 90/90)$	=56 687 954
For the period	01.01.2017-31.03.2017	$(54\,271\,722 \cdot 90/90)$	=54 271 722
For the period	01.01.2017-31.12.2017	$(54\,271\,722 \cdot 292/365 + 56\,687\,954 \cdot 73/365)$	=54 754 968

Indicative earnings per share from continuing operations:

01.01.2018-31.03.2018	- 96 thousand euros/ 56 687 954 = -0.00 euros
01.01.2017-31.03.2017	-1 384 thousand euros/ 54 271 722 = -0.03 euros
01.01.2017-31.12.2017	- 1 008 thousand euros/ 54 754 968 = -0.02 euros

Indicative earnings per share for the period including discontinued operations:

01.01.2018-31.03.2018	- 96 thousand euros/ 56 687 954 = -0.00 euros
01.01.2017-31.03.2017	-1 411 thousand euros/ 54 271 722 = -0.03 euros
01.01.2017-31.12.2017	-518 thousand euros/ 54 754 968 = -0.01 euros

The convertible bonds issued by the Company did not have a dilutive effect on earnings in 2018 and 2017, 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 15. Shareholders meetings

No shareholders meetings have been held during first quarter of 2018.

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	2018 3M	2017 3M	2017 12M
Significant owners and owner related companies			
Revenues	9	23	69
Administrative expenses	2	3	7
Purchase of minority shares	0	480	480
Payment for minority shares	0	480	480
Purchase of real estate	1 978	0	0
Payment for real estate	989	0	0
Minority shareholders			
Interest expenses	9	11	37
Other shareholders/ bondholders			
Interest expenses	177	181	797
Redemption of convertible bonds	0	186	733
Interest payments	424	290	825
Members of the Management Board and Council			
Salaries and bonuses paid to management	194	159	802
Administrative expenses	2	2	7

Receivables from related parties

in thousands of euros	31.03.2018	31.03.2017	31.12.2017
Short-term receivables			
From significant owners and owner related companies	2	6	2
Total	2	6	2

Payables to related parties

in thousands of euros	31.03.2018	31.03.2017	31.12.2017
Long-term payables			
To minority shareholders	455	400	437
Total	455	400	437

Shareholding in the Company %	31.03.2018	31.03.2017	31.12.2017
Members of the Council and individuals related them	0.10%	0.02%	0.10%
Members of the Board and individuals related them	0.50%	0.47%	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 2018.

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	22 May 2018
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Allan Remmelkoor	Member of the Management Board	22 May 2018
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Edoardo Preatoni	Member of the Management Board	22 May 2018
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