

# AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT  
FOR III QUARTER AND 9 MONTHS OF 2019  
(UNAUDITED)

PROKAPITAL

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## AS Pro Kapital Grupp in brief

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

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



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## Management report

### Key highlights

**The total revenue** of the Company for the reporting period of nine months was 37.3 million euros, which is an increase of 77% compared to the reference period (2018 9M: 21.0 million euros). The total revenue of the third quarter was 14.8 million euros, an increase of 147% compared to 6.0 million euros during the same period in 2018. The real estate sales revenues are recorded at the moment of handing over the premises to the buyer. Therefore, the revenues from sales of real estate of the Company depend on the completion of the residential developments. The improvement of the results of the third quarter was influenced by continuous active sales of Kristina Houses development in Tallinn, River Breeze Residence in Riga and the completion of five new buildings in Šaltinių Namai Attico development in Vilnius, where majority of presales were realized in notarised sales transactions.

**The gross profit** for the reporting period of nine months increased by 70% to 11.7 million euros and by 92% to 3.6 million euros in the third quarter. In the comparable period the gross profit figures were 6.9 million euros and 1.9 million euros respectively. Gross profit margin decreased by 6%.

**The operating result** for the reporting period of nine months was 6.9 million euros profit comparing to 4.8 million euros profit during the same period in 2018. The operating result of the third quarter was 1.8 million euros comparing to 0.4 million euros in 2018.

**The net result** for the reporting period of the nine months was 3.1 million euros loss and 2.8 million euros loss for the third quarter. In the comparable period the net results were 2.3 million euros profit and 0.5 million euros loss respectively. The net result of the period was influenced negatively by 6.9 million euros of interest expenses in AS Tallinna Moekombinaat (Note 15). The interests are recorded in finance cost instead of capitalization into investment property, which has been done during active development until 31 December 2018.

**Cash generated in operating activities** during the reporting period was 6.7 million euros comparing to 3.4 million euros of cash generated during same period in 2018. In the third quarter of 2019 cash generated in operating activities was 6.2 million euros and 0.3 million euros during the same period in 2018.

**Net assets per share** on 30 September 2019 totalled to 1.72 euros compared to 1.50 euros on 30 September 2018.

## Key performance indicators

	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
Revenue, th EUR	37 283	21 043	14 771	5 978	27 991
Gross profit, th EUR	11 740	6 892	3 561	1 859	9 576
Gross profit, %	31%	33%	24%	31%	34%
Operating result, th EUR	6 885	4 779	1 764	350	21 483
Operating result, %	18%	23%	12%	6%	77%
Net result, th EUR	-3 075	2 279	-2 799	-543	18 056
Net result, %	-8%	11%	-19%	-9%	65%
Earnings per share, EUR	-0.05	0.04	-0.05	-0.01	0.30
			30.09.2019	30.09.2018	31.12.2018
Total Assets, th EUR		243 213		208 798	245 112
Total Liabilities, th EUR		145 549		123 837	144 374
Total Equity, th EUR		97 664		84 961	100 738
Debt / Equity *		1.49		1.46	1.43
Return on Assets, % **		-1.4%		1.2%	8.6%
Return on Equity, % ***		-3.4%		2.7%	19.7%
Net asset value per share, EUR ****		1.72		1.50	1.78

\* debt / equity = total debt / total equity

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

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

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

## Main events

On 31 January 2019 the Company informed about changes in the Management Board and Supervisory Council of its subsidiaries. Ervin Nurmela was recalled from the Management Board member position of AS Tallinna Moekombinaat and from the Supervisory Council member position of AS Tondi Kvartal. Allan Remmelkoor was elected as the new Supervisory Council member of AS Tondi Kvartal. Allan Remmelkoor was recalled from the Management Board member position of AS Tondi Kvartal and Ervin Nurmela was elected as the new Management Board of AS Tondi Kvartal. CEO of AS Pro Kapital Grupp Paolo Michelozzi said that Allan Remmelkoor continues to work with the T1 Mall of Tallinn and is involved in preparations for potential new shopping mall developments. Ervin Nurmela focuses on the large-scale development projects of Kristiine City and Kalaranna Kvartal residential and commercial area in Tallinn, Estonia.

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

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

**On 24 April 2019** the Company redeemed 30 “AS Pro Kapital Grupp bond 04.2019” bonds in total issue price of 300 000 euros.

**On 25 May 2019** the Company prolonged the redemption date of 82 950 PKG7 convertible bonds by 2 years. New redemption date is 25 May 2021.

**On 9 August 2019** the Company informed about Ervin Nurmela, a member of Management Board and Council of several subsidiaries, leaving the Company from 1 September 2019.

**On 13 August 2019** the Company prolonged the redemption date of 1 081 076 PKG1 convertible bonds by 2 years. New redemption date is 13 August 2021.

**On 30 August 2019** the Company informed about several changes in the Management Boards of the Group subsidiaries and the Council of one Latvian group company from 1 September 2019. The implementation was decided due to the leave of Ervin Nurmela.

**On 24 September 2019** the Company redeemed 30 “AS Pro Kapital Grupp bond 09.2019” bonds in total issue price of 300 000 euros.

**On 21 October 2019**, after the reporting period, the Company announced about signing the construction contract with Nordecon AS for projecting and building the first two phases in Kalaranna Quarter in Tallinn. The property of Kalaranna street 8 will have eight new buildings with 240 apartments, commercial premises and underground parking. The completion of the project is currently scheduled for the end of 2021. The value of the contract is 40.5 million euros plus VAT. The project is confirmed to be financed by LHV Pank.

## Chairman's summary

Our key focus is set on large-scale development projects of residential and commercial quarters in all Baltic capitals – Tallinn, Riga and Vilnius. With 25 years of experience and large portfolio we have a strong understanding of the market we operate in. As equally we hold a great responsibility, developing the whole areas and having an impact on entire communities and natural environment.

The thoroughness and diversity of our business and portfolio is reflected by the stable improvement of our performance. The total revenue of nine months was 37.3 million euros, which is an increase of 77% year on year. The total revenue of the third quarter was 14.8 million euros, an increase of 147% compared to 6.0 million euros during the same period in 2018. This result was strongly influenced by the active sales of Šaltiniu Namai Attico five new houses in Vilnius, Kristina Houses development in Tallinn and River Breeze Residence in Riga. 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 final notary deeds of sale are concluded and properties handed over to the buyer. As a result of the active sales, the operating result for the nine months of 2019 was 6.9 million euros profit compared to 4.8 million euros profit during the same period in 2018. During the third quarter of 2019 the operating profit was 1.8 million euros and 0.4 million euros in 2018. Otherwise positive results were influenced by 6.9 million euros interest expenses related to T1 project. The interests of T1 are recorded in finance cost instead of capitalisation into investment property, which has been done during active development until 31 December 2018. Consequently, the net result of the nine months of 2019 was 3.1 million euros loss compared to 2.3 million euros profit during the same period of 2018.

In early November 2019, the T1 Mall of Tallinn celebrates its first year of operation, which has been slower than we had anticipated in the initial prognosis. The results of T1 have had a negative impact on the Group's financial results with lower operating profit and net result and have challenged the Group's cash-flows. The management is continuously considering different options to reduce the financial cost of T1 Mall of Tallinn. However, I would like to stress, that the development of T1 Mall of Tallinn should not be seen as a short-term project. Instead, the lifetime of shopping and entertainment mall is a long and continuously evolving journey. We are currently focused on finding the best mix of tenants and increase the rental revenue, thereby increasing the T1's long-term value. The number of visitors is significant and in incline. Our customers very much value the entertainment that can be found in T1. We foresee a continuous increase of revenues during subsequent periods.

### Residential real-estate development with long-term mindset

The challenge of any real-estate developer is to be able to understand but even more importantly - to be ahead of the changes in consumer behaviours. By developing entire

areas, we always have to recognise that by doing so, the impact of our activities is to the whole communities. And that this is a long-term impact, where we need to be able to offer people something meaningful in a wide range of aspects. I'm glad to emphasise several residential quarters in our portfolio that really have or will increase the value of entire areas and are ahead of the market trends.

We have achieved several significant milestones within 2019. Firstly, we have received the building permit for the Kalaranna Quarter and have signed the agreement with Nordecon for the construction of the first two phases of this long-awaited project. The total area of nearly 39 000 m<sup>2</sup>, will be built in three phases. By the end of the first two phases of construction carried out by Nordecon, in estimation 31 500 m<sup>2</sup> will be developed. This means eight buildings out of twelve in total with the belonging landscaping, Kalaranna square and a park, in addition to the 2/3 of the underground car park with approximately 370 parking spaces. To date we have already pre-booked 37% of the first two phases.

Another outstanding project we recently launched in Tallinn, is located in the Kristiine City. The project Ratsuri Houses was named after its history as a horse stable and will receive a new look being united with a modern New Holland style building. We have to date, pre-booked 29 apartments out of 39 in total. Kristiine City is a great example of our approach to developing whole integrated living environment and thereby increasing the value for the entire area. One of the largest developments in Kristiine City is Kristina Houses, which has proved to be highly valued amongst our customers as more than 85% of the homes found an owner during the presales prior the completion of the construction in our latest buildings. The project includes a total of 10 houses, the last three of which will be completed this year. The last three houses of the Kristina Houses development have a total of 92 apartments, of which we have, to date sold 81 and pre-booked two.

At the end of the Q2 I talked more thoroughly about our extensive, more than 25 years of experience, in the Baltic real-estate market. In addition to the ability to adopt the business know-how gained in each market to other markets, the experience is a great asset for a company also for other reasons. Most and foremost, it offers us great insights of the trends and changes in the socio-political environment. After all, the Latvian, Lithuanian and Estonian real estate markets are a good indicator of broader processes in each country's economy and society. Active Estonian real-estate market is balanced by more challenging Latvian market, where the buyers focus is more set on real estate with the value of under 250 000 euros. This is mostly due to the regulatory reasons I have talked about in previous report. Nevertheless, the customer is increasingly looking for quality and functionality. We have considered the customer expectations in terms of more functional room planning in our new development projects, which are currently under technical design. On the 30 September, the local planning for Kliversala area, that had been in progress since 2016, came into force. This means, we can proceed developing the Kliversala Quarter as an integral residential



area. Our first building in the Kliversala Quarter is River Breeze Residence, which is undoubtedly one of the most outstanding buildings in Riga in terms of architecture, location and quality. River Breeze Residence received the 2019 Architecture Award, which is one of the most prestigious awards in Riga, recognising the balance between private and public outdoor space in an exclusive and innovative housing project. During the 9 months of 2019, we have sold 7 luxury residences, totalling with 7,05 million euros (including VAT), which places us as one of the market leaders in the Latvian premium real-estate segment. During the third quarter we finalised the sale of a two-storey 127,8 square-metre town-house, in total 450 000 euros (including VAT). Our focus has been on the sales and marketing, actively growing the awareness on the whole Kliversala area.

Similarly to Estonian market, the sales are very active in Vilnius, where we have completed 5 new apartment buildings near the Old Town. Saltiniu Namai I Attico is located in the UNESCO protected area and is inspired by the baroque spirit of Vilnius Old Town and the tradition of Italian architecture in Lithuania, also as an integral part of the landscape, has the first Italian courtyard garden in the city designed by an Italian concept architect Gianmarco Cavagnino. The homebuyers value the whole Saltiniu Namai development very highly, as it has completely changed the value of the whole area. Like Kliversala in Riga, this area has not historically been part of people's perception as a living environment, regardless of its spectacular location. Likely to the fundamental idea of Kalaranna Quarter, the Saltiniu Namai area emphasises on the secure and comfortable living environment and car-free city-space. To date we have presold and sold 84 apartments out of 110 in total. We are currently in the planning stage of the next phases of Saltiniu Namai Attico, city villas and commercial building.



Paolo Michelozzi  
CEO  
AS Pro Kapital Grupp  
29 October 2019

# Group structure

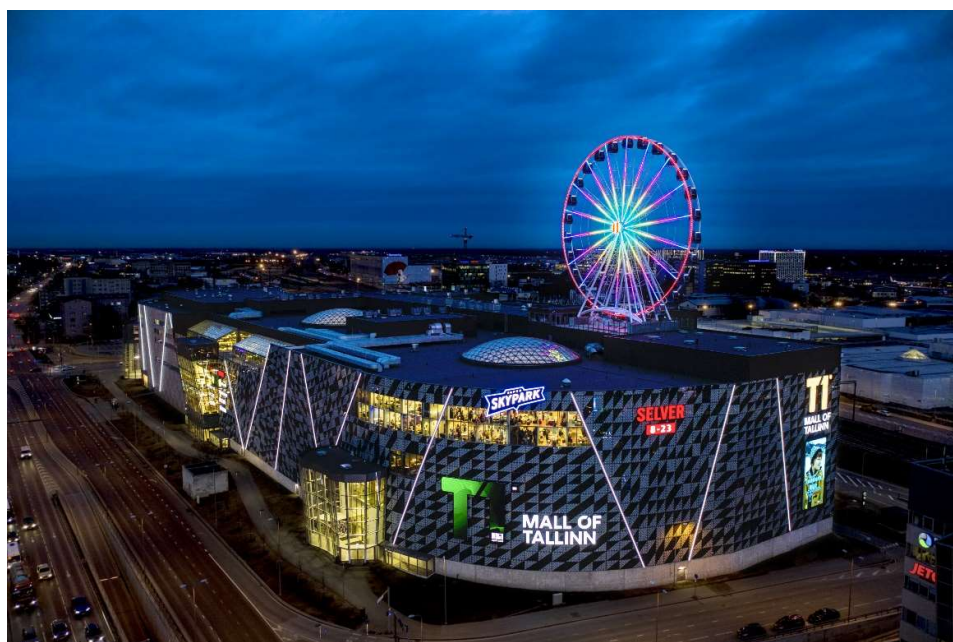
As at 30 September 2019



## Overview of the development projects

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

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



### Ülemiste 5, Tallinn

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

## Kristiine City in Tallinn

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

### *Kristina Houses in Kristiine City*



This is a development of ten new apartment buildings located in Kristiine City with an estimation of 22 thousand square meters of net sellable area in total. The Company has, to date, completed and sold seven apartment buildings. The

last three apartment buildings at Sammu street are being completed and handing over the apartments to the new owners has started.

### *Ratsuri Houses in Kristiine City*

The project Ratsuri Houses was named after its history as a horse stable and will receive a new look being united with a modern New Holland style building. The projecting works are ongoing and we have started with a tender for the construction works.



## Kalaranna in Tallinn

The Kalaranna development is located at the very heart of Tallinn, in the most exclusive and prestigious area, right on the beachfront of central Tallinn. The detail planning of the property includes a beach promenade and a well-connected public space with a building solution, turning the entire region into a truly valuable area in the city. The total net sellable or rentable area of the development is more than 30 thousand square meters, most of which is residential real estate. The Company has finalised the detail planning and design works. The design has been carried out by well-known architects Ott Kadarik and Mihkel Tüür, who were the winners of architectural competition held.



12 residential buildings with the business premises on the ground floor will be built in three phases. The design and construction work of the first two phases will be carried out by Nordecon AS. The property Kalaranna Street 8 will have eight new buildings with 240 apartments, commercial premises and underground parking. The completion of the two phases is currently scheduled for the end of 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 a newly constructed residential building and a landmark of the city's silhouette, on the left side of the bank of the river. The River Breeze Residence is the first building in the Kliversala quarter, exclusive residential development, located on the shore of river Daugava and Agenskalna bay. Construction works of the building were completed in spring 2018 and the Company has started design works for the following phase.

### Zvaigznes Quarter in Riga

Commercial property development 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 Company

started the design works for the renovation in 2017 and is currently in progress with technical design of the premises.

### Tallinas Quarter in Riga

Tallinas street 5/7 is located in the central city of Riga, where a new residential development is planned. The project foresees a series of apartment buildings with commercial premises on the first floor. The building complex will



consist of new buildings and restored historical buildings that will create a unique atmosphere in the area. The building permit has been issued and the technical design is currently in progress.

### Šaltinių Namai in Vilnius



Šaltinių Namai is a prestigious new quarter surrounded by the nature in the most peaceful part of the Old Town of Vilnius. The first stage of project Šaltinių Namai has been completed, with altogether six five-floor buildings with attics and eleven private cottages. Residents of Šaltinių Namai quarter are already enjoying the private courtyard,

beautiful landscape and fully equipped children's playground.

In June five new buildings of the following stage Šaltinių Namai Attico have been completed and almost all presales have been realized into final sales deeds.

## 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 results through the business activities: real estate sale, rentals, hotel operations, maintenance of real estate and other services.

### Revenue structure of nine months, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	9M	9M	9M	9M	9M	9M	9M	9M	9M	9M
Real estate	6 714	9 881	4 330	5 578	15 793	1 745	0	0	26 837	17 204
Rent	7 246	10	54	52	43	96	0	0	7 343	158
Hotel	0	0	0	0	0	0	2 865	2 853	2 865	2 853
Maintenance	34	635	0	10	115	105	0	0	149	750
Other	27	0	14	64	48	14	0	0	89	78
<b>Total</b>	<b>14 021</b>	<b>10 526</b>	<b>4 398</b>	<b>5 704</b>	<b>15 999</b>	<b>1 960</b>	<b>2 865</b>	<b>2 853</b>	<b>37 283</b>	<b>21 043</b>

### Revenue structure of third quarter, in thousands of euros

	EST	EST	LV	LV	LT	LT	GER	GER	Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3
Real estate	743	1 786	427	1 737	10 184	1 342	0	0	11 355	4 865
Rent	2 309	6	19	16	8	29	0	0	2 336	51
Hotel	0	0	0	0	0	0	992	978	992	978
Maintenance	12	35	0	0	43	34	0	0	55	69
Other	0	0	3	14	31	1	0	0	33	15
<b>Total</b>	<b>3 064</b>	<b>1 827</b>	<b>449</b>	<b>1 767</b>	<b>10 266</b>	<b>1 406</b>	<b>992</b>	<b>978</b>	<b>14 771</b>	<b>5 978</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 for the nine months amounted to 37.6% compared to 50.0% during the same period last year. The decrease in Estonian segment is resulting from less inventory available for sale during the period.

During the reporting period of nine months the total of 45 apartments, 68 parking lots and 36 storage rooms were sold (2018 9M: 89 apartments, 1 business premises, 83 parking lots and 39 storage rooms). At the end of the reporting period the stock



consisting of 1 business premises, several parking spaces and storage rooms were available for sale in Tallinn.

Seven of ten apartment buildings have been completed in Kristina Houses development and all apartments are sold. The last three houses are almost completed and handing over the apartments to new owners has started. 81 apartments have been sold and 2 pre-booked out of 92 apartments total.

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 for the nine months amounted to 11.8% comparing to 27.1% in the same period last year. At the moment of issuing the current report 33 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 for the nine months amounted to 42.9% comparing to 9.3% during the same period last year. The significant increase in total revenue was affected by the completion of five new buildings in Šaltinių Namai Attico development in June and start of signing deeds of sale.

During the reporting period 73 apartments, 1 cottage, 72 storage rooms and 70 parking lots were sold in Lithuania (2018 9M: 8 apartments and 1 business premises). There were 41 apartments, 2 cottages, 3 business premises, several storage rooms and parking lots in stock in Vilnius at the end of the reporting period.

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

The share of the German segment as a percentage of total revenues of the Company for the nine months amounted to 7.7% comparing to 13.6% last year. The decrease in German segment is resulting from change in proportions within the group due to growing real estate sale segment in Baltic countries and opening of T1 Mall of Tallinn. The occupancy rate of 66% of PK Parkhotel Kurhaus has decreased by 3% compared to the same period in 2018 although in the third quarter the occupancy rate was 69% which is 3% higher than last year. The revenues remained at the same level due to higher average room rate. Gross operating profit has decreased 1% and amounted to

555 thousand euros comparing to 559 thousand in 2018. Net result for the period was the same as last year.

### Other operative data of nine months

	EST	EST	LV	LV	LT	LT	Total	Total
	2019 9M	2018 9M	2019 9M	2018 9M	2019 9M	2018 9M	2019 9M	2018 9M
M2 sold*	3 351	5 050	1 257	1 508	5 597	638	10 205	7 196
Average price, m2/EUR*	1 822	1 827	3 128	3 470	2 489	2 629	2 349	2 242
M2 under maintenance	26 307	18 864	0	0	22 615	17 642	48 922	36 506

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

### Other operative data of third quarter

	EST	EST	LV	LV	LT	LT	Total	Total
	2019 Q3	2018 Q3	2019 Q3	2018 Q3	2019 Q3	2018 Q3	2019 Q3	2018 Q3
M2 sold*	346	918	128	460	3 735	481	4 209	1 859
Average price, m2/EUR*	1 872	1 783	2 910	3 699	2 479	2 647	2 442	2 481
M2 under maintenance	26 307	18 864	0	0	22 615	17 642	48 922	36 506

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

## Financing sources and policies

Pro Kapital strives to pursue 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 2.4 million euros from AB Luminor Bankas (Lithuania), Swedbank AS (Latvia) 0.6 million euros and 12.9 million euros from LHV Bank (Estonia). The Company has repaid 12.6 million euros of the bank loans during the nine months of 2019. As at 30 September 2019, the total debt to the banks was 91.8 million euros (Note 9). Bank loans are predominantly of middle-term duration, maturing within one to five years. Repayment schedule is mixed, both fixed for some loans and floating, depending on sales volumes for the others.

As at 30 September 2019 the Company had 10.1 million euros convertible bonds and 29.3 million euros secured, callable, fixed rate bonds with redemption date 1 June 2020 of which 1.4 million euros are held by Pro Kapital (Note 9).

## Shares and shareholders

As at 30 September 2019 Pro Kapital had issued 56 687 954 shares in total with the nominal value 0.20 euros. The registered share capital of the Company was 11 337 590.80 euros.

As at 30 September 2019 there were 162 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 30 September 2019 were as follows:

Shareholders	Number of shares	Participation in %
Raiffeisen Bank International AG	27 406 561	48.35%
Clearstream Banking Luxembourg S.A. Clients	11 195 788	19.75%
Nordea Bank AB (Publ)/ Non-treaty Clients	6 609 496	11.66%
Svalbork Invest OÜ	4 051 238	7.15%

The largest shareholders of AS Pro Kapital Grupp are Ernesto Preatoni and his affiliates. Based on the information at the possession of AS Pro Kapital Grupp as of 30 September 2019 Ernesto Preatoni and his affiliates control 41.22% of shares of AS Pro Kapital Grupp. The following shares are considered as being controlled by Ernesto Preatoni because the Management Board believes that he is able to control the use of voting rights by the following persons:

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

Participation of Member of the Management Board and the Council Members as at 30 September 2019 is as follows:

Name	Position	Number of shares	Participation in %
Paolo Vittorio Michelozzi	CEO	281 647	0.50%
Allan Remmelkoor	COO	0	0.00%
Edoardo Axel Preatoni	Board member	0	0.00%
Emanuele Bozzone	Chairman of the Council	0	0.00%
Petri Olkinuora	Council Member	30 000	0.05%
Ernesto Preatoni	Council Member	23 369 949	41.22%

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

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

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

Earnings per share during nine months of 2019 were -0.05 euros (2018 9M: 0.04 euros).

**Trading price range and trading amounts of Pro Kapital Grupp shares, 1 January – 30 September 2019, NASDAQ Baltic Main List**



Source: nasdaqbaltic.com

On 23 November 2012 the Company was listed on the secondary list of Tallinn’s stock exchange. Starting from 19 November 2018 the shares of the Company are traded in the Main List of Tallinn’s stock exchange. During the period 1 January – 30 September 2019 the shares were traded at the price range 1.18 - 1.71 euros, with the closing price of 1.20 euros per share on 30 September 2019. During the period 351 thousand of the Company’s shares were traded with their turnover amounting to 510 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 –

30 September 2019 the shares were traded at the price range of 1.14 - 1.62 euros, with the closing price 1.15 euros per share on 30 September 2019. During the period 205 thousand of the Company's shares were traded with the total turnover of 290 thousand euros.

## Legal overview and developments

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

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

## People

As at 30 September 2019 the Company employed 87 people compared to 89 people on 30 September 2018. 40 of them were engaged in hotel and property maintenance services (44 on 30 September 2018). The number of employees does not include council members.

## Risks

The most significant risks for the Company are related to 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, bank loans, bonds and other debentures as well as expanding its investor base and attracting additional financing from outside of Estonia. The Company considers the main risk of events occurring in local banking market, in terms of less alternatives for financing real estate projects and increasing interest rates.

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	29 October 2019
Allan Remmelkoor	Chief Operating Officer and Member of the Management Board	29 October 2019
Edoardo Preatoni	Member of the Management Board	29 October 2019

## Consolidated financial statements

### Consolidated interim statement of financial position

in thousands of euros	Notes	30.09.2019	30.09.2018	31.12.2018
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents		5 270	7 079	7 040
Current receivables		1 219	4 055	2 928
Inventories	5	51 717	56 661	59 331
<b>Total current assets</b>		<b>58 206</b>	<b>67 795</b>	<b>69 299</b>
Non-current assets				
Non-current receivables	6	3 708	35	216
Property, plant and equipment	7	7 723	7 127	7 128
Investment property	8	173 219	133 530	168 145
Intangible assets		357	311	324
<b>Total non-current assets</b>		<b>185 007</b>	<b>141 003</b>	<b>175 813</b>
<b>TOTAL ASSETS</b>	3	<b>243 213</b>	<b>208 798</b>	<b>245 112</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities				
Current debt	9	43 621	8 184	10 328
Customer advances	10	2 059	5 171	5 707
Current payables		8 418	11 662	11 939
Tax liabilities		218	181	357
Short-term provisions		1 300	642	852
<b>Total current liabilities</b>		<b>55 616</b>	<b>25 840</b>	<b>29 183</b>
Non-current liabilities				
Long-term debt	9	87 359	91 177	112 009
Other non-current payables		1 043	4 688	1 039
Deferred income tax liabilities		1 414	2 003	2 004
Long-term provisions		117	129	139
<b>Total non-current liabilities</b>		<b>89 933</b>	<b>97 997</b>	<b>115 191</b>
<b>TOTAL LIABILITIES</b>	3	<b>145 549</b>	<b>123 837</b>	<b>144 374</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	1 082	1 082
Revaluation reserve		3 262	3 262	3 262
Retained earnings		76 725	59 944	59 944
Profit/ Loss for the period		-2 734	2 320	16 827
<b>Total equity attributable to owners of the Company</b>		<b>95 386</b>	<b>83 607</b>	<b>98 114</b>
<b>Non-controlling interest</b>	4	<b>2 278</b>	<b>1 354</b>	<b>2 624</b>
<b>TOTAL EQUITY</b>		<b>97 664</b>	<b>84 961</b>	<b>100 738</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>243 213</b>	<b>208 798</b>	<b>245 112</b>

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



# Consolidated interim statements of comprehensive income

in thousands of euros	Notes	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
<b>CONTINUING OPERATIONS</b>						
<b>Operating income</b>						
Revenue	10	37 283	21 043	14 771	5 978	27 991
Cost of goods sold	11	-25 543	-14 151	-11 210	-4 119	-18 415
<b>Gross profit</b>	12	<b>11 740</b>	<b>6 892</b>	<b>3 561</b>	<b>1 859</b>	<b>9 576</b>
Marketing expenses		-487	-706	-193	-247	-1 336
Administrative expenses	13	-4 338	-4 037	-1 563	-1 714	-5 427
Other income	14	56	2 679	6	470	18 839
Other expenses	14	-86	-49	-47	-17	-169
<b>Operating profit</b>		<b>6 885</b>	<b>4 779</b>	<b>1 764</b>	<b>351</b>	<b>21 483</b>
Financial income	15	3	3	1	1	4
Financial expense	15	-10 074	-2 548	-4 502	-887	-3 473
<b>Profit/ loss before income tax</b>		<b>-3 186</b>	<b>2 234</b>	<b>-2 737</b>	<b>-535</b>	<b>18 014</b>
Income tax		111	45	-62	-8	42
<b>Profit/ loss for the period</b>		<b>-3 075</b>	<b>2 279</b>	<b>-2 799</b>	<b>-543</b>	<b>18 056</b>
Attributable to:						
Equity holders of the parent		-2 735	2 320	-2 605	-550	16 827
Non-controlling interest	4	-340	-41	-194	7	1 229
<b>Total comprehensive income/ loss for the year</b>		<b>-3 075</b>	<b>2 279</b>	<b>-2 799</b>	<b>-543</b>	<b>18 056</b>
Attributable to:						
Equity holders of the parent		-2 735	2 320	-2 605	-550	16 827
Non-controlling interest		-340	-41	-194	7	1 229
Earnings per share for the period (EUR)	16	-0.05	0.04	-0.05	-0.01	0.30

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

## Consolidated interim statements of cash flows

in thousands of euros	Note	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
<b>Cash flows from operating activities</b>						
Profit/loss for the period		-3 075	2 279	-2 799	-543	18 056
Adjustments for:						
Depreciation, amortisation of non-current assets		294	158	100	54	214
Gain from disposal of property, plant, equipment		0	-4	0	0	-4
Gain from disposal of investment property		0	-418	0	-418	-418
Change in fair value of property, plant, equipment		0	0	0	0	-13
Change in fair value of investment property		0	-1 910	0	0	-17 995
Finance income and costs	15	10 071	2 545	4 501	885	3 469
Changes in deferred tax assets and liabilities		-590	-55	-413	0	-54
Other non-monetary changes (net amounts)		2 446	16 827	2 396	2 790	15 458
Changes in working capital:						
Trade receivables and prepayments		-1 785	842	-826	-894	1 781
Inventories		7 591	-18 637	6 180	-2 001	-21 307
Liabilities and prepayments		-8 154	1 301	-2 786	-227	-128
Provisions		-15	502	-39	612	-107
<b>Net cash used in/ generated by operating activities</b>		<b>6 783</b>	<b>3 430</b>	<b>6 314</b>	<b>258</b>	<b>-1 048</b>
<b>Cash flows from investing activities</b>						
Payments for property, plant and equipment	7	-201	-166	-35	-76	-206
Payments for intangible assets		-46	-7	-21	-7	-24
Proceeds from disposal of property, plant, equipment		0	336	0	0	336
Payments for investment property		-5 496	-31 084	-859	-8 898	-47 786
Proceeds from disposal of investment property		0	0	0	0	1 000
Interests received	15	3	3	1	1	4
<b>Net cash used in investing activities</b>		<b>-5 740</b>	<b>-30 918</b>	<b>-915</b>	<b>-8 980</b>	<b>-46 676</b>
<b>Cash flows from financing activities</b>						
Dividend payment		0	-850	0	0	-850
Redemption of convertible bonds		0	-3	0	-3	-9
Redemption of non-convertible bonds		-600	-640	-300	-640	-640
Proceeds from borrowings		15 917	33 474	2 529	10 960	56 923
Repayment of borrowings		-12 639	-5 509	-5 063	-754	-7 496
Repayment of lease liabilities		-129	0	-44	0	0
Interests paid		-3 362	-2 222	-1 354	-473	-3 481
Deposited amount related to loan obligations	6	-2 000	0	0	0	0
<b>Net cash used in/ generated by financing activities</b>		<b>-2 813</b>	<b>24 250</b>	<b>-4 232</b>	<b>9 090</b>	<b>44 447</b>
<b>Net change in cash and cash equivalents</b>		<b>-1 770</b>	<b>-3 238</b>	<b>1 168</b>	<b>368</b>	<b>-3 277</b>
Cash and cash equivalents at the beginning		7 040	10 317	4 102	6 711	10 317
Cash and cash equivalents at the end of the period		5 270	7 079	5 270	7 079	7 040

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

## Consolidated interim statements of changes in equity

in thousands of euros	Share capital	Share premium	Statutory reserve	Properties revaluation reserve	Retained earnings	Attributable to equity owners of the parent	Non-controlling interests	Total equity
<b>1 January 2017</b>	<b>10 854</b>	<b>1 816</b>	<b>1 082</b>	<b>9 462</b>	<b>55 191</b>	<b>78 405</b>	<b>1 799</b>	<b>80 204</b>
Increase of share capital	484	3 845	0	0	0	4 329	0	4 329
Distribution of dividends	0	0	0	0	-850	-850	0	-850
Changes in revaluation reserve	0	0	0	-6 202	6 202	0	0	0
Comprehensive loss for the period	0	0	0	-4	-419	-423	-99	-522
<b>31 December 2017</b>	<b>11 338</b>	<b>5 661</b>	<b>1 082</b>	<b>3 256</b>	<b>59 950</b>	<b>81 287</b>	<b>1 395</b>	<b>82 682</b>
Changes in revaluation reserve	0	0	0	6	-6	0	0	0
Comprehensive profit for the period	0	0	0	0	2 320	2 320	-41	2 279
<b>30 September 2018</b>	<b>11 338</b>	<b>5 661</b>	<b>1 082</b>	<b>3 262</b>	<b>62 264</b>	<b>83 607</b>	<b>1 354</b>	<b>84 961</b>
Comprehensive profit for the period	0	0	0	0	14 507	14 507	1 270	15 777
<b>31 December 2018</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>
Changes in statutory reserve	0	0	52	0	-52	0	0	0
Changes in statutory reserve in non-controlling interests	0	0	0	0	6	6	-6	0
Comprehensive loss for the period	0	0	0	0	-2 735	-2 735	-340	-3 075
<b>30 September 2019</b>	<b>11 338</b>	<b>5 661</b>	<b>1 134</b>	<b>3 262</b>	<b>73 991</b>	<b>95 386</b>	<b>2 278</b>	<b>97 664</b>

## 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 30.09.2019	Ownership 30.09.2018	Ownership 31.12.2018
Raiffeisen Bank International AG	Austria	48.35%	43.57%	49.44%
Clearstream Banking Luxembourg S.A. Clients	Luxembourg	19.75%	19.01%	18.42%
Nordea Bank AB (Publ)/ Non-treaty Clients	Finland	11.66%	14.76%	10.87%
Svalbork Invest OÜ	Estonia	7.15%	7.15%	7.15%

For the purpose of comparable financial figures of these interim financial statements as at 30 September 2019, 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 nine months of 2019, these interim financial statements represent the consolidated assets, liabilities, equity, results of operations and cash flows of the Parent Company and its subsidiaries.

### Note 2. Basis of preparation

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

The accounting policies applied by the Company in these consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended 31 December 2018, except for application of the new standard IFRS 16.

IFRS 16 “Leases” was adopted by the EU on 31 October 2017 and became effective for annual periods beginning on or after 1 January 2019. The purpose of the new standard is to ease the comparability of the financial statements, presenting both financial and operating leases in the statement of financial position of the lessees, and providing corresponding information to the users of the financial statements about the risks associated with the agreements. The Group has decided to apply modified retrospective approach (with adjustment on initial application and with no restatement of 2018) and practical expedient not to reassess whether a contract is, or contains, a lease at the date of initial application. The Group as a lessee recognises all leases as right-of-use assets (Note 7) and lease liabilities (Note 9) at their present value of the future payments in the statement of financial position. The Group has decided to apply the practical expedient, which allows leases not longer than twelve months and leases of low value assets to recognise as an expense. The Group considers the same depreciation principles as are used for the similar assets in the Group. Alternative incremental borrowing rate of 2.62% - 5% is applied depending on the class of asset.

### Note 3. Segment reporting

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
<b>2019 9M</b>							
<b>Revenue</b>	<b>0</b>	<b>14 021</b>	<b>4 402</b>	<b>15 999</b>	<b>3 242</b>	<b>-381</b>	<b>37 283</b>
<i>incl. sale of real estate</i>	0	6 714	4 330	15 793	0		26 837
<i>incl. rental income</i>	0	7 246	54	43	0		7 343
<i>incl. hotel operations</i>	0	0	0	0	3 242	-377	2 865
<i>incl. maintenance services</i>	0	34	0	115	0		149
<i>incl. other revenue</i>	0	27	18	48	0	-4	89
Other operating income and expenses (net)	-3	6	10	-37	-6		-30
Segment operating profit/loss	-1 637	4 702	1 286	2 430	97	7	6 885
Financial income and expense (net)	-3 776	-5 649	-363	-165	-104	-14	-10 071
<b>Profit/Loss before income tax</b>	<b>-5 413</b>	<b>-947</b>	<b>923</b>	<b>2 265</b>	<b>-7</b>	<b>-7</b>	<b>-3 186</b>
Income tax	0	0	0	113	-2		111
Non-controlling interest	0	-340	0	0	0		-340
<b>Net profit/loss for the financial year attributable to equity holders of the parent</b>	<b>-5 413</b>	<b>-607</b>	<b>923</b>	<b>2 378</b>	<b>-9</b>		<b>-2 735</b>
<b>30.09.2019</b>							
Assets	58 807	266 933	30 763	19 832	7 002	-140 124	243 213
Liabilities	120 942	98 801	20 689	9 667	4 030	-108 580	145 549
Acquisition of non-current assets	1	101	2	2	141		247
Depreciation and amortisation	-4	-55	-40	-24	-171		-294

in thousands of euros	Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
<b>2018 9M</b>							
<b>Revenue</b>	<b>0</b>	<b>10 526</b>	<b>5 708</b>	<b>1 960</b>	<b>3 251</b>	<b>-402</b>	<b>21 043</b>
<i>incl. sale of real estate</i>	0	9 881	5 578	1 745			17 204
<i>incl. rental income</i>	0	10	52	96			158
<i>incl. hotel operations</i>	0	0	0	0	3 251	-397	2 854
<i>incl. maintenance services</i>	0	635	10	105		-1	749
<i>incl. other revenue</i>	0	0	68	14		-4	78
Other operating income and expenses (net)	-1	2 529	93	0	9		2 630
Segment operating profit/loss	-1 869	4 393	2162	-68	161		4 779
Financial income and expense (net)	-536	1 574	-254	-198	-106	-3025	-2 545
<b>Profit/Loss before income tax</b>	<b>-2 405</b>	<b>5 967</b>	<b>1908</b>	<b>-266</b>	<b>55</b>	<b>-3025</b>	<b>2 234</b>
Income tax	0	0	-3	47	1		45
Non-controlling interest	0	-41	0	0	0		-41
<b>Net profit/loss for the financial year attributable to equity holders of the parent</b>	<b>-2 405</b>	<b>6 008</b>	<b>1 905</b>	<b>-219</b>	<b>56</b>		<b>2 320</b>

**30.09.2018**

Assets	58 995	218 161	34 682	23 833	6 954	-133 827	208 798
Liabilities	114 789	68 494	22 939	15 914	3 988	-102 287	123 837
Acquisition of non-current assets	0	35	38	2	98		173
Disposal of non-current assets	0	-2	0	-366	0		-368
Depreciation and amortisation	-4	-29	-4	-9	-112		-158

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

**31.12.2018**

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

## Note 4. Changes in minority shareholding

### AS Tallinna Moekombinaat

Minority (%) as at 1 January 2018	6.65%
Minority (%) as at 30 September 2018	6.65%
Minority (%) as at 31 December 2018	6.65%
Minority (%) as at 30 September 2019	6.65%

in thousands of euros

<b>Non-controlling interest as at 1 January 2018</b>	<b>1 395</b>
Loss for the reporting period	-41
<b>Non-controlling interest as at 30 September 2018</b>	<b>1 354</b>
Profit for the reporting period	1 270
<b>Non-controlling interest as at 31 December 2018</b>	<b>2 624</b>
Loss for the reporting period	-340
Changes in statutory reserve in non-controlling interests	-6
<b>Non-controlling interest as at 30 September 2019</b>	<b>2 278</b>

## Note 5. Inventories

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

in thousands of euros	30.09.2019	30.09.2018	31.12.2018
<b>Property held for resale</b>	<b>18 921</b>	<b>16 592</b>	<b>16 604</b>
<i>incl. Kristina Houses, Tallinn</i>	14	705	1 242
<i>incl. River Breeze, Riga</i>	10 106	12 512	12 513
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	8 564	2 345	2 115
<i>incl. other properties</i>	237	1 030	734
<b>Works in progress</b>	<b>32 655</b>	<b>39 962</b>	<b>42 665</b>
<i>incl. Kristina Houses, Tallinn</i>	10 330	5 785	4 917
<i>incl. Kalaranna Quarter, Tallinn</i>	16 364	15 512	15 681
<i>incl. Šaltinių Namai (Attico), Vilnius</i>	5 961	18 665	22 067
Goods bought for resale	59	51	58
Prepayments for inventories	82	56	4
<b>Total</b>	<b>51 717</b>	<b>56 661</b>	<b>59 331</b>

Five buildings in the second stage of Šaltinių Namai development project in Vilnius were completed in June and the property was transferred from “works in progress” to “property held for sale”. Most of the apartments were handed over to the new owners during the third quarter.

## Note 6. Non-current receivables

in thousands of euros	30.09.2019	30.09.2018	31.12.2018
Deposit - bank account	2 005	0	5
Accrued income	1 670	0	176
Finance leases	31	35	34
Other non-current receivables	2	0	1
<b>Total</b>	<b>3 708</b>	<b>35</b>	<b>216</b>

AS Tallinna Moekombinaat has transferred 2.0 million euros to the separate bank account to guarantee loan related payments as per loan agreement with Lintgen Adjacent Investments.

Accrued income has increased for 1.5 million euros due to the changes in estimation of rental income according to IFRS 15.

## Note 7. Property, plant and equipment

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

in thousands of euros	30.09.2019	30.09.2018	31.12.2018
Acquisition value	11 029	10 289	10 154
Accumulated depreciation	-3 306	-3 162	-3 026
<b>Residual value</b>	<b>7 723</b>	<b>7 127</b>	<b>7 128</b>

On 30 September 2019 land and buildings comprised of hotel property in Bad Kreuznach, Germany and office premises in Tallinn.

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



in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Right-of-use assets	Prepayments	Total
<b>Acquisition value 01.01.2018</b>	<b>9 267</b>	<b>880</b>	<b>344</b>	<b>0</b>	<b>9</b>	<b>10 500</b>
Additions:						
Acquired	0	34	68	0	64	166
Reclassification	0	0	0	0	-9	-9
Disposals:						
Sold	-358	0	0	0	0	-358
Written off	0	0	-10		0	-10
<b>Acquisition value 30.09.2018</b>	<b>8 909</b>	<b>914</b>	<b>402</b>	<b>0</b>	<b>64</b>	<b>10 289</b>
Additions:						
Acquired	94	4	6	0	-73	31
Reclassification	-45	0	-123	0	9	-159
Changes in fair value	-2	0	0	0	0	-2
Disposals:						
Written off	0	0	-5	0	0	-5
<b>Acquisition value 31.12.2018</b>	<b>8 956</b>	<b>918</b>	<b>280</b>	<b>0</b>	<b>0</b>	<b>10 154</b>
Initial application of IFRS 16 (Note 2)	0	0	0	674	0	674
<b>Adjusted acquisition value 01.01.2019</b>	<b>8 956</b>	<b>918</b>	<b>280</b>	<b>674</b>	<b>0</b>	<b>10 828</b>
Additions:						
Acquired	0	34	60	0	107	201
<b>Acquisition value 30.09.2019</b>	<b>8 956</b>	<b>952</b>	<b>340</b>	<b>674</b>	<b>107</b>	<b>11 029</b>

in thousands of euros	Land and buildings	Machinery and equipment	Other tangible assets	Right-of-use assets	Prepayments	Total
<b>Accumulated depreciation 01.01.2018</b>	<b>1 934</b>	<b>843</b>	<b>288</b>	<b>0</b>	<b>0</b>	<b>3 065</b>
Additions:						
Depreciation charge for the period	111	14	22	0	0	147
Disposals and write offs:						
Sold	-40	0	0	0	0	-40
Written off	0	0	-10	0	0	-10
<b>Accumulated depreciation 30.09.2018</b>	<b>2 005</b>	<b>857</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>3 162</b>
Additions:						
Depreciation charge for the period	36	7	8	0	0	51
Reclassification	-44	0	-123	0	0	-167
Changes in fair value	-15	0	0	0	0	-15
Disposals and write offs:						
Written off	0	0	-5	0	0	-5
<b>Accumulated depreciation 31.12.2018</b>	<b>1 982</b>	<b>864</b>	<b>180</b>	<b>0</b>	<b>0</b>	<b>3 026</b>
Additions:						
Depreciation charge for the period	111	18	35	116	0	280
<b>Accumulated depreciation 30.09.2019</b>	<b>2 093</b>	<b>882</b>	<b>215</b>	<b>116</b>	<b>0</b>	<b>3 306</b>

## Note 8. Investment property

in thousands of euros	Property held for increase in value	Property held for operating lease	Total
<b>Balance at 01.01.2018</b>	<b>114 140</b>	<b>0</b>	<b>114 140</b>
Additions:			
Investments	31 669	0	31 669
Capitalised interests	4 070	0	4 070
Changes in fair value:			
Profit from change in fair value (Note 14)	1 910	0	1 910
Reclassified into inventories	-17 678	0	-17 678
Disposals:			
Sold	-581	0	-581
<b>Balance at 30.09.2018</b>	<b>133 530</b>	<b>0</b>	<b>133 530</b>
Additions:			
Investments	18 531	0	18 531
Changes in fair value:			
Profit from change in fair value	16 085	0	16 085
Disposals:			
Sold	-1	0	-1
Start of operating lease	-129 200	129 200	0
<b>Balance at 31.12.2018</b>	<b>38 945</b>	<b>129 200</b>	<b>168 145</b>
Additions:			
Investments	1 087	4 384	5 471
Reclassified into inventories	-397	0	-397
<b>Balance at 30.09.2019</b>	<b>39 635</b>	<b>133 584</b>	<b>173 219</b>

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

Investments into property during reporting period include mainly costs of AS Tallinna Moekombinaat with the total amount of ca 4.4 million euros.

During the reporting period the property at Tondi street 49a in Tallinn was reclassified from investment properties into inventories in amount of 0.4 million euros, as the Company plans to start the development of the property soon.

## Note 9. Current and non-current debt

### Current debt

in thousands of euros	30.09.2019	30.09.2018	31.12.2018
Bank loans and overdrafts	10 729	2 179	5 397
Convertible bonds	4 804	5 405	4 331
Non-convertible bonds	27 941	600	600
Lease liabilities (Note 2)	147	0	0
<b>Total</b>	<b>43 621</b>	<b>8 184</b>	<b>10 328</b>

### Non-current debt

in thousands of euros	30.09.2019	30.09.2018	31.12.2018
Bank loans and overdrafts	81 050	58 146	77 970
Convertible bonds	5 290	4 829	5 802
Non-convertible bonds	0	27 738	27 763
Payables to non-controlling interest	501	464	474
Lease liabilities (Note 2)	518	0	0
<b>Total</b>	<b>87 359</b>	<b>91 177</b>	<b>112 009</b>

On comparable date 31 December 2018, current and non-current debt didn't include lease liabilities which are related to right-of-use assets (Note 2). On 1 January 2019, the Group recognised these leases in amount of 673 thousand euros. The total balance as at 30 September 2019 is 665 thousand euros.

### Creditors

in thousands of euros	30.09.2019	30.09.2018	31.12.2018
Luminor Bank AS (EE)	424	453	446
LHV Bank AS (EE)	13 442	0	3 855
AS Swedbank (LV)	2 556	5 001	4 494
AS DNB Bankas (LT)	0	1 793	4 347
Lintgen Adjacent Investments (Agent) incl long-term interests	75 356	52 355	70 222
Fiducaria Emiliana S.r.l including long-term interests	324	300	306
Anndare Limited including long-term interests	177	164	168
Convertible bonds, various investors (discounted value)	10 094	10 234	10 133
Non-convertible bonds, various investors	0	600	600
Secured bonds, various investors (discounted value)	27 941	27 738	27 763
Lease agreements (Note 2)	665	0	0
Swedbank (EE), credit cards	1	0	3
<b>Total</b>	<b>130 980</b>	<b>99 361</b>	<b>122 337</b>

All agreements and liabilities are fixed in euros. The total interest and other financial cost (Note 15) for the reporting period was 10.1 million euros (2018 9M: 2.5 million euros).

### **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%. Remaining balance sheet value is 10.1 million euros and redemption value 10.3 million euros. The balance value includes 159 thousand euros of prolongation fees that are discounted over the effective period of convertible bonds.

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

On 25 May 2019 the company prolonged the redemption date of 82 950 PKG7 convertible bonds by 2 years. New redemption date is 25 May 2021.

On 13 August 2019 the Company prolonged the redemption date of 1 081 076 PKG1 convertible bonds by 2 years. New redemption date is 13 August 2021.

All other conditions for convertible bonds have remained unchanged.

### **Unsecured non-convertible bonds**

On 24 April 2019 the Company announced the redemption of 30 non-convertible “AS Pro Kapital Grupp bond 04.2019” with the total value of 300 000 euros. The maturity date of 5% non-convertible bonds was 23 April 2019.

On 24 September 2019 the Company redeemed 30 “AS Pro Kapital Grupp bond 09.2019” bonds in total issue price of 300 000 euros. The maturity date of 5% non-convertible bonds was 24 September 2019.

During the reporting period all unsecured non-convertible bonds have been redeemed.

### **Secured non-convertible 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 30 September 2019 the Company has issued 293 bonds with the total value of 29.3 million euros with redemption date on 1 June 2020 and with a fixed rate of 8%. At the end of the reporting period 14 bonds were held by the Company itself

and the liability on the balance sheet has been reduced by 1.4 million euros. The last emission of the bonds was issued with a discount, therefore 150 bonds are accounted for at a discounted rate. The total value of the bonds on the balance sheet on 30 September 2019 was 27.9 million euros.

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

## Pledged assets in balance sheet value

in thousands of euros

Beneficiary	Collateral description	30.09.2019	30.09.2018	31.12.2018
<b>Bank accounts</b>				
Nordic Trustee & Agency AB (Sweden)	Nordea Bank AB (Sweden)	36	37	37
Lintgen Adjacent Investments	AS Swedbank	2 026	0	919
<b>Inventory</b>				
Luminor Bank*	Sõjakooli 12, 12a, 12b, 12c,	N/A	3 688	3 176
Luminor Bank	Sammu 6, 6a, 6b, Tallinn	9 636	2 450	2 807
LHV Bank AS	Kalaranna 5, 7, 8, 22, Tallinn	16 364	0	15 681
AS Swedbanka	Trijadibas St.5, Riga	23 544	26 838	25 956
AB DNB Bankas*	Aguonu 8 & 10, Vilnius	N/A	9 169	12 916
<b>Property, plant and equipment</b>				
Nordea Bank Finland Estonian branch	Sõjakooli 11, Tallinn	730	732	730
<b>Investment property</b>				
Lintgen Adjacent Investments	AS Tallinna Moekombinaat	133 584	93 652	129 200

\*Loans have been repaid during the reporting period.

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

NTA	Pro Kapital Germany Holdings OÜ	11	11	10
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	AS Tallinna Moekombinaat	11 795	11 975	11 795
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	4 700	4 000	4 000
NTA	Nekustamo īpašumu sabiedrība Zvaigznes centrs SIA	2 500	2 500	2 500
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	800	800	800

## Note 10. Revenue

### Segment revenue

in thousands of euros	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
<b>Revenue from contracts with customers</b>					
Revenue from sale of real estate	26 837	17 204	11 355	4 865	21 453
Hotel operating revenue	2 865	2 853	993	978	3 935
Revenue from maintenance and other services	238	828	89	83	1 145
<b>Total revenue from contracts with customers</b>	<b>29 941</b>	<b>20 885</b>	<b>12 437</b>	<b>5 926</b>	<b>26 533</b>
Rental revenues	7 343	158	2 334	52	1 458
<b>Total</b>	<b>37 283</b>	<b>21 043</b>	<b>14 771</b>	<b>5 978</b>	<b>27 991</b>

### Timing of revenue recognition

in thousands of euros	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
<b>At a point in time</b>					
Revenue from sale of real estate	26 837	17 204	11 355	4 865	21 453
Hotel operating revenue	2 865	2 853	993	978	3 935
Revenue from other services	89	78	34	15	351
<b>Total revenue recognised at a point in time</b>	<b>29 791</b>	<b>20 136</b>	<b>12 382</b>	<b>5 858</b>	<b>25 739</b>
<b>Over time</b>					
Rental revenues	7 343	158	2 334	52	1 458
Revenue from maintenance fees	149	749	55	68	794
<b>Total</b>	<b>37 283</b>	<b>21 043</b>	<b>14 771</b>	<b>5 978</b>	<b>27 991</b>

Revenue from sale of real estate has increased 56% year-over-year due to active sales in Kristina Houses in Tallinn, Kliversala in Riga and completion of development project in Šaltinių Namai in Vilnius.

Rental income has increased by 7.2 million euros compared to the same period in the last year due to the rental revenues of T1 Mall of Tallinn, which was opened in November 2018.

Customer advances 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. Customer advances have decreased for 3.6 million euros compared to the end of 2018.

## Note 11. Cost of sales

in thousands of euros	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
Cost of real estate sold	19 862	11 246	9 511	3 353	14 021
Cost of providing rental services	3 448	103	964	38	782
Cost of hotel operations	2 133	2 110	698	673	2 889
Cost of maintenance services	86	641	36	44	664
Cost of other services	14	51	1	11	59
<b>Total</b>	<b>25 543</b>	<b>14 151</b>	<b>11 210</b>	<b>4 119</b>	<b>18 415</b>

## Note 12. Gross profit

in thousands of euros	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
Real estate	6 975	5 951	1 844	1 512	7 432
Rental revenue	3 895	55	1 371	14	676
Hotel operating	732	744	294	305	1 046
Maintenance services	63	108	19	24	130
Other services	75	34	33	4	292
<b>Total</b>	<b>11 740</b>	<b>6 892</b>	<b>3 561</b>	<b>1 859</b>	<b>9 576</b>

## Note 13. Administration expenses

in thousands of euros	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
Staff costs	2 162	1 997	765	644	2 814
Land and real estate taxes	315	343	119	97	450
Depreciation charge	101	48	34	17	63
Other	1 760	1 649	645	956	2 100
<b>Total</b>	<b>4 338</b>	<b>4 037</b>	<b>1 563</b>	<b>1 714</b>	<b>5 427</b>

## Note 14. Other income and expenses

### Other income

in thousands of euros	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
Fines collected	31	312	6	41	348
Profit from sale of non-current assets	0	4	0	0	4
Profit from sale of investment property	0	418	0	418	418
Gain from fair value adjustments of non-current assets	0	0	0	0	13
Gain from fair value adjustments of investment property (Note 8)	0	1 910	0	0	17 995
Other	25	35	0	11	61
<b>Total</b>	<b>56</b>	<b>2 679</b>	<b>6</b>	<b>470</b>	<b>18 839</b>

## Other expenses

in thousands of euros	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
Fines paid	5	5	2	2	92
Loss from fair value adjustments of non-current assets	0	14	0	0	0
Other	81	30	45	15	77
<b>Total</b>	<b>86</b>	<b>49</b>	<b>47</b>	<b>17</b>	<b>169</b>

## Note 15. Finance income and cost

### Finance income

in thousands of euros	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
Interest income	3	3	1	1	4
<b>Total</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>4</b>

### Finance cost

in thousands of euros	2019 9M	2018 9M	2019 Q3	2018 Q3	2018 12M
Interest expenses	9 929	2 412	4 481	824	3 260
Other financial expenses	145	136	21	63	213
<b>Total</b>	<b>10 074</b>	<b>2 548</b>	<b>4 502</b>	<b>887</b>	<b>3 473</b>

AS Tallinna Moekombinaat finished capitalisation of interest expenses on 31 December 2018 due to the completion of T1 Mall of Tallinn shopping centre. The effect from the change in recognition of the finance cost is 6.9 million euros for nine months and 3.4 million euros for the third quarter.



## 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	01.01.2019-30.09.2019	$(56\,687\,954 \times 273/273)$	= 56 687 954
For the period	01.01.2018-30.09.2018	$(56\,687\,954 \times 273/273)$	= 56 687 954
For the period	01.07.2019-30.09.2019	$(56\,687\,954 \times 92/92)$	= 56 687 954
For the period	01.07.2018-30.09.2018	$(56\,687\,954 \times 92/92)$	= 56 687 954
For the period	01.01.2018-31.12.2018	$(56\,687\,954 \times 365/365)$	= 56 687 954

### Indicative earnings per share:

For the period	01.01.2019-30.09.2019	$-2\,735\text{ thousand euros} / 56\,687\,954 = -0.05\text{ euros}$
For the period	01.01.2018-30.09.2018	$2\,320\text{ thousand euros} / 56\,687\,954 = 0.04\text{ euros}$
For the period	01.07.2019-30.09.2019	$-2\,605\text{ thousand euros} / 56\,687\,954 = -0.05\text{ euros}$
For the period	01.07.2018-30.09.2018	$-550\text{ thousand euros} / 56\,687\,954 = -0.01\text{ euros}$
For the period	01.01.2018-31.12.2018	$16\,828\text{ thousand euros} / 56\,687\,954 = 0.30\text{ euros}$

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

The annual shareholders meeting of AS Pro Kapital Grupp took place on 23 May 2019. Six shareholders were present at the meeting and represented 56.96% of all votes. The main decisions adopted at the meeting were as follows:

1. The audited annual report of the Company for the financial year of 2018 was approved.
2. It was decided to transfer 51 627.58 euros of the profit to the statutory reserve and 18 005 279.42 euros of the profit to the retained earnings of previous periods.
3. It was decided to recall Pertti Pellervo Huuskonen from the Supervisory Council of the Company from 23 May 2019 and elect Ernesto Achille Preatoni to the Supervisory Council of the Company for the term of one year until 22 May 2020.
4. It was decided to elect AS Deloitte Audit Eesti as the auditor of the Company for the financial year of 2019.
5. It was decided to give the Supervisory board (Council) the right to increase the share capital of the Company by up to 1 200 000 euros within 3 years. The shares issued by the Council may be paid for by monetary contributions and/or by non-monetary contributions.

Minutes of the annual shareholders meeting have been published on AS Pro Kapital Grupp web page [www.prokapital.com](http://www.prokapital.com).

## Note 18. Transactions with related parties

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

### Transactions with related parties

in thousands of euros	2019 9M	2018 9M	2018 12M
<b>Significant owners and owner related companies</b>			
Revenues	185	52	62
Administrative expenses	1	10	8
Purchase of real estate	0	1 978	1 978
Payment for real estate	0	1 240	1 776
Dividend payment	0	0	851
<b>Minority shareholders</b>			
Interest expenses	28	28	37
<b>Other shareholders/ bondholders</b>			
Interest expenses	552	537	718
Redemption of convertible bonds	0	6	9
Redemption of non- convertible bonds	500	0	640
Interest payments	755	718	718
<b>Members of the Management Board and Council</b>			
Salaries and bonuses paid to management	736	545	974
Administrative expenses	16	7	18

### Receivables from related parties

in thousands of euros	30.09.2019	30.09.2018	31.12.2018
<b>Short-term receivables</b>			
From significant owners and owner related companies	2	0	2
<b>Total</b>	<b>2</b>	<b>0</b>	<b>2</b>

### Payables to related parties

in thousands of euros	30.09.2019	30.09.2018	31.12.2018
<b>Short-term payables</b>			
To significant owner related company	2	340	203
<b>Long-term payables</b>			
To minority shareholders	492	464	474
<b>Total</b>	<b>494</b>	<b>804</b>	<b>677</b>

Shareholding in the Company %	30.09.2019	30.09.2018	31.12.2018
Members of the Council and individuals related them	41.22%	0.10%	0.10%
Members of the Board and individuals related them	0.50%	0.50%	0.50%

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

## Management Board's confirmation of the financial statements

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

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

Paolo Michelozzi	Chairman of the Management Board	29 October 2019
Allan Remmelkoor	Member of the Management Board	29 October 2019
Edoardo Preatoni	Member of the Management Board	29 October 2019