

# AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT FOR I QUARTER  
AND 3 MONTHS OF 2015 (UNAUDITED)

PROKAPITAL



## AS Pro Kapital Grupp

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## AS Pro Kapital Grupp in brief

Established in 1994 AS Pro Kapital Grupp AS (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 also owns and manages three hotels in Tallinn, Riga and Bad Kreuznach, Germany.

Since its establishment in 1994, Pro Kapital has completed 20 development projects with ca 180 000 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. Pro Kapital follows a conservative policy in financing the projects – a high proportion of equity and low leverage compared to the industry average enables the Company to develop the most profitable sales and decrease the effect of real estate market fluctuations.

## Management report

### Key figures and main events 1 January – 31 March 2015 and after the reporting period

- Total revenue for three months of 2015 was 3 135 thousand euros, a decrease of 1% compared to the reference period (2014 3 months: 3 161 thousand euros).
- Net operating result during three months decreased by 171 thousand euros (31%) compared to the reference period, totalling to losses of 722 thousand euros (2014 3 months: -551 thousand euros).
- Net result for three months of 2015 has decreased by 248 thousand euros (27%) compared to the reference period, totalling to losses of 1 158 thousand euros (2014 3 months: -910 thousand euros).
- Cash flow from operations for first three months of 2015 was negative of 857 thousand euros (2014 3 months: 356 thousand euros).
- Net assets per share totalled 1,55 euros (31.03.2014: 1,18 euros).
- On 20 February 2015 Ernesto Achille Preatoni, the Member of the Council of AS Pro Kapital Grupp, resigned from his duties due to his wish to concentrate his time in developing his other projects outside of the Baltic's and to spend more time with his family.
- On 3 March 2015 the Company prolonged the redemption date of 569 273 PKG6 convertible bonds by 2 years. New redemption date is 08.03.2017.
- On 10 March 2015 the liquidation process of Latvian subsidiary Nekustamo Īpašumu sabiedrība Prokurs SIA was finalised.
- On 26 March 2015 the construction works of a new residential building in Vilnius started based on the construction contract concluded on 1 August 2014 between subsidiary of the Company Pro Kapital Bonum UAB and UAB Merko Statyba. The lump sum of the contract is 2 900 000 EUR, excluding VAT. The new building will have 41 apartments, 3 commercial premises and net sellable area of 2 679 m<sup>2</sup> in total. The planned construction period is 15 months as of the start of the construction works.
- 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. On 20 April 2015 the Management Board of the Company decided to announce the start of the subscription process of the first tranche of the bonds in amount of 10 – 15 million euros.
- Presales for Vilnius Šaltinių Namai project and Tallinn's Tondi residential quarter have been successfully continued. At the moment of issuing interim report 18 premises out of 19 in Vilnius K7 building have been sold (notary deeds concluded for 9 of them) and reservations for 13 apartments out of 44 in K4-1 building have been signed. In Tallinn, Tondi quarter, by the moment of issuing the present report the first building has been completed, 19 apartments have been handed over to the clients and 9 out of 31 apartments are yet on sale. In the second building 11 presale agreements and in the 3<sup>rd</sup> building 1 presale agreement have been signed. After the reporting period the Company started presales also in first residential building in Kliversala project in Riga, where 5 agreements have been signed out of 49 apartments.

Key financial figures

	2015 3M	2014 3M	
Revenue, th EUR	3 135	3 161	
Gross profit, th EUR	597	763	
Gross profit, %	19%	24%	
Operating result, th EUR	-722	-551	
Operating result, %	-23%	-17%	
Net result, th EUR	-1 158	-910	
Net result, %	-37%	-29%	
Earnings per share, EUR	-0,02	-0,02	
	31.03.2015	31.12.2014	31.03.2014
Total Assets, th EUR	123 764	125 031	96 815
Total Liabilities, th EUR	39 752	39 243	33 032
Total Equity, th EUR	84 012	85 788	63 783
Debt/ Equity *	0,47	0,46	0,52
Return on Assets, % **	-0,9%	-0,7%	-0,9%
Return on Equity, % ***	-1,4%	-1,1%	-1,4%
Net asset value per share, EUR ****	1,55	1,59	1,18

\*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 2015 Pro Kapital continued the construction works in two of its new residential development projects – Šaltinių Namai in Vilnius and Tondi Quarter in Tallinn.

One of two new building in Vilnius has been completed on 31 March 2015, construction of other building has started a few days before end of reporting period. By the issuing of the present report only one apartment is still available in building K7 and 13 presale agreements have been concluded, 31 premises yet available in building K4-1.

In Tondi quarter in Tallinn the first residential building has been completed. By the time of issuing the present report in total 19 flats have been handed over to the clients and 9 flats out of 31 are yet in sale. In the second building 11 presale agreements out of 31 flats have been signed and the presales have been started also in the 3rd building where 1 presale agreements has been signed out of 31 flats. In Tondi quarter the Company continues also the projecting works for renovating 3 historical barracks into office and residential buildings.

In Riga, the first residential building in Kliversala project has been issued a building permit and 5 presale agreement have been signed out of 49 flats in total. The projecting works were continued also for the Tallinas Residential Complex.

In the framework of Peterburi 2 shopping centre development the tender process for choosing the main contractor was carried on and the Company continued to sign the lease agreements for the premises.

In April, after the reporting period, the Company announced the start of emission of bonds to the professional investors and the subscription for first tranche in amount of 10 – 15 million euros is in process. The proceeds are mainly planned for the development projects of the Company.

For the activity of the Company and development of new projects the Company will seek to attain attractive mix of financing through combining acceptable level of borrowings from financial institutions, expanding its investor base and attracting additional private equity. The arranging of the short-term financing to strengthen Company's working capital remains a top priority of the management.

At the end of reporting period the Company recorded net revenue of 3,1 million euros, decrease of 1% as compared to 3,2 million euros in the same period in 2014. Recorded net losses of 1,2 million euros for three months in 2015 was 27% higher as compared to 0,9 million euros losses in the same period last year.

Overall loans from financial institutions were 10,98 million euros as at 31 March 2015. The loans from minority shareholders were 1,3 million euros, the Company had 11,2 million euros worth convertible bonds and 2,2 million euros worth non- convertible bonds at the end of reporting date.

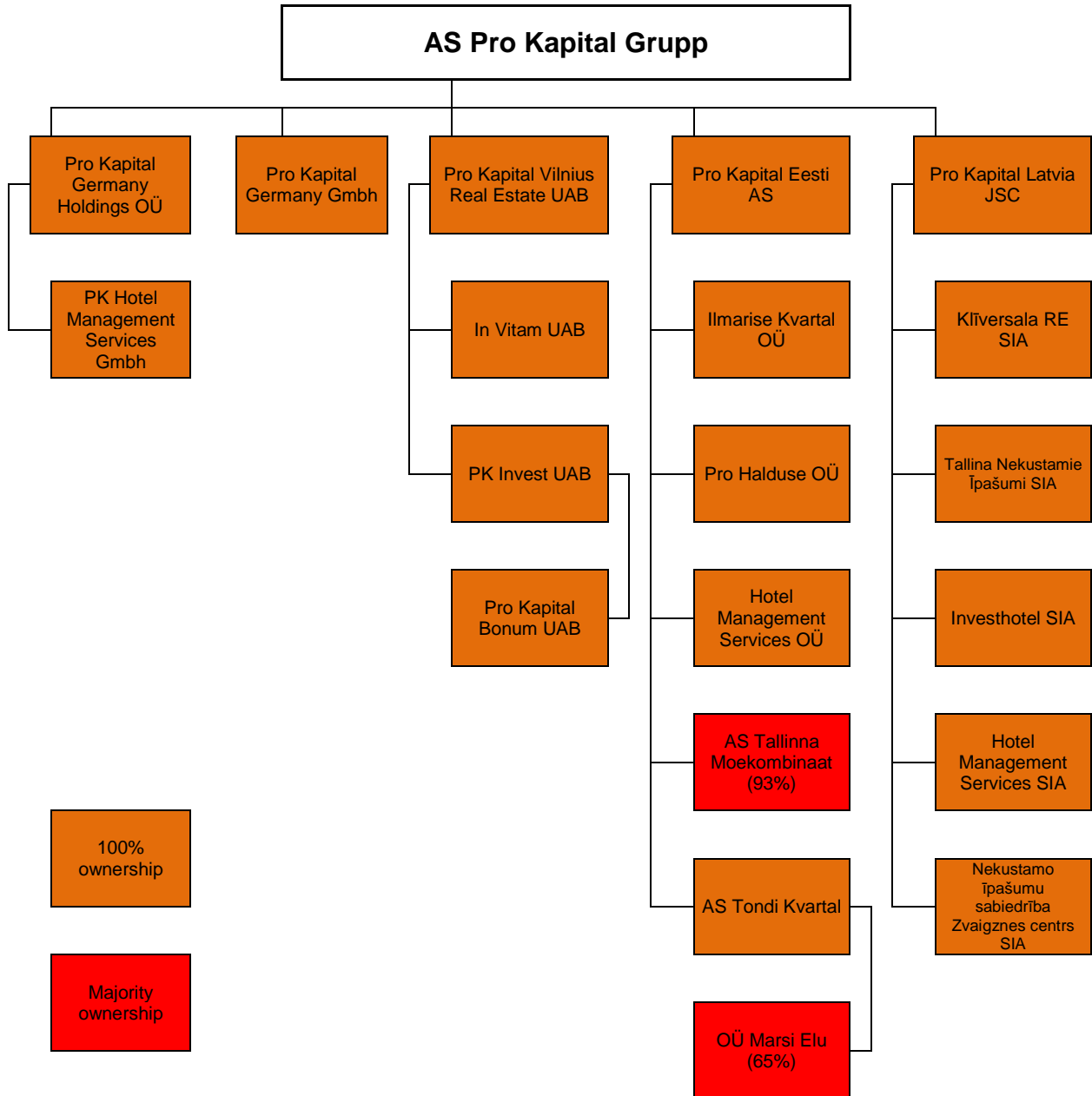
As at 31 March 2015 there were 105 employees working in the Company, 78 of them were employed in hotel and property maintenance business.

Paolo Michelozzi  
CEO  
AS Pro Kapital Grupp

19 May 2015

## Group Structure

As at 31.03.2015



## Overview of development projects

<u>Project name</u>	<u>Type</u>	<u>Location</u>	<u>Ownership</u>	<u>Planned Volume</u>	<u>Classification</u>
Peterburi road shopping centre	Retail	Tallinn	93%	GLA 52 000 m <sup>2</sup>	Investment property
Ülemiste 5	Offices	Tallinn	100%	GLA 13 931 m <sup>2</sup>	Investment property
Tondi Quarter	Residential	Tallinn	100%	NSA 115 550 m <sup>2</sup> 80 963 m <sup>2</sup> resid. 34 587 m <sup>2</sup> comm.	Inventories, investment property
Marsi 3, 3a, 3b	Residential	Tallinn	65%	NSA 6 594 m <sup>2</sup> 6 594 m <sup>2</sup> resid.	Inventories
Kalaranna District	Residential	Tallinn	100%	NSA 33 013 m <sup>2</sup> 27 600 m <sup>2</sup> resid. 5 413 m <sup>2</sup> comm.	Investment property
Tallinas Quarter	Residential	Riga	100%	NSA 22 055 m <sup>2</sup> 21 009 m <sup>2</sup> resid. 1 046 m <sup>2</sup> comm.	Investment property
Kliversala District	Residential	Riga	100%	NSA 74 777 m <sup>2</sup> 63 857 m <sup>2</sup> resid. 10 920 m <sup>2</sup> comm.	Inventories, investment property
Zvaigznes Quarter	Residential	Riga	100%	NSA 18 378 m <sup>2</sup> 18 378 m <sup>2</sup> comm.	Investment property
Šaltinių Namai	Residential	Vilnius	100%	NSA 21 150 m <sup>2</sup> 18 583 m <sup>2</sup> resid. 2 567 m <sup>2</sup> comm.	Inventories, investment property

NSA – Net Sellable Area, GLA – Gross Leasable Area, resid.- residential, comm.- commercial

### Status of the projects:

Peterburi road shopping centre	Building licence obtained. Excavation works for the foundation of the building completed. Tender process for choosing the building constructor continued.
Ülemiste 5	Detail plan adopted, project not started. New detail plan under consideration in collaboration with the city in connection with Rail Baltica terminal.
Tondi Quarter	Building license for the 2 <sup>nd</sup> stage obtained.
Marsi 3, 3a, 3b	First building completed. Construction works of 2 <sup>nd</sup> building have started, presales of 2 <sup>nd</sup> and 3 <sup>rd</sup> building continuing.
Kalaranna District	Detailed plan approval in process
Tallinas Quarter	Projecting works in process in order to apply for the building licence. Sketch design approved by the city.
Kliversala District	New Master plan approved by the city. New Detail plan submitted.
Zvaigznes Quarter	Building licence for reconstruction of the existing building issued.



Šaltinių Namai

1st stage completed and available for sale. Construction of 1<sup>st</sup> additional building completed, the second one is under construction and presales continued. 2<sup>nd</sup> stage is being projected in order to apply for the building permit.

## 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 (sales), rental activities, hotel operations, maintenance of real estate and other services.

### Revenue structure 1 January – 31 March 2015, thousand euros

	EST	EST	LV	LV	LT	LT	GER	GER	TOTAL	TOTAL
	2015 3M	2014 3M	2015 3M	2014 3M	2015 3M	2014 3M	2015 3M	2014 3M	2015 3M	2014 3M
Real estate	860	23	0	0	563	1 546	0	0	1 423	1 569
Rent	7	7	20	15	26	31	0	0	53	53
Hotels	250	233	250	266	0	0	708	594	1 208	1 093
Maintenance	400	396	9	3	24	27	0	0	433	426
Other	13	20	3	0	2	0	0	0	18	20
<b>TOTAL</b>	<b>1 530</b>	<b>679</b>	<b>282</b>	<b>284</b>	<b>615</b>	<b>1 604</b>	<b>708</b>	<b>594</b>	<b>3 135</b>	<b>3 161</b>

The Company's operations in **Estonia** mainly consist of the development and sales of apartments in premium residential real estate properties, development and lease of premises in office properties and management of cash flow generating hotel property.

The share of the Estonian segment as a percentage of total revenues of the Company during first three months in 2015 amounted 48,8% comparing to 21,5% during the same period last year. Such an increase is influenced by completion of a new building Marsi 3 with 31 apartments in Tondi Quarter as sales of 6 apartments have been finalised. Sales are recorded at the moment when premises are passed on to the owners, until then presales are recorded as prepayments from clients.

In 2015 total of 7 apartments, 5 parking lots and 5 storage rooms (2014 3M: 4 parking lots) were sold. During reporting period construction works of Marsi 3 building in Tondi Quarter were completed. 19 notary deeds and 3 preliminary agreements have been signed out of 31 apartments in Marsi 3 as at the moment of the preparation of current report. 11 apartments out of 31 were presold in the next building Marsi 3b and 1 apartment in the building Marsi 3a. At the end of reporting period stock consisting of 33 apartments and office premises, also several parking spaces and storage rooms was available for sale in Tallinn.

Tallinn's PK Ilmarine Hotel occupancy rate 55% shows 13% increase comparing to 49% for the same period in 2014. The hotel has increased its gross operating profit by 33% comparing to the same period last year.

The Company's operations in **Latvia** mainly consist of the development and sales of apartments in premium residential real estate properties and management of cash flow generating hotel property.

The share of the Latvian segment as a percentage of total revenues of the Company during first three months in 2015 remained the same comparing to the same period last year, amounting to 9%.

In Latvia there are no residential real estate properties for sale until new developments will be completed. Kliversala project has been issued a building permit for the first building with 49 flats. At the moment of issuing current report 5 presale agreement have been signed.

PK Riga Hotel occupancy rate has decreased in 2015 by 5% and was 57% (2014 3M: 60%). Also gross operating margin has decreased. Nevertheless company considers hotel results satisfactory considering the general hotel market situation in Riga.

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

The share of the Lithuanian segment as a percentage of total revenues of the Company during first three months in 2015 amounted to 19,6% comparing to 50,7% during the same period last year. The reason for such decrease was a pause in residential property sales before completion of a new building. At the end of reporting period construction works of K7 building in Saltiniu Namai were completed and 18 out of 19 apartments have been sold. At the moment of compilation of this report reservations for 13 apartments out of 44 in K4-1 building have been signed.

In Lithuania 2 apartments and 2 parking lots were sold during three months (2014 3M: 2 apartments, 1 business premise, 3 parking lots and 2 cottages). There were 25 apartments, 6 cottages, 17 business premises, 16 storage rooms and 91 parking lots in stock in Vilnius at the end of the reporting period.

The Company's operations in **Germany** consist of the 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 during first three months in 2015 amounted to 22,6% comparing to 18,8% of the comparable period last year. The occupancy of PK Parkhotel Kurhaus hotel 50% shows 24% increase comparing to 40% for the same period in 2014. The hotel has significantly increased also gross operating margin – 2112% comparing to the same period last year.

### Other operative data 1 January – 31 March 2015

	EST	EST	LV	LV	LT	LT	GER	GER	TOTAL	TOTAL
	2015 3M	2014 3M	2015 3M	2014 3M	2015 3M	2014 3M	2015 3M	2014 3M	2015 3M	2014 3M
M <sup>2</sup> sold	564	25	0	0	197	690	0	0	761	715
Average price, m <sup>2</sup> /EUR	1 449	922	0	0	2 698	2 240	0	0	1 773	2 194
M <sup>2</sup> under maintenance	57 770	52 102	15 002	15 002	11 634	11 903	0	0	84 406	79 007
Occupancy rate %, hotels	55,3%	49,0%	57,0%	59,8%	0,0%	0,0%	49,8%	40,1%	53,7%	48,6%

## 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 first three months of 2015 the Company has borrowed 990 thousand euros from Nordea Bank, 200 thousand euros from Swedbank Lithuania and 600 thousand euros from Eginvest Ltd. The Company repaid 821 thousand euros of bank loans during the first quarter of 2015.

Total amount borrowed from banks was 10,98 million euros as at 31 March, 2015.

As at 31 March, 2015 the Company had 11,2 million euros convertible bonds (current portion: 4,6 million euros; long term portion: 6,6 million euros) and 2,2 million euros non-convertible bonds (all long-term maturity).

Bank loans are predominantly of middle-term duration, maturing within one to three years. Repayment schedule is mixed, both fixed for some loans and floating in dependence on sales volumes for others.

## Shares and shareholders

As at 31 March 2015 Pro Kapital has issued total 54 106 575 shares with the nominal value 0,2 euros. The registered share capital of the Company is 10 821 315 euros.

As at 31 March 2015 there were 65 shareholders registered in the shareholders register. Many of the shareholders registered in the shareholders register are nominee companies, which represent many bigger and smaller non-resident investors.

Shareholders holding over 5% of the shares as at 31 March 2015:

	Shareholders	Number of shares	Participation
1	Clearstream Banking Luxembourg S.A. Clients	15 069 522	27,85%
2	Eurofiduciaria S.R.L.	6 983 096	12,91%
3	Svalbork Invest OÜ	6 840 368	12,64%
4	Sueno Latino AG	4 528 531	8,37%
5	A.F.I. American Financial Investments Ltd.	4 459 936	8,24%
6	Anndare Ltd.	3 857 647	7,13%

Participation of Member of the Management Board and the Council Members as of 31 March 2015:

Name	Position	Number of shares	Participation in %	Number of convertible bonds
Paolo Vittorio Michelozzi	CEO	87 500	0,16%	0
Allan Remmelkoor	COO	0	0	0
Emanuele Bozzone	Chairman of the Council	0	0	22 224
Petri Olkinuora	Council Member	0	0	0
Pertti Huuskonen	Council Member	0	0	0

Earnings per share during first three months in 2015 were the same as for comparing period -0,02 euros.

### Trading price range and trading amounts of Pro Kapital Grupp shares, 1 January – 31 March 2015, NASDAQ Baltic Secondary List



On 23 November 2012 the Company's shares started trading on the secondary list of Tallinn's stock exchange. During the reporting period 1 January – 31 March 2015 the shares were trading at the price range of 2,30 - 2,53 euros, with the closing price of 2,49 EUR/share on 31 March 2015. During the period 77 thousand of the Company's shares were traded, with their turnover amounting to 185 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 2015 the shares were trading at the price range of 2,31- 2,55

euros, with the closing price of Classic Xetra 2,40 EUR/share and Xetra Frankfurt Specialist price 2,30 EUR/share on 31 March 2015. During first three months in 2015 the trading volume on Classic Xetra was 43 thousand euros (18 thousand shares) and on Xetra Frankfurt Specialist 84 thousand euros (35 thousand shares).

## Legal overview and developments

As of the end of the reporting period AS Pro Kapital Grupp and its subsidiaries had in total 3 pending court litigation disputes where the group company is either a plaintiff or the defendant.

You can find more detailed information about the legal disputes in Note 16 of this interim report.

## People

As at 31 March 2015 the Company employed 105 people compared to 101 people on 31 March 2014, 78 of them were engaged in hotel and property maintenance services (75 on 31 March 2015).

## Risks

Market risk, liquidity risk and risk of financing are of the most significant influence on the Company. While real estate market has demonstrated some significant fluctuations during last five years, due to its long-term orientation in business model the Company has successfully survived the turbulence. 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.

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 causing the slow-down of realization of its real estate portfolio. The risk is managed through the maintaining of 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.

Paolo Michelozzi	Chief Executive Officer and Chairman of the Management Board	19 May 2015
Allan Remmelkoor	Chief Operating Officer and Member of the Management Board	19 May 2015

# Consolidated financial report

## Consolidated interim statements of financial position

<i>in thousands of euros</i>	Notes	31.03.2015	31.12.2014
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents		1 337	1 881
Current receivables		2 059	2 463
Inventories		14 482	14 535
<b>Total Current Assets</b>		<b>17 878</b>	<b>18 879</b>
Non-Current Assets			
Non-current receivables		45	150
Property, plant and equipment	5	17 460	17 619
Investment property	6	88 110	88 110
Intangible assets		271	273
<b>Total Non-Current Assets</b>		<b>105 886</b>	<b>106 152</b>
<b>TOTAL ASSETS</b>		<b>123 764</b>	<b>125 031</b>

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

## Consolidated interim statements of financial position

<i>in thousands of euros</i>	Notes	31.03.2015	31.12.2014
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Current debt	7	16 798	16 348
Customer advances		1 403	1 548
Current payables		4 090	4 761
Taxes payable		414	177
Short-term provisions		5	5
<b>Total Current Liabilities</b>		<b>22 710</b>	<b>22 839</b>
<b>Non-Current Liabilities</b>			
Long-term debt	7	13 416	13 430
Other long-term liabilities		739	79
Deferred income tax liability		2 733	2 744
Long-term provisions		154	151
<b>Total Non-Current Liabilities</b>		<b>17 042</b>	<b>16 404</b>
<b>TOTAL LIABILITIES</b>		<b>39 752</b>	<b>39 243</b>
<b>Equity attributable to equity holders of the parent</b>			
Share capital in nominal value		10 821	10 821
Paid in capital		1 474	1 474
Statutory reserve		1 064	1 064
Revaluation reserve		9 389	9 389
Foreign currency differences		-143	-143
Retained earnings		61 159	39 778
Profit (loss) for the period		-1 166	21 381
<b>Total equity attributable to equity holders of the parent</b>		<b>82 598</b>	<b>83 764</b>
<b>Non-controlling interest</b>		<b>1 414</b>	<b>2 024</b>
<b>TOTAL EQUITY</b>		<b>84 012</b>	<b>85 788</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>123 764</b>	<b>125 031</b>

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

## Consolidated interim statements of comprehensive income

<i>in thousands of euros</i>	Notes	2015 3M	2014 3M
<b>Operating income</b>			
Revenue	8	3 135	3 161
Cost of goods sold	9	-2 538	-2 398
<b>Gross profit</b>	10	<b>597</b>	<b>763</b>
Marketing expenses		-99	-116
Administrative expenses	11	-1 181	-1 204
Other income		45	76
Other expenses		-84	-70
<b>Operating profit (loss)</b>		<b>-722</b>	<b>-551</b>
Financial income	12	2	32
Financial expense	12	-426	-386
<b>Profit (loss) before income tax</b>		<b>-1 146</b>	<b>-905</b>
Income tax		-12	-5
<b>Net profit (loss) for the period</b>		<b>-1 158</b>	<b>-910</b>
<i>Foreign exchange differences</i>		0	0
<b>Equity holders of the parent</b>		<b>-1 166</b>	<b>-907</b>
<b>Non-controlling interest</b>		<b>8</b>	<b>-3</b>
Earnings per share (EUR)	13	-0,02	-0,02
Diluted earnings per share (EUR)	13	-0,02	-0,02

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



## Consolidated interim statements of cash flows

<i>in thousands of euros</i>	Note	2015 3M	2014 3M
<b>Cash flows from operating activities</b>			
Profit (loss) for the year		-1 158	-910
Adjustments for:			
Depreciation and amortisation of non-current assets	5	173	195
Change in fair value of investment property	6	0	53
Gain/loss from sale of PPE		0	-2
Gain/loss from disposal of subsidiary	4	0	-17
Finance income and costs, net	12	424	354
Other non-monetary changes (net amounts)		-175	-154
Movements in working capital:			
Change in trade receivables and prepayments		404	-53
Change in inventories		52	728
Change in liabilities and prepayments		-580	161
Change in provisions		3	1
<b>Net cash generated by operating activities</b>		<b>-857</b>	<b>356</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	5	-6	-29
Proceeds from disposal of property, plant and equipment		0	6
Payments for investment property	6	-68	-53
Interest received		2	2
<b>Net cash used in investing activities</b>		<b>-72</b>	<b>-74</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1 791	727
Repayment of borrowings		-821	-1 446
Interest paid		-585	-89
<b>Net cash used in/ generated by financing activities</b>		<b>385</b>	<b>-808</b>
<b>Net change in cash and cash equivalents</b>		<b>-544</b>	<b>-526</b>
Cash and cash equivalents at the beginning of the period		1 881	2 759
Cash and cash equivalents at the end of the period		1 337	2 233

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

## Consolidated interim statements of changes in equity

<i>in thousands of euros</i>	Share capital	Share premium	Statutory reserve	Properties revaluation reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity owners of the parent	Non-controlling interests	Total equity
<b>1 January 2013</b>	<b>10 637</b>	<b>0</b>	<b>0</b>	<b>11 330</b>	<b>-1 213</b>	<b>43 442</b>	<b>64 196</b>	<b>1 552</b>	<b>65 748</b>
Increase of share capital, 15 May 2013	184	1 474	0	0	0	0	1 658	0	1 658
Allocation of funds to statutory reserve	0	0	1 064	0	0	-1 064	0	0	0
Changes in non-controlling interests	0	0	0	0	0	0	0	-69	-69
Comprehensive loss for the year	0	0	0	0	-64	-2 600	-2 664	22	-2 642
<b>31 December 2013</b>	<b>10 821</b>	<b>1 474</b>	<b>1 064</b>	<b>11 330</b>	<b>-1 277</b>	<b>39 778</b>	<b>63 190</b>	<b>1 505</b>	<b>64 695</b>
Changes in non-controlling interests	0	0	0	0	0	0	0	665	665
Comprehensive profit/ loss for the period	0	0	0	- 1 941	1 134	21 381	20 574	-146	20 428
<b>31 December 2014</b>	<b>10 821</b>	<b>1 474</b>	<b>1 064</b>	<b>9 389</b>	<b>-143</b>	<b>61 159</b>	<b>83 764</b>	<b>2 024</b>	<b>85 788</b>
Changes in non-controlling interests	0	0	0	0	0	0	0	-618	-618
Comprehensive profit/ loss for the period	0	0	0	0	0	-1 166	-1 166	8	-1 158
<b>31 March 2015</b>	<b>10 821</b>	<b>1 474</b>	<b>1 064</b>	<b>9 389</b>	<b>-143</b>	<b>59 993</b>	<b>82 598</b>	<b>1 414</b>	<b>84 012</b>

## 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	Share of ownership 31.03.2015	Share of ownership 31.12.2014
Clearstream Banking Luxembourg S.A.	Luxembourg	27,85%	27,84%
Eurofiduciaria S.r.l.	Italy	12,91%	13,25%
Svalbork Invest OÜ	Estonia	12,64%	12,64%
Sueno Latino AG	Liechtenstein	8,37%	8,37%
A.F.I. American Financial Investments Ltd.	Liechtenstein	8,24%	7,70%
Anndare Ltd.	Ireland	7,13%	6,91%

For the purpose of comparative financial figures of these interim financial statements as at 31. March 2015, 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 2015, these interim financial statements represent the consolidated assets, liabilities, equity, results of operations and cash flows of the Ultimate Parent Company and its subsidiaries (hereinafter also referred together to as “the Group”).

### 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 2014.

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 2014.

## Note 3. Segment reporting

<i>in thousands of euros</i>	the Ultimate Parent	Estonia	Latvia	Lithuania	Germany	Internal transactions elimination	Total
<b>2015 3M</b>							
Revenue	0	1 530	288	615	817	-115	3 135
Other operating income	0	1	11	1	43	-11	45
Segment operating profit (loss)	-379	-161	-187	77	-72		-722
Financial income and expense (net)	-806	608	-60	-140	-26		-424
<b>Profit (loss) before income tax</b>	<b>-1 185</b>	<b>447</b>	<b>-247</b>	<b>-63</b>	<b>-98</b>		<b>-1 146</b>
Income tax	0	0	-13	1	0		-12
Non-controlling interest	0	8	0	0	0		8
<b>Net profit (loss) for the financial year attributable to equity holders of the parent</b>	<b>-1 185</b>	<b>439</b>	<b>-260</b>	<b>-62</b>	<b>-98</b>		<b>-1 166</b>
<b>31.03.2015</b>							
Assets	189	72 989	30 209	14 562	5 815		123 764
Liabilities	20 078	8 705	5 936	4 145	888		39 752
Acquisition of non-current assets	0	0	6	0	0		6
Depreciation and amortisation	0	-39	-55	-6	-73		-173
<b>2014 3M</b>							
Revenue	20	667	290	1 604	703	-123	3 161
Other operating income	0	3	23	0	127	-77	76
Segment operating profit (loss)	-372	-346	-193	478	-118		-551
Financial income and expense (net)	-860	706	-25	-146	-29		-354
<b>Profit (loss) before income tax</b>	<b>-1 232</b>	<b>360</b>	<b>-218</b>	<b>332</b>	<b>-147</b>		<b>-905</b>
Income tax	0	0	-15	10	0		-5
Non-controlling interest	0	-4	1	0	0		-3
<b>Net profit (loss) for the financial year attributable to equity holders of the parent</b>	<b>-1 232</b>	<b>364</b>	<b>-234</b>	<b>342</b>	<b>-147</b>		<b>-907</b>
<b>31.12.2014</b>							
Assets	399	73 159	30 694	14 812	5 967		125 031
Liabilities	19 673	8 461	5 719	4 448	942		39 243
Acquisition of non-current assets	0	40	40	2	89		171
Depreciation and amortisation	0	-143	-214	-25	-361		-743

## Note 4. Liquidation of subsidiary

<i>in thousands of euros</i>	<b>Nekustamo īpašumu sabiedrība Prokurs SIA</b>
Net assets at the date of disposal	2 058
<b>Share (%) as at 31. December 2014</b>	<b>70%</b>
Changes in ownership	-70%
<b>Share (%) as at 31. March 2015</b>	<b>0%</b>
Cash received	0
Non- cash, received	1 441
Profit/loss from disposal	0

Latvian subsidiary Nekustamo īpašumu sabiedrība Prokurs SIA had sold its developed properties and remained inactive. The liquidation process was initiated in 2014 and on 10 March 2015 it was finalised.

## Note 5. Property, plant and equipment

As of 31. December 2011 Pro Kapital's land and buildings was valued into their fair value based on the valuation of independent expert. The valuation, which conforms to International Valuation Standards, was performed by independent real estate appraiser SIA Newsec Valuation LV and was determined by reference to discounted cash flow method. Current market conditions (at the moment the valuation was performed) were used as assumptions for the valuations performed.

The last valuation by independent real estate appraiser Newsec Valuations was performed in November 2014. Although some properties' fair value appeared to be higher than book value, the Management Board decided to follow revaluation of fixed assets once in each 5 years (next planned in 2016) unless impairment of assets has to be recognised. As a result of valuation report, the hotel property in Germany was decreased in value by 1,9 million euros. Other properties remained unchanged.

<i>in thousands of euros</i>	<b>31.03.2015</b>	<b>31.12.2014</b>
Acquisition value	22 567	22 555
Accumulated depreciation	-5 107	-4 936
<b>Balance value</b>	<b>17 460</b>	<b>17 619</b>

<i>in thousands of euros</i>	<b>Land and buildings</b>	<b>Machinery and equipment</b>	<b>Other tangible assets</b>	<b>TOTAL</b>
<b>Acquisition value 01.01.2014</b>	<b>21 638</b>	<b>1 211</b>	<b>2 441</b>	<b>25 290</b>
Additions:				
Acquired	6	89	82	177
Revaluation (+/-)	-1 941	0	-5	-1 946
Disposals:				
Sold or disposed through subsidiary	-912	-12	-19	-943
Written off	0	-13	-10	-23
<b>Acquisition value 31.12.2014</b>	<b>18 791</b>	<b>1 275</b>	<b>2 489</b>	<b>22 555</b>
Additions:				
Acquired	0	5	1	6
Reclassification	6	0	0	6
<b>Acquisition value 31.03.2015</b>	<b>18 797</b>	<b>1 280</b>	<b>2 490</b>	<b>22 567</b>

<i>in thousands of euros</i>	Land and buildings	Machinery and equipment	Other tangible assets	TOTAL
<b>Accumulated depreciation 01.01.2014</b>	<b>1 985</b>	<b>900</b>	<b>2 184</b>	<b>5 069</b>
Additions:				
Depreciation charge for the period	572	134	36	742
Disposals:				
Sold or disposed through subsidiary	-826	-9	-18	-853
Written off	0	-13	-9	-22
<b>Accumulated depreciation 31.12.2014</b>	<b>1 731</b>	<b>1 012</b>	<b>2 193</b>	<b>4 936</b>
Additions:				
Depreciation charge for the period	123	37	11	171
<b>Accumulated depreciation 31.03.2015</b>	<b>1 854</b>	<b>1 049</b>	<b>2 204</b>	<b>5 107</b>

## Note 6. Investment property

<i>in thousands of euros</i>	Investment property held for increase in value	Total
<b>Balance at 01.01.2014</b>	<b>26 001</b>	<b>26 001</b>
Additions:		
Acquired	822	822
Transferred from inventories	29 591	29 591
Changes in fair value:		
Gain/loss from change in fair value	31 696	31 696
<b>Balance at 31.12.2014</b>	<b>88 110</b>	<b>88 110</b>
Additions:		
Acquired	68	68
Changes in fair value:		
Gain/loss from change in fair value	-68	-68
<b>Balance at 31.03.2015</b>	<b>88 110</b>	<b>88 110</b>

As of 31. December 2011 assessing the fair value of investment property the management of the Company was based on valuation reports of independent real estate appraisers. The valuation, which conforms to International Valuation Standards, was in majority determined by reference to recent market transactions and arms' length term. In few instances where appropriate also discounted cash flow method was used in determination of fair value of Group's investment property.

At the end of 2014, the Company decided to review its real estate assets considering short and long-term development strategy. Many properties had been recorded as inventories at cost price in spite of the fact that since acquisition long time has passed and financial reports have not been reflecting the fair value of the properties in Company's portfolio. After reviewing the strategy, the properties that will not be developed in the nearest upcoming years, were transferred to investment property as long-term assets. The fair value of the properties has been recorded as per valuation performed by an independent real estate appraiser Newsec Valuation in November 2014.

## Note 7. Loans

<i>in thousands of euros</i>	31.03.2015	31.12.2014
Current debt, financial institutions	7 804	6 877
Non-current debt, financial institutions	3 171	3 728
Current debt, related parties	4 538	4 538
Non- current debt, minority shareholder	1 308	1 308
Non- current debt, other	600	0
Convertible debt, bonds	11 219	11 219
Non- convertible debt, bonds	2 240	2 240
<b>Total</b>	<b>30 880</b>	<b>29 910</b>

On 12 January 2015 the Company signed a loan agreement with Eginvest Ltd. Eginvest Ltd provides up to 1 000 000 euros in several instalments, with the due date of 2 years for each instalment and loan interest 5%. By the end of reporting period The Company has used the limit in amount 600 000 euros.

The Company has issued convertible bonds with issue price 2,80 euros and remaining total value of 11 219 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 3 March 2015 the Company prolonged maturity of its convertible bonds in the amount of 1 593 964,40 euros. The new maturity date for those convertible bonds is 08 March 2017. All other conditions for convertible bonds remained unchanged.

On 25 March 2015 the Lithuanian subsidiary of the Company Pro Kapital Bonum UAB entered into loan agreement with Swedbank AB. The credit up to 2 150 000 euros will be used for construction of K4-1 building in Šaltinių Namai project in Vilnius. Loan carries interest of 3,85% +6m Euribor. By the end of reporting period, company has not used the credit amount yet.

### Creditors

<i>in thousands of euros</i>	31.03.2015	31.12.2014	CCY	Interest %
Swedbank AS (EE)	1 481	1 507	EUR	2,65%+ 6m Euribor
Swedbank AS (EE)	2 230	2 271	EUR	2,65%+ 6m Euribor
Swedbank AS (EE)	0	18	EUR	2,5%+ 6m Euribor
Nordea Bank Finland Plc Est branch (EE)	1 089	659	EUR	3,1%+ 1m Euribor
AS Swedbank (LV)	3 516	3 605	EUR	3%+ 3m Euribor
"Swedbank" AB (LT)	1 785	1 871	EUR	3%+ 6m Euribor
"Swedbank" AB (LT)	874	674	EUR	3,85%+ 6m Euribor
Combrimat Ltd.	1 000	1 000	EUR	5%
Svalbork Invest, related party	3 738	3 738	EUR	5%
Fiducaria Emiliana S.r.l	197	197	EUR	12%
Nikasi Overseas SA	111	111	EUR	12%
Estrella Ltd.	800	800	EUR	5%
Eginvest Ltd.	600	0	EUR	5%
Convertible bonds, various investors	11 219	11 219	EUR	7%
Non- convertible bonds, various investors	2 240	2 240	EUR	5%
<b>Total</b>	<b>30 880</b>	<b>29 910</b>		

## Loan repayment

<i>in thousands of euros</i>	<b>31.03.2015</b>	<b>31.12.2014</b>
Due within 1 year	16 985	16 582
Due between 2 to 5 years	13 587	13 020
Due after 5 years	308	308
<b>Total</b>	<b>30 880</b>	<b>29 910</b>

## Pledged assets

<i>in thousands of euros</i>		<b>Carrying value of pledged assets</b>	
<b>Beneficiary</b>	<b>Collateral description</b>	<b>31.03.2015</b>	<b>31.12.2014</b>
Swedbank AS (Estonia) *	Tondi St 51, Tallinn	745	874
Swedbank AS (Estonia)	Põhja Avenue 21, 21a, 21 b-1, Tallinn	5 693	5 725
Swedbank AS (Estonia)	Põhja Avenue 21, 23, Tallinn	427	427
Nordea Bank Finland Est Br (Estonia)	Marsi St 3, 3a, 3b, Tallinn	4 918	4 808
Nordea Bank Finland Est Br (Estonia)	Sõjakooli St 12, 12a, 12b, 12c, Tallinn	184	181
Nordea Bank Finland Est Br (Estonia)	Sammu St 6, 6a, 6b, Tallinn	2 300	2 300
AS Swedbanka (Latvia)	Pulkveza Brieza St 11, Riga	5 611	5 647
AS Swedbanka (Latvia)	Trijadibas St 5, Riga	17 490	17 426
Swedbank AB (Lithuania)	Aguonu St 10, Vilnius	13 556	13 358
<b>Total</b>		<b>50 924</b>	<b>50 746</b>

\* In January 2015 Estonian subsidiary Tondi Kvartal AS has repaid loan balance to Swedbank AS.

In addition to guarantee letters related to loans of the Group, AS Pro Kapital Grupp has issued guarantee letters as follows:

- To AS Swedbank (Latvia) to assure the potential liability of Klīversala RE SIA, an entity belonging to Pro Kapital Latvia subsidiary group, in the amount of 8 084 thousand euros, as Swedbank (Latvia) has issued a guarantee letter in the same amount to VAS „Privatizācijas aģentūra” to assure the investment liabilities related to contract concluded between Klīversala RE SIA and VAS „Privatizācijas aģentūra”.
- Guarantee letter to Kristiine Keskus OÜ to secure (jointly with Pro Kapital Eesti AS) possible claims against Täismaja AS (merged with Pro Kapital Eesti AS) arising from a loan contract concluded between Pro Kapital Eesti and Täismaja AS on 9 March 2004. The guarantee letter is limited to maximum amount of potential claim. The guarantee is effective for 72 months from concluding sales- purchase agreement, i.e. until 2 May 2017.

## Note 8. Revenue

<i>in thousands of euros</i>	<b>2015 3M</b>	<b>2014 3M</b>
Revenue from sales of real estate	1 423	1 569
Rental revenue	53	53
Hotel operating revenue	1 208	1 093
Revenue from maintenance services	433	426
Other services	18	20
<b>Total</b>	<b>3 135</b>	<b>3 161</b>



## Note 9. Cost of goods sold

<i>in thousands of euros</i>	<b>2015 3M</b>	<b>2014 3M</b>
Cost of real estate sold	1 121	1 066
Cost of providing rental services	116	30
Cost of hotel operations	828	895
Cost of maintenance	413	407
Cost of other services	60	0
<b>Total</b>	<b>2 538</b>	<b>2 398</b>

## Note 10. Gross profit

<i>in thousands of euros</i>	<b>2015 3M</b>	<b>2014 3M</b>
Real estate	302	503
Rental revenue	-63	23
Hotel operating	380	198
Maintenance services	20	19
Other services	-42	20
<b>Total</b>	<b>597</b>	<b>763</b>

## Note 11. Administrative expenses

<i>in thousands of euros</i>	<b>2015 3M</b>	<b>2014 3M</b>
Staff costs	591	706
Offices and communication	44	42
Travel and transportation	31	35
Consulting, software licences, etc	118	103
Bank, stock exchange, depository fees	68	71
Land and real estate taxes	91	86
Maintenance of own properties	25	17
Depreciation charge	25	27
Amortisation charge	2	3
Other	186	129
<b>Total</b>	<b>1 181</b>	<b>1 219</b>

## Note 12. Financial income and expenses

### Financial income

<i>in thousands of euros</i>	<b>2015 3M</b>	<b>2014 3M</b>
Interest income	0	7
Gain from disposal of subsidiary	0	17
Other financial income	2	8
<b>Total</b>	<b>2</b>	<b>32</b>

### Financial expenses

<i>in thousands of euros</i>	2015 3M	2014 3M
Interest expenses	394	348
Foreign currency loss	1	0
Other financial expenses	31	38
<b>Total</b>	<b>426</b>	<b>386</b>

## Note 13. 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:

In period	01.01.2015-31.03.2015	(54 106 575* 90/90)	=54 106 575
In period	01.01.2014-31.03.2014	(54 106 575* 90/90)	=54 106 575

Indicative earnings per share:

01.01.2015-31.03.2015	- 1 166 thousand euros/ 54 106 575 = -0,02 euros
01.01.2014-31.03.2014	- 907 thousand euros/ 54 106 575 = -0,02 euros

The convertible bonds issued did not have a dilutive effect on earnings in 2015 and 2014, therefore they have not been included in the calculation of the diluted net gain (loss) per share and the diluted gain (loss) per share equals the net gain (loss) per share indicator.

## Note 14. Shareholders meetings

No shareholders meetings have been held during first quarter of 2015.

## Note 15. 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 the companies in which they hold majority interest or have significant influence.

### Transactions with related parties

<i>in thousands of euros</i>	2015 3M	2014 3M
Significant owners and owner related companies		
Interest income	0	4
Issued loans	0	475
Loan repayments received (non-monetary)	501	0
Claims granted	0	14 743
Loans repaid	0	0
Interest expense	47	48
Salaries and bonuses paid to management	187	159

**Receivables from related parties**

<i>in thousands of euros</i>	<b>31.03.2015</b>	<b>31.12.2014</b>
Significant owners and owner related companies		
Current receivables from related parties	0	501
<b>Total</b>	<b>0</b>	<b>501</b>

**Payables to related parties**

<i>in thousands of euros</i>	<b>31.03.2015</b>	<b>31.12.2014</b>
Significant owners and owner related companies		
Payables to related parties	4 326	4 284
Payables to members of Council and Management Board	121	116
<b>Total</b>	<b>4 447</b>	<b>4 400</b>

**Shareholding in %**

Members of the Council and individuals related them	0%	34,09%
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Furthermore, 22 224 pieces of convertible bonds are held by the members of the Council.

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

No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties. The Group has been provided loans to related parties at rates comparable to the average commercial rate of interest. The loans to related parties are unsecured.

## Note 16. Lawsuits

### Ultimate Parent Company

	<b>As of 31.03.2015</b>	<b>As of 31.12.2014</b>
<b>Pending disputes:</b>	<b>0</b>	<b>0</b>
<b>Resolved disputes:</b>	<b>0</b>	<b>0</b>
<b>New disputes:</b>	<b>0</b>	<b>0</b>

As of 31.12.2014 AS Pro Kapital Grupp as the ultimate parent company did not have any pending court cases.

As of 31.03.2015 AS Pro Kapital Grupp as the ultimate parent company did not have any pending court cases.

### Pro Kapital Estonia sub-group

	<b>As of 31.03.2015</b>	<b>As of 31.12.2014</b>
<b>Pending disputes:</b>	<b>0</b>	<b>0</b>
<b>Resolved disputes:</b>	<b>0</b>	<b>0</b>
<b>New disputes:</b>	<b>0</b>	<b>0</b>

As of 31.12.2014 the parent company of Pro Kapital Estonia sub-group and its subsidiaries did not have any pending court cases. AS Pro Kapital Eesti is involved in one lawsuit as a third party (AS Täismaja who was involved in the lawsuit as third party was merged with AS Pro Kapital Eesti).

As of 31.03.2015 the parent company of Pro Kapital Estonia sub-group and its subsidiaries did not have any pending court cases. AS Pro Kapital Eesti is involved in one lawsuit as a third party.

### Pro Kapital Latvia sub-group

	As of 31.03.2015	As of 31.12.2014
<b>Pending disputes:</b>	<b>2</b>	<b>2</b>
<b>Resolved disputes:</b>	<b>0</b>	<b>0</b>
<b>New disputes:</b>	<b>0</b>	<b>0</b>

As of 31.12.2014 Pro Kapital Latvia sub-group had two pending court cases.

As of 31.03.2015 Pro Kapital Latvia sub-group had the same two pending court cases.

#### Pending disputes:

On 30.07.2012 the Property department of Riga's City Council issued a decision according to which buildings belonging to SIA "Nekustamo ģpašumu sabiedrība "Zvaigznes centrs"" at 193 Brīvības Street, in Riga are classified as degrading the environment and endangering the security of people. On the basis of this decision the company would have to pay an increased real estate tax. The company appealed against the mentioned decision to the chairman of the Riga City Council, however the chairman decided to reject the claim. The company has on 14.02.2013 appealed against the decision to the Administrative District Court asking for revocation of the decision. Administrative District Court decided to reject the application of the company. On 29.05.2014 the company submitted the appellation to the Administrative Regional Court. The proceedings are currently pending.

On August 2, 2013 the Property department of Riga's City Council issued a decision according to which buildings belonging to LLC „TALLINA NEKUSTAMIE ĪPAŠUMI” at 5/7 Tallinas Street, in Riga are classified as degrading the environment and endangering the security of people. On the basis of this decision the company would have to pay an increased real estate tax. The Company appealed against the mentioned decision to the chairman of the Riga City Council, however the chairman decided (4th of November 2013) to reject the claim. The Company has on 18.12.2013 appealed against the decision of the chairman of Riga City Council to the Administrative District Court asking for revocation of the decision. Administrative District Court decided to reject the application of the company. On 14.07.2014 the company submitted the appellation to the Administrative Regional Court. The proceedings are currently pending.

### Pro Kapital Vilnius sub-group

	As of 31.03.2015	As of 31.12.2014
<b>Pending disputes:</b>	<b>1</b>	<b>1</b>
<b>Resolved disputes:</b>	<b>0</b>	<b>1</b>
<b>New disputes:</b>	<b>0</b>	<b>0</b>

As of 31.12.2014 Pro Kapital Vilnius sub-group had one pending court case. During the reporting period one court case was resolved.

As of 31.03.2015 Pro Kapital Vilnius sub-group had one pending court case.

#### Pending disputes:

On February 2012, UAB "Gatvių statyba" submitted the claim to the Vilnius district court requesting for LTL 197 thousand Lithuanian litas (approx. 57 thousand Euros), plus 8,06 % interest, for the performed works in Šaltinių Namai. Group company PK INVEST UAB did not agree with the claim because the works were performed unduly and the deficiencies were recorded by the parties in writing.

The case was heard at Vilnius district court. The claim of the contractor and the counter-claim of PK INVEST UAB had been upheld partially.

PK INVEST UAB filed an appeal on the basis that the court refused to lower the price of the works that were performed partially and with deficiencies.

The Court of Appeal of Lithuania decided on 26.09.2014 to annul the decision of first instance court and adopted a new decision – court rejected the claim of UAB „Gatvių statyba” and satisfied the counterclaim of PK INVEST UAB.

The Court of Appeal of Lithuania decided to reduce the amount of the Construction agreement from LTL 2 247 085 to LTL 2 019 581,19 and also awarded PK Invest UAB LTL 39 740,18 of overpayment from UAB “Gatvių statyba” and 6% of annual interest from the awarded amount from 29.03.2012 until full implementation of court’s decision.

The plaintiff UAB “Gatvių statyba” was also obliged to submit the surety bond guarantee of LTL 93 881 to PK INVEST UAB within 40 days from the date of the appellate court decision. If UAB „Gatvių statyba” fails to submit the guarantee it should pay LTL 93.881 fine to PK INVEST UAB. The Court of Appeal of Lithuania also awarded to PK INVEST UAB litigation costs.

UAB „Gatvių statyba” lodged a cassation to the Supreme Court of Lithuania requesting to annul the decision of appellate court and to maintain valid the decision of first instance court. PK INVEST UAB submitted a respond requesting to leave the decision of appellate court unchanged. The proceedings are currently pending.

#### Pro Kapital German sub-group

	As of 31.03.2015	As of 31.12.2014
<b>Pending disputes:</b>	<b>0</b>	<b>0</b>
<b>Resolved disputes:</b>	<b>0</b>	<b>0</b>
<b>New disputes:</b>	<b>0</b>	<b>0</b>

As of 31.12.2014 Pro Kapital German sub-group entities did not have any pending court cases.

As of 31.03.2015 Pro Kapital German sub-group entities did not have any pending court cases.

## 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 2015.

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	Chief Executive Officer and Chairman of the Management Board	19 May 2015
Allan Remmelkoor	Chief Operating Officer and Member of the Management Board	19 May 2015