

AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT FOR IV QUARTER
AND 12 MONTHS OF 2013 (UNAUDITED)

PROKAPITAL



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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.

Key Figures and Main events, January 1 – December 31, 2013 and after the reporting period

- Total revenue for the first twelve months was 12,3 million EUR, a decrease of 23,6% compared to the reference period. During the fourth quarter, total revenue was 3,0 mln EUR and has increased by 5,7% compared to the last quarter of 2012.
- Net operating loss during twelve months of the year decreased by 2,7 mln EUR (-58,6%), totalling to loss of 1,9 mln EUR. Net operating loss for the fourth quarter of 2013 was 0,8 mln EUR, which is 26,7% decrease as compared to the fourth quarter of 2012.
- Net result for the twelve months of 2013 has improved by 3,1 mln EUR (52,4%) compared to the reference period (2013 12 months: -2,8 mln EUR; 2012 12 months: -5,9 mln. EUR). Net result for the fourth quarter has improved by 0,5 mln EUR and was -0,7 mln EUR (2012 Q4: -1,2 mln EUR)
- Cash flow from operations for the twelve months of 2013 was negative of 0,3 mln EUR (2012 12 months: 2,4 mln EUR). Cash flows from operations for the fourth quarter of 2013 was positive of 0,5 mln EUR (2012 Q4: 5,4 mln EUR).
- Net assets per share totalled 1,20 EUR (2012 12 months: 1,24 EUR).
- Agreements were concluded among others with operators for Cinema and Entertainment centre areas in the entertainment complex of the St. Peterburg street shopping centre.
- A settlement agreement was reached on 18.03.2013 in the dispute with Dutch company Aprisco B.V.
- Sari Aitokallio, member of Pro Kapital Grupp Council, resigned from duty as of March 31, 2013 based on her application due to time constraints and a possible conflict of interest in the future.
- The presales were started for new residential development in Tondi Quarter, Tallinn.
- The duration of loan agreements of Pro Kapital Eesti AS and AS Tondi Kvartal with Swedbank have been prolonged.
- Maturity of PKG1 convertible bonds in the total amount of 3 261 460 EUR was prolonged by two years. New redemption date is August 13, 2015.
- Shortly after reporting period maturity of PKG 2 convertible bonds in the total amount of 1 070 451 EUR was prolonged by two years. New redemption date is January 20, 2016.
- The shareholders meeting of 5th of April 2013 decided to conditionally increase the share capital of Pro Kapital by issuing up to 1 400 000 new shares of the Company. The offering of new shares of AS Pro Kapital Grupp took place from 26th of April 2013 until 10th of May 2013, during of which in total 921 153 shares were subscribed for gross proceeds of 1 658 075 Euros. As a result, the share capital of Pro Kapital starting from May 15, 2013 is 10 821 315 EUR.
- General meeting of shareholders, held on June 19, 2013, has decided to appoint Ernesto Achille Preatoni as a member of the Council starting from July 5, 2013. Term in office of Emanuele Bozzone was prolonged and Pertti Huuskonen and Petri Olkinuora continue their service as PKG Council members. Since July 5, 2013 council members Renato Bullani and Giuseppe Prevosti term in office expired. The general meeting appointed AS Deloitte Audit Eesti the Company's auditor for the year 2013.
- On August 1, 2013 the Group issued 64 new unsecured non- convertible bonds with face value of 10 000 EUR each. Total amount of the bonds issued was 640 000 EUR, their duration is 5 years and they carry 5 % annual interest.
- On November 7, 2013 the Company issued 100 new unsecured non- convertible bonds with face value of 10 000 EUR. Total amount of the bonds emitted is 1 000 000 EUR, the bonds are unsecured, have duration of 3 years and annual interest of 5%.
- The agreement for development of roads and infrastructure of Tallinn's Kalaranna landplot was signed with Tallinn City Planning Office as a part of Kalaranna detailed planning process. In connection with the Shopping Centre project the Company continued signing new lease agreements with the tenants.
- 100 shares, or 0,00039% ownership share was purchased in AS Täismaja, subsidiary of AS Pro Kapital Eesti, on October 3, 2013, increased AS Pro Kapital Eesti ownership in the subsidiary to 100% with the aim to carry out the merger of AS Täismaja and AS Pro Kapital Eesti in 2014.
- On November 19, 2013 the Supervisory Council of the Group approved the liquidation of two companies registered in Latvian Republic, which belong to the concern of the Group, namely PK Latvia LLC and Prokurs

LLC, due to the fact that both companies had in course of day to day economic activity sold all its premises and had no any other active economic activity.

- On 5.12.2013 the construction agreement was signed between PK Invest UAB, subsidiary of the Group, and UAB Merko Statyba for the construction of new residential building in Saltiniu Namai complex. The financing agreement with Swedbank for the same project was signed on 28.11.2013. PK Invest UAB decided to start the construction works and informed UAB Merko Statyba of such decision on 05.02.2014.
- On 12.12.2013 JSC Pro Kapital Latvia belonging 100% to the Group signed the agreement for selling its subsidiary company LLC Pasaules Tirdzniecibas centrs „Riga“ (WTC Riga). WTC Riga operated as management company for maintenance and administration of state owned WTC office building in Riga and the sale was motivated by the Group's strategy to focus on development of its own real estate projects.
- On 30.01.2014, after the reporting period the subsidiaries of the Group AS Pro Kapital Eesti and AS Täismaja (former business name AS Kristiine Kaubanduskeskus) were merged with the purpose of simplifying the group structure.
- The same day, 30.01.2014, after the reporting period the subsidiary company of the Group AS Tondi Kvartal concluded the contract for establishing a new company OÜ Marsi Elu with the aim to develop first phase of the second stage of Tondi residential complex in Tallinn and to create a legal platform for possible participation of co-investor in the project.
- On March 14, 2014 extraordinary meeting of shareholders will be called in connection to potential increase of share capital of AS Pro Kapital Eesti's subsidiary AS Tallinna Moekombinaat in order to attract new investor and start with construction of shopping centre in Tallinn, Peterburi road 2.

Key Financial Figures

	2013 12 M	2012 12 M
Revenue, th, EUR	12 287	16 078
Gross profit, th, EUR	3 088	3 328
Gross profit, %	23,6%	20,7%
Operating result, th, EUR	-1 912	-4 613
Operating result, %	-15,6%	-28,7%
Net result, th, EUR	-2 794	-5 866
Net result, %	-22,7%	-36,5%
	31.12.2013	31.12.2012
Total Assets, th, EUR	98 382	100 262
Total Liabilities, th, EUR	33 466	34 135
Total Equity, th, EUR	64 916	66 127
Debt/ Equity *	0,52	0,52
Return on Assets, % **	-2,81%	-0,60%
Return on Equity, % ***	-4,26%	-1,68%
Earnings per share, EUR	-0,05	-0,11
Net asset value per share, EUR ****	1,20	1,24

*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 fourth quarter of 2013 Pro Kapital continued the preparations of the real estate development projects planned for the upcoming years. Development activities were carried on with Peterburg road shopping centre project and first part of new stage of Tondi Quarter in Tallinn, Tallinnas Residential Complex in Riga and in Vilnius the preparation works have been held for starting the construction works with Saltiniu Namai new residential project. In the latter the presale process has been successful and by the date of publishing the present report, 14 presale agreements have been concluded out of 19 units on sale. The financing and construction agreements were signed as well respectively with Swedbank and UAB Merko Statyba and on 5th of February the construction works have been started.

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 the reporting period the Company recorded net revenue 12,3 mln EUR, -23,6% compared to the same period in 2012 (2013 Q4: 3,0 mln EUR; 2012 Q4: 2,9 mln EUR). Recorded net loss of -2,8 mln EUR for twelve months (2013 Q4: -0,7 mln EUR; 2012 Q4: -1,2 mln EUR) of 2013 was caused mainly by low stock for sales base and low net sales volume and is in line with Company's expectatio ns.

Overall loans from financial institutions was 12,1 mln EUR as of December 31, 2013.

The Company as of December 31, 2013 had 11,272 mln EUR worth convertible bonds and 1,64 mln EUR worth non- convertible bonds.

As of December 31, 2013 there were 108 employees working in the Company, 78 of them were employed in hotel and property maintenance business.

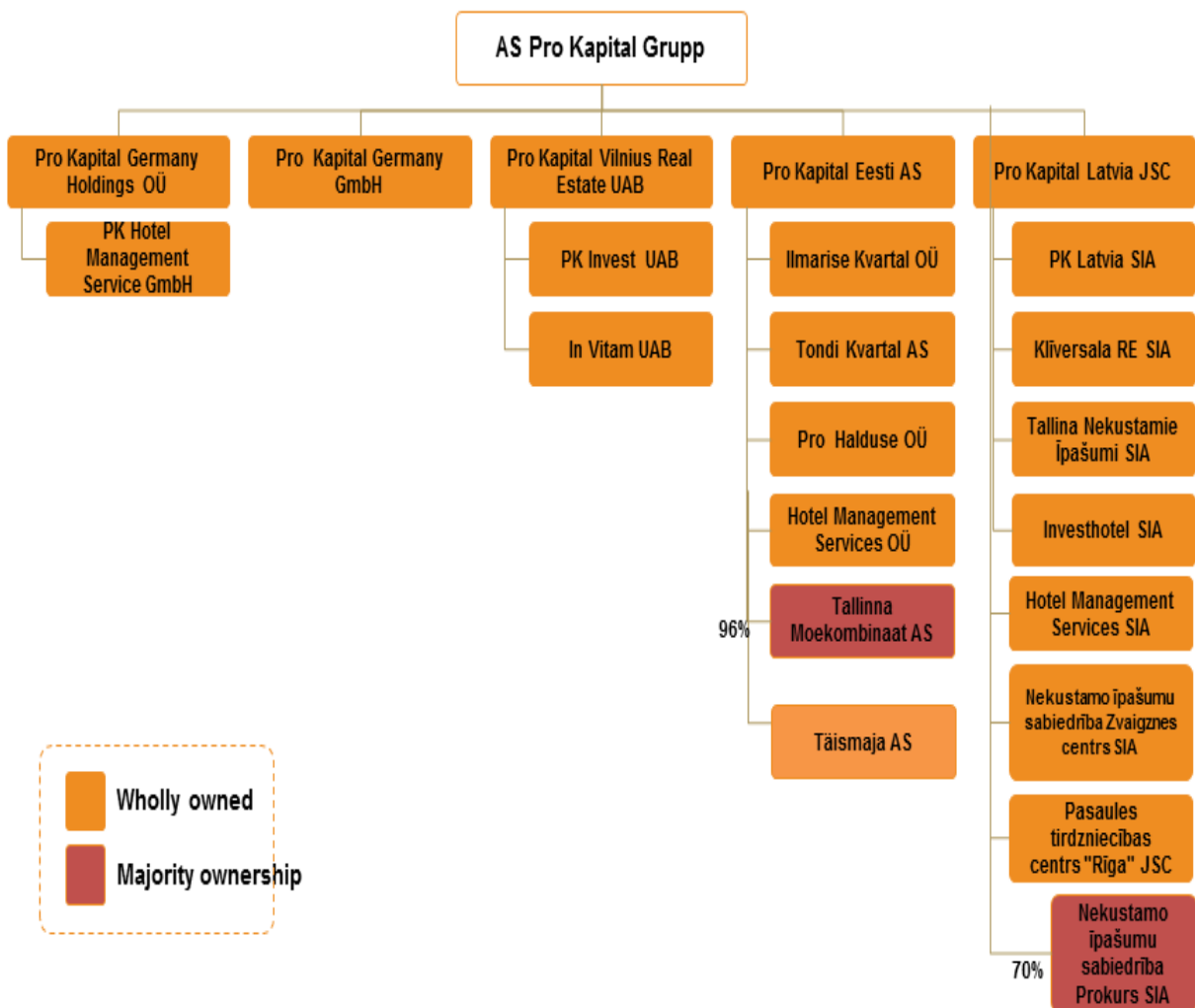
Paolo Michelozzi
CEO
AS Pro Kapital Grupp

February 19 , 2014

Group Structure

As of 31.12.2013

Group Structure



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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	96%	GLA 55 000 m ²	Investment property
Ülemiste 5	Offices	Tallinn	100%	GLA 22 880 m ²	Investment property
Tondi Quarter	Residential	Tallinn	100%	NSA 83 462 m ² 71 280 m ² resid. 12 182 m ² comm.	Inventories
Kalaranna District	Residential	Tallinn	100%	NSA 33 013 m ² 27 600 m ² resid. 5 413 m ² comm.	Inventories
Tallinas Quarter	Residential	Riga	100%	NSA 18 845 m ² 17 650 m ² resid. 1 195 m ² comm.	Inventories
Kliversala District	Residential	Riga	100%	NSA 49 920 m ² 31 600 m ² resid. 7 920 m ² comm. 10 400 m ² hotel	Inventories
Zvaigznes Quarter	Residential	Riga	100%	NSA 17 949 m ² 11 277 m ² resid. 6 672 m ² comm.	Inventories
Šaltinių Namai	Residential	Vilnius	100%	NSA 22 086 m ² 20 343 m ² resid. 2 713 m ² comm.	Inventories

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

Status of the projects:

Peterburi road shopping centre	Building licence obtained
Ülemiste 5	Detail plan adopted. Project not started
Tondi Quarter	Building license for the 2nd stage obtained, presale started.
Kalaranna District	Detailed plan approval in process
Tallinas Quarter	Projecting works in process in order to apply for the building licence
Kliversala District	Detail plan works in process
Zvaigznes Quarter	Building licence for reconstruction of the existing building issued
Šaltinių Namai	1st stage completed and on sale, two more buildings have received the building licence with presale started in one of them. 2 nd stage is being projected in order to apply for the building licence

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, th. EUR, 01.01 – 31.12.2013

	EST 2013 12M	EST 2012 12M	LV 2013 12M	LV 2012 12M	LT 2013 12M	LT 2012 12M	GER 2013 12M	GER 2012 12M	TOTAL 2013 12M	TOTAL 2012 12M
Real Estate	1 573	823	500	105	1 938	6 419	-	-	4 011	7 347
Rent	71	79	936	870	104	72	-	-	1 111	1 021
Hotels	1 395	1 448	1 555	1 567	-	-	2 847	3 321	5 797	6 336
Other	1 161	1 211	109	108	98	55	-	-	1 368	1 374
TOTAL	4 200	3 561	3 100	2 650	2 140	6 546	2 847	3 321	12 287	16 078

Revenue structure, th. EUR, 01.10 – 31.12.2013

	EST 2013 Q4	EST 2012 Q4	LV 2013 Q4	LV 2012 Q4	LT 2013 Q4	LT 2012 Q4	GER 2013 Q4	GER 2012 Q4	TOTAL 2013 Q4	TOTAL 2012 Q4
Real Estate	597	361	-	-	662	318	-	-	1 259	679
Rent	23	18	239	231	29	21	-	-	291	270
Hotels	281	305	320	324	-	-	790	989	1 391	1 618
Other	49	284	23	-	27	16	-	-	99	300
TOTAL	950	978	582	555	718	355	790	989	3 040	2 877

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 office and hotel property.

The share of the Estonian segment as a percentage of total revenues of the Company during the reporting period amounted 34,18% compared to 22,15% of the comparable period last year, mainly due to stronger sales of real estate in 2013.

In 2013, total of 11 flats, 19 parking lots, 2 storage rooms and 4 business premises (Q4 2013: 3 flats, 1 storage room, 1 business premise and 9 parking lots) were sold and number of new lease agreements were signed. At the end of reporting period stock consisting of 12 apartments and office premises and several parking lots was yet available for sale in Tallinn.

Tallinn's PK Ilmarine Hotel had slightly decreased occupancy rate, but managed to increase its average rate by 1,57 € comparing to last year. Tallinn's hotel managed to operate effectively and to achieve higher profitability margins in 2013..

The Company's operations in **Latvia** mainly consist of the development and sales of apartments in premium residential real estate properties, development and lease of office 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 the reporting period amounted 29,0% compared to 16,5% of the comparable period last year.

In Latvia, the Company has continued leasing out its rental office spaces. There are no residential real estate properties left properties for sale.

PK Riga Hotel and Spa gross profit increased by 14% as compared to the same period last year and PK Riga Hotel and Spa performed significantly better in 2013 than in 2012 in respect both to its profitability margins and in absolute numbers.

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 the reporting period amounted to 17,4% compared to 40,7% of the comparable period last year. The reason of such drop was a bulk sale of 27 flats and 13 parking places at the beginning of 2012.

In Lithuania 6 flats, 2 business premises, 7 parking lots and 1 cottage were sold during the reporting period (Q4 2013: 2 flats, 1 business premise and 4 parking lots) . There were still 17 flats, 8 cottages, 15 business premises, 13 storage rooms and 96 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 the reporting period amounted to 23,2% compared to 20,7% of the comparable period last year. The occupancy of PK Parkhotel Kurhaus hotel has dropped by 3,8% in 2013 as compared to 2012.

Other operative data, 01.01 - 31.12.2013

	EST 2013 12M	EST 2012 12M	LV 2013 12M	LV 2012 12M	LT 2013 12M	LT 2012 12M	GER 2013 12M	GER 2012 12M	TOTAL 2013 12M	TOTAL 2012 12M
M ² sold	1 225	435	318	60	848	2 822	-	-	2 455	3 317
Average price/m ² , EUR	1 226	1 539	2 019	1 759	2 285	2 188	-	-	1 706	2 102
M ² under maintenance management	52 241	52 241	15 002	15 013	11 234	10 172	-	-	78 477	77 426
Occupancy rate, hotels, %	66,2	71,1	77,5	78,3	-	-	49,0	52,8	62,8	66,1

Other operative data, 01.10 - 31.12.2013

	EST 2013 Q4	EST 2012 Q4	LV 2013 Q4	LV 2012 Q4	LT 2013 Q4	LT 2012 Q4	GER 2013 Q4	GER 2012 Q4	TOTAL 2013 Q4	TOTAL 2012 Q4
M ² sold	467	112	-	-	290	381	-	-	821	493
Average price/m ² , EUR	1 276	1 598	-	-	2 283	1 998	-	-	1 534	1 377
M ² under maintenance management	52 241	52 241	15 002	15 013	11 234	10 172	-	-	78 477	77 426
Occupancy rate, hotels, %	58,4	67,2	79,0	79,5	-	-	49,6	53,5	63,6	67,0

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 year 2013 the Company has borrowed additional 2,9 mln EUR for short term in order to enhance its working capital and has repayed 2,8 mln EUR of bank loans.

Total amount borrowed from banks was 12,1 mln EUR as of 31 December, 2013.

As of 31 December, 2013 the Company had 11,3 mln EUR convertible bonds (current portion: 5,1 mln EUR; long term portion: 6,2 mln EUR) and 1,6 mln EUR 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 of 31.12.2013 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 EUR.

On May 15, 2013 AS Pro Kapital Grupp registered 921 153 new shares with the nominal value of 0,2 euros, thus increasing its share capital by 184 231 euros and forming paid in capital of 1 473 845 euros.

As of 31.12.2013 there are 63 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 of 31.12.2013:

	Shareholders	Number of shares	Participation in %
1	Clearstream Banking Luxembourg S.A. Clients	12 105 443	22,37%
2	Eurofiduciaria S.R.L.	7 303 977	13,50%
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.	4 376 204	8,09%
6	Anndare Ltd.	3 289 468	6,08%
7	UNICREDIT BANK AUSTRIA AG	2 987 801	5,52%

Participation of Member of the Management Board and the Council Members as of 31.12.2013:

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
Ernesto Achilles Preatoni	Council Member	18 358 506*	33,93%	0

* In the above table the following Shares are considered as being controlled by Mr Preatoni because the Management Board believes that Mr Preatoni is able to control the use of voting rights by such persons: (a) OÜ Svalbork Invest, Estonian company controlled by Ms Evelyn Tihemets which holds 6 840 368 Shares representing 12,64% of the total shares of the Company, (b) Sueno Latino A.G., a Liechtenstein company controlled by Ms Evelyn Tihemets, which controls 4 528 531 Shares representing 8,37% of the total shares of the Company; (c) 2 507 508 Shares representing 4,63% of the total shares of the Company, which are held through a nominee account opened by Clearstream Banking Luxembourg and are held for the benefit of Ms Evelyn Tihemets; (d) 2 716 445 Shares representing 5,02% of the total shares of the Company held through a nominee account opened by Clearstream Banking Luxembourg for the benefit of Mr David Trausti Oddsson; (e) 612 872 Shares representing 1,13% of the total shares of the Company held by Katmandu Stiftung, a Liechtenstein company controlled by Mr Ernesto Preatoni; and (f) 1 152 782 Shares representing 2,13% of the total shares of the Company held by A.F.I American Financial Investments Ltd, a Liechtenstein company for the benefit of Mr Ernesto Preatoni.

Earnings per share

Earnings per share have dropped in the fourth quarter of 2013 by 0,01 EUR to -0,05 EUR/share for the period. Last year's earnings per share for the same period have been -0,11 EUR/share.

On November 23, 2012 the Company's shares started trading on the secondary list of Tallinn's stock exchange. During the period of January 1- December 31, 2013 the shares were trading at the price range of 2,09- 2,58 EUR, with the closing price of 2,24 EUR/share on 31 December 2013. During the period 536 551 of the Company's shares were traded, with their turnover amounting to 1,22 mln EUR.

Trading price range and trading amounts of Pro Kapital Grupp shares, January 1-December 31, 2013



Legal overview and developments

As of the end of the reporting period AS Pro Kapital Grupp and its subsidiaries had in total 4 pending court litigation disputes where the group company is either a plaintiff or the defendant. During the reporting period no litigations disputes were resolved and no new disputes were initiated.

More detailed information about the legal disputes can be found in Note 13 of this interim report.

People

As of December 31, 2013 the Company employed 108 people compared to 127 people as of December 31, 2012. 78 of them were engaged in hotel and property maintenance services (77 as of December 31, 2012).

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 circle, thus naturally capitalising on market opportunities and hedging market risk.

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

Risk of financing might prolong the Company's schedule of property development and 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

February 19, 2014



Allan Remmelkoor

Chief Operating Officer
and Member of the Management Board

February 19, 2014

Consolidated interim statements of financial position

(Th. EUR)	Notes	31.12.2013	31.12.2012
ASSETS			
Current Assets			
Cash and cash equivalents		2 759	707
Current receivables		2 738	3 198
Inventories		45 587	48 191
Total Current Assets		51 084	52 096
Non-Current Assets			
Non-current receivables		168	164
Deferred tax assets		540	464
Property, plant and equipment	4	20 221	21 161
Investment property	5	26 089	26 089
Intangible assets		280	288
Total Non-Current Assets		47 298	48 166
TOTAL ASSETS		98 382	100 262

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

Consolidated interim statements of financial position

	Notes	31.12.2013	31.12.2012
LIABILITIES AND EQUITY			
Current Liabilities			
Current debt	6	10 660	11 651
Customer advances		501	652
Current payables		1 784	1 967
Taxes payable		189	102
Short-term provisions		264	2 035
Total Current Liabilities		13 397	16 407
Non-Current Liabilities			
Long-term debt	6	18 110	15 706
Other long-term liabilities		54	33
Deferred income tax liability		1 758	1 858
Long-term provisions		147	131
Total Non-Current Liabilities		20 069	17 728
TOTAL LIABILITIES		33 466	34 135
Equity attributable to equity holders of the parent			
TOTAL LIABILITIES AND EQUITY			
Share capital in nominal value		10 821	10 637
Paid in capital		1 474	0
Statutory reserve		1 064	0
Revaluation reserve		11 330	11 330
Foreign currency differences		-1 128	-1 064
Accumulated profits		42 608	49 624
Profit (loss) for the period		-2 816	-5 952
Total equity attributable to equity holders of the parent		63 353	64 575
Non-controlling interest		1 563	1 552
TOTAL EQUITY		64 916	66 127
		<hr/>	<hr/>
		98 382	100 262

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

Consolidated interim statements of comprehensive income

(Th. EUR)	Notes	2013 12M	2012 12M	2013 Q4	2012 Q4
Operating income					
Revenue	3, 7	12 287	16 078	3 040	2 877
Cost of goods sold	8	-9 199	-12 750	-2 357	-2 364
Gross profit		3 088	3 328	683	513
Marketing expenses		-420	-531	-129	-82
Administrative expenses	9	-4 606	-5 403	-1 285	-1 139
Other income		410	411	255	245
Other expenses		-384	-2 418	-310	-610
Operating profit (loss)		-1 912	-4 613	-786	-1 073
Financial income	10	447	48	18	26
Financial expense	10	-1 413	-1 465	-66	-366
Profit (loss) before income tax		-2 878	-6 030	-835	-1 413
Income tax	3	84	164	88	188
Net profit (loss) for the period		-2 794	-5 866	-746	-1 225
<i>Exchange differences</i>		-64	0	-28	0
Equity holders of the parent		-2 880	-5 869	-772	-1 224
Non-controlling interest	3	22	3	-2	1
Earnings per share (EUR)	11	-0,05	-0,11	-0,01	-0,02
Diluted earnings per share (EUR)	11	-0,05	-0,11	-0,01	-0,02

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

Consolidated interim statements of cash flows

<i>Th. EUR</i>	Note	2013 12M	2012 12M	2013 Q4	2012 Q4
Cash flows from operating activities					
Profit (loss) for the year		-2 794	-5 866	-746	-1 225
Adjustments for:					
Depreciation and amortisation of non-current assets	4, 9	794	819	261	-13
Change in fair value of investment property	5	302	1 025	-36	359
Gain/loss from sale of investment property		0	0	0	2
Gain/loss from sale of PPE		-4	2	0	-6
Inventory write offs		0	62	0	62
Finance income and costs, net	10	1 329	1 405	34	352
Net foreign exchange gain / loss		64	66	28	66
Other non-monetary changes (net amounts)		-1 524	-1 207	-718	-542
Movements in working capital:					
Change in trade receivables and prepayments		460	-333	337	-70
Change in inventories		2 604	4 995	695	510
Change in liabilities and prepayments		265	535	909	-139
Change in provisions		-1 755	902	-286	6 064
Net cash generated by operating activities		-259	2 405	478	5 420
Cash flows from investing activities					
Payments for property, plant and equipment	4	-47	-73	-14	0
Proceeds from disposal of property, plant and equipment and investment property		328	28	324	3
Payments for investment property	5	-302	-1 025	0	-359
Net cash outflow on acquisition of subsidiaries		0	-9	0	0
Interest received		17	28	6	6
Net cash (used in) / generated by investing activities		-4	-1 051	316	-350
Cash flows from financing activities					
Proceeds- increase of share capital		184	0	0	0
Proceeds- increase of paid- in capital		1 474	0	0	0
Proceeds from bonds		1 640	0	1 000	0
Proceeds from borrowings	6	2 930	566	500	566
Repayment of borrowings	6	-2 757	-8 417	-995	-5 619
Interest paid		-1 157	-1 433	-26	-358
Net cash used in financing activities		2 314	-9 284	479	-5 411
Net change in cash and cash equivalents		2 052	-7 930	1 273	-341
Cash and cash equivalents at the beginning of the period		707	8 637	1 486	1 048
Cash and cash equivalents at the end of the period		2 759	707	2 759	707

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

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
1 January 2011	33 992	45 089	2 938	0	-1 157	24 382	105 244	34 660	139 904
Share capital conversion into EUR	-2 081	0	0	0	0	2 081	0	0	0
Net assets allocated during demerger	0	0	0	0	126	-74 867	-74 741	-5 011	-79 752
Decrease in share capital to cover the negative equity	-21 274	-45 089	-2 938	0	0	69 301	0	0	0
Increase of share capital in subsidiaries	0	0	0	0	0	0	0	4	4
Acquisition of holdings from non-controlling interests in subsidiary	0	0	0	0	0	607	607	-56 279	-55 672
Change in non-controlling interest due to the sale of operating activities	0	0	0	0	0	0	0	158	158
Comprehensive profit for the year	0	0	0	11 330	-99	28 120	39 351	28 065	67 416
31 December 2011	10 637	0	0	11 330	-1 130	49 624	70 461	1 597	72 058
Acquisitions of holdings from non-controlling interests and other changes in subsidiaries	0	0	0	0	0	0	0	-48	-48
Comprehensive loss for the year	0	0	0	0	66	-5 952	-5 886	3	-5 883
31 December 2012	10 637	0	0	11 330	-1 064	43 672	64 575	1 552	66 127
Increase of share capital, 15.05.2013	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		
Acquisitions of holdings from non-controlling interests and other changes in subsidiaries	0	0	0	0	0	0	0	-11	-11
Comprehensive loss for the year	0	0	0	0	-64	-2 816	-2 880	22	-2 858
31 December 2013	10 821	1 474	1 064	11 330	-1 128	39 792	63 353	1 563	64 916

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 31.12.2013	Share of ownership 31.12.2012
Clearstream Banking Luxembourg S.A.	Luxembourg	22,37%	22,23%
Eurofiduciaria S.r.l.	Italy	13,50%	12,84%
Svalbork Invest OÜ	Estonia	12,64%	12,86%
Sueno Latino AG	Liechtenstein	8,37%	8,51%
A.F.I. American Financial Investments Ltd.	Liechtenstein	8,09%	8,20%
Anndare Ltd.	Ireland	6,08%	6,27%

For the purpose of comparative financial figures of these interim financial statements as at 31 December 2013, 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 GmbH) (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 twelve months of 2013, 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

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 2012.

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 2012.

Note 3. Segment reporting

(Th. EUR)	Estonia	Latvia	Lithuania	Germany	Total
2013 12M					
Revenue	4 200	3 100	2 140	2 847	12 287
Other operating income	172	41	2	195	410
Segment operating profit (loss)	-1 671	-229	106	-118	-1 912
Financial income and expense (net)	-721	-118	-125	-2	-966
Profit (loss) before income tax	-2 392	-348	-18	-120	-2 878
Income tax	0	79	5	0	84
Non-controlling interest	-7	29	0	0	22
Exchange differences					-64
Net profit (loss) for the financial year attributable to equity holders of the parent	-2 385	-298	-13	-120	-2 880
31.12.2013					
Assets	50 762	25 590	13 805	8 225	98 382
Liabilities	22 771	5 184	4 376	1 135	33 466
Acquisition of non-current assets	11	25	2	9	47
Depreciation and amortisation	-143	-232	-25	-364	-766
2012 12M					
Revenue	3 561	2 650	6 546	3 321	16 078
Other operating income	226	41	19	125	411
Segment operating profit (loss)	-4 375	-999	786	-25	-4 613
Financial income and expense (net)	-544	-177	-568	-128	-1 417
Profit (loss) before income tax	-4 919	-1 176	218	-153	-6 030
Income tax	0	91	10	63	164
Non-controlling interest	7	-10	0	0	-3
Net profit for the financial year attributable to equity holders of the parent	-4 912	-1 095	228	-90	-5 869
31.12.2012					
Assets	51 085	25 926	14 427	8 824	100 262
Liabilities	21 621	5 772	5 526	1 216	34 135
Acquisition of non-current assets	54	12	3	4	73
Depreciation and amortisation	-161	-255	-29	-374	-819

Note 4. 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.

Independent real estate appraiser Newsec Valuations EE has carried out property valuations on January, 2013. However, as the values determined by independent appraiser have not been significantly (over 3% different) from the balance sheet value of properties, no upward fair value adjustment has been deemed necessary by the Company's management.

As of 31 December 2013 Company's management estimates the value of the properties remains unchanged and no adjustments to property values reflected in the balance sheet are deemed necessary.

	31.12.2013	31.12.2012			
Acquisition value	25 290	25 592			
Accumulated depreciation	-5 069	-4 431			
Balance sheet value	20 221	21 161			

(Th. EUR)	Land and buildings	Machinery and equipment	Other tangible assets	Prepay-ments	Total
Acquisition value 01.01.2012	21 897	1 324	2 389	0	25 610
Additions:					
Acquired	0	19	51	3	73
Disposals:					
Sold	0	-17	0	0	-17
Written off	0	-43	-73	-3	-119
Other changes:					
Reclassified to/from inventories	0	0	45	0	45
Reclassified to/from investment property	0	-65	65	0	0
Acquisition value 31.12.2012	21 897	1 218	2 477	0	25 592
Additions:					
Acquired	0	10	24	13	47
Disposals:					
Sold	-259	-8	-4	0	-271
Written off	0	-9	-56	-13	-78
Acquisition value 31.12.2013	21 638	1 211	2 441	0	25 290

Accumulated depreciation 01.01.2012	828	776	2 143	3 747
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Additions:					
	Depreciation charge for the period	620	150	41	811
Disposals:					
	Sold	0	-12	0	-12
	Written off	0	-42	-73	-115
Other changes:					
	Reclassified within PPE	0	-57	57	0
Accumulated depreciation 31.12.2012		1 448	815	2 168	4 431
Additions:					
	Depreciation charge for the period	608	102	76	786
Disposals:					
	Sold	-71	-8	-4	-83
	Written off	0	-9	-56	-65
Accumulated depreciation 31.12.2013		1 985	900	2 184	5 069

Note 5. Investment property

(Th. EUR)	31.12.2013	31.12.2012
Investment property held for increase in value	26 001	26 001
Investment property held for earning rentals	88	88
Total	26 089	26 089

	Investment property held for increase in value	Investment property held for earning rentals	Total
NBV 01.01.2012	26 023	88	26 111
Additions:			
Acquired	1 025	0	1 025
Disposals:			
Written off	-22	0	-22
Changes in fair value:			
Gain/loss from change in fair value	-1 025	0	-1 025
NBV 31.12.2012	26 001	88	26 089

Additions:

PROKAPITAL

Acquired	302	0	302
Disposals:			
Written off	-302	0	-302
Changes in fair value:			
Gain/loss from change in fair value	0	0	0
NBV 31.12.2013	26 001	88	26 089

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 confirms 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.

On December 2013 Pro Kapital's investment properties were upraised by independent real estate expert Newsec Valuations EE. The appraiser determined no significant changes in the value of investment properties, consequently, the management of the Company decided to state the value of investment properties unchanged as of 31 December 2013.

Fair value adjustment of 302 th. EUR comes from capitalised costs that were expensed at the year end in order to retain balance value of investment properties that matches fair value determined in the valuation report.

The rental income and the corresponding direct expenses from the described investment property were the following

(Th. EUR)	2013 12M	2012 12M
Rental income	0	35
Direct operating costs	70	72

Note 6. Loans

(Th. EUR)	31.12.2013	31.12.2012
Current debt, financial institutions	1 872	4 237
Non-current debt, financial institutions	10 233	7 695
Non-current debt, related parties	3 753	4 153
Convertible debt, bonds	11 272	11 272
Non-convertible debt, bonds	1 640	0
Total	28 770	27 357

During the reporting period the Company issued 100 non-secured non-convertible bonds with nominal value of 10 000 EUR, 3 year maturity and 5% coupon rate.

Creditor	31.12.2013	31.12.2012	CCY	Interest %
Swedbank AS (EE)	1 647	1 731	EUR	2,65% + 6m Euribor
Swedbank AS (EE)	2 436	605	EUR	2,65% + 6m Euribor
Swedbank AS (EE)	446	565	EUR	2,5% + 6m Euribor
AS Swedbank (LV)	3 952	4 284	EUR	3,0% + 3m Euribor
"Swedbank" AB (LT)	3 624	4 736	EUR	3,0% + 6m

				Euribor
Volksbank Bad Kreuznach	0	10	EUR	5,1%
Svalbork Invest, related party	3 753	4 153	EUR	5,0%
Convertible debt, bonds- various investors	11 272	11 272	EUR	7%
Non- convertible debt, bonds, various investors	1 640	0	EUR	5%
Total	28 770	27 357		

(Th. EUR)	31.12.2013	31.12.2012
Due within 1 year	10 660	13 500
Due between 2 to 5 years	18 110	13 857
Due after 5 years	0	0
Total	28 770	27 357

(Th. EUR)		Carrying value of the pledged assets	
Beneficiary	Collateral description	31.12.2013	31.12.2012
Swedbank AS (Estonia)	Tondi str. 51, Tallinn	1 340	1 781
Swedbank AS (Estonia)	Põhja Avenue. 21, 21a, 21 b-1, Tallinn	5 919	5 975
Swedbank AS (Estonia)	Põhja Avenue 21, 23, Tallinn	548	761
Swedbank AS (Estonia)	Kalaranna 1, Tallinn	4 857	4 857
Swedbank AS (Estonia)	Ülemiste Road 5, Tallinn	1 700	1 700
AS Swedbanka (Latvia)	Pulkveza Brieza St. 11, Riga	5 788	5 929
AS Swedbanka (Latvia)	Trijadibas St.5, Riga	8 869	8 869
Swedbank AB (Lithuania)	Aguonu str.10, Vilnius	12 428	11 900
Total		41 449	41 772

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 Th. EUR (5 681 334 LVL), as 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” (31 December 2013).
- To Swedbank AS (Latvia) to assure loan liabilities of SIA Investhotel in the amount of 3 952 th. EUR as of 31 December 2013.
- Guarantee letter to Kristiine Keskus OÜ to secure (jointly with Pro Kapital Eesti AS) possible claims against Täismaja 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.
- As AS Swedbank (Estonia) to assure loan liabilities of AS Tondi Kvartal that amounted to 446 th. EUR as of 31 December 2013.
- To Swedbank AB (Lithuania) to assure loan liabilities of UAB PK Invest in the amount of 3 624 th. EUR as of 31 December 2013.

Note 7. Revenue

(Th. EUR)	2013 12M	2012 12M	2013 Q4	2012 Q4
Revenue from sales of real estate	4 011	7 347	1 259	679
Rental revenue	1 111	1 021	291	270
Hotel operating revenue	5 797	6 336	1 391	1 618
Other services	1 368	1 374	99	300
Total	12 287	16 078	3 040	2 877

Note 8. Cost of goods sold

(Th. EUR)	2013 12M	2012 12M	2013 Q4	2012 Q4
Cost of real estate sold	2 942	6 059	524	705
Cost of providing rental services	861	858	229	138
Cost of hotel operations	3 580	3 568	414	821
Cost of other services	1 816	2 265	1 190	700
Total	9 199	12 750	2 357	2 364

(Th. EUR)	2013 12M	2012 12M	2013 Q4	2012 Q4
Staff costs	1 145	1 329	297	308
Depreciation charge	699	579	277	69
Inventory write-offs	14	66	3	66
Maintenance costs	652	2 379	266	1 921
Other	6 689	8 397	1 514	0
Total	9 199	12 750	2 357	2 364

Note 9. Administrative expenses

Administrative expenses (Th. EUR)	2013 12M	2012 12M	2013 Q4	2012 Q4
Staff costs	2 176	2 354	579	808
Depreciation charge	87	433	0	108
Amortisation charge	8	8	2	2
Other	2 335	2 608	704	221
Total	4 606	5 403	1 285	1 139

Note 10. Financial income and expenses

Financial income (Th. EUR)	2013 12M	2012 12M	2013 Q4	2012 Q4
Interest income	37	28	17	6
Gain from foreign currency translation	1	1	1	1
Other financial income	409	19	0	19
Total	447	48	18	26

Other financial income for 2013 contains 409 th. EUR income arising from the reversal of provision formed for the court case with Aprisco B.V. The parties have reached mutual agreement in March 2013, according to which the Company paid the settlement fee of 1,0 mln EUR for the counterparty and closed the courtcase.

Financial expenses (Th. EUR)	2013 12M	2012 12M	2013 Q4	2012 Q4
Interest expenses	1 366	1 433	51	358
Foreign currency loss	5	15	1	7
Other financial expenses	42	17	14	1
Total	1 413	1 465	66	366

Note 11. 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 01.01.2013 - 31.12.2013 $(53\,185\,422 * 134/365) + (54\,106\,575 * 231/365) = 53\,495\,398$

In period 01.10.2013 - 31.12.2013 $(54\,106\,575 * 92/92) = 54\,106\,575$

Indicative earnings per share (in EUR):

01.01.2013-31.12.2013 $-2\,880\,000 / 53\,495\,398 = -0,05$

01.10.2013-31.12.2013 $-772\,000 / 54\,106\,575 = -0,01$

The convertible bonds issued did not have a dilutive effect on earnings in 2013 and 2012, 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 12. 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

(Th. EUR)	2013 12M	2012 12M
Significant owners and owner related companies		
Interest income	19	16
Issued loans	475	475
Granted claims	16 106	19 927
Interest expense	199	153
Paid interest	0	0
Acquisition of shares in subsidiaries	0	9
Salaries and bonuses, management	879	851

Receivables from related parties

(Th. EUR)	31.12.2013	31.12.2012
Significant owners and owner related companies		
Current receivables from related parties	494	492
Total	494	492

Payables to related parties

(Th. EUR)	31.12.2013	31.12.2012
Significant owners and owner related companies		
Payables to related parties*	4 104	4 153
Total	4 104	4 153

*includes 351 th. EUR interest payable

Holdings in the Ultimate Parent Company

	31.12.2013	31.12.2012
Members of the Council and individuals related to them	34,09%	8,61%

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.

During reporting period, the Company sold apartment to the Chairman of the Management Board. The transaction was executed at market price.

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 13. Lawsuits

Ultimate parent company

	As of 31.12.2013	As of 30.09.2013
Pending disputes:	0	0
Resolved disputes:	0	0
New disputes:	0	0

As of 30.09.2013 AS Pro Kapital Grupp as the ultimate parent company did not have any pending court cases.

As of 31.12.2013 AS Pro Kapital Grupp as the ultimate parent company did not have any pending court cases.

Pro Kapital Estonia sub-group

	As of 31.12.2013	As of 30.09.2013
Pending disputes:	0	0
Resolved disputes:	0	0
New disputes:	0	0

As of 30.09.2013 the parent company of Pro Kapital Estonia sub-group and its subsidiaries did not have any pending court cases. Sub-group subsidiary AS Tāismaja is involved in one lawsuit as a third party.

As of 31.12.2013 the parent company of Pro Kapital Estonia sub-group and its subsidiaries did not have any pending court cases. Sub-group subsidiary AS Tāismaja is involved in one lawsuit as a third party.

Pro Kapital Latvia sub-group

	As of 31.12.2013	As of 30.09.2013
Pending disputes:	1	1
Resolved disputes:	0	0
New disputes:	1	0

As of 30.09.2013 Pro Kapital Latvia sub-group had one pending court case.

As of 31.12.2013 Pro Kapital Latvia sub-group had one pending court case and one new court case was initiated during the reporting period.

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 īpašumu 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. The proceedings are currently pending.

New disputes:

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. The proceedings are currently pending.

Pro Kapital Vilnius sub-group

	As of 31.12.2013	As of 30.09.2013
Pending disputes:	2	2
Resolved disputes:	0	0
New disputes:	0	0

As of 30.09.2013 the entities of Pro Kapital Vilnius sub-group had two pending court cases. In previous interim report it was stated that after the reporting period PK Invest UAB has won one court case. Such decision was made, but the decision of the appeals court has been disputed by the counterparty and the dispute is currently still pending.

As of 31.12.2013 the entities of Pro Kapital Vilnius sub-group had the same two pending court cases.

Pending disputes:

UAB "Natalex" has filed a claim in the amount of 166 thousand Lithuanian litas (approx. 48 thousand Euros), plus interest 6% for return of the prepayment under an apartment sale contract. Group company PK Invest UAB found that UAB "Natalex" had breached the contract and the prepayment has been set-off with the penalty against UAB "Natalex". In April 2012 the court rejected UAB "Natalex" claim. UAB "Natalex" appealed the court decision. Court of Appeal of Lithuania dismissed the appeal of UAB "Natalex" on 09.10.2013 and did not amend the judgment of the Court of First Instance. Claim of UAB "Natalex" filed against PK Invest UAB was left unsatisfied. Aforementioned judgment has not entered into force as UAB "Natalex" has submitted a cassation to the Supreme Court.

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 Saltiniu 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 has filed an appeal on the basis that the court refused to lower the price of the works that were performed partially and with deficiencies. Appeal proceeding are ongoing.

Pro Kapital German sub-group

	As of 31.12.2013	As of 30.09.2013
Pending disputes:	0	0
Resolved disputes:	0	0
New disputes:	0	0

As of 30.09.2013 Pro Kapital German sub-group entities did not have any pending court cases.

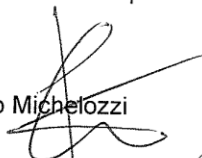
As of 31.12.2013 Pro Kapital German sub-group entities did not have any pending court cases.

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 12 months and the fourth quarter of 2013.

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

February 19, 2014

Allan Remmelkoor



Chief Operating Officer
and Member of the Management Board

February 19, 2014