



AS "Baltic RE Group"
(REGISTRATION NUMBER 40103716434)

**UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

**PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EU**

(TRANSLATION FROM THE ORIGINAL IN LATVIAN)

Riga, 2017



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AS "Baltic RE Group"

Registration number: 40103716434

Legal address: 19 Skunu Street, Riga, LV-1050, Latvia

Unaudited condensed interim consolidated financial statements for the six months ended 30 June 2017

General Information

Name of the Parent company	AS "Baltic RE Group"
Legal form of the Parent company	Stock Company
Registration number, place and date of registration of the Parent company	40103716434 Riga, 2 October 2013
Legal address of the Parent company	19 Skunu Street, Riga, LV-1050, Latvia
Address of registered office	12/14 Kalku Street, Riga, LV-1050, Latvia
Corporate website	www.balticregroup.com
Board	<p>The Board is the executive body of AS "Baltic RE Group", which manages and represents the Parent company. It is responsible for the commercial activities of the Parent company, as well as for Accounting and compliance with the laws and regulations. The Board administers the property of AS "Baltic RE Group" and acts with its means according to the requirements of law, the Statutes and decisions of Meetings of shareholders and Council.</p> <p>The Statutes of AS "Baltic RE Group" regulate the composition and election of the Board, its functions, representation and decision making. The Board Regulations determine rights, duties, responsibilities and operating procedures of the Board.</p> <p>Giovanni Dalla Zonca (Head of the Board - right of sole representation) Giovanni Dalla Zonca is CEO and co-founder of AS "Baltic RE Group". Giovanni Dalla Zonca has extensive experience in real estate consulting and entrepreneurship. He worked for many years as a financial consultant for the real estate industry, and was founder and CEO of Renta, a primary Italian network of placement of real estate finance issued by Barclays Bank. As a strategic consultant he has worked for over 10 years with leading Italian real estate funds and private investors in the retail real estate sector, assisting customers in the selection of investments, in the construction of the financing and in preparation of draft turnaround. Thanks to the experience as a direct investor in several European countries, in 2008 Giovanni Dalla Zonca was co-founder of Baltic RE Group, where he is currently partner and CEO. Giovanni Dalla Zonca is associated member of Latvian Real Estate Association (LANĪDA), as well as holds a seat on LANĪDA developers' council. He also holds membership in the Baltic Chapter of the International Real Estate Federation (FIABCI). Giovanni has graduated with honours in Economics from the University of Trieste.</p> <p>Marco Chioatto (Member of the Board - together with all the rest of) Marco Chioatto has Degree in Economics at Università di Venezia, he is Chartered Accountant in Padua, Italy. He has been a Senior Partner in the Studio Associate Cantoni Chioatto a professional firm with 16 people including 7 Professionals and 9 employees. He works as an auditor and external auditor for companies (SpA and Srl) in Northeast of Italy. From 1996 to 1998 he held the position of President of the Association of Young Chartered Accountants Padua. From 1998 to 2004 he held the position of Director and Vice President of the Association of Chartered Accountants of Padua. Marco Chioatto served until 2007 as Vice President of the Association of Chartered Accountants of north East of Italy. The Association currently has about 2 300 members. Marco Chioatto has carried out on behalf of the Association of Chartered Accountants of Padua, to lecture at conferences in the Association itself and within the School for Practitioners Chartered Accountants of Padua.</p>



Marco Chioatto has deepen experience as consultant in Real Estate field in Italy and abroad, participating in many deals for acquisition of real estate Fund, and buildings, and participating in managing Real Estate Fund.

Dina Abaja (Member of the Board - together with all the rest of)

Dina Abaja has more than 7 years' experience in high street real estate – retail, offices and mixed use centres management as key account for owners and tenants. Since 2004 Dina Abaja has been Member of the Board and Member of the Council in several companies.

Dina Abaja is engaged with commercial property management, administration of lease agreement changes and extensions, negotiations with tenants, technical maintenance supervision together with technical team, financial supervision together with the financial team and property marketing and advertising, consulting in regard to other property.

Since 2013 Dina Abaja is a Member of the Board of AS "Baltic RE Group". Her extensive experience has allowed her to provide quality real estate market review, success in search of new tenants and development of the content of the buildings.

Dina Abaja has Bachelor degree in Economics and International business affairs from the International Commercial University of Latvia.

Dina Abaja has participated in numerous professional trainings, exhibitions, and real estate conferences (including the Annual Baltic States Real Estate Conferences), seminars and she obtained significant specific professional experience and education in this field.

Council

The Council is the supervisory institution of AS "Baltic RE Group", which represents the interests of the shareholders during the time periods between the Meetings of shareholders and supervises the activities of the Board within the scope specified in the Commercial Law and the Statutes.

The Statutes of AS "Baltic RE Group" regulate the composition and election of the Council, its functions and decision making. Council Regulations are adopted according to provisions of Commercial Law and Statutes and regulate Councils decision-making authority and procedures, as well execution of Council decisions.

Cesare Pizzul (Chairperson of the Council)

Cesare Pizzul graduated with honours in Mining Engineering from the University of Trieste (Italy), he received a postgraduate specialization in Mining Geostatistic at the Ecole Nationale des Mines de Paris, and attended a master course in General Management at the ISTUD of Stresa (Italy).

In 1994 he became the founder and CEO of Sunshine Investments, a private equity and financial holding destined to invest in industrial companies in the North East of Italy.

Since 2001 he is a corporate advisor for primary companies following the international expansion of several important clients.

In 2006 Cesare Pizzul founded Wulfenia Business Consulting, an international corporate advisors company involved in financial, administrative, fiscal and corporate consulting in Central Eastern Europe, the Balkans and in South America, specifically focusing on outsourcing of the administration and other services for retail shops chains all over Europe.

In 2008–2014 Cesare Pizzul held the positions of Independent Director, President of the Remuneration Committee, President of the Related Parties Committee, Member of the Internal Control Committee at Eurotech Group SpA, a nano high performing computers company listed in Milan Stock Exchange.

Cesare Pizzul has extensive experience in advisory and independent control in major (even listed) companies all over Europe.

Aleksandrs Mahajevs (Deputy chairperson of the Council)

Edgars Murāns (Member of the Council)



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Audit Committee	<p>The Audit Committee monitors the preparation process of AS "Baltic RE Group" annual report and consolidated annual report; internal control, risk management and internal audit system efficiency, as it applies to credibility and objectivity of annual reports and consolidated annual reports, submit proposals for elimination of deficiencies in the relevant system; monitors audit process of annual report and consolidated annual report; informs the Council on the conclusions of sworn auditor's made during audit of annual report and consolidated annual report and provide views on how the audit has contributed to credibility and objectivity of the prepared annual report and consolidated annual report, as well as informs of what has been the importance of the Audit Committee in this process; provides sworn auditor candidate selection process.</p> <p>The Statutes of AS "Baltic RE Group" regulate the composition and election of the Audit Committee, its functions and representation of AS "Baltic RE Group".</p> <p>Cesare Pizzul Edgars Murāns Inta Fominova</p>
Principal subsidiaries	<p>SIA "KEY 1" 19 Skunu Street, Riga, LV-1050, Latvia (AS "Baltic RE Group" owns 25%, SIA "Skunu 19" owns 75%)</p> <p>SIA "Key 2" 19 Skunu Street, Riga, LV-1050, Latvia (SIA "KEY 6" owns 100%)</p> <p>SIA "KEY 6" 19 Skunu Street, Riga, LV-1050, Latvia (AS "Baltic RE Group" owns 51.66%, SIA "Skunu 19" owns 48.34%)</p> <p>SIA "Key 15" 19 Skunu Street, Riga, LV-1050, Latvia (AS "Baltic RE Group" owns 33%, SIA "KEY 1" owns 67%)</p> <p>SIA "Skunu 19" 19 Skunu Street, Riga, LV-1050, Latvia (AS "Baltic RE Group" owns 100%)</p> <p>SIA "TER Properties" 19 Skunu Street, Riga, LV-1050, Latvia (AS "Baltic RE Group" owns 91.11%)</p> <p>SIA "BB 21" 19 Skunu Street, Riga, LV-1050, Latvia (SIA "TER Properties" owns 100%)</p>
Activity code (NACE 2.0 red)	<p>Renting and operating of own or leased real estate (68.20) Buying and selling of own real estate (68.10) Real estate agencies (68.31) Management of real estate on a fee or contract basis (68.32)</p>
Financial year	1 January 2017 – 31 December 2017
Interim reporting period	1 January 2017 – 30 June 2017



Management Report

31 August 2017

General information

AS "Baltic RE Group" (hereinafter - the Parent company) mainly leases premises and provides real estate management services and is engaged in the development of the subsidiaries and cash rational investing. The Group "Baltic RE Group" includes AS "Baltic RE Group" and its subsidiaries: SIA "KEY 1", SIA "Key 2", SIA "KEY 6", SIA "Key 15", SIA "Skunu 19", SIA "TER Properties", SIA "BB 21" (hereinafter - the Group).

Core business activities of the Group companies

The Group companies mainly deals with the lease / rent of premises and real estate management services. The Parent company is also engaged in the strategic development of the subsidiaries.

The Group's structure provides for each of the Group's subsidiaries to undertake specific building lease / rental services:

- 1) AS "Baltic RE Group" leases / rents real estate at the address 12/14 Kalku Street, Riga, LV-1050, Latvia. AS "Baltic RE Group" provides real estate management, current repairs, maintenance etc., contracted out to the outsourcing companies. Activity of AS "Baltic RE Group" is also strategic development of related companies. Within administration of related companies, the company provides services on economics, tax, finance, marketing, legal and technical issues.
- 2) SIA "KEY 1" leases / rents real estate at the address 1 Kungu Street, Riga, LV-1050, Latvia. SIA "KEY 1" provides real estate management, current repairs, maintenance etc., contracted out to the outsourcing companies.
- 3) SIA "Key 2" leases / rents real estate at the address 2 Kramu Street, Riga, LV-1050, Latvia. SIA "Key 2" provides real estate management, current repairs, maintenance etc., contracted out to the outsourcing companies.
- 4) SIA "KEY 6" leases / rents real estate at the addresses 6-1 Kalku Street, LV-1050, Latvia and 6-1E Kalku Street, Riga, LV-1050, Latvia. SIA "KEY 6" provides real estate management, current repairs, maintenance etc., contracted out to the outsourcing companies.
- 5) SIA "Key 15" leases / rents real estate at the address 15 Kalku Street, Riga, LV-1050, Latvia. SIA "Key 15" provides real estate management, current repairs, maintenance etc., contracted out to the outsourcing companies.
- 6) SIA "Skunu 19" leases / rents real estate at the address 19 Skunu Street, Riga, LV-1050, Latvia. SIA "Skunu 19" provides real estate management, current repairs, maintenance etc., contracted out to the outsourcing companies.
- 7) SIA "TER Properties" activity is the management and strategic development of related companies, as well as real estate management.
- 8) SIA "BB 21" leases / rents real estate at the address Brivibas Boulevard 21, Riga, LV-1050. SIA "BB 21" provides real estate management, current repairs, maintenance etc., contracted out to the outsourcing companies.

This enables the Group to make the management of each particular property more effective and optimised, as well as to focus better on appropriate tasks.

Management's objectives and its strategies

The Group "Baltic RE Group" holds a major portfolio of premium-class historic buildings in Old Riga, where the Group continuously invests in and which in addition were reconstructed according to the wishes of new tenants — the representatives of well-known brands. The Group buys historical buildings in Old Riga and nearby with a potential of transformation of the commercial area, renovates them, restoring the original appearance of the facade as far as possible and putting in order internal engineering networks to the full. It often happens that premises are reconstructed and improved in accordance with the tenants' individual needs.



One of the Group's operational principles is to preserve the importance of the building and to increase its value further on, which provides not only financial benefit for the Group, but contributes to the maintenance of the historical centre of Riga as well. "Baltic RE Group" founders are confident that the historical centre of Riga has a high trading potential in the high street segment where the key shops and offices of this city are located. This is determined by a combination of historical sights of Riga, the street quality and the consumer purchasing power.

Currently, the Group is the largest lessor of all-purpose and high-quality commercial areas in Old Riga and close areas, with agreements concluded with such well-known companies and organisations as Norwegian Embassy, the Financial and Capital Market Commission, H & M Hennes & Mauritz LLC, Reserved (member of LPP Fashion Group that owns a fashion retail chain with over 1 600 stores across Europe), etc.

Group's operations during reporting period

Group's operations during the reporting period were focused on the expansion of courses of action, improvement of work organization, which provides stable and consistent operations across all the Group's business units and the necessary financial support to them. During the reporting period active work with the Group's clients was carried out, as well as successful actions were taken in the research, development and implementation of new activities.

In April 2017 the Parent company AS "Baltic RE Group" acquired 91.11% of the share capital and voting rights of SIA "TER Properties" registered in Latvia and obtained control of it. SIA "TER Properties" activity is high-end real estate management and strategic development of subsidiaries. As a result of the acquisition, the Parent company obtained control of SIA "TER Properties" subsidiaries: SIA "BB 21" and SIA "B48", whose activities are real estate management and development. SIA "TER Properties" through its wholly-owned subsidiary SIA "BB 21" owns real estate at Brivibas Boulevard 21, Riga, Latvia. The company was acquired in order to expand activities, investing in real estate with high quality and unique historical heritage of the Old Riga and close areas in quiet Riga centre. In June 2017 the subsidiary SIA "TER Properties" sold shares of its wholly-owned subsidiary SIA "B48", which role in the Group was insignificant, as the company was not used for the specific purpose for which it was set up.

In May 2017 the Parent company at extraordinary shareholders' meeting approved resolutions on the increase of the Parent company's share capital and approval of the rules for the increase of share capital on the possibility to convert part of the registered shares into bearer shares in the light of facilitating the chances of a potential IPO process and on the relevant amendments to the Statutes of the Parent company. It is planned to increase the share capital of AS "Baltic RE Group" by May 2018 by issuing 5 000 000 new registered shares with voting rights. The selling price of one share in accordance with the approved rules for the increase of share capital will be EUR 1.10. As a result of the new issue, the share capital of the Parent company will be increased by EUR 5 500 000. The newly registered share capital of the Parent company after the increase of the share capital will be EUR 30 000 000.

In June 2017 the Parent company concluded an addendum to the existing portfolio loan agreement with the credit institution for increasing the loan amount to EUR 31 000 000. The new loan was negotiated following the acquisition of 91.11% of SIA "TER Properties" share capital. With the aim of better financial efficiency, the loan for the purchase and renovation of the property at Brivibas Boulevard 21, Riga was therefore included in the existing loan, which was then transformed into a new fixed rate loan with the total amount increased up to EUR 31 000 000. With the additional loan received from the credit institution, the Parent company has fully refinanced the new subsidiary SIA "TER Properties".

The Group's revenue for the six months ended 30 June 2017 is EUR 2 310 871. The Group ended the reporting period with a profit of EUR 80 956 respectively. The Group's equity as at 30 June 2017 is positive and amounts to EUR 24 407 184.

Financial results of the Group's commercial activity and financial standing of the Group

The analysis of the Group's consolidated financial statements shows, that consolidated statement of financial position total is EUR 63 624 454. Non-current assets comprise 93% of the statement of financial position total, of which 80% (EUR 47 074 083) comprise of investment property. Investment property consists of the Group's real estate, which is leased / rented or will be leased / rented. Cash comprises 45% (EUR 2 055 842) of the current assets. Equity comprises 38% (EUR 24 407 184) of the statement of financial position total. Non-current liabilities comprise 59% (EUR 37 605 993) of the statement of financial position total, while current liabilities comprise 3% (EUR 1 611 277).

The analysis of the Group's consolidated statement of comprehensive income shows, that the revenue of the Group for the six months ended 30 June 2017 is EUR 2 310 871, the cost of sales is EUR 1 251 467, so that the gross profit amounts to EUR 1 059 404 and net profit amounts to EUR 80 956. The Group's management monitors the external factors affecting the Group's activities and takes the necessary measures to optimize the Group's operations and development.



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Calculation of financial results

Liquidity (Group's paying capacity – Group's ability to cover its current liabilities):

Total liquidity ratio = 2.86 - the ratio has increased, comparing with six months ended 30 June 2016 (2.43).

Solvency (Group's ability to cover non-current and current liabilities):

Debt to assets ratio = 0.62 - the ratio has slightly increased, comparing with six months ended 30 June 2016 (0.53).

Financial performance indicators show that the Group is able to settle its obligations, as well as the fact that the Group has sufficient material provision for the further development of business.

Use of the financial instruments and financial risk factors

The Group's principal financial liabilities comprise loan from credit institution, bonds issued, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables and cash that arrive directly from its operations.

Financial risk management

The risk management function within the Group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period.

The main financial risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group's top management oversees the management of these risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Development of the Group and future prospects

For the year 2017 the Board of AS "Baltic RE Group" is planning the further activities of development of new real estate research and optimization and development of current business activities. In 2017 the Group's subsidiaries do not intend to change their core business activity. It is planned to strengthen the activity with loyal customers and reliable partners; continuously improve the quality management system, as well as to find new customers and increase sales, the Group plans to optimize costs. The Group is focused and ready to get opportunities which shall appear on the market, to further invest in landmark properties consistent with the unparalleled quality of the existing portfolio.

Subsequent events

Completion of merge procedure for subsidiaries of AS "Baltic RE Group"

In August 2017 the final positive decision from the Register of Enterprises of Latvia was received about the merge of 100% controlled Italian company Baltic Re S.p.a. with its subsidiary SIA "Skunu 19", so completing all the procedures and formalities required by the Latvian laws and regulations. The company resulting from the merge shall be subsidiary of the Parent company SIA "Skunu 19". Due to the fact that AS "Baltic RE Group" has full ownership of both merged subsidiaries there will not be any financial or capital dilution effect for the controlling company. The merge is a further step in announced process of simplifying the structure of the Group "Baltic RE Group", in the light of improving the operational and financial efficiency.

Other than the above, as of the last day of the reporting period until the date of signing this report there were no material events requiring adjustment of or disclosure in these financial statements or notes there to.

On behalf of AS "Baltic RE Group" Board:

Giovanni Dalla Zonca

Head of the Board

Riga, 31 August 2017



Statement of Responsibility of the Management

31 August 2017

The Board of AS "Baltic RE Group" prepared these condensed interim consolidated financial statements. These condensed interim consolidated financial statements give a true and fair view of the AS "Baltic RE Group" (hereinafter – the Parent company) and AS "Baltic RE Group" and its subsidiaries (hereinafter – the Group) assets, liabilities, financial position as at the end of the respective interim period and profit or loss for that respective period. The Management Report contains truthful information.

Condensed interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

In preparing those financial statements, the Board:

- selects suitable accounting policies and then applies them consistently;
- makes judgments and estimates that are reasonable and prudent;
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of AS "Baltic RE Group" is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flows of the Group and enable them to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by the European Union.

On behalf of AS "Baltic RE Group" Board:

Giovanni Dalla Zonca

Head of the Board

Riga, 31 August 2017



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Unaudited condensed interim consolidated financial statements for the six months ended 30 June 2017

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statement of Financial Position

	Note	30.06.2017 Unaudited EUR	31.12.2016 Audited EUR
ASSETS			
Non-current assets			
Goodwill	9	11 327 948	9 503 744
Intangible assets		410	547
Property, plant and equipment		262 796	129 285
Investment property	10	47 074 083	38 833 790
Other securities and investments		18 994	15 643
Other loans and other long-term receivables		13 000	13 000
Deferred income tax asset		311 638	311 638
		59 008 869	48 807 647
Current assets			
Inventories		139 256	5 995
Trade receivables		713 942	538 956
Other receivables		1 638 398	1 150 063
Accrued income		68 147	91 497
Cash and cash equivalents		2 055 842	4 366 860
		4 615 585	6 153 371
TOTAL ASSETS		63 624 454	54 961 018
EQUITY AND LIABILITIES			
Equity			
Share capital	11	25 000 000	25 000 000
Other reserves	13	(1 997 266)	(1 841 117)
Retained earnings		1 181 469	1 103 282
Equity attributable to owners of the Parent company		24 184 203	24 262 165
Non-controlling interest	12, 13	222 981	-
Total equity		24 407 184	24 262 165
Non-current liabilities			
Loans from credit institutions	14	29 021 395	24 814 929
Bonds issued	14	3 857 129	3 839 500
Borrowings	14	151 175	31 616
Prepayments received from customers		144 639	-
Other payables		4 431 655	427 740
		37 605 993	29 113 785
Current liabilities			
Loans from credit institutions	14	694 585	1 248 936
Prepayments received from customers		69 095	911
Trade payables		167 474	88 458
Taxes payable		145 763	77 302
Other payables		293 160	91 734
Deferred revenue		188 102	-
Accrued liabilities		53 098	77 727
		1 611 277	1 585 068
Total liabilities		39 217 270	30 698 853
TOTAL EQUITY AND LIABILITIES		63 624 454	54 961 018

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

On behalf of AS "Baltic RE Group" Board:

Giovanni Dalla Zonca

Head of the Board

Riga, 31 August 2017



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Condensed Interim Consolidated Statement of Comprehensive Income

	Note	01.01.2017- 30.06.2017 Unaudited EUR	01.01.2016- 30.06.2016 Unaudited EUR
Continuing operations			
Revenue		2 310 871	2 024 952
Cost of sales		(1 251 467)	(1 047 102)
Gross profit		1 059 404	977 850
Distribution costs		(819)	(4 332)
Administrative expenses		(545 995)	(474 298)
Other operating income		80 160	35 197
Other operating expense		(29)	(2 827)
Loss recognised on disposal of subsidiary		(4 755)	-
Operating profit		587 966	531 590
Finance income		2	-
Finance costs		(506 534)	(356 131)
Profit before tax from continuing operations		81 434	175 459
Other taxes		-	(53 922)
Profit for the period from continuing operations		81 434	121 537
Discontinued operations			
Loss for the period from discontinued operations	8	(478)	-
PROFIT FOR THE PERIOD		80 956	121 537
Other comprehensive income			
		-	-
TOTAL COMPREHENSIVE INCOME		80 956	121 537
Profit attributable to:			
- Owners of the Parent company		78 187	121 537
- Non-controlling interest		2 769	-
TOTAL		80 956	121 537
Earnings per share:			
Basic and diluted earnings per share		0.003	0.005
Total comprehensive income attributable to:			
- Owners of the Parent company		78 187	121 537
- Non-controlling interest		2 769	-
TOTAL		80 956	121 537
Total comprehensive income for the period attributable to owners of the Parent company arises from:			
- Continuing operations		78 623	121 537
- Discontinued operations		(436)	-
TOTAL		78 187	121 537

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

On behalf of AS "Baltic RE Group" Board:

Giovanni Dalla Zonca

Head of the Board

Riga, 31 August 2017



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Condensed Interim Consolidated Statement of Cash Flows

		01.01.2017- 30.06.2017	01.01.2016- 30.06.2016
		Unaudited	Unaudited
		EUR	EUR
Cash flows from operating activities	Note		
Profit before tax from continuing operations		81 434	175 459
Loss before tax from discontinued operations		(478)	-
Profit before tax		80 956	175 459
Adjustments for:			
Amortisation and depreciation		687 994	648 887
Write-down of long-term financial investments		(3 351)	-
Loss on disposal of subsidiary		4 755	-
Finance income		(2)	-
Finance costs		506 534	356 131
Operating cash flows before working capital changes		1 276 886	1 180 477
(Increase) / decrease in inventories		(133 261)	-
(Increase) / decrease in trade receivables		(639 971)	(270 600)
Increase / (decrease) in trade and other payables		1 370 289	(292 706)
Cash generated from operations		1 873 943	617 171
Interest paid		(487 153)	(356 131)
Corporate income tax paid		(42 417)	-
Real estate tax paid		-	(53 922)
Net cash generated from operating activities		1 344 373	207 118
Cash flows from investing activities			
Net cash outflow on acquisition of subsidiaries	7, 13	(3 445 162)	-
Net cash outflow on disposal of subsidiary	8	(384)	-
Purchases of intangible assets, property, plant and equipment and investment property		(2 131 726)	(489 174)
Interest received		2	-
Net cash used in investing activities		(5 577 270)	(489 174)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		2 525 000	146 548
Repayments of borrowings		(603 121)	(650 857)
Net cash used in financing activities		1 921 879	(504 309)
Net increase in cash and cash equivalents		(2 311 018)	(786 365)
Cash and cash equivalents at the beginning of the period		4 366 860	1 638 774
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD		2 055 842	852 409

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

On behalf of AS "Baltic RE Group" Board:

Giovanni Dalla Zonca

Head of the Board

Riga, 31 August 2017



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Unaudited condensed interim consolidated financial statements for the six months ended 30 June 2017

Condensed Interim Consolidated Statement of Changes in Equity

	Note	Equity attributable to owners of the Parent company					TOTAL
		Share capital	Other reserves	Retained earnings	TOTAL	Non-controlling interest	
		EUR	EUR	EUR	EUR	EUR	
Balance as at 31 December 2015 (audited)		24 853 452	(1 841 117)	1 076 985	24 089 320	-	24 089 320
Proceeds from shares issued		146 548	-	-	146 548	-	146 548
Comprehensive income							
Profit for the period		-	-	121 537	121 537	-	121 537
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	121 537	121 537	-	121 537
Balance as at 30 June 2016 (unaudited)		25 000 000	(1 841 117)	1 198 522	24 357 405	-	24 357 405
Balance as at 31 December 2016 (audited)		25 000 000	(1 841 117)	1 103 282	24 262 165	-	24 262 165
Comprehensive income							
Profit for the period		-	-	78 187	78 187	2769	80 956
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	78 187	78 187	2769	80 956
Non-controlling interest arising on business combination	12	-	-	-	-	713 166	713 166
Acquisition of non-controlling interest	13	-	(156 149)	-	(156 149)	(493 794)	(649 943)
Disposal of non-controlling interest	12	-	-	-	-	840	840
Balance as at 30 June 2017 (unaudited)		25 000 000	(1 997 266)	1 181 469	24 184 203	222 981	24 407 184

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

On behalf of AS "Baltic RE Group" Board:

Giovanni Dalla Zonca

Head of the Board

Riga, 31 August 2017



Notes to the Condensed Interim Consolidated Financial Statements

1. General information

AS "Baltic RE Group" (hereinafter - the Parent company) is a stock corporation, which was registered in the Register of Enterprises of the Republic of Latvia on 2 October 2013. The legal address of AS "Baltic RE Group" is 19 Skunu Street, Riga, LV-1050, Latvia and address of its registered office is 12/14 Kalku Street, Riga, LV-1050, Latvia.

Core business activity of the Parent company is management of the Group "Baltic RE Group", which includes AS "Baltic RE Group" and its subsidiaries (hereinafter – the Group) and strategic development of subsidiaries.

The Group holds a major portfolio of premium-class historic buildings in Old Riga and nearby. The Group's structure provides for each of the Group's subsidiaries to undertake specific building lease / rental services, as well as provide real estate management and maintenance.

AS "Baltic RE Group" issued bonds are listed on the stock exchange Nasdaq Riga Baltic Bond List.

These unaudited condensed interim consolidated financial statements for the six months ended 30 June 2017 were authorised for issue by a resolution of the AS "Baltic RE Group" Board on 31 August 2017.

2. Basis of preparation

These condensed interim consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim financial reporting as adopted by the European Union (EU).

The condensed interim financial statements should be read in conjunction with the consolidated annual report for the year ended 31 December 2016, which has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS as adopted by the EU. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

The financial statements are presented in Euro (EUR), the monetary unit of the Republic of Latvia.

These condensed interim consolidated financial statements for the six months ended 30 June 2017 comprise the financial statements of AS "Baltic RE Group" and entities controlled by the Parent company (its subsidiaries). Information on consolidation group structure is provided in Note 6.

3. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

New and revised IFRSs and interpretations issued and adopted by the EU, but not yet effective

The standards that are issued, but not yet effective up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective, however the Group has not yet fully completed initial assessment of the potential impact of these standards on the financial statements:

1) *New standards:*

- IFRS 9 Financial Instruments (issued on 24 July 2014) (effective for annual periods beginning on or after 1 January 2018):

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project:

- classification and measurement of financial assets and financial liabilities;
- impairment methodology and
- general hedge accounting.



Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (issued on 11 September 2015) (effective for annual periods beginning on or after 1 January 2018):

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS.

New and revised IFRSs and interpretations issued, but not yet adopted by the EU

1) New standards:

- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) (effective for annual periods beginning on or after 1 January 2016) - The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
- IFRS 16 Leases (issued on 13 January 2016) (effective for annual periods beginning on or after 1 January 2019).
- IFRS 17 Insurance Contracts (issued on 18 May 2017) (effective for annual periods beginning on or after 1 January 2021).

2) Amendments:

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016) (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 Financial Instruments is applied for the first time).
- Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016) (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016) (effective for annual periods beginning on or after 1 January 2017).
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19 January 2016) (effective for annual periods beginning on or after 1 January 2017).
- Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016) (effective for annual periods beginning on or after 1 January 2018).
- Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016) (amendments to IFRS 12 effective for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1, IAS 28 effective for annual periods beginning on or after 1 January 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016) (effective for annual periods beginning on or after 1 January 2018).
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) (effective for annual periods beginning on or after 1 January 2019).

4. Accounting judgments, estimates and assumptions

The preparation of interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.



5. Financial risk management and Financial instruments

5.1. Financial risk factors

Financial risks

The main financial risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

There have been no changes in the risk management or in any risk management policies since the year end.

5.2. Fair value estimation

The Group has financial instruments which are not measured at fair value in the statement of financial position. For these financial instruments, the fair values are not materially different to their carrying amounts, since the interest payable is close to current market rates.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- trade and other receivables;
- other current financial assets;
- cash and cash equivalents;
- trade and other payables.

	30.06.2017	31.12.2016
Non-current	33 172 570	28 846 545
Current	694 585	1 248 936
TOTAL:	33 867 155	30 095 481

6. Consolidation group structure

Interest in subsidiaries

The Group has the following subsidiaries at 30 June 2017:

Name	Country of incorporation and place of business	Nature of business	Effective consolidation percentage of the Parent company	
			30.06.2017	31.12.2016
Baltic Re S.p.a. reg.No.04277380285 Via Altinate 125, 35121 Padua, (PD)	Italy	Management of subsidiaries Development of real estate	100%	100%
SIA "KEY 1" reg.No.40103212372 19 Skunu Street, Riga, LV-1050	Latvia	Rental / lease, management of real estate	100%	100%
SIA "Key 2" reg.No.40103451102 19 Skunu Street, Riga, LV-1050	Latvia	Rental / lease, management of real estate	100%	100%
SIA "KEY 6" reg.No.40103285982 19 Skunu Street, Riga, LV-1050	Latvia	Rental / lease, management of real estate	100%	100%
SIA "Key 15" reg.No.40103568148 19 Skunu Street, Riga, LV-1050	Latvia	Rental / lease, management of real estate	100%	100%

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Name	Country of incorporation and place of business	Nature of business	Effective consolidation percentage of the Parent company	
			30.06.2017	31.12.2016
SIA "Skunu 19" reg.No.40003993617 19 Skunu Street, Riga, LV-1050	Latvia	Rental / lease, management of real estate	100%	100%
SIA "TER Properties" reg.No. 40103881878 19 Skunu Street, Riga, LV-1050	Latvia	Management of subsidiaries Development of real estate	91.11%	-
SIA "BB 21" reg.No. 40103940391 19 Skunu Street, Riga, LV-1050	Latvia	Rental / lease, management of real estate	91.11%	-

7. Business combinations**Acquisition of subsidiaries - SIA "TER Properties", SIA "BB 21" and SIA "B48"**

On 6 April 2017 the Parent company AS "Baltic RE Group" acquired 80% of the share capital and voting rights of SIA "TER Properties" registered in Latvia and obtained control of it. SIA "TER Properties" activity is high-end real estate management and strategic development of subsidiaries. As a result of the acquisition, the Parent company obtained control of SIA "TER Properties" subsidiaries: SIA "BB 21" and SIA "B48" (see also Note 8 on disposal of subsidiary), whose activities are real estate management and development.

SIA "TER Properties" through its wholly-owned subsidiary SIA "BB 21" owns real estate at Brivibas Boulevard 21, Riga, Latvia. The company was acquired in order to expand activities, investing in real estate with high quality and unique historical heritage of the Old Riga and close areas in quiet Riga centre.

The following table summarises the fair value of recognised amounts of identifiable assets acquired and liabilities assumed, total identifiable net assets acquired, goodwill, consideration and net flow of cash and cash equivalents on acquisition:

	SIA "TER Properties"	SIA "BB 21"	SIA "B48"	TOTAL
	06.04.2017	06.04.2017	06.04.2017	
Recognised amounts of identifiable assets acquired and liabilities assumed				
Assets				
Property, plant and equipment	1 937	7 973	-	9 910
Investment property	-	7 810 550	-	7 810 550
Other non-current assets	8 601 000	-	-	8 601 000
Inventories	152 356	-	-	152 356
Trade receivables	13 340	51 682	-	65 022
Other receivables	175 933	177 821	306	354 060
Cash and cash equivalents	430 371	103 730	437	534 538
TOTAL:	9 374 937	8 151 756	743	17 527 436
Liabilities				
Loans from credit institutions	4 340 415	-	-	4 340 415
Prepayments received from customers	-	188 678	-	188 678
Payables to related companies	-	1 797 000	1 000	1 798 000
Trade payables	1 816	206 693	708	209 217
Taxes payable	698	25 097	-	25 795
Other payables	587 420	9 060	25	596 505
TOTAL :	4 930 349	2 226 528	1 733	7 158 610



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	SIA "TER Properties"	SIA "BB 21"	SIA "B48"	TOTAL
	06.04.2017	06.04.2017	06.04.2017	
TOTAL identifiable net assets:	4 444 588	5 925 228	(990)	10 368 826
Parent company's share of the identifiable net assets	3 555 670	4 740 183	(792)	8 295 061
Goodwill	1 124 387	699 817	3 192	1 827 396
Non-controlling interest	888 918	(174 954)	(798)	713 166
Consideration				
- cash	3 799 700	5 440 000	2 400	9 242 100
- equity instruments	880 357	-	-	880 357
TOTAL:	4 680 057	5 440 000	2 400	10 122 457
Net flow of cash and cash equivalents	(3 369 329)	103 730	437	(3 265 162)

Goodwill is mainly related to the return, which is expected from investment properties under a single brand of the Group and synergies and other benefits from combining the assets and activities of the subsidiaries with those of the Group.

Acquired subsidiaries are recognized as separate cash-generating units, to which goodwill is allocated.

The Group recognised non-controlling interest in the acquired subsidiaries at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Had subsidiaries been consolidated from 1 January 2017, the consolidated statement of comprehensive income would show pro-forma revenue of EUR 195 790 and profit before tax of EUR 73 067.

8. Discontinued operations

Disposal of subsidiary SIA "B48"

On 27 June 2017 the subsidiary SIA "TER Properties" sold shares of its wholly-owned subsidiary SIA "B48", which role in the Group was insignificant, as the company was not used for the specific purpose for which it was set up.

Analysis of profit or loss for the period from discontinued operations

	06.04.2017- 26.06.2017
Expenses	(478)
Loss for the period from discontinued operations	(478)

Cash flows from discontinued operations

	06.04.2017- 26.06.2017
Net cash outflow from investing activities	(384)
Net cash and cash equivalents outflow	(384)

Basic and diluted earnings per share

	06.04.2017- 26.06.2017
Basic and diluted loss per share from discontinued operations	(0.002) cents



9. Goodwill

Cost and carrying amount at 31.12.2016	<u>9 503 744</u>
Acquisition of subsidiaries on 06.04.2017:	
- SIA "TER Properties"	1 124 387
- SIA "BB 21"	699 817
- SIA "B48"	3 192
Disposal of subsidiary on 26.06.2017:	
- SIA "B48"	(3 192)
Cost and carrying amount at 30.06.2017	<u>11 327 948</u>

Goodwill is allocated to the Group's cash-generating units, which in all cases were determined to be subsidiaries acquired by the Group.

10. Investment property

As a result of business combination, in April 2017 the Group acquired real estate at Brivibas Boulevard 21, Riga. In the 1st half of 2017 the Group renovated and reconstructed its own buildings.

	Land	Buildings and constructions	Construction in progress	Prepayments for investment property	TOTAL
01.01.2017-30.06.2017					
Cost at 31.12.2016	2 138 984	43 520 799	101 986	6 155	45 767 924
Additions	-	-	1 570 107	623 129	2 193 236
Acquisition of subsidiaries	622 484	4 877 516	1 496 932	-	6 996 932
Put into operation	-	210 431	(232 270)	(193 412)	(215 251)
Cost at 30.06.2017	<u>2 761 468</u>	<u>48 608 746</u>	<u>2 936 755</u>	<u>435 872</u>	<u>54 742 841</u>
Accumulated depreciation at 31.12.2016	-	6 934 134	-	-	6 934 134
Depreciation charge	-	680 601	-	-	680 601
Acquisition of subsidiaries	-	58 742	-	-	58 742
Reclassified	-	(4 719)	-	-	(4 719)
Accumulated depreciation at 30.06.2017	-	<u>7 668 758</u>	-	-	<u>7 668 758</u>
Net book amount at 31.12.2016	<u>2 138 984</u>	<u>36 586 665</u>	<u>101 986</u>	<u>6 155</u>	<u>38 833 790</u>
Net book amount at 30.06.2017	<u>2 761 468</u>	<u>40 939 988</u>	<u>2 936 755</u>	<u>435 872</u>	<u>47 074 083</u>

11. Share capital

The share capital of the Parent company is composed of shareholders capital investment of EUR 25 000 000, the total authorised number of ordinary shares is 25 000 000 with a par value of EUR 1 per share. All issued shares are fully paid.

In May 2017 the Parent company at extraordinary shareholders' meeting approved resolutions on the increase of the Parent company's share capital and approval of the rules for the increase of share capital on the possibility to convert part of the registered shares into bearer shares in the light of facilitating the chances of a potential IPO process and on the relevant amendments to the Statutes of the Parent company. It is planned to increase the share capital of AS "Baltic RE Group" by May 2018 by issuing 5 000 000 new registered shares with voting rights. The selling price of one share in accordance with the approved rules for the increase of share capital will be EUR 1.10. As a result of the new issue, the share capital of the Parent company will be increased by EUR 5 500 000. The newly registered share capital of the Parent company after the increase of the share capital will be EUR 30 000 000.



12. Non-controlling interest

At 31 December 2016	-
Non-controlling interest arising on business combination:	
- SIA "TER Properties"	888 918
- SIA "BB 21"	(174 954)
- SIA "B48"	(798)
Transactions with non-controlling interest (Note 13)	(493 794)
Disposal of non-controlling interest due to disposal of subsidiary:	
- SIA "B48"	840
Share of profit for the period	2 769
At 30 June 2017	222 981

13. Transactions with non-controlling interests

Information on transactions with non-controlling interest

Acquisition of additional interest in subsidiary SIA "TER Properties"

In April 2017 additional interest in subsidiary SIA "TER Properties" was acquired, as a result the Parent company's direct holding in subsidiary increased from 80% to 91.11%. Total consideration transferred to non-controlling interest was EUR 649 943 (in cash and as equity instruments). The carrying amount of non-controlling interests acquired was EUR 493 794. The Group recognised a decrease in non-controlling interests and a decrease in equity attributable to owners of the Parent company of EUR 156 149.

14. Loans and borrowings

Non-current	Interest rate	30.06.2017	31.12.2016
<i>Secured</i>			
Loan from credit institution ¹	3.1%	29 021 395	24 814 929
<i>Unsecured</i>			
Bonds issued ²	6.15%	3 857 129	3 839 500
Loan received from legal person	2.5%	32 775	31 616
Loan for future investments and shares	-	118 400	-
	SUBTOTAL:	33 029 699	28 686 045
Current			
<i>Secured</i>			
Loan from credit institution ¹	3.1%	666 295	1 135 466
<i>Unsecured</i>			
Loans from credit institutions	2.983% - 7.33%	28 290	113 470
	SUBTOTAL:	694 585	1 248 936
	TOTAL:	33 724 284	29 934 981

¹ Loan agreement with credit institution

In June 2017 the Parent company concluded an addendum to the existing portfolio loan agreement with the credit institution for increasing the loan amount to EUR 31 000 000. The new loan was negotiated following the acquisition of 91.11% of SIA "TER Properties" share capital (see Note 7), which through its wholly-owned subsidiary owns real estate at Brivibas Boulevard 21, Riga.



With the aim of better financial efficiency, the loan for the purchase and renovation of the property at Brivibas Boulevard 21, Riga was therefore included in the existing loan, which was then transformed into a new fixed rate 3.1% loan with the total amount increased up to EUR 31 000 000 and loan repayment term until 30 June 2022. With the additional loan received from the credit institution, the Parent company has fully refinanced the new subsidiary SIA "TER Properties".

Covenants

The loan agreement concluded between the Parent company and the credit institution contains several conditions that the Parent company has to fulfil, including financial covenants. Once a quarter, the Parent company has to report to the credit institution on the fulfilment of these conditions. As at the end of the reporting period the Parent company met financial conditions that were set.

Mortgage on real estate

According to the loan agreement with the credit institution, the Parent company's obligations against the credit institution are secured by a mortgage on real estate owned by the Group companies – AS "Baltic RE Group", SIA "KEY 1", SIA "Key 2", SIA "KEY 6", SIA "Key 15", SIA "Skunu 19", SIA "BB 21".

Pledges

According to the loan agreement with the credit institution, the Parent company's obligations against the credit institution are secured by a pledge on Group companies – AS "Baltic RE Group", SIA "KEY 1", SIA "Key 2", SIA "KEY 6", SIA "Key 15", SIA "Skunu 19", SIA "BB 21" as assets in aggregate; AS "Baltic RE Group" shares owned in SIA "KEY 1", SIA "KEY 6", SIA "Key 15" and SIA "Skunu 19"; SIA "KEY 1" shares owned in SIA "Key 15"; SIA "KEY 6" shares owned in SIA "Key 2"; SIA "Skunu 19" shares owned in SIA "KEY 1" and SIA "KEY 6"; SIA "TER Properties" shares owned in SIA "BB 21". Maximum claim amount is EUR 40 300 000.

Guarantees

According to the loan agreement with the credit institution, the Parent company's obligations against the credit institution are secured by the Group companies' - SIA "KEY 1", SIA "Key 2", SIA "KEY 6", SIA "Key 15", SIA "Skunu 19", SIA "BB 21" guarantees.

Financial pledge

According to the loan agreement with the credit institution, the Parent company's obligations against the credit institution are secured by financial pledge on all Parent company's deposits with the credit institution and all funds.

² **Bonds issued**

The Parent company AS "Baltic RE Group" issued bonds are listed on a regulated market - the stock exchange Nasdaq Riga Baltic Bond List starting from 12 December 2016. The Parent company AS "Baltic RE Group" issued 4 000 bonds with a face value of a single bond of EUR 1 000 and the fixed interest rate of 6.15% with coupon payment twice a year. Bond redemption date is 12 December 2020. The Parent company is entitled to redeem the bonds prematurely. On the date of bond issue financial liabilities were valued at their fair value, net of directly attributable transaction costs.

15. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2017 and 2016, as well as balances with related parties as at 30 June 2017 and 31 December 2016:

		Sales of goods and provision of services to related parties	Purchases of goods and services received from related parties	Amounts owed by related parties	Amounts owed to related parties
Other related parties	2017	-	202 626	-	5 047
	2016	26 581	81 655	79 759	38 944
Key management personnel	2017	-	2 390	-	-
	2016	-	-	-	-



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Loans to related parties

	30.06.2017	31.12.2016
Other related parties	13 000	13 000
TOTAL:	13 000	13 000

Terms and conditions of transactions with related parties

The sales of goods and provision of services to related parties and purchases of goods and services received from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recorded any impairment of receivables relating to amounts owed by related parties at the end of the reporting period (31.12.2016: EUR Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Group

	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016
Board members		
Salaries	201 212	117 856
Statutory social insurance contributions	47 466	27 802
TOTAL:	248 678	145 658
Council members		
Salaries	5 000	3 500
Statutory social insurance contributions	472	472
TOTAL:	5 472	3 972

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

During 1st half of 2017 no loans or guarantees were issued to the members of the Board or Council.

16. Events after the reporting period

Completion of merge procedure for subsidiaries of AS "Baltic RE Group"

In August 2017 the final positive decision from the Register of Enterprises of Latvia was received about the merge of 100% controlled Italian company Baltic Re S.p.a. with its subsidiary SIA "Skunu 19", so completing all the procedures and formalities required by the Latvian laws and regulations. The company resulting from the merge shall be subsidiary of the Parent company SIA "Skunu 19". Due to the fact that AS "Baltic RE Group" has full ownership of both merged subsidiaries there will not be any financial or capital dilution effect for the controlling company. The merge is a further step in announced process of simplifying the structure of the Group "Baltic RE Group", in the light of improving the operational and financial efficiency.

Other than the above, as of the last day of the reporting period until the date of signing of these financial statements there were no material events requiring adjustment of or disclosure in these financial statements or notes there to.

On behalf of AS "Baltic RE Group" Board:

Giovanni Dalla Zonca

Head of the Board

Riga, 31 August 2017