

**Consolidated interim report for
the first quarter of 2015
(unaudited)**



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Brief description

AS Trigon Property Development is a real estate development company.

AS Trigon Property Development currently owns one real estate development project involving a 33.26-hectare area in the City of Pärnu, Estonia. Commercial real estate will be developed on this area.

The Group is listed in Nasdaq OMX Tallinn Stock Exchange. On November 6, 2012, the Listing and Surveillance Committee of NASDAQ OMX Tallinn decided to delist AS Trigon Property Development shares from the Main List starting November 21, 2012, and to admit the shares simultaneously to trading in the Secondary List.

In total OÜ Trigon Wood is controlling 59.62 % of votes represented by shares in AS Trigon Property Development. The biggest shareholders of OÜ Trigon Wood are AS Trigon Capital (30.13%), Veikko Laine Oy (26.49%), Hermitage Eesti OÜ (12.64%), Thominvest Oy (11.94%) and SEB Finnish Clients (10.96%).

Business name:	AS Trigon Property Development
Address:	Viru väljak 2 Tallinn 10111
Commercial Registry no.:	10106774
Beginning of financial year:	1.1.2015
End of financial year:	31.12.2015
Beginning of interim period:	1.1.2015
End of interim period:	31.03.2015
Auditor:	PricewaterhouseCoopers AS
Phone:	+372 6679 200
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E-mail:	info@trigonproperty.com
Internet homepage:	www.trigonproperty.com

Management report

Overview of business areas

The main business activity of Trigon Property Development AS is real estate development. As at 31.03.2015 AS Trigon Property Development owned one development project involving a 33.26-hectare area in the City of Pärnu, Estonia. Commercial real estate will be developed on this area. The property has been rented out to third parties until the beginning of the construction works. To finance the development the Group is planning to sell parts of the investment property. In 2014 an investment property at Kase 18 Pärnu was sold. Trigon Property Development AS is considering expansion of business activity and analysing acquisition opportunities for various new projects.

Management

The law, the articles of association, decisions and goals stated by the shareholders and supervisory board are followed when managing the company. According to the Commercial Code a resolution on amendment of the articles of association shall be adopted, if at least two-third of the votes represented at a general meeting is in favour of the amendment.

Group structure

Shares of subsidiaries	Location	Shareholding as of 31.03.2015	Shareholding as of 31.12.2014	Shareholding as of 31.03.2014
OÜ VN Niidu Kinnisvara	Estonia	100%	100%	100%

OÜ VN Niidu Kinnisvara was set up for the development of the land located in the area of Niidu Street in Pärnu.

Financial ratios

Statement of financial position	I Q 2015	I Q 2014
Total assets	2 431 718	2 332 895
Return on assets	-0.56%	-0.57%
Equity	2 410 716	2 158 751
Return on equity	-0.57%	-0.61%
Debt ratio	0.86%	7.46%

Share (31.03)	I Q 2015	I Q 2014
Closing price of the share	0.545	0.500
Earnings per share	-0.00305	-0.00293
Price-to-earnings (PE) ratio	-178.78	-170.38
Book value of the share	0.54	0.48
Price-to-book ratio	1.02	1.04
Market capitalisation	2 451 988	2 249 531

Return on assets = net profit / total assets

Return on equity = net profit/ equity

Debt ratio = liabilities / total assets

Earnings per share = net profit/ number of shares

Price-to-earnings (PE) ratio = closing price of the share / earnings per share

Book value of the share = equity / number of shares

Price-to-book ratio = closing price of the share / book value of the share

Market capitalisation = closing price of the share * number of shares

Share

Since 5th of September 1997, the shares of Trigon Property Development AS have been listed in the Tallinn Stock Exchange. Trigon Property Development AS has issued 4,499,061 registered shares, each with the nominal value of 0.60 euros. The shares are freely transferable, no statutory restrictions apply. There are no restrictions on transfer of securities to the company as provided by contracts between the company and its shareholders.

The share with a price of 0.500 euros at the end of 2014 was closed in the end of March 2015 at 0.545 euros. In total of 105,391 shares were traded in the first quarter of 2015 and the total sales amounted to 54,627 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2015 to 31.03.2015:



The distribution of share capital by the number of shares acquired as at 31.03.2015

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	83	21.07%	2 627	0.06%
100-999	147	37.31%	48 909	1.09%
1 000-9 999	137	34.77%	358 779	7.97%
10 000-99 999	22	5.58%	715 889	15.91%
100 000-999 999	4	1.02%	690 665	15.35%
1 000 000-9 999 999	1	0.25%	2 682 192	59.62%
TOTAL	394	100%	4 499 061	100%

List of shareholders with over 1% holdings as at 31.03.2015.

Shareholder	Number of shares	Ownership %
OÜ TRIGON WOOD	2 682 192	59.62%
AS HARJU KEK	224 000	4.98%
MADIS TALGRE	196 500	4.37%
M.C.E.FIDARSI OSAÜHING	169 000	3.76%
Kirschmann OÜ	101 165	2.25%
JAMES KELLY	95 550	2.12%
OÜ SUUR SAMM	84 500	1.88%
Central Securities Depository of Lithuania	78 028	1.73%
Skandinaviska Enskilda Banken Finnish Clients	67 844	1.51%
TOIVO KULDMÄE	49 231	1.09%

Personal

AS Trigon Property Development had no employees as at 31 March 2015 (31.03.2014: 1 employee). There were no labour costs in first quarter on 2015 (2014 I Q: 4,020 euros).

Description of main risks

Interest rate risk

Interest rate risk is the risk that the interest rates of the Group's liabilities differ significantly from the market interest rates. The interest rate risk of AS Trigon Property Development is limited to the difference between the fixed interest rates of the Group's long-term borrowings and the market interest rates. At the time of preparing these financial statements, the market interest rates were higher than the interest rates of the Group's borrowings; therefore the fair value of the loan assumed by the Group is lower than its carrying amount.

Operating environment risk

The Group is exposed to the risk of real estate prices and real estate rental prices. The Group is not exposed to the market risk arising from financial instruments, as it does not hold any securities or derivative agreements.

Fair value

The fair values of accounts payable, short-term loans and borrowings do not materially differ from their book values. The fair value of long-term loans and borrowings is presented in Note 4.

Management and Supervisory Boards and auditor

Management board of AS Trigon Property Development has one member - Aivar Kempfi.

Supervisory Board of AS Trigon Property Development has three members: Ülo Adamson, Joakim Helenius and Heiti Riisberg.

Audits are carried out by PricewaterhouseCoopers AS.

Condensed consolidated interim report

Management Board's declaration

The Management Board confirms the correctness and completeness of the consolidated unaudited interim report of AS Trigon Property Development for the first quarter of 2015 as set out on pages 4-16.

The Management Board confirms that to the best of their knowledge:

1. the accounting policies and presentation of information applied in the preparation of the condensed consolidated interim report are in compliance with International Financial Reporting Standards (IFRS) as adopted in the European Union.
2. the interim report presents a true and fair view of the financial position, the results of operations and cash flows of the Group;
3. the management report presents true and fair view of significant events that took place during the accounting period and their impact to financial statements and includes the description of major risks and doubts;
4. group entities are going concerns.

Member of the Management Board



Aivar Kemp

27.05.2015

Condensed consolidated statement of financial position

<i>EUR</i>	31.03.2015	31.12.2014	31.03.2014
Cash	10 275	144 536	2 106
Receivables and prepayments (note 2)	68 403	93 254	789
Total current assets	78 678	237 790	2 895
Investment property (note 3)	2 353 040	2 350 000	2 330 000
Total non-current assets	2 353 040	2 350 000	2 330 000
TOTAL ASSETS	2 431 718	2 587 790	2 332 895
Borrowings (note 4)	12 516	12 516	25 032
Payables and prepayments (note 5)	2 986	26 293	25 466
Total current liabilities	15 502	38 809	50 498
Long-term borrowings (note 4)	5 500	124 550	123 646
Total non-current liabilities	5 500	124 550	123 646
Total liabilities	21 002	163 359	174 144
Share capital at nominal value (note 6)	2 699 437	2 699 437	2 699 437
Share premium	226 056	226 056	226 056
Statutory reserve capital	287 542	287 542	287 542
Retained earnings	-802 319	-788 604	-1 054 284
Total equity	2 410 716	2 424 431	2 158 751
TOTAL LIABILITIES AND EQUITY	2 431 718	2 587 790	2 332 895

The notes to the condensed consolidated interim report presented on pages 12-16 are an integral part of this report.

Condensed consolidated statement of comprehensive income

<i>EUR</i>	I Q 2015	I Q 2014
Rental income (note 10)	0	1 140
Expenses related to investment property (note 7)	-5 382	-5 771
Gross profit (loss)	-5 382	-4 631
Administrative and general expenses (note 8)	-7 441	-6 835
Operating profit (-loss)	-12 823	-11 466
Net financial expense	-892	-1 737
NET PROFIT (-LOSS) FOR THE PERIOD	-13 715	-13 203
TOTAL COMPREHENSIVE INCOME (LOSS)	-13 715	-13 203
Basic earnings per share	-0,00305	-0,00293
Diluted earnings per share	-0,00305	-0,00293

The notes to the condensed consolidated interim report presented on pages 12-16 are an integral part of this report.

Condensed consolidated cash flow statement

<i>EUR</i>	I Q 2015	I Q 2014
Cash flows from operating activities		
<i>Net profit (-loss) for the period</i>	-13 715	-13 203
<u>Adjustments for:</u>		
Interest charge	892	1 737
Changes in working capital:		
Change in receivables and prepayments related to operating activities (note 2)	24 852	60
Change in liabilities and prepayments related to operating activities (note 5)	-3 134	-1 854
Total cash flows used in operating	8 895	-13 260
Cash flows from investing activities		
Capital expenditure on investment property (note 3)	-3 040	0
Total cash flows from investing activities	-3 040	0
Cash flows from financing activities		
Received loans (note 4)	0	14 000
Repayment of loans (note 4)	-119 050	0
Interests paid	-21 066	0
Total cash flows from financing activities	-140 116	14 000
CHANGE IN CASH BALANCE	-134 261	740
OPENING BALANCE OF CASH	144 536	1 366
CLOSING BALANCE OF CASH	10 275	2 106

The notes to the condensed consolidated interim report presented on pages 12-16 are an integral part of this report.

Condensed consolidated statement of changes in equity

<i>EUR</i>	Share capital	Share premium	Statutory reserve capital	Retained earnings	Total
Balance 31.12.2013	2 699 437	226 056	287 542	-1 041 081	2 171 954
Total comprehensive loss for the period	0	0	0	-13 203	-13 203
Balance 31.03.2014	2 699 437	226 056	287 542	-1 054 284	2 158 751
Total comprehensive income for the period	0	0	0	265 680	265 680
Balance 31.12.2014	2 699 437	226 056	287 542	-788 604	2 424 431
Total comprehensive loss for the period	0	0	0	-13 715	-13 715
Balance 31.03.2015	2 699 437	226 056	287 542	-802 319	2 410 716

Additional information regarding the owners' equity is provided in note 6.

The notes to the consolidated condensed interim financial statements presented on pages 12-16 are an integral part of these financial statements.

Notes to condensed consolidated interim report

Note 1 Accounting Principles Followed upon Preparation of the Consolidated Interim Accounts

General Information

The condensed interim report prepared as at 31 March 2015 include the consolidated results of AS Trigon Property Development and its wholly-owned subsidiary OÜ VN Niidu Kinnisvara (together referred to as the Group). The Group's main area of operations is real estate development.

Bases for Preparation

The accounting policies used for preparing the consolidated interim report of AS Trigon Property Development for the first quarter of 2015 are in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The presentation of the consolidated financial statements complies with the requirements of IAS 34 "Interim Financial Reporting". Consolidated interim financial statements should be read together with the consolidated annual report of last year. The accounting policies that have been used in the preparation of the condensed interim report are the same as those used in the consolidated annual report for the year ended 31 December 2014.

The financial statements have been prepared in euros (EUR).

Management estimates that AS Trigon Property Development is a going concern and the Group's consolidated interim report for the first quarter of 2015 presents a true and fair view of the financial position, the results of operations and the cash flows of AS Trigon Property Development. This interim report has not been audited.

Note 2 Receivables and prepayments

<i>EUR</i>	31.03.2015	31.12.2014	31.03.2014
Receivables	67 605	90 015	39
Tax prepayments	798	3 239	750
TOTAL	68 403	93 254	789

Note 3 Investment property

	<i>EUR</i>
Balance as of 31.12.2013	2 330 000
Balance as at 31.03.2014	2 330 000
Sales of investment property	-300 000
Capital expenditure on investment property	4 040
Gain from change in fair value	315 960
Balance as at 31.12.2014	2 350 000
Gain from change in fair value	3 040
Balance as at 31.03.2015	2 353 040

Group currently owns one real estate development project involving a 33.26-hectare area in the City of Pärnu, Estonia.

The expenses related to the management of investment property totalled 5,382 euros in I quarter of 2015 and 5,771 euros in I quarter 2014.

The property has been rented out until the beginning of construction works under operating lease agreements. Revenue from the leasing of investment property totalled 1,140 euros in I quarter of 2014, in I quarter of 2015 Group didn't have revenue.

In 2014 the investment property was valued by independent valuer Newsec Valuations EE using the comparable transactions approach which benchmarked the value of Niidu land area against the prices of transacted land plots along the Pärnu City. The benchmark land plot prices ranged from EUR 10 to 14.2 per square meter, depending on the location and basic site infrastructure. Based on comparable transaction the valuer has estimated the sales price at 11.3 EUR/m². To evaluate the present value of the area as of 31.12.2014, the valuer has estimated the sales period to be 4 years and discount rate 18.53% was used.

As at 31 December 2014 the evaluation resulting in a fair value of 2,350,000 euros.

According to IFRS 13 real estate is considered level 3 investment. Main inputs are sales price, the discount rate and sales period in the discounted cash flow. Sensitivity of the main inputs to investment property fair value as of 31.12.2014:

Discount rate	Sales price, EUR / m ²						
	9.69	10.20	10.74	11.30	11.87	12.46	13.08
15.89%	2 130 000	2 250 000	2 370 000	2 500 000	2 630 000	2 770 000	2 910 000
16.72%	2 090 000	2 200 000	2 320 000	2 450 000	2 580 000	2 710 000	2 850 000
17.60%	2 050 000	2 160 000	2 280 000	2 400 000	2 530 000	2 660 000	2 790 000
18.53%	2 000 000	2 110 000	2 230 000	2 350 000	2 470 000	2 600 000	2 740 000
19.46%	1 960 000	2 070 000	2 180 000	2 300 000	2 420 000	2 550 000	2 680 000
20.43%	1 920 000	2 020 000	2 130 000	2 250 000	2 370 000	2 490 000	2 620 000
21.45%	1 870 000	1 980 000	2 090 000	2 200 000	2 310 000	2 430 000	2 560 000

Sales period	
+1 year	2 010 000
-1 year	2 640 000

The property valuation is based on estimates, assumptions and historical experience adjusted with prevailing market conditions and other factors which management assesses to the best of its ability on an on-going basis. Therefore, based on the definition and taking into account that evaluation is based on a number of presumptions, which may not realize in assessed way, the valuation can be subject to significant adverse effects. This could lead to a significant change in the carrying amount of investment property in future periods. The fair value of the investment property, which is assessed using the described model is essentially dependent on whether this project could be accomplished and appropriate financing found in compliance with the presumptions made and schedule used in evaluation model.

As at 31 March 2015 and 31 March 2014, investment properties were encumbered with mortgages for the benefit of Estonian Republic in the amount of 395 thousand euros. Mortgages were set as collateral for borrowings (note 4). As at 31 December 2014 the carrying amount of investment properties encumbered with mortgages was 2,350,000 euros and 31 December 2013 2,330,000 euros.

Note 4 Borrowings

As at 31.03.2015

<i>EUR</i>	Total	Current Non-current Interest		Currency	Due date
		borrowings	borrowings rate		
Instalment payment for land	12 516	12 516	0	10%	EUR 20.05.2015
Loans from related parties	5 500	0	5 500	7%	EUR 31.12.2016
TOTAL	18 016	12 516	5 500		

As at 31.12.2014

<i>EUR</i>	Total	Current Non-current Interest		Currency	Due date
		borrowings	borrowings rate		
Instalment payment for land	12 516	12 516	0	10%	EUR 20.05.2015
Loans from related parties	124 550	0	124 550	7%	EUR 31.12.2016
TOTAL	137 066	12 516	124 550		

As at 31.03.2014

<i>EUR</i>	Total	Current Non-current Interest		Currency	Due date
		borrowings	borrowings rate		
Instalment payment for land	37 548	25 032	12 516	10%	EUR 20.05.2015
Loans from related parties	111 130	0	111 130	7%	EUR 31.12.2015
TOTAL	148 678	25 032	123 646		

Borrowing terms have not been breached during the accounting period or as at the balance sheet date.

Note 5 Payables and prepayments

<i>EUR</i>	31.03.2015	31.12.2014	31.03.2014
Payables	2 928	1 802	2 688
Interests payable	58	20 231	18 722
Other payables	0	4 260	4 056
TOTAL	2 986	26 293	25 466

Note 5 Equity

	Number of shares <i>pcs</i>	Share capital <i>EUR</i>
Balance 31.03.2014	4 499 061	2 699 437
Balance 31.12.2014	4 499 061	2 699 437
Balance 31.03.2015	4 499 061	2 699 437

The share capital of AS Trigon Property Development is 2,699,437 euros which is divided into 4,499,061 ordinary shares with the nominal value of 0.60 euro. The maximum share capital stipulated in the articles of association is 10,797,744 euros. Each ordinary share grants one vote to its owner at the General Meeting of Shareholders and the right to receive dividends.

As at 31 March 2015 the accumulated losses amounted to -802,319 euros. As at 31 December 2014 the accumulated losses amounted to -788,604 euros.

As at 31 March 2015, the Group had 394 shareholders (31 December 2014: 408 shareholders) of which the entities with more than a 5% holdings were:

- Trigon Wood OÜ with 2,682,192 shares or 59.62% (31 December 2014: 59.62%)

Members of the Management Board and Supervisory Board did not own directly any shares of Trigon Property Development AS as at 31 March 2015 and 31 December 2014.

Note 7 Expenses related to investment property

<i>EUR</i>	I Q 2015	I Q 2014
Land tax	5 382	5 771
TOTAL	5 382	5 771

Note 8 Administrative and general expenses

<i>EUR</i>	I Q 2015	I Q 2014
Security transactions and stock exchange fees	3 337	1 549
Consulting	2 750	1 200
Auditing	1 180	0
Other	174	66
Salary	0	4 020
TOTAL	7 441	6 835

Note 9 Earnings per share

<i>EUR</i>	I Q 2015	I Q 2014
Basic earnings per share (basic EPS)	-0.00305	-0.00197
Diluted earnings per share	-0.00305	-0.00197
Book value of the share	0.54	0.48
Price to earnings ratio (P/E)	-178.78	-170.38
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange 31.03	0.545	0.500

Basic earnings per share have been calculated on the basis of the net profit (loss) for the interim period and the number of shares.

Diluted earnings per share equal the basic earnings per share because the Group does not have any potential ordinary shares with the dilutive effect on the earnings per share.

Note 10 Segment

The Group operates in one business segment - property investments. Property investment division rents out land and develops property in Estonia. Revenue from the leasing of investment property totalled 1,140 euros in I quarter of 2014, in I quarter of 2015 Group didn't have revenue.

Note 11 Related party transactions

The following parties are considered to be related parties:

- Parent company Trigon Wood OÜ and owners of the parent company;
- Members of the Management board, the Management Board and the Supervisory Board of AS Trigon Property Development and their close relatives;
- Entities under the control of the members of the Management Board and Supervisory Board;
- Individuals with significant ownership unless these individuals lack the opportunity to exert significant influence over the business decisions of the Group.

The Group is listed in secondary list of Nasdaq OMX Tallinn Stock Exchange. In total OÜ Trigon Wood is controlling 59.62 % of votes represented by shares in AS Trigon Property Development. Biggest shareholders of OÜ Trigon Wood are AS Trigon Capital (30.13%), Veikko Laine Oy (26.49%), SEB Finnish Clients (10.96%), Hermitage Eesti OÜ (12.64%) and Thominvest Oy (11.94%).

In I quarter of 2015 and in I quarter of 2014 no remuneration has been paid to the Management or Supervisory board. There are no potential liabilities to members of the Management Board or Supervisory Board.

In I quarter of 2015 Group repaid the loan from related parties in the amount of 119 050 euros. In I quarter of 2014 Group received loan from related parties in the amount of 14,000 euros. As at 31 March 2015 the balance of loans from parent company was in the amount of 5,550 (31.03.2014: 111,130) euros and the accrued interest from these loans was 58 (31.03.2014: 18,722) euros. In I quarter of 2015 interest 894 (2014 I Q: 1,738) euros were calculated.