

**Consolidated interim report for
the second quarter and 6 months of 2016
(unaudited)**



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Brief description

AS Trigon Property Development is a real estate development company.

AS Trigon Property Development owns one real estate development project involving a 32.8-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:	1.1.2016
End of financial year:	31.12.2016
Beginning of interim period:	1.1.2016
End of interim period:	30.06.2016
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 30.06.2016 AS Trigon Property Development owned one development project involving a 32.8-hectare area in the City of Pärnu, Estonia. Commercial real estate will be developed on this area. To finance the development the Group is planning to sell parts of the investment property. In 2015 a 0.5-hectare part of the property 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 30.06.2016	Shareholding as of 31.12.2015	Shareholding as of 30.06.2015
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	6 m 2016	6 m 2015
Total assets	2,394,606	2,413,351
Return on assets	-0.99%	-0.74%
Equity	2,391,509	2,406,455
Return on equity	-0.99%	-0.75%
Debt ratio	0.13%	0.29%

Share (30.06)	6 m 2016	6 m 2015
Closing price of the share	0.550	0.651
Earnings per share	-0.00234	-0.00400
Price-to-earnings (PE) ratio	-235.46	-162.93
Book value of the share	0.53	0.53
Price-to-book ratio	1.03	1.22
Market capitalisation	2,474,484	2,928,889

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 0.590 euros at the end of 2015 was closed in the end of June 2016 at 0.550 euros. In total of 189,602 shares were traded in the first half-year of 2016 and the total sales amounted to 95,484 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2016 to 30.06.2016:



The distribution of share capital by the number of shares acquired as at 30.06.2016

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	85	22.49%	2,499	0.06%
100-999	137	36.24%	43,373	0.96%
1 000-9 999	130	34.39%	345,949	7.69%
10 000-99 999	21	5.56%	580,187	12.90%
100 000-999 999	4	1.06%	844,861	18.78%
1 000 000-9 999 999	1	0.26%	2,682,192	59.62%
TOTAL	378	100%	4,499,061	100%

List of shareholders with over 1% holdings as at 30.06.2016.

Shareholder	Number of shares	Ownership %
OÜ TRIGON WOOD	2,682,192	59.62
AS HARJU KEK	224,000	4.98
MADIS TALGRE	217,000	4.82
M.C.E.FIDARSI OSAÜHING	213,196	4.74
Kirschmann OÜ	190,665	4.24
JAMES KELLY	95,550	2.12
OÜ SUUR SAMM	67,779	1.51
TOIVO KULDMÄE	49,231	1.09

Personal

AS Trigon Property Development had no employees as at 30 June 2016 and 30 June 2015. There were no labour costs in first half-year of 2016 and 2015.

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. As the Group has no significant interest-bearing assets and liabilities, its income and operating cash flows are substantially independent of changes in market interest rates.

Operating environment risk

The Group is exposed to the risk of real estate prices. The Group is not exposed to the market risk arising from financial instruments, as it does not hold any securities or derivate 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: Joakim Helenius, Martin Mets and Toomas Uibo.

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 second quarter and 6 months of 2016 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

31.08.2016

Condensed consolidated statement of financial position

<i>EUR</i>	30.06.2016	31.12.2015	30.06.2015
Cash	81,460	100,540	13,927
Receivables and prepayments (note 2)	3,146	17,004	46,384
Total current assets	84,606	117,544	60,311
Investment property (note 3)	2,310,000	2,310,000	2,353,040
Total non-current assets	2,310,000	2,310,000	2,353,040
TOTAL ASSETS	2,394,606	2,427,544	2,413,351
Borrowings (note 4)	0	0	0
Payables and prepayments (note 5)	3,097	12,435	1,396
Total current liabilities	3,097	12,435	1,396
Long-term borrowings (note 4)	0	0	5,500
Total non-current liabilities	0	0	5,500
Total liabilities	3,097	12,435	6,896
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	-821,526	-797,926	-806,580
Total equity	2,391,509	2,415,109	2,406,455
TOTAL LIABILITIES AND EQUITY	2,394,606	2,427,544	2,413,351

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>	II Q 2016	II Q 2015	2016 6 months	2015 6 months
Expenses related to investment property (note 7)	-700	0	-6,309	-5,382
Gross loss	-700	0	-6,309	-5,382
Administrative and general expenses (note 8)	-8,211	-2,912	-15,696	-10,353
Changes in fair value of investment property (note 3)	-1,600	0	-1,600	0
Operating loss	-10,511	-2,912	-23,605	-15,735
Net financial income (-expense)	2	-1,349	5	-2,241
NET LOSS FOR THE PERIOD	-10,509	-4,261	-23,600	-17,976
TOTAL COMPREHENSIVE LOSS	-10,509	-4,261	-23,600	-17,976
Basic earnings per share	-0.00234	-0.00095	-0.00525	-0.00400
Diluted earnings per share	-0.00234	-0.00095	-0.00525	-0.00400

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>	6 m 2016	6 m 2015
Cash flows from operating activities		
<i>Net loss for the period</i>	-23,600	-17,976
Adjustments for:		
Change in fair value of investment property (note 3)	1,600	0
Interest charge	-5	2,241
<i>Changes in working capital:</i>		
Change in receivables and prepayments related to operating activities (note 2)	13,858	46,870
Change in liabilities and prepayments related to operating activities (note 5)	-9,338	-4,819
Interests received	5	0
Total cash flows used in operating	-17,480	26,316
Cash flows from investing activities		
Capital expenditure on investment property (note 3)	-1,600	-3,040
Total cash flows from investing activities	-1,600	-3,040
Cash flows from financing activities		
Repayment of loans (note 4)	0	-131,566
Interests paid	0	-22,319
Total cash flows from financing activities	0	-153,885
CHANGE IN CASH BALANCE	-19,080	-130,609
OPENING BALANCE OF CASH	100,540	144,536
CLOSING BALANCE OF CASH	81,460	13,927

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 31.12.2014	2,699,437	226,056	287,542	-788,604	2,424,431
Total comprehensive loss for the period	0	0	0	-17,976	-17,976
Balance 30.06.2015	2,699,437	226,056	287,542	-806,580	2,406,455
Total comprehensive income for the period	0	0	0	8,654	8,654
Balance 31.12.2015	2,699,437	226,056	287,542	-797,926	2,415,109
Total comprehensive loss for the period	0	0	0	-23,600	-23,600
Balance 30.06.2016	2,699,437	226,056	287,542	-821,526	2,391,509

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 30 June 2016 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 second quarter and 6 months of 2016 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 2015.

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 second quarter and 6 months of 2016 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>	30.06.2016	31.12.2015	30.06.2015
Receivables	1,472	15,207	45,049
Tax prepayments	1,674	1,797	1,335
TOTAL	3,146	17,004	46,384

Note 3 Investment property

	<i>EUR</i>
Balance as of 31.12.2014	2,350,000
Capital expenditure on investment property	3,040
Balance as at 30.06.2015	2,353,040
Capital expenditure on investment property	5,184
Sales of investment property	-85,000
Gain from change in fair value	36,776
Balance as at 31.12.2015	2,310,000
Capital expenditure on investment property	1,600
Loss from change in fair value	-1,600
Balance as at 30.06.2016	2,310,000

Group currently owns one real estate development project involving a 32.8-hectare area in the City of Pärnu, Estonia.

The expenses related to the management of investment property totalled 6,309 euros in the first half-year of 2016 and 5,382 euros in the first half-year of 2015.

In 2015 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 11 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 10.96 EUR/m². To evaluate the present value of the area as of 31.12.2015, the valuer has estimated the sales period to be 5 years and discount rate 14.96% was used.

As at 31 December 2015 the evaluation resulting in a fair value of 2,310,000 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 31.12.2015:

Discount rate	Sales price, EUR / m ²						
	9.40	9.89	10.41	10.96	11.51	12.08	12.69
12.80%	2,080,000	2,200,000	2,320,000	2,450,000	2,570,000	2,710,000	2,850,000
13.50%	2,040,000	2,160,000	2,280,000	2,400,000	2,530,000	2,660,000	2,800,000
14.20%	2,010,000	2,120,000	2,240,000	2,360,000	2,480,000	2,610,000	2,750,000
15.00%	1,970,000	2,080,000	2,190,000	2,310,000	2,430,000	2,560,000	2,690,000
15.70%	1,930,000	2,040,000	2,150,000	2,270,000	2,390,000	2,510,000	2,640,000
16.50%	1,890,000	2,000,000	2,110,000	2,220,000	2,340,000	2,460,000	2,590,000
17.30%	1,850,000	1,960,000	2,060,000	2,180,000	2,290,000	2,410,000	2,540,000

Sales period	
+1 year	1,761,000
-1 year	2,554,000

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 30 June 2016 and 30 June 2015, 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 30 June 2016 the carrying amount of investment properties encumbered with mortgages was 2,310,000 euros and 30 June 2015 2,353,040 euros.

Note 4 Borrowings

As at 30 June 2016 the Group had no borrowings.

As at 30.06.2015

<i>EUR</i>	Total	Current Non-current Interest		Currency	Due date
		borrowings	borrowings rate		
Loans from related parties	5,500	0	5,500	7%	EUR 31.12.2016
TOTAL	5,500	0	5,500		

Note 5 Payables and prepayments

<i>EUR</i>	30.06.2016	31.12.2015	30.06.2015
Payables	1,756	7,035	1,242
Interests payable	0	0	154
Other payables	1,341	5,400	0
TOTAL	3,097	12,435	1,396

Note 5 Equity

	Number of shares <i>pcs</i>	Share capital <i>EUR</i>
Balance 30.06.2015	4,499,061	2,699,437
Balance 31.12.2015	4,499,061	2,699,437
Balance 30.06.2016	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 30 June 2016 the accumulated losses amounted to -821,526 euros. As at 31 December 2015 the accumulated losses amounted to -797,926 euros.

As at 30 June 2016, the Group had 378 shareholders (31 December 2015: 393 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 2015: 59.62%)

Members of the Management Board and Supervisory Board did not own directly any shares of Trigon Property Development AS at 30 June 2016 and 31 December 2015.

Note 7 Expenses related to investment property

<i>EUR</i>	II Q 2016	II Q 2015	2016 6 months	2015 6 months
Land tax	0	0	5,609	5,382
Other expenses	700	0	700	0
TOTAL	700	0	6,309	5,382

Note 8 Administrative and general expenses

<i>EUR</i>	II Q 2016	II Q 2015	2016 6 months	2015 6 months
Consulting	4,000	2,685	7,450	5,435
Security transactions and stock	2,242	12	4,161	3,348
Accounting service	1,543	0	3,084	0
Auditing	0	0	40	1,180
Other	426	215	961	390
TOTAL	8,211	2,912	15,696	10,353

Note 9 Earnings per share

<i>EUR</i>	6 m 2016	6 m 2015
Basic earnings per share (basic EPS)	-0.00234	-0.00400
Diluted earnings per share	-0.00234	-0.00400
Book value of the share	0.53	0.53
Price to earnings ratio (P/E)	-235.46	-162.93
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange	0.550	0.651

Basic earnings per share have been calculated on the basis of the net 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 develops property in Estonia. The group had no revenue in the first half-year of 2016 and 2015.

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 the first half-year of 2016 and 2015 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.

As at 30 June 2015 the balance of loans from parent company was in the amount of 5,550 euros. The repayment of the loan and interest took place in the second half-year of 2015. As at 30 June 2015 the accrued interest from these loans amounted to 154 euros. In the first half-year of 2015 interest in the amount of 990 euros were calculated from this loan. In the first half-year of 2015 Group repaid the loan from related parties in the amount of 119,050 euros and interests in the amount of 21,067 euros.

In the first half-year of 2016 the Group bought services from the companies under the control of the Members of the Supervisory Board in the amount of 7,450 euros (2015: 0 euros). In the first half-year of 2016 the Group bought services from the owners of the parent company in the amount of 3,084 euros (2015: 0 euros). As at 30 June 2016 the amount of 2,807 euros was unpaid to the related parties (2015: 0 euros).