

**Consolidated interim report for  
the third quarter and 9 months of 2016  
(unaudited)**



## Table of contents

---

<b>BRIEF DESCRIPTION.....</b>	<b>3</b>
<b>MANAGEMENT REPORT .....</b>	<b>4</b>
<b>CONDENSED CONSOLIDATED INTERIM REPORT .....</b>	<b>7</b>
<b>Management Board’s declaration .....</b>	<b>7</b>
<b>Condensed consolidated statement of financial position .....</b>	<b>8</b>
<b>Condensed consolidated statement of comprehensive income .....</b>	<b>9</b>
<b>Condensed consolidated cash flow statement .....</b>	<b>10</b>
<b>Condensed consolidated statement of changes in equity .....</b>	<b>11</b>
<b>Notes to condensed consolidated interim report .....</b>	<b>12</b>
Note 1 Accounting Principles Followed upon Preparation of the Consolidated Interim Accounts .....	12
Note 2 Receivables and prepayments .....	12
Note 3 Investment property .....	12
Note 4 Payables and prepayments.....	14
Note 5 Equity .....	14
Note 6 Expenses related to investment property .....	14
Note 7 Administrative and general expenses .....	14
Note 8 Earnings per share .....	15
Note 9 Segment .....	15
Note 10 Related party transactions .....	15

## 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:	30.09.2016
Auditor:	PricewaterhouseCoopers AS
Phone:	+372 6679 200
Fax:	+372 6679 201
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 30.09.2016 AS Trigon Property Development owned one development project involving a 32.8-hectare area in the City of Pärnu, Estonia. Industrial and logistics park are planned to develop on this area. Group's intention is to find companies willing to bring their business activities (industry, logistics) to the development project area of Trigon Property Development in Pärnu, which makes it possible for Group to add value to the land plots owned by Group. The realization of the value of the land is planned through sales of land plots or through development of real estate to the rental income earning project. In 2015 a 0.5-hectare part of the property was sold.

### 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 30.09.2016	Shareholding as of 31.12.2015	Shareholding as of 30.09.2015
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. On 21 October 2016 the merger of Trigon Property Development AS and VN Niidu Kinnisvara OÜ was entered into the Commercial Register.

### Financial ratios

Statement of financial position	9 m 2016	9 m 2015
Total assets	2,374,721	2,399,783
Return on assets	-1.79%	-1.11%
Equity	2,372,556	2,397,830
Return on equity	-1.79%	-1.11%
Debt ratio	0.09%	0.08%
<b>Share (30.09)</b>	<b>9 m 2016</b>	<b>9 m 2015</b>
Closing price of the share	0.593	0.729
Earnings per share	-0.00946	-0.00591
Price-to-earnings (PE) ratio	-62.70	-123.30
Book value of the share	0.53	0.53
Price-to-book ratio	1.12	1.37
Market capitalisation	2,667,943	3,279,815

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

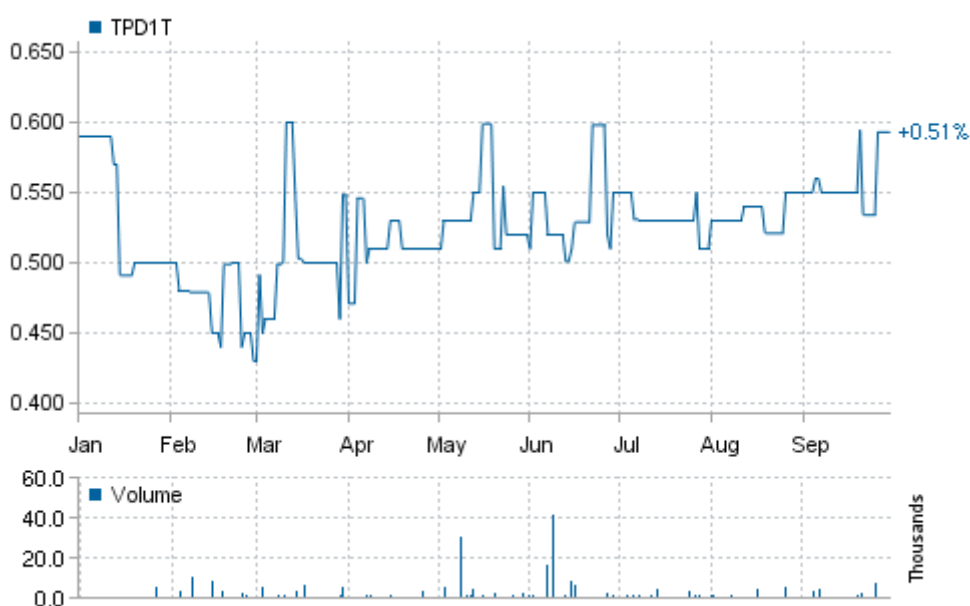
Price-to-book ratio = closing price of the share / book value of the share  
 Market capitalisation = closing price of the share \* number of shares

## Share

Since 5<sup>th</sup> 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 September 2016 at 0.593 euros. In total of 231,539 shares were traded in the first 9 months of 2016 and the total sales amounted to 118,176 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2016 to 30.09.2016:



The distribution of share capital by the number of shares acquired as at 30.09.2016

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	85	22.85%	2,469	0.06%
100-999	136	36.56%	43,274	1.01%
1 000-9 999	123	33.06%	326,771	7.60%
10 000-99 999	23	6.18%	394,603	9.18%
100 000-999 999	4	1.08%	849,752	19.77%
1 000 000-9 999 999	1	0.27%	2,682,192	62.39%
<b>TOTAL</b>	<b>372</b>	<b>100%</b>	<b>4,299,061</b>	<b>100%</b>

List of shareholders with over 1% holdings as at 30.09.2016.

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 September 2016 and 30 September 2015. There were no labour costs in first 9 months 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.

## 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 third quarter and 9 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

30.11.2016

## Condensed consolidated statement of financial position

<i>EUR</i>	30.09.2016	31.12.2015	30.09.2015
Cash	56,935	100,540	96,605
Receivables and prepayments (note 2)	5,578	17,004	32,930
<b>Total current assets</b>	<b>62,513</b>	<b>117,544</b>	<b>129,535</b>
Investment property (note 3)	2,312,208	2,310,000	2,270,248
<b>Total non-current assets</b>	<b>2,312,208</b>	<b>2,310,000</b>	<b>2,270,248</b>
<b>TOTAL ASSETS</b>	<b>2,374,721</b>	<b>2,427,544</b>	<b>2,399,783</b>
Payables and prepayments (note 4)	2,165	12,435	1,953
<b>Total current liabilities</b>	<b>2,165</b>	<b>12,435</b>	<b>1,953</b>
<b>Total liabilities</b>	<b>2,165</b>	<b>12,435</b>	<b>1,953</b>
Share capital at nominal value (note 5)	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	-840,479	-797,926	-815,205
<b>Total equity</b>	<b>2,372,556</b>	<b>2,415,109</b>	<b>2,397,830</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,374,721</b>	<b>2,427,544</b>	<b>2,399,783</b>

The notes to the condensed consolidated interim report presented on pages 12-15 are an integral part of this report.



## Condensed consolidated statement of comprehensive income

<i>EUR</i>	III Q 2016	III Q 2015	2016 9 months	2015 9 months
Expenses related to investment property (note 6)	-778	-1,000	-7,087	-6,382
<b>Gross loss</b>	<b>-778</b>	<b>-1,000</b>	<b>-7,087</b>	<b>-6,382</b>
Administrative and general expenses (note 7)	-18,177	-7,620	-33,873	-17,973
Changes in fair value of investment property (note 3)	0	0	-1,600	0
<b>Operating loss</b>	<b>-18,955</b>	<b>-8,620</b>	<b>-42,560</b>	<b>-24,355</b>
Net financial income (-expense)	2	-5	7	-2,246
<b>NET LOSS FOR THE PERIOD</b>	<b>-18,953</b>	<b>-8,625</b>	<b>-42,553</b>	<b>-26,601</b>
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>-18,953</b>	<b>-8,625</b>	<b>-42,553</b>	<b>-26,601</b>
Basic earnings per share	-0.00421	-0.00192	-0.00946	-0.00591
Diluted earnings per share	-0.00421	-0.00192	-0.00946	-0.00591

The notes to the condensed consolidated interim report presented on pages 12-15 are an integral part of this report.

## Condensed consolidated cash flow statement

<i>EUR</i>	9 m 2016	9 m 2015
<b>Cash flows from operating activities</b>		
<b>Net loss for the period</b>	<b>-42,553</b>	<b>-26,601</b>
Adjustments for:		
Change in fair value of investment property (note 3)	1,600	0
Interest charge	-5	2,253
<b>Changes in working capital:</b>		
Change in receivables and prepayments related to operating activities (note 2)	11,426	60,324
Change in liabilities and prepayments related to operating activities (note 4)	-10,270	-4,109
Interests received	5	0
<b>Total cash flows used in operating</b>	<b>-39,797</b>	<b>31,867</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on investment property (note 3)	-3,808	-5,248
Disposal of investment property (note 3)	0	85,000
<b>Total cash flows from investing activities</b>	<b>-3,808</b>	<b>79,752</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	0	-137,066
Interests paid	0	-22,484
<b>Total cash flows from financing activities</b>	<b>0</b>	<b>-159,550</b>
<b>CHANGE IN CASH BALANCE</b>	<b>-43,605</b>	<b>-47,931</b>
<b>OPENING BALANCE OF CASH</b>	<b>100,540</b>	<b>144,536</b>
<b>CLOSING BALANCE OF CASH</b>	<b>56,935</b>	<b>96,605</b>

The notes to the condensed consolidated interim report presented on pages 12-15 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
<b>Balance 31.12.2014</b>	<b>2,699,437</b>	<b>226,056</b>	<b>287,542</b>	<b>-788,604</b>	<b>2,424,431</b>
Total comprehensive loss for the period	0	0	0	-26,601	-26,601
<b>Balance 30.09.2015</b>	<b>2,699,437</b>	<b>226,056</b>	<b>287,542</b>	<b>-815,205</b>	<b>2,397,830</b>
Total comprehensive income for the period	0	0	0	17,279	17,279
<b>Balance 31.12.2015</b>	<b>2,699,437</b>	<b>226,056</b>	<b>287,542</b>	<b>-797,926</b>	<b>2,415,109</b>
Total comprehensive loss for the period	0	0	0	-42,553	-42,553
<b>Balance 30.09.2016</b>	<b>2,699,437</b>	<b>226,056</b>	<b>287,542</b>	<b>-840,479</b>	<b>2,372,556</b>

Additional information regarding the owners' equity is provided in note 5.

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 September 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 third quarter and 9 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 third quarter and 9 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>	<b>30.09.2016</b>	<b>31.12.2015</b>	<b>30.09.2015</b>
Receivables	146	15,207	30,053
Tax prepayments	5,432	1,797	2,877
<b>TOTAL</b>	<b>5,578</b>	<b>17,004</b>	<b>32,930</b>

### Note 3 Investment property

	<i>EUR</i>
<b>Balance as of 31.12.2014</b>	<b>2,350,000</b>
Capital expenditure on investment property	5,248
Sales of investment property	-85,000
<b>Balance as at 30.09.2015</b>	<b>2,270,248</b>
Capital expenditure on investment property	2,976
Gain from change in fair value	36,776
<b>Balance as at 31.12.2015</b>	<b>2,310,000</b>
Capital expenditure on investment property	3,808
Loss from change in fair value	-1,600
<b>Balance as at 30.09.2016</b>	<b>2,312,208</b>

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 7,087 euros in the first 9 months of 2016 and 6,382 euros in the first 9 months 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/m<sup>2</sup>. 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 <sup>2</sup>						
	9.40	9.89	10.41	10.96	11.51	12.08	12.69
12.80%	<b>2,080,000</b>	2,200,000	2,320,000	2,450,000	2,570,000	2,710,000	2,850,000
13.50%	2,040,000	<b>2,160,000</b>	2,280,000	2,400,000	2,530,000	2,660,000	2,800,000
14.20%	2,010,000	2,120,000	<b>2,240,000</b>	2,360,000	2,480,000	2,610,000	2,750,000
15.00%	1,970,000	2,080,000	2,190,000	<b>2,310,000</b>	2,430,000	2,560,000	2,690,000
15.70%	1,930,000	2,040,000	2,150,000	2,270,000	<b>2,390,000</b>	2,510,000	2,640,000
16.50%	1,890,000	2,000,000	2,110,000	2,220,000	2,340,000	<b>2,460,000</b>	2,590,000
17.30%	1,850,000	1,960,000	2,060,000	2,180,000	2,290,000	2,410,000	<b>2,540,000</b>

Sales period	
+1 year	<b>1,761,000</b>
-1 year	<b>2,554,000</b>

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 September 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. As at 30 September 2015 the carrying amount of investment properties encumbered with mortgages was 2,270,248 euros. As at 30 September 2016 there were no mortgages.

#### Note 4 Payables and prepayments

<i>EUR</i>	<b>30.09.2016</b>	<b>31.12.2015</b>	<b>30.09.2015</b>
Payables	2,165	7,035	1,953
Other payables	0	5,400	0
<b>TOTAL</b>	<b>2,165</b>	<b>12,435</b>	<b>1,953</b>

#### Note 5 Equity

	Number of shares (pcs)	Share capital (EUR)
Balance 30.09.2015	4,499,061	2,699,437
Balance 31.12.2015	4,499,061	2,699,437
Balance 30.09.2016	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 September 2016 the accumulated losses amounted to -840,479 euros. As at 31 December 2015 the accumulated losses amounted to -797,926 euros.

As at 30 September 2016, the Group had 372 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 September 2016 and 31 December 2015.

#### Note 6 Expenses related to investment property

<i>EUR</i>	<b>III Q 2016</b>	<b>III Q 2015</b>	<b>2016 9 months</b>	<b>2015 9 months</b>
Land tax	0	0	5,609	5,382
Other expenses	778	1,000	1,478	1,000
<b>TOTAL</b>	<b>778</b>	<b>1,000</b>	<b>7,087</b>	<b>6,382</b>

#### Note 7 Administrative and general expenses

<i>EUR</i>	<b>III Q 2016</b>	<b>III Q 2015</b>	<b>2016 9 months</b>	<b>2015 9 months</b>
Consulting	4,900	3,685	12,350	9,120
Legal expenses	7,715	0	8,104	0
Security transactions and stock	2,242	3,016	6,403	6,364
Accounting service	1,356	0	4,440	0
Auditing	1,420	0	1,460	1,180
Other	544	919	1,116	1,309
<b>TOTAL</b>	<b>18,177</b>	<b>7,620</b>	<b>33,873</b>	<b>17,973</b>

## Note 8 Earnings per share

<i>EUR</i>	<b>9 m 2016</b>	<b>9 m 2015</b>
Basic earnings per share (basic EPS)	-0.00946	-0.00591
Diluted earnings per share	-0.00946	-0.00591
Book value of the share	0.53	0.53
Price to earnings ratio (P/E)	-62.70	-123.30
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange	0.593	0.729

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 9 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 9 months of 2016 and 2015.

## Note 10 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 9 months 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.

In the first 9 months of 2016 the Group bought services from the companies under the control of the Members of the Supervisory Board in the amount of 12,350 euros (2015: 0 euros). In the first 9 months of 2016 the Group bought services from the owners of the parent company in the amount of 4,440 euros (2015: 0 euros). As at 30 September 2016 the amount of 2,100 euros was unpaid to the related parties (2015: 0 euros).