

**Interim report for
the first quarter of 2018
(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 22.39-hectare area in the City of Pärnu, Estonia. Commercial real estate is planned to be developed on this area.

The Group is listed on the 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 from November 21, 2012, and to admit the shares simultaneously to trading in the Secondary List.

OÜ Trigon Wood controls 51.91 % of the votes represented by shares in AS Trigon Property Development. The biggest shareholders of OÜ Trigon Wood are OÜ Stetind (46.99%) and AS Trigon Capital (45.18%) by the time of compiling these financial statements.

Business name:	AS Trigon Property Development
Address:	Pärnu mnt 18 Tallinn 10141
Commercial Registry no.:	10106774
Beginning of financial year:	1.1.2018
End of financial year:	31.12.2018
Beginning of interim period:	1.1.2018
End of interim period:	31.03.2018
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 31.12.2017, AS Trigon Property Development owned one development project with an area of 22.39 hectares in the City of Pärnu, Estonia. An industrial and logistics park is planned to be developed on this area. The Group's objective is to find companies willing to bring their business activities (industry, logistics) to the development project area of AS Trigon Property Development in Pärnu, which would add value to the land plots owned by the Group. The realisation of the value of the land is planned through the selling of land plots or through the development of real estate with the intention of creating a rental income-generating project.

In the first quarter of 2017 a 10.4-hectare industrial property at the price of 850 000 euros was sold. According to the real right contract, Trigon Property Development AS was obliged to build a road to the sold land plot. On 08.08.2017 AS Trigon Property Development and the buyer agreed on amending the sales agreement according to which the buyer is obliged to build the road and facilities according to the detail plan on its own expense. AS Trigon Property Development is no longer responsible for building the road and facilities and is not obliged to pay for the construction. Due to the change in contractual obligations the sale price of the property was amended and the sale price of Kase str 17 was 550 000 euros.

In 2016, a new detailed planning was made for the property, under which the proportion of business property with respect to all the land has increased compared to the previous planning. New established detailed planning has also increased the flexibility regarding the partial selling of the property as compared to the previous detailed planning since the plots are smaller and there is flexibility to change the size of the plots as required.

Management

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

Group structure

Trigon Property Development AS doesn't have any subsidiaries nor affiliated companies.

Financial ratios

Statement of financial position	I Q 2018	I Q 2017
Total assets	1,814,827	2,350,691
Return on assets	-0.30%	-1.10%
Equity	1,812,208	2,324,796
Return on equity	-0.30%	-1.11%
Debt ratio	0.14%	1.10%
Net loss for the period	-5,490	-25,854

Share (31.03)	I Q 2018	I Q 2017
Closing price of the share	0.540	0.630
Earnings per share	-0.00122	-0.00575
Price-to-earnings (PE) ratio	-442.53	-109.63
Book value of the share	0.40	0.52
Price-to-book ratio	1.34	1.22
Market capitalisation	2,429,493	2,834,408

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

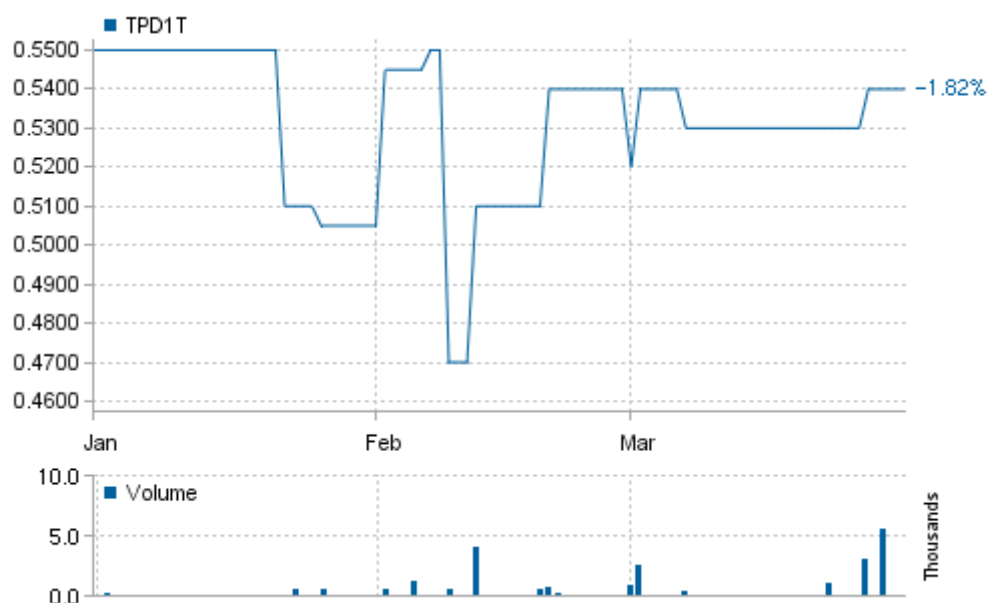
Market capitalisation = closing price of the share * number of shares

Share

Since 5 June 1997, the shares of Trigon Property Development AS have been listed on the Tallinn Stock Exchange. Trigon Property Development AS has issued 4,499,061 registered shares, each with the book value of 0.511 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 0.550 at the end of 2017, closed at 0.540 euros at the end of March 2018. In the first 3 months of 2018, a total of 21,811 shares were traded and the total sales amounted to 11,258 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2018 to 31.03.2018:



The distribution of share capital by the number of shares acquired as at 31.03.2018

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	90	24.73%	2,548	0.06%
100-999	141	38.74%	45,566	1.01%
1 000-9 999	106	29.12%	297,419	6.61%
10 000-99 999	21	5.77%	597,984	13.29%
100 000-999 999	5	1.37%	1,220,019	27.12%
1 000 000-9 999 999	1	0.27%	2,335,525	51.91%
TOTAL	364	100%	4,499,061	100%

List of shareholders with over 1% holdings as at 31.03.2018.

Shareholder	Number of shares	Ownership %
Trigon Wood OÜ	2,335,525	51.91
Skano Group AS	346,667	7.71
Harju KEK AS	224,000	4.98
M.C.E.Fidarsi OÜ	223,000	4.96
Madis Talgre	221,600	4.93
Kirschmann OÜ	204,752	4.55
James Kelly	99,004	2.20
Suur Samm OÜ	64,692	1.44
Avraal AS	53,000	1.18
Toivo Kuldmäe	49,231	1.09

Personal

AS Trigon Property Development had no employees as at 31 March 2018 and 31 March 2017. There were no labour costs in first 3 months of 2018 and 2017.

Description of main risks

Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets and liabilities, its income and operating cash flows are substantially independent of changes in market interest rates. The change in market interest rates has indirect influence to the change of fair value of investment property, but the influence to the change of fair value of investment property is difficult to quantitatively evaluate.

Management and Supervisory Boards and auditor

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

Supervisory Board of AS Trigon Property Development has three members: Joakim Helenius, Torfinn Losvik and Alo Lepp.

Audits are carried out by PricewaterhouseCoopers AS.

Condensed interim report

Management Board's declaration

The Management Board confirms the correctness and completeness of the unaudited interim report of AS Trigon Property Development for the first quarter of 2018 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 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 Company;
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. company is going concern.

Member of the Management Board



Aivar Kemp

31.05.2018

Condensed statement of financial position

<i>EUR</i>	31.03.2018	31.12.2017	31.03.2017
Cash	22,448	78,106	551,414
Receivables and prepayments (note 2)	905	9,231	307,803
Assets held for sale (note 11)	0	0	0
Total current assets	23,353	87,337	859,217
Investment property (note 3)	1,791,474	1,791,474	1,491,474
Total non-current assets	1,791,474	1,791,474	1,491,474
TOTAL ASSETS	1,814,827	1,878,811	2,350,691
Payables and prepayments (note 4)	2,619	61,113	25,895
Total current liabilities	2,619	61,113	25,895
Total liabilities	2,619	61,113	25,895
Share capital at book value (note 5)	2,299,020	2,299,020	2,699,437
Share premium	226,056	226,056	226,056
Statutory reserve capital	287,542	287,542	287,542
Accumulated loss	-1,000,410	-994,920	-888,239
Total equity	1,812,208	1,817,698	2,324,796
TOTAL LIABILITIES AND EQUITY	1,814,827	1,878,811	2,350,691

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

Condensed statement of comprehensive income

<i>EUR</i>	I Q 2018	I Q 2017
Expenses related to investment property (note 6)	-2,216	-11,499
Gross loss	-2,216	-11,499
Administrative and general expenses (note 7)	-3,275	-14,356
Operating loss	-5,491	-25,855
Net financial income (-expense)	1	1
NET LOSS FOR THE PERIOD	-5,490	-25,854
TOTAL COMPREHENSIVE LOSS	-5,490	-25,854
Basic earnings per share	-0.00122	-0.00575
Diluted earnings per share	-0.00122	-0.00575

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

Condensed cash flow statement

<i>EUR</i>	I Q 2018	I Q 2017
Cash flows from operating activities		
<i>Operating loss for the period</i>	-5,491	-25,855
<i>Operating loss before changes in working capital:</i>	-5,491	-25,855
Change in receivables and prepayments related to operating activities (note 2)	8,326	-302,781
Change in liabilities and prepayments related to operating activities (note 4)	-58,494	11,598
Change in assets held for sale (note 11)	0	850,000
Interests received	1	1
Total cash flows used in operating	-55,658	532,963
Cash flows from investing activities		
Capital expenditure on investment property (note 3)	0	-19,942
Total cash flows from investing activities	0	-19,942
CHANGE IN CASH BALANCE	-55,658	513,021
OPENING BALANCE OF CASH	78,106	38,393
CLOSING BALANCE OF CASH	22,448	551,414

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

Condensed statement of changes in equity

<i>EUR</i>	Share capital	Share premium	Statutory reserve capital	Accumulated loss	Total
Balance 31.12.2016	2,699,437	226,056	287,542	-862,385	2,350,650
Total comprehensive loss for the period	0	0	0	-25,854	-25,854
Balance 31.03.2017	2,699,437	226,056	287,542	-888,239	2,324,796
Reduction of share capital	-400,417	0	0	0	-400,417
Total comprehensive loss for the period	0	0	0	-106,681	-106,681
Balance 31.12.2017	2,299,020	226,056	287,542	-994,920	1,817,698
Total comprehensive loss for the period	0	0	0	-5,490	-5,490
Balance 31.03.2018	2,299,020	226,056	287,542	-1,000,410	1,812,208

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

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

Notes to condensed interim report

Note 1 Accounting Principles Followed upon Preparation of the Interim Accounts

General Information

The Company's main area of operations is real estate development.

Bases for Preparation

The accounting policies used for preparing the interim report of AS Trigon Property Development for the first quarter of 2018 are in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The presentation of the financial statements complies with the requirements of IAS 34 "Interim Financial Reporting". Interim financial statements should be read together with the 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 annual report for the year ended 31 December 2017.

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

Management estimates that AS Trigon Property Development is a going concern and the Company's interim report for the first quarter of 2018 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>	31.03.2018	31.12.2017	31.03.2017
Receivables	0	0	300,089
Tax prepayments	905	9,231	7,714
TOTAL	905	9,231	307,803

Note 3 Investment property

	<i>EUR</i>
Balance as of 31.12.2016	1,471,532
Capital expenditure on investment property	19,942
Balance as of 31.03.2017	1,491,474
Reclassification from assets held for sale	300,000
Balance as at 31.12.2017	1,791,474
Balance as at 31.03.2018	1,791,474

As at 31 March 2018, the Company owns one real estate development project involving a 22.39-hectare area in the City of Pärnu, Estonia.

The expenses related to the management of investment property totaled 2,216 euros in the first 3 months of 2018 and 11,499 euros in the first 3 months of 2017 (note 6).

In 2016, a new detailed planning has been established for the property under which the proportion of business property in respect of all the land has increased compared to the previous planning. New established detailed planning has increased the flexibility for the partial selling of the property as compared to the previous detailed planning, the plots are smaller and there is the flexibility of changing the size of the plots, as required.

In 2016, the Group signed a preliminary sales-purchase agreement for the sale of a 10.4-hectare industrial property. The final sale-purchase agreement was executed in March 2017 at the price of 8.14 EUR/m². The sold part of the land has been classified as assets held for sale as at 31.12.2016, look for more information in Note 11.

In the first quarter of 2017 a 10.4-hectare industrial property at the price of 850 000 euros was sold. According to the real right contract, Trigon Property Development AS was obliged to build a road to the sold land plot. On 08.08.2017 AS Trigon Property Development and the buyer agreed on amending the sales agreement according to which the buyer is obliged to build the road and facilities according to the detail plan on its own expense. AS Trigon Property Development is no longer responsible for building the road and facilities and is not obliged to pay for the construction. Due to the change in contractual obligations the sale price of the property was amended and the sale price of Kase str 17 was 550 000 euros.

In 2017, the investment property was valued by the Management of the Company using the comparable transactions approach, which benchmarked the value of Niidu land area against the prices of transacted land plots along the Pärnu City. According to the statistics of Land Board the benchmark industrial and business land plot median prices ranged from 7.2 to 39.1 euros per square meter, depending on the size, location and basic site infrastructure. Management estimates the sale of small business land plots has influenced the median price of business property and therefore substantially conservative price per square meter has used for valuation of the property. Considering the change of the proportion of industrial and business land with reference to new established detailed planning and based on comparable transaction, the Management has estimated the sales price to be at 12.0 EUR/m². To evaluate the present value of the area as at 31.12.2017, the Management has estimated the sales period to be 4 years and has used a discount rate of 14.23%.

As at 31 December 2017, the evaluation resulted in a fair value of 1,791,474 euros.

According to IFRS 13, the valuation of fair value of real estate is considered level 3 investment. The main inputs are the sales price, the discount rate and the sales period in the discounted cash flow. Sensitivity of the main inputs to investment property fair value as of 31.12.2017:

Discount rate	Sales price, EUR / m ²						
	11.25	11.50	11.75	12.00	12.25	12.50	12.75
11.83%	1,780,000	1,820,000	1,860,000	1,910,000	1,950,000	1,990,000	2,030,000
12.63%	1,740,000	1,780,000	1,820,000	1,860,000	1,910,000	1,950,000	1,990,000
13.43%	1,710,000	1,750,000	1,790,000	1,830,000	1,860,000	1,900,000	1,940,000
14.23%	1,670,000	1,710,000	1,750,000	1,790,000	1,830,000	1,860,000	1,900,000
15.03%	1,640,000	1,670,000	1,710,000	1,750,000	1,790,000	1,830,000	1,860,000
15.83%	1,600,000	1,640,000	1,680,000	1,710,000	1,750,000	1,790,000	1,820,000
16.63%	1,570,000	1,610,000	1,640,000	1,680,000	1,710,000	1,750,000	1,790,000

Sales period	EUR
+1 year	1,680,000
-1 year	1,890,000

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.

Note 4 Payables and prepayments

<i>EUR</i>	31.03.2018	31.12.2017	31.03.2017
Payables	149	5,279	25,895
Taxes payable	2,252	52,604	0
Other payables	218	3,230	0
TOTAL	2,619	61,113	25,895

Note 5 Equity

	Number of shares (pcs)	Share capital (EUR)
Balance 31.03.2017	4,499,061	2,699,437
Balance 31.12.2017	4,499,061	2,299,020
Balance 31.03.2018	4,499,061	2,299,020

The share capital of AS Trigon Property Development amounts to 2,299,020 euros as at 31 December 2017 (31.12.2016: 2,699,437 euros), which is divided into 4,499,061 ordinary shares with the book value of 0.511 euros. The minimum share capital stipulated in the articles of association is 675,000 euros and the maximum share capital is 2,700,000 euros. Each ordinary share grants one vote to its owner at the General Meeting of Shareholders and the right to receive dividends.

In 2017 the book value of shares of Trigon Property Development AS was reduced by 0.089 euros and corresponding payments to the shareholders were made in December 2017. The share capital of Trigon Property Development AS was reduced by a total of 400,417 euros.

As at 31 March 2018 the accumulated losses amounted to -1,000,410 euros. As at 31 December 2017 the accumulated losses amounted to -994,920 euros.

As at 31 March 2018, the Company had 364 shareholders (31 December 2017: 367 shareholders) of which the entities with more than a 5% holdings were:

- Trigon Wood OÜ with 2,335,525 (31.12.2017: 2,335,525) shares or 51.91% (2017: 51.91%)
- Skano Group AS with 346,667 (31.12.2017: 346,667) shares or 7.71% (2017:7.71%).

Members of the Management Board and Supervisory Board did not own directly any shares of Trigon Property Development AS as at 31 March 2018 and 31 December 2017. Supervisory Board members Joakim Johan Helenius and Torfinn Losvik have indirect ownership through parent company OÜ Trigon Wood.

Note 6 Expenses related to investment property

<i>EUR</i>	I Q 2018	I Q 2017
Land tax	2,216	5,609
Other expenses	0	5,890
TOTAL (Note 3)	2,216	11,499

Note 7 Administrative and general expenses

<i>EUR</i>	I Q 2018	I Q 2017
Security transactions and stock exchange	1,982	2,090
Accounting service	810	930
Consulting	240	4,080
Auditing	20	20
Legal expenses	0	7,199
Other	223	37
TOTAL	3,275	14,356

Note 8 Earnings per share

<i>EUR</i>	I Q 2018	I Q 2017
Basic earnings per share (basic EPS)	-0.00122	-0.00575
Diluted earnings per share	-0.00122	-0.00575
Book value of the share	0.40	0.52
Price to earnings ratio (P/E)	-442.53	-109.63
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange	0.540	0.630

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 Company does not have any potential ordinary shares with the dilutive effect on the earnings per share.

Note 9 Segment

The Company operates in one business segment - property investments. Property investment division develops property in Estonia. The Company had no revenue in the first 3 months of 2018 and 2017.

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 with significant influence;
- 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.

The Group is listed in the secondary list of Nasdaq OMX Tallinn Stock Exchange. In total, OÜ Trigon Wood controls 51.91 % of votes represented by shares in AS Trigon Property Development. The biggest shareholders of OÜ Trigon Wood are OÜ Stetind (46.99%) and AS Trigon Capital (45.18%) by the time of compiling these financial statements.

In the first 3 months of 2018 and 2017 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 3 months of 2018 the Company bought services from the companies under the control of the Members of the Supervisory Board in the amount of 240 euros (2017 Q1: 4,080 euros). In the first 3 months of 2018 the Company bought services from the owners of the parent company in the amount of 810 euros (2017 Q1: 930 euros). As at 31 March 2018 the amount of 0 euros was unpaid to the related parties (31.03.2017: 1,116 euros).

Note 11 Assets held for sale

In 2016, 10.4 hectares of land in the value of 850 000 euros was classified from investment property to assets held for sale as the preliminary sales-purchase agreement was signed. The land was sold in March 2017 at the price of 850 000 euros. According to the real right contract, Trigon Property Development AS was obliged to build a road to the sold land plot. On 08.08.2017 AS Trigon Property Development and the buyer agreed on amending the sales agreement according to which the buyer is obliged to build the road and facilities according to the detail plan on its own expense. AS Trigon Property Development is no longer responsible for building the road and facilities and is not obliged to pay for the construction. Due to the change in contractual obligations the sale price of the property was amended and the sale price of Kase str 17 was 550 000 euros.