

**Consolidated interim report for
the fourth quarter and 12 months of 2014
(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:	1.1.2014
End of financial year:	31.12.2014
Beginning of interim period:	1.1.2014
End of interim period:	31.12.2014
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 31.12.2014 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 31.12.2014	Shareholding as of 31.12.2013
OÜ VN Niidu Kinnisvara Estonia	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	2014	2013
Total assets	2 587 790	2 332 379
Return on assets	9.76%	-0.38%
Equity	2 424 431	2 171 955
Return on equity	10.41%	-0.41%
Debt ratio	6.31%	6.88%

Share (31.12)	2014	2013
Closing price of the share	0.500	0.519
Earnings per share	0.05612	-0.00197
Price-to-earnings (PE) ratio	8.91	-263.19
Book value of the share	0.54	0.48
Price-to-book ratio	0.93	1.08
Market capitalisation	2 249 531	2 335 013

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

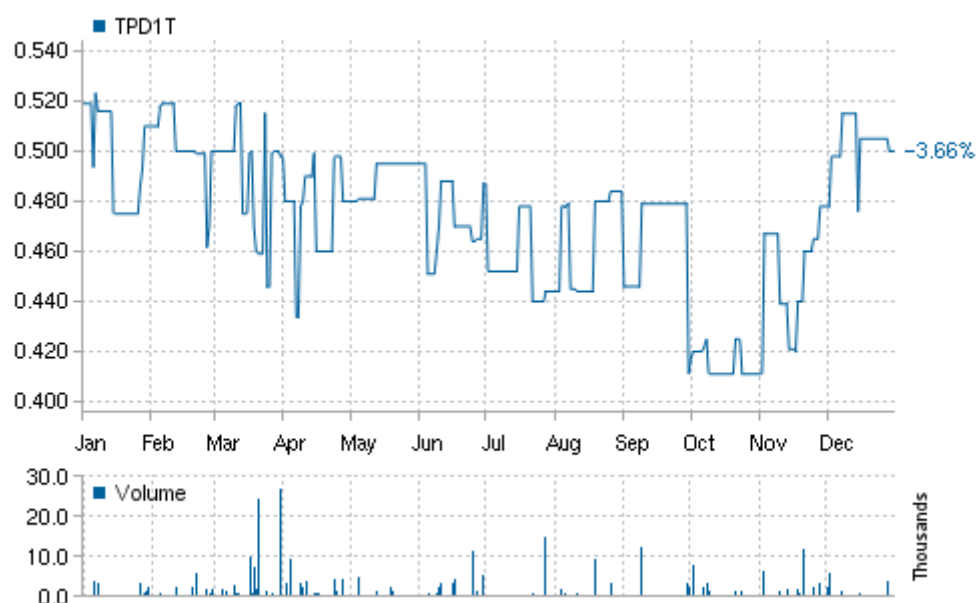
Market capitalisation = closing price of the share * number of shares

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 0.519 euros at the end of 2013 was closed in the end of December 2014 at 0.500 euros. In total of 274,702 shares were traded in 2014 and the total sales amounted to 127,650 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2014 to 31.12.2014:



The distribution of share capital by the number of shares acquired as at 31.12.2014

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	81	19.85%	2 479	0.06%
100-999	151	37.01%	51 467	1.14%
1 000-9 999	148	36.27%	392 814	8.73%
10 000-99 999	24	5.88%	799 129	17.76%
100 000-999 999	3	0.74%	570 980	12.69%
1 000 000-9 999 999	1	0.25%	2 682 192	59.62%
TOTAL	408	100%	4 499 061	100%

List of shareholders with over 1% holdings as at 31.12.2014.

Shareholder	Number of shares	Ownership %
OÜ TRIGON WOOD	2 682 192	59.62%
AS HARJU KEK	224 000	4.98%
MADIS TALGRE	195 000	4.33%
M.C.E.FIDARSI OSAÜHING	151 980	3.38%
JAMES KELLY	95 550	2.12%
OÜ SUUR SAMM	90 000	2.00%
Central Securities Depository of Lithuania	83 328	1.85%
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 December 2014 (31.12.2013: 1 employee). Total labour costs in 2014 were 10,255 euros (2013: 16,884 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 fourth quarter and 12 months of 2014 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

27.02.2015

Condensed consolidated statement of financial position

<i>EUR</i>	31.12.2014	31.12.2013
Cash	144 536	1 366
Receivables and prepayments (note 2)	93 254	1 013
Total current assets	237 790	2 379
Investment property (note 3)	2 350 000	2 330 000
Total non-current assets	2 350 000	2 330 000
TOTAL ASSETS	2 587 790	2 332 379
Borrowings (note 4)	12 516	25 031
Payables and prepayments (note 5)	26 293	25 747
Total current liabilities	38 809	50 778
Long-term borrowings (note 4)	124 550	109 646
Total non-current liabilities	124 550	109 646
Total liabilities	163 359	160 424
Share capital at nominal value (note 6)	2 699 437	2 699 437
Share premium	226 056	226 056
Statutory reserve capital	287 542	287 542
Retained earnings	-788 604	-1 041 080
Total equity	2 424 431	2 171 955
TOTAL LIABILITIES AND EQUITY	2 587 790	2 332 379

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>	4 Q 2014	4 Q 2013	2014	2013
Rental income (note 10)	0	1 409	3 420	12 329
Expenses related to investment property (note 7)	-7 760	-7 269	-13 530	-17 857
Gross profit (loss)	-7 760	-5 860	-10 110	-5 528
Administrative and general expenses (note 8)	-22 924	-13 430	-42 761	-36 016
Changes in fair value of investment property (note 3)	315 960	40 000	315 960	40 000
Operating profit (-loss)	285 276	20 710	263 089	-1 544
Net financial expense	-3 135	-2 817	-10 613	-7 328
NET PROFIT (-LOSS) FOR THE PERIOD	282 141	17 893	252 476	-8 872
TOTAL COMPREHENSIVE INCOME (LOSS)	282 141	17 893	252 476	-8 872
Basic earnings per share	0,06271	0,00398	0,05612	-0,00197
Diluted earnings per share	0,06271	0,00398	0,05612	-0,00197

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>	2014	2013
Cash flows from operating activities		
<i>Net profit (-loss) for the period</i>	252 476	-8 872
<i>Adjustments for:</i>		
Change in fair value of investment property (note 3)	-315 960	-40 000
Interest charge	10 613	7 328
Changes in working capital:		
Change in receivables and prepayments related to operating activities (note 2)	-92 241	1 905
Change in liabilities and prepayments related to operating activities (note 5)	-2 701	-2 328
Interests paid	-7 366	-2 503
Total cash flows used in operating	-155 179	-44 470
Cash flows from investing activities		
Capital expenditure on investment property (note 3)	-4 040	0
Disposal of investment property (note 3)	300 000	0
Total cash flows from investing activities	295 960	0
Cash flows from financing activities		
Received loans (note 4)	109 420	44 000
Repayment of loans (note 4)	-107 031	-25 032
Total cash flows from financing activities	2 389	18 968
CHANGE IN CASH BALANCE	143 170	-25 502
OPENING BALANCE OF CASH	1 366	26 868
CLOSING BALANCE OF CASH	144 536	1 366

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 31.12.2012	2 699 437	226 056	287 542	-1 032 208	2 180 827
Total comprehensive loss for 2013	0	0	0	-8 872	-8 872
Balance 31.12.2013	2 699 437	226 056	287 542	-1 041 080	2 171 955
Total comprehensive income for 2014	0	0	0	252 476	252 476
Balance 31.12.2014	2 699 437	226 056	287 542	-788 604	2 424 431

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 December 2014 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 fourth quarter and 12 months of 2014 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 2013.

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 fourth quarter and 12 months of 2014 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>	31.12.2014	31.12.2013
Receivables	90 015	0
Tax prepayments	3 239	1 013
TOTAL	93 254	1 013

Note 3 Investment property

	<i>EUR</i>
Balance as of 31.12.2012	2 290 000
Gain from change in fair value	40 000
Balance as at 31.12.2013	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

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

On the 3rd of November in 2014 a 2 hectare investment property at Kase 18 Pärnu was sold for 300,000 EUR.

The expenses related to the management of investment property totalled 13,530 euros in 2014 and 17,857 euros in 2013.

The property has been rented out until the beginning of construction works under operating lease agreements. Revenue from the leasing of investment property totalled 3,420 euros in 2014 and 12,329 euros in 2013.

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.

In 2013 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 8 to 15 per square meter, depending on the location and basic site infrastructure. Based on comparable transaction the valuer has estimated the sales price at 10.3 EUR/m². To evaluate the present value of the area as of 31.12.2013, the valuer has estimated the sales period to be 4 years and discount rate 18.7% was used.

As at 31 December 2013 the evaluation resulting in a fair value of 2,330,000 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 December 2014 and 31 December 2013, 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 long-term 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 31.12.2014

<i>EUR</i>	Current		Non-current	Interest rate	Currency	Due date
	Total borrowings	borrowings	borrowings			
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 31.12.2013

<i>EUR</i>	Current		Non-current	Interest rate	Currency	Due date
	Total borrowings	borrowings	borrowings			
Instalment payment for land	37 547	25 031	12 516	10%	EUR	20.05.2015
Loans from related parties	97 130	0	97 130	7%	EUR	31.12.2015
TOTAL	134 677	25 031	109 646			

Loans from related parties received in 2014 and 2013 have same terms as the previous loan.

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>	31.12.2014	31.12.2013
Payables	1 802	2 760
Interests payable	20 231	16 984
Other payables	4 260	6 003
TOTAL	26 293	25 747

Note 5 Equity

	Number of shares	Share capital
	<i>pcs</i>	<i>EUR</i>
Balance 31.12.2013	4 499 061	2 699 437
Balance 31.12.2014	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 December 2014 the accumulated losses amounted to -788,604 euros. As at 31 December 2013 the accumulated losses amounted to -1,041,081 euros.

As at 31 December 2014, the Group had 408 shareholders (31 December 2013: 444 shareholders) of which the entities with more than a 5% holdings were:

- Trigon Wood OÜ with 2,682,192 shares or 59.62% (2013: 59.62%)

Members of the Management Board and Supervisory Board did not own directly any shares of Trigon Property Development AS as at 31 December 2014 and 31 December 2013.

Note 7 Expenses related to investment property

<i>EUR</i>	4 Q 2014	4 Q 2013	2014	2013
Land tax	5 769	5 769	11 540	11 540
Evaluation	1 500	1 500	1 500	1 500
Other expenses	491	0	490	4 817
TOTAL	7 760	7 269	13 530	17 857

Note 8 Administrative and general expenses

<i>EUR</i>	4 Q 2014	4 Q 2013	2014	2013
Salary	-465	4 020	10 255	16 884
Auditing	7 500	7 500	7 778	7 500
Security transactions and stock exchange fees	2 028	1 402	7 396	6 459
Consulting	9 590	480	12 790	4 930
Other	4 271	28	4 542	243
TOTAL	22 924	13 430	42 761	36 016

Note 9 Earnings per share

<i>EUR</i>	2014	2013
Basic earnings per share (basic EPS)	0.05612	-0.00197
Diluted earnings per share	0.05612	-0.00197
Book value of the share	0.54	0.48
Price to earnings ratio (P/E)	8.91	-263.19
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange 31.12	0.500	0.519

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.

	2014		2013	
	EUR	%	EUR	%
Client A	0	0%	7 769	63%
Client B	3 420	100%	4 560	37%
TOTAL	3 420	100%	12 329	100%

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 2014 and 2013 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 2014 Group received loan from related parties in the amount of 109,420 (2013: 44,000) euros and repayed in the amount 82,000 (2013: 0) euros. As at 31 December 2014 the balance of loans from parent company was in the amount of 124,550 (2013: 97,130) euros and the accrued interest from these loans was 20,231 (2013: 16,984) euros. In 2014 interest 8,110 (2013: 4,825) euros were calculated.