

**Interim report for
the first quarter of 2017
(unaudited)**



Table of contents

BRIEF DESCRIPTION.....	3
MANAGEMENT REPORT	4
CONDENSED INTERIM REPORT.....	7
Management Board’s declaration	7
Condensed statement of financial position.....	8
Condensed statement of comprehensive income	9
Condensed cash flow statement	10
Condensed statement of changes in equity	11
Notes to condensed interim report	12
Note 1 Accounting Principles Followed upon Preparation of the 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	15
Note 8 Earnings per share	15
Note 9 Segment	15
Note 10 Related party transactions	15
Note 11 Assets held for sale	16

Brief description

AS Trigon Property Development is a real estate development company.

AS Trigon Property Development owns one real estate development project involving a 22.39-hectare area in the City of Pärnu, Estonia. Commercial real estate will be developed on this area.

The Company 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 (45.18%), Veikko Laine Oy (20.06%), Hermitage Eesti OÜ (9.58%), Thominvest Oy (9.04%) and SEB Finnish Clients (8.30%).

Business name:	AS Trigon Property Development
Address:	Viru väljak 2 Tallinn 10111
Commercial Registry no.:	10106774
Beginning of financial year:	1.1.2017
End of financial year:	31.12.2017
Beginning of interim period:	1.1.2017
End of interim period:	31.03.2017
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 31.03.2017, 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 Company'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 Company. 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 2016, the Company signed a preliminary sales-purchase agreement for the sale of a 10.4-hectare industrial property at 8.14 EUR/m². The final sale-purchase agreement was executed in March 2017. According to the real right contract, Trigon Property Development AS is obliged to build a road to the sold land plot.

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

Until 30 June 2016 the Company has one 100% subsidiary VN Niidu Kinnisvara OÜ, which was set up for the development of the land located in the area of Niidu Street in Pärnu. On 1 July 2016 Trigon Property Development AS was merged with VN Niidu Kinnisvara OÜ. 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	I Q 2017	I Q 2016
Total assets	2,350,691	2,403,564
Return on assets	-1.10%	-0.54%
Equity	2,324,796	2,402,018
Return on equity	-1.11%	-0.55%
Debt ratio	1.10%	0.06%

Share (31.03)	I Q 2017	I Q 2016
Closing price of the share	0.630	0.548
Earnings per share	-0.00575	-0.00291
Price-to-earnings (PE) ratio	-109.63	-188.33
Book value of the share	0.52	0.53
Price-to-book ratio	1.22	1.03
Market capitalisation	2,834,408	2,465,485

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 0.592 euros at the end of 2016 was closed in the end of March 2017 at 0.630 euros. In total of 49,762 shares were traded in the first 3 months of 2017 and the total sales amounted to 28,946 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2017 to 31.03.2017:



The distribution of share capital by the number of shares acquired as at 31.03.2017

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	88	24.04%	2,493	0.06%
100-999	136	37.16%	43,878	0.98%
1 000-9 999	115	31.42%	305,433	6.79%
10 000-99 999	21	5.74%	491,809	10.93%
100 000-999 999	5	1.37%	973,256	21.63%
1 000 000-9 999 999	1	0.27%	2,682,192	59.62%
TOTAL	366	100%	4,499,061	100%

List of shareholders with over 1% holdings as at 31.03.2017.

Shareholder	Number of shares	Ownership %
OÜ TRIGON WOOD	2,682,192	59.62
AS HARJU KEK	224,000	4.98
M.C.E.FIDARSI OSAÜHING	223,000	0.05
MADIS TALGRE	219,500	4.88
Kirschmann OÜ	204,752	4.55
JAMES KELLY	102,004	2.27
OÜ SUUR SAMM	77,192	1.72
TOIVO KULDMÄE	49,231	1.09

Personal

AS Trigon Property Development had no employees as at 31 March 2017 and 31 March 2016. There were no labour costs in first 3 months of 2017 and 2016.

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 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 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 2017 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

31.05.2017

Condensed statement of financial position

<i>EUR</i>	31.03.2017	31.12.2016	31.03.2016
Cash	551,414	38,393	93,130
Receivables and prepayments (note 2)	307,803	5,022	434
Assets held for sale (note 11)	0	850,000	0
Total current assets	859,217	893,415	93,564
Investment property (note 3)	1,491,474	1,471,532	2,310,000
Total non-current assets	1,491,474	1,471,532	2,310,000
TOTAL ASSETS	2,350,691	2,364,947	2,403,564
Payables and prepayments (note 4)	25,895	14,297	1,546
Total current liabilities	25,895	14,297	1,546
Total liabilities	25,895	14,297	1,546
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	-888,239	-862,385	-811,017
Total equity	2,324,796	2,350,650	2,402,018
TOTAL LIABILITIES AND EQUITY	2,350,691	2,364,947	2,403,564

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 2017	I Q 2016
Expenses related to investment property (note 6)	-11,499	-5,609
Gross loss	-11,499	-5,609
Administrative and general expenses (note 7)	-14,356	-7,485
Operating loss	-25,855	-13,094
Net financial income (-expense)	1	3
NET LOSS FOR THE PERIOD	-25,854	-13,091
TOTAL COMPREHENSIVE LOSS	-25,854	-13,091
Basic earnings per share	-0.00575	-0.00291
Diluted earnings per share	-0.00575	-0.00291

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 2017	I Q 2016
Cash flows from operating activities		
<i>Net loss for the period</i>	-25,854	-13,091
<u>Adjustments for:</u>		
Interest charge	-1	-3
Changes in working capital:		
Change in receivables and prepayments related to operating activities (note 2)	-302,781	16,570
Change in liabilities and prepayments related to operating activities (note 4)	11,598	-10,889
Change in assets held for sale (note 11)	850,000	0
Interests received	1	3
Total cash flows used in operating	532,963	-7,410
Cash flows from investing activities		
Capital expenditure on investment property (note 3)	-19,942	0
Total cash flows from investing activities	-19,942	0
CHANGE IN CASH BALANCE	513,021	-7,410
OPENING BALANCE OF CASH	38,393	100,540
CLOSING BALANCE OF CASH	551,414	93,130

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	Retained earnings	Total
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	-13,091	-13,091
Balance 31.03.2016	2,699,437	226,056	287,542	-811,017	2,402,018
Total comprehensive loss for the period	0	0	0	-51,368	-51,368
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

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 2017 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 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 2016.

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 2017 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>	31.03.2017	31.12.2016	31.03.2016
Receivables	300,089	0	107
Tax prepayments	7,714	5,022	327
TOTAL	307,803	5,022	434

Note 3 Investment property

	<i>EUR</i>
Balance as of 31.12.2015	2,310,000
Balance as of 31.03.2016	2,310,000
Capital expenditure on investment property	13,132
Loss from change in fair value	-1,600
Reclassification to assets held for sale	-850,000
Balance as at 31.12.2016	1,471,532
Capital expenditure on investment property	19,942
Balance as at 31.03.2017	1,491,474

As at 31 March 2017, 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 11,499 euros in the first 3 months of 2017 and 5,609 euros in the first 3 months of 2016 (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 Company 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.

As the Company sells large part of industrial property, the average price of the remaining 22.4-hectare land, largely business property, increases compared to the average assumption 10.96 EUR/m² used in the valuation of 2015. In 2016, 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 EUR 7.2 to 39.1 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 12.90 EUR/m². To evaluate the present value of the area as at 31.12.2016, the Management has estimated the sales period to be 4 years and has used a discount rate of 14.23%.

As at 31 December 2016, the evaluation resulted in a fair value of 1,471,532 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 31.12.2016:

Discount rate	Sales price, EUR / m ²						
	11.06	11.64	12.26	12.90	13.55	14.22	14.93
12.20%	1,270,000	1,360,000	1,470,000	1,570,000	1,680,000	1,800,000	1,920,000
12.84%	1,240,000	1,340,000	1,440,000	1,540,000	1,650,000	1,760,000	1,880,000
13.52%	1,210,000	1,310,000	1,410,000	1,510,000	1,620,000	1,730,000	1,840,000
14.23%	1,180,000	1,280,000	1,380,000	1,480,000	1,580,000	1,690,000	1,800,000
14.94%	1,160,000	1,250,000	1,340,000	1,450,000	1,550,000	1,650,000	1,770,000
15.69%	1,130,000	1,220,000	1,310,000	1,410,000	1,510,000	1,620,000	1,730,000
16.47%	1,100,000	1,190,000	1,280,000	1,380,000	1,480,000	1,580,000	1,690,000

Sales period	EUR
+1 year	1,294,000
-1 year	1,763,000

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 2016, investment properties were encumbered with mortgages for the benefit of the Republic of Estonia in the amount of 395 thousand euros. As at 31 March 2016, the carrying amount of investment properties encumbered with mortgages was 2,310,000 euros. As at 31 March 2017, there were no mortgages.

Note 4 Payables and prepayments

<i>EUR</i>	31.03.2017	31.12.2016	31.03.2016
Payables	25,895	11,297	1,546
Other payables	0	3,000	0
TOTAL	25,895	14,297	1,546

Note 5 Equity

	Number of shares (pcs)	Share capital (EUR)
Balance 31.03.2016	4,499,061	2,699,437
Balance 31.12.2016	4,499,061	2,699,437
Balance 31.03.2017	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 2017 the accumulated losses amounted to -888,239 euros. As at 31 December 2016 the accumulated losses amounted to -862,385 euros.

As at 31 March 2017, the Company had 366 shareholders (31 December 2016: 366 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 2016: 59.62%)

Members of the Management Board and Supervisory Board did not own directly any shares of Trigon Property Development AS at 31 March 2017 and 31 December 2016.

Note 6 Expenses related to investment property

<i>EUR</i>	I Q 2017	I Q 2016
Land tax	5,609	5,609
Other expenses	5,890	0
TOTAL (Note 3)	11,499	5,609

Note 7 Administrative and general expenses

<i>EUR</i>	I Q 2017	I Q 2016
Consulting	4,080	3,450
Security transactions and stock	2,090	1,918
Legal expenses	7,199	0
Auditing	20	40
Accounting service	930	1,542
Other	37	535
TOTAL	14,356	7,485

Note 8 Earnings per share

<i>EUR</i>	I Q 2017	I Q 2016
Basic earnings per share (basic EPS)	-0.00575	-0.00291
Diluted earnings per share	-0.00575	-0.00291
Book value of the share	0.52	0.53
Price to earnings ratio (P/E)	-109.63	-188.33
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange	0.630	0.548

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 2017 and 2016.

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 Company.

The Company 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 (45.18%), Veikko Laine Oy (20.06%), SEB Finnish Clients (8.30%), Hermitage Eesti OÜ (9.58%) and Thominvest Oy (9.04%).

In the first 3 months of 2017 and 2016 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 2017 the Company bought services from the companies under the control of the Members of the Supervisory Board in the amount of 4,080 euros (2016 Q1: 3,450 euros). In the first 3 months of 2017 the Company bought services from the owners of the parent company in the amount of 930 euros (2016 Q1: 1,542 euros). As at 31 March 2017 the amount of 1,116 euros was unpaid to the related parties (31.03.2016: 1,440 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.