

**Consolidated interim report for
the first quarter of 2013
(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 35.46-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:	1.1.2013
End of financial year:	31.12.2013
Beginning of interim period:	1.1.2013
End of interim period:	31.03.2013
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 31.03.2013 AS Trigon Property Development owned one development project involving a 35.46-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 2012 a 6,006 m² legal share of immovable (6,006 m²/41,341 m²) at Niidu 9 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 31.03.2013	Shareholding as of 31.03.2012
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	3 m 2013	3 m 2012
Total assets	2 307 701	2 434 845
Return on assets	-0.32%	-0.30%
Equity	2 173 406	2 156 751
Return on equity	-0.34%	-0.34%
Debt ratio	5.82%	11.42%
Share (31.03)	3 m 2013	3 m 2012
Closing price of the share	0.31	0.285
Earnings per share	-0.00165	-0.00162
Price-to-earnings (PE) ratio	-187.94	-176.28
Book value of the share	0.48	0.48
Price-to-book ratio	0.64	0.59
Market capitalisation	1 394 709	1 282 232

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 0.295 euros at the end of 2012 was closed in the end of March 2013 at 0.31 euros. In total of 397,742 shares were traded in 3 months 2013 and the total sales amounted to 106,674 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2013 to 31.03.2013:



The distribution of share capital by the number of shares acquired as at 31.03.2013

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	87	17.61%	2 878	0.06%
100-999	182	36.84%	62 992	1.40%
1 000-9 999	189	38.26%	499 831	11.11%
10 000-99 999	32	6.48%	884 921	19.67%
100 000-999 999	3	0.61%	366 247	8.14%
1 000 000-9 999 999	1	0.20%	2 682 192	59.62%
TOTAL	494	100%	4 499 061	100%

List of shareholders with over 1% holdings as at 31.03.2013.

Shareholder	Number of shares	Ownership %
OÜ TRIGON WOOD	1 609 315	59.62%
OÜ SUUR SAMM	75 096	2.78%
SWEDBANK AB CLIENTS	73 310	2.72%
Central Securities Depository of Lithuania	71 342	2.64%
JAMES KELLY	46 800	1.73%
Skandinaviska Enskilda Banken Finnish Clients	40 706	1.51%
E.N.Co Holdings osäuhing	34 800	1.29%
MADIS TALGRE	33 000	1.22%
TOIVO KULDMÄE	29 539	1.09%
ERSTE GROUP BANK AG CLIENTS ACCOUNT	27 000	1.00%

Personal

AS Trigon Property Development had one employee as at 31 March 2013 and 31 March 2012. Total labour costs in the first quarter of 2013 were 4,824 euros (Q1 2012: were 6,442 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 3.

Management and Supervisory Boards and auditor

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

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 condensed unaudited interim report of AS Trigon Property Development for the first quarter 2013 as set out on pages 4-15.

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

30.05.2013

Condensed consolidated statement of financial position

<i>EUR</i>	31.03.2013	31.12.2012	31.03.2012
Cash	16 628	26 868	2 299
Receivables and prepayments	1 073	2 918	7 546
Total current assets	17 701	29 786	9 845
Investment property (note 2)	2 290 000	2 290 000	2 425 000
Total non-current assets	2 290 000	2 290 000	2 425 000
TOTAL ASSETS	2 307 701	2 319 786	2 434 845
Borrowings (note 3)	25 032	25 032	25 032
Payables and prepayments (note 4)	18 586	23 250	53 984
Total current liabilities	43 618	48 282	79 016
Long-term borrowings (note 3)	90 677	90 677	199 078
Total non-current liabilities	90 677	90 677	199 078
Total liabilities	134 295	138 959	278 094
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	-1 039 629	-1 032 208	-1 056 284
Total equity	2 173 406	2 180 827	2 156 751
TOTAL LIABILITIES AND EQUITY	2 307 701	2 319 786	2 434 845

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>	3 m 2013	3 m 2012
Rental income (note 9)	3 640	4 740
Expenses related to investment property (note 6)	-3 817	-1 405
Gross loss (profit)	-177	3 335
Administrative and general expenses (note 7)	-6 327	-8 240
Operating loss	-6 504	-4 905
Net financial income	-917	-2 369
NET LOSS FOR THE PERIOD	-7 421	-7 274
TOTAL COMPREHENSIVE INCOME	-7 421	-7 274
Basic earnings per share	-0,00165	-0,00162
Diluted earnings per share	-0,00165	-0,00162

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>	3 m 2013	3 m 2012
Cash flows from operating activities		
<i>Net loss for the period</i>	-7 421	-7 274
<u>Adjustments for:</u>		
Interest charge	917	2 369
<i>Changes in working capital:</i>		
Change in receivables and prepayments related to operating activities	1 845	-5 028
Change in liabilities and prepayments related to operating activities	-5 581	-3 630
Total cash flows used in operating activities	-10 240	-13 563
Cash flows from financing activities		
Received loans	0	3 370
Total cash flows from financing activities	0	3 370
CHANGE IN CASH BALANCE	-10 240	-10 193
OPENING BALANCE OF CASH	26 868	12 492
CLOSING BALANCE OF CASH	16 628	2 299

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
Balance 31.12.2011	2 699 437	226 056	287 542	-1 049 010	2 164 025
Total comprehensive income for the period	0	0	0	-7 274	-7 274
Balance 31.03.2012	2 699 437	226 056	287 542	-1 056 284	2 156 751
Balance 31.12.2012	2 699 437	226 056	287 542	-1 032 208	2 180 827
Total comprehensive income for the reporting period	0	0	0	-7 421	-7 421
Balance 31.03.2013	2 699 437	226 056	287 542	-1 039 629	2 173 406

The notes to the consolidated condensed interim financial statements presented on pages 12-15 are an integral part of these financial statements.

Notes to condensed consolidated interim report

Note 1 Accounting methods and evaluation bases used in the preparation of the condensed consolidated interim report

The condensed interim report prepared as at 31 March 2013 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.

The accounting policies used for preparing the condensed consolidated interim report of AS Trigon Property Development for the first quarter of 2013 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". Condensed 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 2012.

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 first quarter of 2013 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 Investment property

EUR

Balance as at 31.12.2011	2 425 000
Balance as at 31.03.2012	2 425 000
Sales of investment property	-211 000
Loss from change in fair value 2012	76 000
Balance as at 31.12.2012	2 290 000
Balance as at 31.03.2013	2 290 000

Group currently owns one real estate development project involving a 35.46-hectare area in the City of Pärnu, Estonia.

On the 18th of May in 2012 a 6,006 m² legal share of immovable (6,006 m²/41,341 m²) at Niidu 9 Pärnu was sold for 211,000 EUR.

The expenses related to the management of investment property totalled 3,817 euros in the first quarter of 2013 (Q1 2012: 1,405 euros).

The property has been rented out until the beginning of construction works under operating lease agreements. Revenue from the leasing of investment property totalled 3,640 euros in the first quarter of 2013 (Q1 2012: 4,740 euros).

In 2012 the investment property was valued by independent valuer Neweswc 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 7 to 15 per square meter, inclusive of basic site infrastructure (internal roads and access road, water / sewage, etc). Based on comparable transaction the valuer has estimated the

sales price at 10 EUR/m². To evaluate the present value of the area as of 31.12.2012, the valuer has estimated the sales period to be 4 years and discount rate 19.6% was used.

As at 31 December 2012 the evaluation resulting in a fair value of 2,290,000 euros.

As at 31 March 2013 and 31 December 2012, 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 3). As at 31 March 2013 the carrying amount of investment properties encumbered with mortgages was 2,290,000 euros and 31 March 2012 2,425,000 euros.

Note 3 Borrowings

<i>EUR</i>	31.03.2013	31.12.2012	31.03.2012
Current borrowings			
<i>Instalment payment for land</i>	25 032	25 032	25 032
TOTAL	25 032	25 032	25 032
Non-current borrowings			
<i>Instalment payment for land</i>	37 547	37 547	62 578
<i>Loans from related parties</i>	53 130	53 130	136 500
TOTAL	90 677	90 677	199 078

As at 31 March 2013 short-term borrowings include instalment payment for land 25,032 (31 March 2012: 25,032) euros with the repayment date 20 November 2013 (31 March 2012: 20 November 2012).

As at 31 March 2013 non-current borrowings include the instalment payment for land 37,547 (31 March 2012: 62,579) euros on which interest in the fixed amount of 2,503 euros per annum is paid. The repayment date of the loan is 2015. Long-term borrowings include also loans from parent company in the amount of 53,130 (31 March 2012: 136,500) euros with the repayment date 31.12.2014.

Borrowing terms have not been breached during the accounting period or as at the balance sheet date.

Note 4 Payables and prepayments

<i>EUR</i>	31.03.2013	31.12.2012	31.03.2012
Payables	3 164	4 508	4 391
Prepayments	0	0	21 000
Interests	13 076	12 159	23 293
Other payables	2 346	6 583	5 300
TOTAL	18 586	23 250	53 984

As at 31st of December 2011 a prepayment for the preliminary sale of part of immovable at Niidu 9 Pärnu equal to 6,006/41,341 of total immovable is reflected.

Note 5 Equity

	Number of shares <i>pcs</i>	Share capital <i>EUR</i>
Balance 31.03.2013	4 499 061	2 699 437
Balance 31.12.2012	4 499 061	2 699 437
Balance 31.03.2012	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 2013 the retained earnings amounted to -1,039,629 euros and as at 31 March 2012 the retained earnings amounted to -1,056,284 euros.

As at 31 March 2013, the Group had 494 shareholders (31 March 2012: 514 shareholders) of which the entities with more than a 5% holdings were:

- Trigon Wood OÜ with 2 682 192 shares or 59.62% (2012: 59.62%)

Members of the Management Board and Supervisory Board owned no shares as at 31 March 2013 and 31 March 2012.

Note 6 Expenses related to investment property

<i>EUR</i>	3 m 2013	3 m 2012
Other expenses	3 817	1 405
TOTAL	3 817	1 405

Note 7 Administrative and general expenses

<i>EUR</i>	3 m 2013	3 m 2012
Security transactions and stock exchange fees	1 475	1 328
Salary	4 824	6 442
Other expenses	28	470
TOTAL	6 327	8 240

Note 8 Earnings per share

<i>EUR</i>	3 m 2013	3 m 2012
Basic earnings per share (basic EPS)	-0.00165	-0.00162
Diluted earnings per share	-0.00165	-0.00162
Book value of the share	0.48	0.48
Price to earnings ratio (P/E)	-187.94	-176.28
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange 31.03	0.310	0.285

Basic earnings per share have been calculated on the basis of the net profit 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 rents out land and develops property in Estonia.

	3 m 2013		3 m 2012	
	<i>EUR</i>	%	<i>EUR</i>	%
Client A	2 500	69%	3 600	76%
Client B	1 140	31%	1 140	24%
TOTAL	3 640	100%	4 740	100%

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 Nasdaq OMX Tallinn Stock Exchange. 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%).

In 2013 and 2012 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 quarter of 2012 Group received loan from related parties in the amount of 3,370 euros.

As at 31 March 2013 the balance of loans from parent company was in the amount of 53,130 (31 March 2012: 136,500) euros and the accrued interest from these loans was 13,076 (31 March 2012: 23,293) euros. In the first quarter of 2013 interest 917 (Q1 2012: 2,371) euros were calculated.