

**Consolidated interim report for
the third quarter and first 9 months 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:	30.09.2013
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 30.09.2013 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 30.09.2013	Shareholding as of 31.12.2012	Shareholding as of 30.09.2012
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.

Financial ratios

Statement of financial position	9 m 2013	9 m 2012
Total assets	2,300,422	2,511,118
Return on assets	-1.16%	5.37%
Equity	2,154,062	2,298,814
Return on equity	-1.24%	5.86%
Debt ratio	6.36%	8.45%

Share (30.09)	9 m 2013	9 m 2012
Closing price of the share	0.542	0.339
Earnings per share	-0.00595	0.02996
Price-to-earnings (PE) ratio	-91.11	11.32
Book value of the share	0.48	0.51
Price-to-book ratio	1.13	0.66
Market capitalisation	2,438,491	1,525,182

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 September 2013 at 0.54 euros. In total of 783,424 shares were traded in 9 months of 2013 and the total sales amounted to 288,913 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2013 to 30.09.2013:



The distribution of share capital by the number of shares acquired as at 30.09.2013

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	84	18.67%	2,720	0.06%
100-999	167	37.11%	57,229	1.27%
1 000-9 999	163	36.22%	422,504	9.39%
10 000-99 999	32	7.11%	913,172	20.30%
100 000-999 999	3	0.67%	421,244	9.36%
1 000 000-9 999 999	1	0.22%	2,682,192	59.62%
TOTAL	450	100%	4,499,061	100%

List of shareholders with over 1% holdings as at 30.09.2013.

Shareholder	Number of shares	Ownership %
OÜ TRIGON WOOD	2,682,192	59.62
AS HARJU KEK	208,000	2.78
OÜ SUUR SAMM	109,335	2.65
Central Securities Depository of Lithuania	103,909	2.46
M.C.E.FIDARSI OSAÜHING	87,000	1.87
MADIS TALGRE	82,000	1.73
JAMES KELLY	79,968	1.51
Skandinaviska Enskilda Banken Finnish Clients	67,844	1.44
KIRSCHMANN OÜ	51,310	1.29
TOIVO KULDMÄE	49,231	1.09
ERSTE GROUP BANK AG CLIENTS ACCOUNT	45,000	1.00

Personal

AS Trigon Property Development had one employee as at 30 September 2013 and 30 September 2012. Total labour costs in first 9 months of 2013 were 12,864 euros (9 m 2012: were 19,336 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 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 condensed unaudited interim report of AS Trigon Property Development for the third quarter and first 9 months of 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

11.11.2013

Condensed consolidated statement of financial position

<i>EUR</i>	30.09.2013	31.12.2012	30.09.2012
Cash	10 081	26 868	124 245
Receivables and prepayments	341	2 918	2 353
Total current assets	10 422	29 786	126 598
Investment property (note 2)	2 290 000	2 290 000	2 384 520
Total non-current assets	2 290 000	2 290 000	2 384 520
TOTAL ASSETS	2 300 422	2 319 786	2 511 118
Borrowings (note 3)	12 516	25 032	12 516
Payables and prepayments (note 4)	17 167	23 250	34 080
Total current liabilities	29 683	48 282	46 596
Long-term borrowings (note 3)	116 677	90 677	165 708
Total non-current liabilities	116 677	90 677	165 708
Total liabilities	146 360	138 959	212 304
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	-1 058 973	-1 032 208	-914 221
Total equity	2 154 062	2 180 827	2 298 814
TOTAL LIABILITIES AND EQUITY	2 300 422	2 319 786	2 511 118

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>	Q3 2013	Q3 2012	9 m 2013	9 m 2012
Rental income (note 9)	3 640	4 740	10 920	13 840
Expenses related to investment property (note 6)	-1 000	-59	-10 588	-10 343
Gross loss (profit)	2 640	4 681	332	3 497
Administrative and general expenses (note 7)	-7 151	-9 029	-22 586	-31 678
Changes in fair value of investment property (note 2)	0	0	0	170 520
Operating loss	-4 511	-4 348	-22 254	142 339
Net financial income	-1 281	-1 787	-4 511	-7 550
NET LOSS FOR THE PERIOD	-5 792	-6 135	-26 765	134 789
TOTAL COMPREHENSIVE INCOME	-5 792	-6 135	-26 765	134 789
Basic earnings per share	-0,00129	-0,00136	-0,00595	0,02996
Diluted earnings per share	-0,00129	-0,00136	-0,00595	0,02996

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 2013	9 m 2012
Cash flows from operating activities		
<i>Net loss for the period</i>	-26 765	134 789
<i>Adjustments for:</i>		
Change in fair value of investment property	0	-170 520
Interest charge	4 511	7 550
<i>Changes in working capital:</i>		
Change in receivables and prepayments related to operating activities	2 576	164
Change in liabilities and prepayments related to operating activities	-9 341	-27 462
<i>Cash used in operations</i>	-29 019	-55 479
Interests paid	-1 252	-1 252
Total cash flows used in operating activities	-30 271	-56 731
Cash flows from investing activities		
Sales of investment property	0	211 000
Total cash flows from investing activities	0	211 000
Cash flows from financing activities		
Received loans (note 3)	26 000	3 370
Repayment of loans (note 3)	-12 516	-45 886
Total cash flows from financing activities	13 484	-42 516
CHANGE IN CASH BALANCE	-16 787	111 753
OPENING BALANCE OF CASH	26 868	12 492
CLOSING BALANCE OF CASH	10 081	124 245

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	134 789	134 789
Balance 30.09.2012	2 699 437	226 056	287 542	-914 221	2 298 814
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	-26 765	-26 765
Balance 30.09.2013	2 699 437	226 056	287 542	-1 058 973	2 154 062

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 30 September 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 third quarter and first 9 months 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 third quarter and first 9 months 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
Sales of investment property	-211,000
Loss from change in fair value 2012	170,520
Balance as at 30.09.2012	2,384,520
<hr/>	
Balance as at 31.12.2012	2,290,000
Balance as at 30.09.2013	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 10,588 euros in the first 9 months of 2013 (9 m 2012: 10,343 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 10,920 euros in the first 9 months of 2013 (9 m 2012: 13,40 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 30 September 2013 and 30 September 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. As at 30 September 2013 the carrying amount of investment properties encumbered with mortgages was 2,290,000 euros and 30 September 2012 2,384,520 euros.

Note 3 Borrowings

<i>EUR</i>	30.09.2013	31.12.2012	30.09.2012
Current borrowings			
<i>Instalment payment for land</i>	12,516	25,032	12,516
TOTAL	12,516	25,032	12,516
Non-current borrowings			
<i>Instalment payment for land</i>	37,547	37,547	62,578
<i>Loans from related parties</i>	79,130	53,130	103,130
TOTAL	116,677	90,677	165,708

As at 30.09.2013 short-term borrowings include instalment payment for land 12,516 (30.09.2012: 12,516) euros with the repayment date 20 November 2013 (30.09.2012: 20.11.2012).

As at 30.09.2013 non-current borrowings include the instalment payment for land 37,547 (30.09.2012: 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 79,130 (30.09.2012: 103,130) euros with the repayment date 31 December 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>	30.09.2013	31.12.2012	30.09.2012
Payables	671	4,508	5,065
Interests	15,418	12,159	27,273
Other payables	1,078	6,583	1,742
TOTAL	17,167	23,250	34,080

Note 5 Equity

	Number of shares <i>pcs</i>	Share capital <i>EUR</i>
Balance 30.09.2013	4 499 061	2 699 437
Balance 31.12.2012	4 499 061	2 699 437
Balance 30.09.2012	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 30 September 2013 the retained earnings amounted to -1,058,973 euros and as at 30 September 2012 the retained earnings amounted to -914,221 euros.

As at 30 September 2013, the Group had 450 shareholders (30 September 2012: 495 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 30 September 2013 and 30 September 2012.

Note 6 Expenses related to investment property

<i>EUR</i>	Q3 2013	Q3 2012	9 m 2013	9 m 2012
Land tax	0	0	5,771	5,719
Other expenses	1,000	59	4,817	4,624
TOTAL	1,000	59	9,588	10,343

Note 7 Administrative and general expenses

<i>EUR</i>	Q3 2013	Q3 2012	9 m 2013	9 m 2012
Salary	4,020	6,451	12,864	19,336
Consultation	1,600	0	4,450	6,140
Security transactions and stock exchange fees	1,504	2,379	5,057	5,201
Other expenses	27	199	215	1,001
TOTAL	7,151	9,029	22,586	31,678

Note 8 Earnings per share

<i>EUR</i>	9 m 2013	9 m 2012
Basic earnings per share (basic EPS)	-0.00595	0,02996
Diluted earnings per share	-0.00595	0,02996
Book value of the share	0.48	0.51
Price to earnings ratio (P/E)	-91.11	11.32
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange 30.09	0.54	0.34

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.

	9 m 2013		9 m 2012	
	EUR	%	EUR	%
Client A	7,500	69%	10,800	78%
Client B	3,420	31%	3,040	22%
TOTAL	10,920	100%	13,840	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 9 months of 2013 Group received loan from related parties in the amount of 26,000 euros. In the first 9 months of 2012 Group received loan from related parties in the amount of 3,370 euros and repayed 33,370 euros.

As at 30.09.2013 the balance of loans from parent company was in the amount of 79,130 (30.09.2012: 103,130) euros and the accrued interest from these loans was 15,418 (30.09.2012: 27,273) euros. In the first 9 months of 2013 interest 3,259 (9 m 2012: 6,350) euros were calculated.