

**Consolidated interim report for  
the fourth quarter and 12 months of 2013  
(unaudited)**



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## Brief description

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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:	31.12.2013
Auditor:	PricewaterhouseCoopers AS
Phone:	+372 6679 200
Fax:	+372 6679 201
E-mail:	info@trigonproperty.com
Internet homepage:	www.trigonproperty.com

## Management report

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### Overview of business areas

The main business activity of Trigon Property Development AS is real estate development. As at 31.12.2013 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 m<sup>2</sup> legal share of immovable (6,006 m<sup>2</sup>/41,341 m<sup>2</sup>) 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 31.12.2013	Shareholding as of 31.12.2012
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	2013	2012
Total assets	2 332 379	2 319 786
Return on assets	-0.38%	0.72%
Equity	2 171 954	2 180 827
Return on equity	-0.41%	0.77%
Debt ratio	6.88%	5.99%
<b>Share (31.12)</b>	<b>2013</b>	<b>2012</b>
Closing price of the share	0.519	0.295
Earnings per share	-0.00197	0.00373
Price-to-earnings (PE) ratio	-263.19	78.99
Book value of the share	0.48	0.48
Price-to-book ratio	1.08	0.61
Market capitalisation	2 335 013	1 327 223

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<sup>th</sup> 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 December 2013 at 0.519 euros. In total of 864,714 shares were traded in 2013 and the total sales amounted to 330,137 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2013 to 31.12.2013:



The distribution of share capital by the number of shares acquired as at 31.12.2013

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	84	18.92%	2 731	0.06%
100-999	165	37.16%	56 027	1.25%
1 000-9 999	162	36.49%	435 859	9.69%
10 000-99 999	28	6.31%	793 143	17.63%
100 000-999 999	4	0.90%	529 109	11.76%
1 000 000-9 999 999	1	0.23%	2 682 192	59.62%
<b>TOTAL</b>	<b>444</b>	<b>100%</b>	<b>4 499 061</b>	<b>100%</b>

List of shareholders with over 1% holdings as at 31.12.2013.

Shareholder	Number of shares	Ownership %
OÜ TRIGON WOOD	2 682 192	59.62%
AS HARJU KEK	220 000	4.89%
OÜ SUUR SAMP	108 609	2.41%
MADIS TALGRE	100 500	2.23%
M.C.E.FIDARSI OSAÜHING	100 000	2.22%
Central Securities Depository of Lithuania	99 152	2.20%
JAMES KELLY	79 968	1.78%
Skandinaviska Enskilda Banken Finnish Clients	67 844	1.51%
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 31 December 2013 and 31 December 2012. Total labour costs in 2013 were 16,884 euros and 2012 were 25,787 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 Kemp.

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

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### 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 fourth quarter and 12 months of 2013 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

26.02.2014

## Condensed consolidated statement of financial position

<i>EUR</i>	<b>31.12.2013</b>	<b>31.12.2012</b>
Cash	1 366	26 868
Receivables and prepayments	1 013	2 918
<b>Total current assets</b>	<b>2 379</b>	<b>29 786</b>
Investment property (note 2)	2 330 000	2 290 000
<b>Total non-current assets</b>	<b>2 330 000</b>	<b>2 290 000</b>
<b>TOTAL ASSETS</b>	<b>2 332 379</b>	<b>2 319 786</b>
Borrowings (note 3)	25 032	25 032
Payables and prepayments (note 4)	25 747	23 250
<b>Total current liabilities</b>	<b>50 779</b>	<b>48 282</b>
Long-term borrowings (note 3)	109 646	90 677
<b>Total non-current liabilities</b>	<b>109 646</b>	<b>90 677</b>
<b>Total liabilities</b>	<b>160 425</b>	<b>138 959</b>
Share capital at nominal value (note 5)	2 699 437	2 699 437
Share premium	226 056	226 056
Statutory reserve capital	287 542	287 542
Retained earnings	-1 041 081	-1 032 208
<b>Total equity</b>	<b>2 171 954</b>	<b>2 180 827</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2 332 379</b>	<b>2 319 786</b>

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 2013	4 Q 2012	2013	2012
Rental income (note 9)	1 409	4 373	12 329	18 213
Expenses related to investment property (note 6)	-7 269	-9 753	-17 857	-20 096
<b>Gross loss</b>	<b>-5 860</b>	<b>-5 380</b>	<b>-5 528</b>	<b>-1 883</b>
Administrative and general expenses (note 7)	-13 430	-15 516	-36 016	-47 194
Changes in fair value of investment property (note 2)	40 000	-94 520	40 000	76 000
<b>Operating profit (-loss)</b>	<b>20 710</b>	<b>-115 416</b>	<b>-1 544</b>	<b>26 923</b>
Net financial income	-2 817	-2 571	-7 328	-10 121
<b>NET PROFIT (-LOSS) FOR THE PERIOD</b>	<b>17 893</b>	<b>-117 987</b>	<b>-8 872</b>	<b>16 802</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>17 893</b>	<b>-117 987</b>	<b>-8 872</b>	<b>16 802</b>
Basic earnings per share	0,00398	-0,02622	-0,00197	0,00373
Diluted earnings per share	0,00398	-0,02622	-0,00197	0,00373

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>	2013	2012
<b>Cash flows from operating activities</b>		
<i>Net profit (-loss) for the period</i>	-8 872	16 802
<u>Adjustments for:</u>		
Change in fair value of investment property (note 2)	-40 000	-76 000
Interest charge	7 328	10 121
<b>Changes in working capital:</b>		
Change in receivables and prepayments related to operating activities	1 905	-400
Change in liabilities and prepayments related to operating activities	-2 328	-23 178
<b>Cash used in operations</b>	<b>-41 967</b>	<b>-72 655</b>
Interests paid	-2 503	-18 938
<b>Total cash flows used in operating activities</b>	<b>-44 470</b>	<b>-91 592</b>
<b>Cash flows from investing activities</b>		
Sales of investment property	0	211 000
<b>Total cash flows from investing activities</b>	<b>0</b>	<b>211 000</b>
<b>Cash flows from financing activities</b>		
Received loans (note 3)	44 000	24 170
Repayment of loans (note 3)	-25 032	-129 202
<b>Total cash flows from financing activities</b>	<b>18 968</b>	<b>-105 032</b>
<b>CHANGE IN CASH BALANCE</b>	<b>-25 502</b>	<b>14 376</b>
<b>OPENING BALANCE OF CASH</b>	<b>26 868</b>	<b>12 492</b>
<b>CLOSING BALANCE OF CASH</b>	<b>1 366</b>	<b>26 868</b>

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
<b>Balance 31.12.2011</b>	<b>2 699 437</b>	<b>226 056</b>	<b>287 542</b>	<b>-1 049 010</b>	<b>2 164 025</b>
Total comprehensive income for 2012	0	0	0	16 802	16 802
<b>Balance 31.12.2012</b>	<b>2 699 437</b>	<b>226 056</b>	<b>287 542</b>	<b>-1 032 208</b>	<b>2 180 827</b>
Total comprehensive loss for 2013	0	0	0	-8 872	-8 872
<b>Balance 31.12.2013</b>	<b>2 699 437</b>	<b>226 056</b>	<b>287 542</b>	<b>-1 041 080</b>	<b>2 171 955</b>

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

The condensed interim report prepared as at 31 December 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 fourth quarter and 12 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 fourth quarter and 12 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

	<i>EUR</i>
<b>Balance as of 31.12.2011</b>	<b>2 425 000</b>
Sales of investment property	-211 000
Loss from change in fair value	76 000
<b>Balance as at 31.12.2012</b>	<b>2 290 000</b>
Loss from change in fair value	40 000
<b>Balance as at 31.12.2013</b>	<b>2 330 000</b>

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 m<sup>2</sup> legal share of immovable (6,006 m<sup>2</sup>/41,341 m<sup>2</sup>) at Niidu 9 Pärnu was sold for 211,000 EUR.

The expenses related to the management of investment property totalled 17,857 euros in the 2013 (2012: 20,096 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 12,329 euros in 2013 (2012: 18,213 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/m<sup>2</sup>. 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.

In 2012 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 7 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 EUR/m<sup>2</sup>. 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 December 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 December 2013 the carrying amount of investment properties encumbered with mortgages was 2,330,000 euros and 31 December 2012 2,290,000 euros.

### Note 3 Borrowings

<i>EUR</i>	31.12.2013	31.12.2012
<b>Current borrowings</b>		
<i>Instalment payment for land</i>	25,032	25,032
<b>TOTAL</b>	<b>25,032</b>	<b>25,032</b>
<b>Non-current borrowings</b>		
<i>Instalment payment for land</i>	12,516	37,547
<i>Loans from related parties</i>	97,130	53,130
<b>TOTAL</b>	<b>109,646</b>	<b>90,677</b>

As at 31 December 2013 short-term borrowings include instalment payment for land 25,032 (2012: 25,032) euros with the repayment date 20 November 2014 (2012: 20 November 2013).

Non-current borrowings include the instalment payment for land 12,516 (2012: 37,547) 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 97,130 (2012: 53,130) euros with interest rate 7% and the repayment date 31.12.2015. The loan received in 2013 has same terms as the previous loan.

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>	31.12.2013	31.12.2012
Payables	2 760	4 508
Interests	16 984	12 159
Other payables	6 003	6 583
<b>TOTAL</b>	<b>25 747</b>	<b>23 250</b>

## Note 5 Equity

	Number of shares <i>pcs</i>	Share capital <i>EUR</i>
Balance 31.12.2013	4 499 061	2 699 437
Balance 31.12.2012	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 December 2013 the retained earnings amounted to -1,041,081 euros. As at 31 December 2012 the retained earnings amounted to -1,032,208 euros.

As at 31 December 2013, the Group had 444 shareholders (31 December 2012: 492 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 did not own directly any shares of Trigon Property Development AS as at 31 December 2013 and 31 December 2012

## Note 6 Expenses related to investment property

<i>EUR</i>	4 Q 2013	4 Q 2012	2013	2012
Land tax	5 769	5 718	11 540	11 437
Evaluation	1 500	1 785	1 500	1 785
Other expenses	0	2 250	4 817	6 874
<b>TOTAL</b>	<b>7 269</b>	<b>9 753</b>	<b>17 857</b>	<b>20 096</b>

## Note 7 Administrative and general expenses

<i>EUR</i>	4 Q 2013	4 Q 2012	2013	2012
Salary	4 020	6 451	16 884	25 787
Auditing	7 500	7 539	7 500	7 577
Security transactions and stock exchange fees	1 402	1 486	6 459	6 687
Consulting	480	0	4 930	5 000
Other	28	40	243	2 143
<b>TOTAL</b>	<b>13 430</b>	<b>15 516</b>	<b>36 016</b>	<b>47 194</b>

## Note 8 Earnings per share

<i>EUR</i>	<b>2013</b>	<b>2012</b>
Basic earnings per share (basic EPS)	-0.00197	-0.00373
Diluted earnings per share	-0.00197	-0.00373
Book value of the share	0.48	0.48
Price to earnings ratio (P/E)	-263.19	78.99
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange 31.12	0.519	0.295

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.

	<b>2013</b>		<b>2012</b>	
	<i>EUR</i>	%	<i>EUR</i>	%
Client A	7 769	63%	14 033	77%
Client B	4 560	37%	4 180	23%
<b>TOTAL</b>	<b>12 329</b>	<b>100%</b>	<b>18 213</b>	<b>100%</b>

## 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%).

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 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 2013 Group received loan from related parties in the amount of 44,000 (2012: 24,170) euros and repayed in the amount 104,170 euros in 2012. As at 31 December 2013 the balance of loans from parent company was in the amount of 97,130 (2012: 53,130) euros and the accrued interest from these loans was 16,984 (2012: 12,159) euros. In 2013 interest 4,825 (2012: 7,672) euros were calculated.