

**Consolidated interim report for
the fourth quarter and 12 months of 2015
(unaudited)**



Table of contents

BRIEF DESCRIPTION.....	3
MANAGEMENT REPORT	4
CONDENSED CONSOLIDATED INTERIM REPORT	7
Management Board’s declaration	7
Condensed consolidated statement of financial position	8
Condensed consolidated statement of comprehensive income	9
Condensed consolidated cash flow statement	10
Condensed consolidated statement of changes in equity	11
Notes to condensed consolidated interim report	12
Note 1 Accounting Principles Followed upon Preparation of the Consolidated Interim Accounts	12
Note 2 Receivables and prepayments	12
Note 3 Investment property	12
Note 4 Borrowings	14
Note 5 Payables and prepayments.....	14
Note 5 Equity	14
Note 7 Expenses related to investment property	15
Note 8 Administrative and general expenses	15
Note 9 Earnings per share	15
Note 10 Segment.....	16
Note 11 Related party transactions	16

Brief description

AS Trigon Property Development is a real estate development company.

As at 31.12.2015 AS Trigon Property Development owns one real estate development project involving a 32.8-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:	1.1.2015
End of financial year:	31.12.2015
Beginning of interim period:	1.1.2015
End of interim period:	31.12.2015
Auditor:	PricewaterhouseCoopers AS
Phone:	+372 6679 200
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E-mail:	info@trigonproperty.com
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Management report

Overview of business areas

The main business activity of Trigon Property Development AS is real estate development. As at 31.12.2015 AS Trigon Property Development owned one development project involving a 32.8-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 2015 a 0.5-hectare part of this project was sold and 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	Shareholding as of
		31.12.2015	31.12.2014
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	2015	2014
Total assets	2,427,544	2,587,790
Return on assets	-0.38%	9.76%
Equity	2,415,109	2,424,431
Return on equity	-0.39%	10.41%
Debt ratio	0.51%	6.31%

Share (31.12)	2015	2014
Closing price of the share	0.590	0.500
Earnings per share	-0.00207	0.05612
Price-to-earnings (PE) ratio	-284.75	8.91
Book value of the share	0.54	0.54
Price-to-book ratio	1.10	0.93
Market capitalisation	2,654,446	2,249,531

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 0.500 euros at the end of 2014 was closed in the end of 2015 at 0.590 euros. In total of 174,365 shares were traded in 12 months 2015 and the total sales amounted to 96,984 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2015 to 31.12.2015:



The distribution of share capital by the number of shares acquired as at 31.12.2015

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	86	21.88%	2,552	0.06%
100-999	145	36.90%	47,075	1.05%
1 000-9 999	135	34.35%	354,467	7.88%
10 000-99 999	23	5.85%	782,275	17.39%
100 000-999 999	3	0.76%	630,500	14.01%
1 000 000-9 999 999	1	0.25%	2,682,192	59.62%
TOTAL	393	100%	4,499,061	100%

List of shareholders with over 1% holdings as at 31.12.2015.

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	206,500	4.59%
MADIS TALGRE	200,000	4.45%
JAMES KELLY	95,550	2.12%
KIRSCHMANN OÜ	95,165	2.12%
Central Securities Depository of Lithuania	72,260	1.61%
OÜ SUUR SAMM	69,979	1.56%
Skandinaviska Enskilda Banken Swedish Clients	67,844	1.51%
TOIVO KULDMÄE	49,231	1.09%

Personal

AS Trigon Property Development had no employees as at 31 December 2015 and 31 December 2014. There were no labour costs in 2015 (2014: 10,720 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 2015 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

29.02.2016

Condensed consolidated statement of financial position

<i>EUR</i>	31.12.2015	31.12.2014
Cash	100,540	144,536
Receivables and prepayments (note 2)	17,004	93,254
Total current assets	117,544	237,790
Investment property (note 3)	2,310,000	2,350,000
Total non-current assets	2,310,000	2,350,000
TOTAL ASSETS	2,427,544	2,587,790
Borrowings (note 4)	0	12,516
Payables and prepayments (note 5)	12,435	26,293
Total current liabilities	12,435	38,809
Long-term borrowings (note 4)	0	124,550
Total non-current liabilities	0	124,550
Total liabilities	12,435	163,359
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	-797,926	-788,604
Total equity	2,415,109	2,424,431
TOTAL LIABILITIES AND EQUITY	2,427,544	2,587,790

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>	IV Q 2015	IV Q 2014	2015 12 m	2014 12 m
Rental income (note 10)	0	0	0	3,420
Expenses related to investment property (note 7)	-5,581	-7,759	-11,963	-13,530
Gross loss	-5,581	-7,759	-11,963	-10,110
Administrative and general expenses (note 8)	-13,918	-22,925	-31,891	-42,761
Changes in fair value of investment property (note 3)	36,776	315,960	36,776	315,960
Operating profit (loss)	17,277	285,276	-7,078	263,089
Net financial expense	2	-3,136	-2,244	-10,613
NET PROFIT (LOSS) FOR THE PERIOD	17,279	282,140	-9,322	252,476
TOTAL COMPREHENSIVE INCOME (LOSS)	17,279	282,140	-9,322	252,476
Basic earnings per share	0.00384	0.06271	-0.00207	0.05612
Diluted earnings per share	0.00384	0.06271	-0.00207	0.05612

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>	2015 12 m	2014 12 m
Cash flows from operating activities		
<i>Net profit (loss) for the period</i>	-9,322	252,476
<i>Adjustments for:</i>		
Change in fair value of investment property (note 3)	-36,776	-315,960
Interest charge	2,244	10,613
Changes in working capital:		
Change in receivables and prepayments related to operating activities (note 2)	76,250	-92,241
Change in liabilities and prepayments related to operating activities (note 5)	6,373	-2,701
Interests received	8	0
Interests paid	-22,483	-7,366
Total cash flows used in operating	16,294	-155,179
Cash flows from investing activities		
Capital expenditure on investment property (note 3)	-8,224	-4,040
Disposal of investment property (note 3)	85,000	300,000
Total cash flows from investing activities	76,776	295,960
Cash flows from financing activities		
Received loans (note 4)	0	109,420
Repayment of loans (note 4)	-137,066	-107,031
Total cash flows from financing activities	-137,066	2,389
CHANGE IN CASH BALANCE	-43,996	143,170
OPENING BALANCE OF CASH	144,536	1,366
CLOSING BALANCE OF CASH	100,540	144,536

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 31.12.2013	2,699,437	226,056	287,542	-1,041,080	2,171,955
Total comprehensive income for the period	0	0	0	252,476	252,476
Balance 31.12.2014	2,699,437	226,056	287,542	-788,604	2,424,431
Total comprehensive loss for the period	0	0	0	-9,322	-9,322
Balance 31.12.2015	2,699,437	226,056	287,542	-797,926	2,415,109

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 2015 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 first quarter of 2015 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 2014.

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 2015 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>	31.12.2015	31.12.2014
Receivables	15,207	90,015
Tax prepayments	1,797	3,239
TOTAL	17,004	93,254

Note 3 Investment property

	<i>EUR</i>
Balance as of 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
Capital expenditure on investment property	8,224
Sales of investment property	-85,000
Gain from change in fair value	36,776
Balance as at 31.12.2015	2,310,000

Group currently owns one real estate development project involving a 32.8-hectare area in the City of Pärnu, Estonia.

In 2015 a 0.5-hectare part of this property was sold for 85,000 EUR. 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 11,963 euros in 2015 and 13,530 euros in 2014.

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. In 2015 there were no revenue from the leasing of investment property.

In 2015 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 11 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 10.96 EUR/m². To evaluate the present value of the area as of 31.12.2015, the valuer has estimated the sales period to be 5 years and discount rate 14.96% was used.

As at 31 December 2015 the evaluation resulting in a fair value of 2,310,000 euros.

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.

According to IFRS 13 the valuation of fair value of 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 31.12.2015:

Discount rate	Sales price, EUR / m ²						
	9.40	9.89	10.41	10.96	11.51	12.08	12.69
12.80%	2,080,000	2,200,000	2,320,000	2,450,000	2,570,000	2,710,000	2,850,000
13.50%	2,040,000	2,160,000	2,280,000	2,400,000	2,530,000	2,660,000	2,800,000
14.20%	2,010,000	2,120,000	2,240,000	2,360,000	2,480,000	2,610,000	2,750,000
15.00%	1,970,000	2,080,000	2,190,000	2,310,000	2,430,000	2,560,000	2,690,000
15.70%	1,930,000	2,040,000	2,150,000	2,270,000	2,390,000	2,510,000	2,640,000
16.50%	1,890,000	2,000,000	2,110,000	2,220,000	2,340,000	2,460,000	2,590,000
17.30%	1,850,000	1,960,000	2,060,000	2,180,000	2,290,000	2,410,000	2,540,000

Sales period	
+1 year	1,761,000
-1 year	2,554,000

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 2015 and 31 December 2014, 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 borrowings (note 4) which was repaid as at 31 December 2015. As at 31 December 2015 the carrying amount of investment properties encumbered with mortgages was 2,310,000 euros and 31 December 2014 2,350,000 euros.

Note 4 Borrowings

As at 31.12.2014

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

In 2015 the Group repaid all the borrowings.

Loans from related parties received in 2014 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>	31.12.2015	31.12.2014
Payables	7,035	1,802
Interests payable	0	20,231
Other payables	5,400	4,260
TOTAL	12,435	26,293

Note 5 Equity

	Number of shares	Share capital
	<i>pcs</i>	<i>EUR</i>
Balance 31.12.2014	4,499,061	2,699,437
Balance 31.12.2015	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 2015 the accumulated losses amounted to -797,926 euros. As at 31 December 2014 the accumulated losses amounted to -788,604 euros.

As at 31 December 2015, the Group had 393 shareholders (31 December 2014: 408 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 2014: 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 2015 and 31 December 2014.

Note 7 Expenses related to investment property

<i>EUR</i>	IV Q 2015	IV Q 2014	2015 12 m	2014 12 m
Land tax	5,381	5,769	10,763	11,540
Evaluation	1,200	1,500	1,200	1,500
Other expenses	-1,000	490	0	490
TOTAL	5,581	7,759	11,963	13,530

Note 8 Administrative and general expenses

<i>EUR</i>	IV Q 2015	IV Q 2014	2015 12 m	2014 12 m
Security transactions and stock exchange fees	2,151	2,029	8,515	7,396
Consulting	3,100	9,312	12,220	12,790
Auditing	8,640	7,778	9,820	7,778
Other expenses	27	4,271	1,336	4,542
Salary	0	-465	0	10,255
TOTAL	13,918	22,925	31,891	42,761

Note 9 Earnings per share

<i>EUR</i>	2015	2014
Basic earnings per share (basic EPS)	-0.00207	0.05612
Diluted earnings per share	-0.00207	0.05612
Book value of the share	0.54	0.54
Price to earnings ratio (P/E)	-284.75	8.91
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange 31.12	0.590	0.500

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.

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 2015 and 2014 no remuneration has been paid to the Management or Supervisory board. There are no potential liabilities or severance compensations to members of the Management Board or Supervisory Board.

In 2014 Group received additional loan from related parties in the amount of 109,420 euros. In 2015 Group repaid the loan from parent company in the amount 124,550 euros. As at 31 December 2015 the balance of loans from parent company was in the amount of 0 (2014: 124,550) euros and the accrued interest from these loans was 0 (2014: 20,231) euros. In 2015 interest 1,001 (2014: 8,110) euros were calculated.