

**Consolidated interim report for  
the fourth quarter and 12 months of 2016  
(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 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:	1.1.2016
End of financial year:	31.12.2016
Beginning of interim period:	1.1.2016
End of interim period:	31.12.2016
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 31.12.2016 AS Trigon Property Development owned one development project involving a 32.8-hectare area in the City of Pärnu, Estonia. Industrial and logistics park are planned to develop on this area. Group's intention is to find companies willing to bring their business activities (industry, logistics) to the development project area of Trigon Property Development in Pärnu, which makes it possible for Group to add value to the land plots owned by Group. Realization the value of the land is planned through sales of land plots or through development of real estate to the rental income earning project.

In 2015 a 0.5-hectare part of the property was sold. AS Trigon Property Development have entered into a preliminary sales-purchase agreement for the sale of six properties located in Pärnu, Kase street. Purchaser is planning to build a factory on the properties. The final sale-purchase agreement shall be executed during the first half of year 2017 after fulfillment of all the conditions laid down in the preliminary agreement.

### 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

Until 30 June 2016 the Group 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

<b>Statement of financial position</b>	<b>2016</b>	<b>2015</b>
Total assets	2,364,947	2,427,544
Return on assets	-2.73%	-0.38%
Equity	2,350,650	2,415,109
Return on equity	-2.74%	-0.39%
Debt ratio	0.60%	0.51%

<b>Share (31.12)</b>	<b>2016</b>	<b>2015</b>
Closing price of the share	0.592	0.590
Earnings per share	-0.01433	-0.00207
Price-to-earnings (PE) ratio	-41.32	-284.75
Book value of the share	0.52	0.54
Price-to-book ratio	1.13	1.10
Market capitalisation	2,663,444	2,654,446

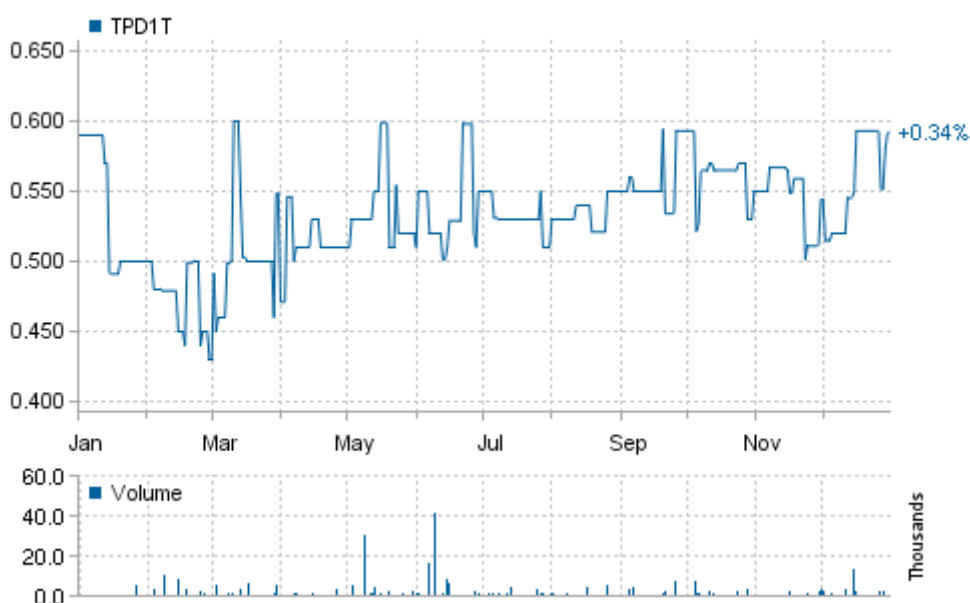
Return on assets = net profit / total assets  
 Return on equity = net profit/ equity  
 Debt ratio = liabilities / total assets  
 Earnings per share = net profit/ number of shares  
 Price-to-earnings (PE) ratio = closing price of the share / earnings per share  
 Book value of the share = equity / 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 0.590 euros at the end of 2015 was closed in the end 2016 at 0.592 euros. In total of 283,302 shares were traded in the 2016 and the total sales amounted to 146,288 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2016 to 31.12.2016:



The distribution of share capital by the number of shares acquired as at 31.12.2016

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	83	22.55%	2,436	0.05%
100-999	137	37.23%	43,279	0.96%
1 000-9 999	120	32.61%	312,722	6.95%
10 000-99 999	23	6.25%	589,680	13.11%
100 000-999 999	4	1.09%	868,752	19.31%
1 000 000-9 999 999	1	0.27%	2,682,192	59.62%
<b>TOTAL</b>	<b>368</b>	<b>100%</b>	<b>4,499,061</b>	<b>100%</b>

List of shareholders with over 1% holdings as at 31.12.2016.

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	4.96
MADIS TALGRE	217,000	4.82
Kirschmann OÜ	204,752	4.55
JAMES KELLY	95,550	2.12
OÜ SUUR SAMM	67,779	1.51
TOIVO KULDMÄE	49,231	1.09

## Personal

AS Trigon Property Development had no employees as at 31 December 2016 and 31 December 2015. There were no labour costs in 2016 and 2015.

## 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. As the Group has no significant interest-bearing assets and liabilities, its income and operating cash flows are substantially independent of changes in market interest rates.

### Operating environment risk

The Group is exposed to the risk of real estate 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.

## 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 consolidated interim report

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### 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 2016 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

28.02.2017

## Condensed consolidated statement of financial position

<i>EUR</i>	<b>31.12.2016</b>	<b>31.12.2015</b>
Cash	38,393	100,540
Receivables and prepayments (note 2)	5,022	17,004
<b>Total current assets</b>	<b>43,415</b>	<b>117,544</b>
Investment property (note 3)	2,321,532	2,310,000
<b>Total non-current assets</b>	<b>2,321,532</b>	<b>2,310,000</b>
<b>TOTAL ASSETS</b>	<b>2,364,947</b>	<b>2,427,544</b>
Payables and prepayments (note 4)	14,297	12,435
<b>Total current liabilities</b>	<b>14,297</b>	<b>12,435</b>
<b>Total liabilities</b>	<b>14,297</b>	<b>12,435</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	-862,385	-797,926
<b>Total equity</b>	<b>2,350,650</b>	<b>2,415,109</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,364,947</b>	<b>2,427,544</b>

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>	4 Q 2016	4 Q 2015	2016	2015
Expenses related to investment property (note 6)	-6,109	-5,581	-13,196	-11,963
<b>Gross loss</b>	<b>-6,109</b>	<b>-5,581</b>	<b>-13,196</b>	<b>-11,963</b>
Administrative and general expenses (note 7)	-15,799	-13,918	-49,672	-31,891
Changes in fair value of investment property (note 3)	0	36,776	-1,600	36,776
<b>Operating profit/loss</b>	<b>-21,908</b>	<b>17,277</b>	<b>-64,468</b>	<b>-7,078</b>
Net financial income (-expense)	2	2	9	-2,244
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-21,906</b>	<b>17,279</b>	<b>-64,459</b>	<b>-9,322</b>
<b>TOTAL COMPREHENSIVE PROFIT/LOSS</b>	<b>-21,906</b>	<b>17,279</b>	<b>-64,459</b>	<b>-9,322</b>
Basic earnings per share	-0.00487	0.00384	-0.01433	-0.00207
Diluted earnings per share	-0.00487	0.00384	-0.01433	-0.00207

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>	2016	2015
<b>Cash flows from operating activities</b>		
<b>Net loss for the period</b>	<b>-64,459</b>	<b>-9,322</b>
Adjustments for:		
Change in fair value of investment property (note 3)	1,600	-36,776
Interest charge	-5	2,244
<b>Changes in working capital:</b>		
Change in receivables and prepayments related to operating activities (note 2)	11,982	76,250
Change in liabilities and prepayments related to operating activities (note 4)	1,862	6,373
Interests received	5	8
<b>Total cash flows used in operating</b>	<b>-49,015</b>	<b>38,777</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on investment property (note 3)	-13,132	-8,224
Disposal of investment property (note 3)	0	85,000
<b>Total cash flows from investing activities</b>	<b>-13,132</b>	<b>76,776</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	0	-137,066
Interests paid	0	-22,483
<b>Total cash flows from financing activities</b>	<b>0</b>	<b>-159,549</b>
<b>CHANGE IN CASH BALANCE</b>	<b>-62,147</b>	<b>-43,996</b>
<b>OPENING BALANCE OF CASH</b>	<b>100,540</b>	<b>144,536</b>
<b>CLOSING BALANCE OF CASH</b>	<b>38,393</b>	<b>100,540</b>

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
<b>Balance 31.12.2014</b>	<b>2,699,437</b>	<b>226,056</b>	<b>287,542</b>	<b>-788,604</b>	<b>2,424,431</b>
Total comprehensive loss for the period	0	0	0	-9,322	-9,322
<b>Balance 31.12.2015</b>	<b>2,699,437</b>	<b>226,056</b>	<b>287,542</b>	<b>-797,926</b>	<b>2,415,109</b>
Total comprehensive loss for the period	0	0	0	-64,459	-64,459
<b>Balance 31.12.2016</b>	<b>2,699,437</b>	<b>226,056</b>	<b>287,542</b>	<b>-862,385</b>	<b>2,350,650</b>

Additional information regarding the owners' equity is provided in note 5.

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 Principles Followed upon Preparation of the Consolidated Interim Accounts

#### General Information

The condensed interim report prepared as at 31 December 2016 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 fourth quarter and 12 months of 2016 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 2015.

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 2016 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>	<b>31.12.2016</b>	<b>31.12.2015</b>
Receivables	0	15,207
Tax prepayments	5,022	1,797
<b>TOTAL</b>	<b>5,022</b>	<b>17,004</b>

### Note 3 Investment property

	<i>EUR</i>
<b>Balance as of 31.12.2014</b>	<b>2,350,000</b>
Capital expenditure on investment property	8,224
Gain from change in fair value	36,776
Sales of investment property	-85,000
<b>Balance as at 31.12.2015</b>	<b>2,310,000</b>
Capital expenditure on investment property	13,132
Loss from change in fair value	-1,600
<b>Balance as at 31.12.2016</b>	<b>2,321,532</b>

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

The expenses related to the management of investment property totalled 13,196 euros in 2016 and 11,963 euros in 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. Based on comparable transaction the management has estimated the average sales price at 11.11 EUR/m<sup>2</sup>. To evaluate the present value of the area as of 31.12.2016, the management has estimated the sales period to be 4 years and discount rate 14.23% was used.

As at 31 December 2016 the evaluation resulting in a fair value of 2,321,532 euros.

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, 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. As at 31 December 2015 the carrying amount of investment properties encumbered with mortgages was 2,310,00 euros. As at 31 December 2016 there were no mortgages.

#### **Note 4 Payables and prepayments**

<i>EUR</i>	<b>31.12.2016</b>	<b>31.12.2015</b>
Payables	11,297	7,035
Other payables	3,000	5,400
<b>TOTAL</b>	<b>14,297</b>	<b>12,435</b>

#### **Note 5 Equity**

	<b>Number of shares (pcs)</b>	<b>Share capital (EUR)</b>
Balance 31.12.2015	4,499,061	2,699,437
Balance 31.12.2016	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 2016 the accumulated losses amounted to -862,385 euros. As at 31 December 2015 the accumulated losses amounted to -797,926 euros.

As at 31 December 2016, the Group had 368 shareholders (31 December 2015: 393 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 2015: 59.62%)

Members of the Management Board and Supervisory Board did not own directly any shares of Trigon Property Development AS at 31 December 2016 and 31 December 2015.

**Note 6 Expenses related to investment property**

<i>EUR</i>	<b>4 Q 2016</b>	<b>4 Q 2015</b>	<b>2016</b>	<b>2015</b>
Land tax	5,609	5,381	11,218	10,763
Evaluation	0	1,200	0	1,200
Other expenses	500	-1,000	1,978	0
<b>TOTAL</b>	<b>6,109</b>	<b>5,581</b>	<b>13,196</b>	<b>11,963</b>

**Note 7 Administrative and general expenses**

<i>EUR</i>	<b>4 Q 2016</b>	<b>4 Q 2015</b>	<b>2016</b>	<b>2015</b>
Consulting	6,955	3,100	19,305	12,220
Security transactions and stock	1,887	2,151	8,290	8,515
Legal expenses	111	0	8,215	0
Auditing	5,700	8,640	7,160	9,820
Accounting service	930	0	5,370	0
Other	216	27	1,332	1,336
<b>TOTAL</b>	<b>15,799</b>	<b>13,918</b>	<b>49,672</b>	<b>31,891</b>

**Note 8 Earnings per share**

<i>EUR</i>	<b>2016</b>	<b>2015</b>
Basic earnings per share (basic EPS)	-0.01433	-0.00207
Diluted earnings per share	-0.01433	-0.00207
Book value of the share	0.52	0.54
Price to earnings ratio (P/E)	-41.32	-284.75
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange	0.592	0.590

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 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 develops property in Estonia. The group had no revenue in 2016 and 2015.

#### **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 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 2016 and 2015 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 2015 Group repaid the loan from parent company in the amount 124,550 euros. In 2015 interest 1,001 euros were calculated from this loan.

In 2016 the Group bought services from the companies under the control of the Members of the Supervisory Board in the amount of 19,305 euros (2015: 0 euros). In 2016 the Group bought services from the owners of the parent company in the amount of 5,370 euros (2015: 0 euros). As at 31 December 2016 the amount of 3,696 euros was unpaid to the related parties (2015: 0 euros).