

Condensed consolidated interim report for the  
fourth quarter  
**2011**

Beginning of interim period:	1.1.2011
End of interim period:	31.12.2011
Beginning of financial year:	1.1.2011
End of financial year:	31.12.2011
Business name:	AS Trigon Property Development
Commercial Registry no.:	10106774
Address:	Viru väljak 2 Tallinn 10111
Phone:	+372 6679 200
Fax:	+372 6679 201
E-mail:	info@trigonproperty.com
Internet homepage:	www.trigonproperty.com
Auditor:	PricewaterhouseCoopers AS



## Table of contents

---

<b>BRIEF DESCRIPTION .....</b>	<b>3</b>
<b>MANAGEMENT REPORT .....</b>	<b>4</b>
<b>CONDENSED CONSOLIDATED INTERIM REPORT .....</b>	<b>7</b>
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
<b>Notes to condensed consolidated interim report .....</b>	<b>12</b>
Note 1 Accounting methods and evaluation bases used in the preparation of the condensed consolidated interim report .....	12
Note 2 Investment property .....	12
Note 3 Borrowings .....	13
Note 4 Payables and prepayments .....	14
Note 5 Equity .....	14
Note 6 Earnings per share.....	15
Note 7 Segment report .....	15
Note 8 Expenses related to investment property.....	15
Note 9 Administrative and general expenses.....	16
Note 10 Related party transactions.....	16

## Brief description

---

AS Trigon Property Development is a real estate development company.

As at the end of December 2011 AS Trigon Property Development owned one real estate development project involving a 36-hectare area in the City of Pärnu, Estonia. Commercial real estate will be developed on this area.

The Group is listed in list 1 (main equity 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. The 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%).

## Management report

The main business activity of Trigon Property Development AS is real estate development. As at 31.12.2011 AS Trigon Property Development owned one development project involving a 36-hectare area in the City of Pärnu, Estonia. Commercial real estate will be developed on this area. The property has been rented out to four parties until the beginning of construction works under operating lease agreements. To finance the development the Group is planning to sell parts the investment property. Trigon Property Development AS is considering expansion of business activity and analysing acquisition opportunities for different new projects

### Management

The law, the articles of association, decisions and goals stated by the shareholders and supervisory board are followed for managing the company. By 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.

### Group structure

Shares of subsidiaries

	Location	Shareholding as of 31.12.2011	Shareholding as of 31.12.2010
OÜ VN Niidu Kinnisvara	Estonia	100%	100%

OÜ VN Niidu Kinnisvara was set up for the development of land located in the area of Niidu Street, Pärnu.

### Financial ratios

	EUR 12 m 2011	EUR 12 m 2010
<b>Statement of financial position</b>		
Total assets	2 440 010	4 175 656
Return on assets	-71.41%	-0.60%
Equity	2 164 025	3 906 557
Return on equity	-80.52%	-0.64%
Debt ratio	11.31%	6.44%
<b>Share (31.12)</b>	<b>12 m 2011</b>	<b>12 m 2010</b>
Closing price of the share	0.29	0.50
Earnings per share	-0.38731	-0.00559
Price-to-earnings (PE) ratio	-0.75	-89.51
Book value of the share	0.48	0.87
Price-to-book ratio	0.60	0.58
Market capitalisation	1 304 728	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 05. June 1997, the shares of Trigon Property Development AS have been listed in the main list of securities of 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 0.5 euros at the end of 2010 was closed in late December of 2011 at 0.29 euros, which is an 42% decrease and an 5% increase compared to the closing price of 0.275 EUR at the beginning of the quarter. A total of 709 707 shares were traded in 2011 and the total sales amounted to 264 494 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2011 to 31.12.2011:



## Shareholders

The distribution of share capital by the number of shares acquired as at 31.12.2011.

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	91	17,64%	2 858	0.06%
100-999	190	36,82%	67 196	1.49%
1 000-9 999	205	39,73%	503 081	11.18%
10 000-99 999	24	4,65%	554 174	12.32%
100 000-999 999	5	0,97%	689 560	15.33%
1 000 000-9 999 999	1	0,19%	2 682 192	59.62%
<b>TOTAL</b>	<b>516</b>	<b>100%</b>	<b>4 499 061</b>	<b>100%</b>

List of shareholders with over 1% holdings as at 31.12.2011.

Shareholder	Number of shares	Ownership %
OÜ TRIGON WOOD	2 682 192	59.62%
ING LUXEMBOURG S.A.	173 350	3.85%
Skandinaviska Enskilda Banken Ab Clients	169 860	3.78%
OÜ SUUR SAMM	125 160	2.78%
Central Securities Depository of Lithuania	112 140	2.49%
SWEDBANK AB / UAB PRUDENTIS	109 050	2.42%
E.N.Co Holdings OÜ	52 327	1.16%
TOIVO KULDMÄE	49 231	1.09%

## Personal

AS Trigon Property Development had one employee as at 31 December 2011 and no employees as at 31 December 2010. Total labour costs in 2011 were 2 613 euros.

## Description of main risks

### Interest rate risk

Interest rate risk is the risk that the interest rates of the Company'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 Company'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 Company's borrowings; therefore the fair value of the loan assumed by the Company 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, because it does not hold any securities or derivative agreements.

### Fair value

The fair values of cash, accounts receivable, 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

---

### 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 2011 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. The presentation of the condensed interim report is in compliance with the requirements of IAS 34 *Interim Financial Reporting*;
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 February 2012

## Condensed consolidated statement of financial position

<i>EUR</i>	<b>31.12.2011</b>	<b>31.12.2010</b>
Cash	12 492	7 804
Receivables and prepayments	2 518	812
<b>Total current assets</b>	<b>15 010</b>	<b>8 616</b>
Investment property (note 2)	2 425 000	4 167 039
<b>Total non-current assets</b>	<b>2 425 000</b>	<b>4 167 039</b>
<b>TOTAL ASSETS</b>	<b>2 440 010</b>	<b>4 175 656</b>
Borrowings (note 3)	25 032	31 806
Payables and prepayments (note 4)	55 244	16 553
<b>Total current liabilities</b>	<b>80 276</b>	<b>48 359</b>
Long-term borrowings (note 3)	195 709	220 740
<b>Total non-current liabilities</b>	<b>195 709</b>	<b>220 740</b>
<b>Total liabilities</b>	<b>275 985</b>	<b>269 099</b>
Share capital at nominal value (note 5)	2 699 437	2 875 424
Share premium	402 043	226 056
Statutory reserve capital	287 542	287 542
Retained earnings	-1 224 997	517 535
<b>Total equity</b>	<b>2 164 025</b>	<b>3 906 557</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2 440 010</b>	<b>4 175 656</b>

The notes to the condensed consolidated interim report presented on pages 13-16 are an integral part of this report.



## Condensed consolidated statement of comprehensive income

<i>EUR</i>	4 Q 2011	4 Q 2010	2011	2010
Rental income (note 7)	4 740	6 183	22 480	27 290
Expenses related to investment property (note 8)	-5 128	-4 363	-14 479	-24 874
<b>Gross loss (profit)</b>	<b>-388</b>	<b>1 821</b>	<b>8 001</b>	<b>2 416</b>
Administrative and general expenses (note 9)	-14 041	-8 997	-26 689	-16 260
Changes in fair value of investment property (note 5)	-1 730 487	0	-1 712 039	0
<b>Operating loss</b>	<b>-1 744 916</b>	<b>-7 177</b>	<b>-1 730 727</b>	<b>-13 844</b>
Net financial income	-3 595	-3 598	-11 805	-11 288
<b>NET LOSS FOR THE PERIOD</b>	<b>-1 748 511</b>	<b>-10 774</b>	<b>-1 742 532</b>	<b>-25 132</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-1 748 511</b>	<b>-10 774</b>	<b>-1 742 532</b>	<b>-25 132</b>
Basic earnings per share	-0,38864	-0,00239	-0,38731	-0,00559
Diluted earnings per share	-0,38864	-0,00239	-0,38731	-0,00559

The notes to the condensed consolidated interim report presented on pages 13-16 are an integral part of this report.

## Condensed consolidated cash flow statement

<i>EUR</i>	12 m 2011	12 m 2010
<b>Cash flows from operating activities</b>		
<i>Net loss for the period</i>	<b>-1 742 532</b>	<b>-25 132</b>
<u>Adjustments for:</u>		
Change in fair value of investment property (note 2)	1 712 039	0
Interest charge	11 805	11 288
<b>Changes in working capital:</b>		
Change in receivables and prepayments related to operating activities	-1 706	11 339
Change in liabilities and prepayments related to operating activities	29 392	683
<b>Cash used in operations</b>	<b>8 998</b>	<b>-1 822</b>
Interests paid	-2 503	-2 503
<b>Total cash flows used in operating activities</b>	<b>6 495</b>	<b>-4 325</b>
<b>Cash flows from investing activities</b>		
Sales of investment property	30 000	0
<b>Total cash flows from investing activities</b>	<b>30 000</b>	<b>0</b>
<b>Cash flows from financing activities</b>		
Received loans (note 3)	3 500	32 605
Repayment of loans (note 3)	-35 307	-25 032
<b>Total cash flows from financing activities</b>	<b>-31 807</b>	<b>7 573</b>
<b>CHANGE IN CASH BALANCE</b>	<b>4 688</b>	<b>3 248</b>
<b>OPENING BALANCE OF CASH</b>	<b>7 804</b>	<b>4 556</b>
<b>CLOSING BALANCE OF CASH</b>	<b>12 492</b>	<b>7 804</b>

The notes to the condensed consolidated interim report presented on pages 13-16 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 31.12.2009</b>	<b>2 875 424</b>	<b>226 056</b>	<b>287 542</b>	<b>542 667</b>	<b>3 931 689</b>
Total comprehensive income for 2010	0	0	0	-25 132	-25 132
<b>Balance 31.12.2010</b>	<b>2 875 424</b>	<b>226 056</b>	<b>287 542</b>	<b>517 535</b>	<b>3 906 557</b>
Conversion of share capital	-175 987	175 987	0	0	0
Total comprehensive income for 2011	0	0	0	-1 742 532	-1 742 532
<b>Balance 31.12.2011</b>	<b>2 699 437</b>	<b>402 043</b>	<b>287 542</b>	<b>-1 224 997</b>	<b>2 164 025</b>

The notes to the consolidated condensed interim financial statements presented on pages 13-16 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 2011 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 2011 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 2010.

The interim report has been prepared in euros.

Management estimates that AS Trigon Property Development is a going concern and the Group's consolidated interim report for the fourth quarter 2011 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

<b>Balance as at 31.12.2009</b>	<b>4 167 039</b>
<b>Balance as at 31.12.2010</b>	<b>4 167 039</b>
Sales of investment property	-30 000
Loss from change in fair value 2011	-1 712 039
<b>Balance as at 31.12.2011</b>	<b>2 425 000</b>

As at 31 December 2011 Group owned one real estate development project involving a 36-hectare area in the City of Pärnu, Estonia.

On the 27th of July in 2011 a 1000m<sup>2</sup> legal share of immovable (1000m<sup>2</sup>/41341m<sup>2</sup>) at Niidu 9 Pärnu was sold for 30,000 EUR. Fair value of the sold property is 11,552 EUR resulting the transaction having 18,448 EUR in profit.

The expenses related to the management of investment property totalled 14 479 euros in 12 months 2011 and 24 874 euros in 12 months 2010.

The property has been rented out until the beginning of construction works under operating lease agreements. Revenue from the leasing of investment property totalled 22 480 euros in 12 months 2011 and 27 290 euros in 12 months 2010.

The investment property was evaluated by independent qualified appraisers of Colliers International at the end of financial year 2011 and 2010. As at 31 December 2011, the evaluation resulting in a fair value of 2 425 000 euros, was based on discounted cash flow (DCF) estimates.

As at 31 December 2011 and 31 December 2010, 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 2011 the carrying amount of investment properties encumbered with mortgages was 2 425 thousand euros and 31 December 2010 4 167 thousand euros.

### Note 3 Borrowings

As at 31.12.2011

<i>EUR</i>	Total	Current borrowings	Non-current borrowings
Instalment payment for land	87 611	25 032	62 579
Loans from related parties	133 130	0	133 130
<b>TOTAL</b>	<b>220 741</b>	<b>25 032</b>	<b>195 709</b>

As at 31.12.2010

<i>EUR</i>	Total	Current borrowings	Non-current borrowings
Instalment payment for land	112 642	25 032	87 610
Loans from related parties	139 905	6 775	133 130
<b>TOTAL</b>	<b>252 547</b>	<b>31 807</b>	<b>220 740</b>

AS at 31 December 2011 non-current borrowings include the instalment payment for land 62 thousand euros on which interest in the fixed amount of 2 thousand euros per annum is paid. The repayment date of the loan is 2015. Using the fair market interest rate of 7% per annum, the fair value of the loan is 59 thousand euros. AS at 31 December 2011 long-term borrowings include loans from parent company in the amount of 133 thousand euros with the repayment date 31 December 2014.

As at 31 December 2011 short-term borrowings include instalment payment for land 25 thousand euros with the repayment date 20 November 2012.

As at 31 December 2010 non-current borrowings include the instalment payment for land 88 thousand euros on which interest in the fixed amount of 2 thousand euros per annum is paid. The repayment date of the loan is 2015. Using the fair market interest rate of 7% per annum, the fair value of the loan is 82 thousand euros. Long-term borrowings include also loans from parent company in the amount of 133 thousand euros with the repayment date 31 December 2012.

As at 31 December 2010 short-term borrowings include loan in the amount of 7 thousand euros with the repayment date 31 December 2011 and instalment payment for land 25 thousand euros with the repayment date 20 November 2011.

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>	31.12.2011	31.12.2010
Payables	3 629	219
Prepayments	21 000	0
Interests	20 922	11 603
Other payables	9 693	4 731
<b>TOTAL</b>	<b>55 244</b>	<b>16 553</b>

As at 31th of December 2011 a prepayment for the preliminary sale of part of immovable at Niidu 9 Pärnu equal to 6006/41341 of total immovable is reflected.

#### Note 5 Equity

	Number of shares <i>pcs</i>	Share capital <i>EUR</i>
Balance 31.12.2010	4 499 061	2 875 424
Balance 31.12.2011	4 499 061	2 699 437

The share capital of AS Trigon Property Development is 2 699 437 euros. On the 28th of September in 2011 the conversion of share capital into euro and the consequential decrease of the share capital of AS Trigon Property Development were registered in the Commercial Register. Relevant resolutions were adopted by the Annual General Meeting of shareholders held on the 29th of June 2011. The new amount of registered share capital of AS Trigon Property Development is 2 699 437 euro 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 2011 the retained earnings amounted to -1 225 thousand euros. As at 31 December 2010 the retained earnings amounted to 518 thousand euros. At the balance sheet date it was possible to pay out 409 thousand euros as dividends. The corresponding corporate income tax on dividends would amount to 109 thousand euros.

As at 31 December 2011, the Group had 516 shareholders (31 December 2010: 492 shareholders) of which the entities with more than a 5% holdings were:

- Trigon Wood OÜ with 2 682 192 shares or 59.62% (2010: 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 2011 and 31 December 2010.

## Note 6 Earnings per share

<i>EUR</i>	12 m 2011	12 m 2010
Basic earnings per share (basic EPS)	-0.38731	-0.00559
Diluted earnings per share	-0.38732	-0.00560
Book value of the share	0.48	0.87
Price to earnings ratio (P/E)	-0.75	-89.51
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange 30.09	0.29	0.5

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 7 Segment report

The Group operates in one business segment - property investments. Property investment division rents out land and develops property in Estonia.

	12 m 2011		12 m 2010	
	<i>EUR</i>	%	<i>EUR</i>	%
Client A	13 440	60%	12 463	46%
Client B	3 840	17%	7 669	28%
Client C	4 560	20%	4 857	18%
Client D	0	0%	2 301	8%
Client E	640	3%	0	0%
<b>TOTAL</b>	<b>22 480</b>	<b>100%</b>	<b>27 290</b>	<b>100%</b>

## Note 8 Expenses related to investment property

<i>EUR</i>	4 Q 2011	4 Q 2010	12 m 2011	12 m 2010
Land tax	2 867	2 863	11 468	11 451
Evaluation	1 333	1 500	2 083	9 000
Other expenses	928	0	928	4 423
<b>TOTAL</b>	<b>5 128</b>	<b>4 363</b>	<b>14 479</b>	<b>24 874</b>

## Note 9 Administrative and general expenses

<i>EUR</i>	4 Q 2011	4 Q 2010	12 m 2011	12 m 2010
Auditing	9 250	7 030	11 269	7 740
Security transactions and stock exchange fees	1 786	1 580	7 858	6 623
Staff costs	2 613	0	2 613	0
Other expenses	323	319	4 674	1 623
Membership fees	69	69	275	275
<b>TOTAL</b>	<b>14 041</b>	<b>8 997</b>	<b>26 689</b>	<b>16 260</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 list 1 (main equity 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 fourth quarter 2011 and 2010 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 12 months 2011 and 2010 no goods and services were bought from companies that are controlled by members of the Management Board or Supervisory Board of Trigon Property Development AS.

As at 31 December 2011 the balance of loans from parent company was in the amount of 133 130 euros and the accrued interest from these loans was 20 922 euros. In twelve months 2011 interest 9 319 euros were calculated.

In twelve months 2011 Group repayed loan from entities under the control of members of Management Board or Supervisory Board in the amount 10 275 euros.

Group received loans in twelve months 2010 from parent company in the amount 25 830 thousand euros. AS at 31 December 2010 the balance of loans from parent company was in the amount 133 130 euros and the accrued interest from the loans is 11 603 euros. In twelve months 2010 interest 8 758 euros were calculated.