

Condensed consolidated interim report for the
first quarter
2012

Beginning of interim period:	1.1.2012
End of interim period:	31.03.2012
Beginning of financial year:	1.1.2012
End of financial year:	31.12.2012
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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 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

Overview of business areas

The main business activity of Trigon Property Development AS is real estate development. As at 31.03.2012 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 third parties until the beginning of the construction works. To finance the development the Group is planning to sell parts of the investment property. 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 31.03.2012	Shareholding as of 31.12.2011	Shareholding as of 31.03.2011
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

<i>EUR</i>	3 m 2012	3 m 2011
Total assets	2 434 845	4 188 307
Return on assets	-0.30%	-0.20%
Equity	2 156 751	3 898 125
Return on equity	-0.34%	-0.22%
Debt ratio	11.42%	6.93%
Share (31.12)	3 m 2012	3 m 2011
Closing price of the share	0.285	0.36
Earnings per share	-0.00162	-0.00187
Price-to-earnings (PE) ratio	-176.28	-192.09
Book value of the share	0.48	0.87
Price-to-book ratio	0.59	0.42
Market capitalisation	1 282 232	1 619 662

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

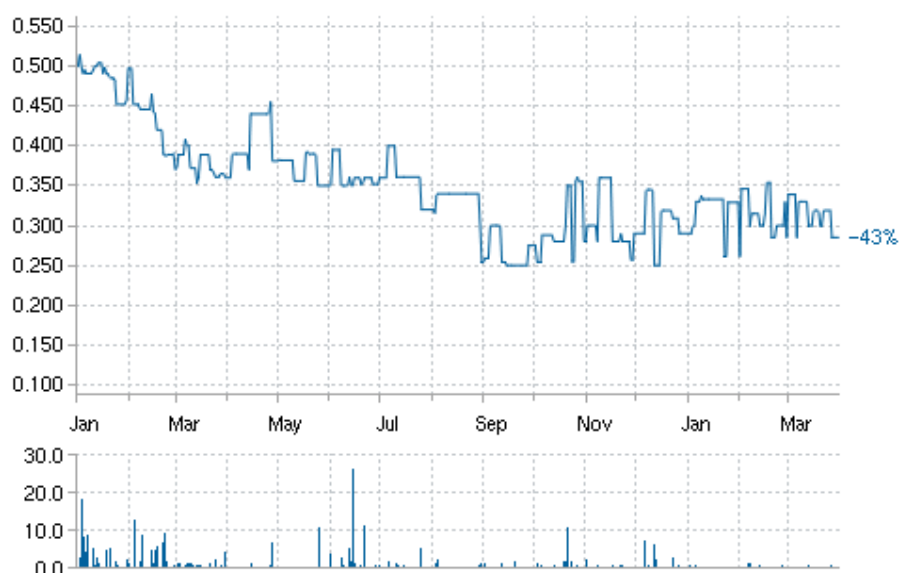
Market capitalisation = closing price of the share * number of shares

Share

Since 5th of 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 0.29 euros at the end of 2011 was closed in the end of March 2012 at 0.285 euros. In total of 19,517 shares were traded in first quarter 2012 and the total sales amounted to 5,811 euros.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2011 to 31.03.2012:



The distribution of share capital by the number of shares acquired as at 31.03.2012.

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	91	17.70%	2 943	0.07%
100-999	189	36.77%	65 555	1.46%
1 000-9 999	204	39.69%	503 559	11.19%
10 000-99 999	24	4.67%	554 050	12.31%
100 000-999 999	5	0.97%	690 762	15.35%
1 000 000-9 999 999	1	0.19%	2 682 192	59.62%
TOTAL	516	100%	4 499 061	100%

List of shareholders with over 1% holdings as at 31.03.2012.

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	113 342	2.52%
SWEDBANK AB / UAB PRUDENTIS	109 050	2.42%
E.N.Co Holdings OÜ	52 327	1.16%
TOIVO KULDMÄE	49 231	1.09%
ERSTE GROUP BANK AG CLIENTS	45 000	1.00%

Personal

AS Trigon Property Development had one employee as at 31 March 2012 and no employees as at 31 March 2011. Total labour costs in first quarter 2012 were 6 442 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 first quarter 2012 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

31.05.2012

Condensed consolidated statement of financial position

<i>EUR</i>	31.03.2012	31.12.2011	31.03.2011
Cash	2 299	12 492	20 085
Receivables and prepayments	7 546	2 518	1 183
Total current assets	9 845	15 010	21 268
Investment property (note 2)	2 425 000	2 425 000	4 167 039
Total non-current assets	2 425 000	2 425 000	4 167 039
TOTAL ASSETS	2 434 845	2 440 010	4 188 307
Borrowings (note 3)	25 032	25 032	25 031
Payables and prepayments (note 4)	53 984	55 244	44 411
Total current liabilities	79 016	80 276	69 442
Long-term borrowings (note 3)	199 078	195 709	220 740
Total non-current liabilities	199 078	195 709	220 740
Total liabilities	278 094	275 985	290 182
Share capital at nominal value (note 5)	2 699 437	2 699 437	2 875 424
Share premium	226 056	226 056	226 056
Statutory reserve capital	287 542	287 542	287 542
Retained earnings	-1 056 284	-1 049 010	509 103
Total equity	2 156 751	2 164 025	3 898 125
TOTAL LIABILITIES AND EQUITY	2 434 845	2 440 010	4 188 307

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>	3 m 2012	3 m 2011
Rental income (note 9)	4 740	6 180
Expenses related to investment property (note 6)	-1 405	-9 351
Gross loss (profit)	3 335	-3 171
Administrative and general expenses (note 7)	-8 240	-2 965
Operating loss	-4 905	-6 136
Net financial income	-2 369	-2 296
NET LOSS FOR THE PERIOD	-7 274	-8 432
TOTAL COMPREHENSIVE INCOME	-7 274	-8 432
Basic earnings per share	-0,00162	-0,00187
Diluted earnings per share	-0,00162	-0,00187

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>	1 Q 2011	1 Q 2010
Cash flows from operating activities		
<i>Net loss for the period</i>	-7 274	-8 432
<i>Adjustments for:</i>		
Interest charge	2 369	2 296
Changes in working capital:		
Change in receivables and prepayments related to operating activities	-5 028	-371
Change in liabilities and prepayments related to operating activities	-3 630	25 563
<i>Cash used in operations</i>	-13 563	19 056
Cash flows from financing activities		
Received loans (note 3)	3 370	0
Repayment of loans (note 3)	0	-6 775
Total cash flows from financing activities	3 370	-6 775
CHANGE IN CASH BALANCE	-10 193	12 281
OPENING BALANCE OF CASH	12 492	7 804
CLOSING BALANCE OF CASH	2 299	20 085

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
Balance 31.12.2010	2 875 424	226 056	287 542	517 535	3 906 557
Total comprehensive income for the period	0	0	0	-8 432	-8 432
Balance 31.03.2011	2 875 424	226 056	287 542	509 103	3 898 125
Balance 31.12.2011	2 699 437	226 056	287 542	-1 049 010	2 164 025
Total comprehensive income for the reporting period	0	0	0	-7 274	-7 274
Balance 31.03.2012	2 699 437	226 056	287 542	-1 056 284	2 156 751

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 March 2012 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 first quarter 2012 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 2011.

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 first quarter 2012 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

Balance as at 31.03.2011	4 167 039
Sales of investment property	-30 000
Loss from change in fair value 2011	-1 712 039
Balance as at 31.12.2011	2 425 000
Balance as at 31.03.2012	2 425 000

Group currently owns one real estate development project involving a 36-hectare area in the City of Pärnu, Estonia.

On the 27th of July in 2011 a 1,000 m² legal share of immovable (1,000 m²/41,341 m²) at Niidu 9 Pärnu was sold for 30,000 EUR.

The expenses related to the management of investment property totalled 1,405 euros in first quarter 2012 and 9,351 euros in first quarter 2011.

The property has been rented out until the beginning of construction works under operating lease agreements. Revenue from the leasing of investment property totalled 4,740 euros in first quarter 2012 and 6,180 euros in first quarter 2011.

In 2011 the investment property was valued by independent valuer Colliers International using the comparable transactions approach (in 2010 and 2009 the discounted cash flow method was used) 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 15 to 39 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 16 EUR/m² including infrastructure.

As at 31 December 2011 the evaluation resulting in a fair value of 2,425,000 euros

To support the expert opinion of Colliers International, the management has carried out its own DCF analysis as at 31 March 2012 to assure that the fair value of the property has not changed. The DCF analysis confirms the valuation of the property at 31 March 2012 at 2,425,000 euros.

As at 31 March 2012 and 31 March 2011, 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 March 2012 the carrying amount of investment properties encumbered with mortgages was 2,425,000 euros and 31 March 2011 4,167,039 euros.

Note 3 Borrowings

	31.03.2012	31.12.2011	31.03.2011
Current borrowings			
Instalment payment for land	25 032	25 032	25 032
TOTAL	25 032	25 032	25 032
Non-current borrowings			
Instalment payment for land	62 578	62 578	87 610
Loans from related parties	136 500	133 130	133 130
TOTAL	199 078	195 708	220 740

As at 31 March 2012 short-term borrowings include instalment payment for land 25,032 euros with the repayment date 20 November 2012.

Non-current borrowings include the instalment payment for land 62,578 euros on which interest in the fixed amount of 2,503 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 58,198 euros. Long-term borrowings include also loans from parent company in the amount of 136,500 euros with the repayment date 31.12.2014.

As at 31 March 2011 short-term borrowings include instalment payment for land 25,032 euros with the repayment date 20. November 2011.

Non-current borrowings include the instalment payment for land 87,610 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 133,130 euros with the repayment date 31.12.2012.

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>	31.03.2012	31.12.2011	31.03.2011
Payables	4 391	3 629	221
Prepayments	21 000	21 000	21 000
Interests	23 293	20 922	13 901
Other payables	5 300	9 693	9 289
TOTAL	53 984	55 244	44 411

As at 31th of March 2011 a prepayment for the preliminary sale of part of immovable at Niidu 9 Pärnu equal to 6,006/41,341 of total immovable is reflected.

Note 5 Equity

	Number of shares <i>pcs</i>	Share capital <i>EUR</i>
Balance 31.03.2011	4 499 061	2 875 424
Balance 31.12.2011	4 499 061	2 699 437
Balance 31.03.2012	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 March 2012 the retained earnings amounted to -1,056,284 euros. As at 31 March 2011 the retained earnings amounted to 509,103 euros. At the balance sheet date it is possible to pay out 402,191 euros as dividends. The corresponding corporate income tax on dividends would amount to 106,912 euros.

As at 31 March 2012, the Group had 514 shareholders (31 March 2011: 525 shareholders) of which the entities with more than a 5% holdings were:

- Trigon Wood OÜ with 2 675 752 shares or 59.62% (2011: 59.62%)

Members of the Management Board and Supervisory Board owned no shares as at 31 March 2012 and 31 March 2011.

Note 6 Expenses related to investment property

<i>EUR</i>	3 m 2012	3 m 2011
Land tax	0	9 351
Other expenses	1 405	0
TOTAL	1 405	9 351

Note 7 Administrative and general expenses

<i>EUR</i>	3 m 2012	3 m 2011
Auditing	0	19
Security transactions and stock exchange fees	1 328	1 672
Salary	6 442	0
Other expenses	470	1 205
Membership fees	0	69
TOTAL	8 240	2 965

Note 8 Earnings per share

<i>EUR</i>	3 m 2012	3 m 2011
Basic earnings per share (basic EPS)	-0.00162	-0.00187
Diluted earnings per share	-0.00163	-0.00187
Book value of the share	0.48	0.87
Price to earnings ratio (P/E)	-176.28	-192.09
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange 31.03	0.285	0.36

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.

	3 m 2012		3 m 2011	
	<i>EUR</i>	%	<i>EUR</i>	%
Client A	3 600	76%	3 120	50%
Client B	0	0%	1 920	31%
Client C	1 140	24%	1 140	18%
TOTAL	4 740	100%	6 180	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.

Biggest shareholders of OÜ Trigon Wood are AS Trigon Capital (30.13%), Veikko Laine Oy (26.49%), SEB Soome kleindid (10.96%), Hermitage Eesti OÜ (12.64%), Thominvest Oy (11.94%).

In first quarter 2012 and 2011 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 first quarter 2012 services in the amount of 75 (2011: 0) euros were bought from entities under the control of members of Supervisory Board of Trigon Property Development AS.

In first quarter 2012 Group received loan from entities under the control of members of Supervisory Board in the amount of 3,370 (2011: 0) euros. As at 31.03.2012 the balance of loans from parent company was in the amount of 136,500 (2011: 133,130) euros and the accrued interest from these loans was 23,293 (2011: 13,901) euros. In first 3 months 2012 interest 2,371 (2011: 2,298) euros were calculated.

In first quarter 2011 Group repayed loan from entities under the control of members of Supervisory Board in the amount 6,775 euros.