

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

Beginning of interim period:	1.1.2011
End of interim period:	31.03.2011
Beginning of financial year:	1.1.2011
End of financial year:	31.12.2011
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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 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. TDI Investments Ky, which was the controlling party of Trigon Property Development through its shareholding in OÜ Trigon Wood, was restructured in November 2009 so that the shareholding in OÜ Trigon Wood was distributed directly to the investors of TDI Investments Ky (Scandinavian investors). In addition, two of the investors of TDI Investments Ky sold their shareholdings in OÜ Trigon Wood (sale transactions took place in November 2009 and in January 2010) to AS Trigon Capital. The biggest shareholders of OÜ Trigon Wood are AS Trigon Capital (30.13%), Veikko Laine Oy (15.52%), BCB Baltic AB (14.07%), Hermitage Eesti OÜ (11.94%), Thominvest Oy (11.94%) and Assetman Oy (11.94%). In total OÜ Trigon Wood is controlling 59.47 % of votes represented by shares in AS Trigon Property Development.

## Management report

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### Overview of business areas

The main business activity of Trigon Property Development AS is real estate development.

### Investments

As at the end of first quarter 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 fourth parties until the beginning of construction works under operating lease agreements. To finance the development the Group is planning to sell partly the investment property. Trigon Property Development AS is considering expansion of business activity and analysing acquisition opportunities for different new projects

### Personal

AS Trigon Property Development had no employees as at 31 March 2011 and 31 December 2010.

The shareholders of AS Trigon Property Development resolved to recall Gleb Ognyanikov from position of the Supervisory Board member and elect Heiti Riisberg to the position of the Supervisory Board member.

In first quarter 2011 and 2010 no remuneration has been paid to the Management or Supervisory board

### Financial ratios

	EUR	EUR
	3 months	3 months
Statement of financial position	2011	2010
Total assets	4 188 307	4 186 661
Return on assets	-0.20%	-0.05%
Equity	3 898 125	3 929 454
Return on equity	-0,22%	-0,06%
Debt ratio	6.93%	6.14%
	3 months	3 months
Share (31.12)	2011	2010
Closing price of the share	0.36	0.51
Earnings per share	-0.00187	-0,00050
Price-to-earnings (PE) ratio	-192.09	-1026.64
Book value of the share	1.36	1.36
Price-to-book ratio	0.27	0.38
Market capitalisation	1 035 153	1 466 466

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

### Share price

In first quarter 2011, the opening price of share was 0.51 euros. The highest price of the year was 0.52 euros and the lowest price was 0.33 euros. The closing price of first quarter 2011 was 0.36 euros. A total of 304 391 shares were traded in first quarter 2011 and the total sales amounted to 136 472 euros.

In first quarter 2010, the opening price of share was 0.44 euros. The highest price of the year was 0.55 euros and the lowest price was 0.33 euros. The closing price of first quarter 2010 was 0.51 euros. A total of 155 649 shares were traded in first quarter 2010 and the total sales amounted to 73 976 euros.

The following table provides an overview of the movements of the Group's share price and the daily trading volumes on Tallinn Stock Exchange:



### Shareholders

The distribution of share capital by the number of shares acquired as at 31.03.2011.

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	93	17,71%	2 823	0,06%
100-999	198	37,71%	70 367	1,56%
1 000-9 999	205	39,05%	424 374	9,43%
10 000-99 999	26	4,95%	536 205	11,92%
100 000-999 999	2	0,38%	789 506	17,55%
1 000 000-9 999 999	1	0,19%	2 675 752	59,47%
<b>TOTAL</b>	<b>525</b>	<b>100%</b>	<b>4 499 027</b>	<b>100%</b>

List of shareholders with over 1% holdings as at 31.12.2010.

Shareholder	Number of shares	Ownership %
OÜ TRIGON WOOD	2 675 752	59,47%
ING LUXEMBOURG S.A.	371 860	8,27%
Skandinaviska Enskilda Banken Ab Clients	102 016	2,27%
Central Securities Depository of Lithuania	94 327	2,10%
SWEDBANK AB CLIENTS	69 436	1,54%
Skandinaviska Enskilda Banken Finnish Clients	67 844	1,51%
JAMES KELLY	66 100	1,47%
OÜ SUUR SAMM	61 160	1,36%
TOIVO KULDMÄE	49 231	1,09%

## 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.

### Foreign exchange risk

Foreign exchange risk is the Group's risk of incurring major losses due to exchange rate fluctuations. Group's monetary assets are nominated in euros. The Group's liabilities are nominated in euros. The foreign exchange risk is not actual anymore, due to the fact that on 1 January 2011, the Republic of Estonia joined the Euro area and adopted the Euro as its national currency, replacing the Estonian kroon, using the conversion rate of 15.6466 EEK/EUR.

### 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.

## Group structure

Shares of subsidiaries

Country of location	(Estonia)
Number of shares 31.12.2010 (pcs)	1
Ownership percentage 31.12.2010	100
Number of shares 31.03.2011 (pcs)	1
Ownership percentage 31.03.2011	100

OÜ VN Niidu Kinnisvara was set up for the development of land located in the area of Niidu Street, Pärnu. At the time of preparing the financial statements, it is the only subsidiary of AS Trigon Property Development.

## Management and Supervisory Boards and auditor

Management board of AS Trigon Property Development has one member - Aivar Kempí.

Supervisory Board of AS Trigon Property Development has three members: Ülo Adamson, Joakim Helenius and Heiti Riisberg.

Audits are carried out by PricewaterhouseCoopers AS.

## Transactions with related parties

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

Group received loans in first quarter 2010 from parent company in the amount 7000 euros. In first 3 months 2010 interest 1 928 euros was calculated from these loans.

## 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 first quarter 2011 as set out on pages 4-17.

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

29.04.2011



## Condensed consolidated statement of financial position

<i>EUR</i>	<b>31.03.2011</b>	<b>31.12.2010</b>
Cash	20 085	7 804
Receivables and prepayments	1 183	812
<b>Total current assets</b>	<b>21 268</b>	<b>8 616</b>
Investment property (note 2)	4 167 039	4 167 039
<b>Total non-current assets</b>	<b>4 167 039</b>	<b>4 167 039</b>
<b>TOTAL ASSETS</b>	<b>4 188 307</b>	<b>4 175 656</b>
Borrowings (note 3)	25 031	31 806
Payables and prepayments	44411	16 553
<b>Total current liabilities</b>	<b>69442</b>	<b>48 359</b>
Long-term borrowings (note 3)	220 740	220 740
<b>Total non-current liabilities</b>	<b>220 740</b>	<b>220 740</b>
<b>Total liabilities</b>	<b>290 182</b>	<b>269 099</b>
Share capital at nominal value (note 4)	2 875 424	2 875 424
Share premium	226 056	226 056
Statutory reserve capital	287 542	287 542
Retained earnings	509 103	517 535
<b>Total equity</b>	<b>3 898 125</b>	<b>3 906 557</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4 188 307</b>	<b>4 175 656</b>

The notes to the condensed consolidated interim report presented on pages 13-17 are an integral part of this report.

## Condensed consolidated statement of comprehensive income

<i>EUR</i>	First quarter 2011	First quarter 2010
Rental income (note 6)	6 180	7 302
Expenses related to investment property (note 7)	-9 351	-5 113
<b>Gross loss (profit)</b>	<b>-3 171</b>	<b>2 189</b>
Administrative and general expenses (note 8)	-2 965	-2 485
<b>Operating loss</b>	<b>-6 136</b>	<b>-296</b>
Net financial income	-2 296	-1 939
<b>NET LOSS FOR THE PERIOD</b>	<b>-8 432</b>	<b>-2 235</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-8 432</b>	<b>-2 235</b>
Basic earnings per share	-0,00187	-0,00050
Diluted earnings per share	-0,00187	-0,00050

The notes to the condensed consolidated interim report presented on pages 13-17 are an integral part of this report.

## Condensed consolidated cash flow statement

<i>EUR</i>	First quarter 2011	First quarter 2010
<b>Cash flows from operating activities</b>		
<i>Net loss for the period</i>	-8 432	-2 235
<i>Adjustments for:</i>		
Interest charge	2 296	1 939
<b>Changes in working capital:</b>		
Change in receivables and prepayments related to operating activities	-371	-5 551
Change in liabilities and prepayments related to operating activities	25 563	-3 790
<b>Cash used in operations</b>	<b>19 056</b>	<b>-9 637</b>
Interests paid	0	0
<b>Total cash flows used in operating activities</b>	<b>19 056</b>	<b>-9 637</b>
<b>Cash flows from financing activities</b>		
Received loans (note 3)	0	7 000
Repayment of loans (note 3)	-6 775	0
<b>Total cash flows from financing activities</b>	<b>-6 775</b>	<b>7 000</b>
<b>CHANGE IN CASH BALANCE</b>	<b>12 281</b>	<b>-2 637</b>
OPENING BALANCE OF CASH	7 804	4 556
CLOSING BALANCE OF CASH	20 085	1 919

The notes to the condensed consolidated interim report presented on pages 13-17 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>
Total comprehensive income for 3 months 2011	0	0	0	-8 432	-8 432
<b>Balance 31.12.2010</b>	<b>2 875 424</b>	<b>226 056</b>	<b>287 542</b>	<b>509 103</b>	<b>3 898 125</b>

The notes to the consolidated condensed interim financial statements presented on pages 13-17 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 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 first 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.

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

The interim report has been prepared in euros.

### Note 2 Investment property

	<i>EUR</i>
<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>
<b>Balance as at 31.03.2011</b>	<b>4 167 039</b>

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

The expenses related to the management of investment property totalled 9 351 euros in first quarter 2011 and 5 113 euros in first quarter 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 6 180 euros in first quarter 2011 and 7 302 euros in first quarter 2010.

The investment property was evaluated by independent qualified appraisers of Colliers International at the end of financial year 2010. As at 31 December 2009, the evaluation resulting in a fair value of 4 167 039 euros, was based on discounted cash flow (DCF) estimates. Although the market conditions have generally improved, the real estate market has remained very illiquid during 2010 with the trends in construction prices and rent levels unpredictable and difficult to observe. Colliers International suggests that given the current market conditions, the best representation of the fair value of investment property as at 31 December 2010 would be the same value as appraised in 31 December 2009, i.e. 4 167 039 euros.

To support the expert opinion of Colliers International, the management has carried out its own DCF analysis as at 31 March 2011 to assure that the fair value of the property has not changed. The DCF analysis confirms the valuation of the property at 31 March 2011 at 4 167 039 euros. In

applying the DCF method, the management has assumed the best possible use of the investment property (which according to Management Board's assessment is a development of storage areas) and based its input assumptions on market conditions (rental prices, construction costs, vacancy rates, discount rates etc).

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

### **Note 3 Borrowings**

**As at 31.03.2011**

<i>EUR</i>	Total	Current borrowings	Non-current borrowings
Instalment payment for land	112 642	25 032	87 610
Loans from related parties	133 130	0	133 130
<b>TOTAL</b>	<b>245 772</b>	<b>25 032</b>	<b>220 740</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>

Non-current borrowings include the instalment payment for land 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. AS at 31. March 2011 long-term borrowings include loans from parent company in the amount of 133 thousand euros with the repayment date 31.12.2012.

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

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 31.12.2012.

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 Equity

	Number of shares <i>pcs</i>	Share capital <i>EUR</i>
Balance 31.12.2010	4 499 061	2 875 424
Balance 31.03.2011	4 499 061	2 875 424

The share capital of AS Trigon Property Development is 2 875 424 euros. The share capital consists of 4 499 061 ordinary shares with the nominal value of 0.64 euros which have been approved by the shareholders, issued and fully paid for. The maximum share capital stipulated in the articles of association is 11 343 090 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 2011 the retained earnings amounted to 509 thousand euros. At the balance sheet date it is possible to pay out 402 thousand euros as dividends. The corresponding corporate income tax on dividends would amount to 107 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 March 2011, the Group had 525 shareholders (31 December 2010: 492 shareholders) of which the entities with more than a 5% holdings were:

- Trigon Wood OÜ with 2 675 752 shares or 59.47% (2010: 59.47%)
- ING Luxembourg S.A. with 371 860 shares or 8.27% (2010: 9.81%)

Members of the Management Board and Supervisory Board owned no shares as at 31 March 2011 and 31 December 2010.

#### Note 5 Earnings per share

<i>EUR</i>	<b>31.03.2011</b>	<b>31.03.2010</b>
Basic earnings per share (basic EPS)	-0.00187	-0.00050
Diluted earnings per share	-0.00187	-0.00050
Book value of the share	1.36	0.87
Price to earnings ratio (P/E)	-192.09	-1026.64
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange	0.36	0.51

Basic earnings per share have been calculated on the basis of the net profit for the interim period and the number of shares.

Basic EPS for first quarter 2011 =  $-8\,432 / 4\,499\,061 = -0.00187$  euros

Basic EPS for first quarter 2010 =  $-2\,235 / 4\,499\,061 = -0.00050$  euros

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 6 Net sales

The net sales of AS Trigon Property Development for the 3 months of 2011 totalled 6 180 euros and for the 3 months of 2010 totalled 7 302 euros which consisted of the rental services relating to the registered immovables.

#### Note 7 Expenses related to investment property

<i>EUR</i>	First quarter 2011	First quarter 2010
Land tax	9 351	2 863
Evaluation	0	2 250
<b>TOTAL</b>	<b>9 351</b>	<b>5 113</b>

#### Note 8 Administrative and general expenses

<i>EUR</i>	First quarter 2011	First quarter 2010
Security transactions and stock exchange fees	1 672	1 400
Auditing	0	709
Advertising expenses	207	207
Other expenses	1 017	100
Membership fees	69	69
<b>TOTAL</b>	<b>2 965</b>	<b>2 485</b>

#### Note 9 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 (15.52%), BCB Baltic AB (14.07%), Hermitage Eesti OÜ (11.94%), Thominvest Oy (11.94%) and Assetman Oy (11.94%)

In first 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.

As at 31.03.2011 the balance of loans from parent company was in the amount of 133 130 euros and the accrued interest from these loans was 13 901 euros. In first 3 months 2011 interest 2 298 euros were calculated.



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

Group received loans in first quarter 2010 from parent company in the amount 7 000 euros. As at 31 December 2010 the balance of loans from parent company was in the amount 114 230 eurot and the accrued interest from the loans is 4 772 euros. In first 3 months 2010 interest 1 928 euros were calculated.