

Condensed consolidated interim report for the
third quarter
2011

Beginning of interim period:	1.1.2011
End of interim period:	30.09.2011
Beginning of financial year:	1.1.2011
End of financial year:	31.12.2011
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Brief description

AS Trigon Property Development is a real estate development company.

As at the end of September 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 (11.67%), Hermitage Eesti OÜ (11.94%) and Thominvest Oy (11.94%).

Management report

Overview of business areas

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

Investments

As at the end of third 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 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

Personal

AS Trigon Property Development had no employees as at 30 September 2011 and 31 December 2010.

Financial ratios

	EUR	EUR
Statement of financial position	9 m 2011	9 m 2010
Total assets	4 188 796	4 189 080
Return on assets	0.14%	-0.34%
Equity	3 912 536	3 917 331
Return on equity	0.15%	-0.37
Debt ratio	6.60%	6.49%
Share (30.09)	9 m 2011	9 m 2010
Closing price of the share	0.275	0.56
Earnings per share	0.00133	-0.00319
Price-to-earnings (PE) ratio	206.93	-175.48
Book value of the share	0.87	0.87
Price-to-book ratio	0.32	0.64
Market capitalisation	1 237 242	2 519 474

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

The closing price of share of third quarter 2011 was 0.275 euros. The highest price of third quarter was 0.4 euros and the lowest price was 0.1 euros. A total of 56 278 shares were traded in third quarter 2011 and the total sales amounted to 16 768 euros.

The closing price of share of third quarter 2010 was 0.56 euros. The highest price of the third quarter was 0.66 euros and the lowest price was 0.4 euros. A total of 42 220 shares were traded in third quarter 2010 and the total sales amounted to 21 390 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 in third quarter 2011:



Shareholders

The distribution of share capital by the number of shares acquired as at 30.09.2011.

	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-99	94	17.87%	2 897	0.06%
100-999	196	37.26%	70 142	1.56%
1 000-9 999	206	39.16%	503 587	11.19%
10 000-99 999	25	4.75%	613 202	13.63%
100 000-999 999	4	0.76%	627 041	13.94%
1 000 000-9 999 999	1	0.19%	2 682 192	59.62%
TOTAL	526	100%	4 499 061	100%

List of shareholders with over 1% holdings as at 30.09.2011.

Shareholder	Number of shares	Ownership %
OÜ TRIGON WOOD	2 682 192	59.62%
ING LUXEMBOURG S.A.	173 350	3.85%
SWEDBANK AB / UAB PRUDENTIS	171 261	3.81%
Skandinaviska Enskilda Banken Ab Clients	169 860	3.78%
Central Securities Depository of Lithuania	112 570	2.50%
JAMES KELLY	84 500	1.88%
OÜ SUUR SAMM	64 160	1.43%
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	OÜ VN Niidu Kinnisvara (Estonia)
Number of shares 31.12.2010 (pcs)	1
Ownership percentage 31.12.2010	100
Number of shares 30.09.2011 (pcs)	1
Ownership percentage 30.09.2011	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 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 third 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

20 October 2011

Condensed consolidated statement of financial position

<i>EUR</i>	30.09.2011	31.12.2010	30.09.2010
Cash	32 280	7 804	21 549
Receivables and prepayments	1 029	812	492
Total current assets	33 309	8 616	22 041
Investment property (note 2)	4 155 487	4 167 039	4 167 039
Total non-current assets	4 155 487	4 167 039	4 167 039
TOTAL ASSETS	4 188 796	4 175 656	4 189 080
Borrowings (note 3)	12 516	31 806	145 646
Payables and prepayments (note 4)	43 004	16 553	13 462
Total current liabilities	55 520	48 359	159 108
Long-term borrowings (note 3)	220 740	220 740	112 641
Total non-current liabilities	220 740	220 740	112 641
Total liabilities	276 260	269 099	271 749
Share capital at nominal value (note 5)	2 699 437	2 875 424	2 875 424
Share premium	402 043	226 056	226 056
Statutory reserve capital	287 542	287 542	287 542
Retained earnings	523 514	517 535	528 309
Total equity	3 912 536	3 906 557	3 917 331
TOTAL LIABILITIES AND EQUITY	4 188 796	4 175 656	4 189 080

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>	3 Q 2011	3 Q 2010	9 m 2011	9 m 2010
Rental income (note 7)	5 380	6 759	17 740	21 107
Expenses related to investment property (note 8)	0	-5 863	-9 351	-20 511
Gross loss (profit)	5 380	896	8 389	596
Administrative and general expenses (note 9)	-6 252	-2 828	-12 648	-7 263
Changes in fair value of investment property (note 2)	18 448	0	18 448	0
Operating loss	17 576	-1 932	14 189	-6 667
Net financial income	-2 342	-2 341	-8 210	-7 691
NET LOSS FOR THE PERIOD	15 234	-4 273	5 979	-14 358
TOTAL COMPREHENSIVE INCOME	15 234	-4 273	5 979	-14 358
Basic earnings per share	0,00339	-0,00095	0,00133	-0,00319
Diluted earnings per share	0,00339	-0,00095	0,00133	-0,00319

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>	9 m 2011	9 m 2010
Cash flows from operating activities		
<i>Net profit/-loss for the period</i>	5 979	-14 358
<i>Adjustments for:</i>		
Change in fair value of investment property (note 2)	11 552	0
Interest charge	8 210	7 691
Changes in working capital:		
Change in receivables and prepayments related to operating activities	-217	11 659
Change in liabilities and prepayments related to operating activities	19 495	-61
Cash used in operations	45 019	4 931
Interests paid	-1 252	-1 252
Total cash flows used in operating activities	43 767	3 679
Cash flows from financing activities		
Received loans (note 3)	3 500	25 830
Repayment of loans (note 3)	-22 791	-12 516
Total cash flows from financing activities	-19 291	13 314
CHANGE IN CASH BALANCE	24 476	16 993
OPENING BALANCE OF CASH	7 804	4 556
CLOSING BALANCE OF CASH	32 280	21 549

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
Balance 31.12.2009	2 875 424	226 056	287 542	542 667	3 931 689
Total comprehensive income for 2010	0	0	0	-25 132	-25 132
Balance 31.12.2010	2 875 424	226 056	287 542	517 535	3 906 557
Conversion of share capital	-175 987	175 987	0	0	0
Total comprehensive income for 9 months 2011	0	0	0	5 979	5 979
Balance 30.09.2011	2 699 437	402 043	287 542	523 514	3 912 536

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 30 September 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 third 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 third 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>
Balance as at 31.12.2009	4 167 039
Balance as at 31.12.2010	4 167 039
Loss from change in fair value 2011	-11 552
Balance as at 30.06.2011	4 155 487

As at 30 September 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 1000m² legal share of immovable (1000m²/41341m²) 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. According to the management's assessment the value of the real estate investment in relation the to the latter transaction has not changed significantly in comparison to the value as at 31.12.2010.

The expenses related to the management of investment property totalled 9 351 euros in 9 months 2011 and 20 511 euros in 9 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 17 740 euros in 9 months 2011 and 21 107 euros in 9 months 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.

As at 30 September 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 30 September 2011 the carrying amount of investment properties encumbered with mortgages was 4 155 thousand euros and 31 December 2010 4 167 thousand euros.

Note 3 Borrowings

As at 30.09.2011

<i>EUR</i>	Total	Current borrowings	Non-current borrowings
Instalment payment for land	100 126	12 516	87 610
Loans from related parties	133 130	0	133 130
TOTAL	233 256	12 516	220 740

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
TOTAL	252 547	31 807	220 740

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. AS at 30 September 2011 long-term borrowings include loans from parent company in the amount of 133 thousand euros with the repayment date 31 December 2012.

As at 30 September 2011 short-term borrowings include instalment payment for land 13 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 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>	30.09.2011	31.12.2010	30.09.2010
Payables	249	219	978
Prepayments	21 000	0	256
Interests	18 573	11 603	9 254
Other payables	3 182	4 731	2 974
TOTAL	43 004	16 553	13 462

As at 30th of September 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 30.09.2011	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 30 September 2011 the retained earnings amounted to 524 thousand euros. At the balance sheet date it is possible to pay out 414 thousand euros as dividends. The corresponding corporate income tax on dividends would amount to 110 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 30 September 2011, the Group had 526 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 30 September 2011 and 31 December 2010.

Note 5 Earnings per share

<i>EUR</i>	9 m 2011	9 m 2010
Basic earnings per share (basic EPS)	0.00133	-0.00319
Diluted earnings per share	0.00133	-0.00319
Book value of the share	0.87	0.87
Price to earnings ratio (P/E)	206.93	-175.48
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange 30.09	0.275	0.56

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 third quarter 2011 = 5 979 / 4 499 061 = 0.00133 euros

Basic EPS for third quarter 2010 = -14 358 / 4 499 061 = -0.00319 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 7 Segment report

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

	9 m 2011		9 m 2010	
	<i>EUR</i>	%	<i>EUR</i>	%
Client A	9 840	55%	9 347	44%
Client B	3 840	22%	5 752	27%
Client C	3 420	19%	3 707	18%
Client D	0	0%	2 301	11%
Client E	640	4%	0	0%
TOTAL	17 740	100%	21 107	100%

Note 8 Expenses related to investment property

<i>EUR</i>	3 Q 2011	3 Q 2010	9 m 2011	9 m 2010
Land tax	0	2 863	8 601	8 588
Evaluation	0	3 000	750	7 500
Other expenses	0	0	0	4 423
TOTAL	0	5 863	9 351	20 511

Note 9 Administrative and general expenses

<i>EUR</i>	3 Q 2011	3 Q 2010	9 m 2011	9 m 2010
Security transactions and stock exchange fees	2 776	2 083	6 090	5 043
Auditing	2 000	0	2 019	709
Advertising expenses	0	207	1 785	621
Other expenses	1 407	469	2 548	684
Membership fees	69	69	206	206
TOTAL	6 252	2 828	12 648	7 263

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 (11.67%), Hermitage Eesti OÜ (11.94%) and Thominvest Oy (11.94%).

In third 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 9 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 30 September 2011 the balance of loans from parent company was in the amount of 133 130 euros and the accrued interest from these loans was 18 573 euros. In nine months 2011 interest 6 970 euros were calculated.

In nine 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 nine months 2010 from parent company in the amount 25 830 thousand euros. AS at 30 September 2011 the balance of loans from parent company was in the amount 133 130 euros and the accrued interest from the loans is 9254 euros. In nine months 2010 interest 6 409 euros were calculated.