

**Condensed consolidated interim report for the
fourth quarter
2008**

Beginning of interim period:	1.1.2008
End of interim period:	31.12.2008
Beginning of financial year:	1.1.2008
End of financial year:	31.12.2008
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Brief description

AS Trigon Property Development is a real estate development company which was set up after the division of AS Viisnurk.

AS Trigon Property Development currently owns one real estate development project involving a 40-hectare area in the City of Pärnu, Estonia.

The Group's shares are listed in the Main List of Tallinn Stock Exchange. The majority owner of AS Trigon Property Development is OÜ Trigon Wood. The entity with the ultimate control over the Company is TDI Investments KY that is registered in Finland and is owned by Scandinavian private investors.

Management report

Overview of business areas

At 29 June 2007, the division plan of AS Trigon Property Development was signed pursuant to which the manufacturing unit, i.e. the construction materials division and furniture division were spun off from AS Trigon Property Development. This resolution was adopted at the General Meeting of Shareholders at 6 August 2007. After the division, the main activity of AS Trigon Property Development will continue to be real estate development. The balance sheet date for the division is 19 September 2007 when the registry department of Pärnu County Court registered the division.

Investments

As at the end of year 2008, AS Trigon Property Development owned one development project involving a 40 hectare area in the City of Pärnu, Estonia. Commercial real estate for the logistics, warehousing and light industries will be developed on this area.

Staff

AS Trigon Property Development had no employees as at 31 December 2008 and 31 December 2007.

Financial ratios

	<i>EEK thous</i>		<i>thous EUR</i>	
	12 months 2008	12 months 2007	12 months 2008	12 months 2007
Balance sheet				
Total assets	124 474	137 707	7 955	8 801
Return on assets	-10.59%	27.03%	-10.59%	27.03%
Equity	121 139	134 319	7 742	8 584
Return on equity	-10.88%	27.71%	-10.88%	27.71%
Debt ratio	2.68%	2.46%	2.68%	2.46%
	<i>EEK thous</i>		<i>thous EUR</i>	
Share (31.12)	12 months 2008	12 months 2007	12 months 2008	12 months 2007
Closing price of the share (EEK/EUR)	6.10	25.50	0.39	1.63
Earnings per share (EEK/EUR)	-2.93	8.27	-0.19	0.53
Price-to-earnings (PE) ratio	-	3.08	-	3.08
Book value of the share (EEK/EUR)	26.93	29.85	1.72	1.91
Price-to-book ratio	0.23	0.85	0.23	0.85
Market capitalisation	27 444	114 726	1 755	7 333

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

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 Company's risk of incurring major losses due to exchange rate fluctuations. The Company operates in Estonia and is exposed to foreign exchange risk arising from exposures with respect to the Estonian kroon and Euro. The Estonian kroon exchange rate is fixed against the Euro at 1 EUR = 15.6466 EEK since the adoption of Euro in European Union. As a member state of the European Union, Estonia has an obligation to adopt the Euro. Consequently the Company faces the foreign exchange risk regarding possible revaluation / devaluation of Euro against Estonian kroon. AS Trigon Property Development's financial assets are nominated in Estonian kroons and liabilities in the amount of 658 thousand Estonian kroons are nominated in Euros and in the amount of 2 677 thousand Estonian kroons in Estonian kroons.

Operating environment risk

The Company is exposed to the risk of real estate prices and real estate rental prices. The Company is not exposed to the market risk arising from financial instruments, because it does not hold any securities or derivatives.

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

	OÜ VN Niidu Kinnisvara
Country of location	(Estonia)
Number of shares 31.12.2007 (pcs)	1
Ownership percentage 31.12.2007	100
Number of shares 31.12.2008 (pcs)	1
Ownership percentage 31.12.2008	100
Shares of subsidiaries	

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 which was retained post-division by Trigon Property Development 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 2008 as set out on pages 6 -14.

The Management Board confirms that:

1. the accounting policies used 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. group entities are going concerns.

Member of the Management Board



Aivar Kemp

20 February 2009

Condensed consolidated balance sheet

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Cash	69	372	4	24
Receivables and prepayments	125	84	8	5
Total current assets	194	456	12	29
Investment property (note 2)	124 280	137 251	7 943	8 772
Total non-current assets	124 280	137 251	7 943	8 772
TOTAL ASSETS	124 474	137 707	7 955	8 801
Borrowings (note 3)	1 026	392	65	25
Payables and prepayments	155	450	10	29
Total current liabilities	1 181	842	75	54
Long-term borrowings (note 3)	2 154	2 546	138	163
Total non-current liabilities	2 154	2 546	138	163
Total liabilities	3 335	3 388	213	217
Share capital at nominal value (note 4)	44 991	44 991	2 875	2 875
Share premium	3 537	3 537	226	226
Statutory reserve capital	4 499	4 499	288	288
Retained earnings	68 112	81 292	4 353	5 195
Total equity	121 139	134 319	7 742	8 584
TOTAL LIABILITIES AND EQUITY	124 474	137 707	7 955	8 801

The notes to the condensed consolidated interim report presented on pages 11-14 are an integral part of this report.

Condensed consolidated income statement

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	Fourth quarter 2008	Fourth quarter 2007	12 months 2008	12 months 2007	Fourth quarter 2008	Fourth quarter 2007	12 months 2008	12 months 2007
Continuing operations								
Rental income (note 6)	117	86	468	343	7	6	30	22
Expenses related to investment property	-45	-61	-180	-181	-3	-4	-11	-12
Gross profit	72	25	288	162	4	2	19	10
Administrative and general expenses	-211	-563	-378	-631	-13	-36	-24	-40
Change in value of investment property (note 2)	-4 564	6 462	-13 259	26 332	-292	413	-847	1 683
Other operating income	0	0	226	0	0	0	14	0
Operating profit (loss)	-4 703	5 924	-13 123	25 863	-301	379	-838	1 653
Net financial income	-38	-19	-57	-38	-2	-1	-4	-2
Profit (loss) from continuing operations	-4 741	5 905	-13 180	25 825	-303	378	-842	1 651
Profit from discontinued operations	0	0	0	11 875	0	0	0	758
Profit (loss) before income tax	-4 741	5 905	-13 180	37 700	-303	378	-842	2 409
Corporate income tax (note 4)	0	0	0	-475	0	0	0	-30
NET PROFIT (LOSS) FOR THE PERIOD	-4 741	5 905	-13 180	37 225	-303	378	-842	2 379
Basic earnings per share (note 5)	-1.05	1.31	-2.93	8.27	-0.07	0.08	-0.19	0.53
Diluted earning per share (note 5)	-1.05	1.31	-2.93	8.27	-0.07	0.08	-0.19	0.53

The notes to the condensed consolidated interim report presented on pages 11-14 are an integral part of this report.

Condensed consolidated cash flow statement

	<i>EEK thous</i> 12 months 2008	<i>EEK thous</i> 12 months 2007	<i>EUR thous</i> 12 months 2008	<i>EUR thous</i> 12 months 2007
Cash flows from operating activities				
<i>Profit (loss) from continuing operations</i>	-13 180	25 825	-842	1 651
<i>Adjustments for:</i>				
Change in value of investment property (note 2)	13 259	-26 332	847	-1 683
Interest charge	57	38	4	2
Changes in working capital:	136	-469	9	-30
Change in receivables and prepayments related to operating activities	-41	-84	-3	-5
Change in liabilities and prepayments related to operating activities	-314	450	-20	29
Cash generated from operations	-219	-103	-14	-6
Interest payments	-39	-38	-2	-2
Paid income tax (note 4)	0	-475	0	-30
Cash flows from operating activities related to discontinued operations	0	10 003	0	639
Total cash flows from operating activities	-258	9 387	-16	601
Cash flows from investing activities				
Capital expenditure on investment property (note 2)	-288	0	-18	0
Cash flows from investing activities related to discontinued operations	0	-14 924	0	-954
Cash flows from investing activities	-288	-14 924	-18	-954
Cash flows from financing activities				
Loans received (note 3)	635	0	40	0
Repayment of loans (note 3)	-392	-391	-26	-26
Payment of dividends (note 4)	0	-5 399	0	-345
Cash flows from financing activities related to discontinued operations	0	2 558	0	163
Total cash flows from financing activities	243	-3 232	14	-208
NET INCREASE/DECREASE IN CASH BALANCE	-303	-8 769	-20	-561
Total cash flows related to discontinued operations	0	-2 363	0	-152
Cash and bank related to discontinued operations at the beginning of the period	0	6 360	0	407
Cash transferred to discontinued operations	0	-3 997	0	-255
Cash and bank related to discontinued operations at the end of period	0	0	0	0
NET INCREASE/DECREASE IN CASH RELATED TO CONTINUING OPERATIONS	-303	-12 766	-20	-816
OPENING BALANCE OF CASH	372	13 138	24	840
CLOSING BALANCE OF CASH	69	372	4	24

The notes to the condensed consolidated interim report presented on pages 11-14 are an integral part of this report.

Condensed consolidated statement of changes in equity

<i>EEK thous</i>	Share capital	Share premium	Statutory reserve capital	Currency translation reserve	Retained earnings	Total
Balance 31.12.2006	44 991	11 332	4 499	0	128 811	189 633
Currency translation differences	0	0	0	24	0	24
Net profit for 12 months 2007	0	0	0	0	37 225	37 225
Dividends paid (note 4)	0	0	0	0	-5 399	-5 399
De-merger of the Company	0	-7 795	0	-24	-79 345	-87 164
Balance 31.12.2007	44 991	3 537	4 499	0	81 292	134 319
Balance 31.12.2007	44 991	3 537	4 499	0	81 292	134 319
Net profit for 12 months 2008	0	0	0	0	-13 180	-13 180
Balance 31.12.2008	44 991	3 537	4 499	0	68 112	121 139

<i>EUR thous</i>	Share capital	Share premium	Statutory reserve capital	Currency translation reserve	Retained earnings	Total
Balance 31.12.2006	2 875	724	288	0	8 233	12 120
Currency translation differences	0	0	0	2	0	2
Net profit for 12 months 2007	0	0	0	0	2 379	2 379
Dividends paid (note 4)	0	0	0	0	-345	-345
De-merger of the Company	0	-498	0	-2	-5 072	-5 572
Balance 31.12.2007	2 875	226	288	0	5 195	8 584
Balance 31.12.2007	2 875	226	288	0	5 195	8 584
Net profit for 12 months 2008	0	0	0	0	-842	-842
Balance 31.12.2008	2 875	226	288	0	4 353	7 742

The notes to the consolidated condensed interim financial statements presented on pages 11-14 on 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 2008 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 2008 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 2007.

Management estimates that AS Trigon Property Development is a going concern and the Group's consolidated interim report for the fourth quarter 2008 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 thousands of Estonian kroons. For the benefit of the reader, the financial information has also been presented in thousands of euros as supplementary information. The official exchange rate of the Bank of Estonia (EUR 1 = EEK 15.6466) has been used to translate the Estonian kroons to euros.

Note 2 Investment property

	<i>EEK thous</i>	<i>EUR thous</i>
Balance as of 31.12.2006	128 130	8 189
Incl. continued operations	110 130	7 039
Incl. discontinued operations	18 000	1 150
Gains from change in fair value 12 months 2007	26 332	1 683
Reclassification from property, plant and equipment related to discontinued operations	2 762	176
Reclassification from property, plant and equipment	789	50
De-merger of the Company	-20 762	-1 326
Balance as at 31.12.2007	137 251	8 772
Balance as of 31.12.2007	137 251	8 772
Loss from change in fair value 12 months 2008	-13 259	-847
Additional subsequent expenditure	288	18
Balance as at 31.12.2008	124 280	7 943

Group currently owns one real estate development project involving a 40-hectare area in the City of Pärnu, Estonia.

The costs related to the management of investment property totalled 180 thousand kroons/11 thousand euros in 2008 and 181 thousand kroons/12 thousand euros in 2007.

The property has been rented out until the beginning of construction works under operating lease agreements. Revenue from the leasing of investment property totalled 468 thousand kroons/30 thousand euros in 2008 and 342 thousand kroons/22 thousand euros in 2007.

Property investments of Trigon Property Development AS were assessed on the 31 December 2008 by independent valuation experts from Colliers International. The assessment was based on the discounted cash flow method forecasts. In result of the assessment, the assessed fair value of the property was 124 280 thousand Estonian kroons/7 943 thousand euros. This value was used by the Management Board as the basis for valuation.

The valuation of investment property is based on estimates, assumptions and historical experience adjusted with prevailing market conditions and other factors which management assesses to the best of its knowledge on an on-going basis. Therefore, based on definition, and considering that the valuation is based on a number of assumptions, that might not result in an expected outcome, it represents a risk that can lead to a significant change in the carrying amount of investment property in future periods.

As at 31 December 2008 and 31 December 2007, investment properties were encumbered with mortgages for the benefit of Estonian Republic in the amount of 6 186 thousand kroons/395 thousand euros. Mortgages were set as collateral for long-term borrowings (note 3). As at 31 December 2008 the carrying amount of investment properties encumbered with mortgages was 124 280 thousand kroons/7 943 thousand euros and 31 December 2007, the carrying amount of investment properties encumbered with mortgages was 137 251 thousand kroons/8 772 thousand euros.

Note 3 Borrowings

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Short-term borrowings	1 026	392	65	25
Long-term borrowings	2 154	2 546	138	163
TOTAL	3 180	2 938	203	188

Borrowings include the instalment payment for land on which interest in the amount of 39 thousand kroons/3 thousand euros per annum is paid. The repayment date of the loan is 2015. Investment property with the carrying amount of 124 280 thousand kroons/7 943 thousand euros as at 31 December 2008 and with the carrying amount of 137 251 thousand kroons/8 772 thousand euros as at 31 December 2007 has been set as collateral for the borrowings. Using the interest rate of 7% per annum, the fair value of the loan is 1 989 thousand kroons/127 thousand euros.

Loans in the amount of 485 thousand Estonian kroons/31 thousand euros and 150 thousand Estonian kroons/9 thousand euros and with the maturity dates accordingly 31 December 2009 and 20 November 2009 are considered as current liability. These borrowings are denominated in euros and the interest rate of these borrowing are 6 % per year.

Borrowings terms have not been breached during the accounting period nor as at the balance sheet date.

Note 4 Equity

	Number of shares <i>pcs</i>	Share capital <i>EEK</i>	Share capital <i>EUR</i>
Balance 31.12.2008	4 499 061	44 990 610	2 875 424
Balance 31.12.2007	4 499 061	44 990 610	2 875 424

The share capital of AS Trigon Property Development is 44 990 610 kroons/2 875 424 euros. The share capital consists of 4 499 061 ordinary shares with the nominal value of 10 kroons/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 177 480 800 kroons/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.

In 2007 the Company paid dividends to the shareholders in the amount of 5 398 873 kroons/345 051 euros, i.e. 1 kroon and 20 cents/7.67 euro cents per share. The income tax on dividends amounted to 475 378 kroons/30 382 euros.

Note 5 Earnings per share

	<i>EEK</i> 31.12.2008	<i>EEK</i> 31.12.2007	<i>EUR</i> 31.12.2008	<i>EUR</i> 31.12.2007
Basic earnings per share (basic EPS)	-2.93	8.27	-0.19	0.53
Diluted earnings per share	-2.93	8.27	-0.19	0.53
Book value of the share	26.93	29.85	1.72	1.91
Price to earnings ratio (P/E)	-	3.08	-	3.08
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange as at 31.12.	6.10	25.50	0.39	1.63

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 12 months 2008 = -13 180 thousand / 4 499 061 = -2.93 kroons / -0.19 euros

Basic EPS for 12 months 2007 = 37 225 thousand / 4 499 061 = 8.27 kroons / 0.53 euros

Diluted earnings per share equal the basic earnings per share because the Company does not have any potential ordinary shares with the dilutive effect on the earnings per share.

Price to earnings (P/E) ratio for 12 months 2008 = 6.10 / -2.93 = -

Price to earnings (P/E) ratio for 12 months 2007 = 25.50 / 8.27 = 3.08

Note 6 Net sales

The net sales of AS Trigon Property Development for 2008 totalled 468 thousand kroons/30 thousand euros which consisted of the rental services relating to the registered immovables. The net sales for 2007 totalled 342 thousand kroons/22 thousand euros which also consisted of the rental service relating to the registered immovables.

Note 7 Related party transactions

The following parties are considered to be related parties:

- Parent company Trigon Wood OÜ and owners of the parent company;
- Subsidiaries;
- 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 ultimate controlling party of the Group is TDI Investments KY, registered in republic of Finland and belonging to Scandinavian investors.

The remuneration paid to the members of the previous Management and Supervisory Board including taxes:

	<i>thous EEK</i> 12 months 2008	<i>thous EEK</i> 12 months 2007	<i>thous EUR</i> 12 months 2008	<i>thous EUR</i> 12 months 2007
Board member and other remuneration	0	1 293	0	83
Social security and unemployment insurance taxes	0	445	0	28
TOTAL	0	1 738	0	111

After the spin-off of the construction materials division and furniture division and re-election of the Management and Supervisory Board 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 2008 Trigon Property Development AS bought services from companies that are controlled by members of the Management Board or Supervisory Board of Trigon Property Development AS in the amount of 47 thousand Estonian kroons/3 thousand euros.

In 2007 Trigon Property Development AS bought services from companies that are controlled by members of the Management Board or Supervisory Board of Trigon Property Development AS in the amount of 19 thousand Estonian kroons/1 thousand euros.

In 2008 the Group received loans from companies that are controlled by members of the Management Board or Supervisory Board of Trigon Property Development AS in the amount of 635 thousand Estonian kroons/40 thousand euros. The loans are payable in 2009.