

LHV Ilmarise Kinnisvaraportfelli OÜ

II half-year interim report for period

01.07.2009-31.12.2009

(unaudited)

(Translation of the Estonian original)

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LHV Ilmarise Kinnisvaraportfelli OÜ**Interim report for 01.07.2009 – 31.12.2009**

Ärinimi	LHV Ilmarise Kinnisvaraportfelli OÜ
Commercial Registry no.	11050254
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Main activities	Capital lease, EMTAK 64911
Management Board	Hans-Sten Pisang
Auditor	AS PricewaterhouseCoopers

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Management Report of LHV Ilmarise Kinnisvaraportfelli OÜ

LHV Ilmarise Kinnisvaraportfelli OÜ was founded at 24.05.2004 and registered in the Commercial Register at 14.06.2004. The Company's main activity is real estate leasing (finance lease).

The Company's share capital is EEK 40 000. Until 30.06.2009 was its 100% owner AS LHV Pank (former name AS Lõhmus, Haavel & Viisemann). At 30.06.2009 the shares of the Company were bought by AS LHV Group, which is also the parent company to AS LHV Pank. The Company's shares are freely transferable. The amendments to the Company's articles of association are made pursuant to the procedure laid down in law and the shareholder appoints the members of the Company's Management Board. In July, 2009, the Management Board member was changed and the new member of Management Board is Hans-Sten Pisang. The Company does not have a Supervisory Board.

The Company launched its main operations in 2005, there have been no staff costs at the Company during its four years of operations. The parent LHV provides book-keeping services to the Company. The Company's Management Board has one member, neither remuneration nor any other benefits were paid to the member of the Management Board.

At 23.12.2004, a sales contract under the law of obligations concerning ownership of the apartments was entered into between LHV Ilmarise Kinnisvaraportfelli OÜ and OÜ Ilmarise Kvartal, including the transfer of the seller's rights and obligations, and transfer of the receivables related to the object of the contract on the basis of which LHV Ilmarise Kinnisvaraportfelli OÜ acquired the receivables of OÜ Ilmarise Kvartal arising from finance lease agreements with regard to finance lease payments by lessees. In the aforementioned sales contract under the law of obligations, the possibility of collection of these receivables was tied to the bond issue arranged by LHV Ilmarise Kinnisvaraportfelli OÜ and the conclusion of a real right contract concerning apartment ownerships.

At 21.01.2005, the aforementioned persons concluded a complementary contract to the sales contract under the law of obligations concerning apartment ownerships and a contract for the transfer of receivables and a real right contract. Thus, the receivables arising from the finance lease agreement and the ownership of apartments were transferred in real terms to LHV Ilmarise Kinnisvaraportfelli OÜ after the conclusion of the real right contract and the subsequent entry of LHV Ilmarise Kinnisvaraportfelli OÜ as the owner of the title to the apartments in the real estate register.

At 19 January 2005, AS LHV carried out a placement of securitised bonds backed by finance lease agreements in the total number of 185 295 bonds and in the amount of EEK 18 529 500 (EUR 1 184 251). LHV Ilmarise Kinnisvaraportfelli OÜ listed the bonds on the Tallinn Stock Exchange at 13.10.2005. The Company was specially founded to acquire the lease agreements and finance those. The Company does not plan to expand its business.

By the time of signing the interim report, 20 interest and redemption payments have been made to the bond holders. A total of 144 267 bonds for EEK 14 426 700 (EUR 922 031) have been redeemed of which 1 505 (EEK 150 500 / EUR 9 618) were redeemed in 2009. The number of bonds after the redemption payments is 41 028 and the outstanding volume of the issue in the nominal value amounts to EEK 4 102 800 (EUR 262 217).

LHV Ilmarise Kinnisvaraportfelli OÜ is not significantly influenced by financial or operational risks. The main risk to be considered is credit risk arising from lease agreements. The Company has assessed affects of credit risk as well as liquidity and interest rate risk and global economical crisis to its activities. Detailed analysis on these risks and possible influences is presented in annual report Note 9.

To the best of management's knowledge, the management report gives a true and fair view of the Company's business activities and results, financial position, and includes a description of the principal risks and uncertainties.

Hans-Sten Pisang /signed/
26.02.2010

Financial Statements of LHV Ilmarise Kinnisvaraportfelli OÜ

Declaration of the Management Board

The Management Board confirms the correctness and completeness of LHV Ilmarise Kinnisvaraportfelli OÜ interim report financial statements as presented on pages 5-15.

The Management Board confirms that:

- the financial statements have been prepared in compliance with International Financial Reporting Standards as adopted by the European Union, prepared in accordance with IAS 34, 'Interim financial reporting';
- the financial statements present a true and fair view of the financial position, the results of its operations and the cash flows of the Company;
- LHV Ilmarise Kinnisvaraportfelli OÜ is a going concern.

/signed/

Hans-Sten Pisang

Member of the Management Board

26.02.2010

Balance Sheet

		EEK	EEK	EUR	EUR
	Note	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Assets					
Cash and bank		105 442	116 511	6 739	7 446
Finance lease receivables	2	4 117 969	4 245 873	263 186	271 361
Other receivables	3	15 376	31 090	983	1 987
Total assets		4 238 787	4 393 474	270 908	280 794
Liabilities					
Prepayments		9 131	8 949	584	572
Issued bonds	4	4 189 656	4 341 887	267 768	277 497
Total liabilities		4 198 787	4 350 836	268 352	278 069
Equity					
Share capital	5	40 000	40 000	2 556	2 556
Statutory reserve capital		0	2 638	0	169
Retained earnings		0	0	0	0
Total equity		40 000	42 638	2 556	2 725
Total liabilities and equity		4 238 787	4 393 474	270 908	280 794

The notes of pages 10 to 15 are an integral part of these financial statements.

Statement of comprehensive income

EEK	Note	Total 2009	II half-year 2009	Total 2008	II half-year 2008
Interest income from the finance lease	6	260 909	129 265	270 138	133 951
Interest expense from bonds		-244 000	-121 041	-252 523	-125 360
Net interest income		16 909	8 224	17 615	8 591
Other operating income	3	97 683	15 955	94 335	25 581
Operating expenses	7	-117 327	-24 218	-113 442	-34 242
Other financial income		97	39	1 492	70
Net profit / loss for financial year		-2 638	0	0	0
Comprehensive income		-2 638	0	0	0
Average number of issued shares	5	1	1	1	1
Basic and diluted earnings per share		0	0	0	0

EUR	Note	Total 2009	II half-year 2009	Total 2008	II half-year 2008
Interest income from the finance lease	6	16 675	8 261	17 265	8 561
Interest expense from bonds		-15 594	-7 735	-16 139	-8 012
Net interest income		1 081	526	1 126	549
Other operating income	3	6 243	1020	6 029	1 635
Operating expenses	7	-7 499	-1 548	-7 250	-2 188
Other financial income		6	2	95	4
Net profit / loss for financial year		-169	0	0	0
Comprehensive income		-169	0	0	0
Average number of issued shares	5	1	1	1	1
Basic and diluted earnings per share		0	0	0	0

The notes of pages 10 to 15 are an integral part of these financial statements.

Cash flow statement

EEK	Note	Total 2009	II half-year 2009	Total 2008	II half-year 2008
Cash flow from operating activities					
Income related to operating activities		113 396	35 861	122 326	0
Expenses related to operating activities		-117 326	-22 493	-113 442	-34 466
Proceeds from settlement of finance lease receivables	2	128 877	67 616	173 940	94 729
Interest received		260 215	128 902	270 997	134 398
Total cash flow from operating activities		385 162	209 886	453 821	194 661
Cash flow from financing activities					
Redeemed bonds	4	-150 500	-76 300	-141 900	-72 200
Interests paid	4	-245 731	-121 780	-254 156	-126 059
Total cash flow from financing activities		-396 231	-198 080	-396 056	-198 259
Total cash flow		-11 069	11 086	57 764	-3 599
Cash and cash equivalents at beginning of the period		116 511	93 636	58 747	120 110
Cash and cash equivalents at end of the period		105 442	105 442	116 511	116 511
Net increase in cash and cash equivalents		-11 069	11 086	57 764	-3 599

EUR	Note	Total 2009	II half-year 2009	Total 2008	II half-year 2008
Cash flow from operating activities					
Income related to operating activities		7 247	2 292	7 818	0
Expenses related to operating activities		-7 498	-1 438	-7 250	-2 203
Proceeds from settlement of finance lease receivables	2	8 237	4 321	11 117	6 054
Interest received		16 631	8 238	17 320	8 590
Total cash flow from operating activities		24 617	13 414	29 005	12 440
Cash flow from financing activities					
Redeemed bonds	4	-9 619	-4 876	-9 069	-4 614
Interests paid	4	-15 705	-7 783	-16 244	-8 057
Total cash flow from financing activities		-25 324	-12 659	-25 313	-12 671
Total cash flow		-707	755	3 692	-230
Cash and cash equivalents at beginning of the period		7 446	5 984	3 755	0
Cash and cash equivalents at end of the period		6 739	6 739	7 446	-230
Net increase in cash and cash equivalents		-707	755	3 692	-230

As investing is the core activity of the Company, then regular cash flows relating to investing activities are included in cash flows from operating activities.

The notes of pages 10 to 15 are an integral part of these financial statements.

Statement of changes in equity

	Share capital	Statutory reserve capital	Retained earnings	Total
EEK				
Balance as at 31.12.2007	40 000	2 638	0	42 638
Profit for 2008	0	0	0	0
Balance as at 31.12.2008	40 000	2 638	0	42 638
Net loss for I half-year 2009	0	0	-2 638	-2 638
Loss covered at the expense of statutory reserve capital	0	-2 638	2 638	0
Balance as at 30.06.2009	40 000	0	0	40 000
Net loss for II half-year 2009	0	0	0	0
Balance as at 31.12.2009	40 000	0	0	40 000
EUR				
Balance as at 31.12.2007	2 556	169	0	2 725
Profit for 2008	0	0	0	0
Balance as at 31.12.2008	2 556	169	0	2 725
Net loss for I half-year 2009	0	0	-169	-169
Loss covered at the expense of statutory reserve capital	0	-169	169	0
Balance as at 30.06.2009	2 556	0	0	2 556
Net loss for II half-year 2009	0	0	0	0
Balance as at 31.12.2009	2 556	0	0	2 556

More detailed information about sharecapital and equity is provided in Note 5.

The notes of pages 10 to 15 are an integral part of these financial statements.

Notes to the financial statements

Note 1. Accounting policies and measurement basis used in the preparation of the financial statements

The main activity of LHV Ilmarise Kinnisvaraportfell OÜ is real estate leasing (finance lease) and it operates in the Republic of Estonia.

These interim financial statements were approved by the Management Board at 26 February 2010.

Basis of preparation

The interim report of LHV Ilmarise Kinnisvaraportfelli OÜ for the period of 01.07.09 - 31.12.09 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with IAS 34, 'Interim financial reporting'. The same accounting policies are followed in the interim financial statements as were followed in annual report of 2008.

The financial figures have been presented in Estonian kroons (which is the presentation currency of the Company) and Euros (for supplementary financial information according to the Stock Exchange requirements in Estonia) unless referred otherwise.

For accounting periods started from 01.01.2009 the revised IAS 1 „Presentation of Financial Statements“ is applied, by which the obligation to present comprehensive income statement is applied to those companies, that have non-owner related changes in equity (such as revaluation of available-for-sale financial assets). Alternatively, entities are allowed to present two statements: a separate income statement and a statement of comprehensive income. The Company has chosen to present comprehensive income statement as one statement. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The Company expects the revised IAS 1 to affect the presentation of its financial statements but not the recognition or measurement of specific transactions and balances.

Note 2. Finance lease receivables

	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	EEK	EEK	EUR	EUR
Net investment by due dates				
Up to 1 aasta	183 079	161 230	11 701	10 304
Between 1 and 5 years	756 891	711 515	48 374	45 474
Over 5 years	3 177 999	3 373 128	203 111	215 582
Total net investment	4 117 969	4 245 873	263 186	271 360
Future interest income by due dates				
Up to 1 aasta	250 457	260 910	16 007	16 675
Between 1 and 5 years	892 831	938 876	57 062	60 005
Over 5 years	1 304 495	1 509 536	83 373	96 477
Total future interest income	2 447 783	2 709 322	156 442	173 157
Gross investment by due dates				
Up to 1 aasta	433 536	422 140	27 708	26 980
Between 1 and 5 years	1 649 722	1 650 391	105 436	105 479
Over 5 years	4 482 494	4 882 664	286 484	312 059
Total gross investment	6 565 752	6 955 195	419 628	444 518

At 21.01.2005, LHV Ilmarise Kinnisvaraportfelli OÜ acquired the portfolio of lease receivables arising from finance lease agreements against finance lessees concerning finance lease payments in the amount of EEK 18 529 thousand (EUR 1 184 248) (principal payments according to agreements). The underlying currency of finance lease agreements is the Estonian kroon. The annual interest rates on the finance lease agreements are between 6% and 8%. Interest rates are fixed. In addition, OÜ Ilmarise Kvartal made an irrevocable payment of EEK 141 019 (EUR 9 013) to cover the credit risks associated with these lease receivables and the customers in these lease agreements. This is effectively accounted for as part of the cost of these lease receivables and deducted from the net investment.

These finance lease agreements are concluded for the leasing of apartments by the lessees and upon payment of all lease payments according to the agreement, the lessees will become owners of these apartments. Upon the early payment of the full amount of the net investment of the lease agreement, the lessees are entitled to acquire the apartments before the end of the lease term.

01.07.2009-31.12.2009 non of the apartments were bought out and principal payments were made for the apartments not yet transferred in the amount of 123 298 kroons (EUR 7 880). In first half of year 2009 also non fo the apartments were bought out and principal payments were made for the apartments not yet transferred in amount on 68 755 kroons (EUR 4 394). In 2008, no apartment ownerships were transferred, principal payments totalled EEK 127 952 (EUR 8 178). By the time of preparing the financial statements, 8 apartment ownership have not been transferred.

All finance lease receivables have been pledged as collateral for the bonds issued. Danske Bank A/S Estonian Branch acts as an underwriting agent and custodian of the pledged assets (see Note 4). For receivables past due, see the credit risk table in Note 9.

Note 3. Other receivables

According to the agreement, both AS LHV Pank that arranged the bond issue and AS GILD Financial Advisory Services that had been de-merged from the former, are participating equally in covering of the loss of LHV Ilmarise Kinnisvaraportfelli OÜ. In the period of 01.07.2009-31.12.2009, income allocated for the purpose of covering the loss totalled EEK 15 955 (EUR 1 020), of which the remaining receivables from these entities totalled EEK 15 376 (EUR 983) as at the end of the year. In II half-year 2008 income allocated for the purpose of covering the loss totalled EEK 34 242 (EUR 2 188) of which the remaining receivables from these entities totalled EEK 31 089 (EUR 1 987) as at the end of the year.

Note 4. Issued bonds

Maturities of liabilities	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	EEK	EEK	EUR	EUR
Up to 1 year	224 529	226 323	14 350	14 465
Between 1 and 5 years	762 707	716 901	48 746	45 818
Over 5 years	3 202 420	3 398 663	204 672	217 214
Total issued bonds	4 189 656	4 341 887	267 768	277 497

At 19 January 2005, AS LHV carried out a placement of securitised bonds backed with finance lease agreements in the amount of 18 529 500 kroons (EUR 1 184 251), disclosed in Note 2.

Bonds are coupon bonds, on which interest is 5.8% per annum. This also represents the effective interest rate of these bonds. The redemption payments of bonds and interest payments to bond holders take place on a quarterly basis in the month following the end of the quarter. As no transactions have been performed with the bonds in the secondary market (Note 10), the determination of the fair value of bonds is practically impossible, as a result of which this value is not disclosed here separately.

The following principal and interest payments have been made to the bond holders in 2007-2010:

EEK		Amount of	Cumulative	Amount of	Cumulative
Date	Number of bonds	principal payment	principal payment	interest payment	interest payment
19.01.2007	17 435	1 743 500	13 919 900	92 120	1 350 992
19.04.2007	356	35 600	13 955 500	66 839	1 417 831
19.07.2007	1 054	105 400	14 060 900	66 323	1 484 154
19.10.2007	342	34 200	14 095 100	64 795	1 548 949
Total redeemed in 2007	19 187	1 918 700	14 095 100	290 077	1 548 949
19.01.2008	345	34 500	14 129 600	64 299	1 613 248
19.04.2008	352	35 200	14 164 800	63 799	1 677 046
19.07.2008	357	35 700	14 200 500	63 288	1 740 334
19.10.2008	365	36 500	14 237 000	62 771	1 803 105
Total redeemed in 2008	1 419	141 900	14 237 000	254 156	1 803 105
19.01.2009	366	36 600	14 273 600	62 241	1 865 346
19.04.2009	376	37 600	14 311 200	61 710	1 927 056
19.07.2009	380	38 000	14 349 200	61 165	1 988 221
19.10.2009	383	38 300	14 387 500	60 614	2 048 835
Total redeemed in 2009	1 505	150 500	14 387 500	245 730	2 048 835
19.01.2010	392	39 200	14 426 700	60 059	2 108 894

EUR		Amount of	Cumulative	Amount of	Cumulative
Date	Number of bonds	principal payment	principal payment	interest payment	interest payment
19.01.2007	17 435	111 430	889 645	5 888	86 346
19.04.2007	356	2 275	891 920	4 271	90 617
19.07.2007	1 054	6 736	898 656	4 239	94 856
19.10.2007	342	2 186	900 842	4 141	98 997
Total redeemed in 2007	19 187	122 627	900 842	18 539	98 997
19.01.2008	345	2 204	903 046	4 109	103 106
19.04.2008	352	2 250	905 296	4 077	107 183
19.07.2008	357	2 282	907 578	4 045	111 228
19.10.2008	365	2 332	909 908	4 012	115 240
Total redeemed in 2008	1 419	9 068	909 908	16 243	115 240
19.01.2009	366	2 338	912 246	3 978	119 218
19.04.2009	376	2 403	914 653	3 944	123 162
19.07.2009	380	2 429	917 082	3 909	127 071
19.10.2009	383	2 447	919 529	3 874	130 945
Total redeemed in 2009	1 505	9 618	919 529	15 705	130 945
19.01.2010	392	2 505	922 034	3 838	134 783

Note 5. Shareholder's equity

From the time of its establishment, the share capital of the private limited company is EEK 40 000 (2 556 EUR), which consists of one share. Until 30.06.2009 AS LHV Pank (formerly named as AS Lõhmus, Haavel & Viisemann) was 100% owner of the company. At 30.06.2009 the 100% holding was bought by AS LHV Group, which is also the parent company of AS LHV Pank. The ultimate controlling party of AS LHV Group is Rain Lõhmus with 57% of the voting rights. Andres Viisemann has significant influence with 19% of the voting rights. The share capital has been paid in cash.

LHV Ilmarise Kinnisvaraportfelli OÜ is a private limited company specifically set up for issuing bonds and for meeting obligations related to them. After the issue, the share of the private limited company has been given to the custody of a underwriting agent which is Danske Bank A/S Estonian Branch. The custody of the share has been performed in such a way that on the basis of the contract with the underwriting agent, the 100% share of the issuer has been transferred to the securities account at Danske Bank A/S Estonian Branch and subsequent to the transfer to the securities account, Danske Bank A/S Estonian Branch has blocked the securities' account for the use and disposal until the expiry of the contract with the underwriting agent or arising the need to dispose of the share.

29.06.2009 by decision of LHV Ilmarise Kinnisvaraportfelli OÜ's sole shareholder, the loss for the first half year 2009 is covered at the expense of statutory reserve capital composed from the profit of 2005.

Note 6. Segment reporting

The only activity of the Company is real estate leasing as a lessor. All real estate properties leased out under the finance lease terms are located in Estonia. Due to the above, the Company has only one business and one geographical segment. In II half-year 2009 interests earned from capital lease amounted to 129 265 kroons (in II half-year 2008: 133 951).

Note 7. Operating expenses

	EEK	EEK	EUR	EUR
	II half-year 2009	II half-year 2008	II half-year 2009	II half-year 2008
Accounting and audit	14 400	14 160	920	905
Other operating expenses	9 818	20 082	628	1 283
Total	24 218	34 242	1 548	2 188

Note 8. Transactions with related parties

In compiling this report, the following entities have been considered as related parties:

- owners (parent company and owners of the immediate and ultimate parent company);
- other firms belonging to the same consolidation group (incl. fellow subsidiaries and associates);
- management and supervisory boards;
- close relatives of the persons mentioned above and the companies related to them.

From company AS LHV Pank have been bought book-keeping services in second half of the year 2009 for 14 400 kroons (920 EUR). In second half on the year 2008 the services were bought for 14 160 kroons (905 EUR).

There were no remunerations, compensations nor other benefits paid or accrued to the management board in 2009 and 2008.

Note 9. Risk management

The risks threatening the Company's business activities include are financial risks and operating risk. The Company's overall risk management system attempts to minimise potential unfavourable effects on the Company's financial activities. Management board and LHV Finance Department are responsible for company's risk management.

9.1 Financial risks

- Credit risk
- Liquidity risk
- Market risks

Credit risk

The Company regularly monitors the adherence of customers to the terms of agreements. The legal title of leased property remains to the Company until lease receivables have been collected in full. Therefore the Company does not have any significant credit risk assuming that prices do not decrease significantly in the real estate market due to which the value of collateral would fall below the nominal value of the amount of all receivables. According to the assessment reports of apartments from 2004, the collaterals are adequate to cover the capital lease receivables.

Consequent with credit risk the capital lease receivables are divided as follows:

	31.12.2009	31.12.2008
Current and not impaired	4 094 742	4 238 164
Past due but not impaired	23 226	7 709
Total	4 117 969	4 245 873

As at 31.12.2009, no receivables had been written down, as at 31.12.2008, past due receivables have been written down in the amount of EEK 11 930 (EUR 762).

Liquidity risk

The maturities of the Company's bonds issued match the scheduled collections arising from finance lease agreements. In order to avoid the liquidity risk related to the delay in rental payments, the Company has an additional guarantee from AS LHV Pank in order to enable performing the contractual payments related to the bonds issued on time. A payment for special purposes has also been collected from OÜ Ilmarise Kvartal, (see Note 2), from which the real estate lease portfolio was taken over. See also Note 9.2.

Undiscounted cash flows of bonds issued by due dates:	31.12.2009	31.12.2008
up to 1 year	406 111	415 483
between 1 and 5 years	1 632 362	1 630 811
over 5 years	4 517 373	4 914 605
Total	6 555 846	6 960 898

Market risk

Due to the Company's business, interest rate risk can be considered the Company's main market risk. For hedging the interest rate risk, floating interest rates have not been used when concluding finance lease agreements, all finance lease agreements and also bonds issued have fixed interest. The interest rates of finance lease agreements are between 6-8% and the interest rate on bonds issued is 5.8%. Bonds are redeemed according to the scheduled collections arising from finance lease agreements. When customers wish to terminate finance lease agreements

prematurely, the Company is entitled to redeem the bonds issued in the amount of the additional collection. Therefore, the Company does not bear major interest risk.

All contracts of the Company have been concluded in Estonian kroons; therefore, there is no foreign currency risk. There are no financial instruments with price risk in the Company's balance sheet.

9.2. Fair value of financial assets and financial liabilities

The fair values of the expected cash flows of finance lease receivables and bonds issued may differ from their carrying amounts. The lessees are entitled to terminate their agreement practically any time during the lease term; therefore it would not be appropriate to consider these cash flows from current agreements as expected cash flows on the basis of the schedules established in the agreement. Therefore, the Management Board has evaluated and concluded that the combined fair value of lease receivables and bonds issued does not significantly differ from their carrying amount as at 31.12.2009 and 31.12.2008.

9.3. Operating risk

Operating risk is a potential loss caused by inadequate or nonperforming processes, employees and information systems, or external factors. Pursuant to the policy established at the parent LHV, the principle of segregation of duties is used in the working procedures of LHV Ilmarise Kinnisvaraportfelli OÜ, according to which there should be an approval by at least two employees or units in order to carry out a transaction or procedure.

Note 10. Trading statistics

Since their first quotation on the stock exchange at 13.10.2005 until 31.12.2009, there have been no transactions with the bonds of LHV Ilmarise Kinnisvaraportfelli OÜ and therefore, there is no information available on price movements.

Note 11. Contingent liabilities

The tax authorities have the right to verify the Company's tax records up to 6 years from the time of submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines. The Company's management estimates that there are not any circumstances which may lead the tax authorities to impose additional significant taxes on the Company.