

Interim Report

JANUARY – MARCH 2009

- Net turnover amounted to SEK 14.8 m (15.2) for the period January - March
- Value changes, SEK -371.6 m, realized losses, SEK -15.2 m, and impairment losses, SEK -32.0 m in the property portfolio lead to a result after tax that amounted to SEK -417.8 m (46.9) for the period January - March.
- Earnings per share amounted to SEK -36.77 (6.91) for the period January-March
- The economic environment in Russia is still difficult, even though there are some recent signs of relief such as rising oil price, healthier financial markets and a stronger Rouble. Despite such positive signs, the activity on the real estate transactions market in St Petersburg is low.
- Book value of the properties amounts to SEK 1,260.8 m (1,662.8). The non-liquid market complicates the assessment of a fair market value.
- Ruric continues its efforts to find a long term financing solution for the company, as well as extending the investment agreement on Moika/Glinki.
- After the end of the period, Ruric and Storm Real Estate signed and closed the sale of Grifon House. The transaction is partly paid according to agreed payment schedule.

Key Events

February

Staff reduced from 87 to 37.
Repurchase of SEK 20 m of bond 3 at 37% of nominal value
Rouble plummets to 37 Rbl/USD

March

Temporary discounts are being applied for many tenants with USD based lease terms

April

The sale of Grifon with Storm Real Estate was signed and closed. First payment received according to agreement.

May

Rising oil price, stronger financial markets and a stronger Rouble

Description of Ruric AB

Business concept, overall goal and strategy

The company's business concept is to acquire, develop, let and manager real estate in St Petersburg, Russia with a focus on commercial premises of the highest class in attractive locations that thereby contribute positively to the business of the tenants.

The company has the goal of becoming a leading real estate company in the St Petersburg region within its segment.

The strategy is to identify real estate with great potential in the central parts of St Petersburg, create suitable acquisition structures and acquire and renovate at the best price. After renovations, commercial premises of the highest class (principally office and retail premises) are offered to tenants that are looking for the best possible premises in attractive locations and are willing to pay for it.

The acquisition strategy is focused on objects where Ruric can supply significant added value and is carried out by means of Ruric benefiting from the lack of information on the local real estate market and an inefficient capital market in order to identify and carry out acquisitions at attractive prices. That is made possible through a strong local presence and good links to the market players and authorities.

Financial goal

Ruric has a goal of generating a return on equity of at least 20 percent at a conservative level of borrowing as well as to obtain a yield from the real estate stock (rental income minus operating expenses in relation to investment) of at least 15 percent.

Real estate stock

Ruric owned six properties in central St Petersburg at the close of the period, of which three are completed, and in the other three, planning and design and/or renovation/rebuilding is ongoing (mainly completed in one of these properties). During the period, the real estate stock has developed as shown below:

	SEK m
Opening balance	1,662.8
Acquisitions	0.0
Investments in investment properties	0.3
Investments in real estate projects	17.2
Divestments	-151.1
Changes in value	-371.6
Changes in exchange rates	103.2
Closing balance	1,260.8

The real estate book value decreased by SEK 402.0 m net during the period consisting of net investments, changes in value, divestments and changes in exchange rates.

Acquisitions

No acquisitions have been carried out during the period.

Work continuing within own stock

During the period SEK 17.5 m was capitalized in the property portfolio. Most of this consisted of capitalized interest on project loans for Moika/Glinky.

Divestment

After the end of the period, the shares in ZAO Grifon have been sold to Storm Real Estate Fund at a price of SEK 140.7 m or USD 17 m. The transaction, which is accounted for during the interim period, results in a loss amounting to SEK 15.2 m. Payment for the transaction has partly been received.

Changes in value in investment properties

The property market in Russia was severely hit during late 2008. Ruric took as negative value change in the income statement amounting to SEK 190.2 m during Q4 2008, equalling to 30 % of the investment properties.

No new external valuations have been conducted on the investment properties during 2009. The value

of investment properties has continued to decline in the beginning of 2009. Currently the market is not functioning making value assessments difficult. However, Ruric has decided to assume a value reduction amounting to 20% in the income statement, or SEK -67.1 m.

The declining market rents and imbalance in supply and demand for office premises has caused a drop in current and projected income from the investment properties. Currently the vacancy rates are also rising. All these negative factors, lead to reduced net income.

The value of the investment property portfolio per 31 March 2009 amounts to SEK 333.1 m (525.3) which implies a yield requirement of 10.5% and 23,200 SEK per lettable sqm. The value of the investment property, given different yield requirements, is illustrated in the table below:

Property	Lettable area	Estimated operating income (8,28 SEK/USD)	Yield requirement				External valuation 31 Dec – 2008
			10%	12%	14%	16%	
R. Fontanki nab. 13 (Oscar)	2,976	9.9	99.4	82.8	71.0	62.1	105.2
9-ya V.O.i. 34 (Magnus) Sredny Prospekt 36/40 (Gustaf)	6,463	13.2	132.5	110.4	94.6	82.8	156.5
	4,943	11.7	115.9	96.6	82.8	72.5	139.1
Investment properties	14,382	34.8	347.9	289.9	248.5	217.5	400.8
Book value			333.1	333.1	333.1	333.1	333.1
Surplus value			14.8	-43.2	-84.6	-115.6	67.7

Development portfolio

The development portfolio consists of the property with address Moika 96-98/ul. Glinky 2, and the jointly-owned properties at Apraksin Dvor (65%) and on Fontanka 57 (50%). Ruric also owns 25% of a land plot of 132 hectares southwest of the city centre. The Moika / Glinky asset and Apraksin Dvor asset, which are both investment agreements, are recorded as Project properties, whereas the Fontanka 57 and land-plot are recorded as financial assets - shares and participations.

From 1 January 2009 IAS 40 also include development properties. Thus, these assets shall be recorded at fair value. Valuations have been conducted for Apraksin Dvor and Moika/Glinky project. In the valuation for Moika / Glinky it is assumed that the extension of the investment agreement is granted until 2014. As mentioned above, valuations in the current market conditions are difficult, and in any case very uncertain. The values derived in the valuations, give rise to a value change amounting to SEK -304.5 m in the income statement for the consolidated project properties.

The properties recorded as shares and participations have been written down by SEK -32.0 m. The basis for that impairment is an anticipated value/sq.m.

Apraksin Dvor:

During autumn 2007 a tender process for modernisation of the entire Apraksin Dvor district was carried out by the city administration, with estimated start of construction during 2009. Ruric participated in the tender process, but a competing bid won. Ruric can continue as owner of its properties or alternatively, as the winner of the tender may propose, enter into a partnership agreement or to sell at market price. Discussions have been on-going during the year. Due to the recent market developments it is unlikely that there will be a transaction. In Ruric's opinion, it is also currently unlikely that the constructions works will be started during 2009. There have been numerous and misleading news articles regarding this development. Ruric are currently ascertaining the facts in order to be in a position to make the correct decision.

Moika/Glinky:

Ruric's largest project, at Moika/ ul. Glinki, controlled through an investment agreement, which gives the right to develop and finally own the property, but also consist of several obligations. The first major obligation, which was completed in august 2007, consisted of relocating the military training operations from the premises in centre of the city to a military town nearby. This part is still in the process of being stamped and registered with the local authorities.

The work with producing a smaller concept, without underground construction, is on-going. One of the objectives with the new concept is a scalable project where Ruric can invite several partners/investors in smaller projects.

At the end of 2008 the city administration announced new zoning regulations for the area where Moika/Glinky is located which planned to prohibit the building of new residential buildings. Ruric successfully applied for an exception in the case Moika/Glinky and the new zoning specifically allows new residential buildings within the Moika/Glinky development plan.

During the reporting period Ruric also successfully applied for permission for the demolition of specific buildings located in the Moika/Glinky courtyard, which is crucial for the planned development.

Ruric is still in the process of applying for an extension of the investment agreement and have requested that it is extended until 2014 (it currently expires in December 2011). A decision was expected in March/April 2009, but is still pending. This is a prerequisite to obtain the necessary financing and approvals for the new mainly residential concept.

Fontanka 57:

Together with the project partner a new, smaller, concept is being constantly developed to reduce the financial requirements. In parallel, negotiations are also conducted with the relevant authority on a possibility to postpone the undertakings and permission to lease out parts of property, as well as reducing the lease payments to the Federal Government.

In June, the scaffolding will be removed and reveal a beautiful refurbished facade on this landmark in St. Petersburg.

Land-Plot:

No development is conducted on the land-plot.

Currency exposure

Ruric's functional currency is USD. A change in the SEK / USD thus effect the equity i Ruric by the change in property value. This is a mere translation risk. The *real* and long-term currency exposure is vis-a-vis the Russian Rouble. The properties are located in Russia and are affected and backed by the Russian economy.

Financing

In order to preserve the value of Ruric's assets it is necessary to find a long term financial solution for the company. The Board continues and has intensified its efforts in finding a viable solution.

COMMENTS ON THE FINANCIAL DEVELOPMENT

Rental income

The rental income that includes the buildings at the 9-aya V.O. Linia 34 (Magnus), Fontanka 13 (Oscar), Sredny Prospekt 36/40 (Gustaf) and completed parts of Apraksin Dvor 15/16 amounted to SEK 14.8 m (15.2) during the interim period. The development of rental income and net operating income are shown in the table below:

Net operating income development	Q1, 2009	Q4, 2008	Q3, 2008	Q2, 2008	Q1, 2008	Q4, 2007	Q3, 2007	Q2, 2007	Q1, 2007	Q4, 2006	Q3, 2006	Q2, 2006
Rental income	14.8	18.0	19.6	14.9	15.2	16.6	12.4	9.3	7.7	5.4	4.4	3.3
Real estate expenses	-5.8	-7.7	-7.3	-6.1	-5.2	-5.0	-5.2	-4.3	-3.9	-5.3	-5.6	-4.9
Net operating income	9.0	10.3	12.3	8.8	10.0	11.6	7.2	5.0	3.8	0.1	-1.2	-1.6

The decline in rental income compared to the last quarter 2008 is explained by the sale of Grifon House.

During the reporting period, the Russian Rouble depreciated by close to 25% down to almost 37 Rbl/USD from year-end to the bottom in mid February. This caused dollar denominated leases to escalate. The general market conditions and the depreciation needed extra-ordinary actions. Ruric decided to offer temporary rent reductions to many tenants with dollar denominated leases. This, and

lower occupancy, will affect rental income during the next two-three quarter. After the end of the period, the rouble has gained strength and is back at 5% lower than at year-end. If this holds, the temporary discounts might be cancelled faster than expected.

Real estate expenses

Direct real estate expenses and non-activated real estate expenses for legal administration, marketing of premises, management fees etc. amounted to SEK -5.8 m (-5.2) during the interim period.

Operating surplus

The operating surplus for completed investment properties amounted to SEK 9.0 m (10.0) during the interim period.

Other operating expenses

Other operating expenses mainly referred to expenses for central administration that include expenses for group management as well as other central functions including personnel expenses. These expenses amounted to SEK -7.5 m (-7.3) during the interim period.

Value changes

During the interim period the value of the real estate portfolio has declined by SEK -386.8 m (32.0). The decline consist of a realized value decline from the sale of Grifon SEK -15,2 m, and of unrealized value decline in investment properties, SEK -67.1, and in project properties, SEK -304.5 m.

Impairment

The value of the participations in Fontanka and the the land-plot has been re-assessed and written-down by SEK -32.0 m.

Operating result

The operating result for the interim period amounted to SEK -417.4 m (62.9).

Net financial income/expense

Net financial income and expenses amounted to SEK -12.1 m (-0.3) for the interim period. Results from participations are included with SEK -11.0 m (0.0). During the period, activated interest expenses amounted to SEK 15.4 m (15.8). The appreciation of the US dollar has effected equity with SEK 107.8 m, primarily due to the fact that the properties are valued in USD, while changes in exchange rates that impacted the income statement amounted to SEK 13.9 m (1.7).

Result after financial items

The result after financial items amounted to SEK -429.5 m (62.6) during the interim period.

Taxes

Tax expenses amounted to SEK 11.7 m (-15.7) during the interim period. The main part is attributable to the Russian operations, mainly losses brought forward.

Cash flow, liquidity and financial position

The cash flow during the interim period amounted to SEK -13.7 m (-11.3), whereof SEK -128.7 m (1.4) was from operating activities. The equity ratio amounted to 48.8 (55.2) percent at the close of the period, whereof the debt ratio is less than the maximum according to the bond terms. Equity amounted to SEK 892.1 m (1,202.1). Liquid funds amounted to SEK 33.3 m (47.0) and interest-bearing liabilities amounted to SEK 821.8 m (840.4). Investments during the period amounted to SEK 17.5 m in total.

Interest-bearing liabilities

At the end of the interim period, Ruric's financing consisted of two bond loans, the first listed at NGM (Nordic Growth Market) and the other at OMX.

Bond nr 1 was repaid in April 2008. A bond nr 2 raised SEK 410 m for the Company during the second quarter 2006, with a repayment date of 16 November 2010. The nominal amount is SEK 451.5 m. The loan ran without coupon interest until 16 November 2006. From 17 November 2006 until the repayment date, the loan runs with a coupon interest of 8.5% per annum, with interest due dates 16 November 2009 and 16 November 2010.

During spring 2008 a Bond nr 3 was issued amounting to SEK 400 m with the purpose of refinancing bond nr 1. The loan has the same maturity as bond nr 2 but runs with a coupon of 16%. During the interim period Ruric has repurchased nominal SEK 20 m of this bond at 37% of the face value. The debt relief has been recorded against equity in the group consolidation.

The terms of the bonds stipulates that the debt / asset ratio shall not exceed 60% at any time. The Board and management are continuously monitoring this covenant.

Personnel and organisation

The Group had 33 employees at the end of the period, of which 31 are in the Russian subsidiary companies in St Petersburg, and 2 in the parent company (of which the CEO operates principally in St Petersburg)

The Parent Company

The Parent Company comprises the central management in Stockholm with overall responsibility for operational management as well as financing and reporting. The number of employees in the parent company amounts to 2 people at the end of the interim period.

The parent company's turnover for the year amounted to SEK 0.2 m (0.2) The result after financial items amounted to SEK 46.6 m (-17.8), of which SEK 96.4 m was attributable to intercompany exchange rate changes that are off-set in the group accounting. Liquid funds amounted to SEK 14.5 m (29.7) at the end of the period.

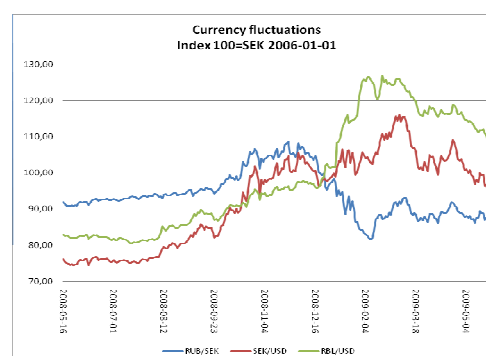
The share and the owners

The principal owners since the founding of the company in 2004 are Cancale Förvaltnings AB, E.Öhman J:or AB and East Capital. During 2008, East Capital Holding sold their class A shares to E. Öhman J:or AB and Nils Nilsson (Chairman of the Board of directors). Nils Nilsson owns 50% of the shares in Cancale Förvaltning AB.

2009-03-31	Shares			% of total	Votes	
	Series A	Series B	Total		Number	% of votes
EFG Private Bank S.A		1,561,933	1,561,933	13.75	1,561,933	6.69
Nils Nilsson	185,134	1,000,000	1,185,134	10.43	2,851,340	12.22
Öhman J:or AB	665,132	268,066	933,198	8.21	6,919,386	29.65
Deutsche Bank		855,477	855,477	7.53	855,477	3.67
Cancale Förvaltnings AB	480,000	65,400	545,400	4.80	4,865,400	20.85
UBS AG		502,000	502,000	4.42	502,000	2.15
Swedbank Robur Fonder		311,774	311,774	2.74	311,774	1.34
Länsförsäkringar		291,602	291,602	2.57	291,602	1.25
Avanza Pension		235,840	235,840	2.08	235,840	1.01
Aktiebolaget Boninvest		210,400	210,400	1.85	210,400	0.90
Summa 10 största ägarna	1,330,266	5,302,492	6,632,758	58.37	18,605,152	79.73
Summa övriga ägare	0	4,730,338	4,730,338	41.63	4,730,338	20.27
Alla ägare	1,330,266	10,032,830	11,363,096	100.00	23,335,490	100.00
Antal ägare	3	1,539	1,542			

Events after the close of the period

The Russian Rouble has gained strength vis-à-vis the USD and is currently trading almost at the same levels as at year-end. If this holds, the temporary discounts might be cancelled faster than expected.



Accounting principles

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). This interim report is prepared in accordance with IAS 34 Interim reporting. The updated standard IAS 1 has been applied for the first time in this interim report. Some terms in the financial reports has been changed. Also, the updated IAS 40 Investment property has been applied for the first time. This change implies that the development properties are recorded at fair value. The group adopts the same accounting principles as the latest annual report.

Annual general meeting

At the Annual General meeting on 21 April, Nils Nilsson (Chairman), Tom Dinkelspiel, Jens Engwall and Harald Kjessler were re-elected to the Board of Director's and Anders Sjunnesson was elected ordinary member. It was further resolved not to distribute any dividend for the year 2008 and to issue no more than 22,000 warrants to the key executives.

Future reporting dates

Interim Report January-June 2009	28 August 2009
Interim Report January-September 2009	24 November 2009
Year-end Report January-December 2009	26 February 2010

This Interim Report has not been the subject of examination by the company's auditor.

Stockholm, 28 May 2009
Russian Real Estate Investment Company AB (publ)

The Board of Directors

For additional information

Craig Anderson, CEO
Phone +46-8-509 00 100, (Sthlm)
+7 812 703 35 50 (St. Petersburg)
e-mail craig@ruric.com
web www.ruric.com

Ruric's business concept is to acquire, develop, let, manage, and divest real estate in St Petersburg, Russia, with a focus on commercial premises of the highest quality in attractive locations that can thereby contribute positively to the business of the tenants. The company has the vision of becoming a leading real estate company in central St Petersburg

Russian Real Estate Investment Company AB (publ)
Hovslagargatan 5 B, 111 48 Stockholm, Sweden
Phone: 08 – 509 00 100 Telefax: 08 – 611 77 99 E-mail: info@ruric.com Web: www.ruric.com
Corporate identity number: 556653-9705 Registered office: Stockholm

Consolidated income statement			
SEK m	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Rental income	14.8	15.2	67.7
Real estate expenses	-5.8	-5.2	-26.3
Operating surplus	9.0	10.0	41.4
Depreciation of equipment	-0.1	-0.1	-0.6
Other operating expenses	-7.5	-7.3	-49.1
Changes in value real estate	-386.8	60.3	-366.7
Impairment	-32.0		-8.0
Operating profit/loss	-417.4	62.9	-383.0
Profit participation	-11.0	0.0	-7.7
Financial income	15.6	2.9	46.6
Financial expenses	-16.7	-3.2	-60.9
Profit/loss after financial items	-429.5	62.6	-405.0
Taxes	11.7	-15.7	54.3
Profit/loss after tax	-417.8	46.9	-350.7
Currency translation differences	107.8	-97.6	345.3
Total result	-310.0	-50.7	-5.4
Earnings per share. SEK	-36.77	-0.62	-48.32
Earnings per share incl. dilution. SEK	n.a	n.a	n.a
Number of shares at the close of the period	11,363,096	6,884,881	11,363,096
Average number of shares	11,363,096	6,784,167	7,258,066
Average number of shares. incl. dilution	11,363,096	6,861,276	7,258,066

Consolidated balance sheet			
MSEK	31-3-2009	31-3-2008	31-12-2008
Fixed assets			
Investment property	333.1	545.6	525.3
Real estate projects	927.7	946.7	1,137.5
Equipment	6.1	6.8	7.4
Shares and participations	68.7	125.5	111.7
Deferred tax claims	45.7	1.4	40.5
Other long-term receivables	219.5	203.4	215.3
Total fixed assets	1,600.8	1,829.4	2,037.7
Current assets			
Current receivables	193.4	67.5	93.4
Liquid funds	33.3	22.2	47.0
Total current assets	226.7	89.7	140.4
TOTAL ASSETS	1,827.5	1,919.1	2,178.1
EQUITY AND LIABILITIES			
Equity	892.1	1,053.9	1,202.1
Deferred tax liabilities	28.3	58.9	32.2
Interest-bearing liabilities	821.8	686.4	840.4
Accounts payable	8.0	13.7	7.0
Other liabilities	27.4	52.6	68.9
Accrued expenses and deferred income	49.9	53.6	27.6
TOTAL EQUITY AND LIABILITIES	1,827.5	1,919.1	2,178.2

Consolidated change in equity SEK m	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Equity at the start of the period	1,202.1	1,104.6	1,104.6
Preferential rights issue	0.0	0.0	107.5
Issue expenses	0.0	0.0	-4.6
Warrants	0.0	0.0	0.0
Currency translation differences	107.8	-97.6	345.3
Profit/loss for the period	-417.8	46.9	-350.7
Equity at the close of the period	892.1	1,053.9	1,202.1

Consolidated cash flow statement SEK m	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Operating activities			
Profit/loss after financial items	-429.5	62.6	-405.0
Adjustment for items not included in the cash flow	441.3	-31.0	363.3
Taxes paid	0.0	-7.3	-2.4
Cash flow from operating activities before change in working capital	11.8	24.3	-44.1
Changes in working capital			
Change in operating receivables	-100.0	5.6	-16.9
Change in operating liabilities	-40.5	-28.5	-4.3
Total change in working capital	-140.5	-22.9	-21.2
Cash flow from operating activities	-128.7	1.4	-65.3
Investing activities			
Acquisition of participations	0.0	0.0	0.0
Acquisition of tangible fixed assets	-17.5	-54.5	-211.1
Sale of tangible fixed assets	151.1	207.4	182.8
Investments in other financial assets	0.0	-123.3	-104.2
Increase in short-term investments	0.0	0.0	0.0
Cash flow from investing activities	133.6	29.6	-132.5
Financing activities			
Preferential rights issue	0.0	0.0	102.7
Warrant settlement	0.0	0.0	0.0
Change in long-term borrowing	-18.6	-42.3	108.6
Cash flow from financing activities	-18.6	-42.3	211.3
Cash flow for the period	-13.7	-11.3	13.5
Opening liquid funds	47.0	33.5	33.5
Liquid funds at the close of the period	33.3	22.2	47.0

Group key ratios	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
<i>Real estate related key ratios</i>			
Lettable area, m ²	26,400	29,600	32,900
Book value real estate	1,260.8	1,492.3	1,662.8
Occupancy ratio, area, %	91.9	78.0	96.4
<i>Financial ratios</i>			
Equity ratio, %	48.8%	54.9%	55.2%
Liabilities/Assets, %	51.2%	45.1%	44.8%
Interest coverage ratio, times	neg	1.72	neg
Debt/equity ratio, times	0.9	0.7	0.7
Return on equity, %	-39.90	4.35	-30.41
<i>Data per share and share data</i>			
Number of shares at the close of the period	11,363,096	6,884,881	11,363,096
Average number of shares	11,363,096	6,784,167	7,258,066
Average number of shares, incl. dilution	11,363,096	6,861,276	7,258,066
Earnings per share, SEK	-3.77	-0.62	-48.32
Equity per share at the close of the period, SEK	79	160	106
Dividend, SEK	0	0	0
<i>Employees</i>			
Average number of employees	37	72	77
Number of employees at the end of the period	33	79	66

Definitions

Return on equity

Profit/loss after tax in relation to average equity.

Loan-to-value ratio real estate

Interest-bearing liabilities concerning real estate in relation to the book value of the real estate.

Earnings per share

The profit/loss for the period in relation to the average number of shares.

Interest coverage ratio

The profit/loss after financial items plus financial expenses divided by financial expenses.

Debt/equity ratio

Interest-bearing liabilities in relation to equity.

Equity ratio

Reported equity in relation to reported total assets at the close of the period.

Equity per share

Reported equity in relation to the number of shares at the close of the period.

