

# Year-End Report

JANUARY – DECEMBER 2012

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- Net turnover for 2012 amounted to SEK 40.9 m (40.6). In the fourth quarter the turnover was SEK 10.7 m (10.9).
- The result after tax was -360.2 m (-38.1). In the fourth quarter the result after tax amounted to SEK -28.5 m (-36.8). The negative result is directly attributable to revaluation of investment properties and real estate projects.
- Changes in the value of the investment properties amounted to SEK -26.8 m (92.8) and in the value of project properties amounted to SEK -163.7 m (-38.9). The net effect was SEK -190.5 m (53.9).
- Earnings per share amounted to SEK -3.46 (-0.37) during 2012. In the fourth quarter earnings per share amounted to SEK -0.27 (-0.35). The deterioration is due mainly to revaluation of development projects.
- Vacancy rate in the three business centres continued to decline. As of 31 December it was 1.9 (12.6) per cent.
- The valuation of properties was adjusted to SEK 407.7 m (911.8) as of December 31 on the basis of new valuation performed by CBRE as of 31 December 2012 and reclassification of Moika Glinki from real estate project into long-term receivables category. As in December 2012 the Board of Directors of Ruric AB decided to prepare the liquidation balance sheet. Based on the assumption that Ruric is not going concern since it does not meet its obligations in November 2013 the period of exposition of properties in CBRE valuation was taken 10 months from the reporting date to assess the liquidation values.
- In the fourth quarter 2012 Ruric received notification from the Russian Ministry of Defense on cancellation of the investment contract for Moika Glinki. Ruric has filed a claim against the Ministry of Defense with Moscow Arbitration Court on reimbursement of the expenses incurred by the Company on financing the investment project. The hearings have been postponed twice. Next hearing is expected to be commenced on 18 of March. Based on the above information Ruric reclassified the value of the Moika Glinki investment project from properties to long-term receivables. Based on an independent legal opinion received by Ruric the estimated recovery of the receivable is expected to be two years from the date of the hearing. Net present value of the receivable has also been preliminary assessed to be SEK 252.4 m.
- The valuation of Apraksin Dvor was adjusted to SEK nil (78.2) in Q3 to reflect the current estimation of the amount recoverable from rescinding the project. Subsequent to 31 December 2012 Ruric has finalized the chain of transactions to sell LLC Incom and LLC Crocus, which were the parties in the investment contract for Apraksin Dvor with the City for USD 1.5 m / SEK 9.8 m, payable within 12 months subsequent to the deal closure. Transaction has been completed on market terms with an independent third party. Based on the above transaction the Company recognized a gain of USD 1.5 m / SEK 9.8 m in the fourth quarter 2012, which partially off-set the impairment loss recognized in Q1-Q3 2012.
- In November Ruric management and the Board evaluated the Company's ability to act on going concern basis. With interest levels twice as high as its Net Operating Income, the company has to find a way to refinance its debt. Two scenarios are anticipated: either the bondholders convert all or some of their bonds to equity in the company or the bonds are refinanced by bank debt.
- There is a significant coupon payment in November 2013 and the company holds investment properties, which bear no income but instead require substantial rental payments and maintenance costs. These facts raise doubts that Ruric will be able to perform as going concern. Ruric Board is currently in negotiations with bondholders to secure funding in the short term and working on a solution to enable Ruric to act on a going concern basis.
- Ruric has scheduled an extraordinary shareholders meeting on 12 March 2013 to change the Board members and to make decisions on liquidation of the Swedish subsidiaries for which liquidation balance sheets are prepared as of 31 December 2012.

## Key Events

### January

Adam Fischer is appointed CEO of Ruric.

### March

Ruric agrees with Scorpio to buy Scorpio's share in Fontanka 57. The bondholders of Ruric did not approve the agreement.

### May

Nomination committee proposes a new board of directors.

### June

The Annual General Shareholders meeting appointed a new Board of Directors and changed the auditor from E&Y to KPMG. Ingvar Ljungqvist replaced Adam Fischer as Ruric CEO.

Ruric signed an additional agreement, which allows the sublease of Fontanka 57 with the City.

### July

Ruric received notification from Scorpio that a third party proposed to buy out their share in F-57 project for USD 5.5 m cash. Ruric was given 30 days first-right-of-refusal to buy out Scorpio share on the same conditions.

### August

First-right-of-refusal was lapsed by Ruric due to lack of funds to finance the acquisition and development of F-57 project. Ruric appointed Alfa-Bank as an exclusive financial advisor of the Company for restructuring.

### September

Several discussions on financing of Fontanka 57 and divesting of Apraksin Dvor were held. On September 17th the appellate court decided in favor of Ruric and rejected the City Property Management Committee's call for immediate termination of the contract with Ruric's LLC Incom. This means a return to the state of where these issues were three years ago. To fulfill Ruric's obligations there is a need for infrastructure investments of 30-60 million rubles. Due to lack of correct building permits there is currently no legal possibility to rent out commercial premises at Apraksin Yard.

### October

Ruric lost four cases on Apraksin Dvor in the Arbitration Court of Saint Petersburg. Three cases refer to the confirmation of the title to the building 33 in Apraksin Yard, and compensation of losses related to delay in registration of title to the buildings 15, 16, 33. The fourth case refers to Glavstroy who signed the term sheet to buy out Ruric's part but has not completed this action. Ruric will continue its attempts to push the stated matters through the Russian courts. The next resolutions on the issue are not expected to be until 2013.

LLC Glinki 2, a Ruric group company, filed a claim against the Ministry of Defence with the request to cancel its investment contract regarding Moyka-Glinki complex where the Military Transport University was located. The final purpose of the case filing is either changing of the investment contract conditions, or getting more stable rights on property development or compensation of expenses.

On 31 October 2012 Mr. Denis Martyushev left the position of General Director in Ruric Management in Saint Petersburg.

### November

On 1 November 2012 Mr. Vyacheslav Balabaev has taken the position of General Director of Ruric Management in Saint Petersburg.

On 9 November 2012 Mr. Denis Martyushev has decided to resign from his Board position.

On 14 November Ruric AB withdrew its claim against CJSC Grifon, a subsidiary of Storm Real Estate ASA, regarding Grifon House business centre. The case was started on 9 July 2012.

In November 2012 Scorpio has informed Ruric that they have closed the deal on selling of their investment in Fontanka 57 to Highton Limited. The deal was closed early in Q4 2012. Ruric is looking forward to work with the new partner on Fontanka.

On 20 November Ruric filed with the Swedish police about a suspected case of bribery in Russia. The board of directors of Ruric has taken measures to prevent new or similar acts taking place in the future. The board of directors has inter alia adopted an Ethical Policy and the implementation thereof has been speeded up.

On 21 November Ruric received a letter from Ministry of Defense of Russian Federation with information of cancellation of the investment contract for Moika-Glinki. At the time of publication of this report the Board was not aware of the legal grounds for this cancellation.

**December**

Subsequent to receiving a bid for Apraksin Dvor from Gledeco Assets Ltd on November 26, 2012 Ruric announced Apraksin Dvor project for public sale to get the competitive offers from other interested parties in Russia and Sweden. Only one offer No other offers were received in month time and Ruric Board resolved to take the above-mentioned offer. Consideration price for 100% share in LLC Incom and LLC Crocus is USD 1.5 m / SEK 9.8 m, payable in equal installments within 12 months following the closure.

On 18 December 2012 Alecta being second largest shareholder in Ruric has sold all its shareholdings.

On 21 December 2012 Ingvar Ljungqvist left CEO position in Ruric AB, while Ruric Board decided to prepare the control balance sheet for Ruric Group.

On 16 January 2013 Tatiana Ottestig has taken the position of CEO in Ruric AB.

On 1 February 2013 Ruric finalized the sale of 100% in LLC Incom and LLC Crocus, approved by the Board of Directors in December 2012 to Gledeco Assets Ltd for USD 1.5 m / SEK 9.8 m payable within 12 months following the closing date.

On 7 February 2013 Aleksandrs Tralmaks resigned from the Board in Ruric AB and its subsidiaries.

On 7 February 2013 the court hearing on Moika Glinki against Russian Ministry of Defence was postponed to March 18 2013.

On 8 February 2013 the Board of Directors of Ruric AB called an extraordinary meeting of shareholders to be held on 12 March 2013.

On 28 February 2013 Ruric won the case against AUIPIK (Russian governmental agency in charge for historical bulidings), who tried to increase the rental payments for Fontanka 57 since September 2012.

## Description of Ruric AB

### *Business concept, overall goal and strategy*

*The company's business concept is to acquire, develop, let and manage real estate in St Petersburg, Russia with a focus on commercial premises of high 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 manage properties in the central parts of St. Petersburg. Through professional management and tenant relationship commercial premises of the high class are offered to tenants that are looking for premises in attractive locations and are willing to pay for it. In addition to that, Ruric shall divest, sell or swap the properties under development and focus on running the operational business centres, trying to maximize the net operating income and improve Ruric cash flow.*

## Real estate stock

Ruric owns, disposes of or has interests in six properties in central St Petersburg at the close of the period. Three are completed and operating and the other two are in a planning, design or renovation phase. There is also a land plot outside the city centre. During the period, the real estate stock\*) has developed as shown below:

SEK, m	Q1	Q2	Q3	Q4
<b>Opening balance</b>	911.8	771.5	811.4	609.9
Acquisitions	0.0	0.0	0.0	0.0
Investments in investment properties	0.0	0.0	0.0	0.0
Investments in real estate projects	2.6	0.4	9.2	0.3
Divestments	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	-329.1
Changes in value	-103.1	0.0	-158.9	70.3
Changes in exchange rates	-39.8	39.5	-51.8	56.3
<b>Closing balance</b>	<b>771.5</b>	<b>811.4</b>	<b>609.9</b>	<b>407.7</b>

\*) The table shows the investment property and the project properties

### Acquisitions

No acquisitions have been carried out during the period.

### Divestment

No divestments have been made during the interim period.

### Reclassifications

In the fourth quarter 2012 Ruric received notification from Russian Ministry of Defense on cancellation of the investment contract for Moika Glinki. Ruric has filed a claim against the Ministry of Defense with Moscow Arbitration Court on reimbursement of the expenses, incurred by the Company on financing the investment project. The hearings have been postponed twice. Next hearing will be commenced on 18th of March. Based on the above information Ruric reclassified the value of the Moika Glinki investment project from properties to long-term receivables category. Based on the independent legal opinion received by Ruric the estimated recovery of the claim is two years the date of hearing. Claim fair value has also been preliminary assessed by the independent legal expert and is assigned SEK 252.4 m.

### Changes in value

With the exception of Apraksin Dvor and Mokia Glinki, the Board of Directors have chosen to base the valuation per 31 December 2012 on CBREs valuations as of that date, however the Board adjusted the valuation of Apraksin Dvor to USD 1.5 m / SEK 9.8 m based on the sale price for 100% share in LLC Incom and LLC Crocus, completed in 2012. Because of non-going concern assumption CBRE assessed the liquidation value of properties, which is different to the fair values due to limited period of exposition for sale and may imply haircut from the fair values from 7% for investment properties up to 25% for real estate projects. In the fourth quarter 2012 Ruric received notification from the Russian Ministry of Defense on cancellation of the investment contract for Moika Glinki. Ruric has filed a claim against the Ministry of Defense with Moscow Arbitration Court on reimbursement of the expenses incurred by the Company on financing the investment project. The hearings have been postponed twice. Next hearing is expected to be commenced on 18 of March. Based on the above information Ruric reclassified the value of the Moika Glinki investment project from properties to long-term receivables. Based on an independent legal opinion received by Ruric, the estimated recovery of the receivable is expected to be two years from the date of the hearing. Net present value of the receivable has also been preliminary assessed to be SEK 252.4 m.

As per CBRE valuations as of 31<sup>st</sup> of December 2012 Ruric investment properties portfolio was as follows:

#### INVESTMENT PROPERTIES

The value of the investment property portfolio per 31 of December 2012 amounts to SEK 287.5 m (314.3), which is equivalent to 19,991 SEK per lettable sq m.

Property	Lettable area	Operating income at	External valuation	External valuation
		full tenancy	31 December 2012	31 December 2011
		(6.8 SEK/USD)	(Liquidation values)	(Fair values)
R. Fontanki nab. 13 (Oscar)	2,976	7.3	77.7	86.0
9-ya V.O.i. 34 (Magnus)	6,463	9.2	103.0	112.6
Sredny Prospekt 36/40 (Gustaf)	4,943	11.1	106.8	115.8
<b>Investment properties</b>	<b>14,382</b>	<b>27.6</b>	<b>287.5</b>	<b>314.3</b>

#### DEVELOPMENT PROPERTIES

The development portfolio as of 31 December 2012 is represented by jointly owned properties at Apraksin Dvor (65.5%) and on Fontanka 57 (50%). Ruric also owns a land plot of 33 hectares in Strelna, southwest of the city centre. Apraksin Dvor which is regulated by investment agreements, as well as the Strelna land plot, are recorded as project properties, whereas the Fontanka 57 is recorded as financial assets - shares and participations.

##### *Apraksin Dvor:*

The valuation of Apraksin Dvor deviates from that of 31 December 2011 and of 30 June 2012. During the period negotiations have been held with Glavstroy – the company owning most of the surrounding properties – to sell Ruric's interests in the properties to Glavstroy. However, after these negotiations, Glavstroy informed representatives of Ruric that Glavstroy would not buy any of Ruric's properties before Ruric has made significant additional investments into construction and documentation, as well as registering the title to the objects. This seems too risky given the current investment environment at the location.

The City, Glavstroy and Ruric have been unable to amicably settle outstanding issues regarding the development of the territory, such as infrastructure, electricity, construction permits and so on. Meetings with the city to amicably settle Ruric's issues separately have also been inconclusive so far.

Furthermore, during 2012 Ruric has lost several court cases on registering the title for Apraksin Dvor bld. 33.

Subsequent to 31 December 2012 Ruric has finalized the chain of transactions to sell LLC Incom and LLC Crocus, which were the parties in the investment contract for Apraksin Dvor with the City for USD 1.5 m / SEK 9.8 m payable within 12 months subsequent to the deal closure. Transaction has been completed on the market terms with an independent third party. The valuation of Apraksin Dvor as of 31 December 2012 was based on the selling price of the transaction described above.

##### *Fontanka 57:*

During 2012 Scorpio Real Estate, who owned 50 per cent of the holding company for Fontanka 57 sold its investment to Highton Limited. As per information available to Ruric, the deal was closed in early Q4 2012. Ruric Board is currently in contact with Highton Limited to discuss the future cooperation on development and management of Fontanka 57.

The property could be developed into A-class offices. As it is possible to construct a parking garage at the back of the building this could be a very attractive office project in the City. The building is well suited for tenants in need of high profile offices in St Petersburg. The rent paid for true A-class projects in St Petersburg are at attractive levels.

In June 2012 Ruric signed a sublease addendum to the rent agreement with local authorities, which has been officially registered in Q3 2012. Since 2013 Ruric started to earn rental income from sublease of Fontanka 57. Local management is also negotiating offset of the investment costs incurred against the future rental payments with FGUK AUIPIK. As of the date of the report the addendum to the investment agreement has not been signed by FGUK AUIPIK representatives.

##### *Landplot in Strelna:*

Ruric believes that this area, together with two other areas in the proximity of St Petersburg, with good road and rail communication, are specifically attractive and will most certainly gain in attractiveness once the supply in capital markets is better. No development is currently conducted on the land plot.

Before development is launched, Ruric has to agree with the authorities on removal of high voltage power line from the land plot, which may require substantial time and costs. Land plot development before the power line is removed is unlikely. The Saint Petersburg land market is currently soft.

#### LONG-TERM RECEIVABLE

##### *Moika/Glinki:*

On 29 October 2012 Ruric filed a claim against the Russian Ministry of Defence for cancellation of Moika Glinki investment contract. The final purpose of the case was either changing of the investment conditions or getting more stable rights on property development or compensation of expenses.

On 21 November 2012 Ruric received notification from the Ministry of Defence of Russian Federation with the information on cancellation of the investment contract for Moika-Glinki. Ruric does not know the conditions for cancellation yet. Next court hearing is scheduled on 18 March 2013.

As of 31 December 2012 in line with the cancellation of Moika Glinki investment contract by the Russian Ministry of Defence Ruric reclassified the value of the investment into Moika Glinki into a receivable from the Russian Ministry of Defence. Based on an independent legal opinion received by Ruric, the estimated recovery of the receivable is expected to be two years from the date of the hearing. Net present value of the receivable has also been preliminary assessed to be SEK 252.4 m.

#### **Future prospects – Financing**

With high oil prices the Russian national budget remains strong. Even if Russia is also hit by the international financial turmoil and even if domestic political turmoil influences the perception of Russia, the economy is kept up by high commodity prices and high local consumption.

The Company is focusing its attention on its financial difficulties. With interest payments twice as high as its Net Operating Income, the company has to find a way to refinance its debt. Two scenarios are anticipated: either the bondholders convert all or some of their bonds to equity in the company or the bonds are refinanced by bank debt with a substantial discount to nominal value. Alfa Bank, being appointed the exclusive financial advisor of Ruric, has undertaken the independent review and estimated the potential collateral values of Ruric asset, which are substantially lower comparing to the fair market values of Ruric assets as per CBRE valuation.

As of 31 December 2012 CBRE has undertaken the assessment of liquidation value of the assets because of non-going concern assumption. These values may imply haircut from the fair values from 7% for investment properties up to 25% for real estate projects. In addition, there is a significant coupon payment in November 2013 and the Company holds investment properties, which bear no income but instead require substantial rental payments and maintenance costs. These facts raise doubts that Ruric will be able to perform as going concern. Ruric Board is currently in negotiations with bondholders to secure funding in the short term and working on a solution to enable Ruric to act on a going concern basis.

It is Ruric strategy to divest, sell or swap the properties under development and focus on running the operational business centres, trying to maximize the net operating income and improve Ruric cash flow.

#### **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) and Sredny Prospekt 36/40 (Gustaf) amounted to SEK 35.3 m (32.2) during the year and to SEK 10.2 m (8.7) for the fourth quarter. All other properties, except for a small part of Apraksin Dvor do not have any lettable space as of yet. The income for the year from Apraksin Dvor amounted to SEK 3.7 m (6.9).

The demand for premises has increased comparing to 31 December 2011. As per 31 December 2012 1.87 (12.6) per cent of lettable space was vacant.

##### **Real estate expenses**

Direct real estate expenses and expenses for legal administration, marketing of premises, management fees etc. amounted to SEK -12.2 m (-12.8) for the year and -3.2 m (-4.3) for the fourth quarter.

##### **Operating surplus**

The operating surplus amounted to SEK 28.7 m (27.8) during the year and to SEK 7.5 m (6.6) for the fourth quarter.

### **Other operating income / (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 -31.9 m (-34.9) during the year and to SEK -10.7 m (-15.5) for the fourth quarter.

### **Operating result**

The operating result for the year amounted to SEK -266.0 m (46.3), which is mainly attributable to the revaluation of Moika-Glinki, Apraksin Dvor and Strelna assets. During the fourth quarter the operating result amounted to SEK 0.7 m (21.0).

### **Net financial income/expense**

Net financial income and expenses amounted to SEK -85.2 m (-76.4) for 2012. Results from participations are included with SEK -19.0 m (-26.3). During the fourth quarter the company decided to use the possibility to pay 3 per cent coupon instead of 10 per cent. By doing so the total interest cost increased to 13 per cent. Thus the fourth quarter was charged with SEK 16.9 m (16.6) of extra interest.

### **Result after financial items**

The result after financial items amounted to SEK -351.2 m (-30.1) during the year and SEK -25.0 m (-27.6) for the fourth quarter.

### **Taxes**

Tax expenses amounted to SEK -9.0 m (-8.0) during the year and mainly relate to deferred taxes and to SEK -3.5 m (-9.2) for the fourth quarter.

### **Cash flow, liquidity and financial position**

The cash flow during the year amounted to SEK -36.7 m (-9.4), whereof SEK -21.3 m (-19.0) was from operating activities. Approximately SEK 11.6 m (28) refers to reimbursement of construction VAT from Moika-Glinki and Fontanka 57. The equity ratio amounted to 14.7 (45.0) per cent at the end of the year. Equity amounted to SEK 120.8 m (516.6). Liquid funds amounted to SEK 5.1 m (41.8) and interest-bearing liabilities amounted to SEK 619.8 m (563.4).

#### Interest-bearing liabilities

Ruric's financing consists of a secured bond loan listed at OMX, amounting to SEK 619.7 m (563.4) with maturity 16 November 2014. The bond has a coupon of 10 or 13 per cent, where Ruric may elect to pay 10 per cent in a cash coupon or elect to pay a 3 per cent cash coupon with a payment-in-kind of 10 per cent, accumulated to the bond. The second coupon was paid 16<sup>th</sup> November 2012 with 3 per cent cash plus 10 per cent payment-in-kind.

### **Risk assessment**

The risk factors that were presented in the annual report for 2011 are continuously assessed.

#### Exchange rate effects

The functional currency of the operation in Russia is the Russian rouble. Most of Ruric income and expenses, except for interest expense, are incurred in Russian roubles. This provides a natural hedge against foreign currency deviations. Ruric uses no hedge against movement of the Swedish Krona against the Russian rouble.

### **Personnel and organisation**

The Group had 20 employees at the end of the period, of which 18 are in the Russian subsidiary companies in St Petersburg, and 2 in the parent company.

### **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 person at the year-end.

The parent company's net turnover for the year amounted to SEK 1.1 m (1.8). The result after financial items amounted to SEK -7.9 m (-94.9). Liquid funds amounted to SEK 0.5 m (8.9) at the end of the year.

## The share and the owners

The largest owner is Dancaif Limited with 22.3% of the votes. Second largest is Avanza bank AB with 13.24%. The Ruric series B-share is listed at First North on OMX Stockholmsbörsen. Erik Penser Bankaktiebolag is the certified advisor.

## Related party transactions

During the reporting period repair and maintenance works under the request of Russian Ministry of Defense of SEK 9.2 m on Moika Glinki were commenced through the company LLC Glinki Expluatatcia, which used to be a former subsidiary of Ruric named LLC Technostroy, sold to a related party in December 2011. The former Board Member of Ruric AB has acquired former Ruric subsidiary LLC Ruric Service in 2012. No other significant related party transactions were commenced.

## Events after the close of the period

On 16 January 2012 Tatiana Ottestig has taken the position of CEO in Ruric AB.

On 1 February 2012 Ruric has finalized the sale of 100% in LLC Incom and LLC Crocus, approved by the Board of Directors in December 2012.

On 7 February Aleksandrs Tralmaks step down from the position of Member of the Board of Directors in Ruric AB and its subsidiaries.

On 7 February 2013 the court hearing on Moika Glinki against Russian Ministry of Defence was postponed to March 18 2013.

On 8 February 2013 the Board of Directors of Ruric AB has called the extraordinary meeting of shareholders to be held on 12 March 2013.

## 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 in this interim report. The group adopts the same accounting principles as the latest annual report.

## Dividend

The Board of Directors will suggest to the Annual meeting that no dividend is distributed.

### Annual report

The report will be available at Ruric's head office on Hovslagargatan 5B, Stockholm, Sweden and on the Company website [www.ruric.com](http://www.ruric.com) at the latest three weeks before the Annual meeting.

## Annual meeting

The annual meeting will be held on 28<sup>th</sup> of June 2013. Notice convening the Annual meeting will be published latest 30 May 2013.

## Future reporting dates

Interim Report January-March 2013	31 May 2013
Interim Report January-June 2013	31 August 2013
Interim Report January-September 2013	30 November 2013
Year-End Report January-December 2013	28 February 2014

## For additional information

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



Stockholm, 28<sup>th</sup> February 2012  
Russian Real Estate Investment Company AB (publ)

The Board of Directors

*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*

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Corporate identity number: 556653-9705    Registered office: Stockholm

<b>Consolidated income statement</b>				
<b>SEK m</b>	<b>Oct-Dec 2012</b>	<b>Oct-Dec 2011</b>	<b>Jan-Dec 2012</b>	<b>Jan-Dec 2011</b>
Rental income	10.7	10.9	40.9	40.6
Real estate expenses	-3.2	-4.3	-12.2	-12.8
<b>Operating surplus</b>	<b>7.5</b>	<b>6.6</b>	<b>28.7</b>	<b>27.8</b>
Depreciation of equipment	-0.3	-0.1	-0.5	-0.5
Other operating income / (expenses)	-10.7	-15.5	-31.9	-34.9
Changes in value, real estate	76.0	30.0	-190.5	53.9
Impairment	-71.8	0.0	-71.8	0.0
<b>Operating profit/ (loss)</b>	<b>0.7</b>	<b>21.0</b>	<b>-266.0</b>	<b>46.3</b>
Income from participation in the associated companies	-8.9	-16.5	-19.0	-26.3
Financial income	2.5	2.6	11.5	15.5
Financial expenses	-19.3	-34.7	-77.7	-65.6
<b>Profit/loss after financial items</b>	<b>-25.0</b>	<b>-27.6</b>	<b>-351.2</b>	<b>-30.1</b>
Taxes	-3.5	-9.2	-9.0	-8.0
<b>Profit/loss after tax</b>	<b>-28.5</b>	<b>-36.8</b>	<b>-360.2</b>	<b>-38.1</b>
Currency translation differences	-6.2	-1.8	-29.5	-4.3
<b>Total result</b>	<b>-34.7</b>	<b>-38.6</b>	<b>-389.7</b>	<b>-42.4</b>
Earnings per share. SEK	-0.27	-0.35	-3.46	-0.37
Earnings per share incl. dilution. SEK	-0.27	n.a	n.a	n.a
Number of shares at the close of the period	104,148,555	104,148,555	104,148,555	104,148,555
Average number of shares	104,148,555	104,148,555	104,148,555	104,148,555
Average number of shares. incl. dilution	104,148,555	104,148,555	104,148,555	104,148,555

<b>Consolidated balance sheet</b>		
<b>MSEK</b>	<b>31-12-2012</b>	<b>31-12-2011</b>
<b>Fixed assets</b>		
Investment property	288.8	314.3
Real estate projects	118.9	597.5
Equipment	2.0	2.0
Participations in the associated companies	14.7	19.4
Deferred tax assets	18.5	20.7
Other long-term receivables	309.5	80.3
<b>Total fixed assets</b>	<b>752.4</b>	<b>1,034.2</b>
<b>Current assets</b>		
Current receivables	63.9	58.6
Liquid funds	5.1	41.8
<b>Total current assets</b>	<b>69.0</b>	<b>100.4</b>
<b>TOTAL ASSETS</b>	<b>821.4</b>	<b>1,134.6</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	120.8	510.5
Deferred tax liabilities	19.4	16.1
Interest-bearing liabilities	619.8	563.4
Accounts payable	22.0	3.1
Other liabilities	12.9	3.5
Accrued expenses and deferred income	26.5	38.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>821.4</b>	<b>1,134.6</b>

<b>Consolidated change in equity SEK m</b>	<b>Oct-Dec 2012</b>	<b>Oct-Dec 2011</b>	<b>Jan-Dec 2012</b>	<b>Jan-Dec 2011</b>
<b>Equity at the start of the period</b>	155.5	549.1	510.5	552.9
Preferential rights issue	0.0	0.0	0.0	0.0
Issue expenses	0.0	0.0	0.0	0.0
Revaluation	0.0	0.0	0.0	0.0
<b>Profit/loss for the period</b>	-34.7	-38.6	-389.7	-42.4
<b>Equity at the close of the period</b>	120.8	510.5	120.8	510.5
<b>Consolidated cash flow statement SEK m</b>				
	<b>Oct-Dec 2012</b>	<b>Oct-Dec 2011</b>	<b>Jan-Dec 2012</b>	<b>Jan-Dec 2011</b>
<b>Operating activities</b>				
Profit/loss after financial items	-25.0	-27.6	-351.2	-30.1
Adjustment for items not included in the cash flow	19.2	38.8	327.0	22.3
Taxes paid	13.3	0.2	-3.5	-0.3
<b>Cash flow from operating activities before change in working capital</b>	<b>7.5</b>	<b>11.4</b>	<b>-27.7</b>	<b>-8.1</b>
<b>Changes in working capital</b>				
Change in operating receivables	5.0	-2.7	-16.9	-14.8
Change in operating liabilities	-29.8	-25.1	23.3	3.9
<b>Total change in working capital</b>	<b>-24.8</b>	<b>-27.8</b>	<b>6.4</b>	<b>-10.9</b>
<b>Cash flow from operating activities</b>	<b>-17.3</b>	<b>-16.4</b>	<b>-21.3</b>	<b>-19.0</b>
<b>Investing activities</b>				
Acquisition of participations	0.0	0.0	0.0	0.0
Acquisition of tangible fixed assets	0.0	-5.2	-12.2	-9.5
Sale of tangible fixed assets	0.0	0.0	0.0	0.4
Investments in other financial assets	0.0	-2.1	-14.8	-9.3
Recovery of Input VAT on construction projects	0.0	0.0	11.6	28.0
Increase in short-term investments	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>-7.3</b>	<b>-15.4</b>	<b>9.6</b>
<b>Financing activities</b>				
Preferential rights issue	0.0	0.0	0.0	0.0
Warrant settlement	0.0	0.0	0.0	0.0
Change in long-term borrowing	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash flow for the period</b>	<b>-17.3</b>	<b>-23.7</b>	<b>-36.7</b>	<b>-9.4</b>
Opening liquid funds	22.4	65.5	41.8	51.2
<b>Liquid funds at the close of the period</b>	<b>5.1</b>	<b>41.8</b>	<b>5.1</b>	<b>41.8</b>

Group key ratios	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
<i>Real estate related key ratios</i>				
Lettable area. m <sup>2</sup>	26,400	26,400	26,400	26,400
Book value real estate	407.7	911.8	407.7	911.8
Occupancy ratio. area. %	98.1	87.4	98.1	87.4
<i>Financial ratios</i>				
Equity ratio. %	14.7	45.0	14.7	45.0
Liabilities/Assets. %	85.3	55.0	85.3	55.0
Interest coverage ratio. Times	0.21	Neg	0.21	Neg
Debt/equity ratio. Times	5.1	1.1	5.1	1.1
Return on equity. %	-12.04	-7.19	-260.71	-7.19
<i>Data per share and share data</i>				
Number of shares at the close of the period	104,148,555	104,148,555	104,148,555	104,148,555
Average number of shares	104,148,555	104,148,555	104,148,555	104,148,555
Average number of shares. incl. dilution	104,148,555	104,148,555	104,148,555	104,148,555
Earnings per share. SEK	-0.27	-0.35	-3.46	-0.37
Equity per share at the close of the period. SEK	1.2	4.9	1.2	4.9
Dividend. SEK	0		0	0
<i>Employees</i>				
Average number of employees	16	22	16	23
Number of employees at the end of the period	20	12	20	12

Parent company income statement MSEK	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
Net income	0.3	0.4	1.1	1.8
<b>Net income</b>	<b>0.3</b>	<b>0.4</b>	<b>1.1</b>	<b>1.8</b>
Depreciation	-0.0	0.0	-0.0	-0.2
Other company cost	-4.8	-10.3	-15.6	-21.4
Impairment	0.0	-94.7	0.0	-94.7
<b>Operating profit/(loss)</b>	<b>-4.5</b>	<b>-104.6</b>	<b>-14.5</b>	<b>-114.5</b>
Financial items	58.5	24.9	6.6	19.6
<b>Profit/loss before tax</b>	<b>54.0</b>	<b>-79.7</b>	<b>-7.9</b>	<b>-94.9</b>
Taxes	-0.0	0.0	-0.0	0.0
<b>Profit / loss after tax</b>	<b>54.0</b>	<b>-79.7</b>	<b>-7.9</b>	<b>-94.9</b>

Parent company balance sheets MSEK	31-12-2012	31-12-2011
<b>Fixed assets</b>		
Tangible fixed assets	0.1	0.1
Financial fixed assets	665.6	659.8
<b>Total fixed assets</b>	<b>665.7</b>	<b>659.9</b>
<b>Current assets</b>		
Short term receivables	389.8	360.8
Cash	0.5	8.9
<b>Total current assets</b>	<b>390.3</b>	<b>369.7</b>
<b>TOTAL ASSETS</b>	<b>1,056.0</b>	<b>1,029.6</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital and reserves	444.3	444.3
Retained earnings	-39.9	-4.5
<b>Total equity</b>	<b>404.4</b>	<b>439.8</b>
<b>Long term liabilities</b>	<b>619.8</b>	<b>563.6</b>
<b>Short term liabilities</b>	<b>31.6</b>	<b>26.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,056.0</b>	<b>1,029.6</b>

#### 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.