

Interim Report

JANUARY – JUNE 2010

- Net turnover for the interim period amounted to SEK 16.6 m (23.5). For the second quarter the turnover amounted to SEK 8.6 (8.7) m.
- The result after tax amounted to SEK 76.3 m (-463.7). The main reasons to the improved result are explained by value changes in the property portfolio in the comparative period and by composition gain. For the second quarter the result after tax amounted to SEK 113.6 m (-57.7).
- Earnings per share amounted to SEK 4.00 (-40.81) for the interim period and to 4.23 (-5.08) for the second quarter.
- During the second quarter, the company reorganization was completed through a composition dividend and issuing of new shares and bonds. The composition gain amounted to SEK 113.8 m.
- Book value of the properties amounts to SEK 674.7 m (607.8). The increase is explained both by a small increase in value and by exchange rate effects. The low liquidity in the market for real estate transactions still makes assessment difficult.

Key Events

February

Ruric announces a composition proposal

March

The first lease agreement larger than 300 sq.m was signed in more than two years
Creditors meeting approves of the composition proposal

April

The Board of Directors proposes a rights issue and a set-off share issue.

May

Oscar is fully let.

June

The company reorganization is completed by share issues and a composition payment.

July-August

Several court cases and pending litigations regarding Apraksin Dvor are settled.

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. In addition to that, Ruric shall acquire properties and carry out value creating add on investments to attractive terms. 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. Ruric offers primarily office and retail space.

Real estate stock

Ruric owns, disposes of or has interests in 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), and a land plot outside the city centre. During the period, the real estate stock*) has developed as shown below:

	Q1	Q2
Opening balance	607.8	613.8
Acquisitions	0.0	0.0
Investments in investment properties	0.3	0.0
Investments in real estate projects	1.9	0.1
Divestments	0.0	0.0
Changes in value	0.0	19.4
Changes in exchange rates	3.8	41.4
Closing balance	613.8	674.7

*) 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. Ruric has not yet received any of the final payments for the shares in Zao Grifon. Pre-arbitration letters have been sent. Ruric's total claim is 4,370,000 USD plus interest. Ruric does not anticipate any income statement effects from the pending arbitration.

Work continuing within own stock

During the interim period SEK 2.3 m was capitalized in the property portfolio. One part is a new fire escape on business centre Gustaf and the other part relates to the Moika/Glinky project. No interest has been capitalized during the interim period.

Changes in value

The valuations have been made based on new external valuations as per 30 June 2010. The assessments give rise to small value changes during the interim period, amounting to SEK 3.1 m. The previous statement, that the uncertainty interval is large due to the fact that the market that has been illiquid in such a long time, remain. All valuations, as before, are made under the assumption of going concern and continued operations.

The value of the investment property portfolio per 31 March 2010 amounts to SEK 223.8 m (204.8) which is equivalent to 15,560 SEK per lettable sqm.

Property	Lettable area	Operating income at full tenancy (7,75 SEK/USD)	External valuation 30 June 2010
R. Fontanki nab. 13 (Oscar)	2,976	9.3	63.7
9-ya V.O.i. 34 (Magnus)	6,463	11.2	81.6
Sredny Prospekt 36/40 (Gustaf)	4,943	10,9	78.5
Investment properties	14,382	31.4	223.8
Book value			223.8
Surplus value			0.0

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 regulated in investment agreements, are recorded as Project properties, whereas the Fontanka 57 and land-plot are recorded as financial assets - shares and participations.

As for the investment properties the Board of Directors has based the valuation of the project properties and the properties recorded as participations on external valuations as per 30 June 2010. The assessment give rise to value changes amounting to SEK 16.3 m, and is attributable to the Moika / Glinky project. In the valuation for Moika / Glinky it is assumed that the extension of the investment agreement is granted until 2014.

Apraksin Dvor:

During late June and July the legal processes regarding Apraksin Dvor have started to be solved. Several court cases have now been withdrawn or ruled in favour of Ruric. The process of changing management is not finalized, but a new signatory procedure is in place such that Ruric now is in joint control of cash flow and signing of agreements. Planning of the audit process has now also started.

The above does not change the strategy to divest these two properties.

Fontanka 57:

Negotiations are conducted with the authorities with the view to re-negotiate rent level, rules for leasing out parts of property and on turning the financial lease into freehold. This far no success has been reached.

The previous signals of financial difficulties for the project partner, Scorpio, have now given effect on the financing of the project company. Scorpio has not funded their share of the required financing for the project company. Discussions are held to solve the situation.

Moika/Glinky:

Ruric's project at Moika/ ul. Glinki is controlled through an investment agreement, which gives the right to develop and gradually own the property, but also consist of several obligations.

The work with regards to obtaining an extension to the investment agreement until at least 2014 is continuing. During the interim period another step in the undertakings was accomplished when the properties in Petrodvorets was finally registered.

Land-Plot in Strelina:

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.

Future prospects – Financing

During the second quarter, the company reorganisation was completed through share issues, a bond issue and a composition payment. After the share issues, Ruric has capacity to continue operations and to finance its part of the renovation of Fontanka 57. Ruric's financial position has improved dramatically. The equity ratio has risen from 12 to 55 per cent.

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The turn-around in the Russian economy has gain strength. The Rouble has been stable to the US dollar. The oil price, that is so important for the Russian economy, has risen in the world markets. The newly forged alliance between Ukraine and Russia has also stabilises gas flow to Europe. All in all, many facts speak for a strong, but linear, bounce-back in Russia. The grey shadow is still the bureaucratic costs that don't seem to decrease, but rather to increase.

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 16.6 m (23.5) during the interim period. For the second quarter the rental income amounted to SEK 8.6 (8.7) m.

For Apraksin Dvor, Ruric has not received any reporting. Previous year SEK 1.5 m was reported as rental income. All other properties do not have any lettable space as of yet.

The demand for premises has increased, and the current tenants seem to have managed to ride out the storm. The vacancies that increased up until the third quarter 2009, has since then slowly been reduced. During the interim period approximately 1,100 sq.m have been let, but since Ruric has evicted Svarog, a large tenant in Magnus who rented 1,300 sq.m, for unpaid rent, the vacancy has actually increased. As per 30 June 25 (23) per cent of lettable space was vacant. Given the rising demand, these premises are expected to be let within the next 6 months.

Real estate expenses

Direct real estate expenses and expenses for legal administration, marketing of premises, management fees etc. amounted to SEK -6.4 m (-10.7) for the interim period and to SEK -3.9 m (-4.9) for the second quarter.

Operating surplus

The operating surplus amounted to SEK 10.2 m (12.0) during the interim period. For the second quarter the operating surplus amounted to SEK 4.7 m (3.8). After a period with negative development on the operating surplus, the trend has now turned slightly positive.

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 -12.4 m (-13.9) during the interim period and to SEK -5.5 m (-6.4) for the second quarter.

Operating result

The operating result for the interim period amounted to SEK 16.9 m (-456.4) and to SEK 18.6 m (-39.0) for the second quarter. The improvement is attributable to the negative value changes in the comparative period.

Net financial income/expense

Net financial income and expenses amounted to SEK 57.9m (-27.5) for the interim period, of which 113.8 relate to composition gain. The financial expenses include penalty interest on the accelerated bonds. Results from participations are included with SEK -9.8 m (-7.3). During the year, activated interest expenses amounted to SEK 0.0 m (26.0).

Currency exchange rates have effected equity with SEK 39.0 m (-32.1), due to the fact that the properties are valued in USD, while changes in exchange rates that impacted the income statement amounted to SEK 16.4 m (-5.7).

Result after financial items

The result after financial items amounted to SEK 74.8 m (-463.7) during the interim period and to SEK 110.1 m (-57.7) for the second quarter.

Taxes

Tax expenses amounted to SEK 1.5 m (20.2) during the interim period and relate to deferred taxes.

Cash flow, liquidity and financial position

The cash flow during the year amounted to SEK -18.9 m (40.2), whereof SEK -63.5 m (-16.9) was from operating activities. The equity ratio amounted to 54.7 (15.1) percent at the end of the period. Equity amounted to SEK 665.6 m (177.3). Liquid funds amounted to SEK 38.4 m (57.3) and interest-bearing liabilities amounted to SEK 510.6 m (952.0).

Interest-bearing liabilities

Ruric's financing consist of a secured bond loan listed at OMX, amounting to SEK 511 m with approximately 4.5 years term. 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 roll-up of 10 per cent, accumulated to the bond. The first coupon payment is payable first time on 16 November 2011.

Risk assessment

The risk factors that were presented in the annual report for 2009 are continuously assessed. After the completion of the company reorganization and the share issues, Ruric has enough funds to complete its share of the Fontanka 57 project, but in order to continue development of the Moika / Glinky project further financing is required.

Exchange rate effects

Ruric's assets are valued in US dollars. Thus, when the dollar appreciates, the equity in SEK rises. All rents are paid in Russian roubles. Contracts however are mainly signed in US dollars and some leases are in EUR. Currency hedging is carried out only to a minor extent according to the finance policy.

Personnel and organisation

The Group had 24 employees at the end of the period, of which 22 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 0.6 m (0.5). The result after financial items amounted to SEK 101.2 m (-491.4). Liquid funds amounted to SEK 34.3 m (1.6) at the end of the period.

The share and the owners

The largest owner after the recent share issues i Alecta Pensionsförsäkring. The Ruric series B-share is listed at First North on OMX Stockholmsbörsen. Erik Penser Bankaktiebolag is the certified advisor.

2010-06-30	Shares			Votes		
	Series A	Series B	Total	% of total	Number	% of votes
Alecta Pensionsförsäkring		12,719,519	12,719,519	12.21	12,719,519	10.95
Nils Nilsson	185,134	6,645,670	6,830,804	6.56	8,497,010	7.32
CASE		5,531,160	5,531,160	5.31	5,531,160	4.76
E. Öhman J:or AB	665,132	4,934,056	5,599,188	5.38	11,585,376	9.98
Proventus AB		4,851,781	4,851,781	4.66	4,851,781	4.18
Avanza Pension		3,535,499	3,535,499	3.39	3,535,499	3.04
Nordea Equity		3,382,514	3,382,514	3.25	3,382,514	2.91
Investors Life Insurance Group		3,334,102	3,334,102	3.20	3,334,102	2.87
VOSTOK Komi (CYPRUS) LTD		3,095,952	3,095,952	2.97	3,095,952	2.67
Fibonacci Growth Capital		2,572,252	2,572,252	2.47	2,572,252	2.22
10 largest owners	850 266	50 602 505	51 452 771	49.40	59 105 165	50.90
Other owners	480 000	52 215 784	52 695 784	50.60	57 015 784	49.10
All owners	1 330 266	102 818 289	104 148 555	100.00	116 120 949	100.00
Number of owners	3	2.026	2.029			

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Related party transactions

During the interim period E. Öhman J:or Fondkommission AB received a commission for setting up the underwriting consortium amounting to 2 per cent or SEK 2.4 m, and Alecta Pensionsförsäkring received a fee for underwriting part of the share issue amounting to SEK 0.4 m.

Events after the close of the period

No major events have occurred after the close of the period.

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.

Future reporting dates

Interim Report January-September 2010	24 November 2010
Year-End Report January-December 2010	24 February 2011

For additional information

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

Stockholm. 19 August 2010
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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Consolidated income statement SEK m	Apr-June 2010	Apr-June 2009	Jan-June 2010	Jan-June 2009	Jan-Dec 2009
Rental income	8.6	8.7	16.6	23.5	42.1
Real estate expenses	-3.9	-4.9	-6.4	-10.7	-21.3
Operating surplus	4.7	3.8	10.2	12.8	20.8
Depreciation of equipment	-0.2	-0.2	-0.3	-0.3	-0.4
Other operating expenses	-5.3	-6.4	-12.4	-13.9	-34.9
Changes in value real estate	19.4	-54.2	19.4	-441.0	-917.5
Impairment	0.0	18.0	0.0	-14.0	-42.5
Operating profit/loss	18.6	-39.0	16.9	-456.4	-974.5
Profit participation	-8.8	3.7	-9.8	-7.3	-12.0
Financial income	127.1	-12.5	131.3	14.9	16.1
Financial expenses	-26.8	-18.4	-63.6	-35.1	-100.3
Profit/loss after financial items	110.1	-66.2	74.8	-483.9	-1,070.7
Taxes	3.5	8.5	1.5	20.2	2.8
Profit/loss after tax	113.6	-57.7	76.3	-463.7	-1,067.9
Currency translation differences	31.4	-128.1	39.0	-32.1	-45.9
Total result	145.0	-185.8	115.3	-495.8	-1,113.8
Earnings per share. SEK	4.23	-5.08	4.00	-40.81	-93.98
Earnings per share incl. dilution. SEK	4.23	n.a	4.00	n.a	n.a
Number of shares at the close of the period	104,148,555	11,363,096	104,148,555	11,363,096	11,363,096
Average number of shares	26,827,339	11,363,096	19,095,218	11,363,096	11,363,096
Average number of shares. incl. dilution	26,827,339	11,363,096	19,095,218	11,363,096	11,363,096

Consolidated balance sheet MSEK		30-06-2010	30-06-2009	31-12-2009
Fixed assets				
Investment property		223.8	282.4	204.8
Real estate projects		450.9	814.9	403.0
Equipment		5.7	5.6	5.2
Shares and participations		137.4	90.4	149.1
Deferred tax claims		24.6	39.4	18.4
Other long-term receivables		242.1	228.4	234.4
Total fixed assets		1,084.5	1,461.1	1,014.9
Current assets				
Current receivables		93.5	98.8	100.2
Liquid funds		38.4	87.2	57.3
Total current assets		131.9	186.0	157.5
TOTAL ASSETS		1,216.4	1,647.1	1,172.4
EQUITY AND LIABILITIES				
Equity		665.6	706.3	177.3
Deferred tax liabilities		13.4	12.2	9.3
Interest-bearing liabilities		510.6	823.2	831.5
Accounts payable		10.8	4.6	12.0
Other liabilities		3.3	27.4	4.6
Accrued expenses and deferred income		12.7	73.4	137.7
TOTAL EQUITY AND LIABILITIES		1,216.4	1,647.1	1,172.4

Consolidated change in equity SEK m	Apr-June 2010	Apr-June 2009	Jan-June 2010	Jan-June 2009	Jan-Dec 2009
Equity at the start of the period	147.6	892.1	177.3	1,202.1	1,202.1
Rights issue	170.8	0.0	170.8	0.0	0.0
Set-off share issue	215.5	0.0	215.5	0.0	0.0
Issue expenses	-13.3	0.0	-13.3	0.0	0.0
Revaluation	0.0	0.0	0.0	0.0	89.0
Profit/loss for the period	145.0	-185.8	115.3	-495.8	-1,113.8
Equity at the close of the period	665.6	706.3	665.6	706.3	177.3

Consolidated cash flow statement SEK m	Apr-June 2010	Apr-June 2009	Jan-June 2010	Jan-June 2009	Jan-Dec 2009
Operating activities					
Profit/loss after financial items	110.1	-66.2	74.8	-483.9	-1 070.7
Adjustment for items not included in the cash flow	-122.0	37.5	-118.0	467.0	993.6
Taxes paid	-0.2	0.0	-0.2	0.0	0.0
Cash flow from operating activities before change in working capital	-12.1	-28.7	-43.4	-16.9	-77.1
Changes in working capital					
Change in operating receivables	56.7	94.6	6.7	-5.4	-11.2
Change in operating liabilities	-63.4	-3.4	-26.8	-43.9	50.8
Total change in working capital	-6.7	91.2	-20.1	-49.3	39.6
Cash flow from operating activities	-18.8	62.5	-63.5	-66.2	-37.5
Investing activities					
Acquisition of participations	0.0	0.0	0.0	0.0	0.0
Acquisition of tangible fixed assets	-0.6	-10.0	-2.8	-27.5	-51.4
Sale of tangible fixed assets	0.0	0.0	0.0	151.1	132.3
Investments in other financial assets	-1.5	0.0	-4.8	0.0	-24.1
Increase in short-term investments	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-2.1	-10.0	-7.8	123.6	56.8
Financing activities					
Preferential rights issue	373.1	0.0	373.1	0.0	0.0
Warrant settlement	0.0	0.0	0.0	0.0	0.0
Change in long-term borrowing	-320.9	1.4	-320.9	-17.2	-9.0
Cash flow from financing activities	52.2	1.4	52.2	-17.2	-9.0
Cash flow for the period	53.9	53.9	-18.9	40.2	10.3
Opening liquid funds	7.1	33.3	57.3	47.0	47.0
Liquid funds at the close of the period	38.4	87.2	38.4	87.2	57.3

Group key ratios	Apr-June 2010	Apr-June 2009	Jan-June 2010	Jan-June 2009	Jan-Dec 2009
<i>Real estate related key ratios</i>					
Lettable area. m ²			26,400	26,400	26,400
Book value real estate			674.7	1,097.3	607.8
Occupancy ratio. area. %			74.9	89.9	77.1
<i>Financial ratios</i>					
Equity ratio. %			54.7	42.9	15.1
Liabilities/Assets. %			45.3	57.1	84.9
Interest coverage ratio. times			1.87	neg	neg
Debt/equity ratio. times			0.8	1.2	4.7
Return on equity. %			9.80	-48.60	-154.84
<i>Data per share and share data</i>					
Number of shares at the close of the period	104,148,555	11,363,096	104,148,555	11,363,096	11,363,096
Average number of shares	26,827,339	11,363,096	19,095,218	11,363,096	11,363,096
Average number of shares. incl. dilution	26,827,339	11,363,096	19,095,218	11,363,096	11,363,096
Earnings per share. SEK	4.23	-5.08	4.00	-42.34	-93.98
Equity per share at the close of the period. SEK			6.4	61	16
Dividend. SEK			0	0	0
<i>Employees</i>					
Average number of employees	24	33	25	34	40
Number of employees at the end of the period	24	32	24	32	26

Parent company income statement					
MSEK	Apr-June 2010	Apr-June 2009	Jan-June 2010	Jan-June 2009	Jan-Dec 2009
Net income	0,3	0,3	0,6	0,5	1,1
Net operating income	0,3	0,3	0,6	0,5	1,1
Depreciation	-0,1	-0,1	-0,2	-0,2	-0,3
Other company cost	-4,1	-4,9	-9,2	-9,7	-28,0
Impairment	0,0	-392,0	0,0	-407,2	-987,8
Operating profit/loss	-3,9	-396,7	-5,2	-416,6	-1 015,0
Financial items	145,1	-141,1	108,3	-62,9	-91,6
Profit/loss before tax	141,2	-537,8	101,1	-479,5	-1 106,6
Taxes	-0,1	0,0	-0,1	0,0	0,0
Profit / loss after tax	141,1	-537,8	101,0	-479,5	-1 106,6

Parent company balance sheets					
MSEK			30-06-2010	30-06-2010	31-12-2009
Fixed assets					
Tangible fixed assets			4.1	4.4	4.3
Financial fixed assets			886.7	1,584.5	897.4
Total fixed assets			890.8	1,588.9	901.7
Current assets					
Short term receivables			217.2	68.7	224.4
Cash			34.3	11.5	1.6
Total current assets			251.5	80.2	226.0
TOTAL ASSETS			1,142.3	1,669.1	1,127.7
EQUITY AND LIABILITIES					
Share capital and reserves			444.3	306.0	258.7
Retained earnings			172.8	463.2	-124.9
Total equity			617.1	769.2	133.8
Long term liabilities			510.8	823.4	851.7
Short term liabilities			14.4	76.5	143.0
TOTAL EQUITY AND LIABILITIES			1,142.3	1,669.1	1,127.7

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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.