

Unaudited Interim Report

6 months to 30 June 2010

NR Nordic & Russia Properties Limited

NR Nordic & Russia Properties Limited
Highlights

EUR million	Period to 30 June 2010	Period to 30 June 2009	Variance
Gross rental revenue	40.3	37.5	2.8
Net rental income	27.3	26.2	1.1
Profit/(loss) for the period	16.6	(56.2)	72.8
Basic earnings/(loss) per share	0.03	(0.12)	0.15
Diluted earnings/(loss) per share ¹	0.03	(0.12)	0.15

EUR million	30 June 2010	31 December 2009	Variance
Properties	38	38	-
Property value	605.8	554.6	51.2
Total property net yield	9.7%	9.8%	0.1% pts
Occupancy rate	96%	96%	-
Group Loan to Value (LTV)	55%	60%	5% pts
Group Interest Cover Ratio (ICR)	3.00x	2.44x	0.56x
Basic NAV per share	0.53	0.47	0.06
Diluted NAV per share ²	0.53	0.48	0.05

1) Calculated based on weighted average fully diluted shares outstanding during the period to 30 June 2010.
2) Calculated based on fully diluted shares outstanding as at 30 June 2010, totalling 546.7 million shares

NR Nordic & Russia Properties Limited
Senior Independent Director's Statement

For the first time since June 2008 the underlying value of the Group's portfolio of properties increased due to stabilising market conditions in the Nordic region and proactive asset management. In the six months period the total value increased by EUR 51.2 million to EUR 605.8 million, of which EUR 42.4 million was due to exchange rate movements.

Any recovery is fragile given the uncertainties in the financial markets over sovereign debt. However, we are encouraged by the continuing robust underlying performance of our properties and strong operating cash flow. Net rental income (NRI) for the six months to 30 June 2010 of EUR 27.3 million was up EUR 1.1 million on the same period last year generating net cash from operations of EUR 12.6 million. Severe weather in Sweden added EUR 1.2 million to property costs compared to the same period last year.

As a result of the strong operating performance and improvement in property values, the Group made a profit after tax of EUR 16.6 million for the 6 months to 30 June 2010. This was an improvement of EUR 72.8 million on the loss after tax made in the first half of 2009. Administration costs were down by EUR 0.3 million after stripping out the costs relating to the takeover bid. The occupancy level in our properties remains high at 96%; underpinned by an average lease length of 5.7 years. With an interest cover ratio (ICR) of 3.00x (FY2009: 2.44x), we remain well within our debt service banking covenants.

In total, the Group's basic net asset value per share increased by EUR 0.06 since year-end to EUR 0.53 due in the main to the strengthening of Swedish Krona and US dollar against the Euro. We continue to have significant headroom on our "loan to value" banking covenants with a Group LTV of 55.1%.

The Group's half-year cash position of EUR 66.5 million reflects the timing of prepaid June quarter rent. At 31 July, the cash balance was EUR 52.0 million. The reduction was due in the main to (i) the payment of bank loan interest and amortization (EUR 5.6 million); (ii) the purchase of discounted B2 Term Loan (EUR 6.2 million); (iii) the VAT payment (EUR 2.0 million). Since July 2009, we have bought-back debt with a par value of EUR 20.6 million at an average discount of 30% (EUR 6.1 million).

Following the shareholders' rejection of a bid for the company, the Board announced on 20 July 2010 that it will implement an orderly asset realisation programme over the next 3 to 4 years, with a view to maximising shareholder returns. The Company also intends to sell certain non-core assets at the earliest optimum moment.

Linked to these decisions, and the new agreed direction for the Company, Thomas Lindeborg joined the Board and Ian Livingstone and Michael Hirst have left the Board.

The Board recommends an interim dividend of EUR 0.01 per share (2009 interim dividend: EUR 0.01 per share) and a special dividend of EUR 0.01 per share.

David Hunter
Senior non-executive director

NR Nordic & Russia Properties Limited

Finance and property review

Review of reported results

In the review of the reported results, the income statement refers to the six month period ending 30 June 2010 while the balance sheet refers to 30 June 2010. Comparative figures shown in brackets for the income statement related to the same period last year, whilst balance sheet comparatives are those at 31 December 2009, unless otherwise stated.

Adjusted Net Asset Value calculation	30 June	31 December	30 June
EUR million	2010	2009	2009
Net Asset Value - Equity attributable to equity holders of the parent	251.0	223.9	225.9
Convertible loans	36.9	36.6	36.3
Options	0.6	0.6	0.6
Adjusted Net Asset Value	288.5	261.1	262.8
Number of shares, fully diluted			
Issued and fully paid	475.9	475.9	475.9
Convertible loans	70.3	70.3	70.3
Options	0.5	0.5	0.5
Total	546.7	546.7	546.7
Basic NAV per share	0.53	0.47	0.47
Adjusted NAV per share, fully diluted	0.53	0.48	0.48

Currency impact

The impact of the appreciation of SEK and USD against EUR has caused foreign exchange gains on translation of investment properties of EUR 42.4 (HY2009: 3.3 million), loss on translation of subsidiaries of EUR 26.8 million (HY2009: EUR 5.3 million gain), gains on monetary items of EUR 19.4 million (HY2009: EUR 1.0 million loss) and losses on financial derivatives of EUR 16.4 million (HY2009: 3.6 million), giving a total net positive impact from currency movement of EUR 18.6 million (HY2009: EUR 4.0 million).

Dividend

The Board has decided to pay an interim ordinary dividend of EUR 0.01 per share and a special dividend of EUR 0.01 per share. The interim ordinary dividend and the special dividend will be paid on 8 October 2010 to shareholders on the register on 10 September 2010. The ex-dividend date is 8 September 2010.

Property Portfolio

No properties have been acquired or sold in the first half of the year. The property portfolio comprises 38 assets with a total floor space of 985,000 sqm. Since year end, annualized gross rental value has increased by EUR 7.0 million to EUR 85.0 million and economic occupancy remains at 96%. The average lease length has fallen since December 2009 from 6.0 years to 5.7 years.

The portfolio has been valued by DTZ Sweden AB and DTZ Russia Ltd as at 30 June 2010. The total value of the portfolio is EUR 605.8 million. This represents an increase of 1.5% (in local currencies) on the value of the comparable portfolio at 31 December 2009.

Total property net yield of 9.7% (FY2009: 9.8%). Properties located in Sweden and Russia accounted for 70% and 19%, respectively, of the total market value.

The report is also available on the Company's webpage: www.nr-properties.co.uk

Enquiries:

David Hunter
Senior non-executive director
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NR Nordic & Russia Properties Limited

Independent review report to NR Nordic & Russia Properties Limited

We have reviewed the condensed set of interim financial statements in the unaudited interim report for the six months ended 30 June 2010 which comprises the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated Balance Sheet, the Consolidated statement of changes in equity, the Consolidated statement of cash flow and the related notes 1 to 9. We have read the other information contained in the unaudited interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of interim financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The unaudited interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the unaudited interim report in accordance with International Accounting Standards 34, "Interim Financial Reporting," as adopted by the European Union.

As disclosed in note 1b, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this unaudited interim report has been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the unaudited interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the unaudited interim report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP

Ernst & Young LLP
Jersey
25 August 2010

The maintenance and integrity of the NR Nordic & Russia Properties Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the web site. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NR Nordic & Russia Properties Limited
Unaudited Consolidated Income Statement
In millions of Euro

Continuing operations	Note	Period to 30 June 2010	Period to 30 June 2009
Gross rental revenue	2	40.3	37.5
Property operating expenses	2	(13.0)	(11.3)
Net rental income	2	27.3	26.2
Revaluation profit/(loss) on investment properties	2, 5	4.2	(62.5)
Net results on investment properties	2	4.2	(62.5)
Administrative expenses	2	(1.6)	(1.0)
Write-downs	2	-	(1.8)
Impairment of goodwill	2	(0.2)	(5.4)
Operating profit/(loss)	2	29.7	(44.5)
Finance income		2.1	3.5
Finance expenses – interest and other		(10.5)	(14.7)
Finance – net currency exchange gain/(loss)		19.4	(1.0)
Net changes in fair value of derivatives		(16.4)	(3.6)
Net finance expenses		(5.4)	(15.8)
Profit/(loss) before income tax		24.3	(60.3)
Current income tax expense		(1.8)	-
Deferred income tax (expense)/credit		(5.9)	4.1
Profit/(loss) for the period		16.6	(56.2)
Attributable to:			
Equity holders of the parent		16.6	(56.2)
Earnings per share attributable to equity holders of the Company during the period:			
Basic earnings/(loss) per share (EUR)	3	0.03	(0.12)
Diluted earnings/(loss) per share (EUR)	3	0.03	(0.12)

Unaudited Consolidated Statement of Comprehensive income

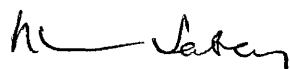
	Period to 30 June 2010	Period to 30 June 2009
Profit/(loss) for the period	16.6	(56.2)
Other comprehensive income		
Currency translation differences	18.6	4.0
Other comprehensive income for the period	18.6	4.0
Total comprehensive income/(loss) for the period	35.2	(52.2)
Total comprehensive income/(loss) attributable to:		
Equity holders of the parent	35.2	(52.2)

The notes on pages 10 to 13 are an integral part of these unaudited consolidated financial statements.

NR Nordic & Russia Properties Limited
Unaudited Consolidated Balance Sheet
In millions of Euro

	Note	30 June 2010	31 December 2009
Assets			
Non-current assets			
Goodwill		42.5	42.7
Investment properties	5	605.8	554.6
Deferred tax assets		10.2	10.0
Total non-current assets		658.5	607.3
Current assets			
Derivative financial instruments		7.4	21.5
Trade and other receivables		5.0	4.1
Cash and cash equivalents		66.5	79.3
Total current assets		78.9	104.9
Total assets		737.4	712.2
Equity			
Ordinary share capital		85.9	85.9
Ordinary share premium		10.7	10.7
Equity portion of convertible loan notes		30.6	30.6
Other reserves		259.6	267.7
Foreign currency translation reserve		(0.4)	(19.0)
Retained earnings		(135.4)	(152.0)
Total equity		251.0	223.9
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	6	298.6	345.9
Convertible loan notes	6	36.9	36.6
Deferred tax liabilities		58.7	52.5
Total non-current liabilities		394.2	435.0
Current liabilities			
Derivative financial instruments		23.0	20.7
Interest-bearing loans and borrowings	6	42.7	7.3
Trade and other payables		26.5	25.3
Total current liabilities		92.2	53.3
Total liabilities		486.4	488.3
Total equity and liabilities		737.4	712.2

Approved by the Board



Martin Sabey
Director

Date 25 August 2010

The notes on pages 10 to 13 are an integral part of these unaudited consolidated financial statements.

NR Nordic & Russia Properties Limited
Unaudited Consolidated Statement of Changes in Equity for the period to 30 June 2010
In millions of Euro

	Ordinary share capital	Ordinary share premium	Equity portion of convertible loan notes	Other reserves	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2010	85.9	10.7	30.6	267.7	(19.0)	(152.0)	223.9
Profit for the period	-	-	-	-	-	16.6	16.6
Other comprehensive income	-	-	-	-	18.6	-	18.6
Total comprehensive income	-	-	-	-	18.6	16.6	35.2
Dividends (note 4)	-	-	-	(8.1)	-	-	(8.1)
Balance at 30 June 2010	85.9	10.7	30.6	259.6	(0.4)	(135.4)	251.0

	Ordinary share capital	Ordinary share premium	Equity portion of convertible loan notes	Other reserves	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2009	85.9	10.7	30.6	281.7	(28.2)	(91.0)	289.7
Loss for the period	-	-	-	-	-	(56.2)	(56.2)
Other comprehensive income	-	-	-	-	4.0	-	4.0
Total comprehensive income/(loss)	-	-	-	-	4.0	(56.2)	(52.2)
Repayment on convertible loan notes	-	-	(2.3)	-	-	-	(2.3)
Dividends	-	-	-	(9.3)	-	-	(9.3)
Balance at 30 June 2009	85.9	10.7	28.3	272.4	(24.2)	(147.2)	225.9

During the first year, the ordinary share capital of the Company was reduced by EUR 390.0 million and transferred to "Other reserves", which is a distributable reserve.

The notes on pages 10 to 13 are an integral part of these unaudited consolidated financial statements.

NR Nordic & Russia Properties Limited
Unaudited Consolidated Cash Flow Statement
In millions of Euro

	Note	Period to 30 June 2010	Period to 30 June 2009
Cash flow from operating activities			
Profit/(loss) before tax		24.3	(60.3)
Adjustments for:			
Impairment of goodwill		0.2	5.4
Write-downs		-	1.8
Unrealised net revaluation (gain)/loss on investment properties	5	(4.2)	62.5
Interest income		(2.1)	(3.5)
Interest expense		10.5	14.7
Currency (gain)/loss		(19.4)	1.0
Unrealised net revaluation loss on derivatives		16.4	3.6
Cash flow from operations before changes in working capital, interest and tax		25.7	25.2
Change in trade and other receivables		(0.2)	11.1
Change in trade and other payables		(0.9)	(30.6)
Cash flow from operations before interest and tax		24.6	5.7
Interest paid		(10.3)	(8.3)
Interest received		0.1	1.0
Income tax paid		(1.8)	-
Cash flow from operating activities		12.6	(1.6)
Cash flow from investing activities			
Capital expenditures on investment properties		(4.6)	(8.2)
Cash flow from investing activities		(4.6)	(8.2)
Cash flow from financing activities			
Dividend	4	(8.1)	(9.3)
Borrowings drawn		-	2.0
Borrowings repaid		(16.8)	(21.4)
Cash flow from financing activities		(24.9)	(28.7)
Net decrease in cash and cash equivalents		(16.9)	(38.5)
Cash and cash equivalents beginning of period		79.3	102.4
Effect of exchange rate fluctuations on cash held		4.1	0.4
Cash and cash equivalents end of period		66.5	64.3

The notes on pages 10 to 13 are an integral part of these unaudited consolidated financial statements.

NR Nordic & Russia Properties Limited

Notes to the unaudited consolidated interim financial statements

In millions of Euro, unless otherwise stated

1 a. Corporate information

The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2010 were authorised for issue in accordance with a resolution of the directors on 25 August 2010.

NR Nordic & Russia Properties Limited is a company incorporated in Jersey on 23 October 2006 whose shares are publicly traded on Euronext in Amsterdam. The principal activities of the Company and its subsidiaries (together the "Group") are to invest in properties located in Northern Europe, the Baltic countries and Russia.

1 b. Basis of preparation and accounting policies

The consolidated interim financial statements for the six months ended 30 June 2010 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

The consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009 which were prepared in accordance with IFRS.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new Standards and interpretations as of 1 January 2010, noted below:

IFRS 3 (Revised) Business Combinations and IAS 27 (Amended) Consolidated and Separate Financial Statements

The revised standards are effective prospectively for business combinations affected in financial periods beginning on or after 1 July 2009. IFRS 3 Revised introduces a number of changes in accounting for business combinations that impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. No acquisition was made during the period.

IAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) to be accounted for as an equity transaction. Therefore, such a transaction would no longer give rise to goodwill, nor give rise to a gain or loss. No such transaction has taken place during the period.

IAS 17 Leases – amendment

This amendment is effective for financial periods beginning on or after 1 January 2010. This amendment deletes much of the existing wording in the standard to the effect all leases of land (where title does not pass) were operating leases. The amendment requires that in determining whether the lease of land (either separately or in combination with other property) is an operating or a finance lease, the same criteria are applied as for any other asset. This may have the impact in the future that more leases of land will be treated as finance leases rather than operating leases. As of 30 June 2010 the Group did not have any finance leases.

NR Nordic & Russia Properties Limited

Notes to the unaudited consolidated interim financial statements

In millions of Euro, unless otherwise stated

2. Segment reporting

Segment information is presented in respect of the Group's geographical segments, which is based on the Group's management and internal reporting structure, and considered the primary format. There were no inter-segment sales between geographical areas. The parent company is a holding company and does not operate in any segment.

The services provided by the Company are as described in the corporate information section. The Sweden segment includes one tenant that accounts for 36% of the gross rental revenue of the company.

Operating segments

	Sweden	Russia	Period to 30 June 2010		Total
			Other	Unallocated	
Gross rental revenue	27.2	9.6	3.5	-	40.3
Property operating expenses	(9.4)	(2.9)	(0.7)	-	(13.0)
Net rental income	17.8	6.7	2.8	-	27.3
Revaluation gains/(losses) on investment properties	8.2	(2.8)	(1.2)	-	4.2
Loss on disposal of investment properties	-	-	-	-	-
Net gains/(losses) on investment properties	8.2	(2.8)	(1.2)	-	4.2
Administrative expenses	-	-	-	(1.6)	(1.6)
Write-downs	-	-	-	-	-
Impairment of goodwill	-	-	(0.2)	-	(0.2)
Operating profit	26.0	3.9	1.4	(1.6)	29.7
Net finance expenses				(5.4)	(5.4)
Profit before income tax					24.3
Net tax expense				(7.7)	(7.7)
Profit for the period					16.6
Segment assets, 30 June 2010					
Investment properties	424.1	117.0	64.7	-	605.8
Goodwill	36.5	-	6.0	-	42.5
Other assets	-	-	-	89.1	89.1
Total assets	460.6	117.0	70.7	89.1	737.4
Capital expenditure	4.5	0.1	-	-	4.6

	Sweden	Russia	Period to 30 June 2009		Total
			Other	Unallocated	
Gross rental revenue	24.7	9.4	3.4	-	37.5
Property operating expenses	(8.0)	(2.6)	(0.7)	-	(11.3)
Net rental income	16.7	6.8	2.7	-	26.2
Revaluation losses on investment properties	(32.4)	(24.3)	(5.8)	-	(62.5)
Loss on disposal of investment properties	-	-	-	-	-
Net losses on investment properties	(32.4)	(24.3)	(5.8)	-	(62.5)
Administrative expenses	-	-	-	(1.0)	(1.0)
Write-downs	-	-	-	(1.8)	(1.8)
Impairment of goodwill	(4.8)	-	(0.6)	-	(5.4)
Operating loss	(20.5)	(17.5)	(3.7)	(2.8)	(44.5)
Net finance expenses				(15.8)	(15.8)
Loss before income tax					(60.3)
Net tax credit				4.1	4.1
Loss for the period					(56.2)
Segment assets, 31 December 2009					
Investment properties	377.6	111.0	66.0	-	554.6
Goodwill	36.5	-	6.2	-	42.7
Other assets	-	-	-	114.9	114.9
Total assets	414.1	111.0	72.2	114.9	712.2
Capital expenditure	5.2	5.7	-	-	10.9

NR Nordic & Russia Properties Limited

Notes to the unaudited consolidated interim financial statements

In millions of Euro, unless otherwise stated

3. Earnings per share

a) Basic

	Period to 30 June 2010	Period to 30 June 2009
Profit/(loss) attributable to equity holders of the Company (EUR millions)	16.6	(56.2)
Weighted average number of ordinary shares in issue	475,924,532	475,924,532
Basic earnings/(loss) per share (EUR)	0.03	(0.12)

b) Diluted

	Period to 30 June 2010	Period to 30 June 2009
Profit/(loss) attributable to equity holders of the Company	16.6	(56.2)
Interest expense on convertible debt (net of tax)	1.2	1.7
Profit/(loss) used to determine diluted earnings per share	17.8	(54.5)
Weighted average number of shares in issue	475,924,532	475,924,532
Adjustment for:		
- Assumed conversion of convertible debt	70,288,224	70,288,224
- Share options	-	-
Weighted average number of ordinary shares in issue for diluted earnings per share	546,212,756	546,212,756
Diluted earnings/(loss) per share (EUR)	0.03	(0.12)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible loan notes and share options. However, the calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share. Potential ordinary shares are anti-dilutive because their conversion to ordinary shares would decrease the loss per share from continuing operations.

4. Dividends

During the period a total dividend of EUR 0.017 per share (HY2009: 0.017), amounting to EUR 8.1 million (HY2009: EUR 8.1 million) was declared and paid out on 18 June 2010.

5. Investment properties

	30 June 2010	31 December 2009
At 1 January	554.6	604.6
Capital expenditures	4.6	10.9
Disposals	-	(0.3)
Exchange differences	42.4	20.8
Revaluation	4.2	(81.4)
End of period	605.8	554.6

The investment properties have been valued by DTZ Sweden AB and DTZ Russia Ltd, independent expert valuers, as at 30 June 2010.

NR Nordic & Russia Properties Limited

Notes to the unaudited consolidated interim financial statements

In millions of Euro, unless otherwise stated

6. Interest bearing loans and borrowings

	30 June 2010	31 December 2009
Total amounts falling due within one year (recorded as current)	42.7	7.3
Total amounts of loans falling due after more than one year ¹	298.6	345.9
Convertible loans falling due after more than one year	36.9	36.6
Total borrowings	378.2	389.8
Cash and cash equivalents attributable to continuing operations	(66.5)	(79.3)
Net borrowings	311.7	310.5

1) A loan facility of EUR 253 million matures in mid 2011. The Group has an option to extend for 2 years on condition that LTV is no more than 75% and ICR exceeds 1.40x. The current LTV on this facility is 64% (FY2009: 65%) and ICR is 2.49x (FY2009: 2.29x). The Group currently intends to exercise its option.

During the period the Group has repaid EUR 10.5 million (HY2009: EUR 17.4 million) and bought back EUR 8.3 million (HY2009: nil) of its debts.

7. Capital commitments

At 30 June 2010, the Company was contractually committed to EUR 3.9 million (FY2009: EUR 6.3 million) of future expenditure for the purchase, development and enhancement of the current investment property portfolio.

8. Events after the balance sheet date

On 5 July 2010, Thomas Lindeborg was appointed as Director and Ian Livingstone and Michael Hirst have left the Board.

On 6 July 2010, the Company bought back B2 Term Loan at a discount to its par value of SEK 75.8 million (EUR 7.9 million) providing an internal rate of return (IRR) of 19% at maturity.

On 11 August 2010, the Group disposed of the Swedish property Bredskär. The property has been valued at its selling price less cost of disposal.

9. Related Party transactions

LR Swedish Holdings No. 1 AB, a member of the London & Regional Group, owns 117,299,200 shares, representing 24.65 per cent. of the issued capital of the Company and 64,788,224 convertible loan notes. Assuming full conversion of the convertible loan notes, LR Swedish Holdings No. 1 AB will be interested in 182,087,424 fully diluted shares in aggregate representing 33.30 per cent. of the fully diluted share capital.

LR Real Estate Asset Management AB, a member of the London & Regional Group, owns 5,500,000 convertible loan notes, which are convertible into 5,500,000 shares (1.01 per cent. of fully diluted share capital).

The following related party transactions are transactions which, as a single transaction or in their entirety, are or may be material to the Company. In the opinion of the directors, each of the transactions was concluded at arm's length:

- the management agreement according to which LR Real Estate Asset Management AB is the asset manager and receives a fee of 0.4 per cent based on gross asset value (EUR 1.2 million for the period ending 30 June 2010) and a performance fee of 25 per cent of any increase in net asset value above 10 per cent. No performance fee was due 30 June 2010;
- the operating lease agreement for the Group's property, Stockholm Katthavet 8 "Berns Hotel", between the Group, as a lessor, and the London & Regional Group, as lessee (EUR 1.0 million for the period ending 30 June 2010).

Mr. Ian Livingstone is an affiliate of, and thus may be deemed to have an indirect interest in, each of the members of the London & Regional Group that is a party to agreements listed above.

Responsibility Statement

The Directors' of NR Nordic & Russia Properties Limited (hereinafter "NR Group") wish to state that to our knowledge:

- 1) The Financial update for the six month period to 30 June 2010 give a true and fair view of the assets, liabilities, financial position and loss of the NR Group;
- 2) The Financial update for the six month period to 30 June 2010 gives a true and fair view of the NR Group's position as per 30 June 2010 and the developments during the first six months of the financial year 2010;
- 3) The Interim report for the six month period to 30 June 2010 describes the material risks the issuer is facing.

Jersey, 25 August 2010

The Directors'

NR Nordic & Russia Properties Limited