

Interim Management Statement

The Board of Directors of NR Nordic & Russia Properties Ltd (the "Company") presents the Company's "Financial Update" for the 6 months to 30 June 2012 (attached).

For more information on the Company, please visit the Company's website www.nr-properties.co.uk.

The Financial Update has been prepared in accordance with the accounting policies set out in the FY 2011 Annual Report and together with the above information gives a true and fair view of the Company's financial position.

Jersey, 31 August 2012

NR Nordic & Russia Properties Limited

Unaudited Interim Report

6 months to 30 June 2012

NR Nordic & Russia Properties Limited (In liquidation)

NR Nordic & Russia Properties Limited (In liquidation)

Chairman's Statement

Following the disposal of the Group's investment property assets in 2011, the Group's accounts have been prepared on a break-up basis. For the first six months of 2012 the Group made a profit of EUR 1.9 million (HY2011: EUR 22.2 million) representing savings on the expected liquidation costs and income derived from liquid assets.

As previously announced, the Group's Swedish and Finnish subsidiaries were placed into liquidation in the first half of 2012. By 16 July 2012, the liquidations of these subsidiaries were complete and the Company began summary winding up procedures on 18 July 2012.

On 30 May 2012, the Company paid out an interim dividend of EUR 0.130 per share amounting to EUR 61.9 million. Since disposal of the core asset portfolio in March 2011, the Company has paid out a total of EUR 0.445 per share amounting to EUR 211.8 million.

Following the liquidation of the Group's subsidiaries, the board of directors aims to distribute final dividends to shareholders by the end of Q3 2012. Based on the net asset value per share as at 30 June 2012, it is anticipated that the final distribution will be approximately EUR 0.015 per share.

In determining the timing and quantum of any cash dividends paid by the Company, the Board will have regard, amongst other things, to the impact of all outstanding and potential tax and other liabilities, as well as other obligations of the Company at the relevant time, any of which may have a material impact on the value and timing of any such distributions.

NR Nordic & Russia Properties Limited (In liquidation)

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 2012 while the balance sheet refers to 30 June 2012.

Adjusted Net Asset Value calculation EUR million	30 June 2012	31 December 2011	30 June 2011
Net Asset Value - Equity attributable to equity holders of the parent	7.6	67.4	128.6
Convertible loans	-	-	-
Options (Note 5b)	0.6	0.6	0.6
Diluted Net Asset Value	8.2	68.0	129.2
Number of shares, fully diluted			
Issued and fully paid	475.9	475.9	475.9
Convertible loans	-	-	-
Options (Note 5b)	0.5	0.5	0.5
Total	476.4	476.4	476.4
Basic NAV per share	0.02	0.14	0.27
Diluted NAV per share	0.02	0.14	0.27

Dividends paid in that period are shown in the table below:

Dividends (EUR)	30 June 2012	31 December 2011
Ordinary dividends	0.130	0.315
Special dividends	-	-
Total dividends	0.130	0.315

Dividends

On 25 April 2012, the Board announced and declared to pay an interim ordinary dividend of EUR 0.13 per share amounting to EUR 61.9 million. This dividend was paid out on 30 May 2012.

Finance income and expenses

Finance income contains interest of EUR 0.2 million on bank balances.

Looking Ahead

At the Annual General Meeting of the Company held 18 July 2012 the Special Resolution that the Company be wound up by means of a summary winding up was passed and the summary winding up of the Company commenced on that date.

The Board will make an announcement shortly on the timing and quantum of the final distribution payment to shareholders and the subsequent termination of the Company's Euronext listing.

This report is also available on the Group's website: www.nr-properties.co.uk

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NR Nordic & Russia Properties Limited (In liquidation)

Unaudited Consolidated Income Statement

In millions of Euro

	Note	6 months ended 30 June 2012	6 months ended 30 June 2011
Gross rental revenue	2	-	22.7
Property operating expenses	2	-	(7.7)
Net rental income	2	-	15.0
Profit on disposal of investment properties	2,3	-	0.2
Net results on investment properties	2	-	0.2
Administrative expenses	2	1.9	(2.6)
Operating profit	2	1.9	12.6
Finance income		0.2	11.6
Finance expenses – interest and other		-	(21.6)
Finance expenses – net currency exchange gains / (losses)		(0.2)	1.8
Net changes in fair value of derivatives		-	20.6
Net finance income		-	12.4
Profit before income tax		1.9	25.0
Current income tax expense		-	(2.8)
Profit for the period *		1.9	22.2
Earnings per share:			
Basic and diluted earnings per share (EUR)	5	0.004	0.05

Unaudited Consolidated Statement of Comprehensive Income

	6 months ended 30 June 2012	6 months ended 30 June 2011
Profit for the period	1.9	22.2
Other comprehensive income		
Currency translation differences	0.2	(2.4)
Other comprehensive income / (expense) for the period	0.2	(2.4)
Total comprehensive income for the period *	2.1	19.8

* The total results and comprehensive profit of the Group was generated by discontinued operations.

The notes on pages 8 to 11 are an integral part of these unaudited consolidated financial statements.

NR Nordic & Russia Properties Limited (In liquidation)**Unaudited Consolidated Balance Sheet***In millions of Euro*

	Note	30 June 2012	31 December 2011
Assets			
Current assets			
Cash and cash equivalents		8.4	72.4
Total current assets		8.4	72.4
Total assets		8.4	72.4
Equity			
Ordinary share capital		85.9	85.9
Ordinary share premium		10.7	10.7
Other reserves		68.9	130.8
Foreign currency translation reserve		5.7	5.5
Retained earnings		(163.6)	(165.5)
Total equity		7.6	67.4
Liabilities			
Current liabilities			
Trade and other payables		0.8	5.0
Total current liabilities		0.8	5.0
Total liabilities		0.8	5.0
Total equity and liabilities		8.4	72.4

The Financial Statements were approved by the Board on 30 August 2012, and signed on their behalf by:



Martin Sabey
Director

31 August 2012

The notes on pages 8 to 11 are an integral part of these unaudited consolidated financial statements.

NR Nordic & Russia Properties Limited (In liquidation)
Unaudited Consolidated Statement of Changes in Equity for the period to 30 June 2012
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 2012	85.9	10.7	-	130.8	5.5	(165.5)	67.4
Profit for the period	-	-	-	-	-	1.9	1.9
Other comprehensive income	-	-	-	-	0.2	-	0.2
Total comprehensive income	-	-	-	-	0.2	1.9	2.1
Dividends (note 5)	-	-	-	(61.9)	-	-	(61.9)
Balance at 30 June 2012	85.9	10.7	-	68.9	5.7	(163.6)	7.6

	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 2011	85.9	10.7	-	280.7	6.0	(186.5)	196.8
Profit for the year	-	-	-	-	-	22.2	22.2
Other comprehensive income	-	-	-	-	(2.4)	-	(2.4)
Total comprehensive income/(loss)	-	-	-	-	(2.4)	22.2	19.8
Dividends (note 5)	-	-	-	(88.0)	-	-	(88.0)
Balance at 30 June 2011	85.9	10.7	-	192.7	3.6	(164.3)	128.6

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 8 to 11 are an integral part of these unaudited consolidated financial statements.

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

	Note	6 months ended 30 June 2012	6 months ended 30 June 2011
Cash flow from operating activities			
Profit before tax		1.9	25.0
Adjustments for:			
Profit on disposal of investment properties	3	-	(0.2)
Interest income		(0.2)	(11.6)
Interest expense			21.6
Currency (gains) / losses		0.2	(1.8)
Realised net revaluation gains on derivatives		-	(20.6)
Cash flow from operations before changes in working capital, interest and tax		1.9	12.4
Change in trade and other receivables		-	1.3
Change in trade and other payables		(4.2)	9.1
Cash flow from operations before interest and tax		(3.2)	22.8
Interest paid		-	(31.7)
Interest received		0.2	16.9
Income tax (recovered) / paid		1.2	(2.8)
Cash flow from operating activities		(0.9)	5.2
Cash flow from investing activities		-	-
Capital expenditures on investment properties		-	(1.9)
Disposal of subsidiaries (net of cash received)		-	379.3
Cash flow from investing activities		-	377.4
Cash flow from financing activities		-	-
Dividend	6	(61.9)	(88.0)
Borrowings repaid		-	(283.3)
Cash flow from financing activities		(61.9)	371.3
Net (decrease) / increase in cash and cash equivalents *		(62.8)	11.3
Cash and cash equivalents at beginning of period		72.4	104.6
Effect of exchange rate fluctuations on cash held		(1.2)	(0.7)
Cash and cash equivalents at period end		8.4	115.2

* All cash flows are from discontinued operations.

The notes on pages 8 to 11 are an integral part of these unaudited consolidated financial statements.

1 a. Corporate information

General information

The unaudited consolidated interim financial statements of NR Nordic & Russia Properties Limited (the Company or the Parent Company) and its subsidiaries (together the Group) for six months ended 30 June 2012 were authorised for issue in accordance with a resolution of the directors on 30 August 2012.

NR Nordic & Russia Properties Limited is a Jersey incorporated company which commenced summary winding up on 18 July 2012, having its registered office at 13 Castle Street, St Helier, Jersey.

The financial period of the Group is from 1 January 2012 to 30 June 2012 and the Company was incorporated on 23 October 2006. The Company is listed on the Euronext.

There have been no changes to the Group's principal risks and uncertainties in the 6 months period ended 30 June 2012 and the board of directors does not anticipate any changes to the principal risks and uncertainties in the second half of 2012.

1 b. Basis of preparation and accounting policies

The consolidated interim financial statements for the six months ended 30 June 2012 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 2011 which were prepared in accordance with IFRS in full. Due to the disposal of all of the Group's investment properties the financial statements of the Group are not presented on a going concern basis, but on a break-up basis (also known as 'liquidation basis'). The accounting policies remain in accordance with IFRS, but the measurement technique for determining the fair value have been amended to reflect their recoverable amount, further described in the Group's annual financial statements as at 31 December 2011.

As a result of adopting the break-up basis, all assets and liabilities are classified as being 'current'.

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 2011, except for the adoption of new standards and interpretations as of 1 January 2012, noted below:

- IAS 12 – Deferred Tax: Recovery of Underlying Assets (Amendment)
- IFRS 7 – Disclosures – Transfers of financial assets (Amendment)
- IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)

There has been no impact on the financial statements of the Group following the adoption of the new standards and interpretations.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NR Nordic & Russia Properties Limited (In liquidation)

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. Each segment is a group of cash generating units and these segments are considered to be 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 Group are described in the general information section. The Sweden segment included one tenant that accounted for 38% of the gross rental revenue of the Group for the period ended 30 June 2011.

Operating segments

	Period to 30 June 2012				Total
	Sweden	Russia	Other	Unallocated	
Gross rental revenue	-	-	-	-	-
Property operating expenses	-	-	-	-	-
Net rental income	-	-	-	-	-
Gains/(loss) on disposal of investment properties	-	-	-	-	-
Profit/(losses) on disposal of investment properties	-	-	-	-	-
Administrative income	-	-	-	1.9	1.9
Operating profit	-	-	-	1.9	1.9
Net finance income	-	-	-	-	-
Profit before income tax	-	-	-	1.9	1.9
Net tax expense	-	-	-	-	-
Profit for the period	-	-	-	1.9	1.9

Segment assets, 30 June 2012

Other assets	-	-	-	8.4	8.4
Total assets	-	-	-	8.4	8.4

Capital expenditure

	-	-	-	-	-
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	Period to 30 June 2011				Total
	Sweden	Russia	Other	Unallocated	
Gross rental revenue	14.1	5.8	2.8	-	22.7
Property operating expenses	(5.2)	(2.0)	(0.5)	-	(7.7)
Net rental income	8.9	3.8	2.3	-	15.0
Revaluation losses on investment properties	1.0	(1.6)	0.8	-	0.2
Profit/(losses) on disposal of investment properties	1.0	(1.6)	0.8	-	0.2
Administrative expenses	-	-	-	(2.6)	(2.6)
Operating profit	9.9	2.2	3.1	(2.6)	12.6
Net finance income	-	-	-	12.4	12.4
Profit before income tax	-	-	-	-	25.0
Net tax expense	-	-	-	(2.8)	(2.8)
Profit for the period	-	-	-	-	22.2

Segment assets, 30 June 2011

Other assets	-	-	-	139.2	139.2
Total assets	-	-	-	139.2	139.2

Capital expenditure

	1.8	0.1	-	-	1.9
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NR Nordic & Russia Properties Limited (In liquidation)

Notes to the unaudited consolidated interim financial statements

In millions of Euro, unless otherwise stated

3. Profit on disposal of investment properties

	Period to 30 June 2012	Period to 30 June 2011
Investment properties sales price	-	497.0
Carrying amount at 31 December 2010	-	(494.9)
Capital expenditures since 31 December 2010	-	(1.9)
Profit	-	0.2

4. Taxation

Profits arising in the Company for the 2012 Year of Assessment will be subject to Jersey Income Tax at the rate of 0% (2011: 0%).

	Period to 30 June 2012	Period to 30 June 2011
Overseas current tax expense	-	(2.8)
Deferred tax credit	-	-
Net income tax (expense) / credit	-	(2.8)

5. Earnings per share

a) Basic

	Period to 30 June 2012	Period to 30 June 2011
Profit attributable to equity holders of the Company (EUR millions)	1.9	22.2
Weighted average number of ordinary shares in issue	475,924,532	475,924,532
Basic profit per share (EUR)	0.004	0.05

b) Diluted

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 one category of dilutive potential ordinary shares: share options (HY2011: one category of dilutive potential ordinary shares: 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 if their conversion to ordinary shares would increase the profit per share from continuing operations.

Due to the settlement of all of the convertible loan notes on 5 April 2011, there will be no future dilution from the convertible loan notes.

6. Dividends

During the period a total dividend of EUR 0.130 per share (HY2011: 0.185), amounting to EUR 61.9 million (HY2011: EUR 88.0 million) was declared and paid out on 30 May 2012.

7. Investment properties

	Period to 30 June 2012	Period to 30 June 2011
At 1 January	-	494.9
Capital expenditures	-	1.9
Disposals	-	(496.8)
End of period	-	-

8. Interest bearing loans and borrowings

During the period the Group has (i) repaid EUR nil (HY2011: 252.2 million), (ii) disposed of EUR nil (HY2011: 70.8 million) and (iii) bought back EUR nil (HY2011: 19.6 million) of its debts.

All outstanding interest bearing loans and borrowings were repaid by the Group during the year ended 31 December 2011.

9. Events after the balance sheet date

The Company commenced summary winding up on the 18 July 2012. The Swedish and Finnish subsidiaries in the Group were dissolved by 16 July 2012.

10. Related Party transactions

At 31 December 2010, LR Swedish Holdings No. 1 AB owned 117,299,200 shares, representing 24.65 per cent of the issued capital of the Company and 64,788,224 convertible loan notes. LR Nordic Properties AB owned 5,500,000 convertible loan notes, which are convertible in to 5,500,000 shares (1.01 per cent of the fully diluted share capital). The Company has paid EUR 32.7 million, including accrued interest for the first quarter of 2011 of EUR 0.6 million, in full settlement of the convertible loan notes on 31 March 2011. The discount on the liability is recognised as a gain under financial income in the year 2010.

Mr. Ian Livingstone, who was a director of the Company until 6 August 2010, 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 below:

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, a member of the London & Regional Group, is the asset manager and receives a fee of 0.4 per cent based on gross asset value; EUR 2.5 million for the period ending 31 December 2010 (2009: EUR 2.3 million) and a performance fee of 25 per cent of any increase in net asset value above 10 per cent. No performance fee was due for 2010 (2009: EUR nil). The agreement was terminated on 6 December 2010 upon the sale of the Asset Manager to the Group;
- the acquisition of Nordic & Russia Asset Management AB (previously LR Real Estate Asset Management AB); and
- the lease agreement Stockholm Katthavet 8 "Berns Hotel" between the Group and the London & Regional Group;

Mr. Thomas Lindeborg is the beneficial owner of Nollitnac Holding AB which has acquired the Group's four Russian investment properties (the Russian Asset Transaction) from Nordic & Russia Holdings No 3 AB. The sales price of the assets was EUR 93 million, which represents a discount of EUR 24.0 million when compared to the 30 June 2010 valuation. Thomas Lindeborg, who was a Director of the Company during parts of 2010 and 2011 was excluded from all Board deliberations in respect of this transaction.

In the opinion of the directors, this transaction was conducted at arm's length. The sale at a discount to their net asset value was justified by the continuing difficult conditions in the Russian property market which was depressed by the lack of affordable debt financing and diminished investor appetite. No competing offers were received before or after the announcement of the Russian Asset Transaction.