



REALFOND RYSSLAND

RUSSIAN REAL ASSETS

**INVESTS IN ATTRACTIVE LAND HOLDINGS AND
RECLASSIFIES THEM INTO PLOTS FOR SINGLE FAMILY HOMES
EXPECTED ANNUAL YIELDS OF BETWEEN 45 – 50 % (IRR)
APPROXIMATELY A THREE-YEAR INVESTMENT HORIZON
UNLEVERAGED REAL ASSET IN THE FORM OF LAND**

This is a private equity fund and not a mutual fund according to Swedish law

**“THE RUSSIANS HAVE JUST AS MUCH
MONEY AS THEY HAVE LACK OF QUALITY LIVING”**

REASONS TO INVEST IN LAND

LAND IS A GENUINE AND REAL ASSET

LAND CONVERSION GENERATES GREAT ADDED VALUE

LAND IS AN EVERLASTING ASSET

**REALFOND RYSSLAND
IS A SUITABLE CHOICE FOR INVESTORS WHO**

SEEK HIGH POTENTIAL YIELDS

**ARE LOOKING FOR AN INVESTMENT WITH A LOW
DEGREE OF CO-VARIATION WITH THE STOCK MARKET**

**ARE PREPARED TO HAVE THEIR CAPITAL TIED
FOR ABOUT THREE YEARS WITHOUT YEARLY DIVIDENDS**

RUSSIAN REAL ASSETS

Reasons to invest in land

Land is a long-term asset and an inflation-proofed investment that is considered to be very safe. Factors that control the trend in land prices include what is cultivated on the land in question and how it is classified. For example, reclassifying from land without building permit to land with permit results in an immediate increase in its value. This applies to Russia and most other countries in the world.

Reasons to invest in land conversion in Russia

The short explanation is the possibility of great leverage from money invested. The longer explanation is that Russia has prospered during the last 10 years but has seen very little high-quality housing. In 2009, during the financial crisis, Russia still has almost 100 000 dollar millionaires. The oil price has recovered and so has consumer confidence. According to A. T. Kearney Russia is rated second in The 2009 Global Retail Development Index.

Several years of economic growth, high wages and a flat-rate tax of 13 % are contributory factors in this prosperity. However, the housing production has failed to keep pace with economic growth, and so despite this wealth, there are far too few up-scale properties that are worth its price available. Despite the financial crisis, the net worth of the upper middle class Russian is still high, and only one per cent of the capital on the Russian stock exchange is privately held. The credit market is so far limited, and housing credit accounts for only 2 % of Russia's GDP, as compared to around 40–50 % in the case of many countries in Western Europe. Consequently Russians have money, in the form of cash, but there is very little for them to invest in. An emerging housing credit market will further increase purchasing power. It is in these factors that the potential and the great leverage can be found from working with land reclassification in Russia.

The market for land after the financial crisis is very attractive. Price on agricultural land has depreciated 50–80 % while the price for reclassified land plots has only depreciated 20–30 %. This gives further strength to the case.

Deriving the yield

Realfond Ryssland purchases land in attractive locations that is classified as agricultural land and then engages in a process to reclassify it. It includes providing relevant authorities with detailed planning, drawings and to apply for all necessary permits for infrastructure. At the end of two years, when the land has been reclassified and divided into plots, these plots are sold off.

Realfond Ryssland does not take any loans and so does not incur any interest expenses.

Realfond Ryssland is neither exposed to the risk of having insufficient credits.

Expected annual yields are between 45–50 % (IRR). During the 3-year period no annual dividends are paid.

Previous projects

The individuals in the management company successfully reclassified several pieces of agricultural land during the years from 2006 to 2008, including two areas some five hundred kilometres east of Moscow, which were divided into 230 house lots. In October and November of 2008 a number of them were sold together with houses, to a value of 10 million Euros. The Chairman of the Board has an extensive experience of the conversion process from his earlier position at IKEA, responsible for their land acquisition and infrastructure permits in Russia.

THE BOARD, MANAGEMENT AND THE ADVISORY BOARD



Adam Fischer, Chairman of the Board

Adam Fischer is Chairman of the Board of Realfond Ryssland. With his background as Ikea's head of land acquisition and permit approval processes in Russia and also Managing Director of Catella Corporate Finance in Russia, he is extremely qualified with regards to property acquisition and permit approval processes in Russia. Adam Fischer is fluent in Russian and English and Swedish is his mother tongue.



Anton Tajiev, Member of the Board and President

Anton Tajiev is a member of the Board of Realfond Ryssland and its President. He is an architect and has in recent years worked as a consultant on company issues in Russia, the CIS and the Baltic for a company with operations in Sweden and Russia. Anton Tajiev is a Swedish citizen and has been resident in Sweden since 1991 but was born in Moscow. Anton Tajiev is fluent in Swedish and English and Russian is his mother tongue.



Carl Tottie, Member of the Board

Carl Tottie is a member of the Board of Realfond Ryssland. For two years he has worked as operations manager at the catalogue house company Norrpada, which operates in both Scandinavia and Russia. Carl has a degree from Stockholm School of Economics and Richard Ivey School of Business (MBA), London, Ontario, Canada.



Irina Zhivikhina, adviser to the Board of Realfond Ryssland

Irina Zhivikhina has special knowledge in the field of reclassifying agricultural land and acquisition of Russian properties since her time as Deputy governor of the Nizhniy Novgorod region. She was among other things responsible for development of property and land relations. Before that she was the head of department of property and land relations of the Administrative Office of the President of the Russian Federation.



Torbjörn Ranta, adviser to the Board of Realfond Ryssland

An adviser to the Board who specialises in issues relating to Russian business conditions. Thanks to his background he possesses extensive experience of business operations in Russia. He was the President and a member of the Board of Central Asia Gold, which is listed on the NGM and has been the President and a member of the Board of the Swedish listed company Vostok Nafta Investment Ltd. Torbjörn Ranta speaks Russian fluently.

Clas Romander, adviser to the Board of Realfond Ryssland

Clas Romander is an adviser to the Board on legal matters. He is a lawyer and a partner in the law firm Delphi, specialising in equity issues, financing and corporate law. Clas Romander has long and extensive experience of capital markets and has worked as a lawyer since 1987.



Tobias Murray, adviser to the Board of Realfond Ryssland

An adviser to the Board who specialises in marketing and sales. The founder and President of the Internet agency Clockwork, which was later acquired by Bonniers and is listed on the O-list of the Stockholm Stock Exchange under the name of Mogul. Co-founder of Perspecta, owner of the Norrpada brand that offers a range of catalogue houses. Works primarily in business development and undertakes real estate projects in Russia.



Andreas Murray, adviser to the Board of Realfond Ryssland

An adviser to the Board who specialises in project planning and construction. Co-founder of Perspecta, owner of the Norrpada brand that offers a range of catalogue houses. Works primarily in business development and undertakes real estate projects in Russia.



Vladimir Yuvonin, adviser to the Board of Realfond Ryssland

An adviser to the company on matters relating to land conversion. He has been Vice President of oil and gas industry ZAO Digaz, a unit head at Gazprom, Director of Diron, the State Property Board, within a Russian region, responsible for the management of state property and land resources. He is now Vice Chairman of the Ecological Committee of Experts acting on behalf of the Russian Government.



FAQ

What happens if the land is not reclassified? Realfond Ryssland will seek to assess risks before any land is acquired and it secures that there are no formal obstacles to approving reclassification. Should the land not be approved for construction for any other reason, it will be sold and the money re-invested in a new land area. Realfond Ryssland will buy at least three different sites to diversify risk. The land is not leveraged using external credit.

Are there any similar companies that I can invest in? No. Realfond Ryssland has a unique orientation and the other companies that invest in land in Russia do so in the hope of producing agricultural commodities on their land or building on it. Neither of these two options are applicable here.

How can the expected yields be so high? The ratio between non-building agricultural land and parcelled land that has been planned in detail is around 1:5, which is in no way unique and also applies in western countries. What is unique is that this opportunity is available to more than just a small group of investors.

What about corruption? In Russia corruption is far from unusual, however our experience of earlier projects demonstrates that it is fully feasible to deal with Russian bureaucrats without resorting to bribes. Instead, a long-term approach is employed to create social relationships in circles where such contacts with the West are greatly appreciated by our Russian counterparts.

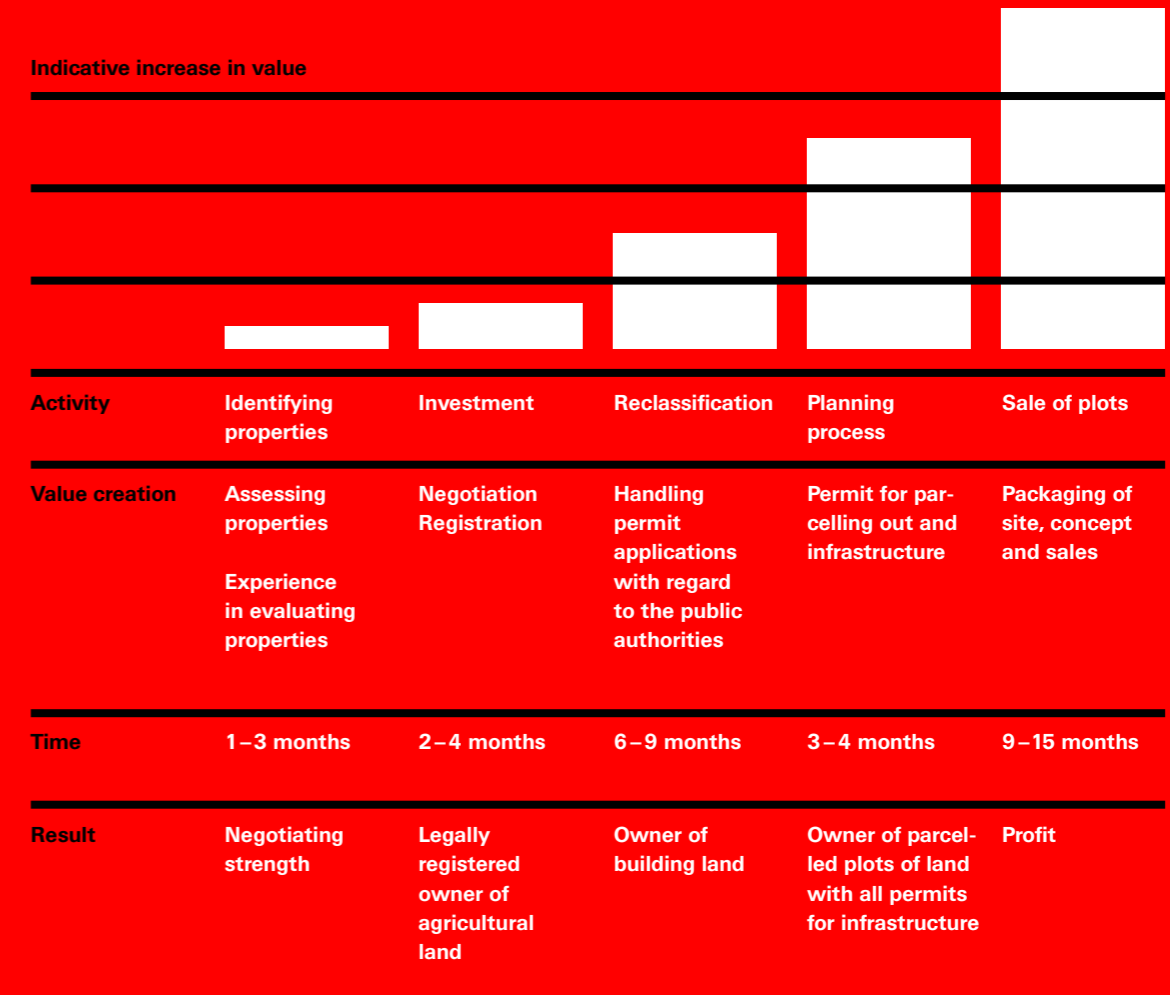
What happens if the price of the building plots should fall? This will impact negatively on the yield but the calculations are based on prices from July 2009 and the basic assumption is that the increase in value will be generated by reclassifying agricultural land into plots for private homes. Furthermore, the price of agricultural land has also fallen considerably after the financial crisis.

Why invest in Russia right now? Russia is still a market that is only beginning to develop and this understanding has led H & M to open its first shops in Moscow in 2009. It was the same understanding that led IKEA, whose original strategy for Russia, was to open a store in every city with a population of one million or more. IKEA completed this strategy and accelerated the plan in 2008 to include all cities with a population of 500,000, i.e., a further thirty to thirty-five stores.

The major companies are thus continuing to invest in Russia. The advantage of doing so now through Realfond Ryssland comes from exploiting the current credit crisis. Because of this, major Russian construction companies with credit problems are selling off land at prices that are now much lower than they were, and the scarcity of available attractive plots for building private homes is generating great demand.

How is the actual investment in Realfond Ryssland taking place? As an investor you will get B-shares in Realfond Ryssland 1 AB (publ.), a non-listed Swedish public limited company in accordance to the prospectus that Finansinspektionen, the Swedish Financial Supervisory Authority, has reviewed. The shares are registered in Euroclear. You do the investment by filling in and signing the subscription form that you will find in the web page www.realfonder.se. After the share issue is completed you will get a payment instruction send to you.

THE VALUE PROCESS



Realfond Ryssland buys agricultural land, reclassifies it and obtains all infrastructure- and planning permissions. Then the land plots are sold. No construction work is done by Realfond Ryssland, neither roads nor houses.

Before making an investment attractive land is identified for opportunity. A structured review of the agricultural property is undertaken to assess risks and secure that there are no formal obstacles for future building permits.

When the transaction is done work starts on getting the land reclassified. Realfond Ryssland has its own personnel to execute the business plan. They produce all the documentation for the relevant public authorities in the form of plans, drawings and preliminary studies. The actual procedure is broadly similar to that in Western Europe. When all the stages have been implemented and Realfond Ryssland is the legally registered owner of parcelled plots, the sale of plots for private homes begins, which takes place during the third and final year.

THE TERMS IN BRIEF

Issuer	Realfond Ryssland 1 AB (publ.) a Swedish registered public limited company Reg. no.: 556769-6140
Administrator	Realfond Ryssland Management AB
Time horizon	Approximately 3 years
Securities	B-shares in a Swedish non-listed public limited company
Minimum investment amount	See subscription note
Currency	SEK
Owner register	Euroclear (Swedish Securities Register Centre)
Auditors	BDO Nordic AB
Issuing house	Mangold Fondkommission AB
Brokerage fee	2.5 %
Administration fee	0.5 % per annum
Performance-linked fee	20 % of the total yield in excess of 15 %
Last subscription date	See www.realfonder.se
Complete prospectus	Please refer to www.realfonder.se or call +46 8 21 94 70 to have the prospectus mailed to you.



This brochure is provided for general information only and nothing contained in the material constitutes a recommendation for the purchase or sale of any security. Although the statements of fact in this brochure are obtained from sources that the Issuer consider reliable, we do not guarantee their accuracy and any such information may be incomplete or condensed. The investment risks described herein are not purported to be exhaustive, any person considering an investment should seek independent advice on the suitability or otherwise of the particular investment. An investment in Realfond Ryssland 1 AB (publ.) is not guaranteed by the Issuer or any of its affiliates or subsidiaries unless specifically stated. An investment in Realfond Ryssland 1 AB (publ.) is not insured by government or governmental agencies. An investment in Realfond Ryssland 1 AB (publ.) is subject to investment risk, including possible loss of principal amount invested. Past performance is not indicative of future results; prices can go up or down. Investors investing in investments denominated in foreign (non-local) currency should be aware of the risk of exchange rate fluctuations that may cause loss of principal when foreign currency is converted to the investors home currency. An investment in Realfond Ryssland 1 AB (publ.) is not available to U.S. persons. An investor understands that it is his/her responsibility to seek legal and/or tax advice regarding the legal and tax consequences of his/her investment transactions. For additional information and the full terms and conditions of the new issue, please read the Prospectus issued by the Board of Directors of Realfond Ryssland AB (publ.) and approved by the Swedish Financial Supervisory Authority.