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PRESS RELEASE 10 OCTOBER 2014

Russian Real Estate Investment Company AB (publ) announces a rights issue of up to approximately SEK 139.8 million

The Board of Directors of Russian Real Estate Investment Company AB ("Ruric" or the "Company") has decided, subject to the subsequent approval by the Extraordinary General Meeting on 14 November 2014, to issue new shares of class B with preferential rights for existing shareholders of no less than approximately SEK 130.2 million and no more than approximately SEK 139.8 million before transaction costs (the "Rights Issue").

The Rights Issue is conditioned upon other resolutions at the Extraordinary General Meeting relating to amendment of articles of association and reduction of the share capital without retirement of shares.

Summary

- Rights Issue of class B shares with preferential rights for existing shareholders in Ruric of no less than approximately SEK 130.2 million and no more than approximately SEK 139.8 million.
- For each share (regardless of class) held on the record date, shareholders will receive one (1) subscription right. One (1) subscription right entitles to subscription of four (4) new class B shares. The subscription price is SEK 0.13 per share, which, if fully subscribed, represents total rights issue proceeds of approximately SEK 139.8 million.
- The record date for the Rights Issue is 24 November 2014 and the subscription period will run from and including 26 November 2014 up until and including 12 December 2014 or such later date as decided by the Board of Directors.
- The Rights Issue is subject to approval by the Extraordinary General Meeting to be held on 14 November 2014.

Background and reasons for the Rights Issue

Ruric was founded in 2004 with the goal of taking advantage of investment opportunities in Saint Petersburg's property market. After acquiring several properties in the following years the Company found itself in financial distress during 2012 due to excessive amounts of leverage and revaluation of the Company's investment assets. The Company then went through a restructuring process which left the Company virtually debt free. The restructuring however required the Company to divest most of its investment assets leaving the Company without any cash flow yielding assets.

As of today Ruric's only property is Fontanka 57, of which it owns 100 per cent since February 2014. There are a few different possibilities for the property – either the it will be developed into a class A commercial property or a 5-star hotel, alternatively the project will be sold forward.

The Board of Directors of Ruric now believes many new opportunities have arisen as of late, and that the timing for acquiring new real estate objects is good. The capitalisation rates for commercial real estate have increased by 0.25 to 0.5 per cent during 2014, reaching a level of 9.25 per cent for office properties, 9.5 per cent for retail space and 11.25 per cent for storage space – meaning Moscow capitalisation rates are the highest in Europe. This means that there are great opportunities for further growth in real estate, especially after the decrease in investments that have happened during 2014 due to the political and economic conditions. For example, analysts at Cushman & Wakefield predict an increase in investments from USD 3.5 billion in 2014 to USD 5.7 billion in 2015.

With a strong management team, good connections and expertise from work in Russia the Company believes it can capitalise on the new opportunities that have opened up with the current market situation – leading to great expected returns to shareholders once the economy stabilises. As bank financing is very expensive and closed to new clients at the moment, an equity capital raising is the most prudent way forward for the Company.

Ruric plans to use the proceeds of the rights issue, amounting to a maximum of approximately SEK 139.8 million before transaction costs, to acquire commercial real estate and land plots in Moscow and Saint Petersburg. The Company has scouted multiple objects with good potential, and has an investment pipeline of approximately USD 50 million. The projects under review for the portfolio comprise of a healthy combination of cash generating business centres and land plots that are to be developed further. In order to diversify the risk over different properties, no single investment will exceed USD 20 million.

In light of the considerations above, the Board of Directors of Ruric has decided, subject to subsequent approval by the Company's Extraordinary General Meeting on 14 November 2014, to carry out a rights issue of up to approximately SEK 139.8 million.

Main terms for the Rights Issue

The Board of Directors of Ruric has decided, subject to the subsequent approval by the Extraordinary General Meeting on 14 November 2014, to issue new shares of class B with preferential rights for existing shareholders of no less than approximately SEK 130.2 million and no more than approximately SEK 139.8 million before transaction costs.

For each share (regardless of class) held on the record date, shareholders will receive one (1) subscription right. One (1) subscription right entitles to subscription of four (4) new class B shares at the subscription price of SEK 0.13 per share. The record date at Euroclear Sweden AB for participation in the Rights Issue with preferential right is 24 November 2014. The subscription period will take place from and including 26 November 2014 up until and including 12 December 2014. The minimum number of shares of class B that can be issued in the Rights Issue is 1,001,727,746 and the maximum number is 1,075,110,556. The quota value of the shares in the Rights Issue will be SEK

0.13, following a share capital reduction to be resolved jointly with the Rights Issue, and thus subject to subsequent approval by the Extraordinary General Meeting on 14 November 2014.

Shareholders that choose not to participate in the Rights Issue will have their shareholdings diluted, but will have the opportunity to sell their subscription rights on the Mangold List.

Preliminary Time schedule for the Rights Issue

14 November 2014	Extraordinary General Meeting to decide on the Rights Issue
17 November 2014	Prospectus to be published
20 November 2014	Last day of trading in Ruric's shares including the right to participate in the Rights Issue
21 November 2014	First day of trading in Ruric's shares excluding the right to participate in the Rights Issue
24 November 2014	The Record Date for participation in the Rights Issue, i.e. shareholders registered in the share register of the Company as of this date will receive subscription rights for participation in the Rights Issue
26 November – 10 December 2014	Trading in subscription rights
26 November – 12 December 2014	The subscription period for the Rights Issue
17 December 2014	Announcement of preliminary outcome

A notice convening the Extraordinary General Meeting on 14 November 2014 will be published in the coming days.

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About Ruric

RURIC AB (Russian Real Estate Investment Company AB (publ) (reg. no. 556653-9705, Box 6314, 102 35 Stockholm)) is a public limited liability company incorporated under the laws of Sweden, operating in the St. Petersburg commercial real estate market since 2004.

The company is dealing with the investment projects coordination, local and national market approach consulting, valuation and property trust services. Real estate portfolio construction and management services are also included.

IMPORTANT INFORMATION

This announcement is not an offer for subscription for shares in Russian Real Estate Investment Company AB (publ) ("Ruric"). A prospectus relating to the rights offering referred to in this announcement will be prepared and filed with the Swedish Financial Supervisory Authority. After approval and registration of the prospectus by the Swedish Financial Supervisory Authority, the prospectus will be published and made available pursuant to applicable rules and regulations. This announcement is not a prospectus and investors should not subscribe for or purchase any securities referred to in this press release, except on the basis of information provided in the prospectus to be published by Ruric.

The distribution of this announcement in certain jurisdictions may be restricted by law and persons into whose possession it or any part of it comes should inform themselves about and observe any such restrictions. The information in this announcement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities referred to herein in any jurisdiction in which such offer, solicitation or sale would require preparation of further prospectuses or other offer documentation, or be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction. Copies of this announcement are not being, and may not be, distributed or sent, in whole or in part, directly or indirectly, into Australia, Canada, Hong Kong, Japan, South Africa or the United States.

Mangold Fondkommission AB is acting for Ruric and no one else in connection with the rights offering and will not be responsible to anyone other than Ruric for providing the protections afforded to their respective clients or for providing advice in relation to the rights offering and/or any other matter referred to in this announcement.

This announcement does not constitute or form part of an offer or solicitation of an offer to purchase or subscribe for securities in the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration under the Securities Act or an exemption therefrom. No public offering of the securities referred to herein is being made in the United States.

Ruric has not authorized any offer to the public of securities in any Member State of the European Economic Area other than Sweden (and any other jurisdiction into which the offering of shares or rights will be passported). With respect to each Member State of the European Economic Area other than Sweden (and any other jurisdiction into which the offering of shares or rights will be passported) and which has implemented the Prospectus Directive (each, a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, the securities may only be offered in Relevant Member States (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or (b) in any other circumstances falling within Article 3(2) of the Prospectus Directive. For the purposes of this paragraph, the expression an "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to exercise, purchase or subscribe the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This announcement is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") and (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as "relevant persons"). Any investment activity to which this announcement relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this announcement or any of its contents.