

Russian Real Estate Investment Company AB (publ)

Report concerning events of material significance for the company's financial position that have occurred subsequent to the presentation of the 2011 annual report.

Both the Group and the Parent Company are commented as the performance in the Group has a direct and important impact on the parent company being a holding company. The information below relate to the group unless specifically stated that it relates to the parent company.

Financial events of material significance

The Group

- 2012 Year-end numbers included into this interim report are materially different to those included into the published year-end report for 2012. The reason for that is that the assessed recoverable amounts of certain assets decreased significantly after the date of publication of year-end report, which was 28 February 2013. There were two assets, for which the assessed recoverable amount changed significantly:

- Fontanka 57, which is recorded as investment in associate. In March 2013 Ruric obtained the final valuation from the appraiser, which switched from fair value of USD 23 m to liquidation value of USD 17.5 m, as a result the recoverable amount of investments and loans, attributable to the associate decreased comparing to the preliminary value included into the published year-end report.

- Moika-Glinki project, which is recorded as long-term receivable: in March 2013 Ruric finalized the legal expertise review, which revealed decrease in value of the receivable from MSEK 252 as per the preliminary valuation to MSEK 211. The latter value is disclosed net of the attributable legal costs, required to support the case.

Also additional deferred tax liability relating to the correction of misstatement in previous years has been recognized and will cause different presentation of the numbers as comparatives for 2011 in the 2012 financial statements, than what was presented for 2011 in the 2011 financial statements.

This also applies to the parent company numbers, as the fair value of the investments and loans provided to the subsidiaries depends on the recoverable amount of the underlying assets. The assessment of these has also changed.

- As per Ruric Bond agreement the relationship between the outstanding loan amount and total assets should not exceed 80 per cent. This ratio as of 31 March 2013 equals to 99.8 per cent, which constitutes an event of default for Ruric. The Board is aware of the issue and currently negotiating to the Bondholders Committee on Company restructuring to remedy the breach or change the Bond terms and conditions.
- Net turnover for 2012 amounted to SEK 40.3 m (40.6). In the first quarter of 2013 the turnover was SEK 9.6 m (10.3).
- The result after tax was -454.7 m (-38.1). In the first quarter of 2013 the result after tax amounted to SEK -0.6 m (-134.3). The negative result for 2012 is directly attributable to revaluation of investment properties and real estate projects. The negative result for the first quarter is directly attributable to high legal and consulting costs related to the on-going negotiations with the creditors.

- Changes in the value of the investment properties in the first quarter of 2013 amounted to SEK -0.2 m (nil) and in the value of project properties amounted to SEK 0 m (-103.0). The net effect was SEK -0.2 m (103.0).
- Earnings per share amounted to SEK -0.04 (-1.29) as of 31 March 2013.
- Vacancy rate in the three business centres increased because of some tenants left Oscar and Gustaf. As of 31 March it was 9.6 (1.9 as of 31 December 2012) per cent.
- In December 2012 the Board of Directors of Ruric AB decided to prepare the liquidation balance sheet. Based on the assumption that Ruric is not going concern since it is not expected to meet its obligations in November 2013 the CBRE valuation includes the assumption that the properties will be divested within 10 months from the reporting date. The valuation of properties was adjusted to SEK 390.5 m (771.5) as of March 31 on the basis of valuation performed by CBRE as of 31 December 2012 and sale of Apraksin Dvor from real estate projects. Decrease comparing to the 31 December 2012 is mainly explained by the exchange rate fluctuations.
- 1 February 2013 Ruric has finalized the chain of transactions to sell LLC Incom and LLC Crocus, which were the parties in the investment contract for Apraksin Dvor with the City for USD 1.5 m / SEK 9.8 m, payable within 12 months subsequent to the deal closure. Transaction has been completed on market terms with an independent third party.
- There is a significant coupon payment in November 2013 and the company holds investment properties, which bear no income but instead require substantial rental payments and maintenance costs. Ruric Board is currently in negotiations with bondholders to secure funding in the short term and working on a solution to enable Ruric to act on a going concern basis.
- In the fourth quarter 2012 Ruric received notification from the Russian Ministry of Defense on cancellation of the investment contract for Moika Glinki. Ruric has filed a claim against the Ministry of Defense with Moscow Arbitration Court on reimbursement of the expenses incurred by the Company on financing the investment project. The hearings have been postponed several times. Next hearing is expected to commence 10 June. Based on an independent legal opinion received by Ruric the estimated recovery of the receivable is expected to be two years from the date of the hearing. Net present value of the receivable has also been preliminary assessed to be SEK 211.0 m net of the attributable legal costs required, which is a reduction from the value preliminary stated in the Q4 2012 report of SEK 252 m.
- On 4 June 2013 Ruric Board of Directors preliminary agreed on the terms of restructuring of the existing bond loan issued by Ruric with a total nominal amount outstanding of SEK 619,750,000 with the Bondholders' Committee representing the holders of the Current Bonds.

According to the preliminary term sheet, Ruric, in consideration for the cancellation of the Current Bond Loan, will (i) divest the shares of the holding companies of certain of its property portfolio to a newly created Swedish orphan company (i.e., a company set up by a third party entity, such as a trust/foundation), and (ii) issue new B shares in its share capital to this new company. Property Company will in turn issue bonds to the holders of the Current Bonds.

Disposal of the Property Companies

The Swedish limited liability companies RURIC Chetire AB, RURIC TRI AB, RURIC DVA AB and PD Finance AB and their respective subsidiaries OOO Ruric 2, OOO Ruric 3, OOO Ruric 4 and OOO Strelna Development, holding the office properties known as "Gustaf", "Magnus" and "Oscar" and Strelna land plot shall be sold to PropCo by way of a transfer of the entire share capital of RURIC Chetire AB, RURIC TRI AB, RURIC DVA AB and PD Finance AB along with all claims any Group Company may have against the Ruric Group.

Share Issue

In addition, Ruric will make a directed issue to Property Company of such number of new class B shares as will, following the new issue, represent 20% of the entire issued share capital of Ruric.

Issue of new Bonds by Property Company

Property company will issue new bonds to the holders of the Current Bonds in exchange for their Current Bonds. The terms of the new bonds are still to be finalized.

Cancellation of the Current Bonds

In consideration of the Property Companies being transferred to, and the Ruric B shares being issued to, Property Company, it will return the Current Bonds to Ruric for cancellation.

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 person.
- The Parent Company's net turnover for the first quarter of 2013 amounted to SEK 0.2 m (0.0). The result after financial items amounted to SEK -6.5 m (-20.1). Liquid funds amounted to SEK 0.3 m (7.0) at 31 March 2013.

Operational events of material significance

January 2012

- Adam Fischer is appointed CEO of Ruric.

March 2012

- Ruric agrees with Scorpio to buy Scorpio's share in Fontanka 57. The bondholders of Ruric did not approve the agreement.

May 2012

- Nomination committee proposes a new board of directors.

June 2012

- The Annual General Shareholders meeting appointed a new Board of Directors and changed the auditor from Ernst & Young AB to KPMG AB. Ingvar Ljungqvist replaced Adam Fischer as Ruric CEO.
- Ruric signed an additional agreement, which allows the sublease of Fontanka 57 with the City.

July 2012

- Ruric received notification from Scorpio that a third party proposed to buy out their share in F-57 project for USD 5.5 m cash. Ruric was given 30 days first-right-of-refusal to buy out Scorpio share on the same conditions.
- 9 July Ruric AB started the claim against CJSC Grifon, a subsidiary of Storm Real Estate ASA, regarding Grifon House business center.

August 2012

- First-right-of-refusal was lapsed by Ruric due to lack of funds to finance the acquisition and development of F-57 project. Ruric appointed Alfa-Bank as an exclusive financial advisor of the Company for restructuring.

September 2012

- Several discussions on financing of Fontanka 57 and divesting of Apraksin Dvor were held. 17 September the appellate court decided in favor of Ruric and rejected the City Property Management Committee's call for immediate termination of the contract with Ruric's LLC Incom, which holds investment rights for bld. 15 and 16 in the Apraksin Dvor. This means a return to the state of where these issues were three years ago. To fulfill Ruric's obligations there is a need for infrastructure investments of 30-60 million rubles. Due to lack of correct building permits there is currently no legal possibility to rent out commercial premises at Apraksin Dvor.

October 2012

- Ruric lost four cases on Apraksin Dvor in the Arbitration Court of Saint Petersburg. Three cases refer to the confirmation of the title to the building 33 in Apraksin Dvor, and compensation of losses related to delay in registration of title to the buildings 15, 16, 33. The fourth case refers to Glavstroy who signed the term sheet to buy out Ruric's part but has not completed this action. Ruric will continue its attempts to push the stated matters through the Russian courts. The next resolutions on the issue are not expected to be until 2013.
- Subsequent to receiving a notification on cancellation of the investment contract from the Ministry of Defense of Russian Federation LLC Glinki 2, a Ruric group company, filed a claim against the Ministry of Defense with the request to cancel its investment contract regarding Moika-Glinki complex where the Military Transport University was located. The final purpose of the case filing is either changing of the investment contract conditions, or getting more stable rights on property development or compensation of expenses.
- 31 October 2012 Mr. Denis Martyushev left the position of General Director in Ruric Management in Saint Petersburg.

November 2012

- 1 November 2012 Mr. Vyacheslav Balabaev has taken the position of General Director of Ruric Management in Saint Petersburg.
- 9 November 2012 Mr. Denis Martyushev has decided to resign from the Board of Ruric AB.
- 14 November Ruric AB withdrew its claim against CJSC Grifon, a subsidiary of Storm Real Estate ASA, regarding Grifon House business center.
- In November 2012 Scorpio has informed Ruric that they have closed the deal on selling of their investment in Fontanka 57 to Highton Limited. The deal was closed early in the fourth quarter 2012. Ruric is looking forward to work with the new partner on Fontanka.
- 20 November Ruric filed with the Swedish police about a suspected case of bribery in Russia. The Board of Directors of Ruric has taken measures to prevent new or similar acts taking place in the future. The board of directors has inter alia adopted an Ethical Policy and the implementation thereof has been speeded up.
- 21 November Ruric received a letter from Ministry of Defense of Russian Federation with information of cancellation of the investment contract for Moika-Glinki. The Board is not aware of the legal grounds for this cancellation.

December 2012

- Subsequent to receiving a bid for Apraksin Dvor from Gledeco Assets Ltd on 26 November 2012 Ruric announced Apraksin Dvor project for public sale to get the competitive offers from other interested parties in Russia and Sweden. No other offers were received within one month and the Ruric Board

resolved to take the above-mentioned offer. Consideration price for 100% share in LLC Incom and LLC Crocus is USD 1.5 m / SEK 9.8 m, payable in equal installments within 12 months following the closure.

- 18 December 2012 Alecta being second largest shareholder in Ruric has sold all its shareholdings.
- 21 December 2012 Ingvar Ljungqvist announced his resignation as CEO in Ruric AB. The Ruric Board decided the same day to prepare liquidation balance sheet for the Swedish legal entities in the Ruric Group.

January 2013

- 15 January 2013 Ingvar Ljungqvist left the position as CEO in Ruric AB.
- 16 January 2013 Tatiana Ottestig has taken the position of CEO in Ruric AB.

February 2013

- 1 February 2013 Ruric finalized the sale of 100% in LLC Incom and LLC Crocus, approved by the Board of Directors in December 2012 to Gledeco Assets Ltd for USD 1.5 m / SEK 9.8 m payable within 12 months following the closing date.
- 7 February 2013 Aleksandrs Tralmaks resigned from the Board in Ruric AB and its subsidiaries.
- 7 February 2013 the court hearing on Moika Glinki against Russian Ministry of Defense was postponed to 18 March 2013.
- 8 February 2013 the Board of Directors of Ruric AB called an extraordinary meeting of shareholders to be held on 12 March 2013.
- 28 February 2013 Ruric won the case against AUIPIK (Russian governmental agency in charge for historical buildings), who tried to increase the rental payments for Fontanka 57 since September 2012.

March 2013

- 12 March 2013 EGM did not elect any new Directors due to the absence of candidates. The liquidation balance sheet of the Parent Company was not approved, as it was not finalized.
- 18 March 2013 Moscow Arbitration Court has postponed until 24 April 2013 the hearing of the claim on compensation for Moika Glinki investment agreement expenses against Russian Ministry of Defense.

April 2013

- 19 April 2013 the extraordinary general shareholders meeting introduced further changes in the Board of Directors of Ruric. Vadim Gurinov resigned as Chairman and Board member in Ruric AB, while Ilya Sosnov has taken the Chairman responsibility. Roger Stuart Poppleton and Elizabeth Woollam both reside in the UK were appointed new Board members.
- 22 April 2013 the Arbitration Court of Saint-Petersburg and Leningrad region has recognized the right of Litera LLC (Ruric 50% owned company) to set-off 84 239 658, 91 Rubles against rental payments for the use of the building at the Fontanka 57, lit. A, under the lease agreement with the Russian governmental agency AUIPIK.

- 24 April 2013 as per the request of the defendant Moscow Arbitration Court postponed the hearing on compensation of claim from LLC Glinki 2 to the Ministry of Defense of the Russian Federation until 10 June. The counsel of the defendant did not accept the claim on compensation at the court.

May 2013

- 6 May 2013 the Bond Agent convened the bondholders meeting because of Ruric did not comply with certain provisions of the Bond Loan Agreement. The bondholders' meeting resolves that the breaches of these provisions may be materially detrimental to the interest of the Bondholders, however the bondholders' meeting decided to commission the Bondholders Committee, consisting of several major bondholders to continue negotiations with Ruric on restructuring. If it in the opinion of the Bondholders Committee is not possible to reach a reasonable negotiated solution within a reasonable period of time and provided an Event of Default is continuing, the Agent is authorized to accelerate the Bonds and enforce the security.

June 2013

- On 4 June 2013 Ruric Board of Directors preliminary agreed on the terms of restructuring of the existing bond loan issued by Ruric with a total nominal amount outstanding of SEK 619,750,000 with the Bondholders' Committee representing the holders of the Current Bonds. Major terms of the restructuring are set out above.

Moscow, 05th June 2013

Russian Real Estate Investment Company AB (publ)

Ilya Sosnov

Nikolay Berdin

Chairman

Roger Stuart Poppleton

Elizabeth Woollam

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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Corporate identity number: 556653-9705 Registered office: Stockholm

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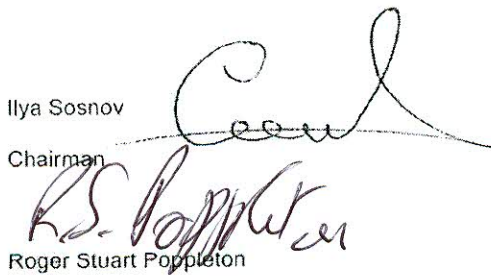
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Ilya Sosnov

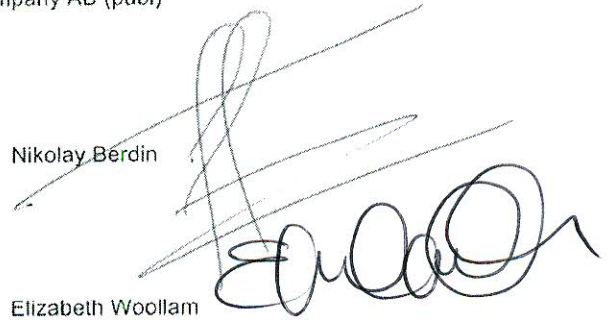
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