In house translation from the Swedish original

Interim Report

JANUARY – MARCH 2012

- Net turnover for the interim period amounted to SEK 10.3 m (10.6).
- The result after tax amounted to SEK -134.3 m (-0.5).
- Earnings per share amounted to SEK -1.29 (0.00) mainly because of revaluation of Moika Glinki and Apraksin Dvor.
- Book value of the properties amounts to SEK 771.5 m (911.8).
- The valuation of Moika Glinky has been adjusted to SEK 245.8 m (325.4) due to receipt of legal opinions confirming that there are prohibitions in place preventing the development of any new buildings on the site. The Company has been unable to establish that any exception to this prohibition would be enforceable to the project.
- The valuation of Apraksin Dvor has been adjusted to SEK 39.7 m (78.2) to reflect the current estimation of the amount, recoverable from rescinding the project.
- Agreement reached with the partners for Fontanka 57, Scorpio Real Estate, to buy out their shares. The agreement is to be approved by the bondholders of both Ruric and Scorpio.
- Intensive work to find a long-term solution to Ruric’s debt burden.

Key Events

January
Adam Fischer is appointed CEO of Ruric.

March
Ruric agrees with Scorpio to buy Scorpio’s share in Fontanka 57. The agreement is to be approved by the bondholders of both Ruric and Scorpio.

May
Nomination committee proposes a new board of directors.

Description of Ruric AB

Business concept, overall goal and strategy

The company's business concept is to acquire, develop, let and manage real estate in St Petersburg, Russia with a focus on commercial premises of high class in attractive locations that thereby contribute positively to the business of the tenants.

The company has the goal of becoming a leading real estate company in the St Petersburg region within its segment.

The strategy is to manage properties in the central parts of St. Petersburg. In addition to that, Ruric shall acquire properties and carry out value creating add on investments to attractive terms. Through professional management and tenant relationship commercial premises of the high class are offered to tenants that are looking for premises in attractive locations and are willing to pay for it. Ruric offers primarily office and retail space.

Real estate stock

Ruric owns, disposes of or has interests in six properties in central St Petersburg at the close of the period, of which three are completed, and in the other three, planning and design and/or renovation/rebuilding is on-going (mainly completed in one of these properties), and a land plot outside the city centre. During the period, the real estate stock*) has developed as shown below:

	Q1 2012
Opening balance	911.8
Acquisitions	0.0
Investments in investment properties	0.0
Investments in real estate projects	2.6
Divestments	0.0
Changes in value	-103.0
Changes in exchange rates	-39.8
Closing balance	771.5

*) The table shows the investment property and the project properties

Acquisitions

No acquisitions have been carried out during the period.

Divestment

No divestments have been made during the interim period.

Changes in value

With the exception of Apraksin Dvor, the Board of Directors have chosen to base the valuation per 31st March 2012 on CBREs valuations as per 31st December 2011. Moika Glinki value has been adjusted to CBRE valuation as of 31 December 2011, as per legal opinions received the upside for development potential is too un-certain. Apraksin Dvor value has been reduced to reflect the best estimate of the recoverable amount. For more information, please see below.

INVESTMENT PROPERTIES

The value of the investment property portfolio per 31 March 2012 amounts to SEK 300.6 m (314.3), which is equivalent to 20,900 SEK per lettable sq m.

Property	**Lettable area**	**Operating income at full tenancy** (6.6 SEK/USD)	**External valuation 31 December 2011**
R. Fontanki nab. 13 (Oscar)	2,976	7.1	82.2
9-ya V.O.i. 34 (Magnus)	6,463	8.9	107.7
Sredny Prospekt 36/40 (Gustaf)	4,943	10.8	110.7
Investment properties	**14,382**	**26.8**	**300.6**

DEVELOPMENT PROPERTIES

The development portfolio consists of the property with address Moika 96-98/ul. Glinky 2, and the jointly owned properties at Apraksin Dvor (65%) and on Fontanka 57 (50%). Ruric also owns a land plot of 33 hectares in Strelna, southwest of the city centre. The Moika/Glinky asset and Apraksin Dvor asset, which are both regulated in investment agreements, as well as the Strelna project are recorded as project properties, whereas the Fontanka 57 is recorded as financial assets - shares and participations.

During the period SEK 2.6 m (3.4) was invested in the property portfolio, mainly on consulting regarding Moika/Glinky project.

Apraksin Dvor:

The valuation of Apraksin Dvor deviates from that of 31st December 2011. During the period negotiations have been held with Glavstroy – the company owning most of the surrounding properties – to sell Ruric's interests in the properties to Glavstroy. However, after the closing of the period, Glavstroy informed representatives of Ruric that Glavstroy would not buy any of Ruric's properties before Ruric has made significant additional investments into construction and documentation. This seems too risky given the current investment environment at the location. Ruric will try to identify other potential buyers for the properties, but holds the chances to succeed for small.

The city, Glavstroy and Ruric have been unable to amicably settle outstanding issues regarding the development of the territory, such as infrastructure, electricity, construction permits and so on. Meetings with the city to amicably settle Ruric's issues separately have also been inconclusive so far.

Therefore, Ruric estimates that the best option for Ruric is to rescind the Investment Agreement for the properties in Apraksin Dvor to the city. In so doing Ruric expects to recover approximately SEK 39.7 m for improvements made to the property Sadovaya ulitsa 33. Ruric's expenses for improving the two properties on Sadovaya ulitsa 15 and 17 will most probably not be acknowledged by the city, as these renovations were made without proper documentation.

Fontanka 57:

Ruric has agreed with Scorpio Real Estate who owns 50 per cent of the holding company for Fontanka 57 to buy their share. This transaction will enable Ruric to seek other development partners for the property or to develop the property on its own. The transaction requires the bondholders' consent, which is still pending.

This property would make a fantastic 5 star hotel, if the right operator can be attracted. It could potentially hold up to 200 rooms, and offer plenty of space for lobby area, restaurants, etc. The room rates in St Petersburg are attractive, and the occupation ratio also fairly stable. In order to develop a hotel on this site, the lease agreement for the building needs to be adjusted. This should not provide any major hurdle.

Alternatively the property could be developed into A-class offices. As it is probably possible to construct a parking garage at the back of the building this could be the best office project in the city. The building is well suited for tenants in need of high profile offices in St Petersburg. The rent paid for true A-class projects in St Petersburg are at attractive levels.

The Fontanka 57 property is a key asset for Ruric. As this project is the closest of all development projects to become income producing, it is crucial that Ruric can develop the property, on its own or with new partners. Therefore, it is very important that Ruric is able to buy out the current partners.

Moika/Glinky:

On the valuation of Moika Glinki

Ruric's Investment Agreement for the Moika Glinki project indicates that Ruric shall be able to develop ”indicatively” 95 000 sq m in total on the site. The contract is signed between Ruric, the Federal Property Agency and the Transportation University of the Railway Forces.

However, what can be developed on the site is subject to urban planning regulations, which are determined by the city of St Petersburg. In 2008 the city issued a document called "Temporary Territory Development Regulations", which gave the limits for developing the site. These regulations indicate that Ruric would have been able to add further buildings to the site, but unfortunately they expired in 2009 when the final territory development regulations where adopted within the Saint Petersburg Urban Planning Regulations.

Since the Temporary Territory Development Regulations are not valid, all construction activities on the land plots are regulated by and subject to the limitations stated in the Saint Petersburg Urban Planning Regulations and Saint Petersburg Law on Cultural Monument Protection Zones. The active versions of those Saint Petersburg laws prohibits all new construction in the OZ 1-1 zone other than restoring the historical and urban planning environment of a cultural monument. Effectively, this means that Ruric is prohibited from constructing new properties on the Moika Glinki territory.

As given by the Annual Report for 2011 and 2011 Year End Reports, Ruric has realized that it is under current legislation not possible to develop as much as indicated in the Investment Agreement for the site. At the time of the Annual Report Ruric expected to be able to add some 10-20 000 sq m to the existing building volume, on the basis that this volume could be considered to be restoration of the historical and urban planning environment of cultural monuments. However, based on recent discussions with reputable law firms Ruric today finds it fairer not to make this assumption. Therefore, the valuation of Moika Glinki is based on the development of current buildings only.

It should be stressed that Ruric will spare no effort in trying to get an exemption from the prohibition to construct new buildings on the site. This is expected to be a lengthy process, and the outcome is very unpredictable particularly given the narrow time limits given in the Investment Agreement.

Strategy for Moika Glinki

Even if there are legal constraints on adding buildings to the site, the interest in the project on the market is strong. Ruric has been in discussions with several development companies – both Russian and multi-national – and has received strong indications of interests for co-operating with Ruric in developing Moika Glinki from them.

Ruric's strategy is to create a joint venture with one of these companies. Ruric would contribute the investment contract to the joint venture and the developer would contribute development expertise. The joint venture would create a project and apply for construction permits and start construction before the expiration of the Investment Contract. The development could be financed either by the partner or by the joint venture. The partners in the joint venture would share the profits in the project at par with each participant's contribution into the joint venture.

Lesser parts of the total project can be developed fairly easy, and can be developed separately providing a cash-flow contribution to Ruric in the short-term perspective.

In order to be able to implement this strategy Ruric needs to enforce its rights according the Investment Agreement. Ruric has fulfilled all its obligations and is therefore entitled to a land lease and ownership to at least 75 % of the buildings. Ruric is devoting its full attention into receiving these titles.

The Market for Moika Glinki

If the bad news is that there are legal constraints to how much can be developed at the site, the good news is that the market for residential properties in St Petersburg is very good. The site is perfectly suited for the development of up-market (Business-Elite) residential premises and the sales price for apartments at this premium segment is more than double the development cost, providing a good profit potential. As residential apartments are partly paid for up-front, the cash flow from these projects is very good.

The project should also contain some 5 000 -10 000 sq m A class offices along Ulitsa Dekabristov or Ulitsa Glinki. Rent levels for top quality offices are good. Even if the location is more in the cultural center of the city than in the business center, the future metro station next to the site will make this an attractive office location.

Given the advantages of residential projects in this part of the city, Ruric expects to maximize the residential share of the project.

Land-Plot in Strelna:

Ruric believes that this area, together with two other areas in the proximity of St Petersburg, with good road and rail communication, are specifically attractive and will most certainly gain in attractiveness once the supply in capital markets is better. No development is currently conducted on the land-plot.

Other issues

During the interim period it has come to Ruric's knowledge that a Cypriot company, to which Ruric has paid substantial amounts to secure the ownership of buildings adjacent to its Moika Glinki project, was controlled by the deceased Nils Nilsson at the time of the payments. At that time Nilsson was also Chairman of the Board of Directors in Ruric. Instead of being used as intended it seems as if Ruric's money has been used for other purposes. Ruric is now trying to vindicate as much as possible from Nilsson's estate, and has been accepted as a creditor to the estate after the close of the period. The claims have been recorded with no value on the balance sheet.

Future prospects – Financing

The Russian economy is very healthy. With high oil prices the Russian national budget remains strong. Even if Russia is also hit by the international financial turmoil and even if domestic political turmoil influences the perception of Russia, the economy is kept up by high commodity prices and high local consumption.

Ruric investment properties stand strong in the local competition, with rent levels slightly above average and vacancy rates below the average.

The Company is focusing its attention on its financial difficulties. With interest levels twice as high as its Net Operating Income, the company has to find a way to refinance its debt. Two scenarios are anticipated: either the bondholders convert all or some of their bonds to equity in the company or the bonds are refinanced by bank debt.

Once the debt has been restructured, Ruric can focus its attention on its development projects and start realizing the values inherent in the portfolio.

COMMENTS ON THE FINANCIAL DEVELOPMENT

Rental income

The rental income that includes the buildings at the 9-aya V.O. Linia 34 (Magnus), Fontanka 13 (Oscar),and Sredny Prospekt 36/40 (Gustaf) amounted to SEK 8.5 m (7.4) during the interim period. All other properties do not have any lettable space as of yet.

The income from Apraksin Dvor amounted to SEK 0.9 m (2.0).

The demand for premises has increased comparing to 31 March 2011. As per 31 March 5.8 (23) per cent of lettable space was vacant.

Real estate expenses

Direct real estate expenses and expenses for legal administration, marketing of premises, management fees etc. amounted to SEK -3.5 m (-3.4).

Operating surplus

The operating surplus amounted to SEK 6.9 m (7.2) during the interim period.

Other operating expenses

Other operating expenses mainly referred to expenses for central administration that include expenses for group management as well as other central functions including personnel expenses. These expenses amounted to SEK -5.7 m (-5.7) during the interim period.

Operating result

The operating result for the year amounted to SEK -111.2 m (25.3). The decrease is mainly attributable to value changes.

Net financial income/expense

Net financial income and expenses amounted to SEK -17.5 m (-19.9) for the interim period. Results from participations are included with SEK 2.1 m (-0.3).

Currency exchange rates have affected equity with SEK -45.0 m (-50.2), due to the fact that the properties are valued in USD, while changes in exchange rates that impacted the income statement amounted to SEK -4.3 m (-15.5).

Result after financial items

The result after financial items amounted to SEK -128.6 m (5.4) during the interim period.

Taxes

Tax expenses amounted to SEK -5.7 m (-5.9) during the interim period and mainly relate to deferred taxes.

Cash flow, liquidity and financial position

The cash flow during the year amounted to SEK -5.5 m (23.6), whereof SEK 11.8 m (27.0) was from operating activities. The equity ratio amounted to 34.3 (45.0) per cent at the end of the period. Equity amounted to SEK 337.3 m (516.6). Liquid funds amounted to SEK 36.3 m (41.8) and interest-bearing liabilities amounted to SEK 563.4 m (563.4).

Interest-bearing liabilities

Ruric's financing consists of a secured bond loan listed at OMX, amounting to SEK 563.4 m (563.4) with maturity 16 November 2014. The bond has a coupon of 10 or 13 per cent, where Ruric may elect to pay 10 per cent in a cash coupon or elect to pay a 3 per cent cash coupon with a roll-up of 10 per cent, accumulated to the bond. The first coupon payment was made with 3 per cent cash plus 10 per cent roll up on 16th November 2011. The next payment is due on 16th November 2012.

Risk assessment

The risk factors that were presented in the annual report for 2011 are continuously assessed.

Exchange rate effects

Ruric's assets are valued in US dollars. Thus, when the dollar appreciates, the equity in SEK rises. All rents are paid in Russian roubles. Contracts however are mainly signed in US dollars but rouble contracts are becoming more common. Currency hedging is carried out only to a minor extent according to the finance policy.

Personnel and organisation

The Group had 13 employees at the end of the period, of which 11 are in the Russian subsidiary companies in St Petersburg, and 2 in the parent company.

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 at the end of the interim period.

The parent company's net turnover for the year amounted to SEK 0.0 m (0.2). The result after financial items amounted to SEK -20.1m (-53.2). Liquid funds amounted to SEK 7.0 m (8.9) at the end of the period.

The share and the owners

The largest owner is Gano Services Inc. The Ruric series B-share is listed at First North on OMX Stockholmsbörsen. Erik Penser Bankaktiebolag is the certified advisor.

Related party transactions

During the reporting period no significant related party transactions have occurred.

Events after the close of the period

In April 2012 the bondholders approval to acquire 50% share in Fontanka 57 for the equivalent of MUSD 13 has not been received. The Company initiated the second voting procedure, which is currently on going.

After the close of the period Ruric has been accepted as a creditor to the estate of Mr Nilsson, but it is uncertain what amount can be recovered. The inventory of the estate is projected to continue until the autumn.

Accounting principles

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). This interim report is prepared in accordance with IAS 34 Interim reporting. The updated standard IAS 1 has been applied in this interim report. The group adopts the same accounting principles as the latest annual report.

Future reporting dates

Interim Report January-June 2012	28th August 2012
Interim Report January-September 2012	27th November 2012
Year-End Report January-December 2012	February 2013

For additional information

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This Interim Report has not been the subject of examination by the company's auditor.

Stockholm, 28th May 2012
Russian Real Estate Investment Company AB (publ)

The Board of Directors

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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Consolidated income statement SEK m	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Rental income	10.3	10.6	40.6
Real estate expenses	-3.5	-3.4	-12.8
Operating surplus	**6.9**	**7.2**	**27.8**
Depreciation of equipment	-0.1	-0.1	-0.5
Other operating expenses	-5.7	-5.7	-34.9
Changes in value, real estate	-103.1	23.9	53.9
Impairment	-9.2	0.0	0.0
Operating profit/ (loss)	**-111.2**	**25.3**	**46.3**
Income from participation in the associated companies	2.1	-0.3	-26.3
Financial income	2.0	3.1	15.5
Financial expenses	-21.6	-22.7	-65.6
Profit/loss after financial items	**-128.6**	**5.4**	**-30.1**
Taxes	-5.7	-5.9	-8.0
Profit/loss after tax	**-134.3**	**-0.5**	**-38.1**
Currency translation differences	-45.0	-50.2	1.8
Total result	**-179.3**	**-50.7**	**-36.3**
Earnings per share. SEK	-1.29	-0.00	-0.37
Earnings per share incl. dilution. SEK	n.a	n.a	n.a.
Number of shares at the close of the period	104,148,555	104,148,555	104,148,555
Average number of shares	104,148,555	104,148,555	104,148,555
Average number of shares. incl. dilution	104,148,555	104,148,555	104,148,555

Consolidated balance sheet MSEK	31-03-2012	31-03-2011	31-12-2011
Fixed assets			
Investment property	300.6	201.7	314.3
Real estate projects	470.9	445.5	597.5
Equipment	1.7	5.3	2.0
Participations in the associated companies	35.6	110.6	19.0
Deferred tax assets	17.1	17.0	20.7
Other long-term receivables	73.4	155.4	80.3
Total fixed assets	**899.3**	**935.5**	**1,033.8**
Current assets			
Current receivables	48.3	68.4	58.6
Liquid funds	36.3	74.8	41.8
Total current assets	**84.5**	**143.2**	**100.4**
TOTAL ASSETS	**983.8**	**1,078.7**	**1,134.2**
EQUITY AND LIABILITIES			
Equity	337.3	502.2	516.6
Deferred tax liabilities	17.4	11.1	16.1
Interest-bearing liabilities	563.4	510.6	563.4
Accounts payable	5.7	8.6	3.1
Other liabilities	13.2	3.0	3.5
Accrued expenses and deferred income	46.7	43.2	31.5
TOTAL EQUITY AND LIABILITIES	**983.8**	**1,078.7**	**1,134.2**

Consolidated change in equity SEK m	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Equity at the start of the period	516.6	552.9	552.9
Preferential rights issue	0.0	0.0	0.0
Issue expenses	0.0	0.0	0.0
Revaluation	0.0	0.0	0.0
Profit/loss for the period	-179.3	-50.7	-36.3
Equity at the close of the period	337.3	502.2	516.6

Consolidated cash flow statement SEK m	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Operating activities			
Profit/loss after financial items	-128.6	5.4	-30.1
Adjustment for items not included in the cash flow	103.2	-13.6	24.0
Taxes paid	-0.8	-0.3	-1.2
Cash flow from operating activities before change in working capital	**-26.2**	**-8.5**	**-7.3**
Changes in working capital			
Change in operating receivables	10.4	24.8	13.2
Change in operating liabilities	27.6	10.7	3.9
Total change in working capital	**38.0**	**35.5**	**9.1**
Cash flow from operating activities	**11.8**	**27.0**	**9.8**
Investing activities			
Acquisition of participations	0.0	0.0	0.0
Acquisition of tangible fixed assets	-2.6	-3.4	-10.3
Sale of tangible fixed assets	0.0	0.0	0.4
Investments in other financial assets	-14.7	0.0	-9.3
Increase in short-term investments	0.0	0.0	0.0
Cash flow from investing activities	**-17.3**	**-3.4**	**-19.2**
Financing activities			
Preferential rights issue	0.0	0.0	0.0
Warrant settlement	0.0	0.0	0.0
Change in long-term borrowing	0.0	0.0	0.0
Cash flow from financing activities	**0.0**	**0.0**	**0.0**
Cash flow for the period	**-5.5**	**23.6**	**-9.4**
Opening liquid funds	41.8	51.2	51.2
Liquid funds at the close of the period	**36.3**	**74.8**	**41.8**

Group key ratios	**Jan-Mar 2012**	**Jan-Mar 2011**	**Jan-Dec 2011**
Real estate related key ratios			
Lettable area. m^2	26,400	26,400	26,400
Book value real estate	771.5	647.2	911.8
Occupancy ratio. area. %	95.2	77.1	87.4
Financial ratios			
Equity ratio. %	34.3	46.6	45.0
Liabilities/Assets. %	65.7	53.4	55.0
Interest coverage ratio. Times	Neg	0.19	Neg
Debt/equity ratio. Times	1.7	1.0	1.1
Return on equity. %	-31.46	-0.09	-7.19
Data per share and share data			
Number of shares at the close of the period	104,148,555	104,148,555	104,148,555
Average number of shares	104,148,555	104,148,555	104,148,555
Average number of shares. incl. dilution	104,148,555	104,148,555	104,148,555
Earnings per share. SEK	-1.29	-0.00	-0.37
Equity per share at the close of the period. SEK	3.2	4.8	4.9
Dividend. SEK	0	0	0
Employees			
Average number of employees	13	23	23
Number of employees at the end of the period	13	23	12

Parent company income statement **MSEK**	**Jan-Mar 2012**	**Jan-Mar 2011**	**Jan-Dec 2011**
Net income	0.0	0.2	1.8
Net income	**0.0**	**0.2**	**1.8**
Depreciation	-0.0	-0.1	-0.2
Other company cost	-2.1	-2.5	-113.1
Impairment	0.0	0.0	-3.0
Operating profit/(loss)	**-2.1**	**-2.4**	**-114.5**
Financial items	-18.0	-50.8	39.5
Profit/loss before tax	**-20.1**	**-53.2**	**-75.0**
Taxes	0.0	0.0	0.0
Profit / loss after tax	**-20.1**	**-53.2**	**-75.0**

Parent company balance sheets **MSEK**	**31-03-2012**	**31-03-2011**	**31-12-2011**
Fixed assets			
Tangible fixed assets	0.1	3.9	0.1
Financial fixed assets	672.7	670.3	1.031.6
Total fixed assets	**672.8**	**674.2**	**1.031.7**
Current assets			
Short term receivables	375.1	331.6	9.1
Cash	7.0	38.6	8.9
Total current assets	**382.1**	**370.2**	**18.0**
TOTAL ASSETS	**1,054.9**	**1,044.4**	**1,049.7**
EQUITY AND LIABILITIES			
Share capital and reserves	444.3	444.3	444.3
Retained earnings	3.7	44.7	15.6
Total equity	**448.0**	**491.0**	**459.9**
Long term liabilities	**563.6**	**510.8**	**563.6**
Short term liabilities	**43.3**	**42.6**	**26.2**
TOTAL EQUITY AND LIABILITIES	**1,054.9**	**1,044.4**	**1,049.7**

Definitions

Return on equity
Profit/loss after tax in relation to average equity.

Loan-to-value ratio real estate
Interest-bearing liabilities concerning real estate in relation to the book value of the real estate.

Earnings per share
The profit/loss for the period in relation to the average number of shares.

Interest coverage ratio
The profit/loss after financial items plus financial expenses divided by financial expenses.

Debt/equity ratio
Interest-bearing liabilities in relation to equity.

Equity ratio
Reported equity in relation to reported total assets at the close of the period.

Equity per share
Reported equity in relation to the number of shares at the close of the period.