

## **PRESS RELEASE**



1 April 2010

### **Ruric proposes a cash issue of new shares, with pre-emption right for the shareholders, and resolves on a set-off issue of new shares, directed to certain creditors.**

- The board of directors of Russian Real Estate Investment Company AB (publ) ("Ruric" or the "Company") has decided to propose an issue of new shares amounting to approximately MSEK 170 with pre-emption right for the Company's shareholders (the "Issue of New Shares"). The proposal of the Issue of New Shares is conditional upon a resolution by the extraordinary meeting of shareholders, intended to be held on 5 May 2010.
- Each share in Ruric (regardless of series) gives the right to subscribe for five (5) new shares of series B, for the subscription price of SEK 3 per share, which means an issue of a maximum of approximately 56,8 million shares of series B which provides the Company a maximum amount of approximately MSEK 170.4 before deducting the issue expenses.
- There are underwriting commitments and guarantee undertakings for the maximum amount of the Issue of New Shares.
- The major shareholders, Nils Nilsson<sup>1</sup> and E. Öhman J:or AB, holding approximately 16.88 per cent of the share capital and approximately 41.01 per cent of the votes in the Company, have committed to vote in favor of the necessary resolutions at the extraordinary meeting of shareholders and to subscribe for their share in the Issue of New Shares.
- The board of directors has also resolved upon a set-off issue directed to the of the Company's creditors that have accepted alternative no. 1 in the composition offer that was subject for voting at the creditors meeting held before the district court of Stockholm on Friday 26<sup>th</sup> of March. The resolution is conditional upon the shareholder meetings' approval.
- The new shares shall be paid through set-off against a maximum of MSEK 215.8 of these creditors' claims against the Company, whereby each subscribed share shall lead to set-off against a claim amount of SEK 6 (the subscription price per share)
- Through the set-off issue, the Company's share capital will increase with a maximum of approximately MSEK 71.9 and, through the issue of new shares, with a maximum of approximately 36.0 million of shares of Series B.
- In addition to this, Ruric's board of directors have resolved to issue a new bond to those of the Company's creditors that have accepted alternative no. 1 in the composition proposal, in the purpose of forming partly payment, corresponding to 66.5 per cent of the outstanding amount for these creditors, with the main conditions as set forth below.

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<sup>1</sup> Nils Nilsson commitment concerns the amount of shares that he owned on 19 March 2010, but not to shares that he may come to acquire thereafter.

## **Background**

Since the fall of 2008 the real estate and rental market in Saint Petersburg has been characterised by a notable decrease in demand, which, in combination with an increased supply of finished projects, have resulted in decreased rental rates. The real estate prices also decreased towards the end of 2008 when the insecurity of the future financial development increased in combination with a sudden lack of liquidity and possibilities to receive financing through loan. During the end of 2009 and the beginning of 2010 the outlook is, however, brightened.

With the purpose to find a long term solution for the Company's financing, discussions were initiated during the first half of 2009 with the larger bond holders. A public offer was given to the Company's bond holders in October 2009 regarding prolongation/exchange of current bonds. The offer was recalled on 9 November 2009 since the necessary acceptance was not received and the Company's board of directors at the same time decided to file a petition for company reorganization before the district court of Stockholm.

On 11 February 2010 a composition offer was given to the Company's creditors that subsequently was revised on 12 March 2010, mainly in accordance with what is described below. The revised composition offer was approved by the necessary majority at the creditors' meeting on 26 March 2010, with reservation for a final reconciliation of the voting list against the Company's debt books for the bond loans no. 2 and 3 and the district courts formal decision. A final voting list will be established about 1 April 2010 based on debt books with record day 26 March 2010. The district courts' decision is expected to be announced around 6 April 2010.

It is the board of directors' opinion that Ruric, given the present Issue of New Shares, the set-off issue, the issue of the new bonds together with the received composition, has taken an important step to secure the long term financing securing that the Company can maintain the underlying long term values that is considered to be in the Company's assets and under arranged forms sell such assets that is not considered to fall within the scope of the Company's strategy and direction.

## **Composition**

The total amount of claims comprised by the composition amounts to MSEK 1,026, including accrued interest up to and including 31 May 2010. The composition offer contained two alternatives for the creditors to choose between:

Alternative no 1 comprises partly of the issue of a new secured bond of 66.5 per cent of the total outstanding amount, partly of a set-off issue of 28.5 per cent of the total outstanding amount and accrued interest until 30 April 2010 for a subscription rate of SEK 6 per share, and partly a cash payment corresponding to the remaining 5 per cent of the total outstanding amount.

Alternative no 2 is a plain cash alternative – a 55 per cent composition.

At the creditors meeting held on 26 March 2010, 77 per cent of the creditors were present and 84 per cent of the claims were represented. The composition offer was approved by all present creditors. Creditors holding about 75 per cent of the total claims have chosen to accept alternative no. 1. Creditors that have not voted and chosen an alternative will automatically be considered to have chosen alternative no. 2.

The decision is estimated to gain legal force around 27 April 2010 and accounting and payment of the dividend from the composition will begin after the Issue of New Shares has been carried out which is estimated to take place in the beginning of June 2010.

### *Conditions for the new bond*

The new secured bond has a term of approximately 4,5 years with maturity date 16 November 2014 and produces, after the first 140 days which are free of interest, an annual interest of 10 per cent, to be paid in cash, or, if the Company so chooses, an interest of a total of 13 per cent per year, whereof 3 percentage points will be paid in cash and the remaining 10 percentage points will be paid in the form of new bonds. The loan amounts initially to MSEK 509. If the Company at a later stage exercises its right to pay interest in the form of new bonds, the loan may amount to a maximum of MSEK 678.

### *Conditions for the set-off issue*

The of the board of directors decided upon set-off issue directed to some of the Company's creditors which have accepted alternative no. 1 in the composition offer means that a maximum of 35,970,057 new shares of series B may be issued through set-off against a part of their claims against the Company of SEK 215,820,343, whereby each subscribed share shall lead to a set-off of against a claim of SEK 6 (subscription price per share). The reason to deviate from the shareholders pre-emption right is that the Company seeks to repay a part of the Company's debt to the creditors through the set-off issue in accordance with the conditions for the composition offer alternative no 1. The board of directors' resolution is conditional upon the shareholder meetings' approval.

### **Issue of New Shares with pre-emption right for the Company's shareholders**

Ruric's board of directors has in the light of the above decided to propose that the extraordinary shareholders' meeting in the Company resolves to carry out the Issue of New Shares amounting to approximately MSEK 170, before deducting expenses related to the Issue of New Shares. The Issue of New Shares is intended to finance the proposed composition offer and, for the rest, to strengthen the Company's solidity and liquidity.

### *Conditions for the Issue of New Shares*

The proposed Issue of New Shares gives Ruric's existing shareholders a right to, for each share in Ruric (regardless of series) subscribe for five (5) new shares of series B. The subscription price will be SEK 3 per share, which means that the Issue of New Shares will provide Ruric with a maximum of SEK 170,446,440, before deducting the issue expenses, through the issuance of a maximum of 56,815,480 new shares of series B.

### *Underwriting commitments and guarantee undertakings*

Underwriting commitments from the major shareholders Nils Nilsson and E. Öhman J:or AB and a guarantee undertaking from a guarantee syndicate composed of Öhman Fondkommission AB corresponding to the maximum amount of the issue exist. The issue agreements include customary terms and conditions for this kind of transaction, and that the composition becomes valid and that the Company is not in insolvent liquidation.

### *Number of shares, share capital etc*

Today the Company has 11,363,096 outstanding shares, whereof 1,330,266 shares in series A and 10,032,830 shares in series B. Through the proposed issues of new shares (issue with pre-emption right for the shareholders and set-off issue), a maximum of 92,785,573 additional shares of series B will be added in the Company. In connection with the issues of new shares, the board of directors also suggests necessary changes of the articles of association regarding the limits for the share capital and the number of shares. The issues of new shares leads to the Company's share capital increasing at the most with approximately MSEK 185.5. The equity capital may increase with a total amount of approximately MSEK 386.

### **Extraordinary shareholders meeting**

Resolutions to carry out the Issue of New Shares and the set-off issue and all other necessary resolutions referring to the transaction are intended to be adopted at an extraordinary shareholders' meeting to be held in Ruric on 5 May 2010. The board of directors' resolution and the resolutions of the extraordinary shareholders' meeting are and will also be conditioned by the composition gaining legal force.

Notice convening the extraordinary shareholders meeting will be published through a separate press release.

### **Preliminary time schedule**

<b>Around 27 April 2010</b>	The composition decision gains legal force
<b>5 May 2010</b>	Extraordinary shareholders' meeting
<b>7 May 2010</b>	Last day of trade with the share inclusive the right to participate in the Issue of New Shares

<b>10 May 2010</b>	First day of trade with the share exclusive of the right to participate in the Issue of New Shares
<b>10 May 2010</b>	Prospectus in view of the Issue of New Shares is published
<b>12 May 2010</b>	Record day for participation in the Issue of New Shares
<b>17 May 2010 - 25 May 2010</b>	Trade with subscription rights
<b>17 May 2010 - 28 May 2010</b>	Subscription period
<b>Beginning of June 2010</b>	Swedish Companies Registration Office registers the Issue of New Shares and subscription payment will be available for the Company
<b>First half of June 2010</b>	Payment of the composition dividend is estimated

#### **Other**

HQ Bank is financial advisor and Grönberg Advokatbyrå is legal counsel for Ruric in connection with the Issue of New Shares.

Russian Real Estate Investment Company AB (publ)

#### **For further information**

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#### **ABOUT RURIC**

*Ruric's business concept is to acquire, develop, manage, lease out and divest real estate assets in St. Petersburg, Russia, offering top-quality commercial premises in the best locations, thus contributing to the successful business performance of its tenants. The company's vision is to become a leading real estate company in central St. Petersburg.*

*The company's strategy is to identify high-potential real estate in the city centre of St. Petersburg, structure appropriate deals and acquire at best price. Thereafter top-notch commercial space is offered to tenants seeking the best possible premises and that are willing to pay for such premises.*

Ruric's Certified Advisor on First North is Erik Penser Bankaktiebolag