

## **Notice convening a Ruric Bond Holder's meeting – procedure in writing**

### **Offer to Ruric Bond Holders – July 16<sup>th</sup> 2012**

#### **To Holders of Bond Loan not exceeding SEK 682,766,800 10%/13% 2010/2014, maturing November 16<sup>th</sup> 2014, loan no 4 issued by Russian Real Estate Investment Company AB (publ) (“the Bond”)**

Hereby The Board of Directors of Russian Real Estate Investment Company AB (publ) (the Company) has decided for Ruric to make the following offer to Bondholders.

#### **Background**

Ruric has long term difficulties in servicing the bond debt out of cash flow from operations. The following factors are important to consider:

- Current lower liquidity in the Saint Petersburg real estate market in general and “Project Properties” in particular.
- The Euro crisis and global credit shortage has led to an almost complete closure of financing for development and purchase of real estate objects.
- The risk for cancelation of the “Project Properties” agreements is increasing due to funding constraints. The lack of funding makes it difficult to fulfill the development obligations of the investments agreements.

#### **Proposal summary:**

1. 100% of the Bonds is converted into the shares of the Company
2. The conversion will be carried out as follows: The Bond is converted into shares at face value at the price of 3.6 SEK per share. That is equal to a 50% discount on the Bond face value and the average price of 1.85 SEK per share of the Company for 6 months, ended June 04<sup>th</sup> 2012.
3. If accepted by bondholders, the conversion will result in 156.5 million new shares. Today Ruric has 104.1 million shares. Current bondholders will control 60% of the share capital if the deal is successful.
4. The conversion will resolve Ruric AB's long-term financing difficulties. Ruric AB will continue restructuring aiming at decreasing exposure on development projects and instead building up cash-flow generating asset base. This will enable Ruric AB to service a regular dividend pay-out. The board of Ruric AB will engage in developing a sound business and financing plan attracting investment banking and property advisory professionals.

#### **Date for written procedure and last day to respond August 3, 2012**

#### **Procedure**

The decision will be made by voting through a procedure in writing, whereby each Bond holder eligible to vote has one vote per Bond owned (each Bond having a nominal amount SEK 100).

Each Bond holder, acting directly or through proxy, must cast all votes in the same way. However, representatives who represent several Bond holders may cast their votes differently for different Bond holders.

#### **Voting rights**

In order to be eligible to vote in the written procedure, the Bond holder should be registered as owner in the register kept by Euroclear Sweden AB (“Euroclear”) at the Record Date 27<sup>th</sup> July 2012. (The

Company and Group Companies are not eligible to vote according to the terms.) Replies should be received by the Agent no later than 3<sup>rd</sup> August 2012.

**Nominee registered Bonds**

Bond holders who have nominee registered their Bonds must, in addition to what is said above, in order to have voting rights, temporarily have the Bonds registered in their own names in the register kept by Euroclear at the Record Date on 27<sup>th</sup> of July, 2012.

**Quorum**

Quorum exists only if Bond holders representing at least one fifth of the aggregate outstanding Nominal Amount attend the meeting/provide answers in due order.

**Majority**

A qualified majority representing two thirds of the votes cast is necessary to approve the proposed resolution.

**The proposed resolution**

The Company proposes the Bondholders to convert bonds to shares in accordance with the proposal summary above.

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**Answer coupon**

Bond Holder \_\_\_\_\_

Nominal amount of Bond \_\_\_\_\_

The undersigned Bond holder votes

YES

NO

Signature:

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Clarification:

NB: For legal entities the Answer coupon should be signed by authorized signatories or in accordance with a Power of attorney to be presented in original. Authorization documents, for example excerpts from company registration, must be attached. The Answer coupon together with authorisation documents must have been received by the Agent no later than 3<sup>rd</sup> August 2012 at the address: CorpNordic Sweden AB, P.O Box 162 85, 103 25 Stockholm.

Questions are referred to:

Ruric AB +46 8 509 00 100

CorpNordic Sweden AB +46 8 402 72 00