

## **The Board of Director's proposed resolution regarding the issue of warrants to members of the Executive Management**

At an Extraordinary General Meeting on 16 August 2006, a resolution was made to initiate a long-term and recurring incentive program to the Chief Executive Officer and the Chief Financial Officer.

The Chief Executive Officer was invited to subscribe for 50,000 warrants and the Chief Financial Officer was invited to subscribe for 4,000 warrants. These warrants have been subscribed for. Thereafter, on a yearly basis, during the coming four year period, resolutions should be made on the issue of 18,000 warrants to the CEO and 4,000 warrants to the CFO. The Board of Directors has now also found that it is appropriate to include the Head of Ruric's (Russian Real Estate Investment Company AB) Russian Management Company and member of the Company's Executive Management in the program, according to which he shall be entitled to subscribe for 5,000 warrants per year during a period of four years.

In light of the foregoing the Board of Directors proposes the following:

### **Issue of warrants to members of the Executive Management**

The Board of Directors proposes that the general meeting shall resolve on an issue – in deviation from the preferential rights of shareholders – of not more than 27,000 warrants, of which the CEO shall be entitled to subscribe for 18,000 warrants at most, and the other two members of the Executive Management shall be entitled to subscribe for at most 4,000 and 5,000 warrants respectively.

For the proposed issue, on the whole, the following terms apply:

- a) Those entitled to subscribe are the Company's Chief Executive Officer, the Company's Chief Financial Officer and the Head of Ruric's Russian Management Company, LLC Ruric Management.
- b) Consideration shall be paid for the warrants which corresponds to the warrants' theoretical market value at the date for subscription calculated by application of Black-Scholes option valuation model.
- c) Each warrant shall give right to new subscription of one (1) share of series B at an issue price amounting to 125% of the latest average prices paid for the Company's share of series B on First North or corresponding quotation during the period from and including 15 May 2007 up to and including 28 May 2007. In the absence of a quotation of a price paid on any of the days in question, then the quoted closing price and bid price shall be included in the calculation instead. Days without a quotation of a price paid or bid price shall not be included in the calculation. The issue price computed in this manner shall be rounded off to the nearest even fifty öre, at which 24 and 74 öre shall be rounded off downwards and 25 and 75 öre shall be rounded off upwards.
- d) Subscription for the warrants shall take place on 30 May 2007 or such later date as determined by the Board of Directors, and payment shall be made one week after the subscription at the latest.
- e) Subscription of shares of series B by virtue of warrants may take place during the period from and including 31 May 2010 up to and including 30 June 2010.
- f) The total amount wherewith the share capital can increase on account of the utilization of the issued warrants amounts to SEK 54,000, with reservation for the increase that may be occasioned by conversion of the number of shares that each warrant gives entitlement to subscription of, as a result of the issues etc.

Reason for the deviation from the preferential rights of the shareholders

The reason for the deviation from the preferential rights of the shareholders as stated, is that the warrants shall constitute a part of the remuneration package of the members of the Executive Management and that the Company wishes to grant an incentive to these persons, according to which they are offered the possibility to share in the rise in value of the Company's share. The Board of Directors considers that the terms of the warrants as stated, are to the benefit of the Company's shareholders. The proposals have been prepared by the Board of Directors.

Dilution

The issue of warrants will – provided full utilization of all previously issued warrants in the Company– result in a dilution corresponding to approx. 0.39 % of the share capital at most and approx 0.17 % at most of the number of votes for all shares.

Majority requirement

For valid resolutions of the general meeting in accordance with the Board of Directors' proposal as stated, it is required that the resolution is supported by shareholders with at least nine tenths of the votes cast of the shares represented at the meeting.

Stockholm in April 2007

**Russian Real Estate Investment Company AB**

*The Board of Directors*