

The proposals of the board of directors of Russian Real Estate Investment Company AB (publ) for resolution on new issue of warrants to the managing director (A) and the chief financial officer (B)

The board of directors has found it advisable to introduce a long-term incentive plan for the managing director and the chief financial officer in Russian Real Estate Investment Company AB (publ). The plan is intended to extend for a five year period and the managing director and the chief financial officer shall – after resolution of the annual general shareholders meeting each year – be offered the right to subscribe for warrants in the company. During the first year of the plan, the managing director shall be offered the right to subscribe for 50,000 warrants and during the four coming years, the managing director shall – yearly – be offered the right to subscribe for 18,000 warrants in the company. The chief financial officer shall during a five year period – yearly – be offered the right to subscribe for 4,000 warrants in the company. Each warrant gives a right to subscribe for one share of series B in the company. The warrants shall give a right to subscribe for new shares after three years and the warrants are intended to constitute an incentive for the managing director and the chief financial officer in their work for the company.

In order to realize the incentive plan for the year 2006, the board of directors gives the following proposals.

A. New issue of warrants to the managing director

The board of directors proposes that the general meeting of shareholders resolve – with deviation from the preferential rights of the shareholders – to issue no more than 50,000 warrants to the managing director.

The following terms and conditions are proposed to apply to the new issue:

1. The managing director, Thomas Zachariasson shall be entitled to subscribe for warrants. Oversubscription shall not be possible.
2. The warrants shall be issued against payment of an amount corresponding to the theoretical market value of the warrants at the time of subscription, calculated with application of Black-Scholes model for valuation of warrants.
3. Each warrant shall give a right to subscribe for one (1) share of series B at a subscription price amounting to 125 % of the average latest price paid for the company's share of series B at Nya Marknaden or a corresponding listing, during the period from and including 2 August 2006 up to and including 15 August 2006. In case there are no noted prices paid any of the relevant days, the noted closing bid price shall instead be used in the calculation. A day with no noted price paid nor bid price shall not be included in the calculation. The calculated subscription price shall be rounded to the nearest whole fifty öre (*Sw: närmast hela femtiotal öre*); 24 öre and 74 öre respectively shall be rounded down and 25 öre and 75 öre respectively shall be rounded up.

4. The warrants shall be subscribed for on 16 August 2006 or at such later date as resolved by the board of directors, and payment shall be made within one week from the subscription. The warrants shall be subscribed for on a subscription list.
5. Subscription for shares of series B under the warrants can be made from and including 10 August 2009 up to and including 10 September 2009.
6. The new shares issued under the warrants shall, in accordance with the terms and conditions for the warrants, give a right to receive dividend as from for the financial year when the shares are subscribed for.
7. The new shares issued under the warrants shall be subject to a proviso under the Swedish Companies Act Chapter 4, section 6 (conversion).
8. The share capital of the company may be increased by a total of no more than SEK 100,000 by reason of subscription of new shares under the warrants, subject to such increases that may be caused by a recalculation of the number of shares that each warrant gives a right to subscribe for as a result of new issues *etc.*

The complete terms and conditions for the warrants 2006/2009 are set forth in Appendix 1. As follows from Appendix 1, the subscription price and the number of shares that the warrants give a right to subscribe for may be recalculated in case of bonus issues, new issues and in certain other cases.

B. New issue of warrants to the chief financial officer

The board of directors proposes that the general meeting of shareholders resolve – with deviation from the preferential rights of the shareholders – to issue no more than 4,000 warrants to the chief financial officer.

The following terms and conditions are proposed to apply for the new issue:

- a) The chief financial officer shall be entitled to subscribe for warrants. Oversubscription shall not be possible.
- b) The share capital of the company may be increased by a total of no more than SEK 8,000 by reason of subscription of new shares under the warrants, subject to such increases that may be caused by a recalculation of the number of shares that each warrant gives a right to subscribe for as a result of new issues *etc.*

The complete terms and conditions for the warrants 2006/2009 are set forth in Appendix 2. As follows from Appendix 2, the subscription price and the number of shares that the warrants give a right to subscribe for may be recalculated in case of bonus issues, new issues and in certain other cases.

In addition, item 2 – 7 as set forth under the board of directors' proposal under item A above shall apply.

Reasons for the deviation from the shareholders' preferential rights

The warrants proposed to be issued – with deviation from the shareholders' preferential rights – under item A and B above are intended to constitute part of the remuneration to the managing director and the chief financial officer and the company wishes to give the managing director and the chief financial officer an incentive and offer them a possibility to take part of an increase in the value of the company's share. The board of directors is of the opinion that the terms and conditions for the warrants in accordance with the above is to the benefit of the shareholders of the company. The proposals have been prepared by the board of directors.

Dilution

The new issue of warrants under item A may – assuming full exercise of all previously issued warrants in the company – imply a dilution corresponding to no more than approximately 1.06% of the share capital and no more than approximately 0.45% of the votes for all shares.

The new issue of warrants under item B may – assuming full exercise of all previously issued warrants in the company – imply a dilution corresponding to no more than approximately 0.09% of the share capital and no more than approximately 0.04% of the votes for all shares.

Share related incentive schemes in the company

During 2005 it was resolved to issue a debenture with detachable warrants 2005/2007 for subscription of in total 93,000 shares of series B in the company. 41,000 of the warrants were allotted to senior management of the company (however not to the managing director or the chief financial officer). Each warrant gives a right to subscribe for one share of series B and subscription of new shares can be made from 2 May 2007 up to and including 28 December 2007 at a subscription price of SEK 150 per share.

Miscellaneous

The warrants are not expected to imply any costs of significance to the company.

The board of directors proposes that the board of directors or the person appointed by the board of directors, be authorized to make such minor adjustments to the resolutions of the general shareholders meeting with appendices that may be necessary in relation to the registration with the Swedish Companies Registration Office and VPC AB.

Majority requirements

For a valid resolution by the general meeting of shareholders in accordance with the board of directors' proposals under item (A) and (B) respectively, shareholders representing at least nine tenth of the votes cast as well as the shares represented at the meeting need to vote in favour of the proposal.

Stockholm 17 July 2006

The Board of Directors