

**The board of directors of Russian Real Estate Investment Company AB (publ),  
Reg. No. 556653-9705 proposal on (A.) authorisation for the board of directors to  
issue convertibles, and (B.) amendments to the articles of association**

## **Background**

The board of directors has assessed that the possibilities to re-finance the outstanding bond loans 2006/2010 (Bond Loan No. 2) and 2008/2010 (Bond Loan No. 3), which will mature in November 2010, are limited. Bonds issued under Bond Loan No. 2 and Bond Loan No. 3 are hereinafter jointly referred to as the “Bonds”. Therefore, on 6 October 2009, the board of directors announced a public offer to the holders (the “Offer”) of outstanding Bonds to transfer their Bonds to the company either for consideration of new bonds, convertibles and cash compensation for part of accrued interest, or for cash consideration only, and proposed an extraordinary general meeting to be held on 5 November 2009, to resolve to authorise the board of directors to decide on the issuance of convertibles, as consideration for the Bonds acquired by the company through the Offer’s exchange alternative, and to amend the articles of association in the respects set out below. The complete terms and conditions of the Offer can be found in [Appendix 1](#), enclosed to this proposal.

The company’s major shareholders E. Öhman J:or AB, Cancale Förvaltnings AB and Nils Nilsson, together holding approximately 21.7 per cent of the outstanding shares and approximately 61.9 per cent of the outstanding votes, have undertaken to vote in favour of the board of directors’ proposal to authorise the board of directors to resolve on the issuance of convertibles and to amend the articles of association.

## **The board of directors’ proposal**

Given the circumstances above, and that the proposal of the board of directors is an undividable unit, the general meeting shall resolve in accordance with the board of directors proposal as set out below, by passing one resolution only.

### **A. Authorisation for the board of directors to decide on the issuance of convertibles**

The board of directors proposes that the general meeting resolve to authorise the board of directors to, for the time until the annual general meeting 2010, at one or several occasions, resolve to issue convertibles in order to be able to acquire Bonds under the exchange alternative in the Offer. The board of directors will, under this authorisation, be able to decide to issue convertibles to the extent, and under the terms and conditions, that is consistent with the provisions of the company’s articles of association determining the share capital and the number of shares. Entitled to subscribe for the convertibles to be issued under this authorisation shall, with the deviation from the

shareholders' preferential right, be those persons transferring their Bonds to the company on the terms and conditions in effect from time to time of the Offer's exchange alternative.

## **B. Amendments to the articles of association**

The board of directors also proposes that the second paragraph of § 4 of the articles of association is amended, and that a new provision is added to the articles of association, in accordance with what is stated below.

### *§ 4, second paragraph*

*“The Company's shares may be issued in two classes, class A and class B. Each class A share shall entitle the holder to 4 votes and each class B share shall entitle the holder to one vote.”*

### *§ 10*

*“Resolutions on issue of shares, warrants or convertibles without shareholders' pre-emption rights, shall only be valid if supported by shareholders representing at least three quarters of the votes cast as well as the shares represented at the general meeting. The same majority requirement shall apply for resolutions on amendments to or cancellation of this provision.”*

In addition to this, the numbering of § 10 and § 11 in the current articles of association shall be changed to § 11 and § 12.

The amended articles of association can be found in Appendix 2, enclosed to this proposal.

---

The board further proposes that the general meeting authorise the board of directors, or the person that the board of directors appoints, to make such minor adjustments to the resolution above as may be necessary in connection with the registration of the resolution with the Swedish Companies Registration Office and Euroclear Sweden AB.

To constitute a binding resolution of the general meeting in accordance with the above, shareholders representing at least two-thirds of both votes cast and shares represented at the general meeting must vote in favour of the proposal. In addition to this, shareholders representing at least half of the class A shares, as well as at least nine-tenth of the class A shares represented at the general meeting, must agree to the proposed amendments to section 4, second paragraph, of the articles of association.

---

Stockholm, October 2009

Russian Real Estate Investment Company AB (publ)

*The board of directors*