

The proposal of the board of directors of Russian Real Estate Investment Company AB (publ) for resolution on issue of warrants to 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. At the Extraordinary General Meeting on 14 May, it was resolved to include the Chief Operating Officer in the programme.

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, 4,000 warrants to the CFO, and 5,000 warrants to the COO. Since the previous CEO and the COO have both have terminated their respective employments, the new CEO is proposed to enter the programme which will then include the CEO and CFO.

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 22,000 warrants, of which the CEO shall be entitled to subscribe for 18,000 warrants at most, and the CFO shall be entitled to subscribe for at most 4,000 warrants.

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

1. Those entitled to subscribe are the Company's Chief Executive Officer and the Company's Chief Financial Officer.
2. 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.
3. 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 22 April 2009 up to and including 5 May 2009. 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.

4. Subscription for the warrants shall take place on 7 May 2009 or such later date as determined by the Board of Directors, and payment shall be made one week after the subscription at the latest.
5. Subscription of shares of series B by virtue of warrants may take place during the period from and including 10 May 2012 up to and including 10 June 2012.
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 total amount wherewith the share capital can increase on account of the utilization of the issued warrants amounts to SEK 44,000, 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.

The complete terms and conditions for the warrants 2009/2012 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.

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. Proposals have been prepared in 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. 0.19 % of the share capital at most and approx 0.09 % at most of the number of votes for all shares.

Share related incentive schemes in the company

During 2006 it was resolved to issue 50,000 warrants to the CEO, 4,000 warrants to the CFO and 7,000 to the board member Jens Engwall. After the recalculation of the terms as a result of new share issue, each warrant entitles the holder to subscribe for 1,09 shares of Class B at a revised subscription price of SEK 339,30 per share. Subscription of share can take place commencing on 10 August 2009 up until and including 10 September 2009. According to the terms and conditions for the warrants, the subscription price and the number of shares to be subscribed for are recalculated as a result of rights issue.

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 valid resolutions of the general meeting in accordance with the Board of Director's 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 March 2009

The Board of Directors