

**The board of directors' of Alpcot Agro AB (publ) proposal regarding directed issue and subsequent transfer of warrants – item 13 at the annual general meeting in Alpcot Agro AB (publ) on 17 May 2010**

Background

In November 2006 the Company entered into a management agreement with Alpcot Capital Management Ltd. ("ACM"). ACM is controlled by a number of the Company's shareholders and persons employed by the Company. According to the management agreement, ACM shall act as the group's investment adviser and is also implementing investment decisions. According to the management agreement ACM is entitled to an annual compensation ("management fee") for its services equivalent to 2.25 per cent of the total equity raised by the Company before issue costs. In addition thereto ACM is also entitled to a so called "performance fee" based on the increase in value of the group as of 31 January 2012. The performance fee shall be equivalent to 15 per cent of the value appreciation which exceeds an annual increase of 8 per cent.

The Company signed an addition to the management agreement in September 2009, according to which ACM is offering, in line with two alternatives, to give up management fees and performance fees based on equity raised y September 2009. The alternatives are described below. The company can also choose not to accept any of the offered alternatives.

Consequently there are three alternatives available to the company. The board has chosen not to recommend a specific alternative but instead leave it to the annual general meeting to decide on the three alternatives, which are set out below.

*Alternative 1 – No change of the management agreement*

The first alternative means that the company chooses not to accept any of the alternatives offered by ACM which means that the provisions of the management agreement would continue to apply. This means that the company will continue to pay annual management fees in cash and performance fees in accordance with the description above.

The table below shows the estimated annual management fees (all amounts in SEK) – based on the equity raised by the company per the date of the annual general meeting. Alternative 1 means that the company shall pay annual management fees in a total amount of SEK 185,217,331.

Year	Annual management fees based on equity raised by September 2009	Annual management fee based on equity raised through the rights issue in January 2010	Total estimated costs for annual management fees
2009	31,191,019		31,191,019
2010	31,191,019	5,068,171	36,259,190
2011	31,191,019	5,288,526	36,479,545
2012	31,191,019	5,288,526	36,479,545
2013	31,191,019	5,288,526	36,479,545
2014	2,599,252	440,711	3,039,962
	158,554,345	26,662,985	185,217,331

## Alternative 2 – Limited "conversion" of management fees

Alternative 2 means that management fees for the financial years 2009 and 2010 – instead of being calculated in accordance with the provisions of the management agreement as set out above – will be determined at fixed amounts of SEK 18,797,755 for the financial year 2009 and SEK 20,000,000 for the financial year 2010. Based on the equity raised by the company per 17 September 2009 this means that the management fees will be reduced by SEK 12,393,264 for 2009 and SEK 11,191,019 for 2010, i.e. in total SEK 23,584,283. According to a net present value calculation of this amount – calculated by the company using a discount rate of 20 per cent – the value of the reduction of management fees for 2009 and 2010 amounts in total to SEK 25,570,814 per the date of the annual general meeting. The company will not be obliged to pay annual management fees based on equity raised through the rights issue in January 2010, which for 2010 amounts to SEK 5,068,171.

Alternative 2 also means that and it is a condition for the reduction of management fees as set out above that ACM or an entity appointed by ACM free of charge will receive a number of warrants in the company calculated according to the following formula:

$$\text{Number of warrants} = \frac{25\,570\,814}{\text{The value of one warrant per 17 May 2010 calculated using the Black Scholes formula}}$$

Based on an assumed share price on the company's shares on 17 May 2010 of SEK 18 per share (according to the addition to the management agreement the share price used in the calculation shall be the average of the last price the twenty trading days preceding the annual general meeting) and an estimated value of SEK 14.04 of each warrant, the number of warrants that ACM or an entity appointed by ACM shall be entitled to receive will be approximately 1,821,768.

Each warrant shall entitle to subscription of one share in the company at a subscription price of SEK 5 per share. ACM or an entity appointed by ACM shall be entitled to subscribe for shares by exercising the warrants as from receipt of the warrants in question until and including 31 March 2014. ACM or an entity appointed by ACM shall receive the number of warrants corresponding to the reduced management fees for 2009 as soon as registration of the warrants with the Companies registration Office has been completed and the remaining warrants corresponding to the reduced management fees for 2010 after the expiry of the financial year 2010. It is the intention to issue the warrants to BBAH Incentive AB which free of charge will re-transfer the warrants to the company, where after the company free of charge shall transfer the warrants to ACM or an entity appointed by ACM in accordance with the provisions of the addition to the management agreement. Any warrants issued that are not required to be transferred to ACM or an entity appointed by ACM shall be cancelled.

If the annual general meeting approves alternative 2 this means that no further management fees than the fees described above will be required to be paid for the period until the end of 2010, even if the company were to raise additional equity. As from 1 January 2011 management fees will, however, have to be paid in accordance with the provisions of the management agreement.

If the annual general meeting approves alternative 2 this means that the meeting shall both resolve to issue warrants as set out below and to approve transfer of the warrants as described above.

The following terms shall apply for the issue of warrants:

1. The number of issued warrants shall be no more than 2,500,000.
2. The right to subscribe for warrants shall, with deviation from the shareholders' preferential right, be given to BBAH Incentive AB.
3. The warrants shall be issued free of charge.
4. Subscription for the warrants shall be made on a subscription list during the period 18 – 28 May 2010.
5. Each warrant shall entitle to subscription for one share in the company, each share with a quota value of SEK 5, at a subscription price of SEK 5 per share, whereby the company's share capital may be increased by no more than SEK 12,500,000.
6. Subscription for shares by the exercise of warrants can take place during the period as from registration of the warrants with the Companies Registration Office and until and including 31 March 2014.
7. Other terms and conditions for the warrants are set forth in [Appendix 1](#).
8. The board of directors or a board member appointed by the board of directors shall be authorized to make such minor adjustments to the resolution that may be required in connection with registration of the resolution with the Swedish Companies Registration Office.

#### *Alternative 3 – Enhanced "conversion" of management fees and performance fees*

Alternative 3 has – as regards management fees related to the financial years 2009 and 2010 – the same meaning as alternative 2. In addition thereto alternative 3 entails the following changes as regards management fees related to the financial years 2011 – 2014 and possible future performance fees.

Alternative 3 means that management fees for the financial years 2011 until and including 2013 – instead of being calculated in accordance with the provisions of the management agreement as set out above – will be determined at fixed amounts of SEK 20,000,000 for each of these financial years and at an amount of SEK 1,666,667 for the part of 2014 (until and including 31 January 2014) covered by the present management agreement. Based on the equity raised by the company per 17 September 2009 this means a reduction of the management fees for each of the financial years 2011 – 2013 of SEK 11,191,019 and SEK 932,585 for 2014, which means a total reduction of management fees of SEK 58,089,924. The company will, during the remaining validity of the management agreement, not be obliged to pay annual management fees based on equity raised after 17 September 2009, including the rights issue in January 2010. Only the company's cost savings related to management fees calculated on equity raised through the rights issue in January 2010 amounts to SEK 26,662,985. According to a net present value calculation of SEK 58,089,924 – calculated by the company using a discount rate of 20 per cent – the value of the reduction of management fees for the period 2009 – 2014 amounts in total to SEK 49,527,415 per the date of the annual general meeting.

Alternative 3 also means and it is a condition for the reduction of management fees as set out above that ACM or an entity appointed by ACM free of charge will receive a number of warrants in the company calculated according to the following formula:

$$\text{Number of warrants} = \frac{49,527,415}{\text{The value of one warrant per 17 May 2010 calculated using the Black Scholes formula}}$$

Based on an assumed share price on the company's shares on 17 May 2010 of SEK 18 per share (according to the addition to the management agreement the share price used in the calculation shall be the average of the last price the twenty trading days preceding the annual general meeting) and an estimated value of SEK 14.04 of each warrant, the number of warrants that ACM or an entity appointed by ACM shall be entitled to receive will be 3,528,534.

As regards possible future performance fees alternative 3 means that ACM is willing to give up all performance fees in return for ACM or an entity appointed by ACM receiving warrants in the company. Based on an assumed share price on the company's shares on 17 May 2010 of SEK 18 per share (according to the addition to the management agreement the share price used in the calculation shall be the average of the last price the twenty trading days preceding the annual general meeting) the value of the performance fees per the date of the annual general meeting has been calculated at SEK 1,817,489. By using the formula set out above this amount corresponds to 129,485 warrants.

As total compensation for reduced management fees and given up performance fees ACM or an entity appointed by ACM would thus be entitled to receive a total number of about 3,658,019 warrants.

Each warrant shall entitle to subscription of one share in the company at a subscription price of SEK 5 per share. ACM or an entity appointed by ACM shall be entitled to subscribe for shares by exercising the warrants as from receipt of the warrants in question until and including 31 March 2014. ACM or an entity appointed by ACM shall receive the number of warrants related to a certain financial year after the expiry of said financial year and the warrants related to 2014 on 31 January 2014. Warrants corresponding to the given up performance fees shall be delivered to ACM or an entity appointed by ACM on 31 January 2012. It is the intention to issue the warrants to BBAH Incentive AB which free of charge will re-transfer the warrants to the company, where after the company free of charge shall transfer the warrants to ACM or an entity appointed by ACM in accordance with the provisions of the addition to the management agreement. Any warrants issued that are not required to be transferred to ACM or an entity appointed by ACM shall be cancelled.

If the annual general meeting approves alternative 3 this means that no further management fees than the fees described above will be required to be paid for the period until 31 January 2014, even if the company were to raise additional equity and that no performance fee at all will need to be paid.

If the annual general meeting approves alternative 3 this means that the meeting shall both resolve to issue warrants as set out below and to approve transfer of the warrants as described above.

The following terms shall apply for the issue of warrants:

1. The number of issued warrants shall be no more than 5,100,000.
2. The right to subscribe for warrants shall, with deviation from the shareholders' preferential right, be given to BBAH Incentive AB.
3. The warrants shall be issued free of charge.
4. Subscription for the warrants shall be made on a subscription list during the period 18 – 28 May 2010.
5. Each warrant shall entitle to subscription for one share in the company, each share with a quota value of SEK 5, at a subscription price of SEK 5 per share, whereby the company's share capital may be increased by no more than SEK 25,500,000.
6. Subscription for shares by the exercise of warrants can take place during the period as from registration of the warrants with the Companies Registration Office and until and including 31 March 2014.
7. Other terms and conditions for the warrants are set forth in Appendix 2.
8. The board of directors or a board member appointed by the board of directors shall be authorized to make such minor adjustments to the resolution that may be required in connection with registration of the resolution with the Swedish Companies Registration Office.

*Reasons for deviation from the shareholders preferential rights*

The reason for the deviation from the shareholders preferential rights when issuing warrants according to alternative 2 or 3 is to enable the company to achieve the reduction of management fees and performance fees as set out above.

**Majority requirements**

Resolutions by the shareholders' meeting in accordance with one of the alternatives 2 or 3 requires that the resolution is supported by shareholders representing not less than nine-tenths of the votes as well as the shares represented at the shareholders' meeting.

**The board of directors' of Alpcot Agro AB (publ) proposal for resolution with adoption of incentive program as well as adoption of resolution to issue and transfer warrants – item 14 at the annual general meeting in Alpcot Agro AB (publ) on 17 May 2010**

The company has, as from 12 October 2009, employed Vladimir Primak as deputy managing director. The board of directors has in the employment contract undertaken to propose to the shareholders' meeting to adopt an incentive program for Primak in accordance with what is set forth below. In the event the shareholders' meeting does not adopt the resolutions in accordance with the proposal, the company has undertaken to renegotiate the terms of the employment contract.

In order to carry out the proposed incentive program, the board of directors proposes that the shareholders' meeting adopts the resolutions set forth in sections a - b below. The resolutions are proposed to be contingent upon each other.

Section 14 a. Resolution of incentive program

*Description of the program*

The board of directors proposes that the shareholders' meeting adopts an incentive program, entailing a right for Vladimir Primak, free of charge, to obtain warrants in the company. Provided that Primak at each given time is still employed in the company, Primak shall obtain 110,000 warrants on 30 September 2010, 140,000 warrants on 30 September 2011, and 190,000 warrants on 30 September 2012. Each warrant shall entitle to subscription of one share in the company, at a subscription price of SEK 25 per share. Subscription of shares by exercising warrants shall be made during the period from when Vladimir Primak obtains the warrants in question, until and including 31 December 2012.

The purpose of the incentive program is to increase the responsibility and to create increased participation for Primak in the development of the company, as well as to contribute to Primak sharing the objective to generate profitable growth for the company. The purpose is also to motivate Primak to continued employment.

*Dilution*

The maximum dilution for the incentive program is estimated to amount to no more than 0.9 percent of the share capital (entailing the same percentage dilution of the number of votes), provided that all warrants are fully exercised. In case of full exercise of the warrants, the share capital will be increased by no more than SEK 2,200,000.

*Preparation of the proposal*

The proposal for a resolution of the incentive program has been prepared by the company's board of directors.

*Majority requirement and conditions*

Resolution according to this section 14 a is taken by simple majority. Resolution on the establishment of the incentive program shall however be conditioned upon the annual general meeting also deciding on the issuing of warrants as set forth below.

#### Section 14 b. Issue of warrants and approval of transfer

The board of directors proposes that the shareholders' meeting adopts the resolution of the issuing of warrants and approves transfer of the warrants in the manner described below.

#### *Warrants terms*

The following terms shall apply for the issue of warrants:

1. The number of issued warrants shall be no more than 440,000.
2. The right to subscribe for warrants shall, with deviation from the shareholders' preferential right, be given to BBAH Incentive AB.
3. The warrants shall be issued free of charge.
4. Subscription for the warrants shall be made on a subscription list during the period 18 – 28 May 2010.
5. Each warrant shall entitle to subscription for one share in the company, each share with a quota value of SEK 5, at a subscription price of SEK 25 per share, whereby the company's share capital may be increased by no more than SEK 2,200,000.
6. Subscription for shares by the exercise of warrants can take place during the period 15 September 2010 until and including 31 December 2012.
7. Other terms and conditions for the warrants are set forth in Appendix 1.
8. The board of directors or a board member appointed by the board of directors shall be authorized to make such minor adjustments to the resolution that may be required in connection with registration of the resolution with the Swedish Companies Registration Office.

#### *Transfer of warrants*

BBAH Incentive AB shall be entitled to subscribe for warrants and shall free of charge re-transfer the warrants to the company, where after the company free of charge shall transfer the warrants to Vladimir Primak as set out in section 14 a above.

#### *Reasons for deviation from the shareholders preferential rights*

The reason for the deviation from the shareholders preferential rights is to enable the implementation of the incentive program described in section 14 a.

#### *Majority requirements*

Resolution by the shareholders' meeting according to the proposal from the board of directors with regard to this item 14 b requires that the resolution is supported by shareholders representing not less than nine-tenths of the votes as well as the shares represented at the shareholders' meeting.