

Tallinn, March 5, 2008

AS Q Vara

Registry code: 10907184

Address: Mustamäe tee 54, 10621 Tallinn, Estonia

Dear note holder,

In the fourth quarter 2007 AS Q Vara (hereinafter "Q Vara") started negotiations with a German company HIH Global Invest GmbH (hereinafter "HIH") for raising additional equity to finance the development of Terminal No. 11 project (hereinafter Q Vara and HIH together are referred to as the "Parties"). HIH Global Invest GmbH belongs to M. M. Warburg & CO KGaA group which is the second largest privately held bank in Germany. HIH is active in setting up closed-end investment funds and raising capital from small investors.

As a result of the negotiations the Parties signed a letter of intent (hereinafter "LOI") on March 3, 2008 with an objective to regulate the Parties' intention to cooperate on the Terminal No. 11 project and to confirm the Parties' will to finalize the Transaction by April 7, 2008. In the following text Terminal No. 11 project (hereinafter the "Project") refers to Q Vara's land plots that are listed in the following paragraph, utilities and buildings on the land plots, loans that are backed by the land plots and buildings and other project related liabilities.

According to the LOI the Project's land consists of 18 (eighteen) land plots in Rae parish, Harjumaa, Estonia owned by Q Vara. The list of the land plots is the following:

- Koplipere tee 1 (cadastre code: 65301:002:0688)
- Koplipere tee 3 (cadastre code: 65301:002:0691)
- Koplipere tee 5 (cadastre code: 65301:002:0694)
- Koplipere tee 7 (cadastre code: 65301:002:0696)
- Koplipere tee 9 (cadastre code: 65301:002:0701)
- Koplipere tee 11 (cadastre code: 65301:002:0703)
- Koplipere tee 13 (cadastre code: 65301:002:0705)
- Koplipere tee 17 (cadastre code: 65301:002:0708)
- Koplipere tee 19 (cadastre code: 65301:002:0709)
- Koplipere tee 21 (cadastre code: 65301:002:0711)
- Koplipere tee 23 (cadastre code: 65301:002:0713)
- Koplipere tee 25 (cadastre code: 65301:002:0714)
- Koplipere tee 27 (cadastre code: 65301:002:0715)
- Koplipere tee 29 (cadastre code: 65301:002:0716)
- Koplipere tee 6 (cadastre code: 65301:002:0695)
- Koplipere tee 8 (cadastre code: 65301:002:0699)
- Koplipere tee 10 (cadastre code: 65301:002:0702)
- Koplipere tee 14 (cadastre code: 65301:002:0706)

Four other land plots on Koplipere tee that are also owned by Q Vara are sold already and these properties are not part of the Project.

The Parties intend to develop a logistics park that consists of warehouse and office spaces on the previously listed land plots (hereinafter the "Development"). The development volume will be between 45 000 – 50 000 sqm of warehouse and office space and the expected project revenue will be 50 – 55

million euros. The development period will be 2008-2010 and during this period the expected internal rate of return ("hereinafter the "IRR") is expected to reach 19% p.a.

For developing the Project the Parties will establish a joint venture (hereinafter the "Company") which will be owned by Q Vara and HIH. Each party's share of the company depends on the investment amount. Q Vara's investment will be the Project (non-cash equity payment). In the LOI the Parties have agreed the Project's net value of 3 500 000 EUR. The final non-cash equity payment's value will be determined after HIH has finalized the project's due diligence.

HIH will pay cash equity into the Company that amounts the equity needed to finish the Development. According to the preliminary estimations the amount will be 4 690 000 EUR and it will be paid in tranches according to the development timetable.

According to the described equity investments Q Vara will receive 43% of the Company and HIH will receive 57% of the company. HIH will also receive a right to increase its share up to 70% by purchasing additional Company's shares from Q Vara. Together with establishing the Company the Parties will sign a shareholders' agreement that sets out the Parties' rights and obligations and the Development's goals.

The Company will sign a development agreement with Q Vara according to which Q Vara is responsible for finalizing the Development. According to the agreement the Company will pay to Q Vara monthly development fee for covering periodical expenses and in the end a success fee. The success fee amount will be related to the project performance: in case the project's IRR exceeds the hurdle rate of 17% Q Vara will receive 30%; and in case the project's IRR exceeds the hurdle rate of 20% Q Vara will receive 50% of the profit that exceeds the profit needed for paying out the hurdle rate return.

By signing the LOI the Parties expressed their will to finalize the transaction by April 7, 2008. By then HIH has finalized the Project's due diligence, the Parties have signed the shareholders' agreement and have paid the equity into the Company.

The prerequisites for finalizing the transaction are Q Vara bond investors' and the project financier's (AS Sampo Pank) consent for paying the Project into the Company, the final investment decision by HIH's supervisory board and the positive Project's due diligence result for HIH.

Therefore Q Vara applies for a consent of the Investors to raise equity capital into a new subsidiary at least in the amount of 4 690 000 EUR for developing the Terminal No. 11 project and to pay the Project into the Company as a non-cash equity payment on the following conditions:

- 1) The Project's minimum net value upon making the non-cash payment is 3 000 000 EUR;
- 2) Q Vara has a right to sell additional amount of the Company's shares to HIH so that Q Vara's minimum shareholding will be 30%;

Proposals put to vote:

To agree with the proposal to raise additional equity capital into a new subsidiary at least in the amount of 4 690 000 EUR for developing the Terminal No. 11 project and to pay the Project into the Company as a non-cash equity payment on the following conditions:

- 1) The Project's minimum net value upon making the non-cash payment is 3 000 000 EUR;
- 2) Q Vara has a right to sell additional amount of the Company's shares to HIH so that Q Vara's minimum shareholding will be 30%;

Person putting the proposal to vote:

Q Vara OÜ, registry code: 10907184.

Recording secretary of the vote:

AS Sampo Pank

Voting period:

March 5, 2008 – March 19, 2008

Procedure for voting:

To vote for granting consent, investors should print out the draft of “The decision of AS Q Vara bond issue investors”, fill it in and send along with a document certifying the authority of the investor’s representative to AS Sampo Pank on the following address:

Attn: Kristjan Veges
Äripanganduse Divisjon
AS Sampo Pank
Narva mnt 11
10502 Tallinn
Estonia.

To vote for the proposal we kindly ask the investors to tick the field in front of the following sentence in “The decision of AS Q Vara bond issue investors”:

“To agree with the proposal to raise additional equity capital into a new subsidiary at least in the amount of 4 690 000 EUR for developing the Terminal No. 11 project and to pay the Project into the Company as a non-cash equity payment”.

To vote against the proposal we ask the investor to tick the field in front of the following sentence in “The decision of AS Q Vara bond issue investors”:

“Not to agree with the proposal to raise additional equity capital into a new subsidiary at least in the amount of 4 690 000 EUR for developing the Terminal No. 11 project and to pay the Project into the Company as a non-cash equity payment”.

In case the investor has not participated in the voting procedure during the voting period the investor is considered to vote for the proposal.

Additionally we kindly ask the investors to inform the recording secretary of the vote about your decision by sending an e-mail to the following e-mail address: Kristjan.veges@sampo.ee.

Counting of votes:

The decision to adopt Q Vara’s proposal will be deemed adopted if at least the Majority of Investors (the investors who own more than 50% of the bonds and who are not related to the Issuer) has voted for the decision.

By signing this document, AS Q Vara declares that the information above which is provided to the investors for the purpose of applying for their consent to accept the proposals presented above, is true and correct.

Meelis Šokman
Chairman of the management board
AS Q Vara

The decision of AS Q Vara bond investors

On **raising additional equity capital at least in the amount of 4 690 000 EUR for developing the Terminal No. 11 project and on paying the Terminal No. 11 project into a project company as a non-cash equity payment.**

The investor, having considered the information provided by Q Vara in the letter of March 5, 2008 has decided as follows:

- To agree with the proposal to raise additional equity capital into a new subsidiary at least in the amount of 4 690 000 EUR for developing the Terminal No. 11 project and to pay the Project into the Company as a non-cash equity payment;**
- Not to agree with the proposal to raise additional equity capital into a new subsidiary at least in the amount of 4 690 000 EUR for developing the Terminal No. 11 project and to pay the Project into the Company as a non-cash equity payment;**

Investor's name: _____

Investor's representative: _____

Signature: _____

Date: _____