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NOTARY PUBLIC IN TALLINN ANNIKA KUIMET

NOTARY PROFESSIONAL ACTIVITIES REGISTER
REGISTRATION NUMBER

1441

Arco Vara AS

MINUTES OF ANNUAL GENERAL MEETING

Made and issued in Tallinn this sixteenth of May, two thousand twelve
(16 May 2012)

I, Annika Kuimet, Notary Public in Tallinn, whose office is in Tallinn at Tartu mnt 2, on the fifteenth of May, two thousand twelve (15.05.2012) attended the Annual General Meeting of Arco Vara AS (registry code 10261718, domiciled in Tallinn), held in Tallinn at Narva mnt 7c at the conference centre Park Inn by Radisson.

Notice of the Annual General Meeting was published on 20 April 2012 in the Tallinn Stock Exchange information system and on 21 April 2012 in the newspaper *Postimees*.

The meeting began at 09:00 and ended at 09:40.

The meeting was chaired by **Hannes Vallikivi**, ID code 37402190227, whose identity is known to the Notary,
and

minutes were taken by **Tanel Küün**, ID code 38702040252, whose identity has been established based on the Police and Border Guard Board data.

The share capital of Arco Vara AS is three million three hundred nineteen thousand one hundred ninety-four euros and ninety euro cents (€3,319,194.90), divided into registered shares with the nominal value of seventy (70) euro cents each. Every share grants one (1) vote at the meeting.

On 14 May 2012 at 23:59 Arco Vara AS had a total of one thousand eight hundred thirty-two (1832) shareholders and the total number of votes attached to shares was four million seven hundred forty-one thousand seven hundred seven (4,741,707).

The Attendance List of the General Meeting, annexed to this Notarial Deed, shows that a total of twelve (12) shareholders attended the General Meeting and the shares in their possession represented a total of two million nine hundred seventy-seven thousand two hundred seventy-three (2,977,273) votes, constituting a total of sixty-two point seventy-nine percent (62.79%) of all the eligible votes. Thus, more than a half of the votes attached to shares were present at the Meeting and the Meeting had a quorum. As per the Notarisation Act § 36 (3) the Chair of the Meeting is responsible for the correctness of the Attendance List.

The Notary has verified the quorum of the General Meeting based on the Attendance List, which the Chair of the Meeting has signed before the Notary. The Notary has also verified the compliance of the Attendance List with the Share Register and the powers of the shareholders' representatives.

The Chair of the Meeting gave an overview of the publishing of the materials relating to the agenda. No questions or proposals as to the agenda items or suggestions for changing or modifying the agenda were put forward prior to the General Meeting.

The Chair of the Meeting also gave an overview of the rules of the Meeting. There were no objections or questions as to the rules for holding the Meeting.

Agenda items:

- 1. Approving the Annual Report of Arco Vara AS for 2011;**
- 2. Deciding on the distribution of profits;**
- 3. Appointing a Supervisory Board Member;**
- 4. Appointing an auditor.**

No modifications for the agenda of the Meeting could be suggested as per the Commercial Code § 293 (3) and thus the agenda was deemed to be approved.

Agenda item 1:

Approving the Annual Report of Arco Vara AS for 2011

Lembit Tampere, Member
of the Management Board
of Arco Vara AS:

The unaudited performance of Arco Vara AS in the fiscal year 2011 was first published at the end of last February along with the interim report on the fourth quarter. On 20 April 2012 Arco Vara AS published the audited Annual Report. The performance of Arco Vara AS in the fiscal year did not change considerably in the course of the audit – the loss of Arco Vara AS was reduced by €200,000. According to the Annual Report the turnover of Arco Vara AS in 2011 was €43 million and net loss €3.4 million. In 2011 Arco Vara AS underwent a substantial change particularly in turnover with the sales turnover growing again after three successive years of falling. The loss of Arco Vara AS in 2011 was due mainly to the Construction Division. Arco Vara AS has managed to reduce its liabilities, while the assets of Arco Vara AS have also decreased. More precisely Arco Vara AS has managed to reduce its liabilities by more than €2 million in total.

The Development Division accounts for the majority of the turnover of Arco Vara AS (€23 million). The turnover of the Construction Division was €18 million and that of the Service Division €1.8 million.

Besides Estonia and Latvia, Arco Vara AS sold property also in Bulgaria. In Bulgaria Arco Vara AS sold 31 apartments, which is more than in Latvia. The majority of the turnover of Arco Vara AS is attached to the Estonian market, as construction on the Estonian market carries considerable weight. In Latvia and Bulgaria Arco Vara AS is mainly engaged in the sale of real estate, thus the turnover is also smaller on these markets.

Chair of the Meeting: Are there any questions as to the Annual Report of Arco Vara AS for 2011?

Shareholder Ülo Siinmaa: But still, how big is the loss of Arco Vara AS? Can we talk about profits and payment of dividends to the shareholders of Arco Vara AS?

Lembit Tampere, Member of the Management Board of Arco Vara AS:

We will publish the performance of Arco Vara AS in the first quarter this Friday and we are unable to comment on it. All we can say is that the environment, meaning the situation in the construction industry, has improved. Distribution of profits will be decided by the general meeting of the shareholders of Arco Vara AS. Today the equity of Arco Vara AS is €24 million and retained profits €18.6 million.

Draft resolution no. 1: Approve the Annual Report of Arco Vara AS for 2011.

Voting results:

In favour:	2,977,273 votes, or 100%	of the votes represented at the meeting
Against:	0 votes, or 0%	of the votes represented at the meeting
Undecided:	0 votes, or 0%	of the votes represented at the meeting
No vote:	0 votes, or 0%	of the votes represented at the meeting

Chair of the Meeting: Since 100% of the votes represented at the meeting were cast in favour of passing the resolution, the resolution of the Meeting will be **passed**.

Agenda item 2:

Deciding on the distribution of profits

Draft resolution no. 2 Allocate the net loss of the fiscal year that ended 31.12.2011 totalling €3,381,662 to retained profits.

Voting results:

In favour:	2,977,261 votes, or 100%	of the votes represented at the meeting
Against:	12 votes, or 0%	of the votes represented at the meeting
Undecided:	0 votes, or 0%	of the votes represented at the meeting
No vote:	0 votes, or 0%	of the votes represented at the meeting

Chair of the Meeting: Since 100% of the votes represented at the meeting were cast in favour of passing the resolution, the resolution of the Meeting will be **passed**.

Agenda item 3:

Appointing a new Supervisory Board Member to replace a resigned Member

Chair of the Meeting: On 20 April 2012 Arco Vara AS informed the stock market about the resignation of Supervisory Board Member Aare Tark, also declaring that the fifth Supervisory Board Member would be appointed at the Annual General Meeting of 15 May

2012. On 11 May 2012 Toletum OÜ, shareholder of Arco Vara AS, nominated Aivar Pilv as the new Supervisory Board Member.

Draft resolution no. 3: Appoint Aivar Pilv as the new Member of the Supervisory Board of Arco Vara AS

Voting results:

In favour:	2,965,448 votes, or 99.60%	of the votes represented at the meeting
Against:	0 votes, or 0%	of the votes represented at the meeting
Undecided:	11,825 votes, or 0.4%	of the votes represented at the meeting
No vote:	0 votes, or 0%	of the votes represented at the meeting

Chair of the Meeting: Since 99.6% of the votes represented at the meeting were cast in favour of passing the resolution, the resolution of the Meeting will be **passed**.

Agenda item 4: Appointing an auditor

Chair of the Meeting: Two candidates have been nominated as auditor. On 10 May 2012 the Management Board of Arco Vara AS nominated KPMG Baltics OÜ as auditor, and on 11 May 2012 Toletum OÜ, shareholder of Arco Vara AS, nominated AS PricewaterhouseCoopers as auditor. Since two candidates for auditor have been nominated, both candidates will be voted on separately and the successful candidate for auditor will be the one who receives more votes than the other one. If there is a tie, the decision will be made by drawing lots. The first one to be voted on will be KPMG Baltics OÜ, nominated by the Management Board of Arco Vara As, and the second one will be AS PricewaterhouseCoopers, nominated by shareholder Toletum OÜ.

Lembit Tampere, Member of the Management Board of Arco Vara AS:

KPMG Baltics OÜ has been the auditor of Arco Vara AS in the past two years, which is why the Management Board of Arco Vara AS nominated KPMG Baltics OÜ as auditor. The candidate for auditor of the Arco Vara AS shareholder was nominated one day later.

Draft resolution no. 4.1: Appoint 1 auditor for Arco Vara AS for one year (until the next general meeting of shareholders), appointing audit firm KPMG Baltics OÜ as auditor. Pay the auditor for auditing the 2012 economic operation of the company according to the contract to be made between Arco Vara AS and KPMG Baltics OÜ.

Voting results:

In favour:	1,051,811 votes, or 35.33%	of the votes represented at the meeting
Against:	900,012 votes, or 30.23%	of the votes represented at the meeting
Undecided:	1,024,987 votes, or 34.43%	of the votes represented at the meeting
No vote:	463 votes, or %	of the votes represented at the meeting

Draft resolution no. 4.2: Appoint AS PricewaterhouseCoopers as the auditor of Arco Vara AS for one year (until the next general meeting of shareholders). Pay the auditor for auditing the 2012 economic operation of the company according to the contract to be made between Arco Vara AS and AS PricewaterhouseCoopers.

Voting results:

In favour:	1,936,689 votes, or 65.05%	of the votes represented at the meeting
Against:	14,716 votes, or 0.49%	of the votes represented at the meeting
Undecided:	1,025,868 votes, or 34.46%	of the votes represented at the meeting
No vote:	0 votes, or 0%	of the votes represented at the meeting

Chair of the Meeting: Since 65.05% of the votes represented at the Meeting were cast in favour of the candidate for auditor nominated by Toletum OÜ, shareholder of Arco Vara AS, **the new auditor of Arco Vara AS will be AS PricewaterhouseCoopers and the resolution of the Meeting will be passed.**

All the agenda items have been covered and I thereby declare the Annual General Meeting of Arco Vara AS closed. The minutes of the General Meeting are available on the website of Arco Vara AS on 22 May 2012 at the latest.

Voting was carried out by a representative of the Estonian Central Depository for Securities. Voting was based on the ballots given to the shareholders at the time of their entry in the list of shareholders. Voting results were calculated electronically.

The Meeting was held in compliance with the legal and statutory requirements, the voting results are presented in the Minutes correctly, no dissenting opinions or written proposals were received.

The Attendance List and powers of attorney have been annexed to these Minutes.

Before signing, this Notarial Deed and its Annexes were given for review to the Chair of the Meeting and Minutes Secretary and were thereafter signed by hand before the Notary.

This Notarial Deed is made and signed in one (1) counterpart that will be kept in the Notary's office. On the day this Deed is made, Arco Vara AS is issued a certified copy of the Notarial Deed.

This document consists of 20 pages bound by string and embossing press.

Notary fee €19.50 (transaction value €29,798.725, Notary Fees Act § 18 (4), § 22, § 29 (1) 4)

VAT €63.9

Total €83.4

To the sums presented above will be added a fee for making and certifying copies and a fee for the time spent on making the notarial deed outside the Notary's office €3.80 per hour (Notary Fees Act § 36 (2)).

First Name and Last Name

Signature

First Name and Last Name

Signature

First Name and Last Name

Signed

First Name and Last Name

Signature

First Name and Last Name

Signed

First Name and Last Name

Signature

Notary Signed Seal