

# Annual General Meeting of Arco Vara AS

## **Dear shareholder of Arco Vara AS,**

Notice is hereby given that the annual general meeting of Arco Vara AS (registry number 10261718; registered office at Rävåla Avenue 5, Tallinn) will be held in the meeting room *Lübeck+St Peterburg* of Radisson Blu Sky Hotel in Tallinn at Rävåla Avenue 3 on 10 May 2016 at 10.00 am.

The agenda of the annual general meeting:

### 1. Approval of the annual report for 2015

The Supervisory Board proposes to the shareholders:

*To approve the annual report of Arco Vara AS for 2015.*

### 2. Distribution of Profit

The Supervisory Board proposes to the shareholders:

*To distribute the net profit for the year ended on 31 December 2016 in the amount of 467 thousand euros as follows:*

- *to pay dividends to the shareholders 0.01 euros per share, in the total amount of 61 170.12 euros. The list of shareholders entitled to dividends shall be fixed as at 25 May 2016, 23:59 PM. Dividends shall be paid to the shareholders by transfer to the bank account of the shareholders on 30 May 2016;*
- *to allocate 406 thousand euros to retained earnings.*

### 3. Issuance of a convertible bond (in connection with the incentive scheme of the Management Board member)

The Supervisory Board proposes to the shareholders:

- *to increase the share capital of Arco Vara AS conditionally by issuing one convertible bond with the nominal value of 1,000 euros in accordance with the conditions of the convertible bond which are found among the materials of the AGM made available to the shareholders;*
- *the convertible bond will give its owner the right to subscribe up to 390,000 shares of Arco Vara AS for 0.7 euro per share starting from 10 May 2019 until 31 December 2019;*
- *in case of subscription the Management Board of Arco Vara may increase the share capital up to 273,000 euros, i.e by 390,000 shares;*
- *the existing shareholders will give up the right of privileged subscription of the convertible bond as well as the right of privileged subscription of the shares issued after the exchange of the convertible bond.*

#### 4. Issuance of convertible bonds (in connection with the incentive scheme of the division managers)

The supervisory board proposes to the shareholders:

- *to increase the share capital of Arco Vara AS conditionally by issuing up to 12 convertible bonds with the nominal value of 500 euros in accordance with the conditions of the convertible bonds which are found among the materials of the AGM made available to the shareholders;*
- *provided that the net profit of Arco Vara group for the years 2016-2018 is at least 5.5 million euros, the convertible bonds will give the owners the right to subscribe for all together up to 200,000 shares of Arco Vara AS for 0.7 euro per share starting from 10 May 2019 until 31 December 2019;*
- *in case of subscription the Management Board of Arco Vara may increase the share capital up to 140,000 euros, i.e by 200,000 shares;*
- *the existing shareholders will give up the right of privileged subscription of the convertible bonds as well as the right of privileged subscription of the shares issued after the exchange of the convertible bonds.*

## 5. Appointment of Auditor

The Supervisory Board proposes to the shareholders:

*To appoint an auditor for one year (until the next annual general meeting of shareholders) and appoint PricewaterhouseCoopers AS as the auditor. To pay the auditor for auditing the 2016 annual report according to the agreement concluded between Arco Vara AS and PricewaterhouseCoopers AS.*

The materials of the annual general meeting will be available on the website of Arco Vara AS at [www.arcorealestate.com](http://www.arcorealestate.com) and in the registered office of Arco Vara AS at Rävåla Avenue 5, Tallinn on business days from 9 am to 5 pm.

Questions regarding the agenda items may be sent by email to [info@arcovara.ee](mailto:info@arcovara.ee). The questions together with the answers will be published on the website of Arco Vara AS. All shareholders have a lawful right to obtain information from the Management Board about the operation of the company. Shareholders whose shares represent at least 1/20 of the share capital of Arco Vara AS may request that additional items be added to the agenda provided they submit their request at least 15 days before the general meeting, i.e. by 25 April 2016 at the latest, and they may propose a resolution on any or all agenda items, provided they submit the proposal at least 3 days before the general meeting, i.e. by 7 May 2016 at the latest. Shareholder requests and proposals have to be submitted by email to [info@arcovara.ee](mailto:info@arcovara.ee) and they will be published in line with legal requirements.

The list of shareholders eligible to vote will be fixed 7 days before the general meeting, i.e. on 3 May 2016 as at 23:59.

Registration of attendees begins on 10 April 2016 at 9:45 am. For registration, please bring an identity document. A proxy must have a written proxy document or other documents verifying the right to act as a proxy. A shareholder may notify Arco Vara AS before the meeting of the appointment of a proxy or the revocation of a proxy appointment by sending relevant digitally signed notice to [info@arcovara.ee](mailto:info@arcovara.ee) on 9 May 2016 at the latest.

The notice of the annual general meeting will be published in *Postimees* on 15 April 2016.

**Yours sincerely,**

**Management Board of Arco Vara AS**

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