

Extraordinary General Meeting of Arco Vara AS

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NOTICE OF THE EXTRAORDINARY GENERAL MEETING, ITS AGENDA AND PROPOSED RESOLUTIONS

Dear shareholder of Arco Vara AS

The Management Board of Arco Vara AS is convening an extraordinary general meeting of Arco Vara AS (registry number 10261718; registered office at Rävåla Avenue 5, Tallinn) on 27 December 2017 at 10.00 am in Radisson Blu Sky Hotel in Tallinn at Rävåla Avenue 3 in the meeting room *St Petersburg*.

Below is presented the agenda and the draft decision approved by the Supervisory Board.

The Management Board explains that the reason for increasing the share capital is connected to the need for additional capital to finance the development in Bulgaria as disclosed in the announcement published on 27 November 2017.

The agenda of the extraordinary general meeting:

I. Increasing Arco Vara AS' share capital, public offer to existing shareholders and listing the new shares on Nasdaq Tallinn Stock Exchange's Baltic Main List

1. To increase Arco Vara AS' (hereinafter: the "Company") share capital as follows:

a. The Company will issue 2,670,000 new common shares with nominal value of 0.7 EUR per share.

b. Issuance price of one new common share will be 1.5 EUR, which consists of 0.7 EUR nominal value and 0.8 EUR premium.

c. The new share capital of the Company will be 6,423,908 EUR.

d. The subscription period for the new shares will commence on 29 December 2017 at 09:00 and terminate on 14 January 2018 at 16:00, but the Management Board may change, prolong or shorten the subscription period in accordance with the law.

e. The issue is directed to the Company's existing shareholders and will take place only in Estonia. The existing shareholders of the Company will have the preferential right to subscribe for the new shares. The list of shareholders eligible to use the preferential right to subscribe will be fixed on the last day of the subscription period as at the end of the working day of Nasdaq CSD Estonian settlement system.

f. Payment for the shares shall be made by monetary contribution at the latest during 3 working days after the end of the subscription period, i.e. by 17 January 2018 at the latest; the Management Board may specify the deadline and the procedure of the payment.

g. In allocating new shares, the Management Board will honour the preferential subscription rights of the Company's existing shareholders as derived from the law, and follow the principle of equal treatment of shareholders.

h. In case the amount of shares subscribed for during the subscription period is under the volume of the planned share capital increase, the Management Board of the Company will have the right to cancel the shares that were not subscribed for during the subscription period. The Management Board will have the right to exercise this right during 15 days after the end of the subscription period.

2. To arrange the public offering of the aforementioned shares to be issued to the Company's existing shareholders, and the listing of the new shares on Nasdaq Tallinn Stock Exchange's Baltic Main List.

The materials of the extraordinary general meeting will be available on the website of Arco Vara AS at 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. 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 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 24 December 2017 at

the latest. Shareholder requests and proposals have to be submitted by email to info@arcovara.ee and they will be published in line with legal requirements.

The list of shareholders eligible to vote will be prepared 7 days before the general meeting, i.e. on 20 December 2017 as at the end of the working day of Nasdaq CSD Estonian settlement system.

Registration of attendees begins on 27 December 2017 at 9:45 am. For registration, please bring a valid 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 a relevant digitally signed notice to info@arcovara.ee on 26 December 2017 at the latest. The form of the proxy that shareholders can use to empower a proxy can be found on the website of Arco Vara AS at www.arcorealestate.com

The notice of the extraordinary general meeting including the exact time, location and agenda will be published in *Eesti Päevaleht* on 30 November 2017.

Kind regards,

Management Board of Arco Vara AS

+372 6144594

info@arcovara.ee