

Extraordinary General Meeting of Arco Vara AS

11.06.2014: Extraordinary General Meeting of Arco Vara AS

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

Dear shareholder of Arco Vara AS

As the shareholders of Arco Vara AS:

- AS LÖHMUS HOLDINGS
- HM Investeeringud OÜ
- OÜ ALARMO KAPITAL
- Aktsiaselts LHV Varahaldus
- Osaühing Rimonne Baltic

have applied for convening an extraordinary general meeting in accordance with § 292 (2) of the Commercial Code, notice is hereby given that the extraordinary general meeting of Arco Vara AS (registry number 10261718; registered office at Jõe 2B, Tallinn) will be held in the Bolero meeting room of Sokos Hotel Viru, Viru Square 4 on 4 July 2014 at 10.00 am.

The agenda of the extraordinary general meeting:

1. Raising Share Capital

The shareholders propose:

to approve the issuance of new shares of Arco Vara AS on the following terms and conditions:

- Arco Vara AS (the „Company“) will issue 3,5 million new shares with the nominal value of 0,7 EUR increasing the share capital by 2 450 000 EUR, therefore the new share capital of the Company will be 5 769 194,9 EUR;
- the Company will issue common shares;

- all of the existing shareholders of the Company will have the pre-emptive right to subscribe for the new shares in accordance with § 345 of the Commercial Code. Only the shareholders who are in the list of the Company's shareholders on 7 August 2014 at 23:59 Estonian time will be eligible. The pre-emptive right can be executed during the subscription period, which commences on 8 August 2014 at 09:00 Estonian time and terminates on 29 August 2014 at 17:00 Estonian time;
- the shares will be offered to the existing shareholders, professional investors and the employees of Arco Vara group in accordance with the public offering and listing prospectus;
- by issuing the new shares the pre-emptive right of subscription for the new shares derived from legislative acts will be granted to the shareholders and in case the amount of shares owned by a shareholder does not give the right to subscribe for a whole number of shares the amount of shares will be rounded down;
- the subscription period for the shares issued by the Company will commence on 8 August 2014 at 09:00 Estonian time and terminates on 29 August 2014 at 17:00 Estonian time;
- payment for the subscribed shares will be made by monetary contribution at the time of subscription;
- the nominal value of the shares is 0.7 EUR per share and issuance price of the new shares will be 1 EUR per share, therefore the amount of premium will be 0.3 EUR per share;
- the issued shares shall grant the right to dividends from the financial year the share capital was increased;
- in case the amount of shares subscribed for during the subscription period will exceed the volume of the planned share capital increase, the Management Board of the Company will have the right to cancel the oversubscribed shares in accordance with § 3461(2) of the Commercial Code. During allocation the Management Board of the Company will grant the existing shareholders their pre-emptive right for subscription derived from legislative acts and follow the principle of equal treatment of shareholders;
- 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;

- by issuing new shares the Company wishes to improve its capitalization. Proceeds of the share issue will be used for investing in residential real estate development projects.

2. Recall of the Supervisory Board

The shareholders propose:

To recall all members of the Supervisory Board, i.e. Hillar-Peeter Luitsalu, Rain Lõhmus, Arvo Nõges, Aivar Pilv, Allar Niinepuu, Toomas Tool, Stephan Balkin.

3. Election of members of the Supervisory Board

The shareholders propose:

- to elect Rain Lõhmus as member of the Supervisory Board of Arco Vara AS;
- to elect Sven Karjahärm as member of the Supervisory Board of Arco Vara AS;
- to elect Hillar-Peeter Luitsalu as member of the Supervisory Board of Arco Vara AS;
- to elect Allar Niinepuu as member of the Supervisory Board of Arco Vara AS;
- to elect Jaanus Hellat as member of the Supervisory Board of Arco Vara AS;
- to elect Aivar Pilv as member of the Supervisory Board of Arco Vara AS.

The materials of the extraordinary general meeting will be available on the website of Arco Vara AS at <http://www.arcorealestate.com/en/investor-info/general> and in the registered office of Arco Vara AS at Jõe 2B, 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 one twentieth 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 three days before the general meeting, i.e. by 1 July 2014 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 seven days before the general meeting, i.e. on 27 June 2014 as at 23:59.

Registration of attendees begins on 4 July 2014 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 3 July 2014 at the latest.

The notice of the extraordinary general meeting including the exact time, location and agenda will be published in Postimeeson 12 June 2014. Yours sincerely Management Board of Arco Vara AS +372 6144594 info@arcovara.ee