

Arco Vara AS' annual general meeting
is postponed to 30 May 2017 due to
lack of quorum

Arco Vara

Minutes of annual general meeting

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Annual general meeting of Arco Vara AS was supposed to take place on 5 May 2017. 43% of votes were registered to the annual meeting, but according to Commercial Code § 297 subsection 1 over 50% of the shares should have been represented. Therefore due to the absence of required quorum the general meeting was unable to adopt resolutions.

According to the Commercial Code § 297 subsection 2, the management of Arco Vara AS calls a new annual general meeting.

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

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 *Hamburg* of Radisson Blu Sky Hotel in Tallinn at Rävåla Avenue 3 on 30 May 2017 at 10.00 am.

The agenda of the annual general meeting:

1. Approval of the annual report for 2016

The Supervisory Board proposes to the shareholders:

To approve the annual report of Arco Vara AS for 2016.

2. Distribution of Profit

The Supervisory Board proposes to the shareholders:

- *to cover the net loss for the year ended on 31 December 2016 in the amount of 832 thousand euros from retained earnings;*
- *to pay dividends to the shareholders 0.01 euros per share, in the total amount of 65 070.12 euros. The list of shareholders entitled to dividends shall be fixed as at 26 May 2017, 23:59 PM. Dividends shall be paid to the shareholders by transfer to the bank account of the shareholders on 31 May 2017;*

3. 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 2017-2019 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 2020 until 31 December 2020;*
- *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.*

4. 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

2017 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 and in the registered office of Arco Vara AS at R vala 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 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 15 May 2017 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 27 May 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 fixed 7 days before the general meeting, i.e. on 23 May 2017 as at 23:59.

Registration of attendees begins on 30 April 2017 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 on 29 May 2017 at the latest.

Yours sincerely,

Management Board of Arco Vara AS

+372 6144 630

info@arcovara.ee

12.05.2017: Addition to the notice of Arco Vara AS' annual general meeting

Hereby, in accordance with § 293¹ (1) of the Commercial Code, the Management Board of Arco Vara AS discloses a draft resolution to the agenda of the general meeting, which will take place on 30 May 2017. The draft resolution to agenda's clause 2 is the following:

- *to cover the net loss for the year ended on 31 December 2016 in the amount of 832 thousand euros from retained earnings;*
- *to pay dividends to the shareholders 0.01 euros per share, in the total amount of 65 070.12 euros. The list of shareholders entitled to dividends shall be fixed as at 14 June 2017, 23:59 PM. Dividends shall be paid to the shareholders by transfer to the bank account of the shareholders on 16 June 2017.*

Yours sincerely,

Management Board of Arco Vara AS

+372 6144 630

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