

# PROKAPITAL

## MINUTES AND RESOLUTIONS OF SHAREHOLDERS EXTRAORDINARY GENERAL MEETING OF AS PRO KAPITAL GRUPP

In Tallinn, 14.03.2014

**AS Pro Kapital Grupp** (code of registration 10278802, located at Põhja pst. 21 Tallinn Republic of Estonia) (hereinafter referred to as the Company) shareholders extraordinary general meeting (hereinafter referred to as the Meeting) took place on 14th of March 2014 at 10.00 at the location of the Company, Põhja pst 21 Tallinn. Meeting ended at 10.17.

The reason for calling the meeting is to decide on approval of issuing new shares of group company AS Tallinna Moekombinaat substantially on terms and conditions approved by the extraordinary general meeting of shareholders of the Company. The proposal to call the extraordinary shareholders meeting was made by the Management Board of the Company.

The notice of the meeting was published on 13.02.2014 via NASDAQ OMX Tallinn stock-exchange and the notice was also published on 17.02.2014 in newspaper "Eesti Päevaleht" on page 5.

The chairman of the Meeting was **Ervin Nurmela**  
personal identification code 38210130252,

and

the recording secretary was **Liisa Kirss**  
personal identification code 47011120308,

Company's management board member Paolo Vittorio Michelozzi also participated at the meeting.

Pursuant to the list of participants of the meeting 12 shareholders were present and represented at the meeting, whereas the shares held by them represent 38 743 153 votes, which constitutes in total 71.61% of the votes represented by the shares.

The meeting was competent to pass decisions.

The following topics were on the agenda of the meeting:

- 1. Election of the Chairman and Secretary of the extraordinary shareholders meeting**
- 2. Approval of Share Issue of group company AS Tallinna Moekombinaat**

**Agenda item No. 1. election of the Chairman and Secretary of the extraordinary shareholders meeting**

It was proposed to elect Ervin Nurmela as the chairman of the meeting and Liisa Kirss as the secretary of the meeting. No other suggestions were made.

The proposal to elect Ervin Nurmela as the chairman of the meeting and Liisa Kirss as the secretary of the meeting was voted upon.

Voting results:

In favour:	38 743 153	votes	i.e.	100	%	of the votes represented at the Meeting
Against:	0	votes	i.e.	0	%	of the votes represented at the Meeting
Abstained:	0	votes	i.e.	0	%	of the votes represented at the Meeting

Based on the fact that 100% of the votes represented at the meeting were given in favour of the proposal, Ervin Nurmela was elected the chairman of the meeting and Liisa Kirss the secretary of the meeting.

**Agenda item No. 2. Approval of Share Issue of group company AS Tallinna Moekombinaat**

Chairman of the meeting explained the reasoning given by the management board of the Company in the notice of the meeting.

The goal of the issuance of new shares by group company AS Tallinna Moekombinaat is to raise capital necessary for the development of the shopping centre at Peterburi Rd. 2 in Tallinn.

The chairman of the meeting asked the shareholders if they have any questions in regards to the agenda item.

Shareholder Ülo Siinmaa asked whether issue concerns the shopping mall located on Peterburi Rd.

Chairman of the meeting said yes, AS Tallinna Moekombinaat is the owner of the plot in Peterburi Rd. where the shopping centre is planned.

*Translation from Estonian language*

Shareholder Ülo Siinmaa asked Management Board of the Company to give short explanation regarding increase of share capital.

Chairman of the Management Board of the Company Paolo Michelozzi gave an overview of the increase of share capital as follows:

The market conditions to start with the development of the new shopping centre seem very attractive, we've concluded many rental agreements and also some of the competitive projects have been halted.

Issue we need to solve is to raise capital necessary for the development of the shopping centre.

Management Board and Council have worked hard to find the solution.

Our condition has been preserving control over the project to be the decisive partner in the project.

We have found an interested party who is willing to invest in the equity of the shopping centre developer AS Tallinna Moekombinaat EUR 27 999 000 EUR and additionally grant an unsecured loan in amount of EUR 9 003 600. Nevertheless, such interested party has not taken a binding commitment to make such investment.

If all necessary funds are involved, the new investor will acquire approximately 47.63% of the entire share capital of the developer of shopping centre AS Tallinna Moekombinaat.

The reason for such structure is to preserve the majority holding of Pro Kapital.

If we make the calculation, then the investor assesses the current value of the land plot to be 33 000 000 Euros.

As of 30.09.2013 the investment property located at Peterburi road 2 Tallinn was valued at EUR 24 300 000 (fair value) in the consolidated balance sheet of the Company. The Company explains that in the audited annual report as of 31.12.2012 of AS Tallinna Moekombinaat the investment property is recorded with the balance value in the amount of EUR 11 485 077 (no fair value adjustment done).

The proposed transaction, in opinion of the Company's Management Board and Council, is favourable to the shareholders of the Company.

With regards to the high valuation of the project the investor wanted higher dividend rate in the future. Pursuant to the proposal the investor will be entitled to the dividend which is 22% higher than the dividend paid to current shareholders of AS Tallinna Moekombinaat.

The Chairman of the Meeting asked if there are any further questions.

Ülo Siinmaa asked whether AS Tallinna Moekombinaat will stay subsidiary to Pro Kapital or shall become independent company.

*Translation from Estonian language*

Paolo Michelozzi explained that it will remain subsidiary and Pro Kapital will preserve over 50% holding.

Ülo Siinmaa asked whether the construction works will start this year and whether the building permit is issued.

Paolo Michelozzi said that the building permit is issued and depending to decision of shareholders and success of raising capital the construction works are expected to start within couple of months. When the decision to start is made the investors will be informed via stock exchange.

There were no other questions.

Voting took place in regards to the approving of the issuance of new shares by AS Tallinna Moekombinaat (the "Share Issue") substantially on the following terms and conditions:

- (1) AS Tallinna Moekombinaat (the "Subsidiary") will issue 18 300 000 new shares (the "New Shares");
- (2) the pre-emptive right of the existing shareholders of the Subsidiary to subscribe for the New shares will be cancelled in accordance with § 345 (1) of the Commercial Code (äriseadustik);
- (3) the New Shares will be registered as a separate class of shares in the Subsidiary and the articles of association of the Subsidiary will be amended respectively;
- (4) the New Shares will rank pari passu in all respects with all currently existing shares in the Subsidiary (the "Existing Shares"), except that when the Subsidiary resolves to pay dividends, each New Shares will be entitled to the dividend which is 22% higher than the dividend payable for each Existing Share;
- (5) the New Shares may be issued in one or several tranches during a period of 6 months after the general meeting of shareholders of the Subsidiary has resolved to issue the New Shares;
- (6) this approval permits the Subsidiary to resolve issuance of the New Shares latest on 30 September 2014;
- (7) the monetary contribution (subscription price) for each New Share is at least EUR 1.53 (of which EUR 0,60 is the nominal value and at least EUR 0,93 is the share premium);
- (8) SUMMER SOLSTICE Limited (a company established and operating under the laws of United Arab Emirates with registration number IC20120139; the "Investor") has the right to subscribe for the New Shares;
- (9) the Investor has the right to transfer the right to subscribe for a New Share (the "Subscription Right" and the "Subscription Rights" in plural) to a third person (the "Transferee" and the "Transferees" in plural) provided that:
  - (a) offer and/or transfer of the Subscription Right to the Transferee would not be incompliant with any provision of any law;
  - (b) offer and/or transfer of the Subscription Right would not constitute a public offering of securities;
- (10) the Subsidiary does not have an obligation to issue a New Share, if its issuance would:
  - (a) be incompliant with any provision of any law; or
  - (b) require any additional consent by the general meeting of shareholders of the Company;
- (11) if all New Shares are not subscribed for during the relevant subscription period, the management board of the Subsidiary will have a right to:
  - (a) prolong respective subscription period by up to 15 days; and/or

**Translation from Estonian language**

(b) cancel the New Shares that were not subscribed for during the relevant subscription period;

(12) as a precondition for the subscription of a New Share, the subscriber must grant to the Subsidiary an unsecured shareholder loan in the amount of EUR 0,492 per New Share that it subscribes for (the "Shareholder Loan");

(13) the main terms and conditions of each Shareholder Loan are as follows:

(a) the entire Shareholder Loan must be transferred to the Subsidiary during the subscription period when respective New Share can be subscribed for;

(b) the Shareholder Loan will be subordinated to the obligations and liabilities of the Subsidiary (the "Senior Liabilities") towards each credit institution, which will provide a loan to the Subsidiary (including by refinances any such loan) in relation to real estate development, including development of the shopping centre on the immovable property at Peterburi Rd. 2 in Tallinn;

(c) the interest at the rate of 12% per annum will accrue on the outstanding principal amount of the Shareholder Loan;

(d) the interest will be calculated on the basis of actual number of days elapsed in the relevant interest period divided by 365, or in the case of a leap year, 366 (Actual/Actual);

(e) the entire accrued interest will be paid and the principal amount of the Shareholder Loan will be repaid on its final repayment date, which will occur on the earlier of (1) 15 years as of the date the Shareholder Loan is transferred to the account of the Subsidiary or (2) the date occurring in 12 months after the full repayment of the Senior Liabilities.

Voting results:

In favour:	38 743 153	votes	i.e.	100	%	of the votes represented at the Meeting
Against:	0	votes	i.e.	0	%	of the votes represented at the Meeting
Abstained:	0	votes	i.e.	0	%	of the votes represented at the Meeting

Based on the fact that 100% of the votes represented at the meeting were given in favour of the proposal the decision was passed.

The Meeting was conducted in Estonian and English. The voting took place through public voting by raising numbers given to shareholders' representatives.

The original of the minutes of the meeting is made in Estonian and the minutes are translated into English.

The following are enclosed to these Minutes:

1. list of participants in the Meeting
2. authorisation documents of shareholders' representatives

Chairman of the Meeting

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Recording secretary

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*Translation from Estonian language*