



**TALLINN NOTARY MERLE SAAR-JOHANSON**

NOTARY'S BOOK OF TRANSACTIONS  
REGISTRY NUMBER

1475

**MINUTES AND DECISIONS OF THE GENERAL MEETING OF THE PUBLIC  
LIMITED COMPANY TALLINNA VESI**

Prepared on the thirtieth of May in the year two thousand and nineteen (30/05/2019) and issued in Tallinn on the fifth of June in the year two thousand and nineteen (05/06/2019).

I, the Notary in and for Tallinn Merle Saar-Johanson, whose office is located at Rävåla pst 3 / Kuke tn 2 in Tallinn, was present at the annual general meeting of the shareholders (hereinafter referred to as the “**Meeting**”) of PUBLIC LIMITED COMPANY TALLINNA VESI (hereinafter referred to as the “**Public Limited Company**” or “**ASTV**”), registry code 10257326, located at Ädala Str. 10, Tallinn, 10614, on the thirtieth of May in the year two thousand and nineteen (30/05/2019).

The meeting took place in the conference room “Bolero” on the second floor of the Original Sokos Hotel Viru (Viru väljak 4, 10111 Tallinn).

The meeting started at 09:00 and ended at 10:00. Registration of the shareholders started at 08:30 and the registration was organised by ARS Corporate Services OÜ.

The meeting took place in Estonian and English, the participants were ensured the possibility to use interpretation into Estonian and English.

The notice of calling the meeting was published on page nine (9) of the newspaper *Eesti Päevaleht* on 07/05/2019 (and specification was published on page eleven (11) of the newspaper *Eesti Päevaleht* on 08/05/2019) and the notice to convene the Meeting of the Public Limited Company was published on the website of Nasdaq Baltic on 06/05/2019 (specification was published on 07/05/2019) and on the website of the Public Limited Company at the address <http://www.tallinnavesi.ee/>.

The share capital of the PUBLIC LIMITED COMPANY TALLINNA VESI is twelve million and sixty euros (€12,000,060), which is divided into A-shares (20,000,000 shares) with the nominal value of zero point six euros (€0.6), of which each gives one (1) vote at the Meeting, and a B-share (1 share) with the nominal value of sixty euros (€60), which based on the provisions of section 3.2.1.2 of the Articles of Association of the PUBLIC LIMITED COMPANY TALLINNA VESI gives one (1) vote at the Meeting for voting to make the decisions on the questions listed in section 3.2.1.2 of the Articles of Association of the

PUBLIC LIMITED COMPANY TALLINNA VESI. Based on the provisions of the section 3.2.1.2 of the Articles of Association of the Public Limited Company, the B-share gives no right to vote in making the decision on the items in the agenda of the Meeting. A shareholder's right to vote at the Meeting shall be established based on the share register as at 23/05/2019 at the closure of the business day of the settlement system. The list of participants was drawn up by Nasdaq CSD Branch in Estonia.

According to the list of participants of the Meeting, which is annexed to this notarial deed, a total of fifteen million seventy-five thousand one hundred (15,075,100) votes appointed by the A-shares and one (1) vote with the limited right to vote appointed by the B-share were present and represented at the Meeting. In total approximately seventy-five point thirty-eight percent (75.38%) of the votes appointed by the A-shares and one hundred percent (100%) of the votes appointed by the B-shares were represented at the Meeting. According to § 36 section 3 of the Notarisation Act, the Chairman of the Meeting is responsible for the correctness of the list of participants in the General Meeting.

The person who drew up this notarial deed has verified the quorum of the Meeting on the basis of the list of participants, which the Chairman of the Meeting signed in the presence of the person who drew up this notarial deed. The person who drew up this notarial deed verified the compliance of the list of participants with the share register and the list of participants was in compliance with the share register.

Pursuant to § 297 section 1 of the Commercial Code and section 6.2.6 of the Articles of Association of the Public Limited Company, the Meeting is authorised to make decisions if over half of the votes represented by shares are present. Hence, the Meeting had a quorum.

The Meeting was chaired by **Urmas Volens**  
personal identification code 37612240328  
who is personally known to the notariser of this deed  
and  
the minutes were taken by **Mailis Kullerkupp-Jõekaar**  
personal identification code 47305260334  
who is personally known to the notariser of this deed

Urmas Volens, Chairman of the Meeting, introduced to the shareholders the rules of the Meeting, including Estonian being the working language and interpretation being available into Estonian and English, informed that as per the data protection rules the meeting was recorded, introduced the procedure for speeches and questions as well as the procedure for disclosing the decisions of the general meeting to the public in line with the stock exchange rules and the use of electronic voting at the Meeting.

**The agenda of the Meeting included:**

- 1. Approval of the 2018 Annual Report**
- 2. Distribution of profit**
- 3. Extension of the terms of Supervisory Council members**
- 4. CEO Update**

Urmas Volens gave the floor to Mr **Simon Gardiner**, Chairman of the Supervisory Council, who welcomed the shareholders and thanked them for attending the meeting as well as for their continuing support for the Company. Mr Gardiner congratulated ASTV's Management

Board on having produced another excellent year for the Company both in terms of operational performance and financial performance. The most important thing is that ASTV continues to provide effective and value-for-money services to the citizens of Tallinn and is able to do so in an efficient way, which then allows the shareholders to benefit too. Every year people are asking about the arbitration case ASTV has been pursuing with the international Tribunal. Mr Gardiner said that he has not promised anything, but has certainly expected the result by the date of the Meeting. However, he was unable to bring any news on the result of that case. The latest news is also up on the Company's website that the decision is expected in June. Whether it would actually arrive in June, remains to be seen. ASTV will publish any news from the Tribunal as and when it gets it. Mr Gardiner concluded his update and gave the floor to Mr Karl Brookes, Chairman of the Management Board. Mr **Karl Brookes** welcomed the shareholders and provided more detail on ASTV's results. At the end of last year, a total of 310 people were working in ASTV and 60 of them in its subsidiary OÜ Watercom. Unfortunately, we had 2 lost time work accidents last year, which were thankfully small accidents and the employees have made a full recovery and are back in work. We learned from those incidents and have put corrective actions in place to prevent reoccurrence. Every day safety audits are completed on our construction sites across the city. As a result of the audits, we can say that the overall compliance rate is very high and well above the target of 95% set by ASTV. As in previous years, we carried out our employee opinion survey last year. It was pleasing to see a slight increase in the overall satisfaction score, which is up to 69 points and compares very well in terms of European norms and Estonian average. Mr Karl Brookes gave the floor to Mr Aleksandr Timofejev, Member of the Management Board. Mr **Aleksandr Timofejev** gave an overview of operational performance that had improved year-on-year and was also excellent last year. Similar to 2017, all 97 levels of service, established in the Services Agreement signed with the City of Tallinn, were met. ASTV is doing everything it can to make sure that the performance would be as good as it is also in 2019. Speaking of numbers, the level of leakages was the lowest of all time, staying below 14%. This is the result that we have achieved thanks to timely investments and maintenance activities. Also, the water quality continues to be very high. Each year, we take around 3,000 samples from our customers, the samples taken meet the requirements set in Estonia as well as all the European requirements. Compliance of the final effluent is also extremely important for us. Last year, we treated 50 million m<sup>3</sup> of wastewater. The treated effluent complied with all requirements, with nitrogen and phosphorus removed as required. ASTV is an environmentally conscious company and takes care of the cleanliness of the marine environment. Also, customer satisfaction and trust in our product are important for us. Therefore, we ask customers whether they use tap water for drink. Studies have shown that around 86% of ASTV customers drink tap water. We try to raise people's awareness even further and promote drinking tap water in the media as well. Tap water is safe and secure and worth drinking. We also cooperate with the City of Tallinn, installing public water taps. We also cooperate with kindergartens and schools. Last year, in cooperation with the City Museum, we organised an exhibition, which today can be seen in the blue classroom of the Tallinn Water Treatment Plant. Last year, we also won the first prize in the "International Project of the Year" category in the Ground Engineering Awards competition. The winning project was the repair of Tihase collector. Mr Aleksandr Timofejev gave the floor to Ms Riina Käi, Member of the Management Board. Ms **Riina Käi** welcomed the shareholders and continued with an update on the financial performance. Share price at the end of the last financial year had been €9.60, which was somewhat lower showing a decrease of 5,88% than the price at the end of 2017. ASTV's share price still outperformed the TSE index, which dropped 6.38%. ASTV's share price has remained strong and the closing price yesterday was even higher than the highest share price at any moment in 2018. Financial performance has

been pleasing. ASTV's prices in the main service area and surrounding municipalities have remained unchanged since 2010. She said that she did not even remember any prices that would have been frozen and/or dropped over a period of 8-9 years. Irrespective of that we are in an ongoing tariff dispute. We do provide our customers with a high-quality service for a good price. Irrespective of the fact that ASTV's prices have been frozen, we have managed to raise our sales revenue by 5% from €59.8 to €62.8. 57.8% of our growth comes through our subsidiary OÜ Watercom. The growth in pipe construction and asphaltting works has been €1.7 million and such revenues amounted to €6 million. Remainder of the growth was attributable to the increase in volumes in the main service area. The revenues from surrounding municipalities have stayed more or less the same. Other revenues have also shown some small fluctuations. Cost control in the Company is strong. €200 thousand of savings have been made in direct production cost, which is mainly due to lower electricity prices that we were fortunate to fix at a favourable moment in terms of price levels. At the same time, the cost of chemicals have been slightly higher, because we are affected by the methanol price, which has risen significantly. The total of production costs grew €3.1 million and 51.8% of that is attributable to an increase in pipe construction activities. The maintenance and repair costs as well as the sludge disposal costs have also increased. The decrease in other financial costs is mainly caused by formation of the provision in 2017. The income tax cost on dividends has dropped by €900 thousand. Consequently, the net profit of ASTV was €24.2 million at the end of the financial year 2018. Last year, ASTV made investments in the amount of €10.4 million, including the annual water and wastewater network reconstruction programme and other extensive investments. The earnings per share were €1.21 last year and the Management Board made a proposal to the Supervisory Council to pay €0.75 per A-share and the fixed €600 per B-share as dividends. There is a specific draft resolution to be voted at the Meeting. Ms Riina Käi concluded her update.

**Urmas Volens**, the Chairman of the general meeting, continued with the introduction of the agenda items and carrying out voting.

### **Agenda Item 1. Approval of the 2018 Annual Report**

Chairman of the Meeting called for voting the proposal to approve the 2018 Annual Report including the balance sheet total in the amount of two hundred and forty-nine million seven hundred and forty-eight thousand (249,748,000) euros and net profit in the amount of twenty-four million one hundred and fifty thousand (24,150,000) euros.

Voting results:

in favour:	15,028,200	votes or	99.69% of the votes represented in the Meeting
opposed:	0	votes or	0.00% of the votes represented in the Meeting
impartial:	5,400	votes or	0.04% of the votes represented in the Meeting
abstained:	41,500	votes or	0.28% of the votes represented in the Meeting

Due to the fact that over half of the votes represented with shares at the Meeting must vote in favour to adopt this decision, **the decision under the Agenda item 1 has been adopted.**

### **Agenda item 2. Distribution of profit**

Chairman of the Meeting called for voting the following profit distribution proposal:

The net profit of the Company in 2018 is €24,150,000 (twenty-four million one hundred and fifty thousand). To distribute €15,000,600 (fifteen million six hundred) of AS Tallinna Vesi's retained earnings of €64,753,000 (sixty-four million seven hundred and fifty-three thousand) as of 31 December 2018, incl. from the net profit of €24,150,000 (twenty-four million one hundred and fifty thousand) for the year 2018, as dividends, of which €0.75 (zero point seventy-five) per share shall be paid to the owners of A-shares and €600 (six hundred) per share shall be paid to the owner of the B-share. Remaining retained earnings will remain undistributed and allocations from the net profit will not be made to the reserve capital.

Based on the dividend proposal made by the Management Board, the Council proposes to the general meeting to decide to pay the dividends out to the shareholders on 25 June 2019. The list of shareholders entitled to receive dividends will be established as at 14 June 2019 at the closure of business day of the settlement system. Consequently, the day of change of the rights related to the shares (ex-dividend date) is set to 13 June 2019. A person acquiring the shares from 13 June 2019 onwards shall not be entitled to receive the dividends determined by this decision.

Before carrying out the voting, **Urmas Volens** provided shareholders with the opportunity to ask questions.

Shareholder **Toomas Taube** asked regarding that agenda item, what were the reasons for coming up with that particular amount of dividend. The profit figures would allow paying significantly higher dividends.

**Riina Käi**, Member of the Management Board, pointed out to the shareholders the ongoing disputes, which have lasted for 9 years. The disputes have not been resolved. Neither has the Competition Authority approved ASTV's tariff application, which had been submitted at the end of February 2018. Hence, there is an amount of uncertainty about the size of new tariff as well as the final result of the disputes. Riina Käi also drew attention to the fact that the dividend paid in the previous two years were €0.54 and €0.36 per share, however, given the current cash balance it was decided to propose a payment of slightly higher dividend in 2019, but still retaining a conservative approach. Should the Company arrive in the position of legal certainty at some point, it will certainly review its dividend policy amongst other things.

No more questions were asked.

Voting results:

in favour:	15,068,359	votes or	99.96% of the votes represented in the Meeting
opposed:	2,506	votes or	0.02% of the votes represented in the Meeting
impartial:	2,480	votes or	0.02% of the votes represented in the Meeting
abstained:	1,755	votes or	0.01% of the votes represented in the Meeting

Due to the fact that over half of the votes represented with shares at the Meeting must vote in favour to adopt this decision, **the decision under the Agenda item 2 has been adopted.**

### Agenda item 3. Extension of the terms of Supervisory Council members

#### 3.1. Extension of Mr Allar Jõks' term as a Supervisory Council member of AS Tallinna Vesi from 2 June 2019

Chairman of the Meeting called for voting the proposal to extend Mr Allar Jõks' term as a Supervisory Council member of AS Tallinna Vesi by two (2) years from 2 June 2019.

**Urmas Volens** provided shareholders with the opportunity to ask questions. No questions were asked.

Voting results:

in favour:	15,026,249	votes or	99.68% of the votes represented in the Meeting
opposed:	1,371	votes or	0.01% of the votes represented in the Meeting
impartial:	5,544	votes or	0.04% of the votes represented in the Meeting
abstained:	41,936	votes or	0.28% of the votes represented in the Meeting

#### 3.2. Extension of Mr Priit Rohumaa's term as a Supervisory Council member of AS Tallinna Vesi from 2 June 2019

Chairman of the Meeting called for voting the proposal to extend Mr Priit Rohumaa's term as a Supervisory Council member of AS Tallinna Vesi by two (2) years from 2 June 2019.

**Urmas Volens** provided shareholders with the opportunity to ask questions. No questions were asked.

Voting results:

in favour:	15,070,157	votes or	99.97% of the votes represented in the Meeting
opposed:	1,244	votes or	0.01% of the votes represented in the Meeting
impartial:	3,699	votes or	0.02% of the votes represented in the Meeting
abstained:	0	votes or	0% of the votes represented in the Meeting

Due to the fact that pursuant to the section 6.3.5 of the Articles of Association of the Public Limited Company, the Supervisory Council of the Public Limited Company consists of nine (9) members and pursuant to the § 299 section 2 of the Commercial Code, in the election of a person at the Meeting, the candidate who receives more votes than the others, shall be deemed to be elected, **the Meeting decided to extend Mr Allar Jõks' term as a Supervisory Council member of the Public Limited Company and Mr Priit Rohumaa's term as a Supervisory Council member of the Public Limited Company by two (2) years from 02.06.2019.**

#### **Agenda item 4. CEO Update**

Chairman of the Board, Mr **Karl Brookes**, gave an update on the tariff dispute. Local dispute has been going on since 2011. This dispute lasted until December 2017 when ASTV received a negative result in the Supreme Court. This means we are now effectively being regulated by the Competition Authority's tariff regulation. We submitted a tariff application to the Competition Authority at the beginning of last year and have since been in close communication with the Competition Authority. In December last year, the Competition Authority rejected ASTV's tariff application. Karl Brookes gave more detailed overview of the different views between Competition Authority and ASTV as regards to tariff application. ASTV challenged the rejection of the tariff application with CA, which the CA did not approve. Thereafter, the Company filed a claim to the Tallinn Administrative Court. In addition to the rejection of the tariffs in December, the Company also received a letter from Competition Authority as regards to the possible supervisory proceedings. The letter stated that the Competition Authority has the right to establish the temporary tariffs in the future at the level, which would be deemed fair in the eyes of Competition Authority. That is related to the issues Riina Kãi mentioned before and it explains the reason for the Company taking more conservative approach to dividend payments, as the timing of those developments should they occur is not known yet. In summary, Mr Brookes said the shareholders the following: "Despite issues related to the tariff, ASTV's results are very good. I believe that we provide excellent service to our customers for a very reasonable price. The average cost of water per domestic client is just ca €0.50 per day, i.e. €15 per month. In comparison with the prices of other services providers and prices of water utilities in surrounding municipalities, it is a very reasonable price. It is good to see the continuing growth of Watercom OÜ, solely owned by ASTV. More and more services are being provided outside the group, which evens the impact of possible tariff decrease. At the same time, it would be too optimistic to see Watercom fill the potential revenue gap, should it happen. ASTV's management is also thinking of the future and making plans for further growth, increase external revenues and fulfil the gap from the loss of income. We know that there are 200 water undertakings outside of Tallinn, whose owners are local governments and already now, consolidation of water undertakings is happening. We will observe this closely." With this Mr Brookes concluded his update.

**Urmas Volens**, Chairman of the Meeting, gave the shareholders the opportunity to ask questions and read out the first question from shareholder **Priidu Pärna** that is attached to these minutes. **Riina Kãi**, member of the Management Board, answered the question saying that the Management Board of ASTV has formed the provision for possible third party claims. To date, we have not received substantiated claims. Hence, there are no grounds to revise the assumptions for formation of provision until there is additional information which requires the revision. ASTV's Management Board evaluates the provision for possible third party claims periodically. At the moment the provision is formed and there is no reason to change it. Riina Kãi also added, that as regards to the legal expenses, she does not have the exact figures with her, confirming that the legal expenses last year had been smaller than in previous years. The amounts were bigger during the active dispute processes. The expenses related to international arbitration were higher than those related to the local legal proceedings. Still, the disputes were needed and we are awaiting for the award from international arbitration.

Shareholder Mr **Ivar Mägi** asked Karl Brookes for clarification regarding the consolidation of the water companies mentioned in his speech. "Do I understand correctly that you would be willing to buy other water companies outside either the City of Tallinn or the so-called "Great-Tallinn" area, e.g. in Valga, Viljandi, etc?" Mr Mägi also expressed his personal

opinion that he did not see the water companies consolidating. Although many investments are made using money from the European Structural Funds, he has not noticed the market or consolidation of water companies.

In his reply, Mr **Karl Brookes** referred to a very detailed study of the Estonian water business sector, carried out about 18 months ago. This is also publicly available “ASTV is not currently engaged in any mergers, but we are monitoring what is happening, and ready to share the experience gained from our success story with other water companies.” he said.

Shareholder **Ivar Mägi** asked regarding the arbitration if the result which is currently being awaited was final and could not be appealed? He also asked to explain the understanding of potential impacts of the decision A or B on ASTV.

**Karl Brookes** replied that the Company is prepared for different outcomes. If the arbitration decision is usually made within 18 months, then we have been waiting for the decision since November 2016. Therefore, it would be 3 years in November this year. We have had previous indications on when the decision would come, the last one being 3 May, which was subsequently delayed further. Currently we have no specific date, but the Arbitration Panel have indicated a decision could be made in June. Shareholders will be informed by stock announcement, as soon as we receive any additional information or timescales.

**Simon Gardiner** added that it constituted a damage claim, which was based on the adoption of Anti-Monopoly Bill in 2010. Damage claim is ca €65 million plus legal costs. We do not know if we will be successful. In response to Ivar Mägi’s specifying question, Simon Gardiner added to that it would be a final solution and there are extremely low legal bases for annulment..

Shareholder **Ivar Mägi** asked, why ASTV was advertising tap water, the quality of which he personally did not doubt? Is the advertising targeted to get people to drink more water?

**Aleksandr Timofejev** replied that the aim was to talk what ASTV is doing and how. Many older people remember the quality of tap water as it was 30 years ago and due to that they do not dare to drink it. Therefore, talking about the quality is important. Also, tap water is environmentally friendly. We position ourselves as an environmentally friendly company and do everything to protect the environment. Bottled water is in a plastic bottle, which is not environmentally friendly and is expensive. Good chilled water can be taken straight from the tap. This is certainly not for the purpose of growing sales volumes, because a person drinks ca 2 litres of water per day, and will not start drinking more because of our advertisement.

As the participants of the Meeting had no more questions, **Urmas Volens**, Chairman of the Meeting, closed the Meeting.

The voting was carried out by ARS Corporate Services OÜ. The voting took place via electronic voting devices issued to the shareholders upon entering them to the list of shareholders. The voting results were calculated by electronic means.

Making of the decisions set out in these minutes complies with the requirements set out in the law and Articles of Association.

The following has been attached to these minutes:

1. List of participants of the Meeting
2. Powers of Attorney of the representatives of shareholders
3. The questions submitted in writing by a shareholder

UNOFFICIAL TRANSLATION FROM ESTONIAN

Before signing, this notarial deed and annexes thereto have been given for review to the Chairman of the Meeting and the person who took the minutes, thereafter these have been autographed in the presence of the verifier of this notarial deed.

This notarial deed (minutes and decisions of the general meeting) has been prepared and signed in one (1) copy, which shall be kept at the notary's office. On the day of preparing this notarial deed, the Public Limited Company shall receive a transcript of this notarial deed.

This document includes 72 sheets bound with cord and embossing seal.

Notary fee: Minutes of the General meeting €319.50 (§ 18 section 4, 22, 29 section 1 subsection 4 of the Notary Fees Act).  
Departure to the Meeting location €3.80 (§ 36 section 2, § 37 of the Notary Fees Act).

<b>Total Notary fee</b>	€323.30
Value added tax	€64.66
<b>Total</b>	<b>€387.96</b>

Chairman of the Meeting

\_\_\_\_\_

First and last name

Signature

Secretary of the Meeting

\_\_\_\_\_

First and last name

Signature