

**AGREEMENT ON AMENDING
of
THE SERVICES AGREEMENT
and
THE 30 SEPTEMBER 2002 AGREEMENT
and
THE 14 MARCH 2005 AGREEMENT
and
THE STORM WATER AGREEMENT
and
THE FIRE HYDRANTS AGREEMENT**

Tallinn,

No 4970
30. November 2007

THE CITY OF TALLINN (in Estonian *Tallinna Linn*), represented by the mayor Mr. Edgar Savisaar who is acting pursuant to the Tallinn City Council resolution No. 283, dated 29 November 2007, (hereinafter the "**City**")

and

AKTSIASELTS TALLINNA VESI, with registration code No. 10257326, with registered office at Ädala 10, 10614 Tallinn, Estonia, represented by the Chairman of the Management Board Mr. Roch Chéroux who is acting pursuant to law and the Articles of Association of the company, (hereinafter the "**Company**")

and

UNITED UTILITIES (TALLINN) B.V., a limited liability company registered in the commercial register of the Chamber of Commerce and Industries of the Netherlands under the registration code No. 34137178, with registered office at Teleportboulevard 140, 1043 EJ Amsterdam, the Netherlands, represented by Mr. Robert J. Gallienne who is acting pursuant to the Power of Attorney, (hereinafter the "**Investor**"),

hereinafter the City and the Company are separately referred to as a "**Party**" and together as the "**Parties**",

whereas:

- (a) The City wishes to achieve by 31 March 2011 the construction of the System in the area uncovered with the public water supply and sewerage network as per the Tallinn Development Plan for Water and Sewerage in force on the date of this Agreement;
- (b) The Company has submitted to the City on 24 September 2007 an application for including Mõigu and Raku-Raudalu in the Services Area. The City wishes to extend the System in the Services Area in accordance with Article 6(2)2 of the PWSSA and in areas where more than 50 per cent of residential buildings for which building permits were issued before 22 March 1999 are connected to the public water supply and sewerage system in accordance with the provisions of Article 14(3)5 of the PWSSA;
- (c) The construction and extension of the System by the Company pursuant to the provisions specified above requires the Company to make significant investments in 2008-2011;

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(d) The City and the Company have agreed that the Company undertakes to perform certain works necessary for constructing and extending the System specified in this Agreement and the City undertakes to secure compensation of the expenses borne by the Company for that purpose in line with Articles 14(1) and 14(3)5 of the PWSSA ensuring that the legal acts of the City are in compliance with the aforementioned provisions;

(e) The Tallinn City Council has approved the terms and conditions of this Agreement,

the Parties and the Investor have agreed to change the Project Agreements in concluding the present agreement as follows:

1. Definitions

1.1 Capitalised terms used in this Agreement that have not been defined elsewhere in this Agreement shall have the following meanings:

- | | |
|--------------------------------------|---|
| "Agreement" | shall mean this Agreement on Amending the Services Agreement, the 30 September 2002 Agreement, the 14 March 2005 Agreement, the Storm Water Agreement and the Fire Hydrants Agreement. |
| "Immovable" | shall mean an immovable in the meaning of Articles 1(1) to 1(2) of the PWSSA that is located on the land with the intended purpose as residential land. |
| "Opportunity to Connect" | shall mean the existence of the System in the street section adjoining the Immovable in the part verging the Immovable. For the purpose of these Immovables on which there are located residential buildings whose building permits have been issued before 22 March 1999, the Opportunity to Connect shall mean in addition to what is stipulated in previous sentence also the existence of the connection point between the System and the Immovable's water and sewerage system according to the applicable legal acts. |
| "Storm Water Agreement" | shall mean the Agreement on the Conduct of Rain Water, Drainage Water and Other Soil and Surface Water from Public Roads, Streets and Squares to the Public Sewerage System and Treatment thereof and the Construction of Storm Water Facilities concluded between the City and the Company on 22 June 2001. |
| "Fire Hydrants Agreement" | shall mean the Agreement on the Extraction of Fire Fighting Water from Fire Hydrants in the Public Water Supply System and Extraction of Water from Public Water Extraction Points concluded between the City and the Company on 22 June 2001. |
| "30 September 2002 Agreement" | shall mean the Agreement on Amending the Project Agreements concluded between the City, the Company and the Investor on 30 September 2002. |
| "14 March 2005 Agreement" | shall mean the Agreement on Amending the Services Agreement, the 30 September 2002 Agreement on Amending the Project Agreements, the Storm Water Agreement and the Fire Hydrants Agreement concluded between the City, the Company and the Investor on 14 March 2005. |
| "Services Agreement" | shall mean the Services Agreement concluded between the City and the Company on 12 January 2001. |
| "Project Agreements" | shall mean the Project Agreements defined in the 30 September 2002 Agreement together with the 30 September 2002 Agreement and the 14 March 2005 Agreement. |

1.2 Capitalised terms not defined in this Agreement shall have the meanings given to them in the Project Agreements, unless stated otherwise in this Agreement.

2. General principles

2.1 The Mandate Period shall be extended until 30 November 2020 and in connection therewith the following provisions of the Project Agreements shall be amended:

2.1.1 The definitions "Mandate" and "Mandate Period" under Clause 1(1) of the Services Agreement shall be amended and stipulated in the following wording:

"**Mandate**" means the exclusive rights and obligations acquired and assumed by the Company under this Agreement and under the Resolution of Tallinn City Council Number 396, dated 30 November 2000, and the Resolution of Tallinn City Council to be adopted by 15 December 2007, and under any subsequent Resolutions of the Tallinn City Council, including, without limitation, the obligation of the Company to perform the Services and the right to charge the Tariffs pursuant to the Statutory Requirements and this Agreement and the appointment of the Company as the provider of the Services pursuant to the PWSSA (*ainuõigus vee-ettevõtjana tegutsemiseks Tallinna ühisveevarustuse ja -kanalisatsiooni pöhittegevuspiirkonnas*);

"**Mandate Period**" means the period commencing on the Effective Date and expiring on the date of the following event, whichever falls due earlier: 30 November 2020 or the end of the period of any subsequent Resolution permitting the Company to provide the Services or the termination of this Agreement;"

2.1.2 Clause 3(1)(b) of the Services Agreement shall be amended and stipulated in the following wording:

"(b) Accordingly, the City Council has passed Resolution Number 396, dated 30 November 2000, and will pass a Resolution by 15 December 2007, appointing the Company as a provider of the Services pursuant to the PWSSA (together referred to as the "**Mandate Resolution**")."

2.2 The first Operating Period following the Initial Period (as extended by Clause 3(1) of Schedule I: Part I of the 30 September 2002 Agreement) shall run from the end of the Initial Period until the date of the following event, whichever falls due earlier: 30 November 2020 or the termination of the Services Agreement (hereinafter and in all Project Agreements referred to as the "Operating Period 2011-2020"). All respective rights and obligations of the City and the Company pursuant to the Project Agreements shall be amended accordingly.

2.3 During the Operating Period 2011-2020 the same Levels of Service shall be applicable as they are applicable with respect to the Initial Period immediately prior to the Operating Period 2011-2020. In order to achieve this objective the following provisions of the Project Agreements shall be amended:

2.3.1 The heading of Section A of Schedule D: Part I of the Services Agreement shall be amended and stipulated in the following wording:

"SECTION A: LEVELS OF SERVICE FOR 2001-2020".

2.3.2 The first paragraph of Clause 1 of Section A of Schedule D: Part I shall be amended and stipulated in the following wording:

"The Levels of Service as defined in this section set-out performance standards in water supply and the discharge and treatment of wastewater, storm water, drainage water and other soil and, surface water, the provision of firefighting water and other areas of the Company operations required to be achieved by the Company within the Services Area in Tallinn during the period from 12 January 2001 until the end of the Operating Period 2011-2020."

2.3.3 The heading of Section B of Schedule D: Part I of the Services Agreement shall be amended and stipulated in the following wording:

"SECTION B: FUTURE LEVELS OF SERVICE".

2.3.4 The current text of Section B of Schedule D: Part I of the Services Agreement shall be deleted and stipulated in the following wording:

"Levels of Service for the Operating Period following the Operating Period 2011-2020 will be determined by the City at least two (2) years prior to the end of the Operating Period 2011-2020. Prior to determining these Levels of Service the City provides the Company with an opportunity to express its opinion regarding the Levels of Service to be established by the City. The City shall take the opinion of the Company into consideration to such a degree that is possible, reasonable and rational."

2.3.5 Hereby the Parties have agreed that during the validity of this Agreement regarding the capital expenditures made on account of its own funds the Company shall have no more liabilities than those (i) that have been pointed out in Schedule D: part II of the Services Agreement, which pursuant to Clause 3(2) of Annex I: Part I of the 30 September 2002 Agreement are to be completed by the end of 2010 at the latest, and (ii) that are required by the Company for the performance of the Levels of Service (as extended by Clause 2.3 of this Agreement) set out in the Services Agreement. The works listed in the Schedule I of this Agreement shall be completed by 31 March 2011. During the Operating Period 2011-2020, the City shall not impose on the Company any additional capital expenditures.

3. Network extension programme

3.1 Schedule I of this Agreement sets out the water and sewerage network extension programme for the period from 2008 to 31 March 2011 (hereinafter the "**Network Extension Programme**"), delineating terms (the end of 2008, 2009, 2010 or by 31 March 2011) for completion of the works. The Network Extension Programme in Schedule I of this Agreement enacts the works to be performed in the areas described in Article 14(3)5 of the PWSSA by development areas, streets and estimation of length in meters. All works that are set out in the Network Extension Programme must be completed at the latest by 31 March 2011.

3.2 Schedule I of this Agreement also sets out the programme for the design and construction works of storm water sewerage (including Storm Water Facilities) by the lengths of network sections in meters for the period from 2008 until 31 March 2011.

3.3 The Company shall undertake to submit the specification of the Network Extension Programme (hereinafter referred to as "**Annex A to the Network Extension Programme**") to the City by 15 December 2007 at the latest, which sets out: (i) a list of all Immovables without a connection opportunity adjoining the sections of the streets listed in the Network Extension Programme for which on the basis of the Network Extension Programme an Opportunity to Connect shall be provided within the period from 2008 to 31 March 2011; (ii) terms for providing each Immoveable referenced in (i) above the Opportunity to Connect (by the end of 2008, 2009, 2010 or by 31st March 2011). These Immovables on which there are located residential buildings whose building permits have been issued before 22 March 1999 must be presented in the Annex A to the Network Extension Programme in a way that they are distinguished from other Immovables listed in the Network Extension Programme. The City shall review and approve the Annex A to the Network Extension Programme by 7 January 2008 at the latest. After the approval of the Annex A to the Network Extension Programme by the City, this document shall be annexed to the Network Extension Programme that is Schedule I of this Agreement and it shall become an integral part of the Network Extension Programme and this Agreement, from which moment all the references of this Agreement to the Network Extension Programme must also be treated as reference to Annex A to the Network Extension Programme and from which moment the deadlines established in Annex A to the Network Extension Programme shall be considered as the deadlines of the Network Extension Programme.

3.4 The Network Extension Programme and/or the programme for the design and construction works of storm water sewerage (including Storm Water Facilities) may be amended by the agreement of the City and the Company (e.g. in the event the Tallinn Development Plan for Water and Sewerage is amended), provided that the Party requesting the amendment shall reimburse all additional expenses incurred as a result of any such amendment to the other Party.

3.5 In order to achieve the purposes stated in the above provisions of this Clause 3, the following provisions of the Project Agreements shall be amended:

3.5.1 Clauses 2.1 and 2.2 and Appendix I of the 14 March 2005 Agreement shall be deleted.

3.6 To the extent that it is within its power and control to grant or to procure, the City shall use its best endeavours to ensure that any Required Consents required by the Company or any third party for compliance with the agreed Network Extension Programme are granted to the Company or such relevant third party. Moreover, the City shall make its best efforts to ensure that the road construction programme of the City shall be in line with the Network Extension Programme.

3.7 For the delivery of the objectives set out in the Network Extension Programme and for a better cooperation between the Company and the City the Parties have agreed on forming a working group. The working group shall jointly be led by one (1) working group representative appointed

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by the City and one (1) appointed by the Company. The working group shall meet with the Deputy Mayor who co-ordinates the respective sphere in the City at least once in a quarter and also at other times when required so by the working group representative of at least one (1) Party. All persons, whose participation in a specific issue is considered necessary by the working group representatives of a Party, can be involved in the meetings of the working group after agreement of the other Party. All meetings of the working group shall be minuted and the minutes shall be signed by the working group representatives of the City and the Company.

3.8 In addition to the existing ways of monitoring the fulfilment of the Network Extension Programme, the Company shall provide to the City at the latest by 31 March of the following year a report of the fulfilment of the Network Extension Programme during the preceding year. The Company shall submit a final report of the fulfilment of volumes of the whole Network Extension Programme by 30 April 2011 at the latest. These reports must be prepared by streets and Immovables and reflect also the Immovables that have obtained the usage permit for their network extension.

3.9 The Company confirms that it undertakes to complete the works set out in the Network Extension Programme by the deadlines provided in the Network Extension Programme. Should the works not be finished by the deadline, the Company shall pay the City a contractual penalty of 1000 (one thousand) kroons per calendar month of delay for each Immovable set out in the Network Extension Programme that has not been provided with an Opportunity to Connect by the term set out in the Network Extension Programme, provided that the delay was not caused by the City failing to provide the necessary permissions. The penalty stipulated in this Clause shall replace and invalidate the penalty stipulated for NCW1 and NCW2 in Table B1 of Section B of Schedule D: Part III of the Services Agreement.

3.10 The City shall undertake to inform the Company about the application of the contractual penalty by 30 June of each calendar year at the latest regarding the works that were to be completed in the previous calendar year. This term of informing by the City shall be extended by the same number of days that the Company delayed with submitting the report referred to in Clause 3.8 of this Agreement to the City.

3.11 The City and the Company shall beforehand agree separately on any design and construction works not mentioned in Schedule I of this Agreement. The additional cost of those works shall be agreed between the City and the Company prior to the start of works and the City shall undertake to pay for the completed works within 60 (sixty) days starting from the completion of works and submission of respective invoice.

4. Compensation of network extension costs and new Rates of Tariff

4.1 Based on Articles 6(2)2 and 14(3)5 of the PWSSA, and subject to Clause 4.2 of this Agreement, costs incurred in developing the System (hereinafter the "**Network Extension Costs**") in the areas described in Article 14(3)5 of the PWSSA shall be compensated to the Company as follows through the Development Component included in the Rates of Tariff (as stipulated under Schedule II of this Agreement) related to the Domestic Tariff according to the consumption of water in the Services Area extended to include also Mõigu and Raku-Raudalu. As agreed in connection therewith the following provisions of the Project Agreements shall be amended:

4.1.1 Schedule I: Part V of the 30 September 2002 Agreement shall be replaced with Schedule II ("**Rates of Tariff**") of this Agreement.

4.1.2 The principle set out in Schedule E: Part I of the Services Agreement under the heading "Process of Determining the Rate of Tariff" that the "K-coefficient will be presented for five years in advance" shall not be applicable until 1 July 2020.

4.1.3 Clause 3(4) of Schedule I: Part I and Schedule I: Part IV of the 30 September 2002 Agreement shall be deleted.

4.1.4 Clause 2.3 (for the avoidance of doubt, in its entirety) and Appendix II of the 14 March 2005 Agreement shall be deleted.

4.2 In order to achieve a transition from the previous order for compensating the development costs of the System to the Company to the new order as set out in Clause 4.1 of this Agreement, the following principles shall apply:

4.2.1 The new order set out in Clause 4.1 of this Agreement shall not apply to these Immovables that were given the connection opportunity in or before 2006. The Network Extension Costs

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related to these Immovables shall be reimbursed to the Company according to the order that was in effect immediately before the entry into force of this Agreement. Among other things, the Company shall be entitled to request from the connectees the 20% balance of the Connection Charges when they connect to the System.

4.2.2 The Network Extension Costs incurred by the Company in 2007 as well as the Network Extension Costs that were incurred before 2007 but have not been reimbursed to the Company shall be compensated by the City to the Company according to the conditions of Schedule III of this Agreement.

5. Other amendments to the Project Agreements

5.1 The definition "Facilities and Equipment" under Clause 2.1 of the Storm Water Agreement shall be amended and stipulated in the following wording:

"Facilities and Equipment" shall mean facilities and equipment for discharging Storm Water which form a part of the System, including ditches, which are necessary for the provision of Storm Water Services. For avoidance of any doubt, the Parties hereby agree that within the meaning and scope of this clause the "ditches" only comprise such ditches used for Storm Water, which have been measured and mapped by the Company upon the special written agreement with the relevant body of the City. Any other ditches shall only be included within the relevant additional written contract between the relevant body of the City and the Company.

5.2 The current methods for calculation of the total volume of storm water (Q_{sv}) as set out in Clause 3 of Appendix III of the 14 March 2005 Agreement shall be amended so that the volume of the storm water collected for charge from the third parties by the Company shall be deduced from the total volume of storm water (Q_{sv}) by respective broadening of the scope of the factor Q_{mh} of the relevant formula. In addition, the description of the factor related to amount of leakages (Q_{vk}), which is currently missing, shall be added to the formula. The presentation of the formula shall not change. In connection therewith the following amendments shall be made to Clause 3 of Appendix III of the 14 March 2005 Agreement:

5.2.1 The first paragraph of Clause 3 shall be amended and stipulated in the following wording:

"The storm water treated in waste water treatment plant (WWTP) is calculated as the margin of total treated flow amount and sold sewage service, from which part of drinking water leakages and the own consumption of WTP and networks and storm water collected for charge from the third parties (including but not limited to the municipalities surrounding the City) and treated at the WWTP has been subtracted."

5.2.2 Factor Q_{mh} of the formula for calculation of the total volume of storm water (Q_{sv}) as set out in Clause 3 shall be calculated and presented as following:

" Q_{mh} – volume of waste water and storm water collected for charge from the third parties (including but not limited to the municipalities surrounding the City) and treated at the WWTP, m^3 ".

5.2.3 Without rendering any changes to the formula, the description of the factors of the formula shall be complemented by the description of the factor Q_{vk} as following:

" Q_{vk} – amount of leakages of the network as stipulated according to Appendix III of the 14 March 2005 Agreement, m^3 ".

5.3 The costs of planning, design and construction of storm water network referred to in Clause 7.3 of the Storm Water Agreement and Clause 3.1 of the 14 March 2005 Agreement borne by the Company in or before 2007 that have not been reimbursed to the Company shall not be reimbursed by the City according to the principles set out in Clause 8.3 of the Storm Water Agreement and Clause 3.1 of the 14 March 2005 Agreement. Such costs shall be compensated by the City to the Company by 31 March 2008 according to Schedule III of this Agreement.

5.4 The costs of planning, design and construction of storm water network referred to in Clause 7.3 of the Storm Water Agreement and Clause 3.1 of the 14 March 2005 Agreement borne by the Company during the period from 2008 to 2011 (incl.) shall not be reimbursed by the City according to the principles set out in Clause 8.3 of the Storm Water Agreement and Clause 3.1 of the 14 March 2005 Agreement. In order to compensate the Company for such costs the current methods for calculating the costs related to the collection and over pumping of storm water as set

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out in Clause 3 of Appendix III of the 14 March 2005 Agreement shall be temporarily amended so that for the period from 2008 to 2011 (incl.) a new fixed component (i.e. not based on actual costs in the accounting period) shall be added to the cost on the discharge of storm water in a separate system (C_{lahkv}). As of 2012 the temporary amendment shall cease to be effective, i.e. the above-referenced costs of planning, design and construction of storm water network shall be reimbursed by the City according to the principles set out in Clause 8.3 of the Storm Water Agreement and Clause 3.1 of the 14 March 2005 Agreement. In connection therewith the following amendments shall be made to Clause 8.3 of the Storm Water Agreement and Clause 3.1 of the 14 March 2005 Agreement and Clause 3 of Appendix III of the 14 March 2005 Agreement, each of which shall be effective until 31 December 2011:

5.4.1 Clause 8.3 of the Storm Water Agreement and Clause 3.1 of the 14 March 2005 Agreement shall not be applicable to the costs of planning, design and construction of storm water network referred to in Clause 7.3 of the Storm Water Agreement and Clause 3.1 of the 14 March 2005 Agreement.

5.4.2 The list of cost items related to the collection and over pumping of storm water set out in the fifth paragraph of Clause 3 shall be supplemented with the following item:

“5. development costs of the separate storm water network.”

5.4.3 The formula for calculation of the cost on the discharge of storm water in a separate system (C_{lahkv}) shall be amended and stipulated in the following wording:

“ $C_{lahkv} = a_1 + a_2 + a_3 + a_4 + a_5$ ”.

For avoidance of any doubt, the Parties hereby agree that the costs on the discharge of storm water in a separate system include the costs related to ditches.

5.4.4 The new factor a_5 of the formula for calculation of the cost on the discharge of storm water in a separate system (C_{lahkv}) as set out in Clause 3 shall be calculated and presented as following:

“ a_5 – development costs of the separate storm water network”.

5.4.5 An additional line item of “Development cost” shall be added under “stormwater” to the formula for calculation of the annual charges for the Storm Water Services, an example of which was provided in Table 1 appended to Appendix III of the 14 March 2005 Agreement.

5.4.6 The development costs of the separate storm water network for inclusion in the formula for calculation of the cost on the discharge of storm water in a separate system (C_{lahkv}) are set out in Schedule IV to this Agreement.

5.4.7 The amount of the development costs of the separate storm water network for inclusion in the formula for calculation of the cost on the discharge of storm water in a separate system (C_{lahkv}) shall only be reviewed as stipulated in Clause 4 of Schedule IV to this Agreement.

5.5 Clause 8.1 of the Storm Water Agreement and Clause 3.2.4 of the 14 March 2005 Agreement stipulating the form of payment for the Storm Water Services shall be deleted and replaced by the following:

5.5.1 Annual charges for the Storm Water Services shall be invoiced by the Company to the City in monthly installments and one (1) annual correcting installment. The monthly installments shall be invoiced by the 15th day of the same month and shall be paid by the City within 28 (twenty eight) days from the day of the preparation of invoice. The annual correcting installment shall be invoiced by 15 January of the following year and paid by the City latest within 28 (twenty eight) days from the day of the preparation of the invoice.

5.5.2 Each year's invoices for the Storm Water Services shall be based on the previous calendar year's actual costs and measurements in case of the 12 (twelve) monthly installments and in case of the annual correcting installment the respective invoice shall be adjusted to take into account the actual costs and measurement as at the year end of the respective accounting year.

5.6 Clause 11.1 of the Storm Water Agreement shall be amended and stipulated in the following wording:

“This Agreement shall enter into force as of the date of its signing by the Parties and shall remain effective until the earlier of (i) 30 November 2020; or (ii) the Company ceasing to be the water company in the meaning of the PWSSA.”.

5.7 Clause 5.1 of the 14 March 2005 Agreement shall be amended and stipulated in the following wording:

"The Parties and the Investor have agreed to extend the deadline for establishment of personal right of use for the Pipes and transfer of ownership of the Pipes to the Company until 1 January 2010."

5.8 Clause 11.1 of the Fire Hydrants Agreement shall be amended and stipulated in the following wording:

"This Agreement shall enter into force as of the date of its signing by the Parties and shall remain effective until the earlier of (i) 30 November 2020; or (ii) the Company ceasing to be the water company in the meaning of the PWSSA."

5.9 Schedule 1 of the Fire Hydrants Agreement, as replaced with the 27 March 2006 agreement between the Company and the City, shall be replaced with Schedule V of this Agreement in respect of the list of Extraction Points and fountains. No changes will be made to the list of Fire Hydrants.

5.10 The definition "Default Interest Rate" under Clause 1(1) of the Services Agreement shall be amended and stipulated in the following wording:

"**Default Interest Rate**" (*viivis*) means 0.05 (zero point zero five) per cent. of the unpaid sum per day;"

6. Final provisions

6.1 The Parties and the Investor agree that the consent of the Investor to amend the Project Agreements is required only where the City and the Company wish to amend the Project Agreements and such amendment, in the Investor's sole opinion, contains, sets out, refers to, relates to, impacts on, alters, changes, amends or in any way has an effect on the rights and obligations of the Investor. Where the City and the Company wish to amend the Project Agreements, they must first notify the Investor of the proposed amendment and where deemed necessary by the Investor, obtain the prior written consent of the Investor.

6.2 The Parties will ensure, provided that this Agreement is complied with in the required manner, that the concluding of this Agreement or the compliance therewith will not reduce the shareholder value of the Company.

6.3 In order for the Agreement to become valid the City shall amend the applicable legal acts of the City in order to ensure the conformity of such legal acts with the principles set forth in Clauses 4.1 and 4.2 of this Agreement (including Schedule II of this Agreement referenced therein) and any other provisions of this Agreement. The City shall adopt the amendments to the legal acts by 15 December 2007 at the latest so that such amendments would become effective as of 1 March 2008 at the latest. In particular, the City shall adopt and enact new Rates of Tariff with a Development Component so that the new Domestic Tariffs providing also compensation for the Network Extension Costs may be imposed as of 1 March 2008.

6.4 This Agreement has been entered into with a suspensive condition (in Estonian legal term *edasiliikkav tingimus*), which means that the creation of the legal consequences specified by this Agreement is contingent upon the condition that the amendments to the legal acts of the City have been adopted by the relevant term set out in Clause 6.3 of this Agreement so that such amendments would become effective by the relevant term set out in Clause 6.3 of this Agreement in a manner that ensures the implementation of all the principles set forth in this Agreement, including Clauses 4.1 and 4.2 of this Agreement (including Schedule II of this Agreement referenced therein). In the event the above suspensive condition does not arrive then it shall be considered as if this Agreement had not been signed.

6.5 The individual provisions of this Agreement shall remain effective until the date of the following event, whichever falls due later: (i) the expiration or termination of the Services Agreement; or (ii) the expiration or termination of the relevant Project Agreement to which the particular provision of this Agreement relates, unless otherwise provided in the Agreement.

6.6 In case any amendments are made to any provisions of this Agreement, for example Clause 4.1 or 4.2 of this Agreement (including Schedule II or Schedule III of this Agreement referenced therein), or any automatic amendments set forth therein (e.g. automatic amendments to the rates "Y" and "Z" set out in Schedule II of this Agreement that have a direct effect on the Rates of Tariff) take effect, the City shall amend the legal acts so that such amendments would become

effective as quickly as possible but in any event no later than within 6 (six) months from the fact triggering the amendment.

6.7 Any annexes or amendments to this Agreement shall be concluded and signed by the Parties and the Investor (if required under Clause 6.1 of this Agreement) in writing and shall constitute an integral part of this Agreement and the Project Agreements.

6.8 The provisions of the Project Agreements shall continue to apply to the extent not modified by this Agreement. In the event of a conflict between any provision of this Agreement and any Project Agreement, the provisions of this Agreement shall prevail and shall be applied.

6.9 The laws of the Republic of Estonia shall govern this Agreement.

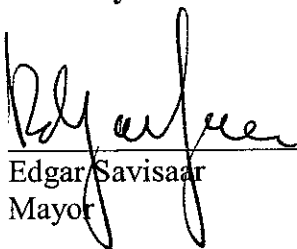
6.10 Any dispute between the Parties and/or the Investor that cannot be resolved amicably shall be referred to arbitration and shall be resolved pursuant to the procedure set forth in Clauses 36 and 37 of the Services Agreement.

6.11 As at the time of signing, this Agreement has the following Schedules:

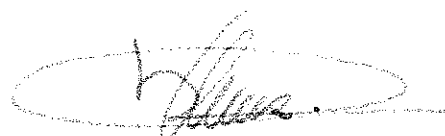
- Schedule I – Network Extension Programme and the programme for the design and construction works of storm water sewerage;
- Schedule II – Rates of Tariff;
- Schedule III – Network Extension Costs and costs of planning, design and construction of storm water network to be compensated separately;
- Schedule IV – Development costs of separate storm water network;
- Schedule V – List of water extraction points and fountains;

In witness whereof the City, the Company and the Investor have signed this Agreement on the date first above written:


The City of Tallinn:


 Edgar Savisaar
 Mayor

Aktsiaselts Tallinna Vesi:


 Roch Chérourx
 Chairman of the Management Board




United Utilities (Tallinn) B.V.:


 Robert J. Gallienne
 Authorised representative




SCHEDULE I

NETWORK EXTENSION PROGRAMME




Development Area/Street/Section between streets		Construction of Water Supply Facilities	Construction of Sewerage Facilities	Construction of Storm Water Facilities
		Length of Network, m	Length of Network, m	Length of Network, m
MAIN SERVICE AREA				
2008				
NOMME City District				
Nõmme Development Area No 3A		0	1 483	0
Hiiu-Suurtüki tn	Seljaku tn - Vääna tn		511	
Seljaku tn	Seljaku 3 - Hiiu-Suurtüki tn		41	
Läänekaare tn	Plot 38 - Hiiu-Suurtüki tn		112	
Harku tn	Plot 54 - Hiiu-Suurtüki tn		244	
Leina tn	Plot 10 - Hiiu-Suurtüki tn		224	
Vääna tn	Plot 9 - Hiiu tn - Raudtee tn		351	
Nõmme Development Area No 6, 7		201	8 255	317
Seene tn	Seene tn 18 - Sihi tn		85	
Valdeku tn	Ravila tn - Sihi tn - Pesa tn		423	317
Haava tn	Haava tn 14 - Vahe tn - Sihi tn - Haava tn 43		412	
Side tn	Vabaduse pst - Sihi tn		262	
Palli tn	Kaevu tn - Vabaduse pst		344	
Näituse tn	Pärnu mnt - Sihi tn - Mängu tn - Vabaduse pst		438	
Kirde tn	Sihi tn - Kurni tn - Vabaduse pst		324	
Väikese-Ilmari tn	Sihi tn - Kurni tn - Ilo tn		224	
Kõrge tn	Kurni tn - Pärnu mnt		268	
Kõrge tn	Kurni tn - Kõrge tn 1	120	116	
Kurni põik	Vabaduse pst - Kurni tn		132	
Tallinna tn	Risti tn - Tallinna tn 20		572	
Tallinna tn	Pumping Station			
Pärnu mnt	Risti tn - Pärnu mnt 264		291	
Vahe tn	Sihi tn 83 - Valdeku tn		373	
Sihi tn	Seene tn - Haava tn - Sihi tn 52		734	
Sihi tn	Vaigu tn - Sihi tn 21		485	
Pesa tn	Dead end		51	
Kuljuse tn	Õie tn - Kuljuse tn 1		182	
Puhma tn	Õie tn - Haava tn		158	
Õie põik	Õie tn - Õie põik 3		82	
Kaevu tn	Kaevu tn 4a - Sihi tn - Side tn - Haava tn		395	
Mängu tn	Kirde tn - Näituse tn - Palli tn		417	
Kurni tn	Palli tn - Näituse tn - Kirde tn - Väikese-Ilmari tn - Risti tn	81	1 029	
Ilo tn	Kurni põik - Väikese-Ilmari tn		253	
Vaigu tn	Vaigu tn - Vaigu tn 4a		31	
Vabaduse pst	Valdeku tn - Õie tn		174	
Nõmme Development Area No 10A		0	843	0
Idakaare tn			155	
Kuiv tn			278	
Kuiv tn	Idakaare Pumping Station			
Vana-Pärnu mnt			410	
Vana-Pärnu mnt	Vana-Pärnu mnt Pumping Station			
Nõmme Development Area No 2 (Kalda - Kadaka)		78	988	0
Kaasiku tn	Kadaka tn - Päikese pst	78	125	
Õhtu tn	Tammiku tn - Hommiku tn		525	
Õitse tn	Kadaka pst - Päikese pst		118	
Tammiku tn	Kadaka pst - Õhtu tn		115	
Tammepärja tn	Up to Kadaka pst		105	
Nõmme Development Area No 2		150	81	0

Raudtee tn. 134/3 ja 134/4		150		
Raudtee tn	Raudtee tn 98 - Valve tn		81	
Nõmme Development Area No 10 (Tähe tn)		0	76	0
Tähe tn	Põllu tn - Metsa tn		76	
Nõmme Development Area No 2 (Pärnu mnt)		0	2 943	1 957
Pärnu mnt	Kadaka pst - Laane tn		2 600	1 957
Lõo tn	Pärnu mnt - Vabaduse pst		343	
Nõmme Development Area No 8		0	98	0
Raudtee tn	Mai tn - Plot 23		98	
Männiku tee 31		44		
Pihlaka tn 7	Kraavi tn - Plot 7	45		
NÕMME City District Total		518	14 767	2 274
KRISTIINE City District				
Lilleküla Development Area No 1				
Tüve tn	Nõmme tn - Kajaka tn - Linnu tee		761	813
Mooni tn	Linnu tee - Räägu tn		220	697
Välja tn	Keemia tn - Mooni tn		238	
Sõpruse pst	Well K-17 - K-36		423	
Mooni tn	Muti tn - Linnu tee		172	200
Auli tn	Västriku tn - Kõo tn - dead end	49	266	
Haraka tn	Linnu tee - Lõokese tn		149	
Kõo tn	Tedre tn - Linnu tee - Nõmme tee		708	449
Lõokese tn	Kõo tn - Tondi tn		535	519
Pardi tn	Kõo tn - Västriku tn		137	166
Räägu tn	Nõmme tn - Püü tn - Kõo tn		164	355
Sule tn	Kõo tn - Kajaka tn		155	0
Västriku tn	Linnu tee - Pardi tn		539	243
Viu tn	Kännu tn - Rästa tn		83	
Kännu tn	Rästa tn - Tedre tn		53	
Muti tn	Mooni tn - Nirgi tn		125	
Nepi tn	Kõo põik - Tedre tn		185	
Kaarna tn dead end			50	
KRISTIINE City District Total		49	4 963	3 442
PIRITA City District				
Maarjamäe				
Tamme tn	Tamme tn - Tamme tn 9		124	
Künnapuu tn	Lepa põik - Künnapuu tn 44		855	
Maarjamäe Total		0	979	0
Merivälja Development Area No 1				
Ranna tee	Viimsi tee - Hõbekuuse tee		205	95
Merivälja 1 Total		0	205	95
Mähe Development Area				
Vilu tee	Randvere tee - Looklev tee - dead end		264	
Randvere tee	Randvere tee 14 - Randvere tee 30		270	
Randvere tee	Põõsa tee - Vilu tee		41	
Hämar tee	Randvere tee - Looklev tee		202	
Kuusiku tee	Randvere tee - dead end		148	
Nõo tee	Nõo tee 8a - Võsa tee		59	
Võsa tee	Võsa tee-24 - Randvere tee		295	
Keeru tee	Nõo tee - Randvere tee		111	
Neiuvaiba tee	Neiuvaiba tee 5 - Randvere tee		102	
Matka tee	Randvere tee - Keeru tee - Matka tee 6		310	
Keeru tee	Matka tee - Randvere tee		140	
Jahe tee	Randvere tee - dead end		242	
Põõsa tee	Mähe tee - Randvere tee		158	
Mähe Total		0	2 341	0
PIRITA City District Total		0	3 525	95
HAABERSTI City District				
Kõõmne tn	Humala - to the end		370	370
Rõika tn	Humala - Pimi tn		632	632
Paldiski mnt	Paldiski mnt - Paldiski mnt 114	150		
Kokku Kõõmne tn, Rõika tn, Paldiski mnt 114 Total		150	1 001	1 001

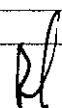


Veskimetsa		126	5 297	5 257
Marjamaa tn	Piibelehe tn - Mustjõgi - Mustjõe tn		193	220
Mustjõe tn	Veskimetsa tn - Piibelehe tn - Rõika tn		630	630
Mustjõe põik	Mustjõe põik - Laki tn		105	153
Piibelehe tn	Paldiski mnt - Sirge tn - Laki tn		800	956
Rohumaa tn	Veskimetsa tn - Piibelehe tn		230	230
Rõika tn	Mustjõe tn - Humala tn		78	78
Storm Water Pumping Station				
Heinamaa tn	Veskimetsa tn - Piibelehe tn		221	221
Joone tn	Veskimetsa tn - Piibelehe tn	29	169	200
Kõrgepinge tn	Veskimetsa tn - Piibelehe tn - Mustjõe tn		587	546
Nurklik tn	Paldiski mnt - Tarna tn - lõpuni		203	213
Otse tn	Veskimetsa tn - Piibelehe tn		210	250
Saarma tn	Piibelehe tn - Saarma põik (sewerage beneath Mustjõe) - Mustjõe tn		253	336
Saarma põik	Kõrgepinge tn - Saarma tn		104	104
Siire tn	Veskimetsa tn - Piibelehe tn		198	198
Tarna tn	Nurklik tn - Kõrgepinge tn - Tarna dead end		187	187
Tuhkru tn	Kõrgepinge tn - Mustjõe tn		190	190
Marja tn	Mustjõe tn - Humala tn		132	
Ojaveere tn	Paldiski mnt - Mustjõgi - to the end	97	180	180
Ojaveere tn	Pressure Main to Kõrgepinge tn		224	
Ojaveere tn	Pumping Station			
Paldiski mnt.	Ojaveere tn - Nurklik tn - Humala tn		407	369
Veskimetsa Total		126	5 297	5 257
Taela - Tanuma				
Kätki tn - Hälli põik			963	470
Taela - Tanuma Total		0	963	470
HAABERSTI City District Total		276	7 261	6 728
MUSTAMAE City District				
Herilase - Lepatriinu				
Herilase tn	Herilase tn 7 - Mustamäe tee		217	
Lepatriinu tn	Lepatriinu tn 12 - existing sewer		155	
Lepatriinu Pumping Station				
Kokku Herilase - Lepatriinu		0	372	0
MUSTAMAE City District Total		0	372	0
LASNAMAE City District				
Kivimurru tn 40			35	
LASNAMAE City District Total		0	35	0
KESKLINNA City District				
Leete - Luite Development Area				
Auru ja Sõe tn		188	599	400
Pumping Station		188	599	400
Oru tn 15, 17		61	61	273
KESKLINNA City District Total		249	660	673
DIFFERENT AREAS OF THE CITY				
2008 other areas, construction of the missing property connections				
DIFFERENT AREAS OF THE CITY Construction of the Missing Property Connections Total		0	0	0
2008 Total		1 092	31 582	13 212
2009				
NOMME City District				
Nõmme Development Area No 2 (Pärnu mnt)				
Pärnu mnt	Laane tn - Vääna tn	0	1 707	1 744
Nõmme Development Area No 2		656	13 008	0
Raudtee tn	Pärnu mnt - Lauliku tn		385	
Raudtee tn	Õitse tn - Lauliku tn		202	
Lauliku tn	Pärnu mnt - Raudtee tn		128	
Lauliku tn	Pärnu mnt - Läike tn - Õitse tn		423	

Sisaski tn	Suvila tn - Sireli tn - Hommiku tn		1 067	
Sireli tn	Lauliku tn - Sisaski tn - Sireli tn 9		219	
Läike tn	Rao tn - Lauliku tn - Öitse tn		419	
Kaasiku tn	Sisaski tn - Lehtpuu tn		26	
Rao tn	Sisaski tn - Läike tn - Pärnu mnt		222	
Leegi tn	Lauliku tn - Leegi tn 16		391	
Öitse tn	Öitse tn 6 - Leegi tn - Pärnu mnt		162	
Lõo tn	Kadaka pst - Pärnu mnt		279	
Kivimäe tn	Raudtee tn - Värsi tn - Pärnu mnt		110	
J.V.Jannseni tn	Raudtee tn - Värsi tn - Pärnu mnt		82	
Raudtee tn	Värsi tn - Kivimäe tn - Valve tn	347	1 183	
Värsi tn	Kivimäe tn - J.V.Jannseni tn - Värsi tn 36		794	
Värsi tn Pumping Station				
Vesikaare tn	Pärnu mnt - Värsi tn		84	
Laane tn	Lauliku tn - Pärnu mnt		179	
Mesila tn	Kadaka tn - Sisaski tn - Varbola tn		538	
Kasteheina tn	Kasteheina tn 9 - Sisaski tn		185	
Särje tn	Särje tn 5H - Mesila tn - Tammiku tn - Särje tn 22	93	749	
Kalevala tn	Särje tn - Kalevala tn 3		242	
Hommiku tn	Hommiku tn 25 - Särje tn		107	
Tammiku tn	Tammiku tn 8A - Rooski tn - Särje tn		232	
Rooski tn	Tammiku tn - Tammepärja tn		395	
Tammepärja tn	Rooski tn - Tammepärja tn 13		80	
Lauliku tn	Kivimäe tn - Pärnu mnt		453	
Särje tn	Särje tn 5B - Lauliku tn		314	
Varbola tn	Mesila tn - Lauliku tn - Pärnu mnt		468	
Mesila tn	Varbola tn - Laane tn		305	
Leegi tn	Leegi tn 17 - Leegi tn 1A	95	318	
Laane tn	Hommiku tn - Lauliku tn		380	
Hallikivi tn	Laane tn - Hallikivi tn 3		197	
Hommiku tn	Hommiku tn 21 - Hommiku tn 7		288	
Hommiku tn	Hommiku tn 4 - Lauliku tn 6		98	
Liiviku tn	Hommiku tn - Lauliku tn - Pärnu mnt	44	234	
Kivimäe tn	Pärnu mnt - Lauliku tn		136	
Öitse tn	Öitse tn 6A - Lauliku tn		98	
Tammiku tn	Tammiku tn 10 - Kadaka pst		90	
Hommiku tn	Sisaski tn - Kadaka pst		259	
Sireli tn	Sireli tn 12 - Kadaka pst		164	
Kaasiku tn	Kaasiku tn 14 - Kadaka pst		30	
Pärnu mnt	Pärnu mnt - Plot 478C	77	106	
Storm Water Discharge from Nõmme 2 Development Area				
Põdra tn	Põdra tn - Põdra tn 47		187	
Põdra tn Pumping Station				
Nõmme Development Area No 11		121	6 408	0
Hiiu tn	Plot 38 - Plot 36		60	
Hiiu tn	Branch sewer up to the Plot 36B		60	
Kandle tn	Vanemuise tn - Plot 14		192	
Laulu tn	Vanemuise tn - Plot 16		111	
Laulu tn	Branch sewer up to the Plot 13B		40	
Laulu tn	Vanemuise tn - existing sewer		20	
Lehola tn	Hiiu tn - Lootuse pst		395	
Rännaku pst	Lemmiku tn - Plot 54		69	
Sulevi tn	Ilmarise tn - Vanemuise tn		125	
Sulevi tn	Vanemuise tn - Plot 7		133	
Taara tn	Branch sewer up to the Plot 6		40	
Tähe tn	Hiiu tn - Lootuse pst		336	
Ugala tn	Ilmarise tn - Plot 26		177	
Vanemuise tn	Laulu tn - Plot 12		116	
Vanemuise tn	Branch sewer up to the Plot 15		45	
Vanemuise põik	Ilmarise tn - Plot 3		62	
Vikerkaare tn	Vabaduse pst - existing sewer (Plot 18)		65	
J.V.Jannseni tn	Künni tn - Plot 19		38	
J.V.Jannseni tn	Künni tn - existing sewer (Plot 23)		106	
J.V.Jannseni tn	Plot 31 - existing sewer (Plot 27)		46	

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Kärbi tn	Auto tn - Plot 4		152	
Kärbi tn	Plot 10 - existing collector		156	
Künni tn	J.V.Jannseni tn - Plot 7		190	
Lemmiku tn	Vabaduse pst - Plot 21A		257	
Lemmiku tn	Branch sewer up to the Plot 12A		65	
Põllu tn	Vikerkaare tn - Lemmiku tn		200	
Põllu tn	Sihi tn - Plot 78		275	
Põllu tn	existing sewer (Plot 106A) - Plot 96		205	
Põllu tn	Sõbra tn - existing sewer (Plot 95)		29	
Põllu tn	Lemmiku tn - Plot 126		76	
Raudtee tn	J.V.Jannseni tn - Plot 97		430	
Raudtee tn	Branch sewer up to the Plot 105		40	
Raudtee tn	Branch sewer up to the Plot 99B		50	
Raudtee tn	Sihi tn - Plot 81	121	305	
Raudtee tn	Branch sewer up to the Plot 83		35	
Rebase tn	Naaritsa tn - Plot 23		85	
Saha tn	Hõimu tn - Plot 6		56	
Saha põik	Põllu tn - Plot (Saha 17)		104	
Sihi tn	Sanatooriumi tn - Plot 137		68	
Sihi tn	Sanatooriumi tn - Plot 125		265	
Sõbra tn	Põllu tn - Plot 15		62	
Sõbra tn	Vabaduse pst - Plot 22		369	
Vikerkaare tn	Vabaduse pst - Põllu tn		308	
Voolu tn	J.V.Jannseni tn - Plot 17		390	
Nõmme Development Area No 10		0	4 522	0
Harku tn	Vana-Mustamäe tn - Puu tn - Vahtra tn - Plot 40		759	
Läänekaare tn	Õuna tn - Vahtra tn - corridor of a narrow-gauge railway		475	
Lühike tn	Raudtee tn - Pärnu mnt		115	
Pärnu mnt	Põhjakaare tn - Puu tn - Hiiu tn		445	
Puu tn	Raudtee tn - Pärnu mnt - Harku tn		330	
Põhjakaare tn	Pärnu mnt - Harku tn - Vana-Mustamäe tn		306	
Raudtee tn	Plot 70 - Tähe tn extension - Lühike tn - Puu tn		310	
Puuvilja Pumping Station	Pumping Station			
Sõime tn	Plot 5 - Puu tn - Plot 22		406	
Tähe tn	Raudtee tn - Rahu tn - Põllu tn - Metsa tn		488	
Vahtra tn	Vana-Mustamäe tn - Läänekaare tn - Harku tn		195	
Vana-Mustamäe tn	Existing sewer - Harku tn - Põhjakaare tn - Plot 45		593	
Õuna tn	Harku tn - Plot 8		100	
Lootuse pst.		0	251	0
Lootuse pst	Hiiu tn - Lootuse pst 117		251	
Hiiu tn Pumping Station				
Nõmme Development Area No 9		0	6 544	0
Nikolai von Glehni tn	Muru tn - K. Raua tn - Künka tn - K. Raua tn		429	
Idakaare tn	Plot 10A - Künka tn		309	
Idakaare põik	Piiri tn - Nikolai von Glehni tn		180	
Kaevu tn	Pärnu mnt - Plot 4		76	
Kirde tn	Pärnu mnt - Sihi tn		130	
Näituse tn Pumping Station				
Kirde tn	Pressure sewer Pärnu mnt - Plot 3		160	
Kitsas tn	Plot 4 - Muru tn - Piiri tn		203	
Kivi tn	Pärnu mnt - Liiva tn		125	
Künka tn	Nikolai von Glehni tn - Idakaare tn - Piiri tn		167	
Liiva tn	Plot 19 - Kivi tn - Vaigu tn		279	
Muru tn	Raudtee tn - Nikolai von Glehni tn - Kitsas tn - Plot 16		404	
Piiri tn	Plot 3 - Künka tn - Plot 15		273	
Pärnu mnt	Plot 231 - Kivi tn - Kirde tn - Sihi tn - Plot 181		1 098	
Pärnu mnt	Kaevu tn - Wastewater Pumping Station		227	
Rahumäe tee	Plot 14A - Plot 10 - Plot 21 - Raudtee tn		247	
Rahumäe tee	Plot 21 - old narrow-gauge embankment		66	
Rahumäe tee	At the old narrow-gauge embankment		270	
K. Raua tn	Idakaare tn - Piiri tn		151	
Raudtee tn	Plot 36D - Muru tn - Rahumäe Railway Station - Plot		1 295	

	2			
Raudtee tn	At the Plot 6 beneath the railway up to the pumping station		60	
Muru tn Pumping Station				
Sihni tn	Plot 2 - Kirde tn - Plot 16		218	
Vaigu tn	Liiva tn - Plot 2		59	
Voo tn	Nikolai von Glehni tn - Plot 3A		118	
Nõmme Development Area No 10		0	220	0
Raudtee tn	Plot 38 - existing sewer (Plot 48A)		220	
Külmallika		0	26	0
Lossi 15A			26	
Laagri		68	72	0
Pilliroo tn 25		68	72	
NOMME City District Total		845	32 758	1 744
KRISTIINE City District				
Järve tn	Alajaama tn 4 - Järve tn 32		394	
Sewer connection for Mehaanika tn 3			38	
Vindi tn 20			70	
Käo tn 72			6	
Sule tn	Kajaka tn - Linnu tee			187
Nõmme tee	Linnu tee - Tüve tn			856
KRISTIINE City District Total		0	508	1 043
PIRITA City District				
Maarjamäe				
Tamme tn	Künnapuu tn - Tamme tn 29		103	
Saare tn	Künnapuu tn - Künnapuu tn 21		80	
Saare tn	Kose tee - Saare tn 18		327	
Lepa tn	Saare tn - Lepa põik		105	
Paju tn	Saare tn - Paju tn 10		358	
Kase tn	Saare tn - Tamme tn		483	
Tamme tn	Kase tn - Tamme tn 10		102	
Kose tee	Saare tn - Kose tee 28	100	272	
Paju tn	Tamme tn - Paju tn 12		105	
Tamme tn	Kase tn - Tamme tn 4a		96	
Maarjamäe Total		100	2 031	0
Kose				
Kose tee 63 storm water connection				70
Kose Total		0	0	70
Pirita				
Metsavahi põik 4			73	
Pirita Total			73	0
PIRITA City District Total		100	2 104	70
HAABERSTI City District				
Veskimetsa				
Veskimäe tn	Tuuliku tn - Veskimäe tn 5		475	
Veskimetsa Total		0	475	0
HAABERSTI City District Total		0	475	0
DIFFERENT AREAS OF THE CITY				
2009 other areas, construction of the missing property connections				
DIFFERENT AREAS OF THE CITY Construction of the Missing Property Connections Total		0	0	0
2009 Total		945	35 845	2 857
2010				
NOMME City District				
Nõmme Development Area No 12		0	5 089	0
Jõhvika tn	Männiku tee - Plot 6		154	
Kuremarja tn	Männiku tee - Plot 85 (Männiku tee)		43	
Kuremarja tn Pumping Station				
Kuremarja tn	Pressure network for the pumping station		90	
Karusmarja tn	Männiku tee - Plot 4		183	
Mahla tn	Plot 28 - Kuremarja tn - Mahla tn 50A		610	
Astri tn	Valdeku tn - Plot 9		116	

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Astri tn	Nelgi tn kollektor - Plot 23A		150	
P. Kerese tn	Männiku tee - Võidu tn - Plot 46		402	
Kraavi tn	Existing sewer (Plot 40) - Plot 48		145	
Kreegi tn	Pihlaka tn - Plot 1		190	
Mahla tn	Pihlaka tn - Plot 86		262	
Nelgi tn	Nelgi tn - Plot 39 - Pihlaka tn 13A		275	
Pihlaka tn	Astri tn - Plot 25		54	
Pihlaka tn	At Plots 11 and 13B		45	
Pihlaka tn	Kraavi tn - Plot 7A		122	
Pihlaka tn	Kreegi tn - Pihlaka tn 31		37	
Pilviku tn	Nurme tn - Plot 3		420	
Remmelga tn	Kraavi tn - Plot 102A (Männiku tee)		103	
Sinilille tn	P. Kerese tn - Plot 3		277	
Valdeku tn	Kraavi tn - Astri tn - Plot 92		568	
Võidu tn	Võidu tn 2a - Värava tn - Kagu tn - Kerese tn - Plot 48		506	
Võidu tn	Kagu tn - Plot 33		131	
Võidu tn	Existing sewer (Plot 75) - Pihlaka tn 9		33	
Kraavi tn	Kraavi tn 20 - existing sewer		173	
Viljandi mnt Area		0	1 599	630
Rulli extension	Mahla tn - Pedaja tn		49	
Pedaja tn	Kalmistu tee - Kalmistu tee		561	
Viljandi mnt	Mahla tn - Kalmistu tee		135	
Liivaluite tn			406	
Liivaluite tn Pumping Station				
Kalmistu tee	Viljandi mnt - Pedaja tn		448	630
Nõmme Development Area No 1 (Area 4)		0	1 419	0
Aate tn	Plot 10 - P. Kerese tn		237	
Kaitse tn	Männiku tee - Võidu tn		235	
Lootuse pst	Branch sewer up to the Plot 18		50	
Prii tn	Kagu tn - Vabaduse pst		410	
Võidu tn	Plot 2A - Värava tn - Kagu tn - Plot 21A		487	
Nõmme Development Area No 8		0	6 111	820
Aate tn	M. Metsanurga tn - Kaja tn - Hämariku tn - Plot 22		786	
Kaja tn	Aate tn - Valguse tn		176	
Liiva tn	Kiige tn - Plot 34		188	
Liiva tn	Existing sewer (Plot 31) - Plot 23		180	
Lõuna tn	Vabaduse pst - Sihi tn - Plot 43		295	
Mai tn	Existing sewer - Raudtee tn		20	
Mai tn	Branch sewer at Mai põigus		65	
J. Mändmetsa tn	Ravila tn - Existing sewer		50	
Nõmme-Kase tn	Plot 35 - Existing sewer		131	
Nõmme-Kase tn	Plot 20 - Existing sewer (Plot 26)		150	
Nõmme-Kase tn	Tähe tn - Plot 12C		172	
Nõmme-Kase tn	J. Mändmetsa tn - Plot 4		76	
Pargi tn	Põllu tn - Plot 7A		75	
Pargi tn	Põllu tn - Plot 15		105	
Pargi tn	Metsa tn - Plot 19		35	
Pargi tn	Raudtee tn - Vabaduse pst			820
Põllu tn	Pargi tn - Existing sewer		25	
Hiiu-Maleva tn	Metsa tn - Plot 3		108	
Raudtee tn	Kärje tn - Plot 59		90	
Raudtee tn	Branch sewer up to the Plot 21		40	
Raudtee tn	Tähe tn - Plot 51		78	
Ravila tn	J. Mändmetsa tn - Plot 24		61	
Ravila tn	Lõuna tn - Plot 14A		61	
Ravila tn	Seene tn - Plot 9		79	
Roheline tn	Mai tn - Plot 18		61	
Sambla tn	Raudtee tn - existing sewer		54	
Seene tn	Vabaduse pst - Plot 21		125	
Seene tn	Plot 16 - Ravila tn - Metsa tn		364	
Sihi tn	Hiiu tn - Plot 112		184	
Sihi tn	Tähe tn - Kaare tn - Plot 105		332	
Sihi tn	Plot 103 - Lõuna tn - Plot 91		232	
Tähe tn	Nõmme-Kase tn - existing sewer		44	

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Tähe tn	Vabaduse pst - Sihi tn		108	
Valguse tn	Hämariku tn - Plot 11		218	
Valguse tn	Plot 21 - Kaja tn - M. Metsanurga tn		281	
Valguse tn	Branch sewer up to the Plot 3C		50	
Väike tn	Pärnu mnt - Plot 6		171	
Pärnu mnt	Valdeku tn - Väike tn - Plot 233		641	
Metsanurga tn	Metsanurga tn 6 - existing sewer		42	
Haava tn	Liiva tn - Haava tn 1		158	
Nõmme Development Area No 5		53	813	0
Edu tn	Kaare tn - Plot 48		174	
Hange tn	Helbe tn - Plot 8		195	
Helbe tn	Nurme tn - M. Metsanurga tn	53	334	
M. Metsanurga tn	Helbe tn - Plot 39		110	
Nõmme Development Area No 11		0	144	0
Vanemuise tn	Vanemuise tn 71- existing well		28	
Raba tn	Raba tn 1 - Pääsküla tn		68	
Kruusa tn	Taara tn - Kruusa tn 9		48	
Lauka tn Area		802	795	0
Tähetorni tn	Tähetorni tn 60- Aäre tn	395	388	
Lauka tn Pumping Station				
Lauka tn	Lauka tn 13 - Tähetorni tn	176	176	
Lauka tn dead end	Lauka tn 4- Lauka tn	60	60	
Aäre tn	Aäre tn 12 - Tähetorni tn	171	171	
Laagri Development Area		0	1 474	0
Pajude pst.	Kaskede pst - Pajude pst 24		225	
Lehiste pst	Pajude pst - Kaskede pst - Lehiste pst 24		416	
Männimetsa põik	Männimetsa põik 10 - Männimetsa põik 5		198	
Männimetsa põik	Männimetsa põik 5 - Männimetsa põik		71	
Männimetsa tee	Männimetsa tee 2 - Papiite pst		160	
Arukaskede pst	Papiite pst - Kaskede pst.		143	
Kaskede pst	Sookaskede pst - Saarvahtra pst.		202	
Männimetsa tee	Männimetsa tee - Männimetsa tee 30		59	
Külmallika Development Area		136	1 179	822
Trummi tn	Külmallika tn - Trummi tn 28B	136	552	365
Lohu tn	Trummi tn - Lohu tn 13		150	147
Raja tn	Trummi tn - Raja tn 5		313	310
Lohu tn dead end	Lohu tn - Lohu tn 15		62	
Trummi tn dead end	Trummi tn - Trummi tn 18		102	
NOMME City District Total		991	18 623	2 272
KRISTIINE City District				
Lilleküla		0	795	0
Keemia tn	Keemia tn 39 - existing sewer		147	
Elektri tn	Järve tn - Elektri tn 6		299	
Alajaama tn	Elektri tn 4 - Järve tn		122	
Kotkapoja tn	Kotkapoja tn 1 -Kotkapoja tn 9		170	
Kajaka tn	Kajaka tn - Plot 20B		57	
KRISTIINE City District Total		0	795	0
PIRITA City District				
Maarjamäe				
Tõru tn	Kose tee - Künnapuu tn - dead end		711	
Kase tn	Tõru tn - Kase tn 18a		197	
Künnapuu tn	Künnapuu tn 27 - Künnapuu tn 114		833	
Punga tn	Kose tee - Künnapuu tn - dead end		406	
Kase tn	Kase tn 28 - Kase tn 36		136	
Urva tn	Urva tn 34 - Urva tn 48		193	
Kuslapuu tn	Kase tn - Künnapuu tn - dead end		276	
Kase tn	Kase tn 38 - Urva tn		77	
Kose tee	Kose tee 30 - Kose tee 46 - existing sewer		184	
Maarjamäe Total		0	3 013	0
Merivälja 2 Development Area				
Lodjapuu tee	Lõhmuse tee - Jugapuu tee - Plot 179		1 325	1 077
Jugapuu tn paralleel kinnistute vahel	Lodjapuu tee - Jugapuu põik		110	241
Kesktee	Jugapuu tee - Kesktee 76		270,00	270

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Jugapuu põik	Lõhmuse tee - Jugapuu põik 27		335,00	268
Lõhmuse põik	Lõhmuse tee - Lõhmuse põik 41		59	
Lõhmuse põik	Lõhmuse põik - Lõhmuse põik 45		26	
Jugapuu tee	Lodjapuu tee - Jugapuu põik		270,00	
Lõhmuse tee	Lõhmuse tee - Plot 15		64	64
Lõhmuse põik	Lõhmuse tee - Plot 15		67,00	68
Paakspuu tee	Paakspuu 16 - Jugapuu tee		298,00	231
Paakspuu tee	Plot 3 - Plot 5		165,00	165
Reovee Pumping Stationd 3 tk				
Sademetevee Pumping Stations 3 tk				
Merivälja 2 Total		0	2 989	2 383
Pirita				
Mähe-Kaasiku tee	Mähe tee- Kaasiku 18 - Mähe tee	700	576	
Niidu tee	Nurmiku tee - Niidu tee 30		50	
Toominga tn	Masti tn - Toominga tn 2A		70	
Pirita Total		700	696	0
Kose				
Hiie tn	Plot 9, 19		27	
Kose Total		0	27	0
PIRITA City District Total		700	6 725	2 383
HAABERSTI City District				
Taela - Tanuma				
V. Rannamõisa tee	Tuleraua tn - Lõuka tn		2 388	3 197
V. Rannamõisa tee Pumping Station				
Tanuma tn	Tuleraua tn - Lõuka tn		1 417	514
Lõuka tn	V. Rannamõisa tee - Vabaõhumuuseumi tee		105	457
Tuleraua tn	V. Rannamõisa tee - Tuleraua tn 27		225	140
Tulekivi tee	V. Rannamõisa tee - Tanuma tn19		300	150
Vabaõhumuuseumi tee	Hälli tn - Taela tn - Lõuka - existing sewer		380	
Kätki tn	Tanuma tn - Tanuma tn 104		108	117
Taela tn	Vabaõhumuuseumi tee - Taela tn 17		347	326
Lee tn	Vabaõhumuuseumi tee - Lee tn 17			242
Taela - Tanuma Total		0	5 269	5 143
HAABERSTI City District Total		0	5 269	5 143
KESKLINNA City District				
Leete - Luite Development Area				
Veduri tn	Auru tn - Sõe tn		136	
Luite tn	Auru tn - Suitsu tn - Luite tn 46	564	1 125	1 125
Suitsu tn	Auru tn - Luite tn		179	642
Leete - Luite Development Area Total		564	1 440	1 767
Viadukti tee			493	
KESKLINNA City District Total		564	1 933	1 767
DIFFERENT AREAS OF THE CITY				
2010 other areas, construction of the missing property connections				
DIFFERENT AREAS OF THE CITY Construction of the Missing Property Connections Total		0		0
2010 Total		2 255	33 344	11 565
2008 - 2010 Main Service Area Total		4 292	100 772	27 634
MOIGU SERVICE AREA				
2008				
Mõigu tn	Juhtme tn - Lambi tn	120	120	120
Mõigu tn	Lambi tn - Vati tn	123	123	123
Lambi tn	Tartu mnt - Mõigu tn	134	134	134
Vati tn	Kaabli tn - Mõigu tn	168	168	168
Juhtme tn	Tartu mnt - Mõigu tn	116	116	116
Juhtme tn	Mõigu tn - Korgi tn	180	180	180
Juhtme tn	Korgi tn - Kaabli tn	128	128	128
Lüli tn	Mõigu tn - Lüli tn 10	131	131	131
2008 Total		1 100	1 100	1 100
2009				

Korgi tn	Kaabli tn - Juhtme tn	264	264	264
Mõigu tn	Lüli tn - Juhtme tn	134	134	134
Mõigu tn	Kaabli tn - Lüli tn	238	238	238
Lambi tn	Mõigu tn - Lambi tn 11	93	93	93
Korgi tn	Juhtme tn - Korgi tn 16	89	89	89
Oomi tn	Tartu mnt - Kaabli tn	151	151	151
Tartu mnt	Vati tn - Oomi tn	117	117	117
Tartu mnt	Oomi tn - Tartu mnt 155	57	57	57
2009 Total		1 143	1 143	1 143
2010				
Kaabli tn	Vati tn - Juhtme tn	167	167	167
Kaabli tn	Juhtme tn - Pumping Station	76	76	76
Kaabli tn	Mõigu tn - Korgi tn	255	255	255
Kaabli tn	Korgi tn - Pumping Station	242	242	242
Kaabli tn	Oomi tn - Vati tn	150	150	150
2010 Total		890	890	890
2008 - 2010 Möigu Service Area Total		3 133	3 133	3 133
RAKU-RAUDALU SERVICE AREA				
2008				
Replacement of trees on Viljandi mnt				
Hiidtamme tn		60	60	
Mustika tn		130	100	
Kume tn		400	390	
Hao tn		70	70	
2008 Total		660	620	0
2009				
Valdeku tn ja Kalmistu tee pressure sewer			1 125	
Viljandi mnt area		1 180	470	
2009 Total		1 180	1 595	0
2010				
Kalmistu tee			1 725	
Kaarla tn			370	
Kaarla tn water bored well II level				
2010 Total		0	2 095	0
2008 - 2010 Raku-Raudalu Main Service Area Total		1 840	4 310	0
2008 - 2010 Service Areas Grand Total		9 265	108 215	30 767





SCHEDULE II

RATES OF TARIFF

(1) The Parties agree that the Rates of Tariff for the period from 2008 to 31 December 2020 shall be as specified in the following table:

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
K-coefficient (%)	6.5	2	2	0	0	0	0	0	0	0	0	0	0
Change in CPI (%)	X8	X9	X10	X11	X12	X13	X14	X15	X16	X17	X18	X19	X20
Change in Law (%)	-0.6												
Development Component (EEK/m ³)	Rate Y +VAT	Rate Y +VAT	Rate Y +VAT	Rate Y +VAT	Rate Z +VAT	Rate Z +VAT	Rate Z +VAT	Rate Z +VAT	Rate Z +VAT	Rate Z +VAT	0	0	0

where:

“X8”, “X9”, “X10”, etc. means the change in the CPI, calculated pursuant to the principles set forth in the Services Agreement, to be taken into account in the calculation of the Rates of Tariff for the respective year (2008, 2009, 2010, etc.);

“Y” means 9.00 EEK/m³; and

“Z” means 6.10 EEK/m³.

The Development Component shall only be applicable to the Domestic Tariff for Potable Water Services.

(2) Rates “Y” and “Z” in the above table are based on 14,548,000 m³ as the estimated annual domestic water consumption volume in the Services Area (extended to include also Mõigu and Raku-Raudalu). In case the actual annual water consumption volume in any given year differs from (i.e. exceeds or is lower than) such estimated volume by more than 5% then, for the following 12 (twelve) months, the rate “Y” or “Z” shall automatically be amended, as appropriate, by the percentage exceeding the 5% limit, e.g. if the actual volume exceeds the estimated volume by 7% then the rate “Y” or “Z” shall be decreased by 2% (i.e. 7%-5%=2%) or if the actual volume is 7% lower than the estimated volume then the rate “Y” or “Z” shall be increased by 2%. For the period following such 12 (twelve) months the rate “Y” or “Z” shall automatically assume their original value (i.e. which is based on the above estimated volume), unless the difference between the estimated volume and the actual volume once again brings about an automatic amendment to the rates as set forth above in this Clause.

(3) The Development Component shall be shown on the invoice related to Domestic Tariff for Potable Water Services issued to domestic Clients. The City shall establish a regulation for the reimbursement of the increase in water tariff resulting from the application of the Development Component for the population of the Services Area of the Company. Each month the Company shall issue to the City an invoice for the total amount of the Development Component billed by the Company to its Clients during the previous month, which invoice is payable within 28 (twenty eight) days from the day of the preparation of the invoice. However, in the event the City does not pay the Development Component to the Company in accordance with the above provisions, the Company has the right to recover the unpaid amount of the Development Component directly from the Clients through the Domestic Tariff for Potable Water Services, as set forth in Article 14(3)5 of the PWSSA.

(4) In case the City fails to ensure that the applicable legal acts of the City are at all times in conformity with the principles set forth in this Schedule II (including in case the City shall amend its legal acts in a way that the share of the Development Component in the Rates of Tariff as set forth in this Schedule II decreases or is excluded from the Rates of Tariff), the Company shall have the right to claim from the City compensation of these Network Extension Costs that would

not be compensated to the Company under such amended legal acts of the City. For the purposes of this Clause, the amount of the Network Extension Costs of the Company that should be compensated under the legal acts of the City is calculated on the basis of the following formula: Development Component times the estimated annual domestic water consumption (as agreed in this Schedule II) times the compensation period of the Network Extension Programme.

(5) The Development Component shall not be applied after 31 December 2017, provided that by that date there is no indebtedness towards the Company in connection with the payment of the compensation calculated on the basis of Clause (4) of this Schedule II.

(6) The principles set forth in the above table shall replace the previous agreements of the Parties set forth in the Project Agreements (except for this Schedule II) in respect of the K-coefficient for the Operating Years up to and including the year 2020 and set this K-coefficient for such Operating Years.

(7) After the year 2020 the principles set forth in the Services Agreement in respect of the K-coefficient and the change in CPI as components of the formula for determination of the Rates of Tariff shall apply.

(8) The agreements in respect of the Rates of Tariffs set forth in this Schedule II above shall not affect the validity of those provisions of the Project Agreements on amendment of the Rates of Tariff that have not been expressly modified by this Schedule II or the Agreement. In such cases the respective procedure set forth in the Services Agreement for adjustment and setting of the Rates of Tariff shall apply.

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SCHEDULE III**NETWORK EXTENSION COSTS AND COSTS OF PLANNING, DESIGN AND CONSTRUCTION OF STORM WATER NETWORK TO BE COMPENSATED SEPARATELY**

The Parties have agreed that the following costs borne by the Company in 2007 shall be compensated to the Company by the City by 31 March 2008 based on invoice issued by 31 December 2007:

1. The Network Extension Costs 40,677,966 EEK excluding VAT (48,000,000 including VAT). The invoice shall be supplemented with the list of completed works by streets and Immovables;
2. The costs of planning, design and construction of storm water network in the sum of 27,734,746 EEK excluding VAT (32,727,000 including VAT). The invoice shall be supplemented with the list of completed works by streets and meters.

Costs that shall not be separately reimbursed by the City to the Company

Pursuant to Clause 4.2.2 of this Agreement the Parties have agreed that the following costs borne by the Company before or in 2007, in case of which a public water supply and/or sewerage usage permit has not been issued to the Immovable before 31 December 2007 (and therefore the service has not been fully provided as of the date of the Agreement) and which are connected to the construction of the preflow pipeline, shall be included to the cost of the services provided from 2008 to 2011 or 2017 (according to the provisions of the Agreement) as follows and these shall not be reimbursed separately to the Company:

1. The Network Extension Costs, in the sum of 47,053,475 EEK excluding VAT (55,523,100 including VAT) shall be included to the Domestic Tariff for Potable Water Services through the Development Component according to Clause 4 and Schedule II of the Agreement. The Company shall submit to the City by 31 December 2008 a list of Immovables that have been given an opportunity to connect to the public sewer system;
2. The costs of planning, design and construction of storm water network in the sum of 20,996,271 EEK excluding VAT (24,775,600 including VAT) shall be included to the charges for the Storm Water Services according to Clause 5 and Schedule IV of the Agreement. The Company shall submit to the City by 31 December 2008 a list of completed works on the construction of storm water sewerage by streets and meters.

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SCHEDULE IV**DEVELOPMENT COSTS OF SEPARATE STORM WATER NETWORK**

1. The Parties have agreed that the annual development cost of the separate storm water network is:
53,000,000 EEK excluding VAT (62,540,000 including VAT) in years 2008 to 2011.
2. The development cost is included to the formula and to the invoices starting from 1 January 2008 to 31 December 2011. Each monthly invoice includes 1/12 of the annual cost.
3. The stipulation of the Clause 1 of the present Schedule IV applies insofar that the Company constructs cumulatively at least 25 % of the programme (as set in Schedule I of this Agreement) for the design and construction works of storm water sewerage (including Storm Water Facilities) by the lengths of network sections in meters per year during the period 2008-2011 (i.e. by the end of 2008: 25%, by the end of 2009: 50%, etc).
4. In case the Company fails to fulfil the obligation stipulated in the Clause 3 of the present Schedule IV, the Parties agree to review the amount of the annual development cost of the separate storm water network for remaining years of the period 2008-2011.

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SCHEDULE V**LIST OF WATER EXTRACTION POINTS AND FOUNTAINS**

1. Water extraction points to be used pursuant to and on the basis of the Fire Hydrants Agreement (as amended by 27 March 2006 agreement):

1.1 In Keemia-Mehaanika corner, Tallinn

1.2 In Ronga-Algi corner, Tallinn

1.3 Suur-Sõjamäe 17, Tallinn

1.4 Hirve 32, Tallinn

1.5 Mähe-Kaasiku 28, Tallinn

1.6 Behind Võidujooksu 3a, Tallinn

2. Fountains to be used pursuant to and on the basis of the Fire Hydrants Agreement (as amended by 27 March 2006 agreement):

2.1 "Nõmme ema" situated at Jaama, Tallinn

2.2 J. Koort "Metskits" situated at Nunne, Tallinn

2.3 "Viru poiss" situated at Viru, Tallinn

2.4 Fountain of Lilleaed situated at Kadrioru park, Tallinn

2.5 Fountain of Luigetiik situated at Kadrioru park, Tallinn

2.6 Fountain of Apollo situated at Kadrioru park, Tallinn

2.7 "Neptunus" situated at Kadrioru park, Tallinn

2.8 Fountain situated at Schnelli tiigi park, Nunne, Tallinn

2.9 Fountain situated at Kopli Kalmistupark, Kopli 69C, Tallinn

2.10 2 fountains situated at Politseiaed, Pronksi 15/Gonsiori 16, Tallinn

2.11 Fountain at Õie 40, Tallinn

2.12 Fountain at Õismäe tiik, Tallinn

2.13 "Naine vaagnaga" situated at Tornide väljak, Tallinn

2.14 Fountain at Parditiigi, Tallinn

2.15 Fountain at Linnahall, Tallinn

2.16 Fountain situated at Merivälja tee 22a, Tallinn

2.17 Fountain situated in front of Tallinn Music School of G.Otsa, Tallinn

2.18 Fountain situated in front of cinema "Kosmos", Tallinn

The above list of water extraction points and fountains is complete and excludes any objects not listed therein.

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