



^ NOTARY IN AND FOR TALLINN MERLE SAAR-JOHANSON

^
^ NOTARY'S BOOK OF
^ OFFICIAL RECORDS No

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1353

^ MINUTES AND RESOLUTIONS OF THE GENERAL MEETING
OF AKTSIASEELTS TALLINNA VESI

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^ Prepared and issued in Tallinn on the twenty seventh day of May in the year two thousand and fifteen (27.05.2015).

I, the Notary in and for Tallinn Merle Saar-Johanson, whose office is located in Tallinn, Rävåla pst 3 / Kuke tn 2, was present at the general meeting (hereinafter: "the **Meeting**") of shareholders of AKTSIASEELTS TALLINNA VESI, registry code 10257326, located at Ådala 10, Tallinn, 10614 (hereafter: "the **Company**") that took place on the twenty seventh day of May in the year two thousand and fifteen (27.05.2015).

The Meeting was held in Euroopa Hotel (Paadi 5, 10151 Tallinn) 2nd floor conference room „Lååne-Euroopa“.

The Meeting started at 09.00 and ended at 09.50. Registration of shareholders started at 08.30 and registration was organised by ARS Corporate Services OÜ.

The Meeting was held in Estonian and in English, the participants were provided with the possibility to use translation into Estonian and English.

The notice of convening the Meeting was published on 24.04.2015 on the seventh (7) page of daily newspaper Eesti Pevaleht and on the 23.04.2015 on the website of NASDAQ OMX Tallinn Stock Exchange (correction notice regarding one draft resolution was published on 28.04.2015) and on the website of the Company at <http://www.tallinnavesi.ee/>.

Share capital of AKTSIASEELTS TALLINNA VESI is twelve million sixty (12 000 060) euros, which are divided into A-shares (20 000 000 shares), each having nominal value of zero point sixty (0,60) euros, whereof each share shall give one (1) vote in the Meeting, and into B-shares (1 share) having a nominal value of sixty (60) euros that shall not grant

the right to vote regarding the items on the agenda of this Meeting pursuant to the provisions of clause 3.2.1.2. of the Articles of Associations of AKTSIASELTS TALLINNA VESI. Voting rights of the shareholders at the general meeting were determined according to share register data as of 20.05.2015 at 23:59. The list of participants was compiled by the Estonian Central Register of Securities.

According to the list of participants in the General Meeting constituting an Annex to this notarial deed, the general meeting was attended and represented by fifteen million seventy three thousand seven hundred seventy nine (15 073 779) votes represented by A- shares and one (1) vote with a limited voting right represented by the B-share. The general meeting was attended in total by seventy five point thirty seven percent (75.37%) of the votes represented by A-shares and 100% of the votes represented by B-shares. Pursuant to § 36 subsection 3 of the Notarisation Act, the chair of the meeting shall be liable for the correctness of the list of participants.

The quorum of the general meeting has been verified by the person who has prepared this notarial deed on the basis of the list of participants that was signed by the chair of the Meeting at the presence of the person who has prepared this notarial deed. The person who has prepared this notarial deed has verified the compatibility of the list of participants with share register and the list of participants corresponds to the share register.

According to the § 297 subsection 1 of the Commercial Register and the clause 6.2.6 of the Articles of Association of the Company, the Meeting is able to make decisions if more than half of the votes represented by shares are present. Thus, the meeting was empowered to pass decisions.

The Supervisory Council made the proposal to elect Sven Papp as the Chairman of the Meeting and Juulika Aavik as the Secretary of the Meeting.

Voting results:

| | |
|------------|-----------------------------|
| In favour: | Over half of the votes |
| Against: | None |
| Impartial: | None |
| Abstained: | Less than half of the votes |

It was decided to elect Sven Papp as the Chairman of the Meeting and Juulika Aavik as the Secretary of the Meeting. Voting was performed by shows of hands.

The Meeting was chaired by **Sven Papp**
personal ID code 36301050249
who is personally known to the notariser of this deed
and
the minutes were taken by Juulika Aavik

personal ID code 48607295241

who has been identified based on the database of the Police and Border Guard Board.

The Chairman of the Meeting introduced the procedure of conducting the meeting, including the voting, also the options to use translation and ask questions.

The floor was given to Mr. Simon Gardiner, the Chairman of the Supervisory Council, to welcome the shareholders.

The Chairman of the Meeting introduced the meeting agenda, which consisted of the following:

- 1. Approval of 2014 Annual Report**
- 2. Distribution of profit**
- 3. Election of members of the Supervisory Council**
- 4. Election of the auditor**
- 5. CEO update**

Karl Heino Brookes, the Chairman of the Management Board of the Company, welcomed the shareholders to the meeting. Mr. Brookes outlined the stakeholders of the Company (shareholders, customers, operations and people) and highlighted significant improvement in key operational indicators the Company has undergone since privatisation. Since privatisation e.g. the level of leakages has reduced from 31.64% to 16.14%, the quality of drinking water has increased from 61.98% to 99.79% and the number of water bursts has reduced more than 5 times. All key indicators have improved. This in turn proves the fact that efficient management has improved the operational performance of the Company and appropriate capital investments have been made on an ongoing basis.

Mr. Brookes noted that the company has a very committed workforce of over 300 staff. Following completion of the annual employee opinion survey in the earlier part of this year, overall employee commitment in the Company was found to be at 71 points, which compares favourably to the Estonian average of 66 points, and the European average of 58 points. The Company has also made several improvements related to Health and Safety, and it is encouraging to note the downward trend of reportable accidents, compared to previous years (3 down to 2 in 2014).

Aleksandr Timofejev, Member of the Management Board of the Company, presented the overview of operational and customer services performance of the Company in 2014. The Company has once again delivered outstanding operational performance in 2014 – the Company achieved 96 out of the 97 levels of service. Due to the environmentally focused actions of the team in 2014 the leakage level was 16.1% - the Company saved ca 317 th m³ of water in 2014 equalling to 5 days consumption of the citizens of Tallinn. Water quality achieved 99.80% compliance showing the best ever performance of the Company, which is comparable to any Western European country. It is significant to mention that

the customer satisfaction index increased further from 79 TRI*M index points in 2013 to 85 in 2014. Campaign “Tap water IS drinking water” was again organized to improve the awareness of our customers. The results of the study indicate that the number of people drinking tap water in Tallinn and Maardu have already increased to 85%.

Ms. Riina Käi, Member of the Management Board of the Company, welcomed the shareholders to the meeting and provided an overview of the Company’s financial performance, which has been as strong as the operational performance. We are delighted to see that the fact that investors believe in our Company is reflected also by the share price, which had increased to 13.10 euros by the end of 2014, i.e. +10.1% compared to the beginning of the financial year. To date the share price has increased even more.

Irrespective of the fact that the Company has been bound to operate with frozen tariffs due to the ongoing tariff dispute, its total revenues increased by 0.3% to 53.2 million euros. The majority of the sales are related to the main operating activity of the Company, i.e. the sale of water and treatment of wastewater. Increase has occurred both in the main service area and in surrounding municipalities.

The Company’s costs have been relatively stable. Legal costs related to the tariff dispute had the strongest adverse impact on costs. Additionally, the Company’s cost base was influenced by higher pollution tax in the first two quarters of 2014, because the maximum allowed concentrations of copper and zinc were reduced by 400 times in the applicable water permit of the Company. This resulted in an increase in the Company’s pollution tax by over 1 million euros.

The Company’s operating profit was at the level comparable to that of 2013, decrease in net profit was mainly impacted by non-monetary revaluation of the fair value of SWAP contracts. The Company’s profit per A-share is 0.90 euros. In line with the Company’s dividend policy, the proposal is to pay 0.90 euros per A-share i.e. 18 million euros in total. Distribution of dividends will be discussed as a separate item on the agenda.

The Company is highly committed to be transparent and attractive for investors. The Company won the Award of the Best Investor Relations Company on Baltic Stock Exchange in 2014 for second consecutive year and was also elected the most attractive listed Company in Baltic Stock Exchange. Thank you, all our shareholders.

Agenda item 1. Voting was conducted on the proposal to approve the 2014 Annual Report.

The participants did not have any questions to the auditor.

Voting results:

In favour: 15 072 839 votes i.e. 99.99% of the votes represented at the Meeting

Against: 0 votes i.e. 00.00% of the votes represented at the Meeting
Impartial: 0 votes i.e. 00.00% of the votes represented at the Meeting
Abstained: 940 votes i.e. 0.01% of the votes represented at the Meeting

Since more than half of the votes represented at the Meeting in favour is required to pass the aforementioned resolution, the resolution of the Meeting has been adopted.

Agenda item 2. The net profit of the Company in 2014 is 17 943 000 (seventeen million nine hundred forty three thousand) euros. Voting was conducted on the proposal to distribute 18 000 600 (eighteen million six hundred) euros of AS Tallinna Vesi's retained earnings of 49 138 000 (forty nine million one hundred thirty eight thousand) euros as of 31.12.2014, incl. from the net profit of 17 943 000 (nineteen million nine hundred forty three thousand) euros for the year 2014, as dividends, of which 0,90 euros (zero point ninety) per share shall be paid to the owners of the A-shares and 600 (six hundred) euros per share shall be paid to the owner of the B-share. To pay the dividends out to the shareholders on 19.06.2015 and to determine the list of shareholders entitled to receive dividends on the basis of the share ledger as at 23.59 on 10.06.2015.

Voting results:

In favour: 15 072 839 votes i.e. 99.99% of the votes represented at the Meeting
Against: 0 votes i.e. 00.00% of the votes represented at the Meeting
Impartial: 940 votes i.e. 0.01% of the votes represented at the Meeting
Abstained: 0 votes i.e. 00.00% of the votes represented at the Meeting

Since more than half of the votes represented at the Meeting in favour is required to pass the aforementioned resolution, the resolution of the Meeting has been adopted.

Agenda item 3. Voting was conducted on the proposal to elect Mr. Allar Jõks as a Supervisory Council member of AS Tallinna Vesi from 28.05.2015.

The CV of Mr. Allar Jõks was introduced to the Meeting. Shareholders did not have any questions to Mr. Jõks.

Voting results:

In favour: 15 038 666 votes i.e. 99.77% of the votes represented at the Meeting
Against: 53 votes i.e. 0.00% of the votes represented at the Meeting

Impartial: 34 860 votes i.e. 0.23% of the votes represented at the Meeting

Abstained: 200 votes i.e. 0.00% of the votes represented at the Meeting

In line with the clause 6.3.5 of the Articles of Association the Supervisory Council of the Company shall consist of nine (9) members and the person, who has received more votes in favour than the other candidates, shall be considered to have been elected, Mr. Allar Jõks was elected a Supervisory Council member.

Agenda item 4. AS PricewaterhouseCoopers has provided auditing services for AS Tallinna Vesi during the financial year of 2014 pursuant to the agreement concluded between the parties in 2012. In the opinion of the Supervisory Council, AS PricewaterhouseCoopers has provided services in compliance with the agreement and the Supervisory Council has no complaints regarding the quality of the auditing services.

Voting was conducted on the proposal to appoint AS PricewaterhouseCoopers as the auditor and Mr. Ago Vilu as the lead auditor for the financial year of 2015. To pay the fee to the auditor as per contract to be entered into.

Voting results:

In favour: 15 038 629 votes i.e. 99.77% of the votes represented at the Meeting

Against: 0 votes i.e. 00.00% of the votes represented at the Meeting

Impartial: 34 950 votes i.e. 0.23% of the votes represented at the Meeting

Abstained: 200 votes i.e. 0.00% of the votes represented at the Meeting

Since when electing a person, the candidate who has received more votes in favour than the other candidates, shall be considered to have been elected, AS PricewaterhouseCoopers was elected the auditor and Ago Vilu the lead auditor.

Agenda item 5. CEO update on privatisation contract dispute.

Mr. Brookes introduced the 2014 developments in the Company's dispute on the privatisation agreement. Since 2010 the Company has foregone 16.7% of tariff increases. The courts have ruled the Company's privatisation contract to be a public law contract, which means that it is a legitimate contract and should be honoured.

In 2014, the Company submitted a claim against Competition Authority in the amount of 90 million euros to avoid the expiry of compensation claim. The value of the claim represents potentially lost revenues until the end of the contract period should the Company not be able to apply its contractual right to adjust the tariffs in line with the current contract.

In 2014, the Administrative Court received two independent opinions. Both opinions were of a view that the tariff mechanism described in the services agreement is internationally recognised methodology and complied with the Public Water and Sewerage Act in force at the time of privatisation.

In 2015, there have been three hearings and the decision is expected in early June 2015. Both parties have the right to appeal.

In addition to the local court case, the Company together with its shareholder UU Tallinn (B.V) decided to commence the International Arbitration (ICSID) proceedings, which is generally a time bound process lasting 18-24 months, with no appeal mechanism.

Mr. Brookes reminded shareholders that the Company has always been open for discussions related to a negotiated settlement.

Mr. Brookes also outlined the situation regarding Stroomi collector. The collector has been stabilised and the service is being provided with no disruption to consumers. The repair of the collector is technically challenging, and Lemminkäinen Infra Oy has been appointed to complete the repair. Mr. Brookes thanked United Utilities (Tallinn) B.V - the majority shareholder of the Company – for the ongoing technical support and advice.

Mr. Brookes said that in summary the Company's underlying performance was very strong in 2014. The Company was once again able to deliver shareholder expectations and maintain the previous dividend policy.

The shareholders of the Company took notice of the CEO update.

Questions from shareholders to the Management Board:

Mr. Toomas Taube, Shareholder: Would it be possible to include the costs of repairing Stroomi collector to the water tariffs later? Has the Company been insured against such costs, should something similar occur in the future?

Mr. Brookes: We regularly inspect our collectors. Ms. Kãi: The part pertaining to the network cannot be insured in case of network companies – the Company has over 2000 km of networks and insuring those is not practical, neither do the insurance companies usually offer such cover. We have the liability insurance in place and the contractor has the contractors all risks insurance. The investments needed for the repair of the collector is taken from the capital invested by the Company and belong to the regulatory assets. The tariffs of the Company are currently frozen and this does not affect the tariffs. Mr. Timofejev: I would like to add that all the Company's above ground assets are insured, the underground assets are not insured.

The Chairman closed the Meeting.

The voting was conducted by ARS Corporate Services OÜ. The voting was conducted with the electronic devices issued to the shareholders upon their entry in the list of shareholders. Voting results were calculated by electronic means.

The resolutions reflected in these Minutes have been adopted in compliance with the requirements provided by law and the Articles of Association.

The following Annexes have been attached to these Minutes:

1. List of the participants in the Meeting
2. Powers of Attorney of the representatives of the shareholders

This notarial deed and the Annexes thereto have been given for examination to the Chairman of the Meeting and the Secretary prior to the signature thereof and then signed by own hand at the presence of the person verifying this notarial deed.

This notarial deed (The Minutes and Resolutions of the General Meeting) has been prepared and signed in one (1) original counterpart, which shall be kept at the office of the Notary. On the day of preparation of the deed, the Company shall receive the first transcript of the notarial deed.

The present document is drawn up on 85 pages bound with string and embossing press.

Transaction value for the calculation of the Notary fee upon the notarisation of the Minutes and Resolutions of the General Meeting is the 1/4 price of share capital.

Notary fee: The Minutes of the General Meeting 319.50 euros (Notary Fees Act § 18 section 4, 22, 29 section 1 cl 4).

Notary fee total **319.50** euros.

VAT 63.90 euros

Total 383.40

Chairman of the Meeting _____
First name and family name in characters *signature*

Secretary of the Meeting _____
First name and family name in characters *signature*