

Dear Tallinna Vesi's shareholder,

I am writing to you personally to invite you to join our Annual General Meeting of Shareholders, which will be held on Tuesday, 22 May 2012 at 9.00 at the Tallink Spa&Conference Hotel's (Sadama 11a, Tallinn 10111, Estonia) conference room Galaxy 1 + 2.

I believe it is important that we keep all our shareholders informed of all aspects of AS Tallinna Vesi's (ASTV) performance and that shareholders have the opportunity to ask relevant questions directly from ASTV's management. I sincerely hope you will be able to join me and the rest of ASTV's Management Board at the meeting.

When reviewing our performance in the past year, I am pleased to inform you that our operational performance has continued to improve across all aspects of our business, and in many areas our quality standards have been the best ever. In addition, we have published all aspects of our contract and regulatory discussions with the authorities. Both documents are available on ASTV's website www.tallinnavesi.ee. ASTV aims to be a role model for good governance and transparency for all natural monopolies in Estonia.

On the negative side, the past twelve months have witnessed our dispute with the Competition Authority (CA) escalate. The CA has refused to process our submitted tariff application and has attempted to force a 29% tariff cut on the Company. The CA took the action to try to cut tariffs by claiming that the terms and conditions of the international privatisation in 2001 were not in compliance with the law. Interestingly, the CA has made this claim without any evidence to support any of its opinions.

The Management and Supervisory Board of ASTV are firm believers in legal certainty and fully transparent economic and quality regulation. We cannot but disapprove the unilateral breaking of existing legal contracts, especially when the Company has only followed the terms and conditions of the contract as stipulated by the Estonian authorities themselves. Therefore, to defend the interests of all our stakeholders we have been forced to make two complaints to the Estonian Courts and have issued a complaint to the EU Commission. As of today, no dates have been set for our court case.

The Company hopes that it will be able to bring this unfortunate problem to an agreeable solution for all parties that protects your long-term interests and without the need for court proceedings. However, should this not be possible, I want you to be aware that we will employ all means available to defend the legitimate interests of AS Tallinna Vesi and you, its shareholders.

Together we will discuss our plans to protect the rights of the Company and its investors, and ensure we continue to deliver a strong operational and service performance for our customers.

An AGM notice with the agenda and proposed resolutions was disclosed on our webpage on 26 April 2012.

I look forward to meeting with you on 22 May.



Ian Plenderleith,
CEO of AS Tallinna Vesi

