



TALLINN NOTARY MERLE SAAR-JOHANSON

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

Prepared on the second of June in the year two thousand and sixteen (02.06.2016) and issued in Tallinn on the eight of June in the year two thousand and sixteen (08.06.2016).

I, Riina Toss, the substitute for the notary of Tallinn Merle Saar-Johanson, acting in the capacity of a notary, whose office is located in Tallinn, Rävåla pst 3 / Kuke tn 2, 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**”), registry code 10257326, located Ädala St 10, Tallinn, 10614, on the second of June in the year two thousand and sixteen (02.06.2016).

The meeting took place in the “Lääne-Euroopa” conference room on the second floor of Hotel Euroopa (Paadi 5, 10151 Tallinn).

The meeting started at 09:00 and ended at 10:24. 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 five (5) of the newspaper *Eesti Päevaleht* on 06.05.2016 and the notice of calling the meeting of the Public Limited Company was published at the homepage of NASDAQ OMX Tallinn Stock Exchange on 05.05.2016 (the correction notice regarding one draft decision was published on 06.05.2016) and at 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 (12,000,060) euros, which is divided into A-shares with the nominal value of zero point six (0.6) euros (20,000,000 shares), of which each gives one (1) vote

at the Meeting, and a B-share with the nominal value of sixty (60) euros (1 share), 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 for making 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 has right to vote only in making the decision set out in Article 3 of the agenda of the Meeting. The shareholder's right to vote at the Meeting is established on the basis of the status of the share register as of 26 May at 23:59. The list of participants was drawn up by the Estonian Central Register of Securities.

According to the list of participants of the Meeting, which forms an annex to this notarial deed, all together fifteen million sixty-five thousand nine hundred and seventy-three (15 065 973) votes appointed by A-shares and one (1) vote with the limited right to vote appointed by B-share were present and represented. In total seventy-five point thirty-three percent (75.33%) of the votes appointed by A-shares and one hundred percent (100%) of the votes appointed by B-shares are 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 of the General Meeting.

The person who drew up this notarial deed has verified the Meeting's capacity to exercise will 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 is 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. Thus the Meeting had a quorum.

The Chairman of the Meeting was **Raino Paron**

personal identification code 36507044211

who is a person known to the verifier

and

the minutes were taken by **Mailis Kullerkupp-Jõekaar**

personal identification code 47305260334

whose identity has been established on the basis of the database of the Police and Border Guard Board.

Raino Paron, the Chairman of the meeting introduced the agenda of the Meeting, electronic voting, interpretation possibilities and the opportunity to ask questions. The Chairman of the meeting explained the rights and obligations of the board in relation to providing information at the Meeting.

Shareholder Villu Pavelts posed clarifying questions regarding questions and answers.

The Chairman of the Meeting Raino Paron explained that the rules for disclosing information

are established by the law. All management decisions are discretionary decisions.

The agenda of the Meeting included:

- 1. Approval of the Annual Report 2015**
- 2. Distribution of profit**
- 3. Amendment of the Articles of Association**
- 4. Electing the members of the Supervisory Board**
- 5. Electing the auditor**
- 6. Overview of the Chairman of the Board**

The shareholders had no proposals for supplementing the agenda.

The Chairman of the Meeting Raino Paron gave the floor to Karl Brookes, Chairman of the Board of the Public Limited Company for introducing the first agenda item “Approval of the Annual Report 2015”.

The Chairman of the Board of the Public Limited Company, Mr **Karl Heino Brookes** greeted the shareholders. Mr Brookes mentioned that the results of the Public Limited Company have been good. The results have improved since privatisation and the indicators of the company are excellent. Mr Brookes said: “The results of the company have improved with each year. Our aim is to maintain and improve strong results. Since privatisation the level of leakages has fallen from 32% to 14.68%. The number of interruptions in water supply has also fallen significantly. These and other indicators are equal to those of the best water companies in Europe. AS Tallinna Vesi employs over 300 people thanks to whom we can provide the best service to our clients. I am glad to say that our employees continue to be committed to our company. During the past couple of years we have dedicated a lot of time and attention to the working environment as well as the development of our managers. We are also happy that as a result of the periodic audit the management systems of the Public Limited Company were considered to meet the standards of ISO 9001 and 14001 as well as the requirements of EMAS. This year, it has been especially important to me that we have improved our company’s occupational health and safety and I am very satisfied with our achievement. Last year we had no accidents at work, which is a great result. Additionally, I am very happy that last year our activities were recognised with the award of the Minister of Social Affairs “Good Working Environment.”” With that the Chairman of the Board concluded his presentation and gave the floor to the Member of the Board Aleksandr Timofejev.

The Member of the Board of the Public Limited Company, Mr **Aleksandr Timofejev** gave an overview of the production results and customer service of the Public Limited Company in 2015. Mr Timofejev informed the participants of the Meeting as follows: “The production results of the year 2015 were again very good. The 14.68% record low

level of leakage of last year means water savings in the amount of approximately 500 thousand m³, which is a considerable quantity. Last year the Public Limited Company met all the quality requirements arising from the service agreement concluded with the City. The water quality in the Tallinn water network was very high, 99.86% of the samples taken met the applicable requirements. We invest continuously into our assets in order to ensure a service of highest quality. Last year, many investments were made into the wastewater cleaning plant. One of the biggest investment projects were the system of dosing the coagulant, which in the future will enable us using less chemicals for a cleaning process that is equally efficient and as a result the environmental impact will be even smaller. Each year we carry out a customer satisfaction survey. Last year's result was record high. The TRI*M index reached 94 points, which is the highest in the history of the Public Limited Company. It is important for us that our clients would be continuously satisfied with our activities. Furthermore, the survey showed that people continue to trust tap water, dare to drink and recommend it. According to the survey, 86% of the people drink tap water, which is 1% more than in last year. We continue to pay attention to increasing environmental awareness among school and kindergarten children. We inform the children about how the water and wastewater are cleaned and what can be done to preserve our environment. Last year, we also cooperated with the Environmental Investment Centre by building three fish accesses, which help fish move against the current, which in turn facilitates increasing of the fish population and improves the condition of the bodies of water. Last year, the Responsible Business Forum of Estonia recognised our work with the gold level of responsible business, which is an important achievement for us. Furthermore, our company was selected as the most child- and youth-friendly company in Tallinn in 2015, which is an important recognition for the work with children and youth." Aleksandr Timofejev completed his presentation and gave the floor to the Member of the Board Riina Kãi.

The Member of the Board Mrs **Riina Kãi** greeted the shareholders and gave an overview of the financial results of the Public Limited Company, which, as the production results, have been good. Riina Kãi said: "Despite of the tariffs frozen at the level of the year 2010, the sales revenue of the Public Limited Company increased in 2015 as compared to the previous period by 5.1%, reaching 55.93 million euros. The biggest growth had to do with the non-regulated activities of the subsidiary, i.e. construction of pipelines and asphaltting services, which grew 1.7 million euros. Also, revenue from the sale of the principal activity grew in Tallinn as well as in the surrounding municipalities. Sales to private consumers grew by 1.1% and to corporate clients by 1.4%. Growth in sales in areas beyond the principal region activity reached 5.4%. The increase is mainly due to the development and growth of the municipalities around Tallinn. The net profit of the company grew by 10.7% to 19.9 million euros.

In terms of direct production cost, the strongest influence came from the costs related to the stabilised pollution charges. In 2014, we had a few difficulties with the cost of additional pollution charge related to heavy metals, due to the fact that allowed concentrations of heavy metals on the water permit were unreasonably decreased by up to 400 times. Due to that the Public Limited Company paid an additional pollution charge of 1.2 million euros in the first and second quarter of the year 2014. From the third quarter of 2014 the situation stabilised. The adjusted water permit is valid until the end of the first quarter of 2018. In 2015, the salary costs have also increased a little. This is related to the general correction in the level of salaries as well as performance pay due to the fact that the results of the year 2014 did not meet the expectations of the company and due to that the performance pay paid in 2014 was significantly decreased. The share of legal expenses of the Public Limited Company continues to be high due to the tariff disputes on local and international level. About the financial expenses it is worth mentioning that the interest expenses of the Public Limited Company decreased significantly, i.e. by 0.85 million euros and this has greatly to do with the renewed contracts. As a result of all of the above, the net profit of the Public Limited Company was 19 858 000 euros. In 2015, the company made investments in the sum of 11.3 million euros, which is 2.1% more than in 2014. The biggest part of the investments is related to reconstruction and construction of pipelines. As mentioned previously, we invested into the new coagulant dosage system and built fish accesses. The net profit and profit per share grew by 10%. We propose paying dividends in accordance with the applicable dividends policy, i.e. maintain dividends in real value. Last year's consumer price index was negative. Similarly to the previous year, we propose maintaining dividends at the level of the previous year, i.e. 0.90 euros per A-share. Thus the amount of the entire payment will be 18 million euros. I am glad that our shareholders continue to have confidence in us. It is also great that the stock exchange pays attention to our wish to be as shareholder and investor-friendly as possible. For the third consecutive year, Nasdaq OMX Baltic declared the Public Limited Company as the company with the "*Best Investor Relations*", and our company received the award "*The Best Investor Relations Based on Market Professionals*". Furthermore, the company was also recognised for the "*Best Interactive Investor Relations in Baltics*". Additionally, they found that the Public Limited Company is the "*Most Trustworthy Listed Company in Baltic Stock Exchange*". Thank you for the trust."

Agenda item 1. Approval of the Annual Report 2015

The Chairman of the Meeting called for voting the proposal to approve the Annual Report 2015.

Voting results:

in favour:	15 060 573	votes or	99.96 % votes represented in the meeting
opposed:	0	votes or	0.00% votes represented in the meeting
impartial:	5 400	votes or	0.00% votes represented in the meeting
did not vote:	0	votes or	0.00% 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 of the Meeting has been adopted.**

Agenda item 2. Distribution of profit

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

The net profit of the Public Limited Company of the financial year of 2015 was nineteen million eight hundred and fifty-eight thousand (19 858 000) euros. Distribute as dividends eighteen million six hundred (18,000,600) euros out of the fifty million nine hundred ninety-five thousand (50 995 000) euros of undistributed profits of AS Tallinna Vesi as of 31.12.2015, including of the nineteen million eight hundred and fifty-eight thousand (19 858 000) euros of net profit of the year 2015, of which the owners of the A-shares will receive dividends in the amount of zero point ninety (0.90) euros per share and the owner of the B-share will receive six hundred (600) euros per share. The remaining retained profit will not be distributed. No allocations to the reserve capital will be made from the net profit.

According to the proposal of the Board, the Supervisory Council decided to propose to the General Meeting payment of the dividends to the shareholders on 27.06.2016 and establish the list of security owners eligible for the dividends on the basis of the status as of 16.06.2016 at 23:59.

Voting results:

in favour:	15 064 650	votes or	99,96% votes represented in the meeting
opposed:	940	votes or	0.01% votes represented in the meeting
impartial:	253	votes or	0.00% votes represented in the meeting
did not vote:	130	votes or	0.00% 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 of the Meeting has been adopted.**

Agenda item 3. Amendment of the Articles of Association

The Member of the Board Riina K i explained the shareholders that the amendment of the Articles of Association is related to the potential introduction of remote voting in the future. The amendment does not mean that the Public Limited company is obliged to use it, but it is a possibility to expand the format of participating in the Meeting in the future if the parties so wish and if the technical solutions satisfactory for all parties exist. Chairman of the Meeting Raino Paron added that the Tallinn Stock Exchange is working towards being the first stock exchange in the world to develop a software system for carrying out remote voting, which hopefully will be introduced soon.

The Chairman of the Meeting called for voting the following proposal for amendment of the Articles of Association:

To add a new clause 6.2.9 to the Articles of Association to allow for an electronic participation of the shareholders in general meetings, and to approve the new wording of the Articles of Association (attached):

6.2.9. Electronic participation in a general meeting

6.2.9.1 The shareholders may vote on the draft resolutions prepared in respect to the items on the agenda of a general meeting using electronic means prior to the general meeting or during the general meeting if it is possible in a technically secure manner and it is established in the notice to convene a general meeting.

6.2.9.2 The procedure of the electronic voting shall be determined by the management board. Electronic voting shall be performed in a format which can be reproduced in writing.

6.2.9.3 The notice to convene a general meeting shall establish, whether electronic voting can be performed and shall include a reference to the procedure of the electronic voting determined by the management board.

6.2.9.4 The shareholder who voted using electronic means shall be deemed to have taken part in the general meeting and the votes represented by the shareholder's shares shall be accounted as part of the quorum of the general meeting unless otherwise provided by law.

Voting results:

in favour: 15 048 923 votes represented by A-shares or 99.89% of the votes represented by A-shares at the Meeting

1 votes represented by B-shares or 100% of the votes represented by B-shares at the Meeting

opposed: 1 750 votes represented by A-shares or 0.01% of the votes represented by A-shares at the Meeting

impartial: 12 400 votes represented by A-shares or 0.08% of the votes represented by A-shares at the Meeting

did not vote: 2 900 votes represented by A-shares or 0.02% of the votes represented by A-shares at the Meeting

Due to the fact that at least 2/3 of votes represented with shares at the Meeting and votes appointed by the B-share must vote in favour to adopt this decision, **the decision of the Meeting has been adopted.**

Agenda item 4. Electing the members of the Supervisory Board

4.1. The Chairman of the Meeting called for voting the proposal to elect Mr Rein Ratas as a member of the Supervisory Council of AS Tallinna Vesi from 02.06.2016.

Voting results:

in favour:	14 830 945	votes or	98.44% votes represented in the meeting
opposed:	35 472	votes or	0.24% votes represented in the meeting
impartial:	199 556	votes or	1.32% votes represented in the meeting
did not vote:	0	votes or	0.00% votes represented in the meeting

4.2. The Chairman of the Meeting called for voting the proposal to elect Mr Mart Mägi as a member of the Supervisory Council of AS Tallinna Vesi from 02.06.2016.

Voting results:

in favour:	15 048 249	votes or	99.88% votes represented in the meeting
opposed:	1 180	votes or	0.01% votes represented in the meeting
impartial:	16 544	votes or	0.11% votes represented in the meeting
did not vote:	0	votes or	0.00% votes represented in the meeting

4.3. The Chairman of the Meeting called for voting the proposal to elect Mr Simon Roger Gardiner as a member of the Supervisory Council of AS Tallinna Vesi from 02.06.2016.

Voting results:

in favour:	15 056 779	votes or	99.94% votes represented in the meeting
opposed:	250	votes or	0.00% votes represented in the meeting
impartial:	8 944	votes or	0.06% votes represented in the meeting

did not vote: 0 votes or 0.00% votes represented in the meeting

4.4. The Chairman of the Meeting called for voting the proposal to elect Mr Martin Padley as a member of the Supervisory Council of AS Tallinna Vesi from 01.11.2016.

Voting results:

in favour: 15 059 559 votes or 99.96% votes represented in the meeting

opposed: 503 votes or 0.00% votes represented in the meeting

impartial: 5 551 votes or 0.04% votes represented in the meeting

did not vote: 360 votes or 0.00% votes represented in the meeting

Pursuant to section 6.3.5 of the Articles of Association, the Supervisory Council of the Public Limited Company consists of nine (9) members and pursuant to § 299 section 2 of the Commercial Code, upon electing a person at the Meeting, the candidate who received more votes than others will be elected, **the following persons were elected as members of the Supervisory Council from 02.06.2016: Mr Rein Ratas, Mr Mart Mägi and Mr Simon Roger Gardiner and from 01.11.2016: Mr Martin Padley.**

Agenda item 5. Electing the auditor

The Chairman of the Meeting read out the opinion of the Supervisory Council on the auditor's activities:

AS PricewaterhouseCoopers has provided auditing services to AS Tallinna Vesi on the basis of the agreement concluded between the parties in 2015 during the 2015 financial year. According to the opinion of the Supervisory Council, AS PricewaterhouseCoopers has provided auditing services in accordance with the agreement and the Supervisory Council has no pretensions regarding the quality of the auditing services.

The Chairman of the Meeting called for voting the proposal to appoint AS PricewaterhouseCoopers as the auditor and Mr Ago Vilu as the lead auditor of the 2015 financial year of the Public Limited Company. Pay a fee to the auditor according to the agreement concluded with the auditor.

Voting results:

in favour: 15 024 108 votes or 99.72% votes represented in the meeting

opposed: 32 642 votes or 0.22% votes represented in the meeting

impartial: 7 121 votes or 0.05% votes represented in the meeting

did not vote: 2 102 votes or 0.01% 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 of the Meeting has been adopted.**

Agenda item 6. Overview of the Chairman of the Board

The Chairman of the Meeting gives the floor to Karl Heino Brookes.

The Chairman of the Board **Karl Heino Brookes** gave an overview of the local tariff dispute and explained that the overview will be given in two parts – the Public Limited Company has an ongoing court case on the local level and an international arbitration dispute. An overview of the latter will be given by the Chairman of the Supervisory Council Simon Gardiner.

Mr Brookes said: “As we all know, the tariff dispute has been on the table since 2011. From that time on the tariffs have been “frozen” to the level of the year 2010, which means that we have been deprived of the 16.5% tariff increase (Consumer Price Index during the period 2010-2015). The previous court order provided that the privatisation agreement was an agreement in public law, which must be performed. In May 2014, the Public Limited Company submitted a claim for indemnity against the Estonian Competition Authority in the total sum of 90 million euros, which reflects the potential damages as of May 2014 calculated for the entire contract period in case the tariffs remain frozen. Due to the fact that the assumptions regarding the consumer price index have changed, the current sum is somewhat lower. In 2014, two independent experts assessed the tariff mechanism described in the Services Contract and both experts were of the opinion that the tariff methodology in the Services Contract is principally internationally recognised and in line with the Public Water Supply and Sewerage Act in force at the moment of the privatisation. Unfortunately, the complaint of the Public Limited Company was not satisfied in the court of first instance in June 2015. The court found that the contract is not binding for the Competition Authority. We appealed the decision. At the moment the time of the next court hearing is not known. At the same time as the local court case, the Public Limited Company has an ongoing arbitration dispute.” Mr Brooks gave the floor to Simon Gardiner for giving an overview of the arbitration dispute.

Mr Gardiner explained the shareholders that he is able to give only limited information regarding the international arbitrage, which is due to the decision made by the court of arbitration, which gives both parties the opportunity to give an overview of general nature, but not disclose excerpts from the case. Mr Gardiner said: “We can speak about

the case in general terms. The year 2001, when the privatisation took place was the time of great hopes. Estonia was about to join the European Union. United Utilities together with its partners, took a long-term obligation to improve the infrastructure and water quality in the city of Tallinn. We invested 85 million euros and undertook a 15-year obligation to bring the quality levels into accordance with the requirements set out in the contract. Furthermore, we agreed on a tariff regime and methodology for 15 years. At the moment, we can say that the quality standards have been fully fulfilled. Improving the quality of service of the company and making the necessary investments were the main reasons for privatisation. We can say that we have fulfilled that goal. That is why the EBRD called it an exemplary privatisation. The agreements made during the privatisation may be divided into three – the initial investment, investments and quality requirements agreed with the Services Contract and tariff methodology. We in our part have fulfilled the two agreements, while in terms of the tariff methodology the state has decided that it cannot be fulfilled. Considering the reasons for the privatisation, the fact that we have to hold tariff disputes is disgraceful. Now, about the international arbitration proceedings. The process is ongoing and there will be a hearing in November, after which the decision will presumably be made in the first quarter of 2017. I still hope that it is possible to agree with the government of the Republic of Estonia. So far it has not happened. Considering the long-term nature of our business and investment, I sincerely hope for constructive negotiations. We will keep our shareholders informed as much as possible. At the moment there is a lot of legal work and opinions are being exchanged. I am sure some might want to ask if we will win the dispute. Our aim is to present our positions in the best possible manner and we have very good lawyers, and I believe in our position, but at the same time we have to accept the risk that the court of arbitration will make a decision which is either this or that way.”

Mr Brookes presented a summary as follows: “In conclusion, we can say that the activities of the Public Limited Company are still strong and the year 2015 was a good year in terms of financial indicators, production results, feedback from clients as well as regarding employees. Our attention continues to be on the tariff disputes and as the Chairman of the Board I would like to assure you that we will do all within our powers to represent the interests of the company well.”

The overview given by the Chairman of the Board of the Public Limited Company was duly noted by the shareholders of the Public Limited Company.

The Chairman of the Meeting opened the questions session.

Villu Pavelts – A question regarding the court case. What was the justification of the judge of the court of first instance for his decision to reject the action of the Public Limited Company? I have not heard the court’s arguments.

Karl Brookes – we waited for the decision for a long time, approximately 100 days. We can say that the court decided to reject the claims of the Public Limited Company by referring that the concluded Services Contract is not binding for the Competition Authority.

Simon Gardiner added that the court found that due to the contract being concluded with the City of Tallinn, the contract was not binding for the Competition Authority.

Tanel Pedaru – if it should happen that both national and international disputes are lost, what will it mean for the company and how are you planning to mitigate the negative aspects?

Raino Paron – this is a speculative question. The Board cannot foretell the future. The response may influence the share prices.

Ene Õunmaa, Swedbank Investment Funds – will the Public Limited Company use the opportunity to suspend trading with shares until the minutes are disclosed? I find that the meeting of the shareholders should be the place for shareholders to ask all questions. The owners have gathered here and for them it is the opportunity to ask from the Board questions that concern the company.

Raino Paron – the issue is that the Board cannot speculate. Suspension of trading cannot be regulated in that way because there is no obligation to disclose the minutes through the stock exchange system. There is the requirement to disclose only the decisions. The Public Limited Company has not considered the option to suspend trading with shares.

Ene Õunmaa – when will the shareholders be able to ask questions that are of importance from the point of view of the company?

Raino Paron – the main thing is that the Board cannot respond to questions that require speculative answers.

Villu Pavelts – I do not agree with the Chairman of the Meeting that the question asked by T. Pedaru is speculative. He did not ask, which decision will be made, but what mitigation measures will be used if the decision comes. This is not speculating about the future. This is just a remark.

Riina Käi – at the moment the question was whether there will be a victory or defeat. At the moment when we are in both disputes, and I especially mean the local dispute, it is still early to say what the decision will be. There are more options for the results besides just victory and defeat, therefore, the potential resulting developments could be different. We have weighed the options. We will endeavour to manage our cash flows as efficiently as possible also in the future.

Tanel Pavelts – does the company have an action plan for different outcomes and what are they?

Karl Brookes – as mentioned, we have thought of different solutions, but it would be

premature to share different options here.

Enn Asandi – the company has a rather large repairs project ongoing with the wastewater pipeline at Stroomi beach, when will it be completed and does it require a lot of funds? My second question – voting and dividends policy – 0.001% were against paying dividends. Would it be possible not to pay dividends to those who were opposed?

Karl Brookes – the Stroomi collector has been a project with many challenges. The collector is located in a complicated soil, which is quicksand and therefore the work takes longer than planned. The collector was built during the Soviet times in the 1980s by using the tunnel method. Building it was complicated back in the day and is complicated today. At the moment, the date of completion of the works has been somewhat postponed as compared to the initial deadline, in terms of the main works, the current best prognosis is to complete in July, but the need for additional works is possible, if the inspection reveals additional circumstances. However, the beach is open for public and we have had no environmental pollution incidents. **Aleksandr Timofejev** – As mentioned before, the soil is complicated. When the tunnel was first built in the 1980s, the conditions were also complicated and back in the day they used freezing of the soil. The soil can be efficiently frozen only once, it cannot be done twice, because the soil is mixed and it would be quite complicated. Another complicated challenge is the fact that during the works the collector is constantly used and during raining we have to manage even larger flows. Due to the fact that the soil in the area has no load-bearing capacity, we were forced to concrete the soil. When we talk about numbers, we placed 5,000 tons of cement into the soil. The work was divided into several stages. At the moment three stages of the works have been completed and some stages are still in the works. Our aim is to complete the works as soon as possible, considering the circumstances, and that we would not have to come back to it in the future. Our main contractor is an experienced Finnish construction company. We have involved experts from the Tallinn University of Technology as well as United Utilities. At the moment we have remained within the range of the sums agreed with the contractual partners.

Raino Paron comments on the question of paying dividends: the situation where no dividends are paid to those who opposed paying the dividends, is not allowed by the law.

Helgi Kroon – a question about the court case. At the moment we have two different court cases at hand. I understood that Mr Gardiner was optimistic about the international court. When a positive decision comes from there, could that influence the Estonian court? Which of them rules supreme or these are completely different and do not influence each other?

Simon Gardiner – these are two different cases and do not influence each other.

Raino Paron – I would like to specify that the Estonian proceedings are aimed at contesting the precept made by the Competition Authority with which the Competition Authority obliged the Public Limited Company to decrease their prices. The international

arbitration is a claim for damages against the Republic of Estonia.

Helgi Kroon – so the second court case is related to the issue what is a contract in public law?

Raino Paron – the court case, which is ongoing in Estonia concerns the issue that if the Public Limited Company has concluded a contract with the City of Tallinn, is it binding for the Competition Authority.

Nikita Volkotrub – how much of the Public Limited Company's pipeline is in the ownership of the Public Limited Company and is the Public Limited Company planning to expand its network? In my area in Kakumäe, the pipeline belongs to Kakumäe Võrk. Would it be reasonable to invest more into the expansion of the networks?

Aleksandr Timofejev – naturally, our interest is that our client base would be large. To expand the client base, we currently have two directions. 1. In the City of Tallinn we still have clients who could use the services, but have not joined our pipeline, i.e. the pipeline has been built, but the client is not consuming our service and orders the discharging service. We also cooperate a lot with the nearby municipalities – e.g. Saue, Harku. During the past year, we have taken over pipelines and clients. The regions we take over and the quality of which does not meet the requirements we transfer to the surface water coming from Ülemiste and ensure high quality water. For example, from September we will take another street in Saue and will get another 100 clients. In terms of additional areas, the consent regarding appointing the water company is given by the local municipality. At the moment, Kakumäe is a separate region where another water company is operating. In order for the Public Limited Company to be able to operate in that region, it must own or operate assets there and it must be appointed as a water company.

Aarne Plunt – the Public Limited Company should really expand to Kakumäe, because the tariffs there are significantly higher than the ones you have and your service is much better. The residents should turn to the local municipality to change the water company.

Aleksandr Timofejev – of course the residents can send their wishes to the local municipality. In order to be a water company in a region the company must own or operate assets in that region

Aarne Plunt – another question about the dispute. I understood that currently the case is in the court of second instance. How much money has been spent on the dispute so far?

Riina Käi – we would not like to disclose the exact costs. Naturally, the international arbitration is much more expensive than the local case and you can get an understanding of the approximate size of the cost by using the calculator on the ICSID webpage.

Toomas Taube – last year unreasonable requirements were established for wastewater and it brought along the obligation to pay additional pollution charges. Later the problem was rather quickly resolved. Does the Public Limited Company consider the state's activities in establishing higher requirements justified and legal, and if not, has the Public Limited company done something or is planning to do something to get a refund for the payment of higher pollution charges?

Karl Brookes – we have taken steps with respect to the pollution fees related to heavy metals, but it is too early to speak about the results.

Natalja Stepukova – the prices have been frozen for six years and you can still pay dividends according to your dividends policy. Maybe it means that the prices are at the right level and do not have to be raised?

Riina Käi – a tariff mechanism has been agreed on based on the currently applicable Services Contract which we have not been able to apply this since 2011. The tariffs applicable for the residents of Tallinn are significantly lower than in many surrounding municipalities. These tariffs, which in some cases may be even twice the tariffs in Tallinn have also been approved by the Competition Authority. The aim should be that the client receives a high quality service for a reasonable price. Attention should be paid to the management and efficiency of the company. It is important that high quality service is provided as efficiently as possible. It is easy to organise activities at high cost base and not optimise. We are a private company and we are trying to protect the interests of our shareholders. We want to be a modern company and that our activities to be efficient.

Simon Gardiner – our wish is not to increase prices but rather not to lower them by 29%.

The participants of the Meeting had no other questions. Chairman of the Meeting declared the Meeting ended.

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 electronically.

Making of the decisions set out in these minutes is based on 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. Letters of authorisation of the representatives of the shareholders
3. New wording of the Articles of Association

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 they have been signed autographically in the presence of the verifier of this notarial deed.

This notarial deed (minutes of the General Meeting and decisions) 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 94 pages bound with cord and embossing seal.

The transaction value for the calculation of the notary fee for notarising the minutes and decisions of the Meeting is one fourth (1/4) of the share capital.

Notary fee: Minutes of the General meeting 319.50 euros (transaction value 3 000 015.00 euros: § 18 section 4, 22, 29 section 1 subsection 4 of the Notary Fees Act).
Departure to the Meeting location 3.80 eurot (§ 36 sections 2 and 3, § 37 of the Notary Fees Act).

Total Notary fee	323.30 euros.
Value added tax	64.66 euros.
Total	387.96 euros.

Chairman of the Meeting _____
name and surname in capital letters *signature*

Minutes of the Meeting taken by _____
name and surname in capital letters *signature*