

Nordecon AS

Registration number 10099962

Address Pärnu mnt 158/1, 11317 Tallinn

DRAFT PROPOSALS FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS ON 27 MAY 2014**Item 1. Approval of the Company's annual report for 2013 and adoption of profit allocation resolution****DECISION no. 1**

To approve the Company's annual report for 2013 as submitted by the board.

DECISION no. 2

To approve the profit allocation proposal made by the board and to adopt the profit allocation resolution as follows: The Company's consolidated net profit for 2013 amounts to 4,642 thousand euros, prior period retained earnings amount to 6,039 thousand euros and, thus, total distributable profit as at 31 December 2013 amounts to 10,681 thousand euros. To allocate 923 thousand euros (0.03 euros per share) as the profit to be distributed to shareholders (the dividend). To make no transfers to the capital reserve or other reserves provided for by the law or the articles of association. After the allocations, retained earnings will amount to 9,758 thousand euros.

Shareholders entitled to dividends include persons entered in the Company's share register on 10 June 2014 at 11.59 pm. Dividends will be distributed to shareholders on 24 June 2014 at the latest.

Item 2. Appointment of auditor**DECISION no. 3**

To appoint audit firm KPMG Baltics OÜ as auditor of the Company for financial years 2014-2016. To authorise the Company's board to sign a separate agreement with the auditor for each financial year in the period for which the auditor is appointed. To remunerate the auditor as agreed in the agreement to be signed with the audit firm.

Item 3. Approval of share option plan**DECISION no. 4**

To approve the key terms and conditions (the '**Conditions**') of the Company's share option plan, which are as follows:

- 1.1. The purpose of the Company's share option plan ('**Option Plan**') is to motivate the Company's executive management by including them among the Company's shareholders in order to ensure consistency in the Company's management and improvement of the Company's performance, and to enable the Company's executive management to benefit from their contribution to growth in the value of the Company's share.

- 1.2. Persons eligible to the Option Plan are (i) persons that are members of the Company's board on the date these Conditions are approved and (ii) any other persons named in a resolution adopted by the Company's council that are members of the Company's executive management personnel on the date these Conditions are approved. The exact list of persons eligible to participation in the Option Plan will be determined and execution of the Option Plan will be administered by the Company's council. Members of the Company's council (including the chairman of the council) are not eligible to participation in the Option Plan.
- 1.3. Under the Option Plan, the Company may grant options for acquiring up to 1,618,755 (one million six hundred and eighteen thousand seven hundred and fifty-five) shares in the Company.
- 1.4. Under the Option Plan and provided the targets set by the Company's council are met, the chairman of the Company's board Jaano Vink may acquire up to 291,380 (two hundred and ninety-one thousand three hundred and eighty) shares in the Company.
- 1.5. Under the Option Plan and provided the targets set by the Company's council are met, the member of the Company's board Avo Ambur may acquire up to 259,000 (two hundred and fifty-nine thousand) shares in the Company.
- 1.6. Under the Option Plan and provided the targets set by the Company's council are met, the member of the Company's board Erkki Suurorg may acquire up to 259,000 (two hundred and fifty-nine thousand) shares in the Company.
- 1.7. The number of share options to be granted to members of the Company's executive management personnel will be determined by the Company's council. No member of the executive management personnel may be granted share options for the acquisition of more than 129,500 (one hundred and twenty-nine thousand five hundred) shares.
- 1.8. Option agreements between persons eligible to participate in the Option Plan and the Company may be signed from the date these Conditions have been approved to 1 July 2014. In the event an eligible person fails to sign an option agreement within the specified term, the grant of options to that person will lapse. In the event an eligible person does not wish to participate in the Option Plan, the council may (but is under no obligation to) allow relevant share options to be acquired by another eligible person.
- 1.9. The procedure for applying the terms and conditions of the Option Plan and exercising a share option will be set forth in the option agreement signed between an eligible person and the Company. The terms and conditions of option agreements and the Company's representative for signature of the option agreements will be determined by the Company's council. The Company's council will determine the terms and conditions of option agreements in conformity with these Conditions.
- 1.10. An eligible person may exercise an option provided the eligible person is in an employment or service relationship with the Company on the date the option becomes exercisable.
- 1.11. Exercise of options by members of the Company's board is subject to the following preconditions:
 - a) a member of the board may exercise an option in full provided that the Company's consolidated EBITDA for 2016 is 11.228 million euros or above;
 - b) a member of the board may exercise an option to the extent of 50% provided that the Company's consolidated EBITDA for 2016 is 7.86 million euros;
 - c) a member of the board may not exercise an option when the Company's consolidated EBITDA for 2016 is 4.491 million euros or below.

The specific extent to which an option can be exercised will be determined by interpolation, taking into account the above ranges.

- 1.12. An eligible person may exercise an option when three years have passed since the signature of the person's option agreement but not before the Company's annual general meeting has approved the Company's annual report for 2016. Eligible persons wishing to exercise an option must notify the Company of their intention in the manner set forth in the option agreement during the exercise period, which begins when the annual general meeting has approved the Company's annual report for 2016 and expires after three months from that date. Exercise of an option will give rise to a sale agreement between the eligible person and the Company on the terms and conditions set forth in the option agreement under which the eligible person may and must acquire the Company's shares in respect of which the option was exercised for a price determined in the manner described in article 1.15. of these Conditions. The eligible person must pay the Company the price of the shares in respect of which the option was exercised within 6 months after the exercise of the option at the latest. The shares in respect of which the option was exercised will be transferred to the eligible person only when the price to be paid for the shares has been paid.
- 1.13. Eligible persons may not transfer the share options granted to them.
- 1.14. To satisfy the terms and conditions of the Option Plan, the Company will issue up to 1,618,755 (one million six hundred and eighteen thousand seven hundred and fifty-five) new shares in the Company. The shares will be issued to the Arranger of the Option Plan specified in article 1.18. of these Conditions.
- 1.15. The price of the shares that may be acquired under the share options will be determined based on the average price derived from the closing prices of the Company's share on the NASDAQ OMX Tallinn Stock Exchange during 10 stock exchange days preceding the date of approval of these Conditions.
- 1.16. The shares acquired under the Option Plan entitle the holders to a dividend in the same financial year in which they were acquired by eligible persons provided that the list of persons entitled to a dividend was not determined before the shares were acquired.
- 1.17. The Company's council may specify the terms and conditions and timeframe of the Option Plan in consideration of the Conditions set forth in this resolution. Administration of the execution of the Option Plan is the responsibility of the Company's council. The Company's council will resolve any issues arising in connection with the Option Plan.
- 1.18. To implement the Option Plan and arrange associated activities, the Company will enter into an agreement ('**Option Plan Arrangement Agreement**') with a reputable third party ('**Arranger of the Option Plan**') selected by the council. Under the Option Plan Arrangement Agreement, the Arranger of the Option Plan undertakes to acquire, for an agreed price, the shares issued by the Company for execution of the Option Plan and to transfer them back to the Company, on agreed terms and conditions and for an agreed price, for execution of the Option Plan.

DECISION no. 5

To amend the first sentence of the Company's articles of association for execution of the Option Plan and to adopt it in the following wording:

"2.2. Share capital is divided into thirty-two million three hundred and seventy-five thousand four hundred and eighty-three (32,375,483) shares without par value."

DECISION no. 6

To increase the Company's share capital for execution of the Company's Option Plan by issuing 1,618,755 new shares without par value by [■] (■) euros, i.e. from 19,657,131.90 euros to [■] euros [the amount by which share capital will be increased is determined by multiplying the number of shares to be issued by the issue price of a share]. Share capital will be increased and new shares will be issued without share premium. The issue price of the shares will be [■] euros per share and it has been determined based on the average price derived from the closing prices of the Company's share during ten (10) stock exchange days preceding the date of adoption of this resolution on the increase of share capital. The type of the new shares will be: Nordecon ordinary share (ISIN: EE3100039496). To revoke Company's existing shareholders' pre-emptive right to subscribe for the new shares on the increase of share capital. All the new shares will be subscribed for by Raidla Lejins & Norcous Advokaadibüroo OÜ (registry number 10344152), or its subsidiary established for the implementation of the Option Plan whose sole shareholder is Raidla Lejins & Norcous Advokaadibüroo OÜ, by 1 July 2014 at the latest. The subscriber will settle the full issue price of the shares it has subscribed for with a monetary contribution made to the Company's bank account by 1 August 2014 at the latest. The new shares issued on the increase of share capital will entitle the holder to a dividend for the financial year that commenced on 1 January 2014.

DECISION no. 7

To acquire, for execution of the Company's Option Plan, up to 1,618,755 shares in the Company. The Company may acquire own shares from 10 June 2014 until 1 June 2017 from the stock exchange or otherwise on condition that the price of the shares acquired falls within the range of 0.5 to 1.5 euros per share. Purchase of the shares from the aftermarket may not commence before the tenth stock exchange day following the date on which this resolution is made public. The Company will pay for own shares using assets that exceed share capital, the statutory capital reserve and share premium.