

Nordecon AS
REPORT OF THE SUPERVISORY BOARD
REGARDING FINANCIAL YEAR 2014

At the 21 April 2015 meeting of the supervisory board, the supervisory board of Nordecon AS reviewed the 2014 annual report of Nordecon AS which includes the annual accounts and the management report and to which the sworn auditor's report and the profit allocation proposal have been added. The supervisory board of Nordecon AS resolved to approve the 2014 annual report of Nordecon AS and to submit the 2014 annual report and the profit allocation proposal to the annual general meeting of shareholders of Nordecon AS in the form prepared by the management board.

The supervisory board has been formed and has organised its activities in accordance with the articles of association of Nordecon AS and the legal acts of the Republic of Estonia.

In financial year 2014, the supervisory board had in total seven (7) meetings and the following main topics were discussed:

At the meeting of the supervisory board of 12 February 2014 the management board gave an overview of the preliminary economic results 2013 of Nordecon AS and the group and the supervisory board approved the budget of Nordecon group and the parent company for the year 2014 and the investment budget of Nordecon group and the parent company for the year 2014. Additionally, the supervisory board approved payment of performance fees to the management board and amendment of the management structure of Nordecon AS. The supervisory board approved the increase of the qualifying holding in AS Eston Ehitus up to 100% and the Ukrainian financing plan for the year 2014. The supervisory board resolved to approve the extension of the loan agreement concluded with AS Eston Ehitus and extension of the loan agreement and increase of the loan limit of OÜ Unigate. It was also resolved to approve the extension of the intra-group warranty expiration limit.

At the meeting of the supervisory board of 24 April 2014 the supervisory board approved the 2013 annual report and reviewed the profit allocation proposal. The supervisory board approved the agenda of the annual general meeting and supervisory board's proposal in respect of each item of the agenda. The supervisory board approved payment of performance fees to the management board for the year 2013, reviewed the economic results of the first three months of 2014 and approved strategy of Nordecon AS group for the years 2014–2017. The supervisory board decided to provide suretyship in order to secure the development loan of Magasini 29 OÜ, refinancing of the debt obligations of Nordecon AS group in the year 2014, granting a loan to an associate company and continuation of business in Ukraine.

At the meeting of the supervisory board of 30 April 2014 the supervisory board approved the share option plan of Nordecon AS.

At the meeting of the supervisory board of 13 June 2014 the supervisory board decided to amend the decision of the supervisory board of 30 April 2014 in respect of the part of the decision that specifies the issue of new shares for the increase of the share capital in the framework of the Option Plan.

At the meeting of the supervisory board of 30 July 2014 the supervisory board resolved to approve the election of management board members, amendment of the management structure of Nordecon AS, establishment of a servitude of way in respect of the Tehase immovable (Sillaotsa village, Paide parish) belonging to Nordecon AS, extension of the loans and increase of the loan limits granted by Nordecon AS to the group companies: provision of guarantee for the loans of Eston Ehitus AS by Eurocon Vara OÜ, Eurocon OÜ, Kalda Kodu OÜ, Nordecon Statyba UAB and Nordecon AS. In addition the management board provided to the supervisory board an overview of the economic activities of the Company over the last six months.

At the meeting of the supervisory board of 11 November 2014 the management board provided to the supervisory board an overview of the economic activities over the last nine months. The supervisory board resolved to approve partial payment of the performance fees to the management board in accordance with the service agreement, resolved extension of the loans granted by Nordecon AS to its subsidiaries and approved the investment and sponsorship budget for year 2015. The management board presented to the supervisory board the impact of the valuation of the share option plan on the economic results 2014-2017 of the parent company and the group, the results of the analyses of the Aruvalla-Kose road-construction project and gave an overview of the activities of the internal control and the current state of introduction of the Letipea sand deposit. The supervisory board approved the increase of the shareholding in Eurocon OÜ by 18% and granting of a guarantee of Nordecon AS to OÜ Investonia.

At the meeting of the supervisory board of 15 December 2014 the supervisory board decided to secure the performance of obligations of Kaurits OÜ, approved the extension of the loan agreement and increase of the loan limit of OÜ Unigate and incorporation of a subsidiary.

Toomas Luman
Chairman of the supervisory board
21 April 2015