

Nordecon AS
ANNUAL REPORT OF THE SUPERVISORY BOARD
REGARDING FINANCIAL YEAR 2016

The supervisory board of Nordecon AS has, in the course of its meeting of 26.04.2017, reviewed the annual report of Nordecon AS of financial year 2016, consisting of the management report and the annual accounts, which have been appended with the report of the sworn auditor and the proposal of the management board regarding the distribution of profits. The supervisory board of Nordecon AS has decided to approve the annual report of Nordecon AS of the financial year 2016.

The supervisory board is assembled and its activities have been organized in accordance with the articles of association of Nordecon AS and the legislative acts of the Estonian Republic.

In 2016 the supervisory board held 6 meetings, wherein, among others, the following topics were discussed:

On the meeting of the supervisory board of 3 February 2016 the management board gave the supervisory board an overview of the initial economic results of the Nordecon AS group of 2015. The supervisory board approved the 2016 budget and the 2016 investment plan of Nordecon AS. The supervisory board approved amendments to the intragroup guarantee limits and the extension and amendment of interest rates of the intragroup and the related party loan. The supervisory board approved the financing of the development and financing of Savi 37 and the development and financing of the IV stage of Magasini 29.

On the meeting of the supervisory board of 27 April 2016 the supervisory board approved the annual report of financial year 2015 and reviewed the proposal for the distribution of profits. The supervisory board approved the agenda of the annual general meeting and the proposal of the supervisory board regarding each item of the agenda. Payments of performance fees to the management board members in accordance with service agreements and amendments to the service agreements were approved. The supervisory board approved the group strategy of Nordecon AS for 2016-2020. Consent was granted to the management board for entering into loan agreements with banks. The sale of Mapri Projekt OÜ and the sponsoring of Tallinn University of Technology basketball club were approved. Organizational matters of the supervisory board were decided.

On the meeting of the supervisory board of 7 September 2016 the management board gave the supervisory board an overview of Nordecon group's 7 months' economic results, the management board introduced the supervisory board the predicted sales and profits of Nordecon group for 2016 and gave an overview of the merger plan of the subsidiaries engaged in road maintenance. The supervisory board approved the development and financing of Haki 6 (Uus-Tammelinna).

On the meeting of the supervisory board of 23 September 2016 the supervisory board decided on the final acquisition of the shares of Eurocon OÜ.

On the meeting of the supervisory board of 14 October 2016 the supervisory board decided on the merger of Järva Teed AS, Hiiu Teed OÜ and the road- maintenance and equipment division of Nordecon AS.

On the meeting of the supervisory board of 16 November 2016 the management board introduced the supervisory board Nordecon group's 9 months' economic results, predictions for 2016 and outlook for 2017. The supervisory board approved the 2017 sponsorship budget and investments



budget. The management board gave the supervisory board an overview of outstanding legal disputes and claims. The supervisory board approved payment of performance fees to the management board in accordance with service agreements. The supervisory board approved amendments to the contractual purchase agreement for the purchase of the Jõe tn 57b, Keila property, the extension of intragroup loans and the extension of Nordea Bank AB Eesti filiaal's overdraft and Nordea Finance Estonia AS's factoring limit. The management board gave the supervisory board an overview of progress with the IT development plan of the Nordecon group and of the summary of the 2016 employee satisfaction survey of Nordecon group.

Toomas Luman
Chairman of the supervisory board
26 April 2017