

**Nordecon AS  
REPORT OF THE COUNCIL  
ON THE 2012 FINANCIAL YEAR**

At a meeting held on 25 April 2013, the council of Nordecon AS reviewed the annual report of Nordecon AS for 2012, comprising of the consolidated financial statements and management's discussion and analysis as well as the appended independent auditor's report and profit allocation proposal. The council decided to approve the annual report of Nordecon AS for 2012, and to submit the reports and the profit allocation proposal prepared by the board for final approval to the annual general meeting, as submitted by the board.

The council has been formed and has conducted its activities in accordance with the articles of association of Nordecon AS and the laws and regulations of the Republic of Estonia.

**In 2012 the council held 10 meetings where, among things, the following important matters were discussed:**

At a meeting held on 26 January 2012, the council reviewed the preliminary financial results for 2011 and approved Nordecon AS's budget and investment plan for 2012. In addition, following the requirements of the Auditors Activities Act, the council formed an audit committee consisting of Andri Hõbmägi (chairman) and Vello Kahro. The council discussed the analysis of reasons for the loss of the Estonian Maritime Museum project and approved provision of a loan for funding the Ukrainian business operations. The council approved extensions to subsidiaries' loan agreements.

At a meeting held on 15 February 2012, the council resolved to provide a loan to the subsidiary Nordecon Statyba UAB for covering its operating expenses.

At a meeting held on 22 March 2012, the council resolved to provide a loan to the company involved in the group's Ukrainian business operations for covering its operating expenses.

At a meeting held on 30 April 2012, the council approved the company's annual report for 2011, reviewed the profit allocation proposal, approved the agenda of the annual general meeting together with the council's proposals, and adopted a resolution on payment of performance pay to members of the board. The council removed from office member of the board Marko Raudsik and, in connection with that, approved changes to the company's management structure, effective from 1 June 2012. The council reviewed Nordecon's financial results for the first three months. The board provided the council with an overview of the group's Ukrainian business operations.

At a meeting held on 23 May 2012, the council resolved to extend the guarantees issued for securing subsidiaries' loans. In addition, the council adopted a resolution on the conclusion of loan agreements with Nordea Bank Finland Plc Estonian Branch and Swedbank AS and provision of additional collateral for arrangement of credit lines (overdraft facilities) under the plan adopted for restructuring the group's financial liabilities.

At a meeting held on 9 July 2012, the council approved limits for financing the group's Ukrainian business operations in the second half of 2012.

At a meeting held on 16 July 2012, the council changed the service fees of the members of the board.

At a meeting held on 28 August 2012, the council adopted a resolution on increasing subsidiaries' loan limits and providing loans to them. In addition, the council resolved that the property belonging to Nordecon AS at Puhkekodu tee 73 in Tallinn should be disposed of through a barter transaction.

At a meeting held on 31 October 2012, the council reviewed the preliminary financial results for nine months and the forecast for the financial results and investments of 2012. The council approved the general principles of the investment plan of the Road Construction and Production Division. The council reviewed and approved activities related to subsidiaries: extension of the loan agreement of Eston Ehitus AS, activities related to Unigate OÜ and dissolution of Eurocon Stroi IOOO. The council approved purchase of a property at Lammi 10 in Tartu.

At a meeting held on 7 December 2012, the board informed the council of the outcomes of negotiations held with various banks in respect of refinancing the group's loan commitments. The council approved payment of performance pay in accordance with the board members' service agreements and amendment of the service fee of the chairman of the board as from 2013.

Toomas Luman  
Chairman of the Council  
25 April 2013