

**Nordecon AS
REPORT OF THE COUNCIL
ON THE 2010 FINANCIAL YEAR**

At the meeting held on 18 April 2011, the council of Nordecon AS reviewed the annual report of Nordecon AS for 2010 comprising the consolidated financial statements and management's discussion and analysis as well as the appended auditor's report and profit allocation proposal and decided to approve the annual report of Nordecon AS for 2010 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.

Out of the members of the council of Nordecon AS who were in office in 2010 the following were re-elected for another term of office based on a resolution of the annual general meeting that convened on 14 May 2010: Mr Toomas Luman (chairman), Mr Meelis Milder, Mrs Tiina Mõis, Mr Alar Kroodo, and Mr Ain Tromp. On 15 May 2008, the annual general meeting elected Mr Andri Hõbemägi to the council of Nordecon AS. The council has been elected and has acted in accordance with the articles of association of Nordecon AS and the legislation of the Republic of Estonia.

In 2010 the council had 9 meetings where, among things, the following important matters were discussed:

At a meeting held on 26 January 2010, the council approved the budget of Nordecon AS for 2010.

At a meeting held on 15 February 2010, the council granted the board its consent for the divestment of Nordecon AS' interest in the Latvian subsidiary Nordecon Infra SIA to a co-investor.

At a meeting held on 18 March 2010, the council approved the division of the assets of the group's associate Crislivinca OÜ and authorised the board to sign an associated surety agreement with Nordea Finland Plc Estonian branch.

At a meeting held on 20 April 2010, the council resolved to approve the company's annual report and profit allocation proposal for 2009 and to submit them for final approval to the annual general meeting. The council approved the agenda of the annual general meeting and the motions of the council on each agenda item.

At a meeting held on 31 May 2010, the council instructed the board to sign a short-term unsecured loan agreement with AS Arealis. The agreement was made for one month.

At a meeting held on 21 July 2010, the council granted its consent for the sale of an immovable property belonging to Nordecon AS at Jaan Poska 13 in Tallinn.

At a meeting held on 10 September 2010, the council resolved to change the company's operating strategy until 2013 in line with the proposals made by the board. In addition, the council granted the board its consent for signing a merger agreement between Nordecon AS (at the date Nordecon International AS) and its subsidiaries Nordecon Infra AS and Nordecon Ehitus AS (the acquirees).

The council authorised the board to sign a surety agreement for securing the loan liabilities of the subsidiary Magasini 29 OÜ to Nordea Finland Plc Estonian branch.

At a meeting held on 15 October 2010, the council instructed the board to call an extraordinary general meeting for 19 November 2010 and approved the agenda of the extraordinary general meeting and the motions of the council on each agenda item. In addition, the council approved its opinion for submission to the extraordinary general meeting.

At a meeting held on 1 November 2010, the council approved the company's new management structure effective as from 1 January 2011. In connection with structural changes the council recalled one member of the board and appointed three new members of the board for a term of office starting from 1 January 2011.

In addition to adopting the above important decisions, the council has reviewed the performance indicators of the Nordecon AS group on a regular basis and has received regular overviews of the performance of the main business lines.

Toomas Luman
Chairman of the Council
18 April 2011