

PROKAPITAL

NOTICE OF CALLING EXTRAORDINARY GENERAL MEETING OF AS PRO KAPITAL GRUPP SHAREHOLDERS

Dear shareholder of AS Pro Kapital Grupp

We announce that the management board is calling for an extraordinary general meeting of AS Pro Kapital Grupp (registration code 10278802, located at Põhja pst. 21 Tallinn Republic of Estonia) (hereinafter referred to as the **Company**) shareholders which shall take place on the 14th of March 2014 at 10.00 at the premises of the Company, Põhja pst 21 Tallinn Republic of Estonia. Registration of the shareholders for the meeting shall start on the 14th of March 2014 at 9.45 and shall end at 10.00 at the location of the meeting.

The reason for calling the extraordinary general meeting is to decide on approval of the issuance of new shares by AS Tallinna Moekombinaat substantially on the terms and conditions approved by extraordinary general meeting of shareholders of the Company. The proposal to call the extraordinary general meeting of shareholders was made by the Management Board of the Company.

The agenda of the meeting is as follows:

1. Election of the Chairman and Secretary of the extraordinary general meeting of shareholders

The Council's and Management Board's proposal:

Elect Ervin Nurmela as the Chairman of the extraordinary general meeting of the shareholders. Elect the Secretary of the meeting as per suggestions made at the meeting.

2. Approval of Share Issue of group company AS Tallinna Moekombinaat

The goal of the issuance of new shares by group company AS Tallinna Moekombinaat is to raise capital necessary for the development of the shopping centre at Peterburi road 2 in Tallinn.

The Management Board explains that the market conditions to start with the development of the new shopping centre seems very attractive, due to the demand for the retail space in Tallinn and the changed situation of the competitive projects. AS Tallinna Moekombinaat has

found an interested party who is willing to invest in the equity of the shopping centre developer AS Tallinna Moekombinaat EUR 27 999 000 EUR and additionally grant an unsecured loan in amount of EUR 9 003 600. Nevertheless, such interested party has not taken a binding commitment to make such investment. In case all funds will be raised the new investor will get a participation of approximately 47.63% of the shopping centre developer AS Tallinna Moekombinaat.

As of 30.09.2013 the investment property located at Peterburi road 2 Tallinn was valued at EUR 24 300 000 (fair value) in the consolidated balance sheet of the Company. The Company explains that in the audited annual report as of 31.12.2012 of AS Tallinna Moekombinaat the investment property is recorded with the balance value in the amount of EUR 11 485 077 (no fair value adjustment done). The proposed transaction, in opinion of the Company's Management Board and Council, is favourable to the shareholders of the Company.

With regards to the planned Share Issue of the AS Tallinna Moekombinaat (hereinafter referred to as the **Subsidiary**) the Management Board informs the shareholders of the following:

- The area of operation of the Subsidiary is renting and operation of own or leased real estate and the Subsidiary is developing the real estate located at Peterburi road 2, Tallinn. A shopping centre is planned to be developed on the said property. After its construction, the Subsidiary will lease premises in the shopping centre.
- If all 18 300 000 new shares (the "**New Shares**") will be issued by the Subsidiary, the New Shares will represent approximately 47.63% of the entire share capital of the Subsidiary.
- There will be two classes of shares: (1) the currently existing 20 120 000 shares will form one class of shares and (2) the New Shares will form another class of shares. New Shares will rank *pari passu* in all respects with all currently existing shares in the Subsidiary (the "**Existing Shares**"), except that when the Subsidiary resolves to pay dividends, each New Shares will be entitled to the dividend which is 22% higher than the dividend payable for each Existing Share.
- Currently 19 315 403 Existing Shares of the Subsidiary are owned by AS Pro Kapital Eesti (a 100% subsidiary of the Company), which will represent approximately 50.27% of the share capital of the Subsidiary, provided all New Shares will be issued.
- The issuance of the New Shares will not be treated as a transaction with connected persons within the meaning of the Requirements for Issuers of NASDAQ OMX Tallinn. None of the members of the Council and the Management Board of the Company is otherwise personally interested in the issuance of the New Shares.
- The purpose of the issuance of new shares by the Subsidiary is to raise capital necessary for the development of the shopping centre at Peterburi road 2 in Tallinn. Provided all New Shares are issued by the Subsidiary it will enable together with planned bank financing to start and finish the construction of the new shopping centre, which in the future will have a presumable positive effect on Company's revenue and profit.
- The amount of money received for the issuance of the New Shares will be EUR 27 999 000 provided that all New Shares will be issued. The conditions of payment and the due dates are to be determined by an extraordinary general meeting of the shareholders of the

Subsidiary. In addition, if all New Shares will be issued also a shareholder loan in amount of EUR 9 003 600 will be provided by the subscriber to the Subsidiary.

- Selected financial results of last three years of the Subsidiary are as follows:

	2010	2011	2012
Sales (turnover)	0 EUR	0 EUR	0 EUR
Net profit (loss)	- 183 124 EUR	-102 293 EUR	-70 245 EUR
Dividends per share	-	-	-
The regular and diluted net earnings per share ratio	-0,01 EUR	-0,01 EUR	0,00 EUR

- The audited financial reports of the Subsidiary for the financial years of 2012 and 2011 in the form of a comparative table can be found on the web-page of the Company www.prokapital.com under the section Investors, in the subsection Shareholders and Shareholders meetings under the chapter of the 14.03.2014 Extraordinary Meeting of Shareholders.
- There have been no significant changes in the business of the Subsidiary since the end of 2012.
- The Subsidiary has concluded a loan agreement with AS Pro Kapital Eesti with the credit line of EUR 3 000 000, of which EUR 2 277 120 has been used as of 31.12.2013.
- The current shareholders of the Subsidiary are the following:
 - (a) AS Pro Kapital Eesti (a 100% subsidiary of the Company) owns 19 315 403 shares with the nominal value of EUR 0.6 each, which represents approximately 96% of the share capital of the Subsidiary;
 - (b) NORDEA BANK FINLAND PLC CLIENTS owns 804 597 shares with the nominal value of EUR 0.6 each, which represents approximately 4% of the share capital of the Subsidiary.
- The Subsidiary is not involved in any court or arbitration proceedings, which may have a significant effect on the business activity of the Subsidiary.
- There are no valid contracts between the Issuer and the Subsidiary. The Subsidiary and group company AS Pro Kapital Eesti have concluded the following valid contracts: (1) agreement for the performance of management services by AS Pro Kapital Eesti to the Subsidiary, (2) loan agreement between AS Pro Kapital Eesti and the Subsidiary.
- The members of the supervisory council of the Subsidiary are Emanuele Bozzone, Ernesto Achille Preatoni and Paolo Vittorio Michelozzi.
- The members of the management board of the Subsidiary are Allan Remmelkoor and Ervin Nurmela.

The Council's and Management Board's proposal and draft of the resolution:

Approve the issuance of new shares by AS Tallinna Moekombinaat (the "Share Issue") substantially on the following terms and conditions:

- (1) AS Tallinna Moekombinaat (the “**Subsidiary**”) will issue 18 300 000 new shares (the “**New Shares**”);
- (2) the pre-emptive right of the existing shareholders of the Subsidiary to subscribe for the New Shares will be cancelled in accordance with § 345 (1) of the Commercial Code (*äriseadustik*);
- (3) the New Shares will be registered as a separate class of shares in the Subsidiary and the articles of association of the Subsidiary will be amended respectively;
- (4) the New Shares will rank *pari passu* in all respects with all currently existing shares in the Subsidiary (the “**Existing Shares**”), except that when the Subsidiary resolves to pay dividends, each New Shares will be entitled to the dividend which is 22% higher than the dividend payable for each Existing Share;
- (5) the New Shares may be issued in one or several tranches during a period of 6 months after the general meeting of shareholders of the Subsidiary has resolved to issue the New Shares;
- (6) this approval permits the Subsidiary to resolve issuance of the New Shares latest on 30 September 2014;
- (7) the monetary contribution (subscription price) for each New Share is at least EUR 1.53 (of which EUR 0,60 is the nominal value and at least EUR 0,93 is the share premium);
- (8) SUMMER SOLSTICE Limited (a company established and operating under the laws of United Arab Emirates with registration number IC20120139; the “**Investor**”) has the right to subscribe for the New Shares;
- (9) the Investor has the right to transfer the right to subscribe for a New Share (the “**Subscription Right**” and the “**Subscription Rights**” in plural) to a third person (the “**Transferee**” and the “**Transferees**” in plural) provided that:
 - (a) offer and/or transfer of the Subscription Right to the Transferee would not be incompliant with any provision of any law;
 - (b) offer and/or transfer of the Subscription Right would not constitute a public offering of securities;
- (10) the Subsidiary does not have an obligation to issue a New Share, if its issuance would:
 - (a) be incompliant with any provision of any law; or
 - (b) require any additional consent by the general meeting of shareholders of the Company;
- (11) if all New Shares are not subscribed for during the relevant subscription period, the management board of the Subsidiary will have a right to:
 - (a) prolong respective subscription period by up to 15 days; and/or
 - (b) cancel the New Shares that were not subscribed for during the relevant subscription period;
- (12) as a precondition for the subscription of a New Share, the subscriber must grant to the Subsidiary an unsecured shareholder loan in the amount of EUR 0,492 per New Share that it subscribes for (the “**Shareholder Loan**”);
- (13) the main terms and conditions of each Shareholder Loan are as follows:
 - (a) the entire Shareholder Loan must be transferred to the Subsidiary during the subscription period when respective New Share can be subscribed for;
 - (b) the Shareholder Loan will be subordinated to the obligations and liabilities of the Subsidiary (the “**Senior Liabilities**”) towards each credit institution, which will provide a loan to the Subsidiary (including by refinances any such loan) in relation to real estate development, including development of the shopping centre on the immovable property at Peterburi Rd. 2 in Tallinn;
 - (c) the interest at the rate of 12% per annum will accrue on the outstanding principal amount of the Shareholder Loan
 - (d) the interest will be calculated on the basis of actual number of days elapsed in the

relevant interest period divided by 365, or in the case of a leap year, 366 (Actual/Actual);

- (e) the entire accrued interest will be paid and the principal amount of the Shareholder Loan will be repaid on its final repayment date, which will occur on the earlier of (1) 15 years as of the date the Shareholder Loan is transferred to the account of the Subsidiary or (2) the date occurring in 12 months after the full repayment of the Senior Liabilities.

According to the Commercial Code § 297 section 5 the set of shareholders entitled to take part in the extraordinary general meeting of shareholders shall be determined as at seven days before the date of holding the general meeting, i.e. on 7th March 2014 at 23:59.

A shareholder has the right to receive information on the activities of the public limited company from the management board at the general meeting. The management board may refuse to give information if there is a basis to presume that this may cause significant damage to the interests of the public limited company. If the management board refuses to give information, the shareholder may demand that the general meeting decide on the legality of the shareholder's request or to file, within two weeks after the general meeting, a petition to a court by way of proceedings on petition in order to obligate the management board to give information.

A general meeting may decide on calling the next meeting and settle submissions concerning operational issues related to the agenda or to the procedure for holding the meeting without including such matters in the agenda beforehand, and to discuss other matters at the general meeting without deciding on such matters

Shareholders whose shares represent at least 1/20 of the share capital may present the draft of the resolution for each subsection of the agenda. Right specified in previous sentence may be exercised not later than three days before the meeting. The draft of the resolution shall be presented in written to AS Pro Kapital Grupp, Põhja pst. 21, Tallinn, 10414.

Documents needed to participate at the meeting

Natural person shareholders are kindly asked to bring along a valid identification document, representatives are kindly asked to bring along a valid identification document and a valid written power-of-attorney.

In the case of shareholders who are legal entities we request you to bring an extract from the relevant register, where that legal person has been registered and a valid identification document of the representative. For persons representing a legal entity under power of attorney we kindly ask to bring in addition of the referred documents also a valid written power of attorney.

According to the Estonian Central Register of Securities Act § 6 Section 7, if the shares are held in a nominee account opened with the Estonian Central Register of Securities (the “**Estonian nominee account**”), the owner of such Estonian nominee account may exercise the rights attached to shares held therein. The person, for the benefit of whom the shares are held in the Estonian nominee account, may exercise the shareholder’s rights at the extraordinary general meeting, if he or she brings along respective authorisation granted by the owner of respective Estonian nominee account. The owner of the Estonian nominee account may grant the authorisation in the form of a joint list in accordance with the rules established by the Minister of Finance of the Republic of Estonia.

Each document issued by a foreign country's official must be either legalized or authenticated with a document certificate *apostille* and preferably translated into Estonian.

The shareholder can until 13th of March 2014 at 16.00 inform the Company of appointing a representative or of renouncing the power of attorney of the representative, by sending the digitally signed notice to prokapital@prokapital.ee or by sending the written notice to the office of the Company at Põhja pst 21 Tallinn, during business hours 9.00-17.00.

If you have any questions in regards to the extraordinary general meeting of shareholders, please contact us by phone + 372 6 144 920 or by email at prokapital@prokapital.ee. Questions and answers related to the agenda of the shareholders meeting shall be published on the website of the Company www.prokapital.com under the section Investors.

The shareholders of the Company can acquaint themselves with the drafts of the resolutions, proposals and the audited financial reports of the Subsidiary for the financial years of 2012 and 2011 in the form of a comparative table on the webpage of the Company www.prokapital.com under the section Investors or at the location of the Company at Põhja pst. 21 Tallinn during the business days from 10.00 until 16.00.

Best regards
Management Board of
AS Pro Kapital Grupp