

Company AS TALLINNA VESI
Type Company Release
Category Changes in rights attaching to shares
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Currency

Title Agreement of shareholders with substantial shareholding

The City of Tallinn and OÜ Utilitas as the shareholders of AS Tallinna Vesi entered into an agreement on 03/02/2021 (hereinafter the Shareholders Agreement) which took effect on 31/03/2021. AS Tallinna Vesi joined the Shareholders Agreement when it came into effect.

Pursuant to the clause 7.8 of "Requirements for Issuers" of the market regulation of Nasdaq Tallinn, an Issuer is required to ensure that shareholders holding five per cent (5%) and more of the votes represented by the shares of the Issuer disclose information, through the Issuer, on all the significant provisions of all the agreements made with other shareholders or third parties which are aimed at restricting the free transferability of the shares or which may have a significant effect on the price of the shares.

Pursuant to the clause 7.9.3 of "Requirements for Issuers", an issuer is obliged to disclose immediately information about transactions with persons connected with the Issuer. The information disclosed about such transactions shall include:

- i. information on all the parties to the transaction and their connection with the Issuer;
- ii. a description of the conditions of the transaction and information on the sum to be received or paid by the Issuer and the due dates of payment;
- iii. information on the effect of the transaction on the Issuer's profit, assets and liabilities;
- iv. information on the number of the Issuer's shares held by the connected person after the transaction, if the substance of the transaction is the acquisition of a holding from the connected person and the Issuer uses its own shares to pay for acquiring the holding.

At the time of disclosing this notice, the City of Tallinn holds 10,469,565 A-shares (i.e. representing 52.35% of the share capital of AS Tallinna Vesi) and 1 B-share in AS Tallinna Vesi (hereinafter also referred to as the Company). OÜ Utilitas holds 3,530,435 A-shares in the Company (i.e. representing 17.65% of



the share capital of the Company).

The Shareholders Agreement regulates the commercial policy of the Company, however, the liabilities of the parties arising therefrom are not defined by any amounts, which renders it impossible to indicate the effect of the Shareholders Agreement on the profit, assets and liabilities of the Company. The Shareholders Agreement does not provide for the payment of any specific sums to the Company or by the Company, and the entry into force of the Shareholders Agreement did not lead to any change in the number of shares of the Company owned by any of the parties to the Shareholders Agreement.

* Considering the arrangements for the management of the Company going forward, we point out the following:

- i. it has been agreed that the Supervisory Board of the Company continues to have nine members. The agreement is that the City of Tallinn shall be entitled to nominate candidates for four members of the Supervisory Board (two of them by direct appointment) and OÜ Utilitas shall be entitled to nominate candidates for three members of the Supervisory Board (two of them by direct appointment). Two members of the Supervisory Board continue to be elected from amongst independent candidates. The Chairman of the Supervisory Board shall be elected from amongst the Supervisory Board members presented by OÜ Utilitas. The Vice Chairman of the Supervisory Board shall be elected from amongst the Supervisory Board members presented by the City of Tallinn.
- ii. the Management Board of the Company shall have two to three members. OÜ Utilitas shall nominate candidates for at least two Management Board members, and the Chairman of the Management Board shall be elected from amongst the Management Board members presented by OÜ Utilitas.

* As regards the acquisition and transfer of shares of the Company, the following has been agreed in the Shareholders Agreement:

- i. the Shareholders Agreement does not restrict the right of the City of Tallinn or OÜ Utilitas to acquire the shares in the Company from third parties;
- ii. the City of Tallinn and OÜ Utilitas may transfer their shares in the Company only by way of monetary payment, unless otherwise agreed on a case-by-case basis, or if OÜ Utilitas transfers shares to a connected person who meets the conditions of the Shareholders Agreement;
- iii. the City of Tallinn and OÜ Utilitas are obliged to offer the shares in the Company, intended to be transferred by themselves, first to each other for acquisition, unless OÜ Utilitas transfers shares to a connected person who meets the conditions of the Shareholders Agreement;
- iv. the City of Tallinn may transfer the A shares of the Company in the amount corresponding to 50% of all A shares of the Company plus another A share only together and in one block. OÜ Utilitas may transfer its A shares in the Company, owned by OÜ Utilitas pursuant



to this notice, only together and in one block. (Both of the relevant blocks of shares are hereinafter referred to as the Core Shares);

- v. in order to transfer its Core Shares to the buyer who is not connected to OÜ Utilitas, OÜ Utilitas shall require the consent of the City of Tallinn, which may not be refused unreasonably if the transferee is a strategic investor who meets the conditions defined in the Shareholders Agreement.
- vi. the transferee of the Core Shares must step in the Shareholders Agreement to replace the shareholder who transferred its shares to the transferee.
- vii. if the City of Tallinn intends to sell its Core Shares, then in certain cases, OÜ Utilitas shall also be entitled or obliged to sell its shares in the Company's to the same transferee;
- viii. if a shareholder, who is a party to the Shareholders Agreement, has been declared bankrupt or the person having a direct control over OÜ Utilitas has changed without a prior consent of the City of Tallinn (in line with the definition in the Shareholders Agreement), the relevant shareholder must sell its Core Shares to the other shareholder who is a party to the Shareholders Agreement, if so requested by the other shareholder; and
- ix. in the event of issue of new shares of the Company, the shareholders, who are parties to the Shareholders Agreement, may subscribe those shares pro rata to their shareholding in the Company unless a shareholder is unwilling to maintain the proportion of its shareholding.

* The Shareholders Agreement has been entered into with the understanding and expectation that the shares of the Company will remain listed on Nasdaq Tallinn Stock Exchange. In the Shareholders Agreement, the City of Tallinn and OÜ Utilitas have agreed not to vote in favour of any resolutions to terminate the listing of the shares on Nasdaq Tallinn Stock Exchange without having previously agreed on amendments to the Shareholders Agreement that would take effect after the listing of the shares is terminated.

* The Shareholders Agreement shall terminate either upon a relevant written agreement by all parties, liquidation of the Company or if one and the same person becomes the owner of the Core Shares (and the B share until its cancellation) owned by the City of Tallinn and OÜ Utilitas.

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