

AKTSIASELTS MERKO EHITUS

ARTICLES OF ASSOCIATION

Business name and location

1. The business name of the public limited company [Est. *aktsiaselts*] (hereinafter the Company) is Aktsiaselts Merko Ehitus.
2. The domicile of the Company shall be Tallinn, Republic of Estonia.

Share capital and shares

3. The minimum capital of the Company is EEK 88,500,000 (eighty eight million five hundred thousand) and maximum capital is EEK 354,000,000 (three hundred and fifty four million). The amount of the share capital can be changed pursuant to the procedure stipulated by law.
4. The Company has issued registered shares with a nominal value of EEK 10 (ten).
5. The holders of registered shares and the holders of registered shares to be issued in the course of conversion of convertible bonds are not entitled to request that share certificates be issued.
6. Contributions to the share capital may be both monetary as well as non-monetary. The non-monetary contributions shall be valued by the management board of the Company or by an expert appointed by the management board. The usual value of a thing or right being the object of non-monetary contribution shall be taken as the basis for the valuation of a non-monetary contribution. The valuation of a non-monetary contribution shall be audited by an auditor, except if the non-monetary contribution consists of securities, which are to be valued pursuant to a special procedure stipulated by the Commercial Code.
7. Registered shares are freely transferable. Upon transfer of shares third parties have no right of pre-emption.
8. Upon increase of share capital the shareholders have a preferential right to subscribe for the new shares pro rata with the total nominal value of their shares, unless the law prescribes otherwise.
9. A registered share may be pledged. A share encumbrance transaction shall be in writing.
10. The Company may, upon resolution of the general meeting, issue bonds, the holders of which are entitled to convert their bonds into shares.
11. Reserve capital shall be formed from annual net profit transfers and other transfers entered in the reserve capital pursuant to law or the articles of association. The amount of the reserve capital equals to one-tenth of the share capital. Each financial year, at least one-twentieth of net profit shall be transferred to the legal reserve. If the reserve capital reaches the amount prescribed in the articles of association, the net profit transfers to the reserve capital shall be terminated.
12. Subject to the resolution of the general meeting, the reserve capital may be applied towards covering loss, if this cannot be covered on account of the Company's unrestricted equity, as well as towards increase of share capital. Payments may not be made to shareholders from reserve capital.

Shareholders and general meeting

13. The rights attaching to a share shall belong to the person who is entered as the shareholder in the share register.

14. The shareholders have all the rights and obligations stipulated by law, other legislation and the articles of association.

15. Shareholders shall exercise their rights in the Company at the general meeting of shareholders. Each share in the Company shall grant its holder one vote at the general meeting of shareholders. The general meeting of shareholders is the highest directing body of the Company.

16. Payment of dividends to the shareholders shall be decided by the general meeting, which shall determine the share of the net profit to be paid in dividends as well as the procedure and terms for payment thereof.

17. An annual general meeting shall be held once a year. The management board shall call an annual general meeting not later than within six months from the end of each financial year.

18. The management board shall send the notice calling a general meeting by registered or regular post, facsimile transmission or email to all shareholders holding registered shares. The notice shall be sent to the address specified in the share register. If the number of the Company's shareholders exceeds the limit specified by law, notices need not be sent to the shareholders; however a notice of the general meeting shall be published in at least one national daily newspaper.

19. A notice of an annual general meeting shall be given at least three weeks in advance. A notice of a special general meeting shall be given at least one week in advance.

20. General meetings shall be held at the seat of the Company.

21. The general meeting may adopt resolutions if over one-half of the votes represented by shares are present.

22. If the votes specified in this article are not represented at the general meeting, the management board shall, within three weeks but not earlier than in 7 days, call another meeting with the same agenda. The new general meeting is competent to adopt resolutions regardless of the votes represented at the meeting.

23. A resolution of a general meeting shall be adopted if over one-half of the votes represented at the general meeting are in favour unless the law prescribes a greater majority requirement.

24. A resolution on amendment of the articles of association is adopted by the general meeting if at least two-thirds of the votes represented at the general meeting are in favour. A resolution on amendment of the articles of association will enter into force as of the making of a corresponding entry in the commercial register. The resolution of the general meeting on amendment of the articles of association, the minutes of the general meeting and the new text of the articles of association shall be appended to the petition submitted to the commercial register.

Supervisory Board

25. The supervisory board shall plan the activities of the Company, organise the management of the Company and supervise the activities of the management board. The supervisory board shall notify the general meeting of the results of a review. The supervisory board is among other things competent to:

- 25.1. approve the strategy of the Company;
- 25.2. approve the Company's 3-year development plan;
- 25.3. approve the Company's annual budget;
- 25.4. approve the Company's management structure;
- 25.5. review the results of the Company's performance;
- 25.6. review and evaluate the annual report of the Company;
- 25.7. decide on the conclusion of transactions and conduct of legal disputes between the Company and its management board members, as well as appoint the Company's representative in such transactions and disputes.

26. The supervisory board shall give orders to the management board for organisation of the management of the Company. Consent of the supervisory board is required by the management board for conclusion of transactions, which fall beyond ordinary course of the Company's business. Consent of the supervisory board is required by the management board for conclusion of transactions, which bring about:

- 26.1. making of investments into new lines of business and making of investments, which exceed the sums earmarked for investments in the annual budget; or
- 26.2. setting or winding up of a business abroad, including foundation or acquisition of companies, branches or permanent business establishments abroad or dissolution, closure or transfer thereof; or
- 26.3. setting or winding-up of a subsidiary with a share capital of over 500,000 euros; or
- 26.4. acquisition or divestment of minority holdings in companies, which do not directly support the principal activity of the Company; or
- 26.5. granting of loans to third parties or securing of an obligation of a third party, except if the transaction entails granting of a loan to a subsidiary or associated company or securing of an obligation of a subsidiary or associated company.

The provisions of the Commercial Code §317 (1) 1)-7) will not be additionally applied in definition of the transactions beyond ordinary course of business.

27. The supervisory board may set up a group's directorate, which stands independent of the supervisory board. The principal function of the group's directorate shall be developing positions regarding the Group's strategy and business as well as granting or denial of authorisations to the management board for conclusion of transactions defined by the supervisory board. The transactions defined by the supervisory board as transactions subject to authorisation by the group's directorate are not regarded as transactions beyond ordinary course of business, for the conclusion of which the management board requires prior consent of the supervisory board. The formation and competence of the group's directorate, election of the members of the group's directorate as well as work organisation and other issues related to the group's directorate shall be stipulated in the rules of the group's directorate enacted by a resolution of the supervisory board. The supervisory board shall exercise supervision over the activities of the group's directorate.

28. The supervisory board of the Company has 3 to 5 members. A member of the supervisory board must be a natural person with active legal capacity. A member of the supervisory board need not be a shareholder.

29. The members of the supervisory board shall be elected and removed by the general meeting. In order to elect a member of the supervisory board, his or her written consent is required.

30. The members of the supervisory board shall be elected for a term of three years.
31. The members of the supervisory board shall elect a chairman from among themselves, who shall organise the activities of the supervisory board.
32. Meetings of the supervisory board shall be held when necessary but in any event not less frequently than once in every three months. A meeting shall be called by the chairman of the supervisory board or by a member of the supervisory board substituting for the chairman. A notice of the supervisory board meeting and of the agenda of the meeting shall be given to the members of the supervisory board at least 1 (one) day in advance.
33. A meeting of the supervisory board has a quorum if more than half of the members of the supervisory board are present. A member of the supervisory board may not be represented by another member of the supervisory board or by a third person at a meeting or in adoption of a resolution.
34. A meeting of the supervisory board shall be called if this is demanded by a member of the supervisory board, the management board, an auditor or shareholders whose shares represent at least one-tenth of the share capital.
35. A resolution of the supervisory board shall be adopted if more than one-half of the members of the supervisory board who participate in the meeting vote in favour. The chairman of the supervisory board shall have the deciding vote upon an equal division of votes.
36. Each member of the supervisory board shall have one vote. A member of the supervisory board may not abstain from voting or remain undecided.
37. The supervisory board is entitled to adopt resolutions without calling a meeting of the supervisory board.
38. The chairman of the supervisory board shall send a draft resolution of the supervisory board to all the members of the supervisory board and designate a term during which every member shall give his or her opinion thereon. If a member of the supervisory board does not give notice of whether the member is in favour of or opposed to the resolution during this term, it shall be deemed that he or she votes against the resolution.
39. Remuneration corresponding to the tasks of a member of the supervisory board and to the economic situation of the Company may be paid to a member of the supervisory board for performance of his or her duties; the amount and procedure of such remuneration shall be subject to a resolution of the general meeting.

Management board

40. The management board is a directing body of the Company, which represents and directs the Company. The management board shall direct the Company in accordance with the lawful orders of the supervisory board. The management board is required to act in the most efficient and rational manner.
41. The management board of the Company has 3 to 6 members. The supervisory board shall elect the chairman of the management board.
42. The members of the management board shall be elected and removed by the supervisory board. In order to elect a member of the management board, his or her written consent is required.
43. The members of the management board shall be elected for a term of three years. The supervisory board may remove a member of the management board regardless of the reason,

but the rights and obligations arising from a contract concluded with him or her will terminate pursuant to the contract.

44. Upon election of the members of the management board, the supervisory board shall determine the responsibilities of the management board members.

45. The management board shall present an overview of the economic activities and economic situation of the Company to the supervisory board at least once in every three months and shall immediately give notice of any material deterioration in the economic situation of the Company or any other material circumstances related to the economic activities of the Company.

46. The management board shall organise the accounting of the Company.

47. The meetings of the management board shall be called by the chairman of the management board. A meeting of the management board is competent to adopt resolutions, if more than a half of the members of the management board are present. The resolutions shall be adopted by simple majority of votes. The chairman of the supervisory board shall have the deciding vote upon an equal division of votes. Minutes shall be taken of the meetings of the management board.

48. Subject to a unanimous vote of the management board, the management board may adopt resolutions without calling a meeting by way of a telephone inquiry. The chairman of the supervisory board shall draw up a record of the inquiry, which shall be approved at the next meeting of the management board.

Reporting and distribution of profits

49. After the end of each financial year, the management board shall prepare the financial statements and management report pursuant to the procedure provided for in the Accounting Act.

50. The supervisory board shall review the annual report and prepare a written report concerning the annual report, which shall be presented to the general meeting. The supervisory board shall indicate in the report whether it approves of the annual report prepared by the management board. In addition, the report shall indicate how the supervisory board has organised and directed the activities of the Company.

51. A resolution on distribution of profit shall be adopted by the general meeting on the basis of the approved financial statements.

Merger, division, transformation and dissolution

52. According to the law, the merger, division and transformation of the Company shall be decided to the general meeting.

53. The Company shall be dissolved pursuant to the procedure prescribed by law. The members of the management board shall act as the liquidators of the Company, unless the dissolution resolution provides otherwise.

The articles of association were approved by a resolution of shareholders on 31.10.2008.