

Tallinna Kaubamaja Aktsiaselts

Articles of Association

§ 1 Business name and location of the public limited company

1. The business name of the public limited company (hereinafter referred to as Company) is Tallinna Kaubamaja Aktsiaselts.
2. Location of the Company is Republic of Estonia, Tallinn.

§ 2 The amount of share capital and nominal value of a share of the Company

1. The minimum size of the Company's share capital is EUR 10,000,000 and the maximum size is EUR 40,000,000.
2. The Company has registered shares with a nominal value of 40 eurocents.
3. Each share gives one vote at the general meeting.

§ 3 Rights attaching to a share

A share gives a shareholder a right to participate in general meetings and distribution of profits and assets remaining after termination of the Company, and also other rights stated in legislation and the Articles of Association.

§ 4 Share register

The share register is maintained by the keeper of the Estonian Central Register of Securities. The Management Board of the Company ensures the timely submission of the correct data provided by law to the keeper of the Central Register of Securities.

§ 5 Convertible bond

The Company may issue bonds by a resolution of the general meeting, the holders of which have the right to convert their bonds to shares.

§ 6 Payment of dividends

1. Dividends may be paid on the basis of an approved annual report.
2. The amount of dividends and the arrangements for payment is fixed by the general meeting.

§ 7 Liability of shareholder

1. A shareholder is liable for any damage wrongfully caused to the Company, another shareholder or third persons.
2. A shareholder shall not be liable for any damage caused if the shareholder did not participate in the adoption of the resolution of the general meeting which was the basis for the cause of damage or if the shareholder voted against the resolution.

/signed by Raul Puusepp/

§ 8 General meeting

1. The general meeting of shareholders is the highest directing body of the Company.
2. An annual general meeting shall be held at least once a year. The Management Board shall call the annual general meeting no later than six months after the end of financial year.
3. The Management Board shall call a special general meeting in the cases prescribed by law.

§ 9 Agenda of general meeting

1. The agenda of a general meeting shall be determined by the Supervisory Board. If the general meeting is called by the shareholders or the auditor, they shall determine the agenda of the general meeting.
2. The Management Board or the shareholders whose shares represent at least one-twentieth of the share capital may demand the inclusion of additional issues on the agenda of a general meeting, if the corresponding demand is presented at least 15 days before the general meeting.
3. An issue which is initially not on the agenda of a general meeting may be included on the agenda with the consent of at least nine-tenths of the shareholders who participate in the general meeting if their shares represent at least two-thirds of the share capital.

§ 10 Calling a general meeting

1. The Management Board shall send a notice of the general meeting to all shareholders to the address entered in the share register by registered mail or publish a notice in at least one daily national newspaper.
2. Notice of an annual general meeting shall be given at least three weeks in advance.
3. Notice of a special general meeting shall be given at least three weeks in advance.
4. The general meeting shall be held at the time and place stated in the notice calling the general meeting.

§ 11 Procedure of a general meeting

A general meeting may adopt resolutions if it is attended by shareholders who hold more than one-half of the votes represented by shares.

§ 12 Competence of general meeting

1. A general meeting is competent to:
 - 1) amend the Articles of Association;
 - 2) increase and reduce share capital;
 - 3) issue convertible bonds;
 - 4) elect and remove Members of the Supervisory Board, approving the amount and procedure for remuneration;
 - 5) elect an auditor and fix the procedure for remuneration;
 - 6) designate a special audit;
 - 7) approve the annual report and distribute profit;
 - 8) deciding on dissolution, merger, division and transformation of the Company;
 - 9) decide on conclusion and terms and conditions of transactions with the Members of the Supervisory Board; decide on the conduct of legal disputes with the Members of the Management Board or Supervisory Board, and appointment of the representative of the Company in such transactions and disputes;
 - 10) decide on other matters placed in the competence of the general meeting by law.

/signed by Raul Puusepp/

2. A general meeting may adopt resolutions on other matters related to the activities of the Company on the demand of the Management Board or Supervisory Board. The shareholders shall be solidarily liable in the same manner as Members of the Management Board or Supervisory Board for damage caused by resolutions adopted under such conditions.

§ 13 Resolution of general meeting

1. 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 a greater majority requirement is prescribed by law.
2. In the election of a person at a general meeting, the candidate who receives more votes than the others shall be deemed to be elected. Upon an equal division of votes, another round of voting shall take place.
3. A resolution on amendment of the Articles of Association shall be adopted 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 shall enter into force as of the making of a corresponding entry in the commercial register.

§ 14 Management Board and its competence

1. The Management Board is a directing body of the Company, which represents and directs the Company. The Management Board shall, in directing, adhere to the lawful orders of the Supervisory Board.
2. Transactions which are beyond the scope of everyday economic activities may only be concluded by the Management Board with the consent of the Supervisory Board.
3. A Member of the Management Board shall not participate in voting in which it is decided whether to give permission for transactions between him/her and the Company or transactions between the Company and a legal person in which this Member of the Board or a person connected with him/her has a considerable holding.

§ 15 Members of Management Board, their election and removal

1. The Management Board of the Company consists of 1 to 6 members.
2. The Members of the Management Board shall be elected and removed by the Supervisory Board. A Member of the Management Board shall be elected for a term of three years.
3. The Supervisory Board shall elect a chairman of the Management Board from among the Members of the Management Board, who shall organize the activities of the Management Board.

§ 16 Right of representation of Management Board

1. The Company may be represented by every Member of the Management Board in all acts, except in transactions stated in Clause 2 of this section.
2. In transactions the conclusion of which is decided on by the Supervisory Board or which requires the consent of the Supervisory Board, the Members of the Management Board shall represent the Company jointly.

§ 17 Liability of Members of the Management Board

A Member of the Management Board shall perform his or her duties with due diligence. Members of the Management Board who cause damage to the Company by violation of their obligations shall be solidarily liable for compensation for the damage caused. A

/signed by Raul Puusepp/

Member of the Management Board is released from liability if he or she proves that he or she has performed his or her obligations with due diligence.

§ 18 Supervisory Board and its competence

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.

§ 19 Rights of Supervisory Board

1. The Supervisory Board shall give orders to the Management Board for organisation of the management of the Company.
2. The Supervisory Board shall decide:
 - 1) on the development strategy and investment policy of the Company;
 - 2) on acquisition, transferal, renting and encumbrance of immovables and registered movables;
 - 3) on passing the investments and annual budget prepared by the Management Board.
3. The consent of the Supervisory Board is required for the conclusion of transactions by the Management Board which are beyond the scope of everyday economic activities, and, above all, for conclusion of transactions which bring about:
 - 1) the acquisition or termination of holdings in other companies, or
 - 2) the acquisition or transfer of an enterprise, or the termination of its activities, or
 - 3) the foundation or closure of foreign branches, or
 - 4) the making of investments exceeding a prescribed sum of expenditure for the current financial year, or
 - 5) the selling of fixed assets with a market value of EUR 640,000 or more, or
 - 6) the assumption of loans or debt obligations exceeding the sum of prescribed loans or debt obligations for the current financial year, or
 - 7) the granting of loans or the guarantee of debt obligations if this is beyond the scope of everyday economic activities, or
 - 8) the foundation or dissolution of subsidiaries.
4. The consent for concluding a transaction prescribed in clause 3 of this subsection is not necessary if a delay in conclusion of the transaction would bring about significant damage to the Company.
5. In order to fulfil its tasks, the Supervisory Board has the right to examine all documents of the Company and to audit the accuracy of accounting, the existence of assets and the conformity of the activities of the Company with the law, the Articles of Association and resolutions of the general meeting.
6. The Supervisory Board has the right to obtain information concerning the activities of the Company from the Management Board and to demand an activity report and preparation of a balance sheet from the Management Board.
7. The Supervisory Board shall decide on conclusion and terms and conditions of transactions with Members of the Management Board and on the conduct of legal disputes with the Members of the Management Board. The Supervisory Board shall appoint a representative of the Company for the conclusion of the transactions and conduct of the legal disputes.
8. The Supervisory Board also has other rights provided by law.

/signed by Raul Puusepp/

§ 20 Members of Supervisory Board

1. According to the resolution of the General Meeting, the Supervisory Board has 3 to 6 members. The Members of the Supervisory Board shall elect a chairman, who shall organize the activities of the Supervisory Board.
2. A Member of the Management Board, a procurator, auditor, or a Member of the Management Board of a subsidiary of the Company or other person named by law shall not be a Member of the Supervisory Board.

§ 21 Election and removal of members of Supervisory Board

1. The Members of the Supervisory Board shall be elected and removed by the general meeting.
2. A Member of the Supervisory Board is elected for a term of 3 years.

§ 22 Meeting of Supervisory Board and procedure for adoption of resolutions

1. Meetings of the Supervisory Board shall be held when necessary but not less frequently than once 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.
2. 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.
3. The meeting of the Supervisory Board meeting has a quorum if it is attended by more than one-half of the Supervisory Board members.
4. 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.
5. A Member of the Supervisory Board shall not participate in voting if approval of the conclusion of a transaction between the member and the Company is being decided, or if approval of the conclusion of a transaction between a third person and the Company is being decided if the interests of the Member of the Supervisory Board arising from such transaction are in conflict with the interests of the Company.
6. Minutes shall be taken of meetings of the Supervisory Board. The Supervisory Board shall submit these minutes to the Chairman of the Management Board of the Company within 10 working days.

§ 23 Liability of Member of Supervisory Board

1. A Member of the Supervisory Board shall perform his or her duties with due diligence. Members of the Supervisory Board who cause damage to the Company by violation of their obligations shall be solidarily liable for compensation for the damage caused.
2. A Member of the Supervisory Board is released from liability if he or she proves that he or she has performed his or her obligations with due diligence.

§ 24 Auditor

1. The number of auditors shall be specified and auditors shall be appointed by the general meeting, which shall also specify the procedure for remuneration of auditors.
2. An auditor may be appointed to conduct a single audit or for a specific term.

§ 25 Reporting and distribution of profits

1. After the end of a financial year, the Management Board shall prepare the annual report in accordance with the procedure provided for in the Accounting Act, and promptly present it to the auditor.

/signed by Raul Puusepp/

2. The Management Board shall present the annual report, sworn auditor's report and a profit distribution proposal to the general meeting.
3. The Supervisory Board shall review the annual report and shall prepare a written report concerning the annual report, will shall be presented to the general meeting.
4. The general meeting shall approve the annual report and adopt the resolution on profit distribution on the basis of the approved report.

§ 26 Formation of reserve capital

1. Reserve capital shall be formed from annual net profit transfers and other transfers. Reserve capital may also be constituted from the withheld capital from the previous years.
2. The amount of reserve capital is one-tenth of the share capital.
3. During each financial year, at least one-twentieth of the net profit shall be entered in the reserve capital. If the reserve capital reaches the amount prescribed in the Articles of Association, the increase of reserve capital shall be terminated.

§ 27 Dissolution of the Company

1. The Company shall be dissolved:
 - 1) by a resolution of the general meeting;
 - 2) by a court decision;
 - 3) on other bases prescribed by law.
2. A dissolution resolution shall be adopted if at least two-thirds of the votes at the general meeting are in favour.
3. The dissolution of the Company shall be carried out by liquidators pursuant to the procedure prescribed by law, by the general meeting, or a court decision.
4. The remaining assets of the Company shall be divided between the shareholders either in money or other assets.

The amended wording of the Articles of Association has been approved at the annual general meeting of the shareholders of Tallinna Kaubamaja AS on 27 March 2014.

/signed by Raul Puusepp/