

Hepsor AS

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MINUTES OF THE ANNUAL GENERAL MEETING

The annual general meeting of Hepsor AS was held on 25 May 2023 in the conference center of L'Embitu Hotel at Lembitu 12, Tallinn. The meeting started at 11:00 and ended at 12:21.

The notice convening the annual general meeting was published on 3 May 2023 in the newspaper Postimees and on 2 May 2023 as a stock exchange announcement through the information system of the Nasdaq Tallinn Stock Exchange. Therefore, the annual general meeting was duly convened.

The circle of shareholders entitled to participate in the annual general meeting was determined as of 7 days prior to the general meeting, ie as of the end of the business day of the Nasdaq CSD SE settlement system on 18 May 2023.

As of the date the list of shareholders entitled to participate in the annual general meeting was fixed, Hepsor AS had 11,440 shareholders who own a total of 3,854,701 shares.

The annual general meeting had a quorum as 27 shareholders with 3,039,656 votes were represented, ie 78.86% of the votes represented by Hepsor AS shares, including 4 shareholders who exercised the opportunity to vote before the meeting and who had 1747 votes.

Gerli Kivisoo, attorney-at-law from law firm Ellex Raidla (personal identification code 48203290279) acted as the chairman of the meeting and Mere Punab, attorney-at-law from law firm Ellex Raidla (personal identification code 48611100031) acted as the recording secretary of the meeting.

The voting was organized by ARS Corporate Services OÜ, whose representative Hannele Pook introduced the voting procedure to the shareholders.

Gerli Kivisoo, chairman of the meeting, introduced the rules of procedure of the meeting:

- (i) The shareholders will have the right to ask questions after the introduction of each item on the agenda and must notify of such wish by raising his/her hand; the shareholder asking the question must introduce himself/herself or if he/she is a representative, the person he/she represents;
- (ii) When the questions have been thoroughly discussed, proceed to the voting;
- (iii) The results of votes on the previous item will be counted before moving on to the next item on the agenda;
- (iv) After the agenda has been dealt with, shareholders have the right to speak for up to 3 minutes.

The agenda of the annual general meeting was as follows:

1. Approval of the annual report for 2022
2. Profit distribution

The following resolutions were adopted at the annual general meeting:

1. To approve the 2022 annual report of Hepsor AS.

Voting results:

For: 3,039,653 votes; 99.999901% of the votes present at the annual general meeting

Against: 1 votes; 0.0000329% of the votes present at the annual general meeting

Impartial: 1 votes; 0.0000329% of the votes present at the annual general meeting

Did not vote: 1 votes; 0.0000329% of the votes present at the annual general meeting

2. To use the net profit of the financial year that ended on 31.12.2022 in the amount of 1 396 thousand euros as follows:

- establish mandatory reserve in the amount of 385 thousand euros;
- transfer net profit in the amount of 1 011 thousand euros to retained earnings.

Voting results:

For: 3,039,561 votes; 99.996875% of the votes present at the annual general meeting

Against: 1 votes; 0.0000329% of the votes present at the annual general meeting

Impartial: 93 votes; 0.00305956% of the votes present at the annual general meeting

Did not vote: 1 votes; 0.0000329% of the votes present at the annual general meeting

Questions submitted at the annual general meeting and answers

1) What are the average rate of returns in Canada compared to Estonia?

Andres Pärloja: It depends on which segment you look at, but you definitely have to take into account that there is income tax in Canada, so if you look at the project's returns, they are somewhat higher than in Estonia, but if you take income tax into account, the difference will decrease.

2) Is the small investor correct to assume that the last two sales (Lasnamäe and StockOffice) were not emergency sales, but rather conscious steps?

Henri Laks: There have been no emergency sales. We were satisfied with those sales. Regarding the sale of properties on Tooma street, I explain that our principle is that we do not buy to sell, but to develop. However as the offer was so attractive in this case, we decided that we can skip the development stage this time and be content with the sale of the property.

Andres Pärloja: We had the longest negotiations in Latvia, it was not an emergency sale. We would love to build and develop, but we also need to earn money. In order to develop a product with a very good margin in this segment, we would have had to develop this land for another 3 years. In any case, it made more sense to sell it.

3) Can you also tell me the percentage of the rate of return regarding the sale of these properties?

Henri Laks: It was a good rate of return for us, it would have been a good deal before Covid also, the exact number cannot be said.

4) Does Hepsor also generate income in terms of cash flow?

Andres Pärloja: It must be taken into account that when the real estate company is in its active phase, the cash flow is always at zero - as soon as money is being generated, you will invest. We try to make sure that the money does not sit on the bank account. This is the way we have run the company so far.

5) The cost level is towards three or four million this year, can you produce that much?

Henri Laks: We can. Commercial real estate projects which are completed are 100% covered by tenants, that is where the rental income comes from, and if the monthly loan is paid, the loan coverage ratio is also good.

Kristjan Mitt: We are a growing company, that's why overhead costs are slightly higher. We have been developing in Latvia for five years, this was the first year in which we earned income. Same with Canada. We always have much more ideas - for example, Tooma properties were not for sale, but an attractive offer came and we had good ideas about what to do with the money. In any case, we carefully monitor our cost base, but we are not very efficient in the growth phase.

6) How will the end of the war affect the real estate sector - will it bring cheaper or more expensive construction prices (both in terms of material and labor costs)?

Andres Pärloja: It will certainly raise construction prices.

Kristjan Mitt: From the construction price side, within the framework of CO2 and ESG, the entire manufacturing sector is moving towards greenness, from that side, new requirements are imposed every year, the material input is starting to change significantly faster than the last three years. For our part, we have tried to stay ahead of developments - we already try to make these choices in our projects. All of these greatly affect the input.

Henri Laks: I will give an example that the Manufaktuuri building is a reconstructed building, so there is no energy requirement, but still we are building an A-energy class building, we are doing it with an eye to the future.

7) How much money is stuck under the properties?

Henri Laks: We have the land in the balance sheet marked at acquisition cost, in terms of market value we are not going to say what this coefficient would be. The properties have never been appraised. But when the projects are ready, we will take the fair value into account.

8) Are there developments the price of which depends on the building rights?

Andres Pärloja: The turnover of development property is very low - in the previous cycle banks financed those, but this is no longer the case in Estonia. There is more choice in Riga, so it is also better for the developer and the seller, you can obtain properties three to five times cheaper there. We are a strong player in the Riga market, we have taken risks with the help of foreign money, so that we are safe if something knocks us off our feet, and this has also given us a strong foundation, we are very satisfied with our office in Riga. In case of Canada, we won't dare to go there alone to develop because we have to learn these markets first. Nearly 200 new homes are being built in Latvia, they have been well received by the market. In Estonia today we have two cash flow projects: Grüne maja and Pärnu mnt project.

/Signed digitally/

Gerli Kivisoo

Meree Punab

Chairman of the annual general meeting

Recording secretary of the annual general meeting

Annexes to the minutes of the annual general meeting:

- 1) List of shareholders who participated in the annual general meeting
- 2) Ballot papers
- 3) Power of attorney