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ANNUAL GENERAL MEETING ON 17 MAY 2023

# Introduction

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- As of 10 May 2023, Arco Vara AS had 8641 shareholders.
- 72,6% of votes designated with shares registered for the meeting.
- The CEO proposes to conduct the meeting himself.
- Proposed to elect Tiina Malm as secretary of the general meeting.

## Procedural rules

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- Questions to the presenter, proposals and disagreements are presented in writing.
- All desires to speak are presented in writing to the chairman of the meeting before the order of business is addressed.
- A statement may be up to 5 minutes long.

## The agenda

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- 1) Approving the annual report of 2022.
- 2) Distribution of profit and payment of dividends.
- 3) Approving the options program.
- 4) Approving the remuneration principles for the management.

Shareholders have made no proposals to amend the agenda after the general meeting was called.



APPROVING THE ANNUAL REPORT OF 2022

## Overview

### Goals 2022

- Sales revenue 14MEUR
- Net profit 1MEUR
- Sale of Kodulahe stages 4/5
- Obtaining new plot in Sofia
- Commencing the detailed plan of Paldiski mnt 124b
- Commencing construction of Kuldlehe boutique house

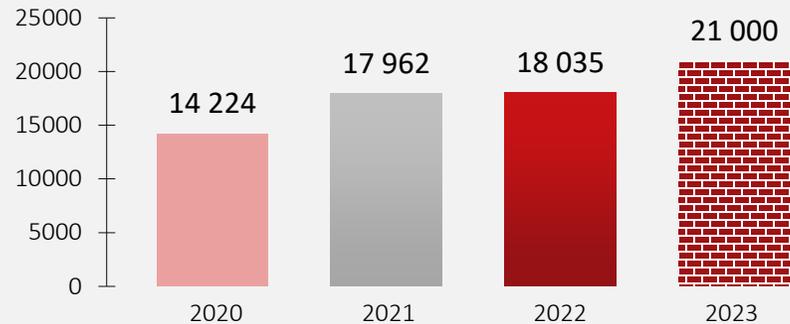
### Results 2022

- Sales revenue 13.5MEUR
- Net profit 695kEUR
- Kodulahe stage 4/5 sold
- No new plot obtained in Sofia
- Detailed plan for Arcojärve initiated
- Kuldlehe construction begun in Q1 2023
- Founding construction company Arco Tarc OÜ

# Overview

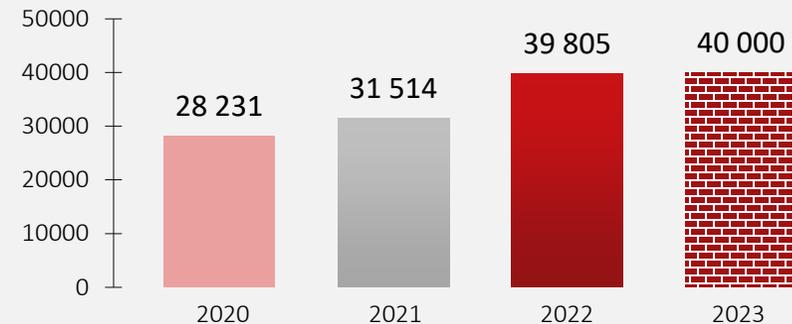
## Equity

In thousand EUR



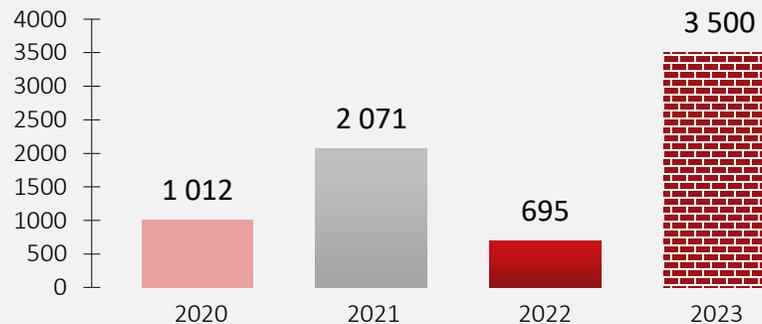
## Total Assets

In thousand EUR



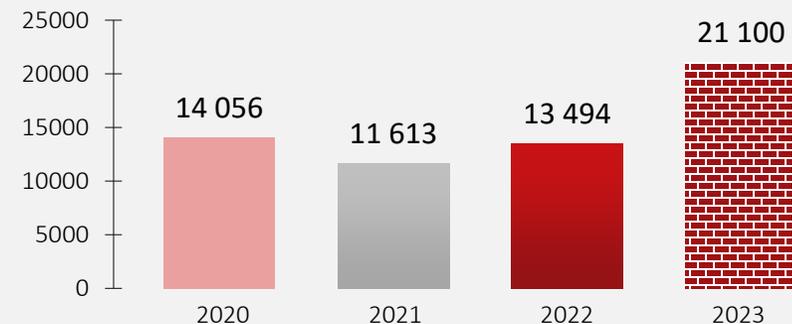
## Net profit/loss

In thousand EUR



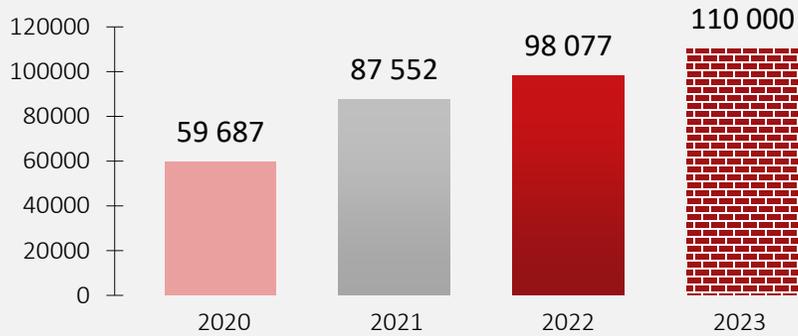
## Sales Revenue

In thousand EUR

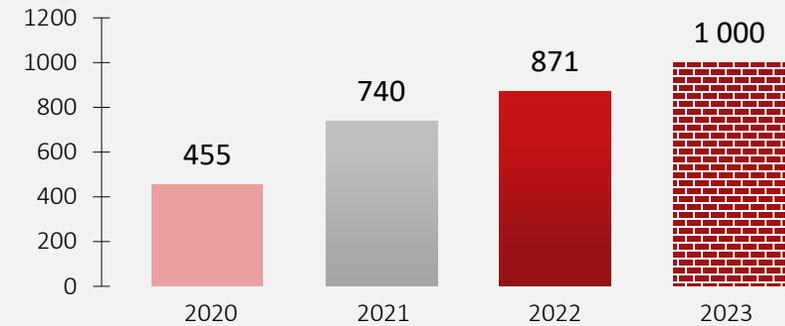


# Overview

Development volumes (m<sup>2</sup>)



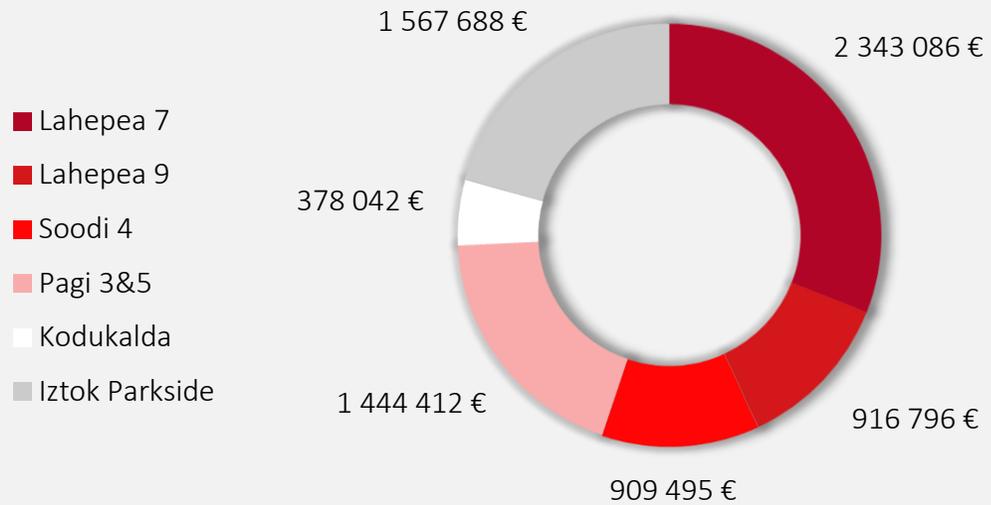
Development volumes (pc)



	Area for sale	Status	Product type
Kodulahe Rannakalda	8 888 m <sup>2</sup>	Under construction	Apartments   Businesses
Kuldlehe	922 m <sup>2</sup>	Under construction	Apartments
Botanica Lozen stage I	5 485 m <sup>2</sup>	Under construction	Private homes
Kodulahe stage VII	5 070 m <sup>2</sup>	DP process	Apartments   Businesses
Botanica Lozen stages II and III	11 309 m <sup>2</sup>	DP established	Private homes
Arcojärve	26 750 m <sup>2</sup>	DP process	Apartments   Businesses
Kodulahe stage VIII	11 000 m <sup>2</sup>	DP process	Apartments   Businesses
Madrid BLVD	7 350 m <sup>2</sup>	Leased real estate	Businesses

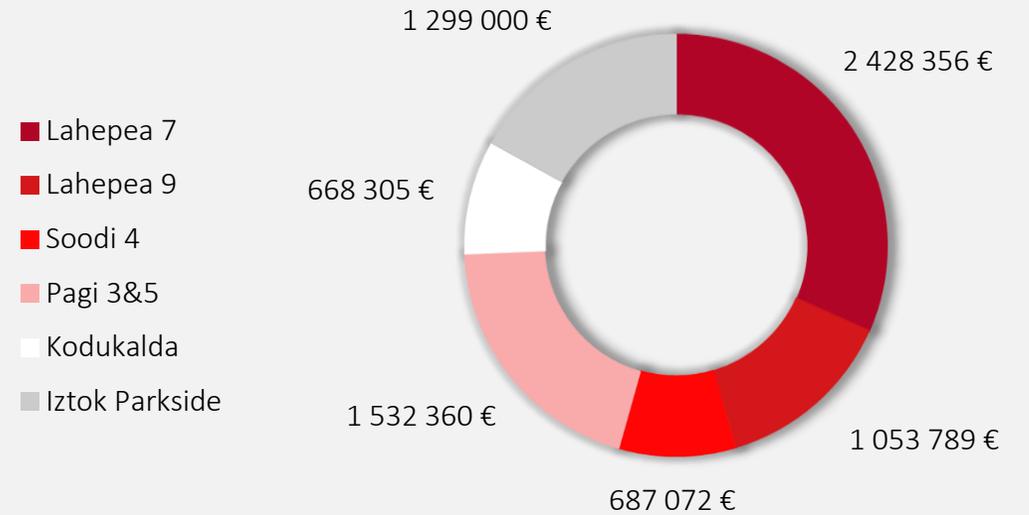
# Arco Vara Projects Overview

## Average Equity Investment



Total of 2018 – 2022 developments - 7 559 518 €

## Project Profit



Total of 2018 – 2022 developments - 7 668 883 €

## Overview

### Goals 2023

- Sales revenue 21.1MEUR
- Net profit 3.5MEUR
- Rannakalda 68 homes handovers
- Soodi 6 detailed plan established
- Lammi 6 detailed plan commenced
- Building permit for Botanica Lozen  
Stage II
- Sale of Madrid BLVD completed
- New plots for creating 100 homes

## Approving the annual report of 2022

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- To approve the annual report of 2022 of Arco Vara AS.



DISTRIBUTION OF PROFIT AND DIVIDEND PAYMENT

## Distribution of Profit and Dividend Payment

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- To allocate the net profit for the financial year ended on 31 December 2022, in the amount of 695 thousand euros to retained profit.
- To pay dividends of 0.06 euros per share. Dividends are paid in 4 parts as follows:
  - 0.02 euros per share is paid to shareholders on 15 June 2023 by transfer to the shareholder's bank account. The list of shareholders entitled to the corresponding dividend (dividend record date) is established as at 8 June 2023;
  - 0.01 euros per share is paid to shareholders on 15 September 2023 by transfer to the shareholder's bank account. The corresponding dividend record date is 8 September 2023;
  - 0.02 euros per share is paid to shareholders on 15 December 2023 by transfer to the shareholder's bank account. The corresponding dividend record date is 8 December 2023;
  - 0.01 euros per share is paid to shareholders on 15 March 2024 by transfer to the shareholder's bank account. The corresponding dividend record date is 8 March 2024.



APPROVAL OF ADDITIONAL SHARE OPTION PROGRAM

# Approval of Additional Share Option Program

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- The COO is entitled to realize the option, i.e. obtain shares free of charge, meaning the price of the option is 0 euros.
- The following terms apply to the extent of increasing share capital and establishing the number of new issued shares for the COO:
  - If the COO has not been recalled or their employment contract terminated before 31 December 2023 – increase the share capital of the company by 6125 euros and issue 8750 shares to the COO;
  - If the COO has not been recalled or their employment contract terminated between 1 January 2024 and 31 December 2024 – increase the share capital of the company by 3500 euros and issue 5000 shares to the COO;
  - If the COO has not been recalled or their employment contract terminated between 1 January 2025 and 31 December 2025 – increase the share capital of the company by 3500 euros and issue 5000 shares to the COO.
- In addition, from Q1 of 2023 until Q4 of 2025, the average ROE of each 12 months must be at least 12%, i.e., the average ROE is calculated for 36 months.

# Approval of Additional Share Option Program

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- To approve the share option program in accordance with the conditions described in the materials of the Annual General Meeting made available to the shareholders.



APPROVAL OF ARCO VARA AS' MANAGEMENT BOARD REMUNERATION POLICY

## Approval of Arco Vara AS' Management Board remuneration policy

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- The CEO is paid in accordance with the contract for the member of the board. According to the employment contract of the member of the board for Miko-Ove Niinemäe, who manages Arco Vara AS, the resolution of the council had established a fixed monthly fee, which is 9,000 euros per month (net) starting from 1 May 2023.
- 1) The member of the board is entitled to a monetary bonus amounting to 30,000 euros (net) according to the following terms:
    - 1.1) 15,000 euros if the authorization of the board member is valid on 31 December 2023;
    - 1.2) 15,000 euros if the authorization of the board member is valid on 31 December 2024.
  - 2) The member of the board is entitled to receive:
    - 2.1) 15,000 shares of the company if the authorization of the board member is valid on 31 December 2023;
    - 2.2) 15,000 shares of the company if the authorization of the board member is valid on 31 December 2024.

## Approval of Arco Vara AS' Management Board remuneration policy

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- 3) Additionally, the member of the board is entitled to receive up to 60,000 shares of the company for the price of 0 euros according to the following terms:
- If the net profit for the financial years of 2023-2025 is  $\geq 4$  million euros in total, then the board member is entitled to receive 10,000 to 60,000 shares of the company in total, depending on the exact amount of net profit, wherein 10,000 shares of the company are guaranteed and each 1 euro of net profit exceeding 4 million euros grants an additional 0.0125 shares of the company.
- The final number of shares is rounded to the full number (if the number of shares earned is not a full number then the number of shares is rounded down).
  - Regardless of the amount of net profit, the maximum number of shares of the company which the board member is entitled to receive is 60,000 (including the 10,000 shares of the company guaranteed in case of a net profit of 4 million euros).

## Approval of Arco Vara AS' Management Board remuneration policy

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- 4) Additionally, the member of the board is entitled to a bonus of up to 60,000 euros (net) according to the following terms:

If the net profit for the financial years of 2023-2025 is  $\geq 4$  million euros in total, the board member is entitled to a bonus of 10,000 to 60,000 euros depending on the exact amount of net profit, wherein 10,000 euros are guaranteed and each 1 euro of the net profit exceeding 4 million euros grants an additional 0.0125 euros.

- The final amount is rounded to 1 euro (the usual rounding rules are applied to rounding the amount).
- Regardless of the amount of net profit, the maximum amount that the board member is entitled to is 60,000 euros (including the 10,000 euro guaranteed in case of a net profit of 4 million euros).

## Approval of Arco Vara AS' Management Board remuneration policy

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- 5) If, as at 31 December 2025, the company's
- (i) balance sheet volume exceeds 100 million euros, and
  - (ii) equity exceeds 35 million euros, and
  - (iii) the net profit for the financial years 2023-2025 exceeds 10 million euros,

then the board member is entitled to an additional 100,000 shares of the company for the price of 0 euros.

# Approval of Arco Vara AS' Management Board remuneration policy

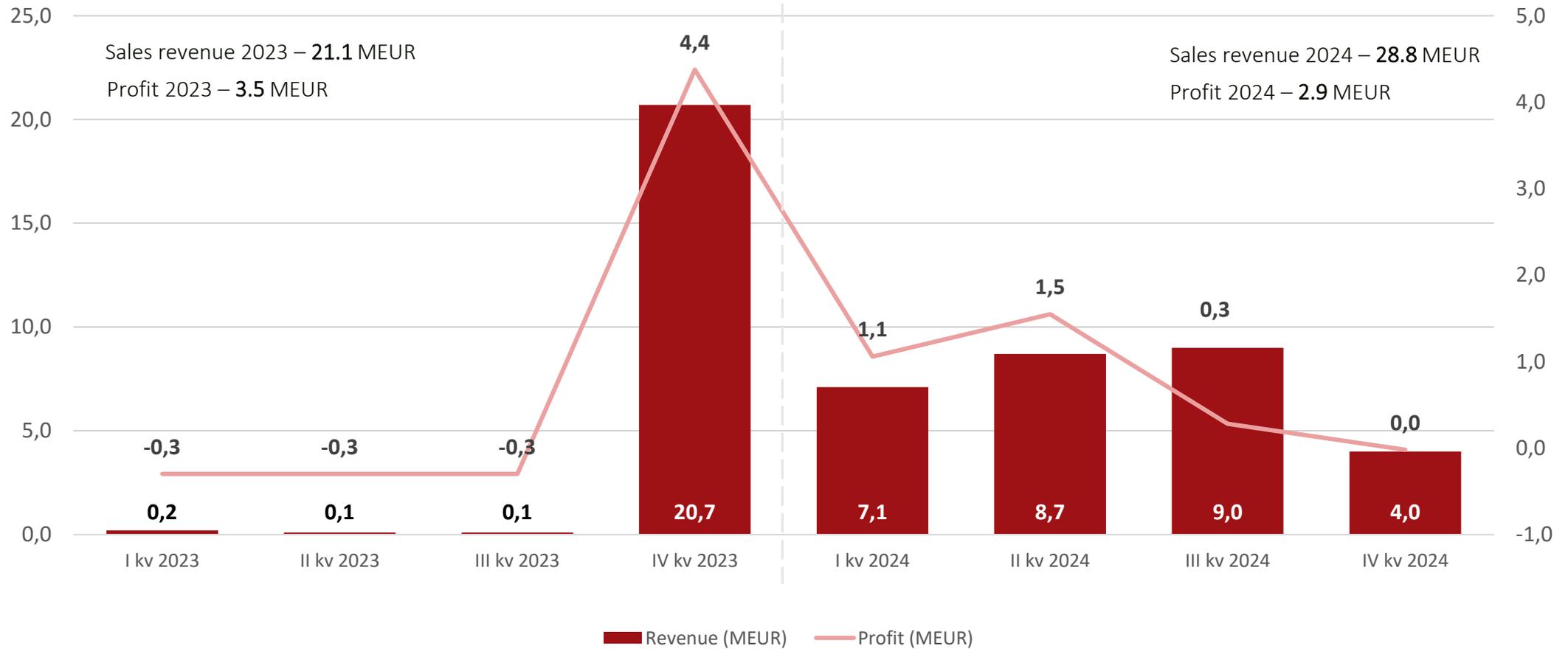
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- The Supervisory Board proposes to the shareholders to approve the remuneration principles of the management of Arco Vara AS according to the remuneration principles of the management contained in the materials of the general meeting and made available to the shareholders.

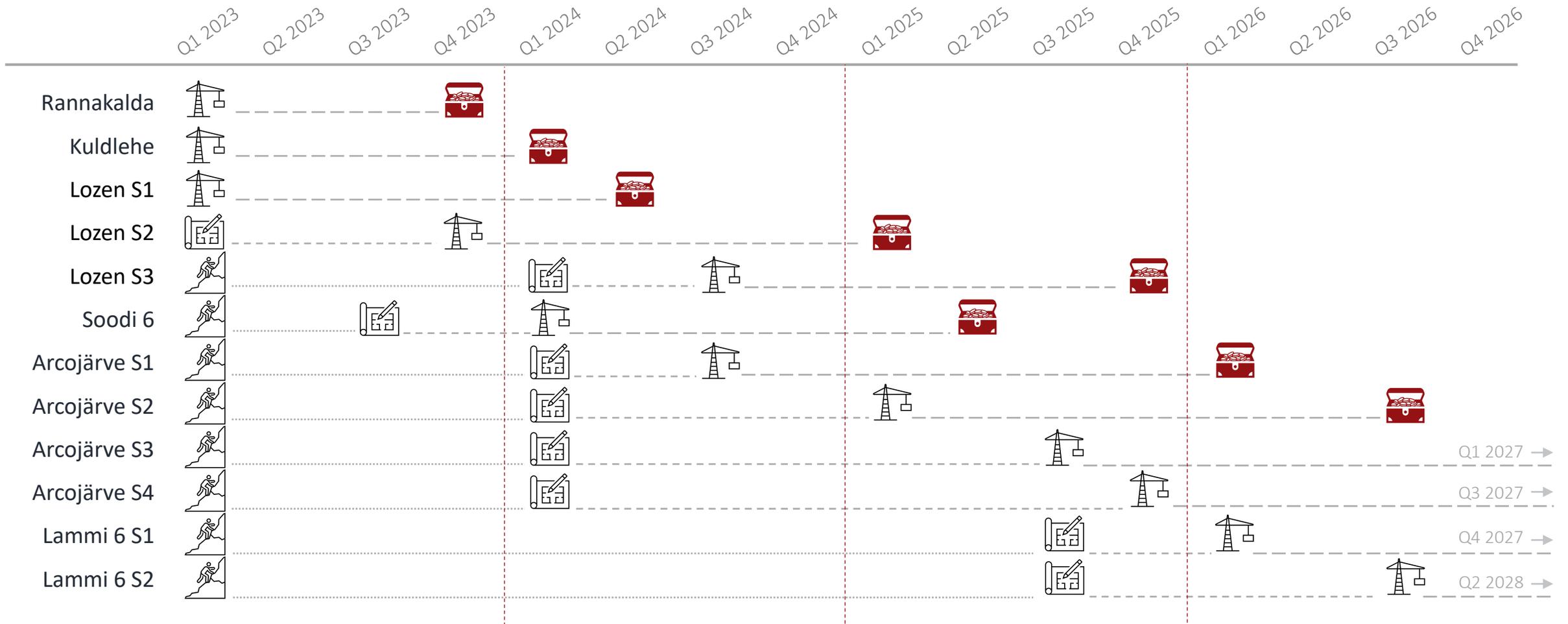


ARCO VARA

## Sales revenue and profit forecast for 2023-2024



# Development schedule 2023 - 2026



 Detailed plan process

 Building permit process

 Construction

 Sale



ARCO VARA