

# Opinion of Supervisory Board of Olympic Entertainment Group AS on voluntary takeover offer

This opinion of the Supervisory Board of Olympic Entertainment Group AS (“**OEG**”) has been prepared on 18.04.2018 in accordance with § 171 (2) of the Securities Market Act and Chapter 9 of Regulation No. 71 of the Minister of Finance, dated 28.05.2002, “The Rules of Takeover Bids” in connection with the voluntary public takeover offer (the “**Offer**”) made by Odyssey Europe AS (the “**Bidder**”) on 04.04.2018 for the acquisition of the shares of OEG.

The members of the Supervisory Board of OEG are Armin Karu (the Chairman of the Supervisory Board), Jaan Korpusov and Liina Linsi. The members of the Management Board of OEG are Madis Jääger (the Chairman of the Management Board) and Meelis Pielberg.

The Supervisory Board of OEG, having reviewed the prospectus and notice of the Offer, is of the following opinion:

## 1. **Contracts or other relationships between the Bidder and members of Supervisory Board and Management Board**

On 19 March 2018, OÜ HansaAssets, a company under the sole control of Armin Karu (the Chairman of the Supervisory Board), and OÜ Hendaya Invest, a company under the sole control of Jaan Korpusov (a member of the Supervisory Board), acting separately and independently, and Armin Karu and Jaan Korpusov, entered into a share sale and purchase agreement (the “**SPA**”) with the Bidder under which OÜ HansaAssets and OÜ Hendaya Invest contemplate to sell and transfer all the shares of OEG currently held by them by tendering their shares in the Offer. Under the SPA, OÜ HansaAssets has also agreed to sell to the Bidder all its shares in Olympic Casino Eesti AS, a subsidiary of OEG, representing 5% of all the shares of Olympic Casino Eesti AS, for the purchase price of EUR 6,000,000.

There are no other contracts or relationships between the Bidder and the members of the Supervisory Board or the Management Board of OEG.

## 2. **Members of Supervisory Board and Management Board are not elected or appointed by Bidder or upon Bidder’s proposal**

None of the members of the Supervisory Board or the Management Board of OEG is elected or appointed upon the proposal of or by the Bidder.

The terms of office of all the members of the Supervisory Board were last extended by a resolution of the annual General Meeting of shareholders of OEG held on 18.04.2013 and the proposal for the extension of the terms of office was made by the Supervisory Board of OEG. The authorities of Madis Jääger and Meelis Pielberg as the members of the Management Board were last extended by a resolution of the Supervisory Board dated 07.12.2017.

However, as further described below, all the current members of the Supervisory Board will resign upon the closing of the Offer and the SPA, and the election of new members of the Supervisory Board will be placed in the agenda of the next General Meeting of shareholders of OEG to be held after the closing of the Offer and the SPA.

## 3. **Conflicts of interests and measures for managing risks**

None of the members of the Supervisory Board or the Management Board is entitled to receive any benefits the provision of which depends on the Offer or the results thereof. The transactions contemplated under the SPA are subject to the same closing conditions as the Offer. Nevertheless, if the Offer is not closed (provided however that the closing conditions of the Offer are met), OÜ HansaAssets and OÜ Hendaya Invest are entitled, but not obliged, to request from the Bidder the acquisition of their respective shares in OEG and the shares of OÜ HansaAssets in Olympic Casino Eesti AS for the same purchase price.

Considering the above and as far as the members of the Supervisory Board are aware of, the members of the Supervisory Board and the Management Board have no conflicts of interests arising from the Offer and OEG has had no need to take measures for managing the risks that may arise from the conflict of interests.

#### **4. Assessment of impact of Offer on interests of OEG and employment relationships**

All the members of the Supervisory Board, including both independent members of the Supervisory Board, Jaan Korpusov<sup>1</sup> and Liina Linsi, are of opinion that OEG and its business opportunities benefit from the Offer. The experienced management team and strong capitalisation of Novalpina Capital group provides favourable conditions for the growth and development of OEG and its group companies.

The members of the Supervisory Board are of the opinion that the Offer is not expected to have an impact on the employment relationships of OEG. According to the Offer documentation, no changes in employment relationships are contemplated for any employees of OEG as a result of the Offer, and the Bidder has indicated that it does not intend to relocate OEG's registered address or head office from Tallinn to another location, or to relocate or close key parts of OEG's business. The contemplated changes to the corporate structure of the group companies are not likely to have an effect on employment relationships.

All the members of the Supervisory Board are of opinion that the consideration offered for the shares of OEG, i.e. EUR 1.9 per share, payable in cash, is fair and reasonable, considering that the purchase price offered for the shares is 3.26% higher than the weighted average stock exchange price of OEG shares during the last six months before 19.03.2018, when the intention of the takeover was disclosed, and that the two major shareholders (i.e. OÜ HansaAssets and OÜ Hendaya Invest) have accepted the same Offer without receiving any additional remunerations or benefits. Therefore the Supervisory Board supports the Offer and recommends the shareholders to accept the Offer, especially taking into account the Bidder's intention to take the company private and terminate the listing of the shares of OEG in Nasdaq Tallinn Stock Exchange.

#### **5. Intentions of members of Supervisory Board and Management Board to accept Offer**

In accordance with the terms of the SPA, OÜ HansaAssets, a company under the sole control of Armin Karu, (the Chairman of the Supervisory Board), and OÜ Hendaya Invest, a company under the sole control of Jaan Korpusov (a member of the Supervisory Board), acting separately and independently, have undertaken to tender all their shares of OEG into the Offer. OÜ HansaAssets holds altogether 68,361,890 shares of OEG, representing 45.0368% of all the shares of OEG, and OÜ Hendaya Invest holds altogether 28,761,910 shares of OEG, representing 18.9483% of all the shares of OEG.

Liina Linsi, a member of the Supervisory Board, has notified the Supervisory Board that she intends to accept the Offer. Liina Linsi holds 26,000 shares of OEG, representing 0.0171% of all the shares of OEG.

Madis Jääger and Meelis Pielberg (the members of the Management Board) have also notified the Supervisory Board that they intend to accept the Offer. Madis Jääger holds 75,000 shares of OEG, representing 0.0494% of all the shares of OEG, and Meelis Pielberg holds 50,000 shares of OEG, representing 0.0329% of all the shares of OEG.

#### **6. Agreements of members of Supervisory Board and Management Board**

All the members of the Supervisory Board and the Management Board have, respectively, entered into supervisory board member agreements or management board member agreements with OEG. None of these agreements provides for any remunerations or benefits in connection with the Offer or the results thereof.

In accordance with the closing conditions of the Offer, recalling of all the current members of the Supervisory Board and the election of new members will be placed in the agenda of the next General Meeting of OEG to be held on or about 11.05.2018. Resigning of the current members of the Supervisory Board was also agreed upon in the SPA. The current members of the Supervisory Board will receive no remuneration or compensation for early termination of their authorities as the members of the Supervisory Board of OEG.

There are no intentions for the termination of the management board member agreements of the members of the Management Board. As disclosed in the Offer documentation, the Bidder intends to work constructively with the current members of the Management Board and does not intend to change the composition of the Management Board or the responsibilities of their individual members.

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<sup>1</sup> Independent members of the Supervisory Board are determined in accordance with Regulation No. 71 of the Minister of Finance dated 28.05 2002 "The Rules of Takeover Bids"; however it is noted that Jaan Korpusov and OÜ Hendaya Invest, a company under his sole control are parties to the SPA and OÜ Hendaya Invest has undertaken to tender its shares in OEG in the Offer.

## **ORGANISATIONAL ISSUES**

This opinion of the Supervisory Board will be made available in writing and free of charge at the office of OEG on business days between 09:00 to 17:00 at Pronksi 19, 3rd floor and will be available also at the Nasdaq Tallinn website [www.nasdaqbaltic.com](http://www.nasdaqbaltic.com) and at the OEG's website <http://www.olympic-casino.com>.

Armin Karu

Jaan Korpusov

Liina Linsi