

### **ANNEX 3. ADVISORY SERVICES AGREEMENT**

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This advisory services agreement (hereinafter the Agreement) has been entered into between the following parties:

**Estonia Spa Hotels AS, registry code 10275471, address Sääse tn 7, 80012 Pärnu, represented by member of the Management Board Andrus Aljas (hereinafter the Company or Client I)**  
and

**The City of Pärnu (through the City Government), registry code 75000064, address Suur-Sepa tn 16, 80098 Pärnu, represented by Mayor Kristel Voltenberg (hereinafter Client II) (Client I and Client II hereinafter also jointly referred to as the Clients)**  
and

**[Name of Service Provider], registry code \_\_\_\_\_, address \_\_\_\_\_, represented by [basis of representation, person] [name] (hereinafter the Service Provider).**

Whereas:

- Client II is the sole shareholder of the Company and the Supervisory Board of the Company has submitted a proposal to Client II for the divestment of the shares. The divestment proposal is based on the Company's strategic considerations and the assessment that a change in the ownership structure would create the prerequisites for the Company's further development;
- Client II has decided to prepare for the divestment of the shares, including by adopting Pärnu City Government Order No. 257 of 20 April 2026, "Initiating the preparation of the divestment of the shares of Estonia Spa Hotels AS and issuing instructions", with the aim of ensuring that the contemplated transaction is carried out on market terms, transparently and on an economically justified basis. The purpose of the preparatory steps is also to create the prerequisites for the Company to be able, after completion of the divestment transaction, to continue its operations with greater development potential and to make more effective use of growth opportunities;
- The Parties wish to prepare and carry out the divestment of the shares held by Client II;
- The Service Provider has the relevant professional competence and has submitted a proposal in response to the request for proposals carried out by the Company;
- Client II ensures that the interests of the owner of the Company's shares are observed under this Agreement, but Client II is not the contracting authority within the meaning of the Public Procurement Act for the purposes of this Agreement.

#### **1. SUBJECT MATTER OF THE AGREEMENT**

1.1. The subject matter of the Agreement is the provision of M&A advisory services (hereinafter the Service) in connection with the preparation and execution of the possible divestment of the Company's shares.

1.2. The Service is divided into two phases:

1.2.1. Phase I: valuation of the Company and preparation of the shares for sale;

1.2.2. Phase II: execution of the sale process and transaction advisory.

1.3. By this Agreement, the Service Provider undertakes to perform Phase I. The provision of Phase II is conditional and shall become effective only on the basis of a written decision of the Clients. The performance of the obligations relating to Phase II shall be governed by this Agreement and, to the extent that the terms for the performance of Phase II are not set out in the Agreement, such terms shall be agreed separately and formalised as an annex to the Agreement.

1.4. The Service Provider undertakes to perform the Agreement in accordance with the assignment described in the request for proposals (RFP) (Annex 1 – the terms of reference prepared by Client I and provided to the Service Provider, together with its annexes, defining the content, scope and deliverables of the Service and forming an integral part of this Agreement), including, in Phase I, valuing the shares and the real estate, analysing the structure of the Company and the risks and sensitivities, and mapping potential investors. Among other things, the Service Provider must provide the Clients with recommendations for the execution of the sale process. In Phase I, the following shall be prepared at a minimum:

1.4.1. an interim report, which must include at least a preliminary valuation of the Company, an overview of the market value of the real estate and the identified red flag matters.

1.4.2. a final report, which must include the final valuation of the shareholding (DCF and comparable methods), an analysis of the transaction structure, a sensitivity analysis and a specific sale recommendation.

1.5. If Phase II is carried out by the same Service Provider (clause 1.3 of the Agreement), the Service Provider undertakes to perform Phase II in accordance with the assignment described in the RFP, including investor outreach, preparation of sale documentation, collection and assessment of offers, participation in negotiations, and support and advisory services to the Clients in the negotiations and completion of the transaction.

## **2. PROCEDURE AND INSTRUCTIONS FOR THE PROVISION OF THE SERVICE**

2.1. The Service Provider shall provide the Service through its employees or, with the written consent of Client I, through other specialists. The persons providing the Service (persons directly providing the Service, including employees and engaged experts) shall devote their best skills, knowledge, attention and care to the provision of the Service. The Service Provider shall provide the Service in the manner it considers best on the basis of its experience and knowledge, in accordance with best practice in the relevant industry.

2.2. The Service Provider is required to follow the Clients' instructions. If following the instructions would result in an adverse consequence for the Clients, the Service Provider must draw the Clients' attention to this.

2.3. The Service Provider shall immediately notify the Clients of all circumstances that may affect the quality or timing of the provision of the Service.

2.4. The Clients shall provide the Service Provider with access to any information necessary for the provision of the Service. The disclosure of information to the Service Provider shall not entail the transfer or assignment to the Service Provider, to any extent, of any intellectual property rights belonging to the Clients.

2.5. The Service Provider shall have no right or authority to enter into transactions or conclude any other contracts or agreements on behalf of the Clients.

## **3. CONTRACTUAL DEADLINES**

3.1. All Phase I activities specified in the RFP and in this Agreement must be carried out and completed no later than within three months from the signing of the Agreement by the Clients. By

the final deadline, all services must have been duly provided and all work duly completed (including the submission of reports). If interim deadlines for the provision of the Service have been agreed in the Service schedule, the Service Provider undertakes to provide the relevant Service by the agreed interim deadline.

3.2. The Service Provider undertakes to provide the Service in respect of Phase I in accordance with the following deadlines:

3.2.1. the deadline for submitting the interim report is one month from the entry into force of the Agreement;

3.2.2. the deadline for submitting the final report is three months from the entry into force of the Agreement.

#### **4. COST OF THE SERVICE AND PAYMENT TERMS**

4.1. All payments to the Service Provider shall be made by Client I, unless the Parties have agreed otherwise.

4.2. Client I shall pay the Service Provider the fee in accordance with the price proposal submitted in response to the RFP. The Parties confirm that Client II shall not be liable for payment of the fee to the Service Provider and shall not bear joint and several liability or any ancillary obligation for the performance of Client I's payment obligations, unless the Parties have agreed otherwise separately in writing.

4.3. The Phase I fee shall be paid in accordance with the proposal as follows:

4.3.1. 45% upon submission of the interim report;

4.3.2. 55% upon approval of the final report.

4.4. The Phase II fee and its structure (including the success fee) shall be agreed separately before the commencement of Phase II.

4.5. The basis for payment of the fee to the Service Provider is an invoice issued by the Service Provider. In the cases referred to in clauses 4.3.1 and 4.3.2 of the Agreement, the Service Provider shall have the right to issue an invoice after the Clients have approved the work. The obligation to pay the fee referred to in clause 4.4 of the Agreement shall arise after completion of the share divestment transaction, including the formal conclusion of the agreements necessary for the transfer of the shares and the transfer of the shares and performance of the counter-performance.

4.6. The Service Provider shall submit to Client I an e-invoice in XML format through e-invoice operators, unless the Service Provider and Client I agree otherwise. The invoice must indicate the transaction description "Provision of M&A advisory services" and the contract number. Client I shall pay the invoice within 14 calendar days of receipt.

#### **5. DELIVERY OF ANALYSES AND REPORTS**

5.1. The reports and analyses prepared within Phase I shall be deemed delivered after their written approval by the Clients.

5.2. The Clients shall review the submitted materials within a reasonable period. If the materials do not comply with the terms set out in the Agreement, the RFP or the price proposal, the Clients shall have the right to require the deficiencies to be remedied.

#### **6. INTELLECTUAL PROPERTY**

6.1. If the Service Provider creates, in the course of providing the Service, a work to which copyright applies, the rights to such work shall be deemed to belong fully to the Clients or, if applicable law does not allow this, the Service Provider undertakes to promptly do everything

necessary to assign such rights to the Clients free of charge and definitively, or otherwise grant the Clients the right to use such work.

6.2. All economic rights to the materials created in the course of providing the Service (reports, analyses and other works) shall transfer in full to the Clients as of their delivery.

6.3. The Service Provider shall have the right to use its general methodology and knowledge, provided that the confidential information obtained is not disclosed to third parties.

## **7. CONFIDENTIALITY, DATA AND CONFLICTS OF INTEREST**

7.1. All information obtained in the course of performing the Agreement is confidential. Each Party shall use its best efforts to prevent the disclosure or public release of such confidential information obtained during the term of the Agreement.

7.2. The Service Provider undertakes to keep Client I's trade secrets confidential both during the term of the Agreement and indefinitely after its termination. The Service Provider shall ensure that any employees of the Service Provider or other experts involved in the performance of the Agreement who may come into contact with confidential information within the meaning of the Agreement are required to keep such information confidential at least to the same extent as required of the Service Provider under the Agreement.

7.3. Notwithstanding the foregoing, a Party shall have the right to disclose confidential information if (i) this is required by an applicable legal provision or by an order of a court or other competent authority, or (ii) the other Party has given its consent in written form. If a Party is required to disclose confidential information, that Party shall take reasonable measures to consult with the other Party before disclosing the information.

7.4. The Service Provider confirms that it has no conflict of interest. If a conflict of interest arises, the Service Provider must immediately notify the Clients thereof.

7.5. In the course of providing the Service, the Service Provider may process personal data related to the Clients. The Parties confirm that the processing of personal data shall be carried out in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council (General Data Protection Regulation) and applicable Estonian law. The Service Provider acts as a processor of personal data and processes personal data only on the instructions of the Clients. The Service Provider shall implement appropriate technical and organisational security measures to protect personal data and shall ensure that personal data is processed only by persons authorised to do so. Upon termination of the Agreement, or if return is impossible, the Service Provider shall destroy or return all personal data in accordance with the Clients' instructions, unless applicable law requires otherwise.

## **8. FORCE MAJEURE**

8.1. Failure to perform or improper performance of obligations arising from the Agreement shall not be deemed a breach of the Agreement if it was caused by circumstances that the Parties did not and could not foresee at the time of entering into the Agreement (force majeure).

8.2. A Party whose performance of contractual obligations is prevented due to force majeure circumstances shall be required to notify the other Party thereof immediately in writing. The obligation to perform the Agreement shall be suspended for the duration of the force majeure circumstances.

8.3. If a Party's performance of its obligations under the Agreement is prevented due to force majeure circumstances for more than 30 consecutive days, either Party may terminate the Agreement.

## **9. LIABILITY**

9.1. A Party shall be liable for damage caused to the other Party by breach of the Agreement and shall be required to compensate the injured Party for reasonable expenses incurred as a result of the breach of the Agreement.

9.2. The Service Provider understands that any use, outside the purpose specified in the Agreement, of information made available to it in the performance of the Agreement may cause significant damage to Client I. In order to ensure the availability of a swift and smooth compensation mechanism, the Parties establish an agreement on contractual penalty in favour of Client I in the event of such breach of the Agreement.

9.3. In the event of a breach of the confidentiality obligation under the Agreement (in respect of both Phase I and Phase II), Client I shall have the right to claim from the Service Provider a contractual penalty in the amount of 50 percent of the total cost of Phase I for each breach.

9.4. Client I may claim the contractual penalty within a reasonable period from the moment it became aware of the circumstance giving rise to the claim for the contractual penalty. The Parties consider six months to be a reasonable period.

9.5. In the event of late payment of invoices, the Service Provider shall have the right to claim from Client I default interest of 0.05% of the overdue amount for each day of delay.

9.6. The Service Provider's liability shall be limited to the amount of the Phase I fee, except where the damage has been caused by:

- 9.6.1. intent or gross negligence,
- 9.6.2. breach of the confidentiality obligation,
- 9.6.3. concealment of a conflict of interest,
- 9.6.4. breach of personal data protection requirements,
- 9.6.5. infringement of intellectual property rights.

## **10. EXPIRY AND TERMINATION OF THE AGREEMENT**

10.1. The Agreement shall expire when the obligations of the Parties arising from the Agreement have been fully and duly performed by both Parties.

10.2. A Party has the right to terminate the Agreement at any time by giving the other Party 14 calendar days' prior notice.

10.3. The Clients may terminate the Agreement without notice for good reason, in particular if the Service Provider acts in a manner on the basis of which the Clients may conclude that such conduct damages the interests or reputation of the Clients and/or the Service Provider provides the Service negligently or with poor quality.

10.4. Either Party may terminate the Agreement without notice for good reason, in particular if the other Party commits a material or repeated breach of the Agreement.

10.5. Upon termination of the Agreement, the Service Provider shall return, or if return is impossible, destroy all information and materials made available to the Service Provider by the Clients in connection with the provision of the Service.

10.6. Termination of the Agreement shall not affect the rights and obligations of the Parties that arose before termination of the Agreement, nor the validity of those provisions of the Agreement which, by their nature, remain in force or enter into force after termination of the Agreement.

10.7. In the event of early termination of the Agreement, the Service Provider shall be entitled to remuneration only for those services that have actually and duly been provided by the time of termination and have been approved in writing by the Clients.

10.8. To the extent that any prepaid fee exceeds the value of the approved work, the Service Provider shall return the overpayment within 14 calendar days.

## **11. NOTICES**

11.1. Client II exercises shareholder rights in accordance with applicable law, which means that the decisions necessary to achieve the purpose of the Agreement must, depending on the circumstances, be made either at the level of the City Government or the City Council.

11.2. All notices related to the Agreement must be submitted in a form reproducible in writing.

11.3. Notices between the Parties shall be deemed delivered upon registered dispatch by letter or e-mail, or upon delivery against signature by the other Party.

## **12. AMENDMENT OF THE AGREEMENT**

12.1. Amendments to the Agreement shall be made in writing as an annex to the Agreement and shall be valid only if signed by the Parties.

12.2. A Party wishing to amend the Agreement shall submit the proposed amendments to the other Party in writing. The proposed amendment must be reasoned. The other Party shall be required to review the proposal and respond in writing to the Party submitting the proposal no later than within five business days of receipt of the proposal.

## **13. FINAL PROVISIONS**

13.1. The Agreement shall enter into force upon signing by all Parties to the Agreement.

13.2. The Agreement has been prepared in Estonian and English and shall be signed digitally.

13.3. If the Agreement is prepared in both of the above-mentioned languages, the Estonian version shall prevail in the event of any differences in interpretation, unless the Parties have agreed otherwise.

13.4. Estonian law shall apply to the Agreement. The Parties shall seek to resolve disputes arising from the Agreement and matters not regulated in the Agreement through negotiations. If no agreement is reached through negotiations, the dispute shall be resolved by the court of the location of the Clients.

## **DETAILS OF THE PARTIES**

The following form an integral part of the Agreement:

Annex 1 – Request for Proposals (RFP).

Annex 2 – Price proposal submitted by the Service Provider \_\_\_\_\_.