



AUDITOR'S OPINION ON THE RESULTS OF EXAMINATION OF A DRAFT DECISION ON DIVISION

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To: Shareholders of AS Latvijas Gāze

Grounds for the examination

Based on Article 355 of the Commercial Law, AS Latvijas Gāze (hereinafter also referred to as the Company) has prepared a draft decision on the founding of a new company through division of the Company by unbundling the business line – Gas distribution.

According to Article 355 Paragraph 3 of the Commercial Law, if when a company is being divided, a new acquiring company is founded and no other existing company is involved in the reorganisation, the dividing company shall take a decision on division, which shall substitute for the agreement referred to in Section 338 of this Law.

According to Article 340 Paragraph 1 of the Commercial Law, the draft agreement of companies involved in the reorganisation process shall be examined by a sworn auditor. Article 341 Paragraph 1 of the Commercial Law states that the auditor shall draft a written opinion regarding the results of the examination of the draft agreement and shall submit it to all the companies. In addition, Article 341 Paragraph 2 of the Commercial Law states that the following shall be indicated in the opinion:

- 1) whether all the necessary documents were submitted to the auditor;
- 2) whether the capital shares (stocks) exchange coefficient and the amount of premium are fair and justified;
- 3) whether the reorganisation may cause losses to the creditors of the company;
- 4) whether the methods which were used to determine the capital shares (stocks) exchange coefficient and the amount of premium are adequate;
- 5) special problems which have arisen in the application of the valuation methods used.

The examination procedure

Kaspars Rutkis, Certificate No. 171, the responsible certified auditor appointed by the certified audit firm Grant Thornton Baltic, Licence No. 155, has performed an examination of the draft DECISION ON DIVISION of the Company, which included reviewing the Company's estimates attesting to the fact that the reorganisation could not cause any damage to the Company's creditors. The information and commentary needed for the examination were provided by the Company's management.

The opinion

- 1) The auditor has received all the required documents and explanations;
- 2) Since the Company is being reorganised through division resulting in the founding of a new acquiring company, and according to the Decision on Division shareholder of the acquiring will be the Company, no exchange of shares will take place between the companies involved in the reorganisation and no share exchange coefficient or premium amounts will be determined in the Decision on Division. This provision corresponds to the interpretation of Article 338 Paragraph 2 Clause 2, and Article 355 Paragraph three of the Commercial Law provided in the Letter of Reference No.2-5-27332/2, issued to AS Latvijas Gāze by the the Enterprise Register of the Republic of Latvia on 16 March 2016;



3) Based on the information provided to the auditor during the examination, reorganisation will not cause any damages to the Company's creditors.

The opinion is based on the following:

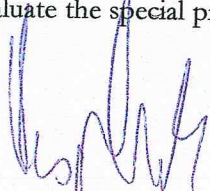
- estimates; and the actual results may differ from these estimates, because expected events often do not occur as planned and there may be significant differences;

- the current Calculation Methodology for Natural Gas Transmission, Storage, Distribution and Sales Tariffs issued by the Public Utilities Commission, which is expected to change in the future (the changes have not been published yet);

4) Since the Company is being reorganised through division resulting in the founding of a new acquiring company, and according to the Decision on Division shareholder of the acquiring will be the Company, no exchange of shares will take place between the companies involved in the reorganisation and no share exchange coefficient or premium amounts will be determined in the Decision on Division. This provision corresponds to the interpretation of Article 338 Paragraph 2 Clause 2 and Article 355 Paragraph three of the Commercial Law provided in the Letter of Reference No.2-5-27332/2, issued to AS Latvijas Gāze by the the Enterprise Register of the Republic of Latvia on 16 March 2016. Therefore, the auditor did not evaluate the methods used for determining the share (stock) exchange coefficient and premium amounts;

5) Since the Company is being reorganised through division resulting in the founding of a new acquiring company, and according to the Decision on Division shareholder of the acquiring will be the Company, no exchange of shares will take place between the companies involved in the reorganisation and no share exchange coefficient or premium amounts will be determined in the Decision on Division. This provision corresponds to the interpretation of Article 338 Paragraph 2 Clause 2 and Article 355 Paragraph three of the Commercial Law provided in the Letter of Reference No.2-5-27332/2, issued to AS Latvijas Gāze by the Enterprise Register of the Republic of Latvia on 16 March 2016. Therefore, the auditor did not evaluate the special problems which have arisen in the application of the valuation methods used.

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Kaspars Rutkis
Certified Auditor
Republic of Latvia
Certificate No. 171
Chairman of the Board

Riga, 30 June 2017