

# Registration Document

AS Tallink Grupp



14.10 2013

**Important notice**

The Arrangers and/or affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Registration Document, and may perform or seek to perform financial advisory or banking services related to such instruments. The Arranger's corporate finance department may act as manager or co-manager for this Issuer in private and/or public placement and/or resale not publicly available or commonly known.

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Other than in compliance with applicable United States securities laws, no solicitations are being made or will be made, directly or indirectly, in the United States. Securities will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The distribution of the Registration Document may be limited by law also in other jurisdictions, for example in Canada, Japan and in the United Kingdom. The Prospectus has been reviewed and approved by the Norwegian FSA in accordance with sections 7-7 and 7-8, cf. section 7-3 of the Norwegian Securities Trading Act. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information given in this Prospectus. The approval given by the Norwegian FSA only relates to the Issuer's descriptions pursuant to a pre-defined check list of requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described in or otherwise covered by this Prospectus.

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# 1. Risk factors

The Group's business, financial position and operating results could be materially affected by various risks. The order of presentation of the risk factors below is not intended to be an indication of the probability of their occurrence or of their potential effect on the Issuer's business.

## **Risk Relating to Business**

### AS Tallink Grupp operates in a competitive market

The Group faces competition in the operations, both from other ferry operators and from providers of other means of transport and substitute products from other sectors. The Group cannot guarantee that it will be successful in retaining or improving its current market position or in expanding its business. Failure to adapt to the changes in the market, whether caused by political decision-making or otherwise, or to increased competition could have a material adverse effect on the Group's business, results of operations and financial condition.

### Any introduction of new vessels and routes and related capacity increases involves risks and uncertainties

From time to time the Group evaluates possibilities to introduce new vessels, to expand into alternative routes and to expand its business generally. Although the Group believes that the restructuring of the vessels on the different routes and expanding the business to new routes will improve its revenue and profitability per passenger and facilitate growth in passenger numbers, new investments in the fleet and new businesses acquired may represent substantial investments for the Group and, thus, involve risks. The materialization of any of these risks could have a material adverse effect on the Group's business, results of operations and financial condition.

### The Group faces uncertainties regarding onboard trade and price development

Consumer price level in Estonia and Latvia are currently lower than in Finland and Sweden, the prices in the Group's onboard shops must be comparable to the prices in onshore shops in Estonia or Latvia on vessels visiting Estonia or Latvia in order to be competitive. Any reduction in the Estonian or Latvian consumer price levels may reduce the demand for goods sold onboard and force the Group to reduce the onboard prices, which could have a material adverse effect on its business, results of operations and financial condition.

### Changes in consumer behavior

Consumers, including clients may change their behavior either due to the changes in economic environment, demographics, preferences, etc. These and other changes may reduce sales and earnings, which could have material adverse effect on the Group's business, results of operations and financial condition.

### Dependency on third party services and internal services

The Group is dependent on the relations with partners, tour operators and travel agencies who sell tickets to the Group's ferries. Changes in their operations or ceasing partnership with the Group may reduce the number of passengers, which could have material adverse effect on its business, results of operations and financial condition. Significant parts of the Group's tickets are sold via in-house booking system. Disruptions, errors, connectivity problems, etc. relating to the sales systems or cybercrime against the IT network may disturb sales and reduce earnings, which could have material adverse effect on the Group's business, results of operations and financial condition.

### AS Tallink Grupp is leveraged, and if it or any of the Group's ship-owning subsidiaries defaults under any of the respective loan agreements, they could forfeit the rights to the vessels

AS Tallink Grupp owns vessels through individual ship-owning subsidiaries. Their obligations under the loan agreements have been secured by different security arrangements, including mortgages, guarantees, assignments of earnings or insurances, charters, charter guarantees, pledges or options to pledge the shares of the ship-owning subsidiaries, pledges of bank accounts and other arrangements. The loan agreements include several negative undertakings, relating to, among other things, entering into other financial commitments, changes in the corporate structure or in the nature of business, and consolidating or merging with another corporation. The loan agreements also contain extensive requirements relating to the use of the vessels, compliance with environmental laws and insurance policies. Several of the loan agreements prevent subsidiaries from paying dividends without the prior approval of the lenders. Furthermore, as a result of the

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legal and operational structure and the terms of the loan agreements entered into by AS Tallink Grupp and its ship-owning subsidiaries, the ability to transmit certain funds among companies inside the Group and to pay dividends may be restricted. Since the interest rates under the loan agreements are mainly tied to EURIBOR with specific margins, interest rate fluctuations may affect the amounts payable under the loan agreements. All of the term loan agreements contain customary events of default, including cross-default provisions. Frequently, the cross-default provisions extend to the Issuer, to certain group companies as guarantors. These cross-default clauses expose the companies of the group to default risks based on contract performance by other group companies. In addition, under certain agreements, it is an event of default if, without the prior consent of the relevant lender, a third party acquires in whole or in part the issued share capital of (or an equivalent to the controlling interest in) the borrower or the guarantor/shareholder or if there is a change in the ultimate beneficial ownership of the shares in the relevant borrower or guarantor or in the ultimate voting rights attaching to the shares. The Group loan agreements also include various financial covenants, which include minimum level of liquidity, minimum equity ratio, maximum net debt to EBITDA multiple and loan to assets values. Any failure to comply with the loan agreements or any demand for repayment made by the banks could have a material adverse effect on the Group's business, results of operations and financial condition.

### Fluctuations in the market value of the fleet may impair the Group's ability to obtain additional funding and have a material adverse effect on business, results of operations and financial condition

The market value of vessels in the Group's fleet on the regional and global markets is subject to fluctuations. These depend in part on the general economic and market conditions affecting the ferry industry, competition from other ferry companies, the supply of similar vessels, the price of new vessels, government regulations, the development of other means of transportation, and technological advancements. It should be expected that the fair market value of the vessels will fluctuate. In addition, as vessels grow older, they generally decline in value. If the Group determines at any time that there is a need to impair vessel values on the financial statements, it could result in a charge against the earnings and a reduction in the shareholders' equity. If the Group sells any of the vessels at a time when prices are low, the sale price may be less than the vessel's carrying amount on the financial statements, with the result that it would also incur a loss and a reduction in earnings, which could have a material adverse effect on the Group's business, results of operations and financial condition.

### The Group may be unable to retain key management personnel or other employees or to attract qualified new personnel, which may negatively impact its business

Management and the planning of operations are conducted by a small number of executives, and the loss of any of them or of certain other members of the operating personnel could adversely affect the Group's business. If the Group is unsuccessful in retaining key management personnel or in attracting qualified new management personnel, it may have a material adverse effect on the Group's business, results of operations and financial condition.

### The Group may be negatively affected by the actions of trade unions

Constructive relations with trade unions are important for the continuity of the the Group operations. Disruptions may have a material adverse effect on its results of operations and financial condition.

### Rising labor costs may have a material adverse effect on the Group's business, results of operations and financial condition

Labor laws of the country of a ship's flag govern the employment of the ship's crew and other onboard staff. If labor costs increase due to general economic developments, increased regulation or other reasons, it may have a material adverse effect on the Group's business, results of operations and financial condition. Some of the Group's ferries operate under the Estonian and Latvian flag where increase in labor costs may be faster than ferries under Swedish or Finnish flag.

### Changes in Finnish, Swedish or Latvian state aid regulations may cause a rise in labor costs

The Group currently operates several vessels under Finnish, Swedish or Latvian flag and therefore enjoy certain tax related benefits from the governments of Finland, Sweden and Latvia, which in effect lower costs of on-board personnel. AS Tallink Grupp cannot be certain that this policy will be continued by those governments and changes in these regulations could cause a rise in labour costs. Changing the flag is an option, when the conditions become more unfavorable, but as there are certain costs related to reflagging and potential savings could be delayed. In addition, a strong resistance from trade unions could be expected when changing the flag.

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AS Tallink Grupp principal shareholder Infortar and its controlling shareholders hold a significant interest in AS Tallink Grupp, and, consequently, will be able to significantly influence the outcome of any shareholder vote

The Group has in the past and will in the future engage in transactions with Infortar or its affiliates. In particular, Infortar through its affiliates owns the Group's office building in Tallinn and several of the hotel properties which the Group operates under operating lease agreements. Therefore, it can be expected that the role of Infortar will remain significant in the Group's future development and operations.

The Group's operations could be affected by any actions taken by competition authorities

Any alleged violations of competition laws and regulations or the outcome of any legal or administrative proceedings brought against the Group could have a material adverse effect on its business, results of operations and financial condition.

### **Risk Relating to the Group's Industry**

Fuel costs and increases in port and regulatory fees are beyond the Group's control and may have a material adverse effect on its business, results of operations and financial condition

Marine transportation is inherently risky and an incident involving passenger vessels could harm the Group's reputation and have a material adverse effect on its business, results of operations and financial condition

The operation of ships involves the risk of accidents and incidents at sea which could bring into question passenger safety and adversely affect future industry performance.

Compliance with environmental, health and safety and other national and international laws and regulations may increase the Group's operating costs, and failure to comply with such laws and regulations may have a material adverse effect on its business, results of operations and financial condition

The ferry industry is highly regulated and the Group's operations are affected by extensive and evolving environmental, health and safety laws and regulations. The Group's vessels operate within the rules and regulations of the International Maritime Organization, the United Nations agency for maritime safety and the prevention of marine pollution by ships, the European Union and other jurisdictions in which the vessels operate or are registered.

The Group's insurance may be insufficient to cover losses that may occur to its property or result from its operations

The Group insures its vessels against risks, and in amounts, which it believes to be in line with standard industry practice and the covenants set out in the Group's loan agreements. Insurance is subject to limits and limitations. There is a possibility that some risks may not be adequately covered by insurance and that any particular claim may not be paid. The Group's payment of uninsured losses or damages or increases in costs could result in significant expenses to it, which could have a material adverse effect its business, results of operations and financial condition.

Poor weather conditions in the Baltic Sea region may disturb the flow of the Group's operations, reduce passenger volumes, and may have a material adverse effect on its business, results of operations and financial condition

Weather conditions in the Baltic Sea region may affect both the ability of The Group's vessels to operate and the willingness of passengers to travel on the vessels. Poor weather can result in cancelled or delayed transport or lower passenger numbers and may have a material adverse effect on The Group's business, results of operations and financial condition.

Port authorities' changes in tariffs or port operations may increase costs or restrict the vessels' operations

The Group's vessels are using several ports' facilities in their everyday operations. The Group's business is dependent on the relations with these port authorities. Changes in their pricing policies may increase its costs and reduce earnings. Other changes in their operations may restrict or disturb the operations of the vessels, which may have a material adverse effect on The Group's business, results of operations and financial condition.

Terrorist attacks and other acts of violence or war may affect trade and passenger flows, which could have a material adverse effect on the Group's business, results of operations and financial condition

**Risk Relating to Doing Business in the region**

Regulatory, legal, political or economic developments relating to countries the Group operates in may have a material adverse effect on the Group's business, results of operations and financial condition

Changes to Estonia's, and other countries the Group operates in, political, economic, legal or regulatory framework may have a material adverse effect on the Group's business, results of operations and financial condition.

Changes in taxation in the countries the Group operates in could have a material adverse effect on the Group's business, results of operations and financial condition

The countries the Group operates in may change their taxation policy. Any change in taxation policy could have a material adverse effect on the Group's business, results of operations and financial condition.

Fluctuations in exchange rates could have a material adverse effect on the Group's business, results of operations and financial condition

The Group's books and accounts are denominated in euro. Its revenue is primarily denominated in euro and Swedish kronor while the expenses are primarily denominated in euro, U.S. dollars and Swedish kronor. Therefore, the Group is exposed to currency risks. Fluctuations in currency exchange rates could have a material adverse effect on the Group's business, results of operations and financial condition.

## **2. Persons responsible**

AS Tallink Grupp confirms that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

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AS Tallink Grupp



### **3. Definitions**

Arranger	-	Danske Bank Markets and SEB Markets are the Arrangers for ISIN NO001068225.5
EUR	-	Euro
NOK	-	Norwegian Kroner
Registration Document	-	This document dated 14.10 2013
The Issuer	-	AS Tallink Grupp
The Group	-	AS Tallink Grupp and subsidiaries

## **4. Third party information and forward looking statements**

If not otherwise indicated, AS Tallink Grupp is the source of information in this Registration Document. Information which has been sourced from a third party has been accurately reproduced. As far as the Issuer is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Registration Document is based on sources such as annual reports and publicly available information and forward looking information based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for the Issuer's (including subsidiaries and affiliates) lines of business. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the Issuer's businesses, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in the Registration Document. Although it is believed that the expectations are based upon reasonable assumptions, the Issuer can give no assurance that those expectations will be achieved or that the actual results will be as set out in the presentation.

## **5. Statutory auditors**

The Issuer's auditor for the period covered by the historical financial information in this Registration Document has been KPMG Baltics OÜ, Narva mnt. 5, 10117 Tallinn, Estonia.

KPMG is member of The Estonian Board of Auditors.

## 6. Information about the Issuer and the Group

The Issuer is a public limited company incorporated and domiciled in Estonia established 21.08.1997 and regulated by the Estonian Commercial Code and supplementing Estonian laws and regulations. The Issuer's legal name is AS Tallink Grupp and it operates commercially the trade mark Tallink. The Issuer's Reg. No is 10238429 and its registered office and postal address is Sadama 5/7, 10111 Tallinn, Estonia. Phone: +372 640 9800. Fax: +372 640 9810 Website: [www.tallink.com](http://www.tallink.com).

The Issuer is a European ferry operator in offering high quality mini-cruise and passenger transport services in the Baltic Sea region as well as a provider of ro-ro cargo services on selected routes between Estonia, Sweden and Finland. The Issuer operates the Group vessels under Estonian flag. The Issuer has 531 employees onshore as of 30.06.2013. The Issuer is the consolidating entity of the Group and the parent entity of the 45 subsidiaries most of which fulfill their special functions providing the services for the operation of the Group, hence the Issuer is dependent on their performance in its everyday business as regards manning and technical maintenance of the vessels and the sales onboard.

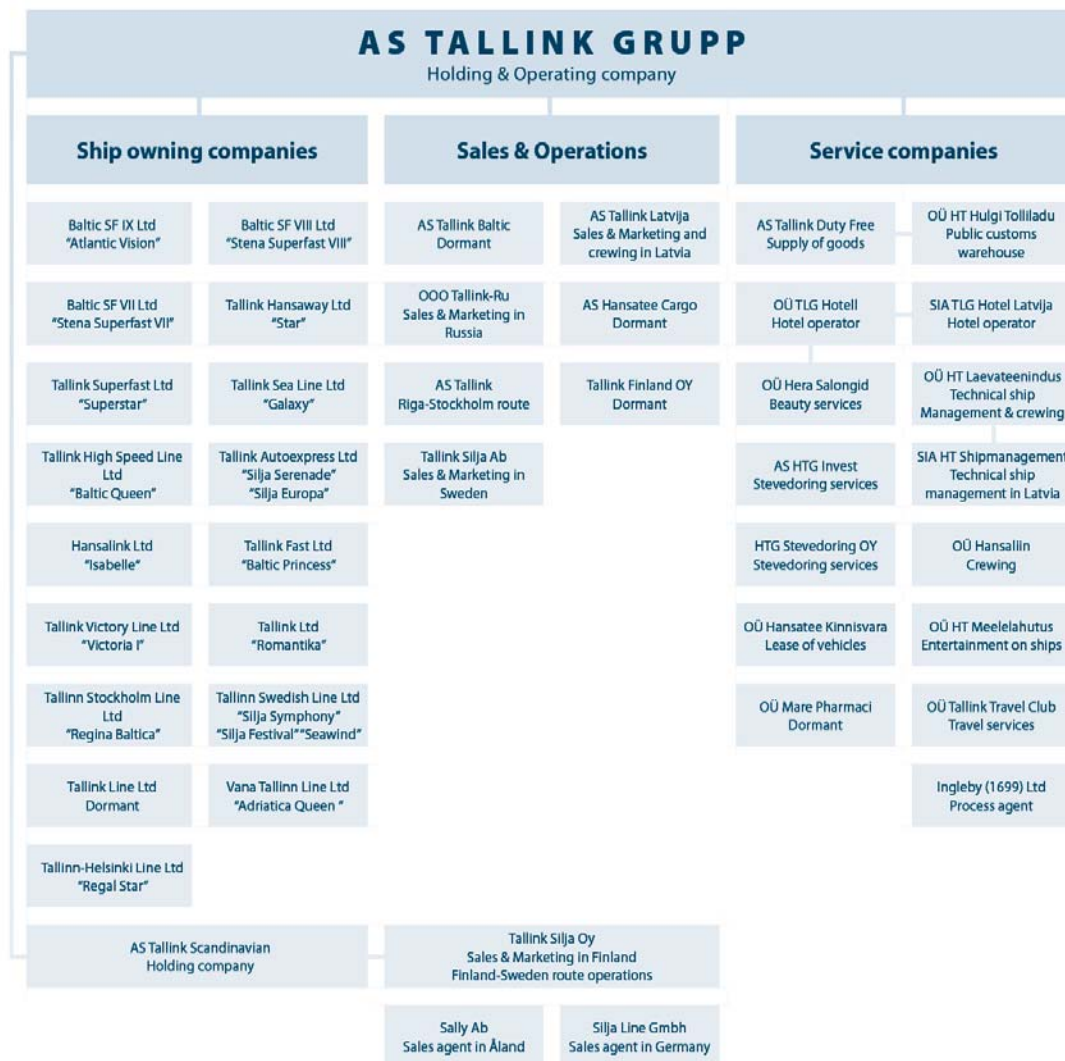
The Group provides its services on various routes between Finland and Sweden, Estonia and Finland, Estonia and Sweden, and Latvia and Sweden under the brand names of "Tallink" and "Silja Line". The Group has a total fleet of 19 vessels that include cruise ferries, high-speed ro-pax ferries and ro-ro cargo vessels. In addition, the Group operates four hotels in Tallinn and one in Riga.

The Group has 7,436 employees as of 30.06.2013, most of whom work at sea. This is natural since the Group does specialize in maritime transport. Onshore personnel is mainly occupied by the managing, supportive and administrative services for the operations of the vessels including the staff of the ticket sales of the contact centers and passenger terminals. The Group is also operating four hotels in Tallinn and one in Riga, the employees working there are accomplishing sizeable part of the Group. Planning, recruitment, training, crewing and payroll administration are the topics included into the human resources management. All of these are handled internally within the Group. The Group vessels are manned by the specialized Group companies.

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The Group consists of 45 companies. All of the subsidiaries are wholly-owned companies of AS Tallink Grupp.

The following chart describes the structure of the Group:



The Group also owns : 34% of AS Tallink Takso

For an full overview over the Group's entities please see the yearbook 2012 note 25.

## 7. Business overview

The Group carried a total of 4.2 million passengers in the first half of 2013 which is 2.6% less compared to the same period last year. The number of passenger vehicles increased by 0.1% to 503,789 and the number of cargo units transported amounted to 146.8 thousand, which is 1.5% more than in the same period last year.

### FLEET

The Group has a total fleet of 19 vessels that include cruise ferries, high-speed ro-pax ferries and ro-ro cargo vessels. Safety, environment, comfort, service speed, variety – the vessels have to meet the expectations of the travellers and cargo customers, who are looking for a quick and precise way to move from point A to point B. In addition, of having excellent speed capability most of the vessels are equipped with a strong ice class, which means they can sail all year round and are not hampered by ice.

All of the Group's vessels have protection and indemnity insurance (P&I), hull and machinery insurance (H&M) and they meet all applicable safety regulations.

### Cruise ferries

The Group owns 12 cruise ferries, which are operating under the brands of Tallink and Silja Line.

#### M/S Baltic Queen

Built: 2009  
Length: 212 m  
Ice class: 1 A Super  
Passengers: 2,800  
Line meters: 1,130



#### M/S Baltic Princess

Built: 2008  
Length: 212 m  
Ice class: 1 A Super  
Passengers: 2,800  
Line meters: 1,130



#### M/S Galaxy

Built: 2006  
Length: 212 m  
Ice Class: 1 A Super  
Passengers: 2,800  
Line meters: 1,130



#### M/S Victoria I

Built: 2004  
Length: 193 m  
Ice Class: 1 A Super  
Passengers: 2,500  
Line meters: 1,030



#### M/S Romantika

Built: 2002  
Length over all: 194 m  
Ice Class: 1 A super  
Passengers: 2,500



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Lane meters: 1,030

M/S Silja Symphony

Built: 1991  
Length over all: 203 m  
Ice Class: 1 A Super  
Passengers: 2,852  
Lane meters: 950 Im



M/S Silja Europa

Built: 1993  
Length over all: 202 m  
Ice Class: 1 A Super  
Passengers: 3,123  
Lane meters: 932 Im



M/S Silja Serenade

Built: 1990  
Length over all: 203 m  
Ice Class: 1 A Super  
Passengers: 2,852  
Lane meters: 950 Im



M/S Isabelle

Built: 1989  
Length over all: 171 m  
Ice Class: 1 A Super  
Passengers: 2,480  
Lane meters: 850 Im



M/S Silja Festival

Built: 1986  
Length over all: 171 m  
Ice Class: 1 A Super  
Passengers: 2,023  
Lane meters: 885 Im



M/S Regina Baltica

Built: 1980  
Length over all: 145 m  
Ice Class: 1 A  
Passengers: 1,500  
Lane meters: 840 Im



M/S Adriatica Queen  
(ex M/S Vana Tallinn)

Built: 1974  
Length over all: 154 m  
Ice Class: 1 B  
Passengers: 800  
Lane meters: 730 Im



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**High-speed ro-pax ferries**

The Group owns five high-speed ro-pax ferries.

M/S Superstar

Built: 2008  
Length over all: 175 m  
Ice Class: 1 A  
Passengers: 2,080  
Lane meters 1930 Im



M/S Star

Built: 2007  
Length over all: 186 m  
Ice Class: 1 A  
Passengers: 1,900  
Lane meters: 2000 Im



M/S Stena Superfast VII  
(ex M/S Superfast VII)

Built: 2001  
Length over all: 203 m  
Ice Class: 1 A Super  
Passengers: 717  
Lane meters: 1924 Im



M/S Stena Superfast VIII  
(ex M/S Superfast VIII)

Built: 2001  
Length over all: 203 m  
Ice Class: 1 A Super  
Passengers: 717  
Lane meters: 1924 Im



M/S Atlantic Vision  
(ex M/S Superfast IX)

Built: 2002  
Length over all: 203 m  
Ice Class: 1 A Super  
Passengers: 728  
Lane meters: 1924 Im



**Ro-ro vessels**

The Group owns two vessels orientated on cargo transportation.

M/S Regal Star

Built: 1999  
Length over all: 157 m  
Ice Class: 1 A  
Passengers: 80  
Lane meters: 2087 Im





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M/S SeaWind

Built: 1972  
Length over all: 155 m  
Ice Class: 1 B  
Passengers: 119  
Lane meters: 1000 Im



**ROUTES**



Estonia - Finland

*Tallinn-Helsinki*

The Group transports both passengers and cargo on the well- developed Estonia-Finland route between Tallinn and Helsinki. Approximately 97% of Finnish tourists visiting Estonia arrive by ferry. The Group has a strong position on this route and currently operates the cruise ferry Silja Europa and the high speed ro-pax ferries Star and Superstar on this route.

With the delivery of the new generation high speed ro-pax vessel Star in spring 2007 the new product Tallink Shuttle was launched. In spring 2008 a second fast ferry the M/S Superstar was added to the shuttle service and the Group now provides 10-12 fast ferry departures per day. The crossing is made in two hours and as such, the fast ferries are ideal for passengers who need to reach their destination quickly. Star and Superstar have a high ice class therefore the fast ferry service offered between Tallinn-Helsinki is available all year around. Passengers on these vessels include business travellers, day cruisers and passengers with overnight hotel packages. Star and Superstar combine the comfort of a cruise ferry and the speed of a fast ferry and are also suitable for transporting heavier ro-ro cargo.

Estonia - Sweden

Currently the Group is the only operator of passenger services with daily departures between Estonia and Sweden. The Group operates two different routes between Estonia and Sweden: Tallinn-Stockholm and Paldiski-Kapellskär.

*Tallinn-Stockholm*

Following the positive start and development on the Paldiski-Kapellskär route since 1998, The Group started operations on Tallinn-Stockholm route in January 2001. On Tallinn-Stockholm route (directed through Mariehamn, Åland, to obtain the tax-free status for onboard shop sales), the Group currently operates two cruise ferries, Victoria I and Baltic Queen, with one daily departure by both cruise ferries from each port in the late afternoon. The duration of the voyage, including a short stop at Mariehamn, Åland, is approximately 16 hours and the ferries arrive to its destination the following morning.

Ro-ro cargo is transported on the car and cargo decks of both Victoria I and Baltic Queen.

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### *Paldiski-Kapellskär*

The Group started their first Estonia-Sweden route in 1998 by commencing regular traffic on the Paldiski-Kapellskär route, where it currently operates one cargo vessel the M/S Regal Star.

### Finland-Sweden

Between Finland and Sweden The Group currently operates on Turku-Stockholm and Helsinki-Stockholm routes, where the vessels sail under the trade mark of Silja Line.

#### *Turku-Stockholm*

The route from Turku to Stockholm is operated by Baltic Princess and Galaxy cruise ferries daily with a journey of 21 hours for the complete short cruise. Additional services, primarily freight services between Turku and Stockholm, are provided by Sea Wind ro-pax ferry.

#### *Helsinki-Stockholm*

On Helsinki-Stockholm route the overnight short cruise experience is provided by the unique sister ships Silja Serenade and Silja Symphony.

### Latvia – Sweden

#### *Riga - Stockholm*

The Group launched regular ferry service on Riga-Stockholm route in April 2006. Initially one vessel. In April 2007 the Group added the second vessel to the route thus being able to provide daily departures from both destination ports. With the departure in the late afternoon the journey takes approximately 16 hours and the ferry arrives at its destination the following morning.

The Latvia-Sweden route is still quite a new product for the Group and has been growing faster compared to other routes. Since the launch of the route there has been a large increase in passenger volumes.

Currently the Group operates on the Riga-Stockholm route with the cruise ferry Romantika and the cruise ferry Isabelle.

## **SERVICES**

### Cruises

The Group's modern and comfortable vessels guarantee an excellent cruise experience on the shipping routes between Tallinn and Helsinki, Tallinn and Stockholm, Helsinki and Stockholm, Stockholm and Riga, Turku and Stockholm/Kapellskär.

The restaurants, bars, show bars, discothèques, various shops, children's playrooms, spas and beauty salons and other numerous opportunities on board of the ships offer leisure and entertainment to the customers.

### Transportation

The Group offers marine transportation services on six different shipping routes. Tallink shuttle service was launched on Tallinn-Helsinki route in April 2007 starting a new era of all year round fast ferry services.

### Cargo

The Group operates under the combination tonnage concept both on their ro-ro passenger vessels but also with the special cargo-vessels. This allows the Group not only to offer the cargo transportation service on all of its six routes but to satisfy the high demand on routes with intense cargo trade through sufficient departures and capacity.

### Shopping onboard

Shopping onboard the Group vessels is a leisurely pastime that the travellers can engage in addition to the onboard entertainment events. The ferries are much like big department stores at sea that stock a wide selection of spirits and other alcoholic beverages, high quality brand perfumes and beauty products, as well as confectionary and deli products. In the stores one could find children's toys, souvenirs and other gifts, and also stock high-end fashion brands plus a selection of jewelry and watches from popular Scandinavian as well as world-renowned brands.

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Conference service

The Group offers a wide range of conference and business meeting services onboard of cruise ships as well as in all five of the "Tallink Hotels". All conference facilities are equipped with modern communication and conference equipment and the well-trained staff supports the events with excellent service.

Travel packages

The Group creates and offers a variety of travel packages including the complete mini-cruises and overnight hotel & spa packages, city-break trips, high-speed ferry crossings etc.

The destinations are attractive and lucrative as tourism and shopping destinations.

Hotels

The Group operates two trendy business class hotels in the heart of Tallinn, a Spa hotel right on the seaside, a mere 10 minutes from downtown Tallinn and a low-budget hotel near the Tallinn harbor. In April 2010 a business class hotel, the Tallink Hotel Riga was opened in center of the capital of Latvia. The hotels are operated under the hotel chain brand "Tallink Hotels".

Taxi

AS Tallink Takso is a company owned 34 % by the Issuer offering taxi service in Tallinn, the company was founded in August 2007. In order to differentiate clearly from the others, the cars of Tallink Takso are yellow and display visible Tallink brand logos.

## 8. Administrative, management and supervisory bodies

### **SUPERVISORY BOARD:**

The Supervisory Board is responsible for the administration of the Issuer and the appropriate organization of its operations. The Supervisory Board determines the principles for the Issuer's strategy, organization, annual operating plans and budgets, financing and accounting.

#### **Toivo Ninnas – Chairman**

Chairman of the supervisory council since 1997. Served at ESCO (Estonian Shipping Company) 1973 to 1997 on various positions, Director General since 1987. Graduated from the Far Eastern High Engineering Maritime College (FEHEMC), maritime navigation, in 1966. Direct shareholding of 19,200 shares.

#### **Lauri Kustaa Äimä – Member**

Member of the supervisory council since 2002. Managing Director KJK Capital Oy. Chairman of the Management Board, KJK Fund SICAV-SIF and Amber Trust II SCA. Vice-chairman of the Management Board, Amber Trust SCA. Holds a Masters degree in Economics from the University of Helsinki, Finland in 1997. Direct shareholding of 237,000 shares.

#### **Ain Hanschmidt – Member**

Member of the supervisory council since 2005, also from 1997 to 2000 Chief Executive Officer of AS Infortar. For years he served as Chairman of the management board of AS SEB Eesti Ühispank. Graduated from the Tallinn Polytechnic Institute (Tallinn University of Technology), Estonia in 1984. Direct shareholding of 1,800,000 shares.

#### **Eve Pant – Member**

Member of the supervisory council since 1997. Member of the management board of Infortar since 1997. Graduated from the Tallinn School of Economics, Estonia, in 1992. Direct shareholding of 530,000 shares.

#### **Kalev Järvelill – Member**

Member of the supervisory council since 2007. Member of the supervisory council of AS Infortar. He was a member of the management board of AS Tallink Grupp from 1998-2006. General Director of the Estonian Tax Board from 1995 to 1998. Vice Chancellor of the Ministry of Finance of Estonia from 1994 to 1995. Direct shareholding of 1,276,800 shares.

#### **Colin Douglas Clark – Member**

Member of the supervisory council since September 2013. Partner with CVCI Private Equity. Emerging markets private equity professional with over 10 years of experience across the CEEMEA region. Previously worked for Citi's emerging markets project financing team. Prior to joining Citi worked for Bank of Scotland in various positions. Member of the Institute Chartered Accountants. Holds Bachelor's degree in Accountancy and Management from University of Dundee.

### **MANAGEMENT BOARD:**

The Management Board is an executive body charged with the day-to-day management of the Issuer, as well as with representing the Issuer in its relations with third parties, for example by entering into contracts on behalf of the Issuer. The Management Board must adhere to the lawful orders of the Supervisory Board.

#### **Enn Pant - Chairman**

Chairman of the Management Board since 1996, Chief Executive Officer. Member of the Supervisory Council of AS Infortar. Chancellor of the Ministry of Finance of Estonia from 1992 to 1996. Graduated the Faculty of Economics, Tartu University, Estonia, in 1990. Direct shareholding of 3,951,913 shares of AS Tallink Grupp.

#### **Andres Hunt – Vice Chairman**

Member of the Management Board since 2002. Has been working for the Group since 1998 in the positions of Financial Director and Chief Financial Officer. Director of Tax Policy Department at the Ministry of Finance of Estonia from 1995 to 1998. Graduated the Faculty of Economics, Academy of Agriculture, Estonia, in 1992. Direct shareholding of 822,000 shares of AS Tallink Grupp.

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**Lembit Kitter - Member**

Member of the Management Board, General Director since 2006. Worked in the banking sector in Estonia since 1992 at leading positions, including in Eesti Maapank, Tartu Maapank, Põhja-Eesti Pank and in SEB Eesti Ühispank. Graduated the Faculty of Economics in Tartu University, Estonia, in 1976.

**Peter Roose - Member**

Member of the Management Board since 2012, Sales & Marketing Director. Peter Roose joined the Group in 2005. For a short period his duties included managing advertising and investor relations. Throughout the years he has been Sales and Marketing Director initially for Estonia and from 2009 he took responsibility for Sales and Marketing at the group level. Peter Roose has received a BA from Wilfrid Laurier University (Waterloo, Canada) in 1991. Before joining AS Tallink Grupp he was the Managing Director of two international advertising agencies and ran a direct mailing company. Peter Roose owns 39,588 shares of AS Tallink Grupp.

**Janek Stalmeister - Member**

Member of the Management Board since 2009, Chief Financial Officer. Has been working for the Group since 1999 in the positions of financial advisor, treasurer and financial director. Head of the External Debt Division at the Estonian Ministry of Finance from 1994-1997. Graduated the Faculty of Economics from the International University "LEX", Estonia, in 1999. Direct shareholding of 45,000 shares of AS Tallink Grupp.

**Kadri Land - Member**

Member of the Management Board since 2012. Kadri Land joined the Group in 2005 and has been managing the Group's Swedish organisation since then. Kadri Land is credited for merging Tallink Sverige AB and Silja Line AB and building up the integrated Tallink Silja Swedish organization. She was involved in launching the Stockholm – Riga route in 2006 and launching several of the Groups' new vessels in the Swedish market. Kadri Land has received a Master of Sciences in physics (Tartu University, Estonia) in 1987. Before joining AS Tallink Grupp she was the producer and editor of Radio Sweden Stockholm, and the producer of Voice of America International Broadcasting, Washington DC, USA. Kadri Land owns 39,792 shares of AS Tallink Grupp.

**AUDIT COMMITTEE**

The Supervisory Board has elected two persons to the Audit Committee: Mr. Ain Hanschmidt and Ms. Mare Puusaag. The Audit Committee is responsible for monitoring and analyzing the processing of financial information, the effectiveness of risk management and internal control, the process of auditing annual and consolidated accounts, and the independence of the audit firm and the auditor representing the audit firm on the basis of the law. The Audit Committee is responsible for making recommendations and proposals to the Supervisory Board.

All the members of the boards, management and committee can be reached through the Issuer's registered business address in Tallinn.

Some of the persons as per above belong to the supervisory board or the management board of the wholly owned subsidiaries of the Issuer as well as Mr Roose is sitting in the Supervisory Board of AS Tallink Takso which is owned by the Issuer by 34 %.

Other than the above mentioned shareholdings there are no potential conflicts of interests between any duties to the issuing entity of the persons referred to above and their private interests or other duties.

Information regarding transactions and agreements with related parties is further described in the Issuer's annual report 2012 – note 24.

## 9. Major shareholders

The Issuer's share capital is EUR 404,290,224 divided by 673,817,040 shares, each with a par value of EUR 0.60. The shares shall be registered with the Estonian Central Register of Securities. Each share carries one vote in the Issuer's General Meeting. No preference shares or shares with special rights have been issued. According to the articles of association AS Tallink Grupp, shares can be freely transferred. No authorization needs to be obtained in order to buy or sell AS Tallink Grupp shares. Since 9th of December 2005 the shares of AS Tallink Grupp are listed on the NASDAQ OMX Tallinn Stock Exchange where the shares are traded under the symbol TAL1Tand with ISIN EE3100004466.

### The 20 largest shareholders in AS Tallink Grupp per 09.09.2013:

<u>Shareholder name</u>	<u>No of securities</u>	<u>Percent</u>
Infortar AS	241,276,164	35.8074 %
BALTIC CRUISES HOLDING, L.P.	117,362,149	17.4175 %
NORDEA BANK FINLAND PLC, CLIENTS	63,221,871	9.3826 %
ING LUXEMBOURG S.A. AIF ACCOUNT	44,092,066	6.5436 %
STATE STREET BANK AND TRUST OMNIBUS ACCOUNT A FUND NO OM01	13,076,698	1.9407 %
Skandinaviska Enskilda Banken AB, Swedish Clients	12,170,958	1.8063 %
JP MORGAN CHASE BANK/ITS LONDON CLIENT'S ACCOUNT VANGUARD MARKETING CORPORATION	9,760,000	1.4485 %
FIREBIRD REPUBLICS FUND LTD	7,122,614	1.0571 %
Mellon Treaty Omnibus	7,021,607	1.0421 %
LUKSUSJAHT AS	4,998,613	0.7418 %
FIREBIRD AVRORA FUND, LTD.	4,823,288	0.7158 %
Skandinaviska Enskilda Banken Finnish Clients	4,700,847	0.6976 %
MERSOK OÜ	4,539,042	0.6736 %
LHV PENSIONIFOND L	4,258,059	0.6319 %
STATE STREET BANK - WEST CLIENT - TREATY	3,996,015	0.5930 %
FIREBIRD NEW RUSSIA FUND	3,986,778	0.5917 %
Enn Pant	3,951,913	0.5865 %
TALLINK GRUPP AS	3,935,000	0.5840 %
DANSKE BANK/ FINNISH CLIENTS HOLDINGS	3,610,167	0.5358 %
CITIBANK (LONDON)/ KUWAIT INVESTMENT AUTHORITY	3,547,848	0.5265 %

To the extent known to the Issuer, the Issuer is not directly or indirectly owned and controlled by more than 50% by any shareholders or their groupings.

The Management Board of the Issuer has not been granted the right to issue new shares. The increase of the share capital shall be decided by the General Meeting if at least 2/3 of the votes determined by the shares represented at the General Meeting are in favor. Supervisory Board is authorized within three years as from 1 January 2014 to increase the share capital by 25 000 000 Euros, increasing the share capital up to 429 290 224 Euros.

## 10. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses

The consolidated financial statements of AS Tallink Grupp and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and is incorporated by reference to as follow:

	Financial reports			
	2012	2010/2011*	Q2 2013	Q2 2012
<b>AS Tallink Grupp - Parent</b>				
Income statement	Page 67	Page 67		
Balance sheet	Page 68	Page 68		
Cash flow statement	Page 68	Page 68		
<b>AS Tallink Grupp - Group</b>				
Income statement	Page 35	Page 35	Page 13	Page 12
Balance sheet	Page 36	Page 36	Page 14	Page 13
Cash flow statement	Page 37	Page 37	Page 15	Page 14
Notes	Page 39 - 69	Page 39 - 69	Page 17 - 23	Page 16 - 22
Accounting principles	Page 40 - 49	Page 40 - 48		
Auditors report	Page 70	Page 70		

\* Due to the change of the financial year the comparative financial year lasted for 16 months from 1 September 2010 until 31 December 2011. As the reporting year consists of 12 months from 1 January 2012 until 31 December 2012, the figures of the financial years are not fully comparable. The change of the financial year was decided by the shareholders' general meeting on 8 February 2011.

2012:

[http://www.tallink.com/documents/10192/7879802/2012\\_Tallink\\_Yearbook\\_en.pdf/6a395823-ca6f-4cd7-a988-f82d2a79f1d8](http://www.tallink.com/documents/10192/7879802/2012_Tallink_Yearbook_en.pdf/6a395823-ca6f-4cd7-a988-f82d2a79f1d8)

2011:

[http://www.tallink.com/documents/10192/7879802/2010-2011\\_Tallink\\_Yearbook\\_en.pdf/04df911a-a305-41ba-b201-eae980956c35](http://www.tallink.com/documents/10192/7879802/2010-2011_Tallink_Yearbook_en.pdf/04df911a-a305-41ba-b201-eae980956c35)

Q2 2013:

[http://www.tallink.com/documents/10192/7944851/2013\\_Q2\\_interim\\_en.pdf/59470d04-b7b0-4c8c-89c8-ec8f2ecadaf1](http://www.tallink.com/documents/10192/7944851/2013_Q2_interim_en.pdf/59470d04-b7b0-4c8c-89c8-ec8f2ecadaf1)

Q2 2012:

[http://www.tallink.com/documents/10192/7944851/2012\\_Q2\\_interim\\_en.pdf/3bae6103-18d7-4084-b5df-ff40cfdc9d3b](http://www.tallink.com/documents/10192/7944851/2012_Q2_interim_en.pdf/3bae6103-18d7-4084-b5df-ff40cfdc9d3b)

The historical financial information for 2012 and 2010/2011 has been audited. The historical financial information for the interim reports has not been audited.

On June 3, 2013 AS Tallink Grupp successfully completed the private placement of a NOK 900 million senior unsecured bond. The maturity date of the 3M NIBOR+5% floating interest rate bond is 18th of October 2018.

There is no significant change in the financial or trading position of the Group which has occurred since the second quarter report was published.

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

### Legal claims

On 30 June 2005 AS Tallink Grupp and AS Hansatee Cargo filed complaints with Tallinn Administrative Court against the Estonian Maritime administration and the Ministry of Transport and Communications, claiming for the amount of unlawfully collected and paid lighthouse and ice breaking dues. The total amount of AS Tallink Grupp's claim is EUR 1,256,000 and that of AS Hansatee Cargo is EUR 754,000. Tallinn Administrative Court did not satisfy the claims by its ruling of 20 October 2008.

AS Tallink Grupp and AS Hansatee Cargo filed an appeal but Tallinn Circuit Court did not satisfy it by its ruling of 30 June 2009. The Group filed a cassation appeal to the Supreme Court but the

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latter decided not to accept it by its regulation of 25 November 2009. On 18 May 2010 AS Tallink Grupp and AS Hansatee Cargo filed an appeal to the European Court of Human Rights. So far the appeal has not been ruled upon. The receivable has not been recognised in the financial statements. AS Tallink Grupp, AS Hansatee Cargo and Tallink Silja OY filed a complaint with Helsinki District Court for recovery of harbour fees for the years 2001 until 2004. The total amount claimed is EUR 34,170,000 (of which AS Tallink Grupp's claim is EUR 13,163,000, AS Hansatee Cargo's claim is EUR 419,000 and Tallink Silja Oy's claim is EUR 20,588,000). The basis for the claim is that the Finnish state applied and demanded from the ships of EU member states incorrect harbour fees. The case has not been heard in court. The receivable has not been recognised in the financial statements.

Other than the above mentioned, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability



## 11. Documents on display

For the life of the Registration Document the following documents (or copies thereof), where applicable, may be inspected:

- (a) the memorandum and articles of association of the Issuer;
- (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the registration document;
- (c) the historical financial information of the Issuer or, in the case of a Group, the historical financial information of the Issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.

The documents may be inspected at [www.tallink.com](http://www.tallink.com) or at the Issuer head office, Sadama 5/7, 10111 Tallinn, Estonia.

## 12. Cross reference list:

In section 10 in the Registration Document the financial information is incorporated by reference to as follow:

	Financial reports			
	2012	2010/2011	Q2 2013	Q2 2012
<b>AS Tallink Grupp - Parent</b>				
Income statement	Page 67	Page 67		
Balance sheet	Page 68	Page 68		
Cash flow statement	Page 68	Page 68		
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Notes	Page 39 - 69	Page 39 - 69	Page 17 - 23	Page 16 - 22
Accounting principles	Page 40 - 49	Page 40 - 48		
Auditors report	Page 70	Page 70		

Information concerning 2012 is incorporated by reference from AS Tallink Grupp – Annual Report 2012.

Information concerning 2011 is incorporated by reference from AS Tallink Grupp – Annual Report 2011.

Information concerning Q2 2013 is incorporated by reference from AS Tallink Grupp – Second Quarter 2013.

Information concerning Q2 2012 is incorporated by reference from AS Tallink Grupp - Second Quarter 2012.

The financial reports are available at:

2012:

[http://www.tallink.com/documents/10192/7879802/2012\\_Tallink\\_Yearbook\\_en.pdf/6a395823-ca6f-4cd7-a988-f82d2a79f1d8](http://www.tallink.com/documents/10192/7879802/2012_Tallink_Yearbook_en.pdf/6a395823-ca6f-4cd7-a988-f82d2a79f1d8)

2011:

[http://www.tallink.com/documents/10192/7879802/2010-2011\\_Tallink\\_Yearbook\\_en.pdf/04df911a-a305-41ba-b201-eae980956c35](http://www.tallink.com/documents/10192/7879802/2010-2011_Tallink_Yearbook_en.pdf/04df911a-a305-41ba-b201-eae980956c35)

Q2 2013:

[http://www.tallink.com/documents/10192/7944851/2013\\_Q2\\_interim\\_en.pdf/59470d04-b7b0-4c8c-89c8-ec8f2ecadaf1](http://www.tallink.com/documents/10192/7944851/2013_Q2_interim_en.pdf/59470d04-b7b0-4c8c-89c8-ec8f2ecadaf1)

Q2 2012:

[http://www.tallink.com/documents/10192/7944851/2012\\_Q2\\_interim\\_en.pdf/3bae6103-18d7-4084-b5df-ff40cfdc9d3b](http://www.tallink.com/documents/10192/7944851/2012_Q2_interim_en.pdf/3bae6103-18d7-4084-b5df-ff40cfdc9d3b)