

Company AS Tallink Grupp
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To improve the attractiveness of Tallinn as a tourist destination and to offer local citizens new recreational opportunities AS Tallink Grupp (the Group), the Group's largest shareholder AS Infortar and the City of Tallinn signed today a memorandum of understanding to develop the city owned architectural monument Tallinn City Hall and its adjacent properties into a top conference and concert centre in the Baltic Sea region.

The common vision of the parties is to establish an attractive and a wholly functioning conference and concert centre with an accompanying port, hotel, business centre and leisure facilities to Tallinn City Hall and its surroundings. The goal is to create a prominent architectural and recreational "landmark" open to local citizens and tourists arriving with ferries from the Baltic Sea area and thus re-opening this seaside area of Tallinn to townspeople and further increasing the number of tourists visiting Tallinn.

"The City of Tallinn and the Estonian government have long been waiting for a viable proposal and vision for the listed City Hall concert hall property and a development proposal for an international conference and concert centre, which would help give the Tallinn and Estonian tourism sector the development boost it needs. Estonia desperately needs a conference and concert hall that would seat 5,000 plus guests and would enable bringing large conferences and cultural events requiring a large and good quality hall to Estonia. In order to successfully compete with the other capitals in the Baltic Sea region, such as Helsinki, Riga and Stockholm, Tallinn needs new opportunities for developing tourism and it needs a big step forward. The inclusion of a new port into this equation is a key factor which will allow for a profitable operation of the entire project and will liven up the whole City Hall area," said Paavo Nõgene, CEO of the Group.

The next steps during the coming months include agreeing on the principles of cooperation between the parties and setting an activity plan. To carry out the project the parties will establish a joint venture in which the City of Tallinn will hold a 34% stake and both the Group and AS Infortar will hold a 33% stake.



Upon establishment, the parties will make initial contributions pro rata to their shareholding and in the total amount of EUR 1 million. An architectural competition will be launched for determining the best architectural concept.

The estimated construction period of the new centre and adjoining buildings is three years from the point when all the necessary permits have been obtained and all the required contracts have been signed and the total cost of the project is estimated at approximately EUR 300 million. Conditionally, after completion of the preparation phase, obtaining all the necessary permits and approvals and on meeting other pre-conditions, the City of Tallinn will contribute the City Hall and its adjacent properties to the joint venture and the Group and AS Infortar will both make EUR 10 million cash contributions. The Group and AS Infortar will guarantee the necessary capital required for the investments without the City of Tallinn having any additional financial obligations. The project is expected to be financed both from equity and from other financial instruments. The project will not generate income prior to completion and commencement of operations.

Establishment of the joint venture cannot be interpreted as acquiring of a major holding for the purposes of the Nasdaq Tallinn Rules and Regulations chapter Requirements for Issuers and does not have a significant impact on the Group's activities in the current year. The Chairman of the Group's Supervisory Board Enn Pant is the Chairman of the Supervisory Board of AS Infortar, the Group's Supervisory Board Members Toivo Ninnas and Kalev Järvelill are members of the Supervisory Board of AS Infortar, the Group's Supervisory Board Member Ain Hanschmidt is the Chairman of the Management Board of AS Infortar and the Group's Supervisory Board member Eve Pant is member of the Management Board of AS Infortar. The members of the Supervisory Board and Management Board of the Group have no other personal interest in the transactions.

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