

PORT OF TALLINN

Offering, listing and admission to trading **PROSPECTUS SUPPLEMENT**

Offering of up to 86,704,968 Ordinary Shares

Offer Price Range EUR 1.40 to 1.80 per Offer Share



Aktsiaselts TALLINNA SADAM

(Established and organised with limited liability in Estonia)

Offering of up to 86,704,968 Ordinary Shares
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SUPPLEMENT TO THE OFFERING, LISTING AND ADMISSION TO TRADING PROSPECTUS

This document (the "**Prospectus Supplement**") is supplemental to, and must be read in conjunction with, the prospectus (the "**Prospectus**") for (i) the offering by aktsiaselts TALLINNA SADAM (the "**Company**", and, together with its consolidated subsidiaries, OÜ TS Shipping and OÜ TS Laevad and joint venture AS Green Marine (unless the context otherwise requires), the "**Group**") of newly issued shares in the Company (including by way of public offering to retail investors in Estonia); (ii) the offering of existing ordinary shares of the Company by the Republic of Estonia (acting through the Ministry of Economic Affairs and Communications) (the "**Government Shareholder**") and (iii) the listing and admission to trading of all shares of the Company (the "**Shares**") on the Baltic Main List of Nasdaq Tallinn (the "**Tallinn Stock Exchange**"). The Prospectus is registered with the Estonian Financial Supervision Authority ("**Authority**") under the registration number 4.3-4.9/1589, by a decision of the Management Board of the Authority, dated 7 May 2018.

Save as disclosed in this Prospectus Supplement, since the publication of the Prospectus there have been no significant new factors, material mistakes or inaccuracies relating to the information contained in the Prospectus. Except where the context otherwise requires, terms defined in the Prospectus shall have the same meaning when used in this Prospectus Supplement. Such defined terms can be found in Part XIX (Definitions and Glossary) beginning on page 231 of the Prospectus.

This Prospectus Supplement has been prepared by the Company in connection with the Offering and the Listing in accordance with the Estonian laws implementing the Prospectus Directive and in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended (the "**Prospectus Regulation**").

This Prospectus Supplement and the Prospectus should be read as a whole.

INVESTING IN THE OFFER SHARES IS CONNECTED WITH A HIGH DEGREE OF RISK INHERENT TO INVESTMENTS IN CAPITAL MARKET EQUITY INSTRUMENTS AND RISKS CONNECTED WITH THE COMPANY'S AND ITS SUBSIDIARIES' OPERATIONS AND BUSINESS ENVIRONMENT. YOU SHOULD READ THE WHOLE OF THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS. IN PARTICULAR, YOU SHOULD READ PART II (RISK FACTORS) BEGINNING ON PAGE 17 OF THE PROSPECTUS FOR A DISCUSSION OF CERTAIN FACTORS THAT YOU SHOULD CONSIDER BEFORE INVESTING IN THE OFFER SHARES. THE CONTENTS OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS ARE NOT INTENDED TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL ADVISOR, FINANCIAL ADVISOR, OR TAX ADVISOR FOR SUCH ADVICE. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS SUPPLEMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY CONSULT A PERSON WHO SPECIALISES IN ADVISING ON THE ACQUISITION OF SHARES AND OTHER SECURITIES.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act. The Securities are being offered and sold in the United States only to QIBs as defined in, and in reliance on, Rule 144A under the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

The Offering is not directed to persons whose involvement in the Offering requires any extra registration, prospectus or other measures in addition to those necessary under Estonian law and taken by the Company. No action has been or will be taken in any jurisdiction by the Company or the Government Shareholder that would permit the offering of the Offer Shares other than in Estonia and the Offering is not being made in any jurisdiction in which it would not be permissible to offer the Offer Shares. The Offer Shares have not been, and will not be, registered under the U.S. Securities Act, nor under the securities laws of any state of the United States, nor under any other jurisdiction except Estonia. The Shares, including the Offer Shares, may not be offered, sold, resold, allotted or subscribed to, directly or indirectly, in the countries where it is unlawful to do so without meeting additional requirements, unless any applicable exemption of those requirements exists.

MIFID II product governance / Retail investors, professional investors and ECPs target market - in the European Economic Area, the target market for the Shares is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU ("MiFID II"), with the exception of the offering in Estonia where the target market for the Shares also includes retail clients. Any person subsequently offering, selling or recommending the Shares (a "distributor") should take into consideration such target market; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Shares and determining the appropriate distribution channels, provided that these are consistent with the other selling restrictions set forth in the Prospectus.

Please read Part III (The Offering), section 14 (Selling and Transfer Restrictions) beginning on page 47 of the Prospectus. Distribution of copies of this Prospectus Supplement or the Prospectus or any related documents are not allowed in those countries where such distribution or participation in the Offering requires any extra measures or is in conflict with the laws and regulations

of these countries. Persons who receive this Prospectus Supplement, the Prospectus or any related document should inform themselves about any restrictions and limitations on distribution of the information contained in this Prospectus Supplement or the Prospectus and on acceptance of the Offering. The Company is not liable in cases where persons or entities take measures that are in contradiction with the restrictions mentioned in this paragraph.

Neither the delivery of this Prospectus Supplement or the Prospectus nor any subscription or purchase made under this Prospectus Supplement shall, under any circumstances, create any implication that there has been no change in the affairs of the Company and/or the Group since, or that the information contained herein is correct as of any time subsequent to, the date of this Prospectus Supplement.

Advisors to the Company

STJ Advisors Group
Superia Corporate Finance

Joint Global Coordinators and Joint Bookrunners

Citigroup
Carnegie Investment Bank

Joint Bookrunners

Erste Group
Swedbank

Joint Lead Manager

LHV

The date of this Prospectus Supplement is 24 May 2018.

This Prospectus Supplement is registered with the Authority under the registration number 4.3-4.9/1589/11, by a decision of the Management Board of the Authority dated 24 May 2018.

This Prospectus Supplement contains references to the Company's website.

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PART I. SUPPLEMENTARY INFORMATION TO THE PROSPECTUS

1. Introduction

This Prospectus Supplement has been prepared pursuant to Article 16 of the Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), including any relevant implementing measure in each Member State of the European Economic Area which has implemented the Prospectus Directive (the “**Prospectus Directive**”) and Section 23 of the Estonian Securities Market Act. The reasons for preparing this Prospectus Supplement are:

- setting out new significant factors, in particular the offering statistics and the price range information; and
- correcting any material mistakes and inaccuracies relating to the information included in the Prospectus.

This Prospectus Supplement is supplemental to, and must be read in conjunction with, the Prospectus. Any statement contained in the Prospectus shall be deemed modified or superseded to the extent that a statement contained in this Prospectus Supplement modifies or supersedes such statement. To the extent that there is any inconsistency between a statement in this Prospectus Supplement and a statement contained in the Prospectus, the statement in this Prospectus Supplement will prevail.

Save as disclosed in this Prospectus Supplement, there is no further information that is required to be disclosed in this supplementary prospectus pursuant to Section 23 subsection 1 of the Securities Market Act.

2. Offering Statistics

The Offering Statistics table set out below replaces the table in section 1 (The Offering) of Part III (The Offering) on page 36 of the Prospectus:

	<i>Bottom of the Price Range</i>	<i>Mid-point of the Price Range</i>	<i>Top of the Price Range</i>
Offer Price per Offer Share ⁽¹⁾ (EUR)	1.40	1.60	1.80
Number of New Shares to be issued in the Offering	75,404,968	75,404,968	75,404,968
Number of Secondary Shares to be sold in the Offering ⁽²⁾	11,300,000	11,300,000	11,300,000
Aggregate number of Offer Shares to be sold in the Offering ⁽²⁾	86,704,968	86,704,968	86,704,968
Percentage of the share capital being offered in the Offering ⁽²⁾	32.97%	32.97%	32.97%
Number of Shares subject to the Put Option ⁽³⁾	11,300,000	11,300,000	11,300,000
Number of Shares issued immediately following the Offering	263,000,000	263,000,000	263,000,000
Expected market capitalisation of the Company at the Offer Price ⁽⁴⁾ (EURm)	368.2	420.8	473.4
Estimated net proceeds of the Offering receivable by the Company ⁽⁵⁾ (EURm)	98.8	113.4	127.9
Estimated net proceeds of the Offering receivable by the Government Shareholder (assuming no exercise of the Put Option) ⁽⁵⁾ (EURm)	15.3	17.5	19.6

Notes:

- (1) The Offer Price will be set within the Offer Price Range. The Company expects to publish the final Offer Price on or about 7 June 2018 via Tallinn Stock Exchange and on the website of the Company at investor.ts.ee. In the event the Offer Price is set above the Offer Price Range, the Company will prepare a supplement to the Prospectus (for further details please see Part III (The Offering), section 7 (Procedure for Amending the Offer Price Range; Withdrawal Rights) on page 43 of the Prospectus.
- (2) Assuming no exercise of the Put Option.
- (3) The maximum number of Shares subject to the Put Option will be approximately 4.3% of the total number of Shares following the Offering (assuming that all New Shares are issued).
- (4) The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will be equal to or exceed the Offer Price.
- (5) The estimated net proceeds receivable by the Company and the Government Shareholder are stated after deduction of the estimated underwriting fees and other fees and expenses of the Offer (including unrecoverable VAT), which, based on the mid-point of the Offer Price Range, are currently expected to be approximately EUR 113.4 million in the case of the Company, and EUR 17.5 million in the case of the Government Shareholder (assuming no exercise of the Put Option). The Company will not receive any portion of the proceeds resulting from the sale of Secondary Shares by the Government Shareholder in the Offering. The Company and the Government Shareholder, in their sole and absolute discretion, may pay an additional performance-related fee to the Underwriters following the completion of the Offering.

3. Offer Price Range

The Offer Price Range for the Offer Shares based on the bottom of the price range and the top of the price range is EUR 1.40 and EUR 1.80, respectively. These amounts replace the relevant placeholders (marked "[●]") on the following pages of the Prospectus:

title of page i;

second paragraph of page i;

first paragraph of the Offer Price paragraph of Element E.3 of the Summary on page 14;

second paragraph of section 6 (Offer Price) of Part III (The Offering) on page 42; and

definition of "Offer Price Range" on page 232.

4. Estimated net proceeds

The estimated net proceeds of the Offering receivable by the Company, based on the mid-point of the Offer Price Range is EUR 113.4 million. This amount replaces the relevant placeholders (marked "[●]") on the following pages of the Prospectus:

first sentence of Element E.1 of the Summary on page 13; and

fourth paragraph of Part IV (Background, Reasons for Offering and Use of Proceeds) on page 53.

5. Upper end of the Offer Price Range

Both the price per Retail Offer Share and the Subscription Price, based on the upper end of the Offer Price Range, is EUR 1.80. This amount replaces the relevant placeholders (marked "[●]") on the following pages of the Prospectus:

fifth paragraph of Element E.3 of the Summary on page 14;

second paragraph of the Offer Price paragraph of Element E.3 of the Summary on page 14;

first paragraph of subsection C (Subscription and Instructions to Investors), section 4 (Retail Offering) of Part III (The Offering) on page 39;

second line on page 40 of Part III (The Offering), section 4 (Retail Offering), subsection C (Subscription and Instructions to Investors); and

definition of Subscription Price of Part XIX (Definitions and Glossary) on page 234.

6. Estimated total expenses relating to the Offering

The estimated total expenses of the Company relating to the Offering, based on the mid-point of the Offer Price Range amount to EUR 7.3 million. This amount replaces the relevant placeholders (marked "[●]") on the following pages of the Prospectus:

second sentence of Element E.1 of the Summary on page 13; and

sixth paragraph of Part IV (Background, Reasons for Offering and Use of Proceeds) on page 53.

7. Indicative minimum allocation

The indicative minimum individual allocation is 1000 Offer Shares. This amount replaces the placeholders (marked "[●]") on the following pages of the Prospectus:

first bullet of the third paragraph of the Allocation paragraph of Element E.3 of the Summary on page 15; and

item (c) of subsection A (Allocation of Offer Shares in the Institutional Offering and the Retail Offering), section 8 (Distribution and Allocation) of Part III (The Offering) on page 44.

8. Indicative minimum individual allocation to Preferred Managers and/or Preferred Employees

A) The indicative minimum individual allocation to Preferred Managers and/or Preferred Employees is 2000 Offer Shares. This amount replaces the placeholders (marked "[●]") on the following pages of the Prospectus:

second bullet of the third paragraph of the Allocation paragraph of Element E.3 of the Summary on page 15; and

item (d) of subsection A (Allocation of Offer Shares in the Institutional Offering and the Retail Offering), section 8 (Distribution and Allocation) of Part III (The Offering) on page 44.

B) The maximum preferential allocation to any one Preferred Manager and/or Preferred Employee is 2000 Offer Shares. This amount replaces the placeholder (marked "[●]") in the third paragraph of subsection B (Preferred Allocation to Management and Employees), section 8 (Distribution and Allocation) of Part III (The Offering) on page 45 of the Prospectus.

9. Availability of the Prospectus

This Prospectus and its Estonian and Russian language summaries are available as of 25 May 2018. This date replaces the relevant placeholder (marked "[●]") in Part XVIII (Additional Information), section 6 (Certain Information on the Prospectus), subsection G (Availability of the Prospectus) on page 224 of the Prospectus.

10. Fixed and variable costs

A) The numbers in the table in subsection C (Revenue Model and Mix) of section 5 (Major Factors Affecting Consolidated Financial Results) of Part VIII (Operating and Financial Review) on page 80 of the Prospectus, setting forth the Group's fixed and variable cost structure for the periods indicated have been recalculated, and the table is hereby amended and restated, as set out below:

	For the year ended 31 December		
	2015	2016 (Adjusted)	2017
Total fixed costs	90.0%	88.0%	85.9%
Material, services and other operational expenses	27.1%	33.2%	31.9%
Labour costs (including social taxes)	21.0%	23.0%	20.9%
Depreciation	38.0%	28.3%	30.8%
Other costs	1.4%	0.9%	0.4%
Fuel, oil and electricity costs	2.6%	2.6%	1.9%
Total variable costs.....	10.0%	12.0%	14.1%
Mooring services	1.9%	1.9%	1.3%
Reception/discharge of ship-generated waste.....	2.8%	3.0%	2.4%
Other semi-variable costs	5.2%	7.1%	10.4%
Total Group costs ⁽¹⁾	100.0%	100.0%	100.0%

Note: (1) Consists of operating expenses, personnel expenses, depreciation, amortisation and impairment, and other expenses.

B) In addition, the following sentence on page 80 of the Prospectus is hereby amended and restated, as set out below:

"The Group's total expenses (operating expenses, personnel expenses, depreciation, amortisation and impairment, and other expenses) consisted of 90.0%, 88.0% and 85.9% fixed costs and 10.0%, 12.0% and 14.1% variable costs for the years ended 31 December 2015, 2016 and 2017, respectively."

11. Adjusted cash conversion table

The numbers in the tables in section 6 (Additional Financial Information) of Part VII (Selected Financial Information) on page 67 of the Prospectus and in Element B.7, Additional Financial Information on page 10 of the Prospectus, setting forth the Group's Adjusted cash conversion for the periods indicated have been recalculated, and the tables are hereby amended and restated, as set out below:

Adjusted cash conversion represents Adjusted EBITDA less adjusted capital expenditure divided by Adjusted EBITDA. Adjusted capital expenditure is total capital expenditures less capital expenditure incurred by the Ferry segment. A reconciliation to cash flows from operating activities less cash used in investing activities divided by cash flows from operating activities is presented as follows:

	For the three-month period ended			For the year	
	31 March			ended 31 December	
	2018	2017	2017	2016	2015
	<i>(unaudited)</i>			<i>(audited)</i>	
	(EUR '000)				
Adjusted EBITDA (unaudited).....	17,603	19,197	66,521	66,068	62,515
Capital expenditure.....	1,923	34,950	35,847	42,544	65,281
Less: capital expenditures related to the Ferry segment.....	39	33,074	20,066	27,683	55,021
Adjusted capital expenditure (unaudited)	1,884	1,876	15,781	14,861	10,260
Adjusted cash flow conversion (unaudited)	89.3%	90.2%	76.3%	77.5%	83.6%
Cash flows from operating activities.....	22,637	11,010	43,426	50,458	59,320
Cash used in investing activities.....	3,114	12,956	25,447	38,826	63,256
Cash flows from operating activities less cash used in investing activities divided by cash flows from operating activities	86.2%	(17.7%)	41.4%	23.1%	(6.6%)

- 12. Part VIII (Operating and Financial Review), Section 5 (Major Factors Affecting Consolidated Results), Subsection A (Demand for the Group's Services) paragraph (a) Passenger Harbours, numbers in the first sentence of the first paragraph on pages 71-72 of the Prospectus have been recalculated, and the sentence is hereby amended and restated, as set out below:**

Total revenue from the Passenger Harbours segment increased from €44.3 million in 2015 to €49.9 million in 2017 (reflecting a CAGR of 6.1% from 2015 to 2017).

- 13. Part VIII (Operating and Financial Review), Section 5 (Major Factors Affecting Consolidated Results), Subsection C (Revenue Model and Mix) paragraph (b) Cargo Harbours, numbers in the first sentence of the fifth paragraph on page 82 of the Prospectus have been recalculated, and the sentence is hereby amended and restated, as set out below:**

The Adjusted EBITDA for the Cargo Harbours segment decreased from €29.3 million in 2015 to €23.3 million in 2017 (reflecting a CAGR of negative 10.7% from 2015 to 2017), which was driven by a decrease in revenues following a decline in liquid bulk volumes.

- 14. Part VIII (Operating and Financial Review), Section 5 (Major Factors Affecting Consolidated Results), Subsection C (Revenue Model and Mix) paragraph (c) Ferry, numbers in the second sentence of the fourth paragraph on page 83 of the Prospectus have been recalculated, and the sentence is hereby amended and restated, as set out below:**

The Group's revenue from the Ferry segment in 2017 consisted of 40% from ticket sales under the Ferry Services Agreement, 58% from the subsidy under the Ferry Services Agreement and 2% from rental fees from bars and shops on the ferries and sale of other services.

- 15. Part VIII (Operating and Financial Review), Section 5 (Major Factors Affecting Consolidated Results), Subsection C (Revenue Model and Mix) paragraph (d) Other, numbers in the first sentence of the third paragraph on page 84 of the Prospectus have been recalculated, and the sentence is hereby amended and restated, as set out below:**

The Adjusted EBITDA of the Other segment decreased from €2.9 million in 2015 to €1.5 million in 2017 (reflecting a CAGR of negative 28.2% from 2015 to 2017).

16. Changes in the Audit Committee

On 15 May 2018, the Supervisory Council decided to recall Ms Kati Kusmin from the Audit Committee and appoint Ms Maarika Liivamägi as her replacement. In relation to that change, in Part XI (Management), Section 1 (Management Structure), subsection D (Committees) paragraph (a) (Audit Committee), beginning on page 185 of the Prospectus, the following changes have been made:

The fourth paragraph of paragraph (a) (Audit Committee) is hereby amended and restated, as set out below:

The Audit Committee of the Company includes three members elected for up to three years by the Supervisory Council. Currently, the following persons act as members of the Audit Committee of the Company: Urmas Kaarlep (Chairman of the Audit Committee, current independent member of the Supervisory Council), Maarika Liivamägi (current independent member of the Supervisory Council) and Raigo Uukkivi (current member of the Supervisory Council).

The fifth paragraph of paragraph (a) (Audit Committee) is hereby amended and restated, as set out below:

Please see Part XI (Management), section 1 (Management Structure), subsection B (Supervisory Council) for the curriculum vitae information of Urmas Kaarlep, Maarika Liivamägi and Raigo Uukkivi.

The sixth paragraph of paragraph (a) (Audit Committee), under the title "Ms Kati Kusmin (Member)", has been removed.

17. Changes to the remuneration of the Supervisory Council

On the basis of the recommendation of the Nomination Committee (a special committee formed by the Government of the Republic of Estonia, as described in Part XI (Management), Section 1 (Management Structure), subsection B (Supervisory Council), paragraph (a) (Role of the Nomination Committee in Electing and Recalling the Supervisory Council) of the Prospectus), the Government Shareholder has on 23 May 2018 adopted a resolution of the sole shareholder of the Company to increase the monthly remuneration payable to the members of the Supervisory Council. In relation to that change, in Part XI (Management), Section 3 (Management Remuneration and Benefits), Subsection A (Remuneration and benefits paid by the Company), beginning on page 187 of the Prospectus, the following changes have been made:

The last paragraph of Subsection A (Remuneration and Benefits paid by the Company) is hereby amended and restated, as set out below:

The Company also pays monthly remuneration to the Supervisory Council members in the amount of EUR 1,000 (gross) each, and to the chairman of the Supervisory Council in the amount of EUR 2,000 (gross).

18. Charter of a sixth ferry

Part VIII (Operating and Financial Review), Section 7 (Recent Developments), last sentence of the second paragraph on page 90 of the Prospectus, is hereby amended and restated, as set out below:

On 14 May 2018, TS Laevad OÜ entered into a bareboat charter agreement with HH Ferries Öresund A/S, under which TS Laevad OÜ shall charter a sixth ferry, Mercandia VIII, for the period from 4 June 2018 until 30 August 2018. Mercandia VIII was chartered to serve as a back-up vessel, while the back-up vessel owned by TS Laevad OÜ, Regula, is used for additional voyages ordered by the ERA under the Ferry Services Agreement for summer peak months.

19. EBRD Framework Agreement

On 23 May 2018 the Company and European Bank for Reconstruction and Development ("EBRD") entered into a framework agreement (the "**Framework Agreement**") pursuant to which, subject to EBRD subscribing for Shares in the Offering and the Offering completing, the Company has undertaken to comply with certain environment and social compliance and corporate governance policies and requirements of the EBRD. In relation to that change, the following changes have been made:

The following subsection is added on page 219 of the Prospectus, as subsection D (EBRD Framework Agreement) of Section 1 (Material Contracts) of Part XVIII (Additional Information), as set out below:

D) EBRD Framework Agreement

On 23 May 2018 the Company and European Bank for Reconstruction and Development ("**EBRD**") entered into a framework agreement (the "**Framework Agreement**") pursuant to which, subject to EBRD subscribing for Shares in the Offering and the Offering completing, the Company has undertaken to comply with certain environment and social compliance and corporate governance policies and requirements of the EBRD. Notwithstanding the Company and EBRD having entered into the Framework Agreement, EBRD is under no obligation to acquire any of the Shares in the Offering and the Company is under no obligation to complete the Offering.

20. Changes to the dividend payment to the Government Shareholder

On 25 April 2018, the Government Shareholder in the capacity of the sole shareholder of the Company approved the audited annual report of the Company for the financial year which ended on 31 December 2017 and resolved to distribute dividends on the account of undistributed profits accrued until 31 December 2017, in the amount of EUR 105 million. It was previously disclosed that the payment of the dividends is expected to be made to the Government Shareholder in June 2018, which is anticipated to be after the Settlement of the Offering.

By way of update, an official of the Ministry of Finance has now confirmed that all necessary legal and regulatory steps will be taken prior to Settlement of the Offering to afford the Company the flexibility to pay this dividend in up to two tranches, with the first tranche still expected to be paid in June 2018 and the balance in the second half of 2019. This would allow the Company flexibility to better manage working capital over the next 12 months.

For the avoidance of doubt, the Offer Shares purchased by investors will not grant rights to the investors to receive any part of either tranche of the said dividend payment. The income tax payable on the above-mentioned dividend declared (see Part XIV (Taxation), section 1 (Estonian Tax)) shall be reflected as cost for the financial year ending 31 December 2018.

In relation to that change, the following changes have been made on the following pages of the Prospectus:

Second sentence of the fifth paragraph on page i, is hereby amended and restated, as set out below:

For the avoidance of doubt, the Offer Shares purchased by investors will not entitle the investors to receive any of the dividends declared and approved by the resolution of the Government Shareholder in the capacity of the sole shareholder of the Company on 25 April 2018, payment of which is expected to be made by the Company in up to two tranches, with the first tranche expected to be paid in June 2018 and the balance in the second half of 2019 - the said dividend will be paid in full to the Government Shareholder only (for more information, see Part VI (Dividends and Dividend Policy)).

Third sentence of the Right to Dividend paragraph of Element C.4 of the Summary on page 12, is hereby amended and restated, as set out below:

For the avoidance of doubt, the Offer Shares purchased by investors will not entitle the investors to receive any of the dividends declared and approved by the resolution of the Government Shareholder in the capacity of the sole shareholder of the Company on 25 April 2018, in the net amount of EUR 105 million, payment of which is expected to be made by the Company in up to two tranches, with the first tranche expected to be paid in June 2018 and the balance in the second half of 2019 - the said dividend will be paid in full to the Government Shareholder only.

First sentence of the second paragraph of Element E.2a of the Summary on page 13; and first sentence of the second paragraph of Part IV (Background, Reasons for the Offering and Use of Proceeds) on page 53, are hereby amended and restated, as set out below:

The Group plans to use the net proceeds received from the Offering to fund part of the EUR 105 million net dividend to the Government Shareholder, which is expected to be paid in up to two tranches, with the first tranche expected to be paid in June 2018 and the balance in the second half of 2019, together with a corresponding corporate income tax amounting to approximately EUR 26.3 million.

Column headed 2018 and row Dividends paid (EUR) of the table in Part VI (Dividends and Dividend Policy), Section 1 (Dividends) on page 56, is hereby amended and restated, as set out below:

Payment is expected to be paid in up to two tranches, with the first tranche expected to be paid in June 2018 and the balance in the second half of 2019

Second paragraph in Part VI (Dividends and Dividend Policy), Section 1 (Dividends) on page 56, is hereby amended and restated, as set out below:

On 25 April 2018, the Government Shareholder in the capacity of the sole shareholder of the Company approved the audited annual report of the Company for the financial year which ended on 31 December 2017 and resolved to distribute dividends on the account of undistributed profits accrued until 31 December 2017, in the amount of EUR 105 million. The payment of the dividends is expected to be made to the Government Shareholder in up to two tranches, with the first tranche expected to be paid in June 2018 and the balance in the second half of 2019. For the avoidance of doubt, the Offer Shares purchased by investors will not grant rights to the investors to receive any part of either tranche of the said dividend payment. The income tax payable on the above-mentioned dividend declared (see Part XIV (Taxation), section 1 (Estonian Tax)) shall be reflected as cost for the financial year ending 31 December 2018.

PART II. ADDITIONAL INFORMATION

1. Withdrawal Rights

In connection with this Prospectus Supplement, investors who have submitted Subscription Undertakings in the Retail Offering will have a right to withdraw their Subscription Undertakings within two business days after the publication of the Prospectus Supplement, the procedure is described in Part III (The Offering), section 4 (Retail Offering), subsection E (Amendment or Cancellation of Subscription Undertakings) beginning on page 41 of the Prospectus.

In connection with this Prospectus Supplement, investors who have submitted Applications in the Institutional Offering will also have a right to withdraw their Applications within two business days after the publication of the Prospectus Supplement. Investors wishing to exercise the above right to withdraw their Application must do so by lodging a written notice of withdrawal via e-mail, fax or other means of communication (during normal business hours only) to any of the Underwriters.

If a Subscription Undertaking or an Application is not withdrawn within the stipulated period, that Subscription Undertaking or Application and the offer to apply for Offer Shares in the Offering stipulated therein will remain valid and binding.

2. Responsibility

In accordance with the Prospectus Regulation and pursuant to Section 24 of the Estonian Securities Markets Act, aktsiaselts TALLINNA SADAM, with its registered office at Sadama 25, 15051 Tallinn, Estonia, company registration number 10137319, states that it is responsible for the information in this Prospectus Supplement. The Company accepts responsibility for the fullness and correctness of the information contained in this Prospectus Supplement as of the date hereof. Having taken all reasonable care to ensure that such is the case, the Company believes that information contained in this Prospectus Supplement is, to the best of its knowledge, in accordance with the facts, and that no information likely to affect its import has been omitted.

Tallinn, 24 May 2018

Management Board of aktsiaselts TALLINNA SADAM

[signed digitally]

[signed digitally]

[signed digitally]

Valdo Kalm

Margus Vihman

Marko Raid

Chief Executive Officer

Board Member

Chief Financial Officer

3. No Significant Change

Save as disclosed in this Prospectus Supplement, no significant new factor, material mistake or inaccuracy has arisen or has been noted in relation to the information contained in the Prospectus since the registration of the Prospectus.

4. Forward-Looking Statements

Certain statements in this Prospectus Supplement are not historical facts and are "forward-looking". Forward-looking statements may appear in this Prospectus Supplement regarding the prospects of the Group's industry and the Group's prospects, plans, financial position and business strategy. Forward-looking statements can often be identified by the use of terms such as "estimates", "projects", "anticipates", "expects", "intends", "believes", "will", "may", "should" or the negative of these terms. All forward-looking statements, including discussions

of strategy, plans, objectives, goals and future events or performance, involve risks and uncertainties.

While these statements are based on sources believed to be reliable and on the current knowledge and best belief of the Management Board, they are merely estimates or predictions and cannot be relied upon. They are subject to certain risks, uncertainties and assumptions. These forward-looking statements and other statements contained in this Prospectus Supplement regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements.

The list of important factors in Part II (Risk Factors) beginning on page 17 of the Prospectus is not exhaustive. When relying on forward-looking statements, prospective investors should carefully consider those factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as of the date on which they are made. Accordingly, the Company does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, except to the extent required by applicable law. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely scenario. These cautionary statements qualify all forward-looking statements attributable to the Company or persons acting on the Company's behalf.

The Company does not intend, and does not assume any obligation, to update the forward looking statements included in this Prospectus Supplement as at the date set forth on the cover.

The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regards thereto or any change in events, conditions or circumstances on which any such statement is based.

5. Documents On Display

In addition to the documents available for inspection listed in Part XVIII (Additional Information), section 8 (Presentation of Financial and Certain Other Information) subsection E (Documents on Display) on page 229 of the Prospectus, copy of this Prospectus Supplement will also be available for inspection on the website of the Company (investor.ts.ee). Any interested party may request delivery of an electronic copy of the Prospectus, its Estonian and Russian language summaries and this Prospectus Supplement from the Company and the Underwriters without charge.

6. Definitions

Certain terms used in this Prospectus Supplement, including capitalised terms and certain technical and other items, are defined in Part XIX (Definitions and Glossary) on page 231 of the Prospectus.