

Company AS TALLINNA SADAM
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Currency

Title Compromise in the bankruptcy proceedings of AS Coal Terminal

On 29 June 2020, the bankruptcy trustees of AS Coal Terminal (bankrupt) (hereinafter "Coal Terminal"), private limited company Charboun Invest, a shareholder of Coal Terminal, and AS Tallinna Sadam (hereinafter "Tallinna Sadam") entered into a compromise, as a result of which the claims of all creditors of Coal Terminal are restructured, the parties shall terminate all pending litigation and waive any claims against each other and Coal Terminal shall be liquidated. Within the framework of the compromise, Tallinna Sadam will pay into the bankruptcy estate EUR 2.7 million, received by Tallinna Sadam from the organization and sale of the Coal Terminal assets transferred to its possession. The compromise has not yet entered into force and its approval shall be decided by the court within 15 days from the date of submission of the compromise decision to the court, making a ruling thereon, which shall enter into force after the expiry of the opposition period.

The bankruptcy of Coal Terminal, a long-term customer of Tallinna Sadam, was declared on 2 May 2017. As bankruptcy trustees refused to execute commitments under the right of superficies contracts, the contracts together with the assets erected on the plots covered by the right of superficies contracts were transferred back into the possession of Tallinna Sadam. Under the contracts, Tallinna Sadam has to compensate the value of buildings and equipment that form an essential part of the rights of superficies, the amount of which cannot be estimated reliably because the assets are special-purpose assets for which a regular market does not exist and there are contradictory views both among the experts and the parties of the dispute on the valuation methods that should be used.

On 21 June 2019, Harju County Court started the proceedings on the claim filed by Coal Terminal and its bankruptcy trustees in 20 May 2019 against Tallinna Sadam applying for compensation of the market value of the former coal terminal buildings and equipment in Muuga Harbour plus accrued interest in connection with the expiration of the right of superficies contracts. The claim amounts to EUR 22.4 million plus accrued interest. In connection with the termination of contracts, Tallinna Sadam has submitted a counter-claim to Coal Terminal in



amount of EUR 11.7 million for compensation of the damages resulting from the termination of contracts. The compromise would end the above mentioned and all other litigation between the parties.

The Management Board of Tallinna Sadam has not recognised a provision for a possible claim (except for the amount received from the sale of Coal Terminal's assets) as the final monetary impact to Tallinna Sadam from the bankruptcy proceedings of Coal Terminal depended on the combined effect of the outcomes of several parallel disputes, which could not be estimated reliably and there was no certainty about the timing of the realization of the claims and liabilities. As the amount of the compromise corresponds to the amount received from the organization and the sale of Coal Terminal's assets, the conclusion of the compromise will not have a significant impact on the Group's financial results.

Tallinna Sadam is one of the largest cargo- and passenger port complexes in the Baltic Sea region, which in 2019 serviced 10.64 million passengers and 19.9 million tons of cargo. In addition to passenger and freight services, Tallinna Sadam group also operates in shipping business via its subsidiaries - OÜ TS Laevad provides ferry services between the Estonian mainland and the largest islands, and OÜ TS Shipping charters its multifunctional vessel Botnica for icebreaking and construction services in Estonia and offshore projects abroad. Tallinna Sadam group is also a shareholder of an associate AS Green Marine, which provides waste management services. According to audited financial results, Tallinna Sadam group's sales in 2019 totaled EUR 130.5 million, adjusted EBITDA EUR 74.3 million and net profit EUR 44.4 million.

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