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## **APPENDIX 1. What actually happened to the company?**

The following chronology and discussion is based on Tallinn Regional Court's decision <http://ee.vlex.com/vid/-300159962>; Väätsa Agro AS annual report 2009 and 2010, Estonian Supreme Court's decision <http://www.nc.ee/?id=11&tekst=RK/3-2-1-25-11> )

**14 September 2009** – Väätsa Agro AS presented a statement to the Pärnu District Court for the initiation of financial restructuring process according to the Law of Financial Restructuring.

**21 September 2009** – Pärnu District Court started the restructuring process and set two deadlines – 16 November 2009 for the approval of the restructuring plan and 20 November 2009 as the date by which it should be presented for approval to the court.

**20 November 2009** – Väätsa Agro AS presented Pärnu District Court a restructuring plan that had not been approved by all creditors. 108 creditors representing only 37% of the votes were in favour of the restructuring plan and the biggest claimholder Swedbank AS voted against the plan. The restructuring plan involved a time period of 15 years so that the restructuring would be finished by 31 December 2024 and by the mid 2015 all claims of creditors besides those of Swedbank AS (bank) and Maaelu Edendamise Sihtasutus (state aid provider) would be satisfied. Creditors were not grouped, however, the fulfilment of their claims was differentiated according to the strength of their claims (pledges etc.):

- Only 30% of Swedbank AS fully pledged claim of 5.45 mio EUR was to be satisfied from company's cash flow and the remaining claim was to be replaced with a 43% holding in Väätsa Agro AS.
- Maaelu Edendamise Sihtasutus claims would not be reduced as this was not allowed according to the law.
- Hanseatic Capital Estonia OÜ claims would be fully replaced with a holding in Väätsa Agro AS.
- Other creditors' claims were to be satisfied 20-35% of their principal amount.

**23 December 2009** - Hanseatic Capital Estonia OÜ gave its holding over to ACC Conquistador Holding Ltd which belongs to the same consolidation group.

**22 January 2010** - Väätsa Agro AS turned to Pärnu District Court to request protection from Swedbank AS and Swedbank Liising AS till the end of the financial restructuring (so that they would not be able to cancel the existing contracts during that period). This petition was approved on 8 February 2010, but later cancelled by Tallinn Regional Court.

**1 March 2010** – Swedbank AS appealed for the termination of the financial restructuring process as Väätsa Agro AS is allegedly permanently insolvent.

**15 March 2010** - Pärnu District Court approved the restructuring plan.

Swedbank AS and Swedbank Liising AS appealed to the Tallinn Regional Court. They claimed that their rights were severely violated in the process of preparing the restructuring plan.

**18 June 2010** – Tallinn Regional Court cancelled the decision made by Pärnu District Court, did not approve the restructuring plan and stopped restructuring process pre-maturely.

**12 July 2010** – Väätsa Agro AS appealed to the Estonian Supreme Court.

**15 December 2010** - Estonian Supreme Court found in favour of Väätsa Agro AS, cancelled the decision made by Tallinn Regional Court and sent the case for a review to Tallinn Regional Court.

**23 December 2010** – Tallinn Regional Court did not change the decision made on 15 March 2010 by Pärnu District Court and did not satisfy the claims raised by Swedbank AS and Swedbank Liising AS.

**7 January 2011** - Swedbank AS and Swedbank Liising AS initiated new appeal to the Estonian Supreme Court for changing the decisions of both Pärnu District Court and Tallinn Regional Court. They were not satisfied that their 5.45 mio EUR claim (fully pledged) was to be satisfied 30% and the remaining claim to be replaced with 43% holding in Väätsa Agro AS. They claimed that the clause in the Law of Financial Restructuring (based on which the restructuring was initiated) which enabled the replacement of a claim with the holding was against their constitutional rights. The latter was justified on the grounds that the holding in

Väätsa Agro AS would be worth only 287 EUR. (Rozenal, 2011) The main reason why the bank was interested in initiating bankruptcy proceedings was that its pledge on company's assets would have given them considerable advantage over the remaining creditors. In the financial restructuring process they did not have such power. As the bank did already have several interested buyers for the company in sight, the bankruptcy would have enabled them not to acquire sale permission from the Hanseatic Capital Estonia OÜ (Reiljan, 2011). In their appeal they also stated that the financial restructuring timeframe was too long and that Väätsa Agro AS was permanently insolvent.

**11 May 2011** – Estonian Supreme Court cancelled Väätsa Agro AS restructuring plan.

**11 May 2011** – Swedbank AS made a bankruptcy warning towards Väätsa Agro AS and presented as a total claim the amount 10.7 mio EUR (incl. 5.1 mio EUR as interests for late payment)

**May 2011** - Väätsa Agro AS began to prepare a new restructuring plan that would treat creditors more equally.

**20 July 2011** – Väätsa Agro AS presented its creditors a new restructuring plan. The plan was adjusted according to the guidelines proposed in 11 May 2011 decision by the Estonian Supreme Court. Swedbank AS remained against the new restructuring plan (Äripäev, 2011)

**11 November 2011** – Pärnu District Court approved the new restructuring plan of Väätsa Agro.

**1 March 2012** – Trigon Agri (the same company that purchased some Väätsa Agro AS shares in 2005 and was interested in its takeover) announced that its affiliated company Trigon Dairy Farming intended to purchase 98% holding in Väätsa Agro AS from ACC Conquistador Holdings Ltd. Simultaneously the claims raised by Hanseatic Capital Estonia OÜ, Swedbank AS and Swedbank Liising AS would be bought by the company.(Äripäev, 2012a)

**April 2012** – the deal with Trigon was finalised and the price was 7.3 mio EUR for a 98% stake in the company. The new owner operates in Estonia and in Russia and produces milk since 2006. The company controls 8700 ha of farmland and after acquisition of Väätsa Agro AS owns nearly 4000 milking cows.(<http://www.trigondairy.com/> ) The intention is to merge Väätsa and Kaiu farms and after their expansion this future farm could be the biggest in the EU with 8000 cows. These plans require 20 mio EUR investments. (Äripäev, 2012b)

**Dec 2012** –the restructuring plan is prematurely fulfilled.

**16 Sept 2013** – Väätsa Agro AS announces the conclusion of a contract for building a new dairy farm for 3330 cows to Lõõla. The construction consists of 2 phases:

- Phase 1 – 2 new farms for 2200 cows, total investment is ~10.8 mio EUR (incl VAT). The construction was completed in Sept 2014.
- Phase 2 – extension of existing facilities for additional 1130 cows. Timeline?
- Future investments – biogas station, milk production plant. Timeline?