

21 April 2016

FirstFarms A/S has entered a letter of intent regarding a long-term strategic framework agreement with AP Pension about sale of agricultural land and buildings in East Romania

FirstFarms has today signed a Letter of Intent (LOI) with AP Pension about the sale of approx. 3,000 hectares of land and the grain storage and farm buildings in East Romania along with a 10-year rent agreement on the land and buildings with repurchase right for FirstFarms. The total frame in the LOI represents an amount of DKK 375 million, of which DKK 125 million is drawn on this first part of the agreement.

In addition to the company in East Romania, which after implementation of the cooperation includes machines and operation of the land, FirstFarms still has companies in West Romania and Slovakia. Thus FirstFarms operates 16,700 hectares divided between 3,900 hectares in East Romania, 3,500 hectares in West Romania and 9,300 hectares in Slovakia and a dairy herd of 2,500 cows.

FirstFarms A/S owns, besides renting contracts, 2,200 hectares of agricultural land, farm buildings, machinery and the dairy herd.

Both FirstFarms and AP Pension see good business- and growth opportunities in the cooperation. The framework agreement is a strong financial instrument for FirstFarms to fulfill the strategic goals about operation of 20,000 hectares in Romania.

Furthermore, the LOI provides possibilities to expand the cooperation with land and buildings in FirstFarms' other operating areas.

FirstFarms is renting the land for a 10-year period with possibility for prolongation. Thus FirstFarms maintains the right to use the assets in question for a longer period. In the agreement, a specific agreed model is included to secure a market corresponding rent, and an agreement has been made in proportion to the profit distribution between FirstFarms and AP Pension from sale of land.

FirstFarms has preemptive right on land and buildings, if AP Pension wants to sell.

FirstFarms' proceeds by selling land and buildings to AP Pension will be approx. DKK 125 million before tax. The proceeds strengthen the possibility for investments in expansion of the activities in FirstFarms, strengthening of the company's capital resources and possible repurchase of shares. Final decision about use of the proceeds will take place after the transaction has been fully implemented.

The consequence of the agreement about sale of 3,000 hectares and appurtenant buildings will be a profit before tax of approx. DKK 40 million and a future yearly operating impact of DKK 0-2 million, depending of use of the proceeds. It is assessed that 2/3 of the transaction will be completed in 2016. Due diligence will be initiated as soon as possible.

A final agreement is subject to final due diligence, which is expected completed within 3 months.

Billund, 21 April 2016

FirstFarms A/S

For further information:

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