

EUR 1.5 million released to Trigon Agri A/S - Conditional upon a partial debt to equity swap to its bondholders

Trigon Agri A/S (“Trigon”) has entered into an agreement with a committee of holders (the “Holders’ Committee”) under its SEK 350,000,000 11% bonds with ISIN SE0004019008 (the “Bond Loan”). Pursuant to the agreement, EUR 1.5 million will be released to Trigon from a blocked account which now serves as security for the holders of the Bond Loan (the “Bondholders”). Following fulfilment of certain conditions, a SEK amount equivalent to EUR 6 million in aggregate (rounded down to the nearest whole SEK per Bond) will be redeemed from the Bond Loan and the Bondholders may jointly through a Swedish public limited liability company (the “Subscriber”), assuming full conversion, become owners of 195 million shares in Trigon (equivalent to 60 per cent. of the shares and votes in Trigon on a *pro forma* basis). Trigon is obliged to repay EUR 1.5 million to the blocked account if all applicable conditions are not fulfilled by 17 May 2016.

Background and reasons

The background and reasons for the agreement between Trigon and the Holders’ Committee are the following.

- As was communicated by Trigon on 13 January 2016, Trigon was granted a waiver from the Holders’ Committee to deposit EUR 1.5 million from the divestment of 10.74 per cent. in AS Trigon Dairy Farming Estonia into a particular deposit account in accordance with the terms and conditions of the Bond Loan. The amount was instead deposited with another blocked account. These are the proceeds which the Holders’ Committee now has agreed to release to Trigon, subject to certain conditions. Inability to secure the proceeds from the blocked account could lead to irreversible severe financial consequences for the Trigon group.
- The Trigon group shall transfer amounts equivalent to at least the proceeds released from the blocked account to its Ukrainian operations to comply with monetary and foreign currency control legislation pertaining to export transactions in order to avoid heavy penalties in Ukraine.
- The Trigon group will be able to maintain its Ukrainian export capability in order to maintain earnings as losing of such capability can materially threaten the Trigon group’s continued business.
- The Trigon group lacks sufficient working capital outside Ukraine to fulfil its short-term obligations in Russia and in its holding companies in Cyprus and Estonia. The EUR 1.5 million released from the blocked account will allow the Trigon group to secure normal functioning and sufficient financing outside Ukraine until it starts to receive the proceeds from the sales of 2016 crop.

The agreement in overview

In light of the reasons set out above, the Holders’ Committee has used its mandate from the Bondholders to agree to release EUR 1.5 million from a blocked account which now serves as security for the Bondholders. Trigon will however be obliged to repay EUR 1.5 million into the blocked account if the conditions set out below are not fulfilled. The agreement may be amended with the consent of the relevant parties.

Resolution by the Bondholders

Trigon shall convene a meeting of Bondholders or initiate a written procedure, in accordance with the terms and conditions of the Bond Loan, to resolve on, among other things, (i) a partial redemption of the Bond Loan by a SEK equivalent to the total aggregate amount of EUR 6 million (rounded down to the nearest whole SEK per Bond), and (ii) that the redemption payment shall be in kind and consist of one share in the Subscriber per Bond held.

When the shares in the Subscriber are transferred to the Bondholders, the Subscriber shall (i) be a Swedish public limited liability company (Sw. *publikt aktiebolag*), (ii) not conduct, or have conducted, any business, (iii) have its shares affiliated with Euroclear Sweden (Sw. *avstämningsbolag*), (iv) not have, or have had, any liabilities other than as accepted by the Holders’ Committee, (v) other than receivables on Trigon in the aggregate amount of EUR 6 million in capital amount, on terms approved by the Holders’ Committee (the “SPV Receivables”), have all its assets in cash, (vi) either have, or have duly delivered to the Swedish Companies Registration Office a form setting out that, the Board of Directors of the Subscriber consists of Johannes Bertorp, Arne Björhn and Dag Rolander and that the Managing Director is Arne Björhn (all currently Bondholders), and (vii) be capitalised in cash sufficiently in order for the Subscriber to pay the running costs of the Subscriber as reasonably estimated by the Holders’ Committee for a period of 24 months. The corporate identification No. of the Subscriber is 556944-1206 and it is intended that it shall change its name to TBHV Holding AB.

Trigon will be obliged to repay EUR 1.5 million to the blocked account if the Bondholders have not agreed to the above, as well as other related proposals, by no later than 28 April 2016. Trigon will by separate press release give notice of the meeting of Bondholders or the written procedure, such notice to contain further details on the proposal to the Bondholders.

Issuance of convertibles

Pursuant to a resolution by the Board of Directors of Trigon, the Board of Directors has decided to exercise its authorisation to issue convertibles given at the extraordinary general meeting held on 4 March 2016. The SPV Receivables will be amended to convertibles once the shares in the Subscriber have been distributed to the Bondholders in accordance with the proposal from Trigon and provided that the Danish FSA has confirmed that the obligation for the Subscriber to make a mandatory tender offer for the shares of Trigon does not apply, or waived such an obligation. The convertibles will bear conversion rights which, assuming full conversion, will entitle to 195 million shares in Trigon (equivalent to 60 per cent. of the shares and votes in Trigon on a *pro forma* basis). The convertibles will be issued at a price equivalent to their face value, in total EUR 6 million. The issue price for the convertibles and the conversion price as well as the other terms of the convertibles are the result of negotiations between the Company and the Holders' Committee, taking into account the agreement with the Holders' Committee and the market value of the shares in the Company. The maximum increase in share capital upon full conversion to shares is EUR 1.95 million.

In case of a share issue to the shareholders of the Company, a share capital decrease, issue of warrants, issue of new convertible debt instruments, dissolution, merger or demerger in and of the Company, the number of shares which can be subscribed for pursuant to the terms and conditions of the convertibles shall be adjusted so that the Subscriber is placed in a position as if the convertibles were converted prior to the decision to effect such transaction(s). If the Subscriber does not exercise its right to convert the convertibles into new shares of the Company, the Company will be obliged to repay EUR 6 million on 30 September 2017.

Trigon will be obliged to repay EUR 1.5 million to the blocked account if the SPV Receivables have not been amended to the convertibles by 17 May 2016.

The issuance of convertibles to the Subscriber will result in Danish mandatory tender offer requirements if the Danish FSA does not confirm that the obligation for the Subscriber to make a mandatory tender offer for the shares of Trigon does not apply, or waive such an obligation. Such a confirmation or waiver will be requested and Trigon will be obliged to repay EUR 1.5 million to the blocked account if a confirmation or waiver is not obtained by 17 May 2016.

Conversion of convertibles into Trigon shares

The Subscriber is entitled to convert the convertibles into Trigon shares as from the date on which the Subscriber has the prerequisite corporate authorisations in place to distribute (whether by dividend, liquidation proceeds or otherwise) at least 50 per cent of the shares issued upon conversion to its shareholders up to and including 30 September 2017. However, the Subscriber shall be entitled to conversion at an earlier date provided that awaiting such corporate authorisation could be materially detrimental to the Subscriber. Conversion shall be made of the convertibles in full into shares in Trigon by written notice to the Board of Directors of Trigon. Shares issued upon conversion under the terms and conditions of the convertibles will have the same rights as the Company's other shares and will be entitled to receive dividends and other rights from the time of registration in the Danish Business Authority (Dk. *Erhvervsstyrelsen*).

There is currently no intention to list the shares in the Subscriber on any market place. It is not, at the date of this press release, determined in detail when conversion of convertibles or dispositions of Trigon shares held by the SPV can be carried out and further information in relation to this will follow.

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About Trigon Agri

Trigon Agri is an integrated soft commodities production, storage and trading company with operations in Ukraine, Russia and Estonia. Trigon Agri's shares are traded on the main market of Nasdaq Stockholm.

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The information set out in this press release is announced in accordance with the Swedish Securities Market Act. The information was submitted for publication on 23 March 2016 at 17:35 CET.