

OVERVIEW OF MAIN TERMS AND CONDITIONS OF SALE AND TRANSFER TRANSACTION OF BALTIC AND RUSSIAN ICE CREAM AND FROZEN GOODS OPERATIONS

On 06.10.2014, AS Premia Foods, Nordic Foods Holding OÜ and Shiner Macost Ltd executed share purchase agreements under which AS Premia Foods will sell and transfer 100% of all the shares in AB Premia KPC, 100% of all the shares in OOO Khladokombinat No 1 and the Russian trademarks owned by AS Premia Foods to Nordic Foods Holding OÜ and Shiner Macost Ltd. The terms and conditions of the contemplated transaction are the following:

Object

On 06.10.2014, AS Premia Foods, Nordic Foods Holding OÜ and Shiner Macost Ltd executed share purchase agreements under which AS Premia Foods will sell and transfer and OÜ Nordic Foods Holding and Shiner Macost Ltd will purchase and accept:

- 100% of all the shares, i.e. 7,176,229 shares with the nominal value of 5 Lithuanian lits of AB Premia KPC, a fully-owned Lithuanian subsidiary of AS Premia Foods engaged in the sales of ice cream and frozen goods products mainly in the territory of Lithuania. AB Premia KPC is the parent company of the Estonian subsidiary Premia Tallinna Külmhoone AS, holding 100% of all the shares of Premia Tallinna Külmhoone AS. Premia Tallinna Külmhoone AS is engaged in the production and sales of ice cream and frozen goods products mainly in the territory of Estonia. Premia Tallinna Külmhoone AS is the parent company of the Latvian subsidiary AS Premia FFL. AS Premia FFL is engaged in the production and sales of ice cream and frozen goods products mainly in the territory of Latvia;
- 100% of all the shares, i.e. 1 share with the nominal value of 520,000 Russian roubles of OOO Khladokombinat No 1, a fully-owned Russian subsidiary of AS Premia Foods engaged in the production and sales of ice cream and frozen goods products mainly in the territory of Russia;
- Russian trademarks owned by AS Premia Foods and used by OOO Khladokombinat No 1.

Purpose of Transaction and Effect on Operations of AS Premia Foods

The purpose of the transaction is to sell and transfer the Baltic and Russian ice cream and frozen goods operations of AS Premia Foods. As a result of the contemplated transaction, AS Premia Foods will terminate its operations in the ice cream and frozen goods business segment.

As a result of the contemplated transaction, AS Premia Foods will receive purchase price of altogether 27,109,000 euro payable in three instalments as described below. In addition to the cash consideration, the outstanding interest bearing debt as at 30.06.2014 of AS Premia Foods will decrease by altogether 1,868,000 euro. The proceeds from the transaction will be for the partial repayment of the investment loan and overdraft facilities financed by AS SEB Pank.

AS Premia Foods will continue its operations in the fish and fish products business segment. The unaudited consolidated turnover from the remaining operations of AS Premia Foods (during last twelve month period, i.e. from July 2013 until June 2014, was 47 million euro, i.e. approximately 46% of the total turnover of AS Premia Foods.

Non-Related-Party Nature of Transaction; Management's Interests

Nordic Foods Holding OÜ is the special purpose vehicle owned by Shiner Macost Ltd. The ultimate beneficial owner of Shiner Macost Ltd is Andrey Beskhmelnitskiy who is a food industry entrepreneur with global scope originally from Ukraine. Shiner Macost Ltd owns Food Union, a company that unites the biggest dairy companies in the Baltic states, continuing the traditions of Rigas Piena Kombinats (founded in 1927) and Valmieras Piens (founded on 1971). Beskhmelnitskiy operates in Europe, Russia and Asia, and has developed the Russia's largest dairy producer UNIMILK Company, that was sold in 2010 to global food industry giant Danone.

The contemplated transaction is not a related party transaction in the essence of the Rules of the NASDAQ Tallinn Stock Exchange.

The current members of the Management Board of AS Premia Foods Katre Kõvask, Erik Haavamäe and Silver Kaur will continue as the members of the management bodies of AB Premia KPC, Premia Tallinna Külmhoone AS, AS Premia FFL and OOO Khladokombinat No 1 also after the contemplated transaction, whereas the terms and conditions of their services as the members of the management bodies of the above-referred companies are subject to on-going negotiations with Shiner Macost Ltd. For a limited period of time (up to 6 months), current members of the Management Board of AS Premia Foods Katre Kõvask, Erik Haavamäe and Silver Kaur will also continue as the members of the Management Board of AS Premia Foods in order to ensure sustainability of the management of the operations of AS Premia Foods after the transaction.

In addition to the members of the Management Board, the Chairman on the Supervisory Board of AS Premia Foods Indrek Kasela will continue as the member of the Supervisory Board of Premia Tallinna Külmhoone AS. Indrek Kasela will serve as the member of the Supervisory Board of Premia Tallinna Külmhoone AS until the payment of the purchase price of the contemplated transaction has been made in full, i.e. for the period of approximately 12 months as from the completion of the contemplated transaction.

The current members of the Supervisory Board of AS Premia Foods have no personal interests related to the contemplated transaction.

Conditions Precedent

In the essence of the Rules and Requirements of NASDAQ Tallinn Stock Exchange, AB Premia KPC is a significant subsidiary of AS Premia Foods and therefore the sale and transfer of the shares of AB Premia KPC is subject the approval of the General Meeting of shareholders of AS Premia Foods. Due to the above, the Management Board of AS Premia Foods hereby convenes an extraordinary General Meeting of shareholders (please see the respective notice below) and in relation to the same, additional information on the contemplated transaction is provided below.

In addition to the approval of the General Meeting of shareholders, the contemplated transaction is subject to obtaining the concentration permission of the Russian competition authority and submitting the application for the concentration permission to the Latvian competition authority. The respective concentration notices will be submitted to the competent competition authorities as soon as practically possible.

Obtaining the approval of the General Meeting of shareholders of AS Premia Foods, the concentration permission of the Russian competition authority and submitting the application for the concentration permission to the Latvian competition authority have been set as conditions precedent to the completion of the contemplated transaction by the parties thereof.

Purchase Price and Payment Terms

The total purchase price payable for the object of the contemplated transaction as described above is 27,109,000 euro. As agreed between the parties, the purchase price will be payable in cash in three instalments as follows:

- the amount of 19,109,000 euro will be paid upon the completion of the contemplated transaction, i.e. upon the transfer of ownership to the shares and trademarks forming the object of the transaction, provided that the above-described conditions precedent are duly complied with;
- the amount of 4 million euro will be paid after the lapse of 6 months from the completion date; and
- the amount of 4 million euro will be paid after the lapse of 12 months from the completion date.

The claims of AS Premia Foods of the second and third instalments will be secured by surety of Shiner Macost Ltd, pledge of shares of Nordic Foods Holding OÜ and mortgage on the real estate owned by Premia Tallinna Külmhoone AS (located at Peterburi tee 42, 42a, 42b and 42c, Tallinn), which may be amended from time to time.

The amount of purchase price has been agreed upon based on the financial results and net debt of AB Premia KPC, Premia Tallinna Külmhoone AS, AS Premia FFL and OOO Khladokombinat No 1 as at 30.06.2014.

Financial Results and Table of Audited Annual Reports

According to the Rules and Requirements of NASDAQ Tallinn Stock Exchange (Requirements for Issuers), an issuer must publish the financial results of the significant subsidiary for the three preceding financial years together with the audited annual reports of the same presented in a table format. The relevant information is presented below; nevertheless, since AB Premia KPC is the parent company of Premia Tallinna Külmhoone AS and the ultimate parent company of AS Premia FFL, the consolidated financial information of AB Premia KPC group of companies provides a better overview of the financial effect of the contemplated transaction. The consolidated financial statements of AB Premia KPC group of companies are; however, not audited. Therefore the unaudited consolidated financial information is presented below in the same volume and format.

The financial statements of AB Premia KPC have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audited unconsolidated financial information of AB Premia KPC for the three preceding financial years:

In TEUR	2013	2012	2011
Turnover	11,653	10,547	9,937
Net loss	-560	-681	-407
Dividends per share	-	-	-
Net earnings per the share of AB Premia KPC (diluted and undiluted)	-0.08	-0.09	-0.06
Net earnings per the share of AS Premia Foods (diluted and undiluted)	-0.01	-0.02	-0.01

The unaudited consolidated financial information of AB Premia KPC for the three preceding financial years:

In TEUR	2013	2012	2011
Turnover	48,149	43,873	41,680
Net profit	3,046	1,532	771
Dividends per share	-	-	-
Net earnings per the share of AB Premia KPC (diluted and undiluted)	0.42	0.21	0.11
Net earnings per the share of AS Premia Foods (diluted and undiluted)	0.08	0.04	0.02

The audited unconsolidated and unaudited consolidated financial reports of AB Premia KPC for the two preceding financial years in the table format have been attached in a separate document.

Overview of Loans

According to the Rules and Requirements of NASDAQ Tallinn Stock Exchange (Requirements for Issuers), an issuer must publish information of the loans taken by the significant subsidiary. The relevant information is presented below; however, in order to provide an adequate understanding of the loan burden of the AB Premia KPC group of companies, the below overview includes information about the loans of Premia Tallinna Külmhoone AS and AS Premia FFL as well as the loans given by AB Premia KPC group of companies.

As at 31.08.2014, AB Premia KPC is the borrower under the following loan agreements:

- loan from AS Premia Foods in the outstanding principal amount of 1,514,000 euro, which will be repaid upon the completion of the contemplated transaction;
- loan from Premia Tallinna Külmhoone AS in the outstanding principal amount of 1,274,000 euro;
- finance lease obligations to Danske Bank A/S Lietuvos filialas, UAB Nordea Finance Lithuania and AB SEB bankas in the total outstanding principal amount of 115,281 euro, assumed under 11 separate agreements.

As at 31.08.2014, AB Premia KPC is the lender under the following loan agreement:

- positive cash pool account balance within the group overdraft facility financed by AS SEB Pank in the outstanding amount of 49 euro, which will be repaid upon the completion of the contemplated transaction.

As at 31.08.2014, Premia Tallinna Külmhoone AS is the borrower under the following loan agreements:

- loan from Danske Bank A/S Eesti filial in the outstanding principal amount of 1,729,380 euro;
- finance lease obligations to AS SEB Liising and Pohjola Finance Estonia AS in the total outstanding principal amount of 1,060,223 euro, assumed under 35 separate agreements.

As at 31.08.2014, Premia Tallinna Külmhoone AS is the lender under the following loan agreements:

- positive cash pool account balance within the group overdraft facility financed by AS SEB Pank in the outstanding amount of 6,389,135 euro, which will be repaid upon the completion of the contemplated transaction;
- finance sub-lease granted to AS Premia FFL in the total outstanding principal amount of 135,331 euro, given under three separate agreements;
- loan to AB Premia KPC in the outstanding principal amount of 1,274,000 euro.

As at 31.08.2014, AS Premia FFL is the borrower under the following loan agreements:

- loan from AS Premia Foods in the outstanding principal amount of 356,318 euro, which will be repaid upon the completion of the contemplated transaction;
- negative cash pool account balance within the group overdraft facility financed by AS SEB Pank in the amount of 56,993 euro, which will be repaid upon the completion of the contemplated transaction;
- finance lease obligations to SIA SEB LTzings in the total outstanding principal amount of 574,019 euro, assumed under 63 separate agreements.
- finance sub-lease obligations to Premia Tallinna Külmhoone AS in the total outstanding principal amount of 135,331 euro, assumed under three separate agreements.

Shareholder Structure

AS Premia Foods is the sole shareholder of AB Premia KPC, holding altogether 7,176,229 shares with the nominal value of 5 Lithuanian lits of AB Premia KPC.

Significant Court and Arbitration Proceedings

AB Premia KPC, Premia Tallinna Külmhoone and AS Premia FFL are not involved in any ongoing court or arbitration proceedings, which could have material effect on their operations or the operations of AS Premia Foods.

Agreements with AS Premia Foods

After the completion of the contemplated transaction there will be no effective agreements between AS Premia Foods, AB Premia KPC, Premia Tallinna Külmhoone and AS Premia FFL. Considering the synergies between the current business operations of AS Premia Foods, there will be some trading activities between the AB Premia KPC group of companies and AS Premia Foods group of companies also after the contemplated transaction. All such trading activities will be carried out on arms' length terms.

Management and Supervisory Board Members

The members of the Management Board of AB Premia KPC are Katre Kõvask, Erik Haavamäe and Alvydas Malakauskas and the Managing Director of AB Premia KPC is Alvydas Malakauskas.

The members of the Supervisory Board of Tallinna Premia Külmhoone AS are Indrek Kasela, Lauri Kustaa Äimä and Erik Haavamäe and the members of the Management Board of Tallinna Premia Külmhoone AS are Katre Kõvask and Silver Kaur.

The members of the Supervisory Board of AS Premia FFL are Katre Kõvask, Erik Haavamäe and Silver Kaur and the member of the Management Board of AS Premia FFL is Andis Klaviņš.

From the above-referred persons Katre Kõvask, Erik Haavamäe, Silver Kaur, Alvydas Malakauskas, and Andis Klaviņš will continue in their respective positions also after the closing of the contemplated transaction, whereas Lauri Kustaa Äimä will resign and Indrek Kasela will continue as the member of the Supervisory Board of Premia Tallinna Külmhoone AS until the payment of the purchase price of the contemplated transaction has been made in full, i.e. for the period of approximately 12 months as from the completion of the contemplated transaction.