



AUGA GROUP, RAB

Green Bonds Report

In December 2019, AUGA group, RAB (hereinafter - Company or AUGA group) issued and successfully distributed its first tranche of green bonds (hereinafter - Bonds).

The Green Bond Report provides an overview on the allocation of funds raised.



CONTENTS

AUGA GROUP, RAB BONDS..... 3
BOND FRAMEWORK 4
ABOUT THE BONDS 5
USE OF PROCEEDS FROM TRANCHE 1 6

AUGA GROUP, RAB BONDS

In December 2019, the AUGA group became the first listed private equity company in the Baltics to issue Bonds. This was one of the largest bond issuances on the Nasdaq Baltic exchange in terms of value and number of investors. The success and oversupply of the first tranche of these Bonds has shown that institutional and private investors have expressed trust in the Company's vision of developing a sustainable food production concept.

The funds raised allowed the Company to refinance the costs incurred in the transition from traditional to organic farming and to continue developing sustainable innovations.

The Company's Bond plan provided for the possibility of issuing up to EUR 60 million bonds. The first Bond issuance program (issue amount EUR 20 million) was implemented in 2019. The group had the opportunity to implement the next steps of the program by 25.11.2020 but decided not to use this opportunity.

The company has an obligation to publish a separate annual report regarding the use of funds.

BOND FRAMEWORK

The Company's Green Bond Framework covered the Company's Bonds planned to be issued in multiple tranches during the period of 2019 IVQ – 2020 IVQ under both private placement as well as public offering formats. The Framework has been developed following the ICMA Green Bond Principles and the four key components:

1. Use of proceeds;
2. Evaluation and selection process;
3. Management of proceeds;
4. Reporting.

The Green Bond Framework prepared by the Company has received a Second Party Opinion certification from CICERO (Centre for International Climate Research). It was rated "Medium Green" and received "Good" evaluation for governance procedures. The Second Opinion concludes that the Green Bond Framework is in line with the stated definition of green bonds within the Green Bond Principles. CICERO also noted that investors should, however, be aware that AUGA group's Green Bond Framework is intended for financing new initiatives as well as existing debt. For the existing debt, no screening is applied. Company's green bond framework thus permits proceeds to be used for general corporate purposes and in that case is not fully aligned with all four Green Bond Principles.

The Company intended to use the proceeds of the Bonds issued under this Green Bond Framework for the following purposes:

1. Working capital and general corporate purposes related with the ongoing sustainability initiatives of the Company (closed-loop organic farming; mill-till technology and renewable energy), which includes refinancing the costs incurred as a result of the process of converting from conventional to organic agriculture in the period after 2015; and
2. Financing R&D projects related to improving sustainability, including biogas, specialised feed, and crop rotation practices.

Immediately after issuance of the first tranche in the Bond programme, a selection committee was created in the Company with the following composition: CEO, CFO, Head of Business Development and Innovation, COO, Director of the Procurement department, Head of Legal, Environmental Specialist. The selection committee is responsible for both negative screening guidance and selection of the green projects. For refinancing, partial repayments of existing debt incurred in the process of acquiring land and converting to organic farming was to take place without screening. In respect of future financing of green projects, eligible projects will be selected and approved by the selection committee or, should the volume and size of the projects to be considered so merit, by the board of the Company.

ABOUT THE BONDS

Timetable

25 November 2019	Bank of Lithuania approved the base prospectus for the programme.
27 November 2019	Final terms of tranche 1 under the base prospectus for the programme of Bonds were announced.
13 December 2019	Successful allocation of tranche 1 Bonds was approved.

Bonds attracted 485 investors. Demand exceeded the supply of Bonds by a quarter.

Most of the Bonds were purchased by investors from Baltic countries. Retail investors accounted for approx. 26% of total demand.

Green bond details

Issuer	AUGA group, AB
ISIN code	LT0000404238
Listing	Nasdaq Vilnius
Denomination	EUR 1,000
Issue size	EUR 20,000,000
Tenor	2019-2024
Maturity date	December 31, 2026, according to the restructuring plan (original redemption date: December 17, 2024).
Fixed coupon rate	6% (by decision of the Company, the coupon rate is calculated by applying the act/360 convention)
Planned use of proceeds*	<ul style="list-style-type: none"> up to EUR 1.23 million and accrued interest up to the date of payment thereof for repayment of the outstanding part of the acquisition price of the land plots, to be provided as collateral. up to total aggregate of EUR 4.5 million – partial repayment of credits to the current financing banks of the Company's group in exchange for release of part of collateral. up to EUR 1.03 million and accrued interest up to the date of payment thereof for redemption of bonds of nominal value EUR 1,000,000, issued by one of the Group Companies AWG Investment 1, UAB, with the early redemption fee being 3% from nominal value from ORION Private Debt Fund I. working capital and other general corporate purposes, including for ensuring continuity of the organic farming projects that the Company develops to make its operations, processes and products more sustainable

*As indicated in Final terms of tranche 1 under the base prospectus for the Programme.

USE OF PROCEEDS FROM TRANCHE 1

Net proceeds	EUR 19,073,819.85
Use of proceeds	EUR 19,073,819.85
Repayment of the outstanding part of the acquisition price (including accrued interest) of the land plots provided as collateral.	EUR 1,291,283.38
Partial repayment of loans / debt to financing banks.	EUR 4,500,000.00
Redemption of bonds (including accrued interest, redemption fee), issued by AWG Investment 1, UAB from ORION Private Debt Fund I.	EUR 1,072,739.73
Working capital and other general corporate purposes.	
All payments were screened by The selection committee. Proceeds were not used for purposes not related to the development and continuity of the organic farming business (e.g. payments for fossil fuel, etc.).	EUR 11,934,033.53