

ATTN: H.E. PRESIDENT OF UKRAINE
MR. P. POROSHENKO
H.E. PRIME MINISTER OF UKRAINE
MR. W. GREUSSMAN

Your Excellencies!

Please, accept the assurances of my highest consideration!

I address you on behalf of the 37 thousand-strong team of Ukraine's largest and the world's second largest farming group of Ukrlandfarming PLC asking you intervene and take appropriate action to address the situation brought on the company by the wrongful acts of the National Bank and personally Governor V.O. Gontareva.

For the past two and a half years Ukrlandfarming has been persistently targeted by attempted takeover raids, information and legal attacks, financial and regulatory pressures on the part of the NBU that could materially harm both the company and the national economy in general. Last year alone, companies of the Group produced a sales value equivalent to \$1.2bn or almost 1.5% of Ukraine's GDP. The Company contributed over UAH 2bn in taxes to both the national and local governments and paid a total of UAH 2.5bn in wages and salaries.

At the same time, the Governor of the National Bank of Ukraine Ms. V.O. Gontareva is abusing her office and position as a senior public official and disseminating false information about the shareholders of Ukrlandfarming, its related companies and financial institutions using NBU communication channels for spreading their message aimed at harming one of the economy's largest employers and taxpayers and effectively destroying the company.

Since mid-2014 the NBU has declared both banks affiliated with Ukrlandfarming (*Financial Initiative* and *VAB*) insolvent. Financial Initiative was removed from the market on completely fictitious grounds. By effectively discounting UAH 2bn worth of domestic treasuries the NBU broke an irreparable hole in the balance sheet of the Bank unwarranted by market conditions. This was used as the formal ground for introducing provisional administration. The write-down was found unlawful by a decision of the Kiev City Administrative Court later upheld by the Kiev City Appellate Administrative Court and the High Administrative Court of Ukraine. Furthermore, the Kiev City Administrative Court has also found unlawful the NBU's action to write off the T-bills. To the best of our knowledge, a portion of those T-bills was resold to the ICU, an investment company owned by Ms. Gontareva's former colleagues. It can be said with certainty that it is Ms. Gontareva's partners who have benefited from the introduction of the provisional administration.

I have personally on a number of occasions including with your immediate support initiated a number of meetings at the Presidential Administration with the participation of the President and leaders of the Government.

During those meetings we have articulated the Company's civilised position regarding a possible restructuring of our debt owed to banks. We spoke of a restructuring deal without any discounts subject to strengthening collateral and featuring reasonable maturities. This proposal was based on a potentially successful restructuring of up to USD 1.5bn worth of debt owed to Ukrlandfarming's external creditors effectively including all major financial players trading in Ukrainian debt instruments.

We consider our proposal sound and acceptable and capable of helping the Company and its affiliated banking institutions out of their current predicament to the extent that it features terms and conditions better than those on which state debt was restructured.

The NBU Governor's further actions suggest that she is in no way interested in either bringing back cash into the financial system or reducing the costs of the State Deposit Guarantee Fund or restoring stability to enterprises employing 37 thousand employees and generating 1.5%

of the national GDP. On the contrary, she clearly continues to hold on to her position, one that's harming the Company's financial position in both external and domestic financial markets.

In particular, this includes the dissemination of false news via the website of the National Bank of Ukraine and biased media claiming that Ukrlandfarming's majority shareholder owes the Government more than UAH 38bn, which of course is not true.

Just as an example, the total debt owed to the NBU and the Deposit Guarantee Fund (refinancing loans and debt owed to retail clients) as of the 1st of January 2017 totalled UAH 11,508mn for Financial Initiative and UAH 9,115mn for VAB. The information spread by the NBU regarding the volume of loans issued to companies related to the majority shareholder are also false. Immediately prior to declaring VAB Bank insolvent the National Bank of Ukraine conducted an audit into the Bank's exposure to related loans. This regular NBU audit (NBU letter 42-011/78135/BT of 26.12.2014) found that such loans totalled UAH 4.8bn or 23.3% of the Bank's debt to the NBU and DGF.

The dissemination by the National Bank of Ukraine of false information may be regarded as a deliberate manipulation and provocation seeking to tarnish the business reputation of the Company and its shareholders and harming its financial condition. It is part of a targeted information attack and legal pressures aimed at forcing the Company into bankruptcy.

That the NBU Governor has a vested interest in this scenario is evidenced by her excessive involvement in the legal action brought against the NBU by Ukrlandfarming's majority shareholder and challenging the introduction of the provisional administration. While about a dozen such lawsuits are currently being reviewed by Ukrainian courts it is in those pursued by Ukrlandfarming that the Governor seems to have taken a special interest by personally attending hearings and talking to the judges and court presidents prior to and in the course of court sessions. In and of itself, this constitutes a gross violation of the law, abuse of office and extraneous pressure on the judiciary.

Excellencies!

We at Ukrlandfarming sincerely hope that with the help of law enforcement authorities and your personal and timely involvement, where appropriate, the legality of such actions will be promptly and duly addressed. If such actions continue, this will further damage our business in Ukraine and harm the communities, in which we operate and for which we represent major employers and contributors to their local budgets. Under the current circumstances, the Company is incapable of settling with its foreign or domestic creditors or repay the funds borrowed from the government under refinancing loans. This could lead to destabilisation and loss of economic independence by Ukraine's largest farming corporation.

This scenario would only benefit the scavenging advisors who would be hired to manage our bankruptcy because the Company is such a juicy bit full of production assets and a strong resource and intellectual potential. Over the past 5 years, the Company has built and commissioned farming infrastructure assets worth more than USD 2.5bn. In particular, we have put in place over 3mn tons worth of grain storage capacity and 2 of Europe's largest egg farms, Europe's largest hatchery, Europe's largest egg processing plant producing dry and liquid egg products, seed-processing plants and other assets. The Company has invested funds raised from both foreign and domestic capital markets to build those assets.

The military conflict in the Donbass and the annexation of Crimea in 2014 couldn't help harming the Company. AvangardCo IPL, which forms part of Ukrlandfarming and represents Ukraine's largest and the world's second largest producer of chicken eggs and egg products, has lost 50% of its domestic sales and 40% of its production assets to the Russian aggression, most of those assets were located in Crimea and the conflict zone in Eastern Ukraine.

Despite our difficult circumstances, we never applied for government aid as we appreciate only too keenly that the government is grappling with heavy funding pressures of its own. At the same, we are concerned lest the Company's difficult situation caused by the losses it has sustained

in the occupied territories and further aggravated by the pressures being put on its business through NBU channels should force it down Mriya's path, a company currently undergoing bankruptcy proceedings. The Mriya situation caused quite a ripple both economically and politically when debt to foreign creditors was simply 'written off'.

The company lost substantial production volume and assets when it fell prey to a takeover raid. The only party that benefited from it was the advisors who advised on the deal. Given the fact that Ukrlandfarming holds 10-15 times more in assets, there's evident interest in running our case along the lines of Mriya's in the presence of the vested interest pursued by the NBU Governor and her colleagues and partners who make money on corporate bankruptcies.

Excellencies!

I am convinced that the support that you have expressed to me in our personal conversations and the successful rescuing of a major domestic producer employing 37 thousand employees will send a strong and positive signal in response to all those false allegations and information and legal provocations pursued by the National Bank of Ukraine and the Governor personally. Ms. Gontareva, however, continues to turn a deaf ear to our proposals of dialogue and keeps deliberately worsening the situation in pursuit of her own vested interest.

I request your personal intervention in this situation. We are prepared to give this situation full publicity. I am certain that a successful transformation of this standoff into a civilised dialogue will help repay 100% of debt owed to creditors, save 37 thousand jobs and 1.5% of Ukraine's GDP.

Sincerely,
Oleg Bakhmatyuk
Chairman of the Board
Ukrlandfarming PLC