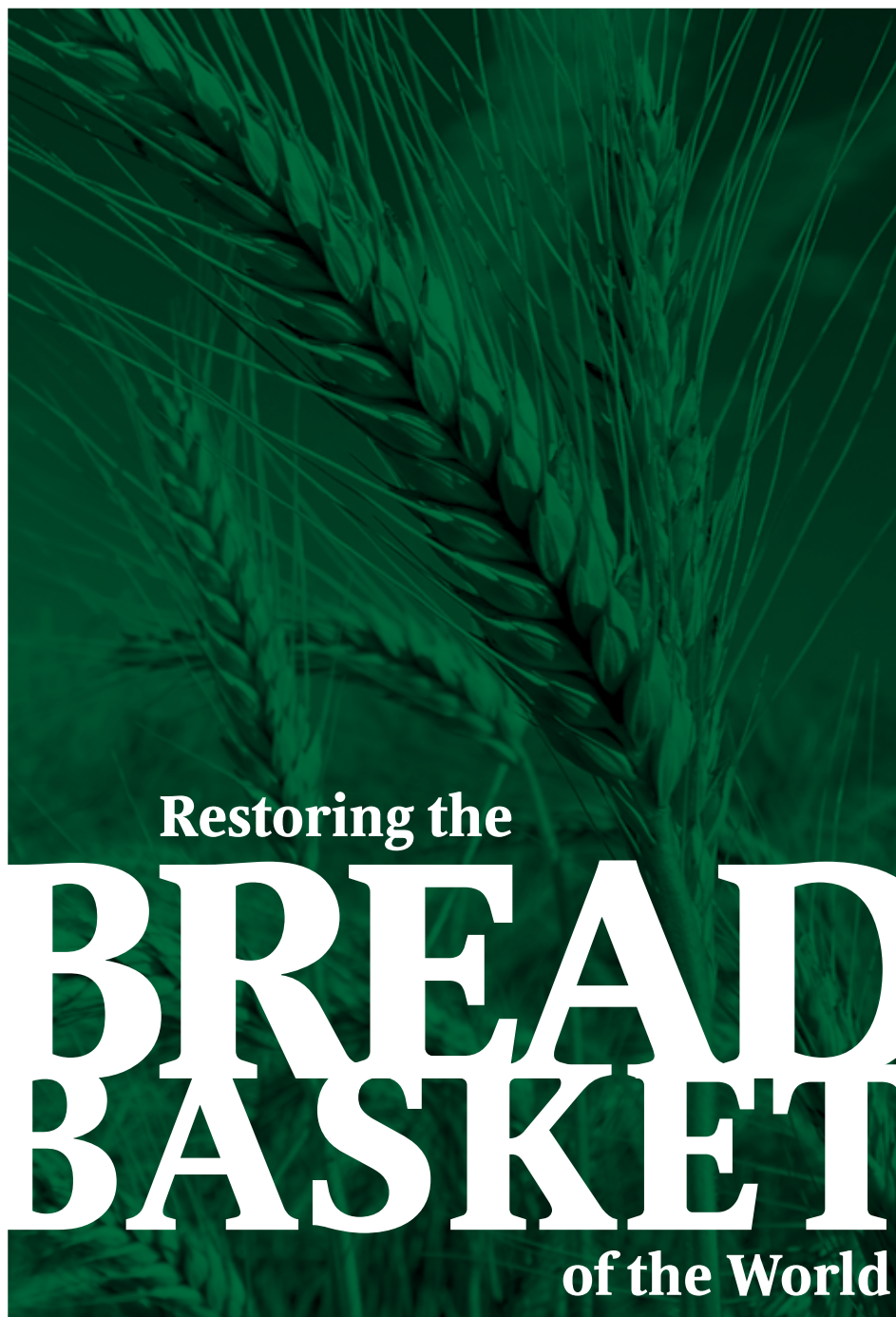




GRAIN
ALLIANCE



Restoring the

BREAD BASKET

of the World



Organization

Grain Alliance is a progressive farm operator in Ukraine. We use the latest technologies, financial management and production methods to support Ukraine's reputation as the "bread basket" of the world.

Our head office is based in Stockholm, but all operational activities take place in Ukraine. *Grain Alliance* is the 100% owner of the Ukrainian subsidiaries. We don't have management companies or intermediaries. The company is managed in a reliable traditional way — by the elected board and the executive management team. Transparent and simple structure is our priority.



Grain Alliance was founded on February 26, 1998, when American entrepreneur Alex Oronov established “The Harvest Moon East Ltd” (*HME*). Initially the company was a tillage services provider for agricultural producers, but in summer 1998 we started cultivating 2,000 hectares of leased land. The area was constantly increasing and in 2008 the total cultivated lands reached more than 27,000 hectares.

In May 2008 the founder of *HME* joined his forces with the Swedish-Ukrainian team and created a new entity — *Grain Alliance*, which acquired several farms in the Poltava region. During summer 2008 *HME* was bought out. The companies were merged into one organization under the *Grain Alliance* brand name in December 2009. All of this created a solid platform for further growth, expansion and development of the company. New equipment was added to the production process, as well as more efficient agricultural practices and up-to-date financial management systems were introduced.

Currently *Grain Alliance* cultivates 47,000 hectares. This territory is expanding continuously.





Johan Claesson

Chairman of the board

Mr. Claesson is the Chairman of the Boards of *Claesson & Anderzén AB*, *CA Fastigheter AB*, *Alufab Ltd*, *K3Business Technology Group PLC* and *Leeds Group PLC* and *Catella AB*. He is the third generation of the Claesson family acting as owner and executive

Chairman of *Claesson & Anderzén AB*. Johan Claesson has been the Chairman of *BZK Grain Alliance AB* since May 2008.



Alex Oronov

Founder

Mr. Oronov has a rich experience in agricultural business, as well as an extensive background in real estate sales and development. He has also been successfully investing and operating the Ukrainian agriculture sector since 1994.

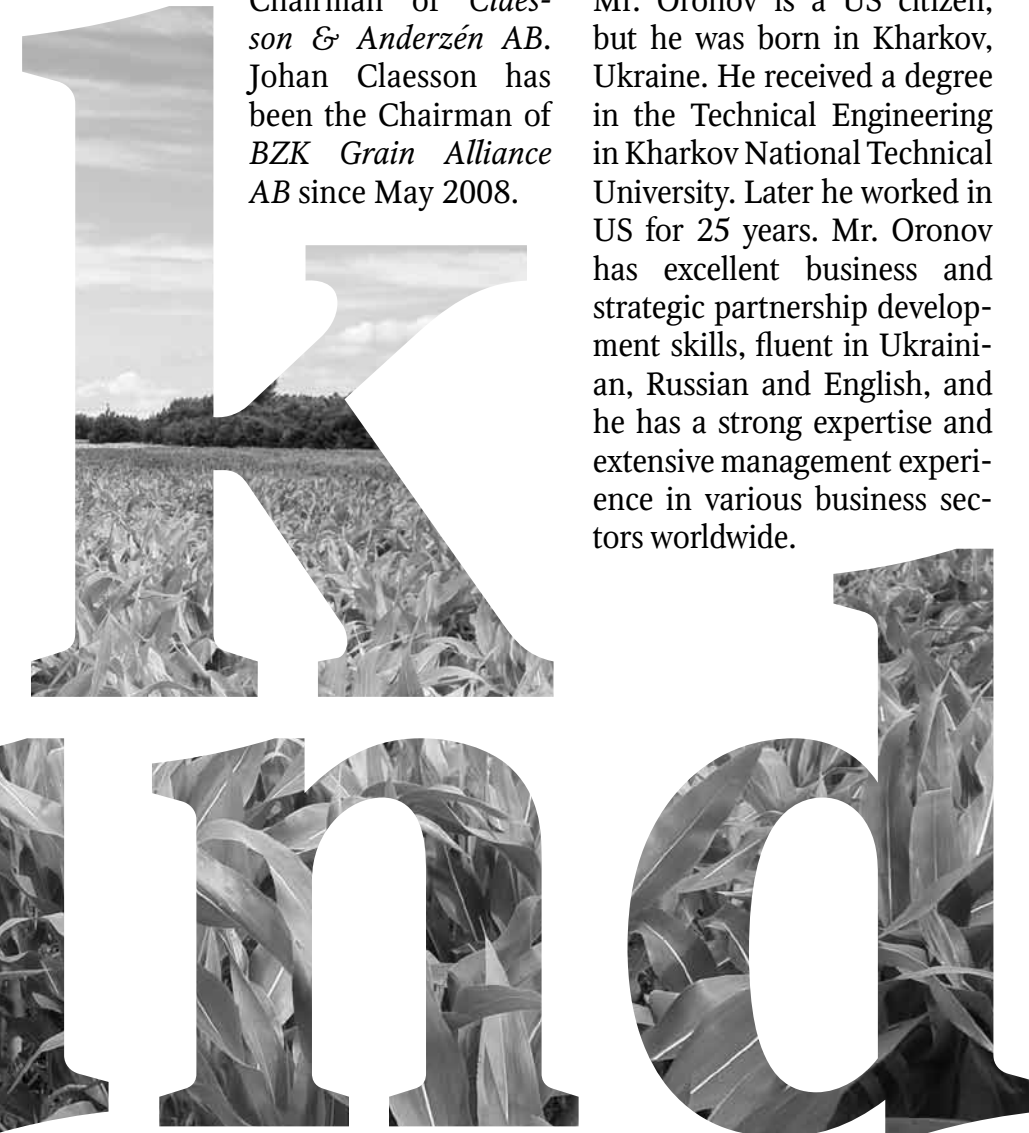
Mr. Oronov is a US citizen, but he was born in Kharkov, Ukraine. He received a degree in the Technical Engineering in Kharkov National Technical University. Later he worked in US for 25 years. Mr. Oronov has excellent business and strategic partnership development skills, fluent in Ukrainian, Russian and English, and he has a strong expertise and extensive management experience in various business sectors worldwide.



Evgeniy Radovenyuk

CEO

Mr. Radovenyuk has previously been the CFO of the agricultural company *Harvest Moon East* and the bioethanol production company *KoronAgro*, where he was in charge of investment planning, financial modeling and analysis, business planning and financial management. Mr. Radovenyuk was a partner at *Branan Consulting* where he carried out and managed consulting projects in Ukraine and Russia. He has several academic degrees from the National Academy of Management in Ukraine (M.Sc. Enterprise Economy and Financial Management), the Irish Management Institute (Enterprise Restructuring Program Certificate), the Kharkov State Polytechnic University, Post-Graduate School in Ukraine (Ph.D. Enterprise Development Management), the Kharkov State Polytechnic University in Ukraine (M.Sc. System Analyst).



Operations

The central organization of *Grain Alliance* is based in the Berezan village (about 80 kilometers away from Kyiv). The agricultural production is divided by 5 regional clusters, cultivating between 8,000 to 12,000 hectares each. Regions are equipped with modern agricultural machinery and the short distance between the regions enables a more efficient usage of the technical capacity.

Crops

Grain Alliance's goal is to have a production mix that guaranties decent sustainable returns and does not exhaust the land.

So far *Grain Alliance* produces wheat, corn, soybean, sunflower and other crops like spelt, oats, barley and pumpkin. We expand soybean and other legumes production, which restores and enriches soil.

Yields

Grain Alliance has managed to increase yields during the recent years. We expect to increase it further as we invest into knowledge, seeds, macro and micro fertilizers, machinery and other essential agricultural inputs.

Our laboratory is also an important component in the process of achieving sustainable yields improvement.

Grain Alliance achieves yields that are well above the Ukrainian average.

Business Concept

Grain Alliance generates profit by increasing productivity and efficiency in Ukrainian agriculture. Best practices, modern equipment and strict financial control make this possible.

Since the very beginning *Grain Alliance* has created a solid organization, which can efficiently run a large scale of agricultural operations.

The strategy to reach our business goals is focused on the following:

Maintain long term profitability;

Limited geographical area;

Diversified set of crops;

Financial management and internal control;

Expansion for the economy of scale.

Sustainable agriculture

In order to maintain long term profitability *Grain Alliance* runs a sustainable agriculture. The company has an in house laboratory, which monitors and measures the quality of lands. There are only a few of such laboratories in Ukraine. By continuously analyzing soil, agronomists scientifically approve what kind of fertilizer to use and in which quantity for each crop.

Grain Alliance can react in time to prevent problems such as increased acidity. This information is also used in the long term production planning, avoiding soil exhaustion. In addition *Grain Alliance* management information system provides full traceability of all crops grown. We can follow exactly from seed to plant, which operations has been carried out, which quantities of fertilizer and pesticides have been used, when, with which piece of equipment, etc. That's how we ensure that we follow all environmental regulations and recommendations.

Information technologies

Grain Alliance has developed and implemented up-to-date management information system (MIS) allowing for an efficient large-scale farm management.

The system plays the role of informational fence around the farm. It provides the full scope of information from field operations to IFRS reporting. The MIS provides full traceability and transparency of all operations in the company, including usage of materials, machinery and equipment, grain flow via dryers and grain elevators, covers the whole value chain of the company and the whole management cycle “Planning-Doing-Controlling-Analyzing”.

Storage

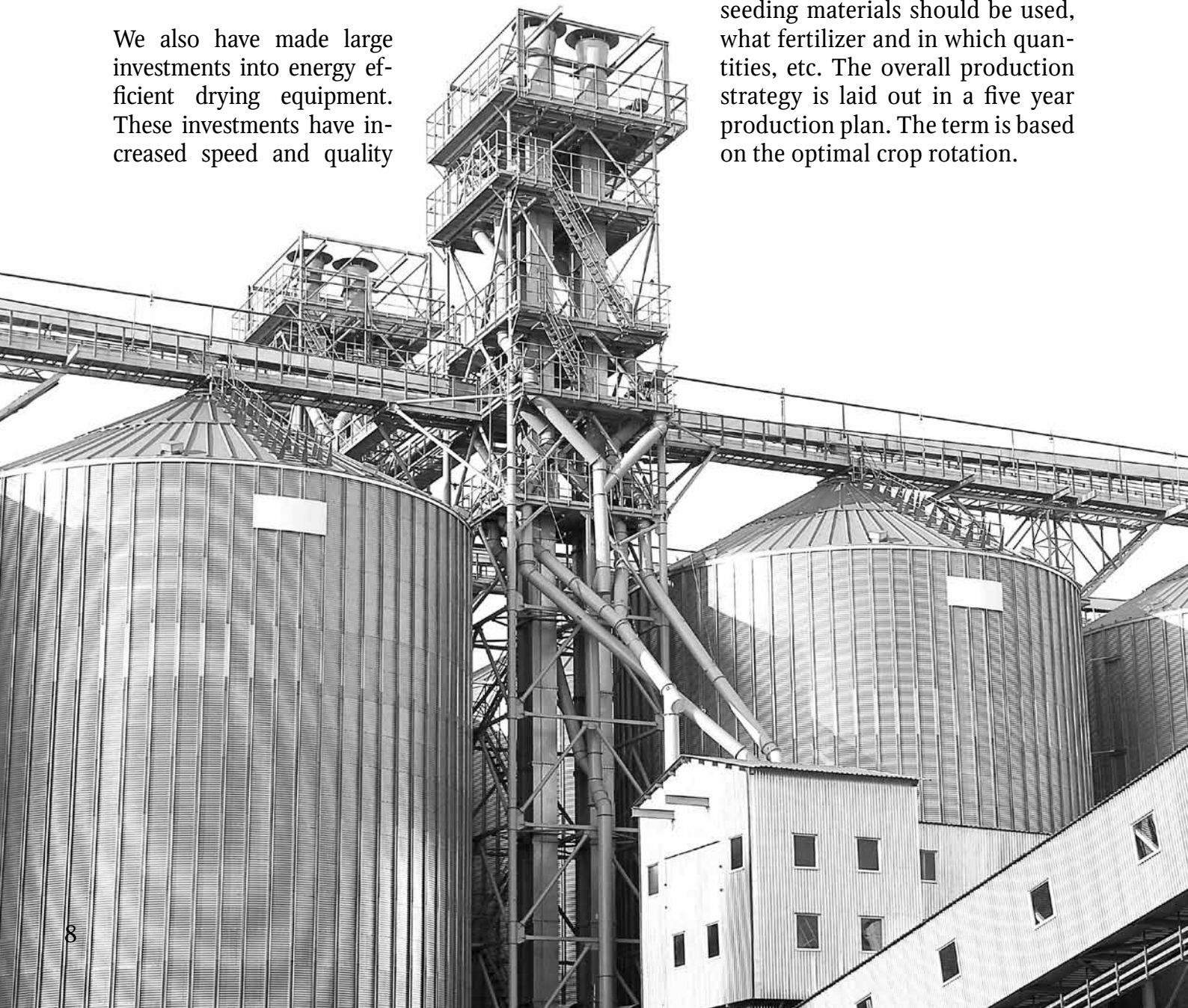
Since 2008 *Grain Alliance* has focused on expanding and enhancing the storage facilities. In 2010 a completely new elevator was erected in the Poltava region.

Grain Alliance has five grain elevators with a total drying and storage capacity of 183,000 tons divided on elevators in Berezan — 43,000 tons, Barishevka — 18,000, Yagotin — 58,000, Piryatin — 53,000 and Yarmolynsi — 11,000. Three of the grain elevators have railroad access and the capacity can easily be expanded. *Grain Alliance* can also store approximately 33,000 tons of grains in traditional on farm storage facilities.

We also have made large investments into energy efficient drying equipment. These investments have increased speed and quality

of drying. Reduced costs and green house gas emission. During the peak of the season *Grain Alliance* can dry 4,000 tons of grains per day.

All *Grain Alliance* operations are planned and controlled by the central office. All agricultural production plans are based on in-depth soil analysis, based on which the agronomists decide on which crops to grow and where, what seeding materials should be used, what fertilizer and in which quantities, etc. The overall production strategy is laid out in a five year production plan. The term is based on the optimal crop rotation.



Plants

Grain Alliance launched the grain cleaning and calibration plant in 2012. This was a new phase of our company development as we stepped into production of seeds and food grains. The capacity of the plant is 30 000 tons per annum. It allowed us to produce high-quality seeds for own needs and for sale on the market to develop joined seeds program with Canadian suppliers and to start selling food soybeans to Japanese and European markets.

As a result of agricultural knowledge base development, Grain Alliance set up this year own production line for seeds treatment with macro and micro fertilizers, pesticides and stimulators of growth. This plant enhances our capability in further yields growth.



Financial strategy

Grain Alliance has a clear and detailed strategy which allows us to reach yearly financial goals successfully.

Our strategy includes:

- Experienced local management and clear business processes — we are a company of professionals and we know how to work efficiently;
- Strong expertise — we don't need to “reinvent the wheel”;
- Best practices — accumulation of the best worldwide experience;
- “Fail to plan — plan to fail” principle;
- “What is not measured is not managed” principle;
- Integrated IT — innovative technology is a part of all processes;
- Sustainability;
- Active corporate social responsibility policy;
- Constantly development of the cultivated areas.

Storage capacity *as of October 01, 2015*

Year	Elevators	Region	Storage capacity, tons	Storage type
2015	Baryshevka	Kyiv	18,000	Flat warehouses
	Berezan	Kyiv	43,000	Steel silos & flat warehouses
	Yagotin	Kyiv	58,000	Steel & concrete silos
	Piryatin	Poltava	53,000	Steel silos
	Yarmolyntsi	Khmelnitsky	11,000	Steel & concrete silos
TOTAL	—	—	183,000	—
2016	Nizhin	Chernigiv	22,000	Steel silos
	Piryatin	Poltava	22,000	Steel silos
SUBTOTAL	—	—	227,000	—

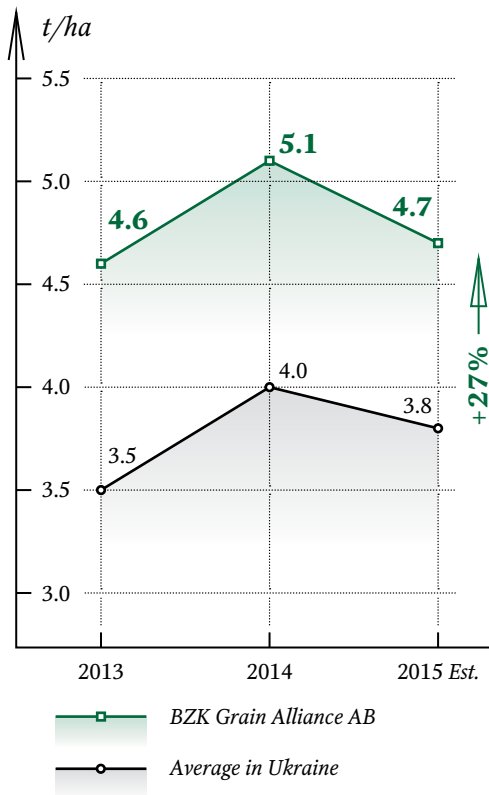
Operational performance 2013–2015

* Operational cycle begins since July 15th (work in progress) and ends with full grain sales.
** As of December, 31

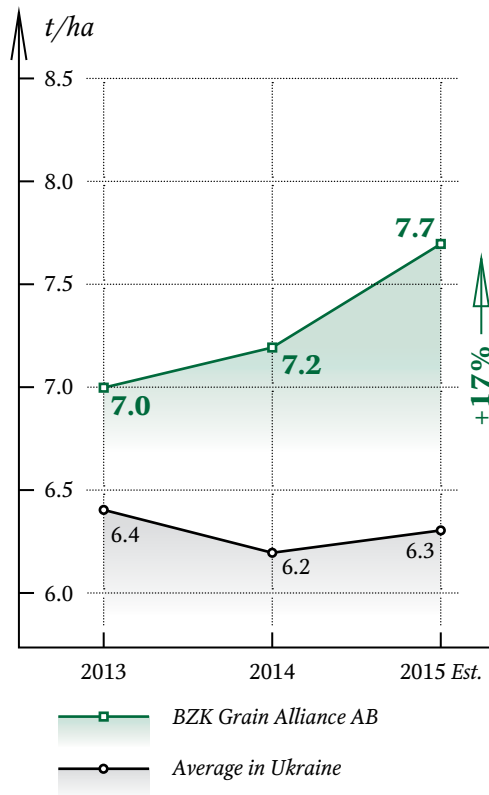
Item	Units	2013	2014	2015 <i>Est.</i>
Sowing area – total,	ha	41,273	43,157	45,130
<i>incl.</i> , winter wheat	ha	4,256	4,277	9,019
sunflower	ha	11,993	15,896	13,787
corn	ha	19,992	16,029	12,548
soy	ha	3,971	6,003	6,612
other crops	ha	1,060	952	3,165
Harvest gross – total,	tons	198,257	191,736	195,444
<i>incl.</i> , winter wheat	t/ha	4.6	5.1	4.7
sunflower	t/ha	2.5	2.7	2.7
corn	t/ha	7.0	7.2	7.7
soy	t/ha	2.0	1.8	2.6
other crops	t/ha	—	—	—
Net revenue* (w/o VAT)	MUAH	326.8	652.6	781.5
	MUSD	40.8	41.4	31.3
EBITDA*	MUAH	70.7	415.8	313.5
	MUSD	8.8	26.4	12.5
Net Profit*	MUAH	42.4	243.0	200.2
	MUSD	5.3	15.4	8.0
Exchange rates**	UAH/USD	8.0	15.8	25.0

Local warehouses capacity, tons	Drying capacity, t/day	Railroad location	Shipment capacity, t/day
—	400	On site	400
3,000	1,000	On site	1,000
6,000	1,000	8 km	800
16,000	1,000	On site	1,400
3,000	600	5.5 km	800
28,000	4,000	—	4,400
—	1,000	On site	1,000
<i>the same</i>	<i>the same</i>	<i>the same</i>	<i>the same</i>
28,000	5,000	—	5,400

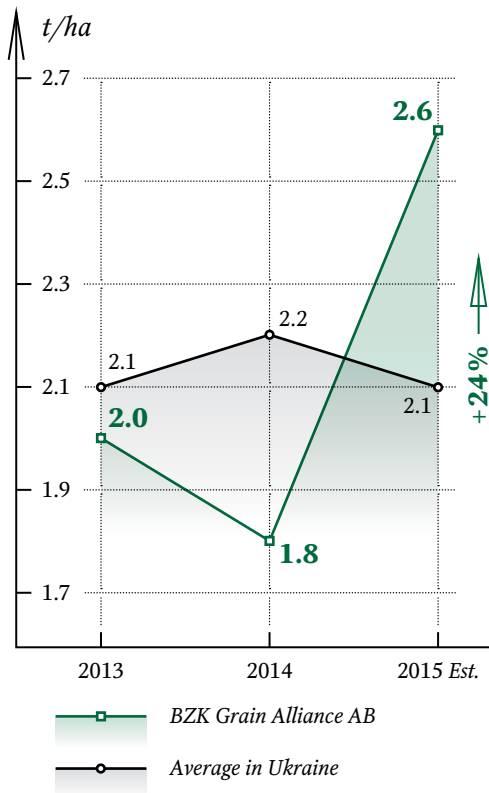
Winter wheat yields



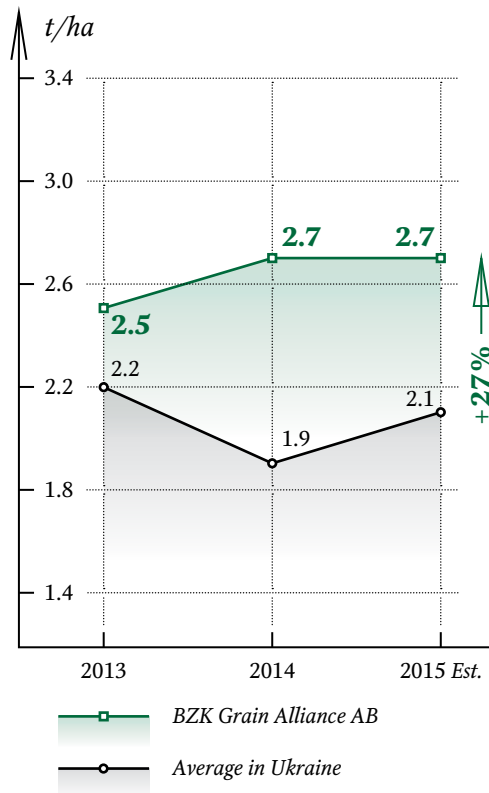
Corn yields



Soy yields



Sunflower yields



Geography of operations

Grain Alliance strategy is to cultivate and operate as efficiently as possible in a concentrated geographical area. The radius between the farms is approximately 80 km. Close proximity reduces the cost of transporting tractors, harvesters between fields. Drying and storage facilities can also efficiently service existing farmsteads. *Grain Alliance* aims to create economies of scale and a long term reduction of fuel consumption by having a high geographical concentration of all operations.



Grain Alliance

Next steps of *Grain Alliance*

Grain Alliance is pursuing its future development and reaching all of its ambitious goals.

In the nearest 3–5 years, we intend to:

- expand our cultivated area up to 100,000 hectares;
- double our storage capacity up to 400,000 tones;
- achieve 1,000,000 tons in grain turnover;
- focus on trade transactions development and establishing direct export supplies;
- continue developing production of soy and wheat seeds;
- new food grade quality grains development: food soybeans, pumpkin seeds, dry beans, oilseeds, spelt, etc.

Ukraine possesses some of the world's richest black soils, the so-called "chernozem". Around 25 percent of global black soil assets are in Ukraine. We are ready to increase productivity and efficiency of the Ukrainian agriculture by implementing the best European practices, applying modern equipment and introducing strict and transparent operational and financial control.



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