

Avangardco Investments Public Limited UK Scheme of Arrangement

On 17 September 2015, Avangardco Investments Public Limited (the “**Company**”) applied to the High Court of Justice in England and Wales (the “**Court**”) to request the Court to sanction (i) the waiver of certain events of default under, and (ii) the amendment and extension (the “**Amendments**”) of its US\$200 million 10.0% Notes due 2015 (ISIN: XS0553088708) (the “**Notes**”) issued under a trust deed dated 29 October 2010 (the “**Trust Deed**”) by way of a UK scheme of arrangement pursuant to Part 26 of the Companies Act 2006 (the “**Scheme**”). All capitalized terms used but not defined herein shall have the meaning given to them in the Trust Deed.

The initial Court hearing to consider the Scheme application is scheduled for 24 September 2015 (the “**Convening Hearing**”). To the extent the Court accepts jurisdiction to hear the Scheme at the Convening Hearing, the holders of the Notes (the “**Scheme Creditors**” or “**Noteholders**”) shall be invited to attend and vote at a Scheme creditors’ meeting (in person or by proxy) convened on or about 22 October 2015 to consider and, if thought fit, to approve the Scheme (the “**Creditors’ Meeting**”). To the extent (i) a majority in number and (ii) at least three-quarters of the nominal value of the Notes present and voting at the Scheme Meeting vote in favour of the Scheme, application will be made to the Court to sanction the Scheme at a second Court hearing (the “**Sanctioning Hearing**”), scheduled for 26 October 2015. If the Court grants an order sanctioning the Scheme (the “**Sanction Order**”) at the Sanctioning Hearing, the Company will file the Sanction Order with the UK Registrar of Companies on the date of the Sanctions Hearing, whereupon the Scheme shall become binding on all Scheme Creditors whether or not they vote in favour of the Scheme at the Creditors’ Meeting.

In September 2015, the Company entered into confidential discussions with certain Noteholders in connection with the Scheme. As a result of such discussions, as at the date hereof, Noteholders which together hold approximately 36% by value of the principal amount outstanding of the Notes have entered into a lock-up agreement dated 17 September 2015 with the Company by which they have agreed to vote in favour of the Scheme (the “**Lock-up Agreement**”). All holders of Notes that accede to the Lock-up Agreement and validly vote in favour of the Scheme by not later than 5 p.m. (London time) on 15 October 2015 (the “**Early Participation Time**”) will receive an early participation fee of 2.5% of the outstanding principal amount of the Notes beneficially owned by that Noteholder voted in favour and all noteholders that accede to the Lock-up Agreement and validly vote in favour of the Scheme after the Early Participation Time by not later than 5 p.m. (London time) on 20 October 2015 will receive a participation fee of 0.5% of the outstanding principal amount of the Notes beneficially owned by that Noteholder voted in favour, in each case, on 29 October 2015.

Scheme Amendments

If the Scheme is sanctioned and becomes effective the following amendments will be made to the terms and conditions of the Notes:

	Pre-Scheme	Post-Scheme
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Maturity	29 October 2015.	29 October 2018 (the “ Amended Maturity Date ”).																					
Principal Redemption	100% on 29 October 2015.	100% on the Amended Maturity Date.																					
Coupon	10% payable semi-annually in arrears on 29 April and 29 October of each year, commencing 29 April 2011. 100% payable in cash.	10% payable semi-annually in arrears on 29 April and 29 October of each year, commencing 29 April 2016, but subject to the following payment in kind (“ PIK ”) and cash payment provisions:																					
		<table border="1"> <thead> <tr> <th>Interest Payment Date</th> <th>PIK Interest %</th> <th>Cash Interest %</th> </tr> </thead> <tbody> <tr> <td>29/04/16</td> <td>75</td> <td>25</td> </tr> <tr> <td>29/10/16</td> <td>75</td> <td>25</td> </tr> <tr> <td>29/04/17</td> <td>50</td> <td>50</td> </tr> <tr> <td>29/10/17</td> <td>50</td> <td>50</td> </tr> <tr> <td>29/04/18</td> <td>25</td> <td>75</td> </tr> <tr> <td>29/10/18</td> <td>0</td> <td>100</td> </tr> </tbody> </table>	Interest Payment Date	PIK Interest %	Cash Interest %	29/04/16	75	25	29/10/16	75	25	29/04/17	50	50	29/10/17	50	50	29/04/18	25	75	29/10/18	0	100
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29 October 2015 Interest Payment	5% coupon payable in cash on 29 October 2015 (representing the semi-annual payment of the existing 10% coupon).	The 5% coupon payable on 29 October 2015 (representing the semi-annual payment of the existing 10% coupon) to be paid as follows: (i) 2% to be paid in cash on 29 October 2015 as a regular coupon payment by the Paying Agent and (ii) 3% to be paid as PIK on 29 October 2015.																					
Covenant Package	Existing covenants only apply, including Condition 5.1 (Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock) and Condition 5.2 (Limitation of Restricted Payments).	The covenants set forth in Condition 5 (Covenants) shall be amended so that the following new covenants shall apply: “(i) prohibition on: (a) any Restricted Payment; (b) any Investments made in: (x) any Affiliate of any Group Company that is not a Group Company; (y) UkrLandFarming PLC or any of its Subsidiaries or any Affiliate of UkrLandFarming PLC that is not a Group Company; or (z) any Permitted Holder or Affiliate of a Permitted Holder that is not a Group Company ((x)-(z) each a “ Related Entity ”); (c) the repayment of any Indebtedness owed by any Group Company to any Related Entity; and (d) the incurrence of Indebtedness from any Related Entity that is not fully subordinated to the Notes unless the proceeds of such debt is used to redeem the Notes at par, <i>provided that</i> , this prohibition does not restrict any Group Company from making any maintenance capex in the ordinary course. (ii) prohibition on payments to related party financial institutions. Otherwise, no changes.																					
Sureties/Guarantees	Existing suretyships granted by the Notes Sureties remain in force.	All sureties under the UkrLandFarming PLC US\$500 million 10.875% notes due 2018 (the “ ULF Notes ”) that are subsidiaries of the Issuer but which are not Sureties to be added as Sureties. Otherwise, no changes.																					
Security	The creation of new Liens over	Prohibition on the creation of new Liens over																					

	Group assets to secure Financial Indebtedness permitted to the extent provided under Condition 5.4.	Group assets to secure Financial Indebtedness. For the avoidance of doubt, existing Liens shall be permitted to remain in place. Otherwise, no change.
Other	Quorum and voting requirements for 'Basic Term Modifications' are 90% and 90%, respectively.	Quorum and voting requirements for 'Basic Term Modifications' in respect of the Notes to be 75% and 75%, respectively, to ensure conformity with the equivalent provisions of the ULF Notes.

Scheme Waiver

Certain payment defaults have occurred under the following bank facilities under which the Company is a borrower or guarantor:

- a facility agreement related to a buyer credit facility of up to €23,677,285.98 dated 9 August 2013 among (i) the Company as borrower, and (ii) Intesa Sanpaolo S.p.A London Branch as lender, mandated lead arranger and agent (the “**Intesa Facility**”);
- a credit agreement dated 27 March 2013 among (i) Public Joint Stock Company “Rise” as borrower, (ii) UkrLandFarming PLC and the Company as guarantors, (iii) Private Joint Stock Company “Rise-Maksymko” as obligor, (iv) Private Export Funding Corporation as lender, (v) Deutsche Bank AG, New York Branch as arranger and (vi) Export-Import Bank of the United States (“**PEFCO Facility 1**”); and
- a credit agreement dated 13 September 2013 among (i) Public Joint Stock Company “Rise” as borrower, (ii) UkrLandFarming PLC and the Company as guarantors, (iii) Private Joint Stock Company “Rise-Maksymko” as obligor, (iv) Private Export Funding Corporation as lender, (v) Atrafin LLC, DBA American trade & finance Co. as Arranger and (vi) Export-Import Bank of the United States (“**PEFCO Facility 2**” and together with PEFCO Facility 1, the “**PEFCO Facilities**”).

Total indebtedness in an aggregate amount of US\$40,859,242.89 is currently outstanding under PEFCO Facility 1 and principal in an aggregate amount of US\$4,980,647.80 is currently overdue thereunder. Total indebtedness in an aggregate amount of US\$17,405,042.31 is currently outstanding under PEFCO Facility 2 and principal in an aggregate amount of US\$1,740,504.23 is currently overdue thereunder. Total indebtedness in an aggregate amount of €21,468,495.2 is currently outstanding under the INTESA Facility and prior to the payment of all overdue amounts thereunder in full on 16 September 2015, principal in an aggregate amount of €536,178.23 was overdue thereunder. The Issuer is currently in discussions with the lenders under the PEFCO Facilities with a view to extending the term of the PEFCO Facilities.

Such non-payment of amounts under the PEFCO Facilities and the Intesa Facility has triggered Events of Default under Condition 11.1(e)(i) of the Notes. Consequently, the Company has requested in the Scheme that holders of Notes waive any Event of Default that has occurred or may occur under Condition 11.1(e)(i) of the Notes that is directly

attributable to a Payment Default under the PEFCO Facilities or the Intesa Facility, provided that such waiver shall terminate upon the acceleration prior to its expressed maturity or other demand for payment of any Indebtedness for money borrowed by (or guaranteed or covered by a suretyship of) the Issuer or any of its Restricted Subsidiaries (the “**Waiver**”). If the Scheme is sanctioned and becomes effective, the Waiver shall become binding on all Noteholders. If the Scheme is not sanctioned the Waiver shall not become effective.

The Company understands that non-payment of amounts of interest and/or principal when due and payable has also occurred under certain credit facilities under which UkrLandFarming PLC (or its restricted subsidiaries) is a borrower, guarantor and/or surety and that, as a result of such payment defaults, events of default have occurred and are continuing under Condition 10(c)(i) of the ULF Notes. The Issuer and certain of its Restricted Subsidiaries are guarantors and sureties under the ULF Notes and, therefore, any acceleration thereof would trigger an Event of Default under Condition 11.1(e)(ii) of the Notes. The ULF Notes have not been accelerated and no request is made in the Scheme to waive any Event of Default that may occur as a result of any acceleration of the ULF Notes.

Certain information about the Company, the Scheme, the Waiver, the Amendments and the Group’s current acute shortage of liquidity has been included in a Practice Statement Letter dated 17 September 2015 prepared in connection with the Scheme. You may access the Practice Statement Letter and other information in relation to the Scheme made available from time to time on the following website upon providing appropriate certifications: <http://sites.dfkingltd.com/avangard>. For further information please contact D.F. King Ltd.

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