

OPERATIONAL UPDATE

OCTOBER - NOVEMBER 2015

December, 2015

- ❖ MRIYA Agro Holding has completed the harvest by threshing the latest crops. Specifically, the company harvested corn on 12,400ha and soybeans on 19,170ha. “MRIYA’s” gross yield in 2015 was around 320,000 tons, harvested on over 120,000ha.
- ❖ The company has finished sowing winter wheat on 61,400ha for the 2016 harvest and winter rapeseed on 20,600ha. Thus, “MRIYA” completed its plan for the autumn sowing on 82,000ha in Ternopil, Khmelnytskyi, Chernivtsi, Ivano-Frankivsk, Lviv and Rivne oblasts.
- ❖ An operational organizational restructuring is under way with the focus on optimal scaling of production units (“clusters”) and implementation of transparent and standardized business processes
- ❖ MRIYA has repaid \$15 million of principal from the \$25 million Working Capital facility it raised in June 2015. The balance of \$10 million is extended until 31 January 2016, with possible extension for repayment until 28 February 2016, subject to approval by the Working Capital providers.
- ❖ MRIYA Agro Holding has resumed cooperation with “Raiffeisen Bank Aval” for lease of agricultural equipment.
- ❖ Negotiations on restructuring legacy debt portfolio continue and creditors are in the process of reviewing and approving the terms of the debt restructuring proposal.

Winter crops 2015/16 - Sowing

<i>Crop</i>	<i>Sown, kha</i>	<i>Total planned*, kha</i>	<i>%, Completion</i>
Wheat	61,4	60,6	101%
Rape	20,6**	20,6**	100%
Total	82,0	81,3	101%

* Total planned area reduced from 97,4kha to 81,3kha due to the land bank rationalization

** Forecast of area for harvest 12.1kha – see last comment

Comments

- Winter rape and winter wheat sowing completed.
- An area of 0,8ha of winter wheat were sown above plan following: (1) favorable weather conditions in the regions where the company sows late winter crops; (2) the fact that in Ukraine there were only 90% of planned areas sown which could lead to a deficit of wheat.
- In the first weeks of October temperatures decreased suddenly to below zero (up to -6C for two days). This early frost in combination with dry weather conditions led to estimated loss of up to 8,500ha of rapeseed which was in early stages of development. The company plans to re-sow lost rapeseed areas in spring with sunflower.

Spring crops - Harvest update

<i>Crop</i>	<i>Harvested, kha</i>	<i>Total planned, kha</i>	<i>%, plan vs fact</i>
Mustard	4,2	4,1	102%
Buckwheat	2,9	3,8	76%
Potato	0,5	0,5	100%
Soya	18,6	20,8	89%
Sunflower	18,9	19,1	99%
Corn	12,3	12,7	97%
Total	58,0	61,0	95%

<i>Crop</i>	<i>Actual yield, mt/ha</i>	<i>Planned yield, mt/ha</i>	<i>Yield difference</i>	<i>Total harvest, thd mt</i>
Mustard	0,44	0,80	-45%	1,9
Buckwheat	0,51	1,20	-58%	1,5
Potato	19,25	24,80	-23%	8,9
Soya	1,02	2,00	-49%	18,9
Sunflower	2,06	2,00	3%	39,0
Corn	4,43	6,50	-32%	54,3

Comments

- Spring crops harvesting is fully completed.
- Mustard and buckwheat were sown as “cropped” fallow land to secure land bank and to prepare fields for subsequent season sowing (costs of growing are comparable with costs of fallow land maintenance) and only economically profitable fields were harvested
- Harvested sunflower area is slightly below plan due to previous management actions causing loss of parts of cropped land
- Main target of potato seeding in 2015 was to secure seeding materials for the next season and target completed. Actual yield was below plan due to exceptional dry weather in the region
- This season’s yields of soya and corn are unsatisfactory throughout the country due to an extensive heat wave in summer resulting in a lack of precipitation
- In line with country’s trend Mriya’s corn and soya actual yields are below plan due to the weather conditions.

Sales volumes shipped

Crops	Shipped Oct 2015 thd mt	Shipped Nov 2015 thd mt
Grains	31,57	27,82
Oilseeds	24,03	17,86
Other	4,43	3,34
Total	60,03	49,03

Crops	Shipped Oct 2015 thd mt	Shipped Nov 2015 thd mt
Export	41,10	31,55
Domestic sales	18,95	17,48
Total	60,03	49,03

Inventory for selling - Volume in elevators

Crops	As of 31 Oct, thd mt	As of 30 Nov, thd mt	Change of inventory, thd mt
Grains	74,77	50,75	-24,02
Oilseeds	25,38	16,48	-8,90
Other	5,11	2,50	-2,62
Total	105,26	69,72	-35,54

Comments

- Mriya is working with all major multinational traders (Louis Dreyfus/ADM/Glencore/BTG/VAIT) for wheat, rape, soya and corn for export of its products
- Company sold major part of its harvest for delivery in Q4 2015 to reduce working capital needs
- Inventory belongs to the group's newly created trading companies which have no liabilities to legacy creditors and is pledged to the W/C lenders
- Volume and quality of soya are below expected levels due to unfavorable weather conditions
- Corn volumes are below plan in line with lower yield
- Prices are within forecasted range