Black Earth Farming at a Glance

• On Feb 13 2017 Black Earth Farming enters into agreement to sell its Russian operations and announces intention to propose distribution of proceeds to shareholders and initiate a voluntary liquidation of the company.
  – Estimated price for the Russian subsidiaries is USD 184mn in cash
  – Final outcome is subject to changes in liabilities and certain price adjustments following completion
  – On March 23rd 2017 the agreement was approved by BEF’s shareholders
  – At the date of this report the transaction is waiting for regulatory approval
  – Following deduction of the Wrap-up Costs and additional equity contributions from warrant holders, it is estimated that approximately between USD 185,000,000 - 193,000,000 will be available for distribution to the shareholders. At an exchange rate of RUB 60.5 per USD and SEK 8.9 per USD, this corresponds to approximately between SEK 7.2 - 7.5 per Swedish Depository Receipt (“SDR”) after dilution by up to a further 18,330,000 SDR’s resulting from exercise of the Company’s outstanding warrants and long term incentive programs.
  – This corresponds to a premium of between 96.5 - 104.7% compared to the volume weighted average trading price for the three months preceding BEF’s announcement that it was in talks with potential acquires on 9th August 2016.
  – The exact amount to be distributed will depend on several variable factors such as exchange rates, market prices for crops and certain other costs.
  – The distribution to the shareholders of Black Earth Farming is expected to be made during the summer of 2017, by way of a redemption of depositary receipts, or as otherwise considered appropriate by the Board of Directors. The remaining proceeds and assets of the Company, if any, will be distributed to the shareholders as soon as possible by way of a formal liquidation procedure.

• Business profile: Efficient producer of grain and oil seeds in Russia’s Black Earth Region
  – A major land owner and producer of cereals and oilseeds in Russia’s fertile Central Black Earth region
  – 502 thousand tons production from 135 thousand cropped hectares in 2016
  – Key crops include corn, wheat, sunflower, barley and potatoes
  – Science driven approach to agronomy and farming to increase productivity and cut costs per ton
  – In-house sales and trading with export capacity and futures hedging to control value chain and manage risks

• Land: 246,000 Hectares controlled and 218,000 Hectares of owned high quality agricultural soil
  – Consolidated land bank in Russia’s Black Earth region, endowed with some of the most fertile soils in the world
  – Total controlled land bank of 246,000 hectares, with 89%, or 218,000 hectares in ownership
  – 25,000 hectares leased and 3,000 hectares in process of registration as of 31 December 2016
• Storage: 470,000 tons of storage capacity. 230,000 tons of storage capacity at railhead
  – 160,000 tons of bin storage and 70,000 of bed flat storage at railhead
  – 40,000 tons of ventilated storage on farms
  – Investment in drying capacity and storage to reduce transhipment and increase sales flexibility
  – Mostly self-sufficient in storage and processing capacity
  – 17,000 tons of root crop storage capacity

• Machinery and equipment: around 500 units of mostly western agricultural equipment
  – Modern machinery fleet including John Deere, CLAAS and Caterpillar challenger equipment
  – 70 combines, 47 trailed spreaders, 26 trailed and 37 self-propelled sprayers, 109 tractors
  – Largely self-sufficient to manage seeding and harvesting campaigns with in-house fleet
  – Fully equipped workshops and central spare part and maintenance operations

• 2016 results: USD -10.6mn net loss (USD 14.3mn net income) on declining prices and reduced seeding area
  – Average sales price decreased 17% y-o-y
  – Crop area decreased 10% due to unfavorable weather conditions
  – Blended yield (excluding root crops) down 9% y-o-y and up 23% on the 6 year average
  – Average production cost per ton is USD 91, 27.2% above 5 year average

1. 1,500 ha in Samara is recorded as investment property held for sale as of 31 December 2016.