

**APPROVED**  
GENERAL STOCKHOLDERS'  
MEETING OF UKRMILKINVEST LTD.  
Protocol №38 dated July 10, 2021

GENERAL STOCKHOLDERS'  
MEETING OF FAMILY MILK  
INVESTMENT-2 LTD.  
Protocol №5/2021 dated July 10, 2021

## **UKRMILKINVEST PROJECT INVESTMENT TERMS AND CONDITIONS**

THESE INVESTMENT TERMS AND CONDITIONS (the 'Investment Terms') have been set for investors in the Ukrmilkinvest Project (the 'Project') and contain legal details on the Project, procedure for receiving dividends and other essential information for the investor. Each potential investor shall be notified of these Investment Terms which have been approved by the General Stockholders' Meeting of Ukrmilkinvest Ltd. and Family Milk Investments-2 and shall be deemed legally binding for the Project and its investors. These Investment Terms shall not in any way substitute or amend any other legal instruments, including, but not limited to, the Statute of Ukrmilkinvest Ltd. and/or the Statute of Family Milk Investment-2 Ltd. In the event of any discrepancy between these Investment Terms and the Statute of Ukrmilkinvest Ltd. and/or the Statute of Family Milk Investment-2 Ltd., any and all provisions of the respective Statute shall supercede.

### **1. Legal Framework**

- 1.1. Ukrmilkinvest is an investment project meant to attract investment from the general public into an agribusiness and promotion of farming. The detailed information on the Project, its business model and social and commercial concept could be found at the Project's website at [www.invest.smf.org.ua](http://www.invest.smf.org.ua).
- 1.2. As presently Ukrainian law does not directly regulate projects of this nature, the Project's founders assisted by legal advisors have designed an effective structure for the Project which will:
  - allow all its participants and/or investors of the Project to cooperate in a productive manner;
  - to the extent possible, make the participation in the Project easier for its investors and protect their interests;
  - ensure the implementation of the Project's objectives.
- 1.3. The Project as a corporation is managed by Ukrmilkinvest, a limited liability holding company (State Registration Number 35861166) (the 'Holding Company'). The Holding Company will act as a platform for discussions and taking both strategic and day-to-day decisions related to the Project, including, but not limited to, the accumulation of investment contributions made by investors and their allocation to farms, supervision of the business plan implementation as amended, accumulation of revenues generated by the farms and taking decision to pay dividends to the investors.
- 1.4. The Holding Company represents three groups of investors: 1) the founders of the Project; 2) Big investors<sup>1</sup>; 3) small investors<sup>2</sup>. In addition, the participants of the Project are: (a) NGO "Ukrainian Cooperative Federation", which aims to ensure compliance with the social component of the Project concept and communication of the Project with international and national donors and donors, and (b) Charitable Foundation "Love Ukraine" involved in the implementation of the decision to own a stake in the Holding Company in the interests of family farms.
- 1.5. The interests of small investors in the Holding Company are represented indirectly through a special company - Limited Liability Company "Family Dairy Investments-2" (legal entity identification number - 44251765) (hereinafter - the Holding of Small Investors). We expect that there may be many small investors - tens or even hundreds. In order to avoid the dispersion of corporate rights in the Holding Company among a large number of participants, a separate company has been established to participate in the Small Investors Project. The small investor holding will be one of the participants of the Holding Company. If the number of small investors is so large that it will lead to cumbersome and inefficient management of the Holding of small investors, an additional company (additional companies) may be created, which will perform the same function as the Holding of small investors (for example: Holding of small investors-2, Holding small investors-3, etc.).

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<sup>1</sup> "Big investors" - see item 2.4 of the Policy.

<sup>2</sup> "Small investors" - see item 2.4 of the Policy.

1.6. The founders of the Project are represented in the Holding Company by Stoberto Holdings Limited, a company registered in Cyprus (State Registration Number HE 271398).

## 2. Principal Provisions for the Investment

2.1. An investor to the Project shall be any of the following:

- an individual of 18 years or older enjoying full legal capacity who is a Ukrainian citizen or a foreigner (subject to legal restrictions that may apply);
- a legal entity of Ukrainian or foreign registration (subject to legal restrictions that may apply)<sup>3</sup>.

2.2. The Project, its Founders, the Holding Company and the Small Investors' Holding have not made a public sale offer of corporate rights (shares in the authorized capital) and shall not be obliged to make any offer to sell any corporate rights (shares in the authorized capital) to any and all applicants who submitted an application to make an investment. Any agreement to make an additional investment contribution shall not be deemed as a public agreement or public offer.

2.3. The right to make an investment into the Project shall not be unconditional. The Project, its Founders, the Holding Company and the Small Investors' Holding shall reserve the right to set requirements for investors to the Project, which could include, but not limited, to specific requirements related to the age, reputation, property (minimum and maximum investment contributions), citizenship and/or legal origin of the investment contribution. The Project shall reserve the right to conduct due diligence of any applying investor and reject any and all applicants at the discretion of the Project and without the obligation to reveal its reasons.

2.4. The investment can be made exclusively in money, in non-cash form and in cash, in UAH (including: US dollars or euros for non-residents, subject to restrictions imposed by currency legislation). The minimum amount of investment for small investors is from 50,000 hryvnias or the equivalent of this amount in US dollars or euros (unless otherwise approved by the decision of the general meeting of members of the Limited Liability Company "Family Dairy Investments - 2"). The maximum investment for a small investor is UAH 1,400,000.99 or the equivalent in US dollars or euros. The maximum investment limit also applies if the investment is made by several persons who are legally or factually related.

2.5. Irrespective of the provisions of Section 2.4 above, the founders of the Project shall have the right to review and update the minimum and maximum requirements with respect to an investment contribution at their discretion. All current information of such requirements shall be made available to a prospective investor by an authorized officer of the Project at the investor's request.

2.6. Unless otherwise expressly agreed upon between the investor and the Project, all contributions of large investors shall be legally registered as a contribution to the authorized capital of the Holding Company. All investments of small investors shall be legally registered as contributions to the authorized capital of the Small Investors' Holding. Following the full and prompt payment of the contribution and legal actions required from the Holding Company or Small Investors' Holding, the investor shall become a legal participant of the respective company and a stockholder in its authorized capital.

2.7. All prospective large investors could contact the Project via email: [smf.invest.in.ukraine@smfua.com](mailto:smf.invest.in.ukraine@smfua.com) or phone: **+38 050 696 69 92**. Terms and conditions of such investment contributions shall be approved by the Project in an individual manner.

2.8. Prospective small investors shall do the following:

- review the investor's package available in For Investors section at the Project's website at <https://invest.smf.org.ua/>;
- fill an application form at the Project's website at <https://invest.smf.org.ua/>;
- receive a call from an officer authorized to communicate with investors (either by 'make a call' option at the website or via a chatbot);
- send copies of identifying documents and/or other documents required to vet a prospective investor;
- after the vetting procedure is complete, receive a confirmation call from an officer authorized to communicate with investors;
- receive from an officer authorized to communicate with investors a photocopy of the agreement on additional contribution and trust management agreement duly signed by the Small Investors' Holding.
- sign and send back the agreement on additional contribution to the authorized capital of the Small

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<sup>3</sup> Legal entities shall include entities established under foreign law and not deemed as legal entities by that law, but whose property, rights and obligations are legally separated from property, rights and obligations of its founders, including, but not limited to partnerships, trust funds, foundations, etc.

Investors' Holding;

- sign and send back the agreement to transfer his/her share into trust management;
- make the payment of the relevant contribution according to bank details provided (unless such contribution has already been made immediately after the receipt of documents from the authorized officer)

2.9. The procedure for additional contributions shall be governed by Article 18 of the Ukrainian Law On Limited Liability and Additional Liability Companies and the Statute of the Small Investors' Holding which provide, but not limited to, the following:

- 1) Announcement on Additional Contributions. After at least ten (10) applications from prospective investors and supporting documents have been received and the vetting procedure is complete, the General Meeting shall convene to take a decision to increase the authorized capital by the amount of additional contributions, in which prospective investors shall be listed and terms for making their respective contributions shall be set.

Following such decision, the Small Investors' Holding shall enter into a separate agreement with each investor on the additional contribution and a separate agreement on the transfer of investor's share into trust management.

- 2) Payment of the Contribution. Each potential investor duly vetted shall be provided with bank details to make a contribution to the authorized capital of the Small Investors' Holding. The Investor shall make such contribution in full and in the term set out in the decision to attract an additional contribution.
- 3) Approval of the Contribution. After the set term for making contributions is over, the Small Investors' Holding shall close the initial phase by registering the amounts received as compared to the amounts projected. After so registered and submitted, the received contributions shall be approved by the General Meeting of the Small Investors' Holding and made available at the Project's website to be then officially registered with the Unified Register of Legal Entities, Business Individuals and NGOs (the 'Register').

2.10. Transfer of Share into Trust Management.

2.10.1. With so many small investors from all around the country each of whom could not necessarily be immediately available, the day-to-day operation of the Small Investors' Holding may be severely impeded. To accumulate their voting rights to hold a general meeting and take essential decisions related to the Project, including, but not limited to, decisions to take additional contributions, allocate invested money into a particular project or pay dividends, appears impossible without each small investor's consent to transfer his/her share in the authorized capital of the Small Investors' Holding into trust management to a person specifically designated by the founders of the Project to represent interests of small investors.

2.10.2. It is agreed that the person designated to manage corporate rights of small investors shall be Korylkevych Mykhailo Danilovych, the founder of the Project and President of the Ukrainian Cooperative Federation.

2.11. The investor shall be prohibited to use information on his/her share in the Project and/or Project's identity (its name, logo, trademarks) in advertising any products or services without prior consent by the Project. Depending on the contribution made, the Project may propose investors adequate forms of marketing cooperation.

2.12. No Project's identity (its name, logo, trademarks) shall be used in election campaigns or other activities of any political parties.

2.13. Each and every person who has made the investment contribution to the Project in accordance with provisions hereunder, shall become an investor of the Project.

### **3. Provisions on Investment Management and Investment Returns**

3.1. Funds acquired by the Small Investors' Holding as a contribution from a small investor minus all the required registration fees shall be earmarked to purchase a share in the authorized capital of the Holding Company to thus indirectly represent interest of each small investor in the Holding Company.

3.2. The Holding Company shall have the right to manage funds acquired from both large and small investors in accordance with the Project's general concept, including, but not limited to, as loans to farms, purchases of equipment, maintenance works and/or other expenditures necessary for the Project to reach its objectives.

- 3.3. The project is designed to provide equal rights and opportunities for each kind of investor to have an ability to receive dividends shall after the Project begins to generate profits.
- 3.4. According to the current business model, the Holding Company shall accumulate all revenues generated by the Project. As profits begin to generate, the Holding Company shall pay dividends to large investors and transfer money to the Small Investors' Holding to subsequently pay dividends to small investors.
- 3.5. Please note, that while paying dividends to individuals (both citizens of Ukraine and foreigners) and foreign investors (both legal entities and individuals), the Holding Company and the Small Investors' Holding shall act as their tax agents and pay all taxes and fees required by Ukrainian law.

#### **4. Disclaimers**

- 4.1. An investment shall not guarantee dividends. The Project bears no liability for not generating profits. Dividends in proportion to the investor's respective share shall not be paid until and unless the profit has been made and the decision to pay dividends has been taken.
- 4.2. Each person shall take his/her individual decision to invest and thereby takes all risks related to the Project, including potential losses.
- 4.3. Management of the Project as a legal entity bears administrative costs which will be covered by funds generated by the Project (profit before dividends) or authorized capital if no profit has been made.
- 4.4. These Investment Terms shall not be construed as an offer to enter into an agreement, an agreement or any other legal instrument legally enforceable for any individual or entity. Prior to entering into an agreement where he or she is a party, each investor shall read its draft, founding documents of the Holding Company and the Small Investors' Holding, decisions taken by their respective general meetings, Project's business plan and/or any other information provided at the Project's website.
- 4.5. Before the investment is made, the Project will vet each prospective investor to certify he or she complies with its requirements. Such vetting procedure shall be determined solely by the Project. To vet an investor, the Project will collect and process personal data of the prospective investor upon his/her consent. A refusal of a prospective investor to undergo the vetting procedure, including, but not limited to, his/her refusal to provide documents required for vetting, shall cancel his/her application to participate in the Project. A bank or any other financial institution involved in the Project may require additional financial monitoring of their own.
- 4.6. No provision herein shall be construed as a legal, financial, investment or tax recommendation given to any person or entity. If a person or entity intends to make an investment in the amount personally substantial we strongly suggest that such person or entity receives prior expert advice on the investment, its viability, as well as its legal and tax implications.
- 4.7. The investors shall hereby agree that their contribution shall be deemed as a passive investment in the Project with further potential investment revenues and shall not result in his/her participation in the Project's management. Small investors shall agree to restrain from date-to-date management of the Project by transferring their respective shares in the authorized capital of the Small Investors' Holding into trust management.
- 4.8. The investors shall hereby agree that some information pertaining the Project may be deemed confidential. The investors shall agree to maintain any information obtained otherwise than from public sources (including, but not limited to, Project's website, public databases, etc.) confidential. The investors are entitled to obtain information directly related to legal entities to which they are parties, but may be restricted in obtaining information pertaining other legal entities which are parties to the Project. Any information with restricted access shall be provided, upon request, to any investor subject to the approval granted by the person holding such information and may require a separate confidentiality agreement between such investor and such person.