To: OCCRPR
Re: Reply to request of 7 March 2016

March 22, 2016

Dear Sirs,

We act as the financial advisers to shareholders of Roshen with respect to the sale of the company. In such capacity we were asked to comment on your request dated March 9, 2016. In such capacity we were asked to comment on your request of 7 March 2016. Please see below our comments to questions you raised in the request.

1. The terms and conditions of the trust have been agreed with the trustee. The trust will be “blind” and irrevocable. The beneficiary of the trust will not have access to information in respect of the assets and will not be able to give any binding instructions to the trustee.

   Actual transfer of assets into trust requires compliance with extensive set of legal formalities, which the legal counsel currently handles.

2. Since 2005, all Mr. Poroshenko’s assets have been put in a Ukrainian independently managed fund Prime Asset Capital and, accordingly, he is indicated as the UBO of this fund. Mr Poroshenko does not own the company which manages the fund, i.e. the business of the fund is actually managed by an independent manager. This structure is the closest achievable equivalent, within Ukrainian legislative framework, of a trust mechanism.

3. ICU and Rothschild as financial advisers have been engaged with a sole purpose to sell the business of Roshen. In addition to this, a top-ranked Ukrainian law firm has been engaged to manage pre-sale restructuring of Roshen group.

   However, under economic and political circumstance that has been prevailing over the past 18 months, it proved hard to find a buyer for the entire business of Roshen group. While there has been extensive interest in the asset, there has been little action because potential buyers are extremely cautious in the currently highly volatile geo-political and economic environment and prefer a wait and see approach. This has manifested itself not only in impossibility to sell Roshen but in overall lack of inflows of foreign capital into Ukraine in general that has plummeted from over US$ 10 billion in 2007 to around US$ 0.8 billion in 2015.

   Financial advisers have employed various tactics to facilitate the sale process, including offering various parts of the Roshen business to every potential buyer who had an interest in separate units of Roshen, e.g. Russian or Ukrainian assets of Roshen.

   In the absence of potential buyer for the whole business, the Client has taken the decision to transfer his stake in Roshen into a “blind trust” to distance himself from the business in the way, which is more understandable to western community and is in line with best western practices for politically exposed persons.

   This does not mean that the sale of Roshen has stopped, in fact, quite the opposite, the advisers continue looking for potential buyers with the purpose to the sell Roshen. At the moment, there has been material progress in negotiations to sell the assets of Roshen in Russia and, hopefully, the transaction may be completed over the next couple of months, unless there are any unexpected future developments.

4. Prime Asset Partners Limited was established in summer 2014 in the course of the corporate restructuring launched as preparatory work for sale of Roshen group.

The company was not engaged in any activities since its establishment, except for those described below. In autumn 2014, Prime Asset Partners Limited established CEE Confectionery Investments Limited in Cyprus, which in its turn established Roshen Europe BV in the Netherlands.

All of these companies still exist. However, neither of the companies holds any other assets at the moment or is involved in any operations or has bank accounts.

This structure has been developed by a reputable law firm advising on legal aspects of the sale in order to improve investment attractiveness of Roshen group. As a matter of practice, Ukrainian businesses commonly use similar structures. Therefore, incorporation of these companies is in accordance with the market practice in Ukraine for businesses aiming to sell to strategic investors or to enter the capital markets, launch IPO, etc. In this structure, Prime Asset Partners Limited is merely a technical vehicle.

ICU has been engaged as a financial adviser, along with a top-ranked Ukrainian law firm, to manage pre-sale restructuring of Roshen group.

5. Pre-sale restructuring of Roshen group was planned and agreed upon long before the Ilovaisk tragedy and has no connection to it whatsoever.

6. New companies, including Prime Asset Partners Limited (BVI vehicle), were established in the course of pre-sale corporate restructuring. The process has been transparent, no nominal shareholders or similar instruments had been used. Mr Poroshenko continues to be a direct shareholder in Prime Asset Partners Limited for the time being.

Stake in Roshen will be transferred into the trust after all legal formalities are completed.

7. The addressee of the letter did not require such kind of disclosure.

8. Shares in Prime Asset Partners Limited have no par value. 2014 property declaration required only shares having a par value to be included in such declaration by declaring the par value of such shares. The new Ukrainian law on property declaration requires declaring the companies beneficially owned by a person. After it becomes possible, all companies beneficially owned by the client will be properly declared.

Please consider that we are bound by our professional confidentiality obligations and, therefore, may not provide you with more details on your questions. However, if you have further questions or require clarifications please let contact the undersigned.

Respectfully Yours,

Makar Paseniuk
Managing Director
ICU
Tel: +380-44-2700120
Email: makar.paseniuk@icu.ua