

DECEMBER 6, 2017

**AG GROWTH INTERNATIONAL INC.**  
**TREASURY OFFERING OF CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES**  
**TERM SHEET**

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*A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in each of the provinces of Canada (other than Quebec). A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.*

*The Debentures (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state of the United States (as defined in Regulation S under the U.S. Securities Act (the "United States")). Accordingly, the Debentures may not be offered, sold or delivered, directly or indirectly, within the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. This term sheet does not constitute an offer to sell, or a solicitation of an offer to buy, any of these securities within the United States.*

**ISSUER:** Ag Growth International Inc. (the "Company")

**ISSUE:** Convertible unsecured subordinated debentures of the Company (the "Debentures")

**AMOUNT:** \$75 million aggregate principal amount of Debentures

**ISSUE PRICE:** \$1,000 per Debenture

**OVER-ALLOTMENT OPTION:** The Underwriters will have an option to purchase up to an additional 15% of the Issue at the Issue Price to cover over-allotments, exercisable in whole or in part at any time until 30 days after Closing.

**USE OF PROCEEDS:** The net proceeds of this offering will be used to redeem Ag Growth's outstanding 5.25% Convertible Unsecured Subordinated Debentures due 2018.

**COUPON:** 4.50% per annum from Closing, payable semi-annually in arrears on the last day of June and December of each year, commencing on June 30, 2018.

**MATURITY DATE:** December 31, 2022

**CONVERSION:** The Debentures will be convertible at the holder's option into common shares ("Shares") of the Company at any time prior to the close of business on the earlier of the business day immediately preceding the Maturity Date and the date fixed for redemption of the Debentures at a conversion price of \$88.15 per Share (the "Conversion Price"), representing an approximate 65% premium on a reference price of \$53.43 per Share, being a ratio of 11.3443 Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events. Holders converting their Debentures will not receive accrued and unpaid interest thereon to the date of conversion unless the Debentures are converted on an interest payment date.

If a holder elects to convert its Debentures in connection with a Change of Control that occurs prior to the Maturity Date, the holder will be entitled to receive additional Shares as a make-whole premium on conversion in certain circumstances.

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**CONVERSION PRICE  
ADJUSTMENTS:**

*Anti-Dilution:* The Conversion Price will be subject to standard anti-dilution adjustments upon: share splits; share consolidations; the issuance of rights, options or warrants convertible into Shares at less than 95% of the then market price; spin-off events; and issuer bids in certain circumstances, as set forth in the trust indenture.

*Dividends:* The Conversion Price will be subject to adjustments for distributions of securities or assets to common shareholders in certain circumstances and the declaration of regular cash dividends above \$0.20 per month, as set forth in the trust indenture.

**REDEMPTION:**

The Debentures will not be redeemable before December 31, 2020 (the "First Call Date"). On and after the First Call Date and prior to December 31, 2021, the Debentures will be redeemable at the Company's option at par plus accrued and unpaid interest, provided that the volume weighted average trading price of the Shares on the Toronto Stock Exchange (the "TSX") during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after December 31, 2021, the Debentures will be redeemable at the Company's option at any time at par plus accrued and unpaid interest. The Company shall provide not more than 60 nor less than 30 days' prior notice of redemption.

**SHARE PAYMENT OPTION ON  
REDEMPTION OR MATURITY:**

Subject to any required regulatory approval and provided no event of default has occurred, the Company has the option, upon not more than 60 nor less than 40 days' prior notice, to satisfy its obligations to pay on Redemption or Maturity, the principal amount of the Debentures, in whole or in part, by issue and delivery of freely tradeable Shares. Any accrued and unpaid interest will be paid in cash.

In such event, payment will be satisfied by delivering for each \$100 due, that number of freely tradeable Shares obtained by dividing \$100 by 95% of the volume weighted average trading price ("Current Market Price") of the Shares on the TSX for the 20 consecutive trading days ending five trading days prior to the date fixed for Redemption or Maturity, as the case may be.

**RESTRICTION ON SHARE  
PAYMENT RIGHT:**

The Company shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Shares, dividend or other distribution on the Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Share Payment Option on Redemption Right, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Share Payment Option on Redemption Right.

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SHARE INTEREST PAYMENT OPTION:	The Company may elect from time to time, subject to any required regulatory approval and provided that no event of default has occurred and is continuing, to satisfy all or part of its interest payment obligations by issuing and delivering sufficient freely tradeable Shares to a trustee for sale, in which event holders of Debentures will be entitled to receive a cash payment equal to the interest owed, from the proceeds of the sale of the requisite number of Shares by the trustee.
CHANGE OF CONTROL:	<p>Upon the occurrence of a Change of Control (as defined in the trust indenture) involving the acquisition of voting control or direction of more than 50% of the Shares of the Company, the Company will be required to make an offer to purchase, within 30 days following the consummation of the Change of Control, all of the Debentures at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest.</p> <p>Subject to regulatory approval, in the event of a Change of Control where the consideration is or can be received wholly or partially in cash (being 10% or more in cash), holders of the Debentures will be entitled to convert their Debentures at the Change of Control Conversion Price (as defined below) instead of the Conversion Price, provided that the Change of Control Conversion Price is not less than regulatory permitted discounts to the market price, in which case the Change of Control Conversion Price shall be re-calculated using that Conversion Price which is equal to the maximum permitted discount to market price.</p> <p>The Change of Control Conversion Price will be calculated as follows:</p> $\text{COCCP} = \text{ECP} / (1 + (\text{CP} \times (\text{c}/\text{t})))$ where: COCCP is the Change of Control Conversion Price; ECP = the Conversion Price in effect on the effective date of the Change of Control; CP = 65% c = the number of days from and including the effective date of the Change of Control to but excluding December 31, 2021; and t = the number of days from and including the Closing Date to but excluding December 31, 2021.
PURCHASE FOR CANCELLATION:	The Company will have the right at any time to purchase the Debentures in the market, by tender, or by private contract at any time subject to regulatory requirements.
RANK:	The Debentures will rank subordinate in right of payment of principal and interest to all senior obligations of the Company and <i>pari passu</i> to all existing and future unsecured subordinated indebtedness of the Company including, without limitation, the Company's 4.85% Convertible Unsecured Subordinated Debentures Due 2022, 5.00% Convertible Unsecured Subordinated Debentures due 2020, 5.25% Convertible Unsecured Subordinated Debentures due 2019 and 5.25% Convertible Unsecured Subordinated Debentures due 2018.
LISTING:	Application will be made to list the Debentures (and the Shares issuable upon conversion thereof) on the TSX.

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**FORM OF OFFERING:** Public offering in all provinces of Canada (other than Quebec), by way of a short-form prospectus.

Private placement in the United States to “qualified institutional buyers” pursuant to Rule 144A of the U.S. Securities Act of 1933. A copy of the short-form prospectus and any amendments will be available at [www.sedar.com](http://www.sedar.com).

**FORM OF UNDERWRITING:** “Bought deal” subject to conventional bought deal termination provisions to be included in a definitive underwriting agreement.

**ELIGIBILITY FOR INVESTMENT:** Eligible under the usual Canadian statutes as well as for RRSPs, RESPs, RRIFs, RDSPs, TFSAs and DPSPs.

**JOINT BOOKRUNNERS:** CIBC Capital Markets, National Bank Financial Inc., TD Securities Inc.

**UNDERWRITING FEE:** 4.0%

**CLOSING:** On or about January 3, 2018.