

INVESTMENT MEMORANDUM

OPEN JOINT STOCK COMPANY «TUROVSHCHINA»



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Trading portfolio 1 as of 01.01.2018

«Strategic partnership»

Purchase of the block of shares of Turovshchina OJSC at par	
Purchase of the block of shares of Turovshchina OJSC at par	12 545 000
cost per share, roubles	0,5
total cost of the block of shares, roubles	6 272 500,00
Purchase of the block of shares of Belagroprombank OJSC at net asset value	
Purchase of the block of shares of Turovshchina OJSC at par	17 240 000
cost per share, roubles	0,5386
total cost of the block of shares, roubles	9 285 464,00
Стратегический инвестор	
aggregate block of shares, units	29 785 000
share of equity fund	25,002%
total purchasing cost, roubles	15 557 964,00

Trading portfolio 2 as of 01.01.2018

«Long-term investments»

Purchase of the block of shares of Turovshchina OJSC at net asset value	
Purchase of the block of shares of Turovshchina OJSC at par	29 785 000
cost per share, roubles	0,5386
total cost of the block of shares, roubles	16 042 201,00
Purchase of the block of shares of Belagroprombank OJSC	
Purchase of the block of shares of Turovshchina OJSC at par	
cost per share, roubles	
total cost of the block of shares, roubles	
Strategic investor	
aggregate block of shares, units	29 785 000
share of equity fund	25,002%
total purchasing cost, roubles	16 042 201,00

Trading portfolio 3 as of 01.01.2018

«Purchase of the blocking stake»

Purchase of the block of shares of Turovshchina OJSC at net asset value	
Purchase of the block of shares of Turovshchina OJSC at par	
cost per share, roubles	
total cost of the block of shares, roubles	
Purchase of the block of shares of Belagroprombank OJSC	
Purchase of the block of shares of Turovshchina OJSC at par	22 336 150
cost per share, roubles	0,55
total cost of the block of shares, roubles	12 284 882,50
Strategic investor	
aggregate block of shares, units	22 336 150
share of equity fund	25,000001%
total purchasing cost, roubles	12 284 882,50



INVESTMENT OFFER

The purpose of attracting an investor

- Strategic partnership in the development of the enterprise and the improvement of business performance
 - - by improving the mechanisms of economic management and control
 - - by joint implementation of investment projects

Form of cooperation

- Selling the blocking stake in the amount of 25% + 1 share to the strategic investor
- Coordination in the decision making process in regard to the management system (assignment and removal of managers) and business mechanisms
- Joint development and implementation of investment projects
- Coordination of marketing and sales policy

Benchmarking

	Strategic partnership	Long-term investments	Purchase of blocking stake
Blocking stake	+	+	+
Investment into development	+	+	-
Optimization of balance structure	+	+/-	-
Possibility of redemption of shares at par	+	-	-
Additional offer	+	-	-
Amount of investments, thousand roubles	15 558,0	16 042,2	12 284,9

* Additional offer

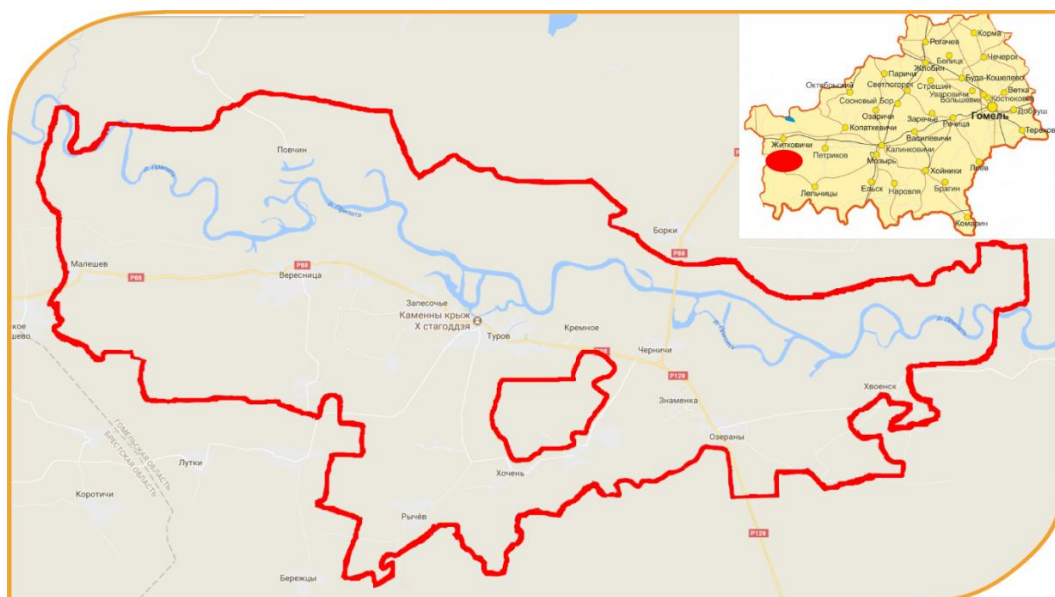
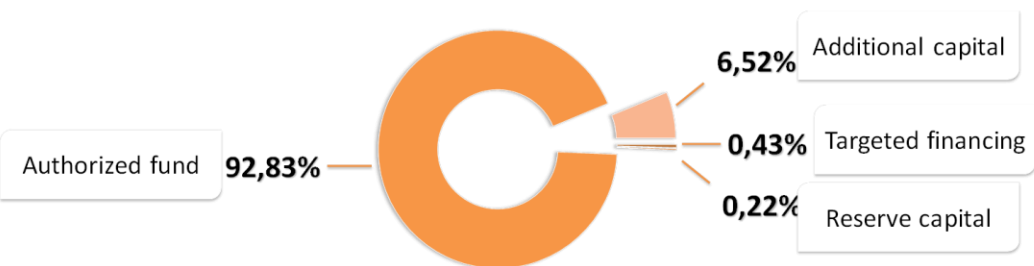
- Possibility of maintaining a preferential borrowed reserves portfolio by Belagroprombank OJSC for at least 5 years
- Possibility of restructuring on the agreed terms of the loan portfolio for loans granted by Belagroprombank OJSC



Balance sheet structure, thousand roubles

Indicators	2016	2017
Fixed assets	83 080	83 947
Inventory	26 318	27 162
Receivables	2 511	2 615
Equity capital	44 258	44 672
Credits and loans	50 564	49 998
Accounts payable	15 068	16 646

Net capital structure as of 01.01.2018



OVERVIEW

Turovshchina Open Joint Stock Company

- Registered in the Unified State Register of legal entities and individual entrepreneurs under № 490526759 on 20.08.2009, the decision of Zhytkovichi District Executive Committee
- Incorporated by way of reorganization of Agropripyat CFUE and merger with Richevsky CFUE, Zapesochye CFUE, Veresnitsa CFUE
- The legal successor of the rights and obligations of Turov canning plant CUE and Novaya Zhizn collective farm

Allocation of authorized capital as of 01.01.2018

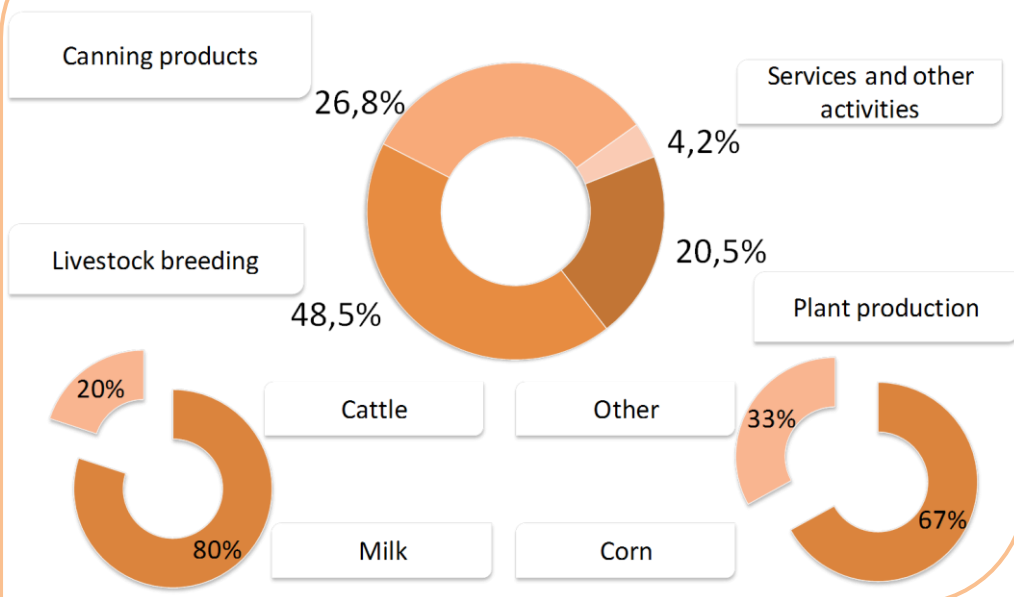
- | | |
|--|--------------|
| • Net capital, thousand roubles | – 48 120 |
| ▪ - <i>Net capital per 1 share, roubles</i> | – 0,54 |
| • Authorized fund, thousand roubles | – 44 672 |
| ▪ - <i>Cost per share, roubles</i> | – 0,50 |
| • Ordinary common shares, units | – 89 344 596 |
| ▪ - <i>Belagroprombank OJSC, units</i> | – 84 859 230 |
| ▪ - <i>State Committee of Property of the Republic of Belarus, units</i> | – 828 633 |
| ▪ - <i>Gomeloblagroservis OJSC</i> | – 31 449 |
| ▪ - <i>Individuals, units</i> | – 3 625 284 |
| • Preferred shares – none. | |

Location

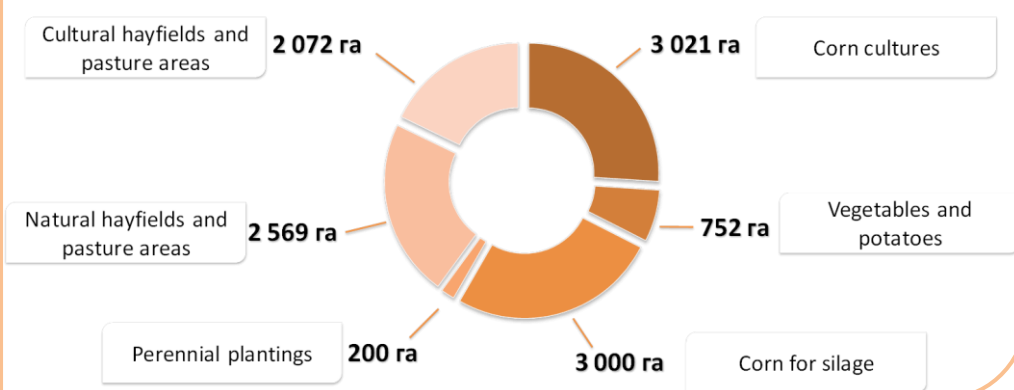
- Gomel region, south-western part of Zhytkovichi district, central part of the Polessye lowland on both sides of the Pripyat River.
- The climate is moderately warm with unstable winter (average temperature in July +18,4, in January – 5,9°C), average yearly precipitation 573 mm, vegetation period 197-200 days, natural fertility of agricultural lands 31,8 points, of arable lands 44,7 points.
- The enterprise consists of 19 settlements (Ozerany (central farm yard), Znamenka, Pogost, Chernichi, Khvoyensk, Bechi, Richev, Ridcha, Khochen, Storozhovtsy, Semuradtsy, Zapesochye, Voronino, Veresnitsa, Maleshev, Lubovichi, Burez, Povchin, Turov). The territory infrastructure: 2 general education schools-kindergartens, 5 clubs, 10 shops, 2 canteens, 2 saunas, 2 feldsher-midwife stations, 1 pharmacy, highly developed transportation.



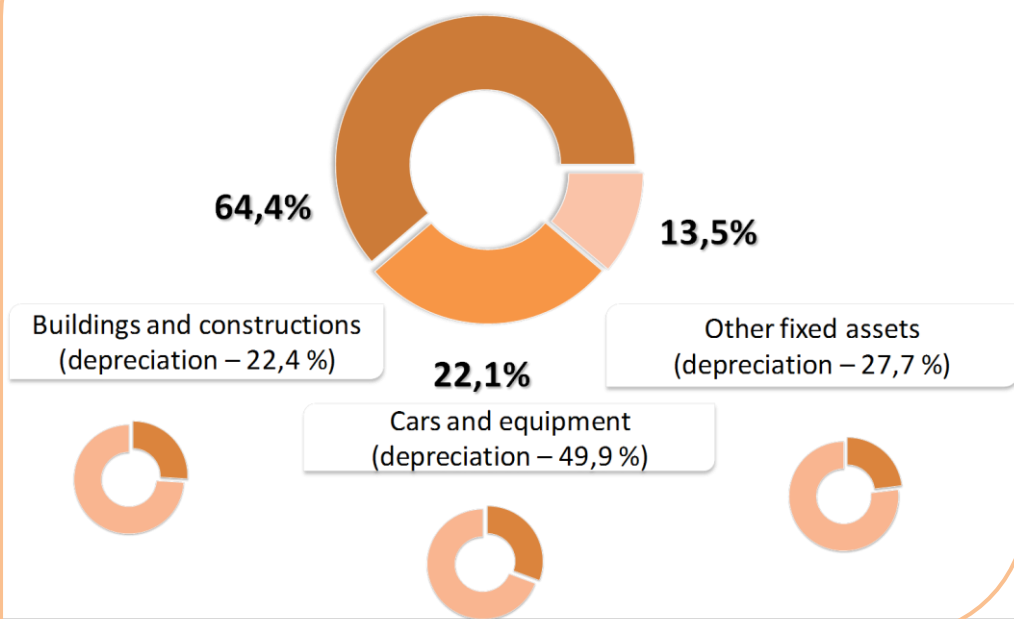
Information about the key indicators of specialization



Agriculturally used areas



Fixed assets structure



GENERAL BUSINESS

Turovshchina OJSC is a large multiproduct agro-industrial enterprise covering an area of 26 396 ha and consisting of:

- Turovshchina OJSC – agricultural production, area of the territory 26 396 ha.
 - Crop production – growing of cereals, grain legumes, fodder and industrial crops
 - area of agricultural lands – 11 909 ha.
 - arable lands – 6 095 ha.
 - garden – 200 ha.
 - Cattle breeding – large-scale dairy production, beef cattle breeding («Limousine»)
 - Total stock 12 091 heads, including:
 - Milking herd 3 268 heads
 - Beef cattle 360 heads.
- Turov Canning Plant OJSC – processing of agricultural production, canning
 - Natural canned products – green peas, sweet corn, natural beans
 - Canned snacks – vegetable saute, beans with garnish
 - Marinades – canned cucumbers
 - Jams – apple jam,
 - Juices – birch sap, berry juices
- “Losiny Ostrov” branch business – tourism, hunting and fishing. The area of hunting lands is 128 400 ha
 - “Turov hotel” – accommodation services and events
 - “Strumen” hotel complex – tourism and fishing, accommodation services and events
 - “Beloye” tourist complex – tourism and fishing
 - “Polessye” floating hotel – tourism and events





MATERIAL AND TECHNICAL RESOURCES

Turovshchina OJSC

- Buildings and constructions
 - Commercial dairy farms – 9 units
 - Cattle fattening and completion of growing farms – 8 units
 - Grain cleaning and drying equipment – 2 units
 - Vegetable and fruit storage per 5 000 tons – 1 unit
- Machine and transportation department
 - trucks – 83 units
 - load carrying vehicles – 32 units
 - harvester-threshers – 19 units
 - forage harvesters – 8 units
 - potato combine harvester – 2 units

Turov Canning Plant OJSC

- Canning workshop
 - Green peas production line – 8 t per hour
 - Sweet corn processing line – 3,5 t per hour
 - Cucumber canning line – 10 tubes per day
- Juice workshop
 - Juice production – 30 tubes per day
 - Strained tinned food production – 10 tubes per day

“Losiny Ostrov” branch business

- Fenced open-air cages for wild animals – 1 840 ha
 - Length of fence – 22,48 km
- Use of the Pripyat river – 31,5 km
- “Turov” hotel
(49 sleeping accommodations, 24 seats in the restaurant)
- “Strumen” hotel complex
(24 sleeping accommodations, 45 seats in the coffee-bar)
 - Hotel building (16 beds) – 1 building
 - Two-storied guest houses (up to 10 beds) – 2 buildings
- “Beloe” tourist complex
(25 beds)
 - Guest house 7 rooms – 1 building
 - Guest house 2 rooms – 2 buildings
 - Guest house 4 rooms – 2 buildings
- “Polessye” floating hotel
(16 beds)





GROSS FIGURES

Animal production

● Dairy production	
■ Gross milk yield, t	- 18 572
■ <i>Milk yield per cow, t</i>	- 5,683
■ Milk distribution, t	- 16 190
■ Marketability of milk, %	- 87
■ Distribution in standard weight, t	- 16 189
■ Valid fat status, %	- 3,6
● Growing of cattle	
■ Total stock of cattle, heads	- 11 918
■ Animal yield, heads	- 4 008
■ Output of raising, t	- 1 586
■ Average daily growth gain, g	- 596
■ Gross gain in weight of cattle, t	- 1 639
■ Distribution in live weight, t	- 1 244

Plant production

● Commercial production	
■ Cereals and grain legume crops, ha	- 3 021
■ In weight after processing, t	- 15 562
■ Field vegetables, ha	- 625
■ Yielding, t	- 6 732
■ Fruit (apples), ha	- 40
■ Yielding, t	- 824
● Internal business volume	
■ Peas, ha	- 284
■ Yielding, t	- 1 455
■ Sweet corns, ha	- 250
■ Yielding, t	- 1 827

Canned products

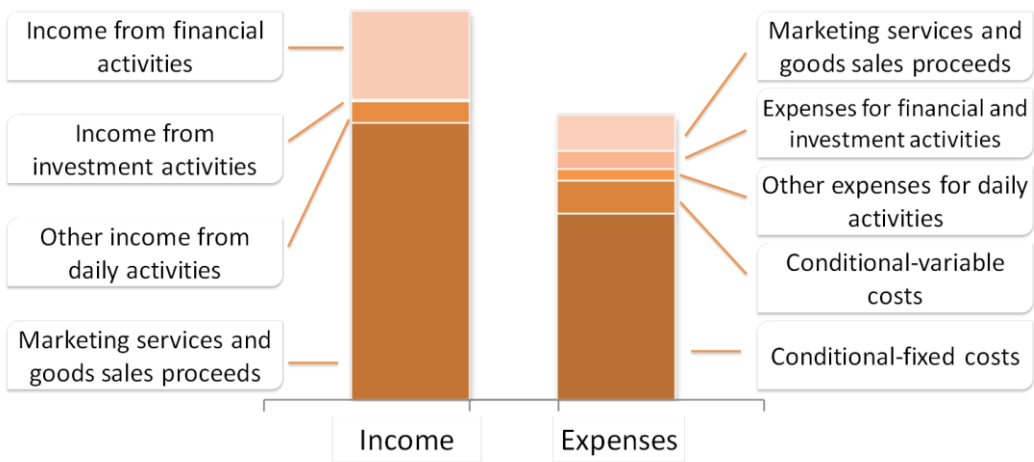
■ Canned green peas cans, tubes	- 4 446
■ Canned and pickled cucumbers, tubes	- 245
■ Canned beans, tubes	- 118
■ Canned corn, tubes	- 3 162
■ Juice	- 719

Tourism and recreation services

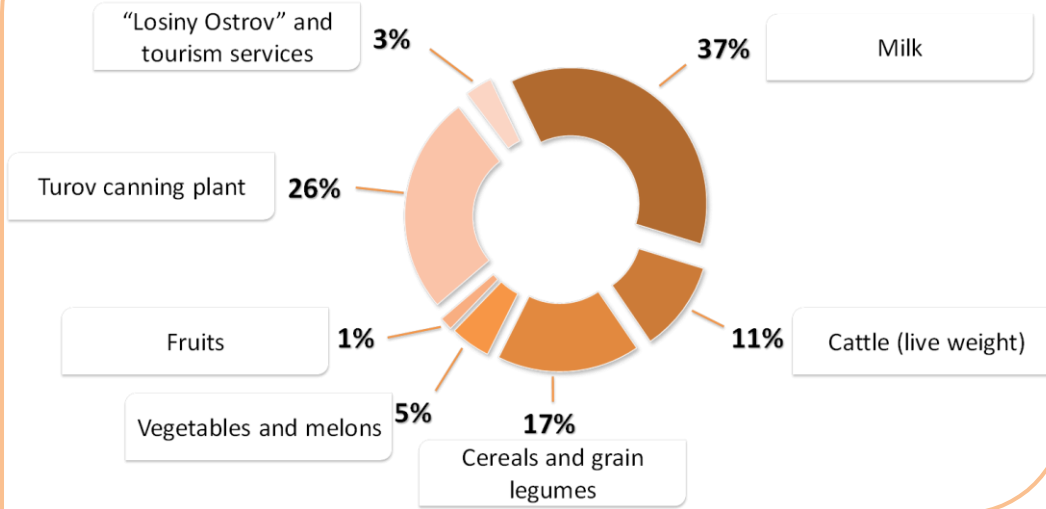
■ Received guests, persons	- 9 523
■ Accommodation, room-nights	- 12 112



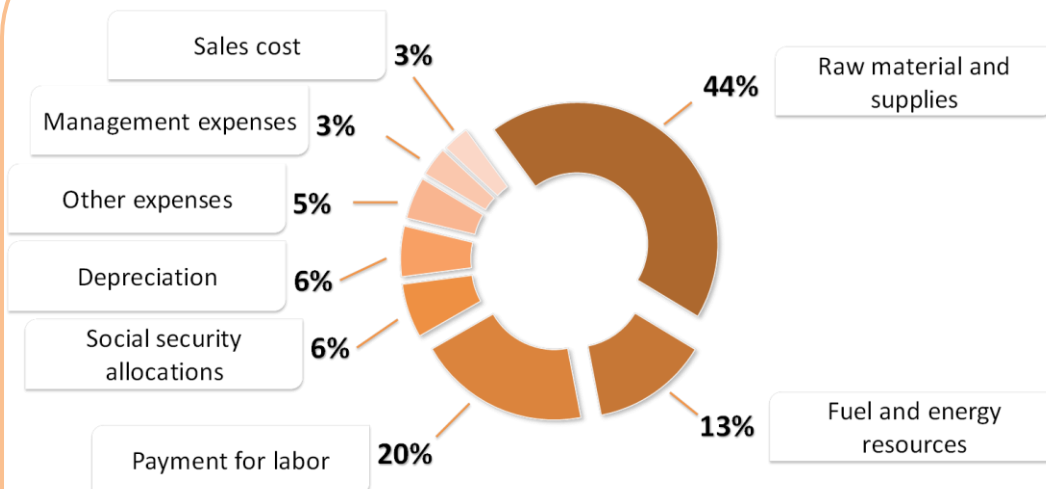
Comparison of income and expenses on the balance sheet



Revenue structure



Cost structure



ECONOMIC EFFICIENCY

Assets analysis as of 01.01.2018

- Long-terms assets have a 72,5% share in the balance sheet structure (fixed assets) – the balance value of fixed assets is 83 954 thousand roubles,
- The enterprise has no uncompleted large investment projects – investments into long-terms assets amount to 861,0 thousand roubles or 0,7 %
- The major part of current assets consists of highly liquid assets – the total amount of reserves is 27 162,0 thousand roubles or 23,5% (of which 12,2% are animals in farming and fattening)
- Accounts receivable have a small share in the balance sheet structure - 2 615,0 thousand roubles or 2,3%.

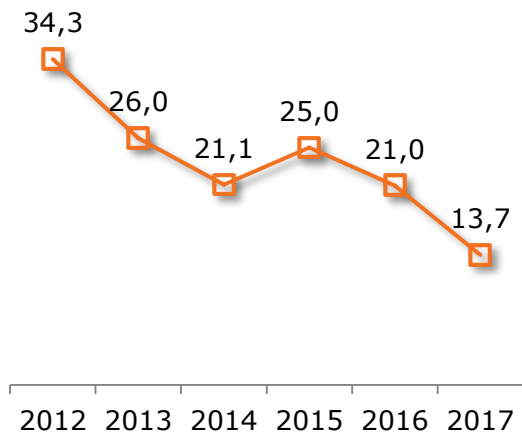
Liabilities analysis as of 01.01.2018

- Equity capital has the biggest share in the liabilities side of the balance sheet - 48 120,0 thousand roubles or 41,6%.
- The share of long-term liabilities (including credits and loans) is 41 422,0 thousand roubles or 35,8%. The average weighted annual interest rate on borrowed resources is 2,0%.
- The share of short-term liabilities in the balance sheet structure is 26 261 thousand roubles or 22,7%. In particular the current liabilities amount to 16 646 thousand roubles or 14,4 %.

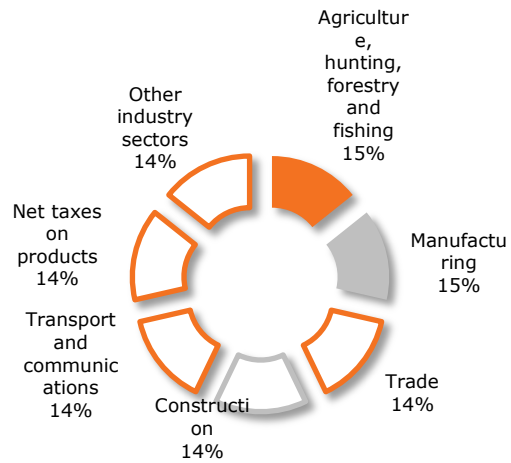
Financial stability and solvency analysis as of 01.01.2017 and 01.01.2018

- The current liquidity ratio is 1,83 – 1,18 (standard $\geq 1,5$). The current liquidity ratio evidences the enterprise's ability to pay off its short-term liabilities.
- Working capital to current assets ratio is 0,47 – 0,15 (standard $\geq 0,2$). The ratio evidences the adequacy of own circulating assets.
- Financial assets to financial liabilities ratio is 0,59 – 0,58 (standard $\leq 0,85$). The ratio evidences the enterprise's ability to pay its financial liabilities subject to sale of assets.

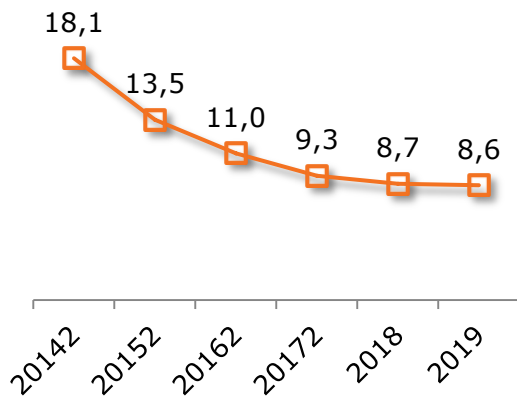
Refinancing rate



GDP structure in 2017r., %



Inflation



Sovereign rating of the Republic of Belarus



Caa

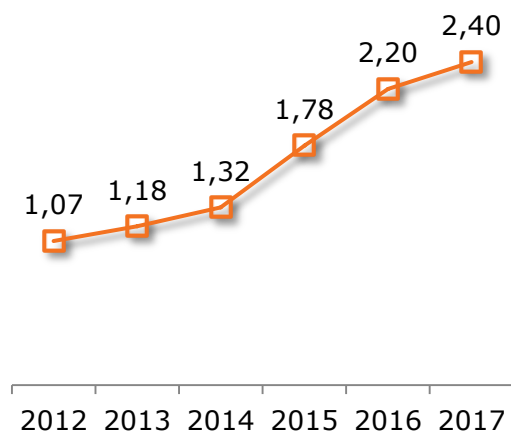


B-

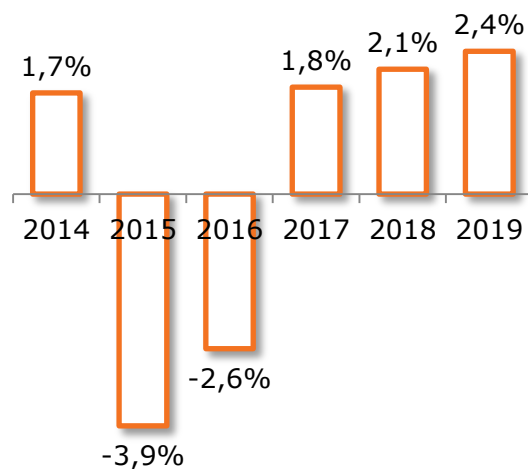


B-

Euro/BYN rate



GDP growth rate



INVESTMENT CLIMATE

The Republic of Belarus is the state in Eastern Europe (borders on Lithuania in the north-west, on Poland in the west, on Latvia in the north, on Russia in the east, on Ukraine in the south)

- Territory - 207.6 thousand sq. km;
- Population - 9.5 million people;
- GDP (PPP) per capita - \$ 17.8 thousand;
- Share of the urban population - 78.1%;
- Minsk agglomeration - 23.2% of total number.

Stable socio-political system

- There are no inter-ethnic and inter-religious conflicts;
- The share of economically active population is 46.2%, unemployment – 0,5%;
- Holds 52 position in the world by human development index.

Sustainable export-oriented economy

- GDP in 2017 - \$ 54,4 billion;
- Foreign trade turnover of goods and services for 2017 is - \$ 72.9 billion;
- Gold and foreign exchange reserves (01.06.2018) - \$ 6.94 billion;
- External public debt (01.01.2018) - \$ 17.3 billion;
- Inflation rate in 2017 - 6.0%;
- Refinancing rate as of 01.06.2018 - 10.5%.

Since 2017 there has been observed the economic recovery under the influence of the following factors:

- Increase of industrial production and export, growth of demand for non-resource goods (according to the forecasts of EBRD by 2020 the growth rate will amount to 2.4%);
- According to the World Bank in 2019 and 2020 the GDP growth will amount to 2.4%;
- Strict monetary policy and successful response to demand compression. It is expected that strict monetary policy will be carried on in the ensuing years to reduce inflation and interest rates;
- According to the forecasts of IMF by 2020 the decline in inflation will amount to 8% per annum.

According to the annual survey of the World Bank Group “Doing Business Report 2018” the Republic of Belarus:

- Has risen by 19 positions and has taken the 38th place among 190 countries in total rating - one of the strongest positions in the CIS;
- Has climbed up to 115 points and has taken the 30th position in terms of “International trade” – the leading position among the countries of EEU



INVESTMENT CLIMATE

Nowadays the Republic of Belarus offers potential investors the following advantages:

- Выгодное географическое положение;
- • Advantageous geographical position;
- • Highly-qualified personnel;
- • Well-developed network of transport communications and infrastructure;
- • Innovative investment legislation;
- • Guarantees to avoid double taxation thanks to: 52 bilateral agreements and 49 contracts of the Republic of Belarus with other countries;

The Law of the Republic of Belarus of the House of Representatives of the National Assembly of the Republic of Belarus as of 12.07.2013 No. 53-3 “On investments” (guarantees full protection of the investor and investments).

The Decree of the President of the Republic of Belarus No. 10 as of 06.08.2009 “On the creation of additional conditions for investment activities in the Republic of Belarus” (the investment contract grants the right to enter into a land lease agreement without auction; construct a project with the right to remove the flora resources without payment of compensation; return of the value-added tax from the budget paid upon the acquisition of goods, works, services, property rights used for construction, equipping of objects provided for in the investment contract; exempt from import customs duties)

The Decree of the President of the Republic of Belarus as of 07.05.2012 No. 6 “On stimulating entrepreneurial activity in the territory of middle, small urban settlements, rural areas”, within seven calendar years from the date of the state registration of a legal entity (has the right not to calculate and not to pay income tax in regard to profit and income received from the sale of own produced goods (works, services); not to calculate and not to pay real estate tax, excused from paying stamp duty on the issuance of a special permit (license))

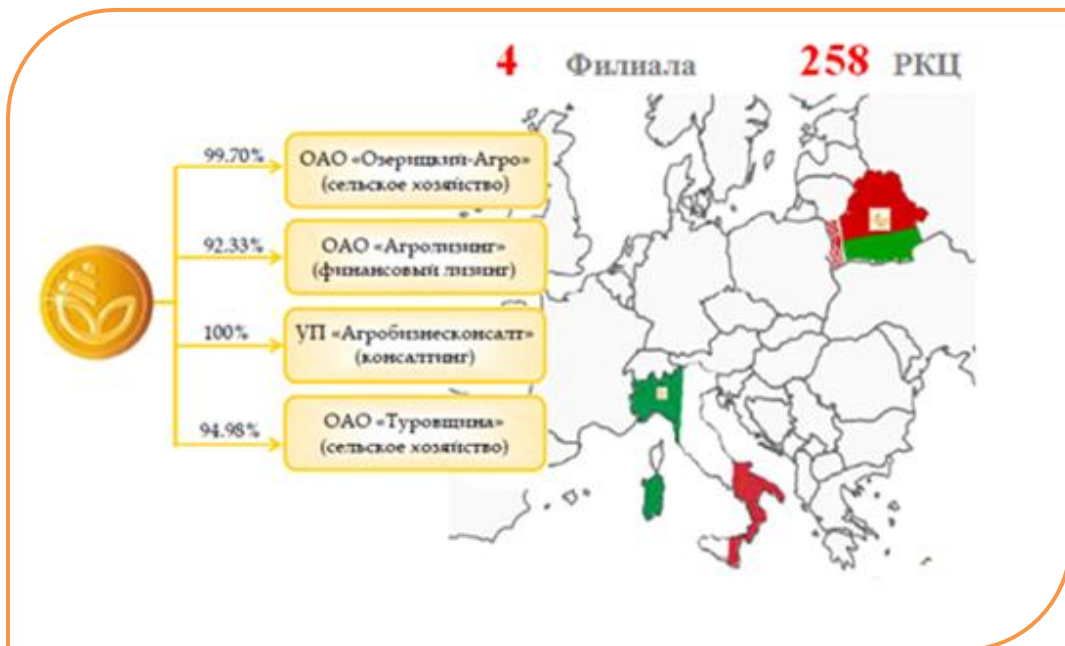
The Decree of the President of the Republic of Belarus as of 22.09.2017 No. 345 “On the development of trade, public catering and consumer services” in rural areas and small urban settlements (turnover on the sale of goods (works, services), arising from activities in rural areas and small urban settlements are exempt from value added tax; profit from the sale of goods (works, services) received from activities in rural areas and small urban settlements, is subject to income tax at the rate of 6 percent; exempt from real estate tax, land tax, lease payments for land plots owned by the government).

The state program for the social and economic development and integrated natural resources management of Pripjat Polessye (includes among others the territory of Zhytkovich district, location of Turovshchina OJSC; by peculiarities of climate, relief, composition and structure of lands, soil cover, hydrographic network, transport infrastructure, settlement system and availability of labor resources Pripjat Polessye is unique and includes the largest forest-bog complex in Europe and floodplain ecosystems of the Pripjat river).





Key financial indicators	As of 01.01.2018 Million BYN	As of 01.01.2018 Million USD
Assets	9 605	4 996
Capital	1 238	644
Credits provided to customers	4 847	2 521
Customer accounts	5 599	2 912
Standard & Poor's	B/B – (stable forecast)	



PROJECT INITIATOR

Initiator of this investment memorandum is Belagroprombank Open Joint-Stock Company

- Universal commercial bank with a government stake of 91,3 %
- Incorporated on 03.09.1991 (letter of the national Bank of the Republic of Belarus dated 03.09.1991 No.03005/184);
- Parent company of the bank holding company (consisting of 4 affiliated enterprises);
- Government Agent on servicing state programs
- Over 48 000 corporate and 1 900 000 retail clients.

Belagroprombank OJSC holds leading positions in the banking sector of the Republic of Belarus

- №2 by authorized fund and equity, assets and deposits;
- 25 position in Top 25: Central and Eastern Europe 2018 – The Banker;
- 2nd regional network in size: 4 regional branches и 259 cash settlement centers, Representative offices in the Italian Republic (Milan);
- Has stable rating according of estimates of the international agencies Standard & Poor's: B, Stable forecast (at sovereign level).

Belagroprombank OJSC is proactively involved in the global financial market

- Cooperates with over 100 banks from 30 world countries;
- Accepted by 18 ECA to participate in the cofinancing of trade operations of the bank's clients;
- One of the leading credit and financial institutions of the Republic of Belarus in terms of attracted credit facilities at the global capital markets





новейшей
истории

belagroprombank

making more future



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CONTACT INFORMATION

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Responsible officer - Center of implementation of investments projects of Belagroprombank OJSC:

- Head of the long-term investments support and management department:
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