



белагропромбанк
традиции будущего

INVESTMENT MEMORANDUM

JOINT-STOCK COMPANY

OZERITSKY-AGRO



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INVESTMENT PROPOSAL

The purpose of attracting an investor

- Joint activity in the development of the enterprise and the improvement of performance
 - By improving the mechanisms of economic management and control
 - By joint implementation of investment projects

Form of cooperation

- Selling the blocking stake (25%+1 share) to the strategic investor
- Coordination in the decision-making regarding the management system (assignment and relocation of managers) and business mechanisms
- Joint design and implementation of investment projects
- Harmonization or marketing and sale policy

Benchmarking

	Strategic partnership	Long-term investments	Purchase of blocking stake
Purchased stake of JSC Ozeritsky-Agro, units	20 561 + 20 562	47 976	35 983
Source of shares	Addit. issue + the Bank's shares	Addit. issue	The Bank's shares
Blocking stake	+	+	+
Investment into development	+	+	-
Balance structure optimization	+	+/-	-
Possibility of redemption of shares at par	+	-	-
Additional proposal *	+	-	-
Amount of investment, thousand rubles	4 112,3	20 130,7	15 098,5

* Additional proposal

- The possibility to maintain a portfolio of concessional borrowed resources for at least 5 years on the part of JSC Belagroprombank
- The possibility of restructuring of the loan portfolio on agreed terms on the loans issued by JSC Belagroprombank



Balance sheet structure, thousand BYN.

Indicators	2017	2018
Fixed assets	83 947	86 520
Inventory	27 162	26 080
Account receivable	2 615	2 462
Equity capital	44 672	60 338
Credits and loans	49 998	47 828
Account payable	16 646	7 224



Net capital as of 01.01.2019



OVERVIEW

Joint-Stock Company Ozeritsky-Agro

- “Ozeritsky-Agro” of Smolevichi district was incorporated as a private unitary enterprise (PUE) on November 4, 2005 in accordance with the decision of Minsk regional executive committee, by way of whole or partial merger of six agricultural cooperatives.
- On June 30, 2014 PUE Ozeritsky-Agro was renamed into the agricultural unitary enterprise Ozeritsky-Agro.
- On December 16, 2016 the agricultural unitary enterprise Ozeritsky-Agro was renamed into joint-stock company (JSC) Ozeritsky-Agro. The certificate of state registration of a legal entity dd. 16.12.2016 No.690363881.

Share capital as of 01.01.2019

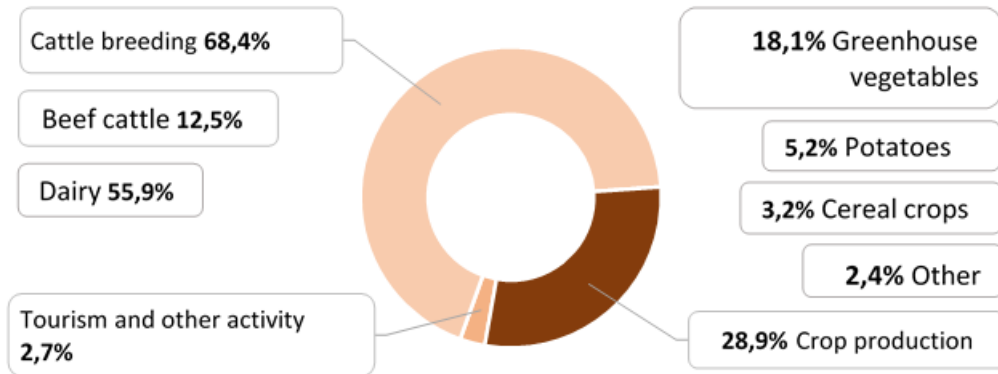
- | | |
|------------------------------------|-----------|
| • Net capital, thousand rubles | – 60 396 |
| ▪ Net capital per 1 share, rubles | – 419,6 |
| • Authorized fund, thousand rubles | – 14 393 |
| ▪ Cost per share, BYN | – 100 |
| • Common shares, units | – 143 925 |
| ▪ JSC Belagroprombank | – 143 493 |
| ▪ JSC Agroleasing | – 432 |
| • Preferred shares | – none. |

Location

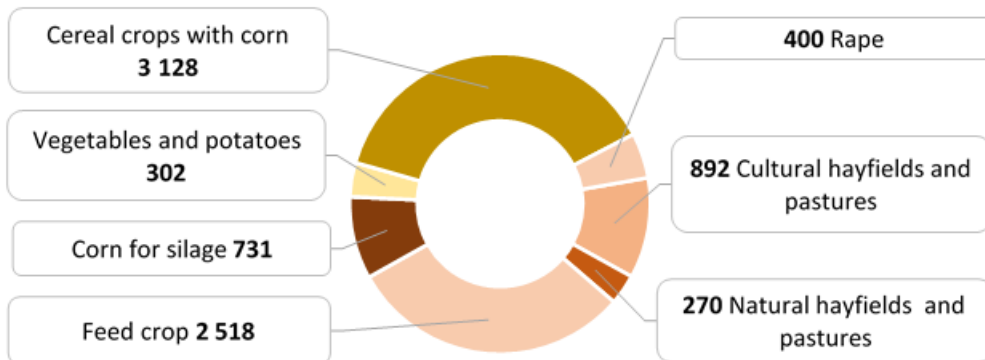
- Republic of Belarus, 222215, Minsk region, Smolevitchy district, Ozeritsko-Slobodsky village council, agrotown of Sloboda, 7 Tsentralnaya Str..
- The central farmstead JSC Ozeritsky-Agro is situated at 1 km from the Sloboda railway station, at 10 km from the M1 Brest – Moscow highway and 20 km from Minsk-2 National Airport.
- The climate is moderately warm with unstable winter (average temperature in July +18,4, in January – 5,9°C), average annual precipitation 573 mm, vegetation period 197-200 days, natural fertility of agricultural lands 34,4 points, of arable lands 35,2 points.
- The territory of PUE “Ozeritsky-Agro” encompasses 24 townships under the administrative management of two village councils: Ozeritsko-Slobodsky and Zabolotsky.



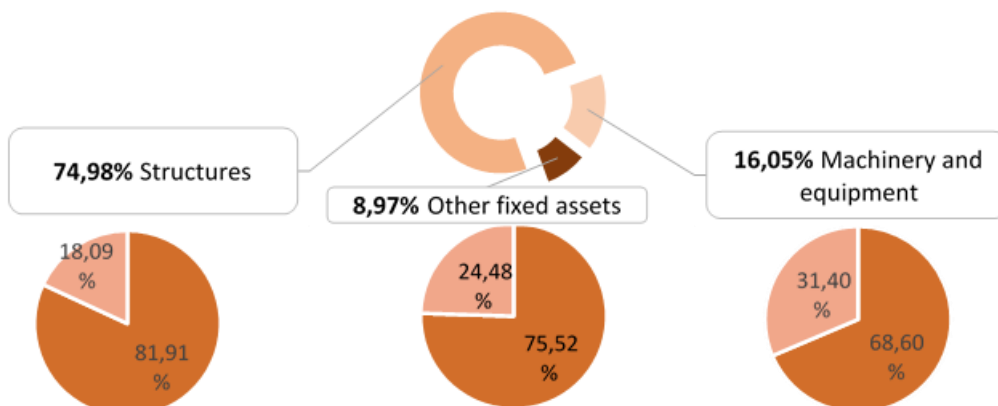
Main areas of expertise



Agricultural land, ha



Fixed assets (amortisation)



PRINCIPAL ACTIVITY

JSC Ozeritsky-Agro is a large multi-field agro-industrial enterprise consisting of:

- **JSC Ozeritsky-Agro** is agricultural production, area of 8 830 ha.
 - **Crop production** – growing of cereals, legumes, fodder and industrial crops
 - area of agricultural lands – 8 241 ha, including arable lands – 7 079 ha
 - meadowlands – 1 162 ha, including cultivated – 892 ha
 - **Cattle breeding** – large-scale dairy production, beef cattle breeding
 - Total stock – 6 343 heads, of which:
 - Milking herd – 2 360 heads
- **Recreation centre “Sosnovaya”** – accommodation in guest houses.
 - Events arrangement: weddings, anniversaries celebrations, banquets
 - sauna with a swimming pool
 - gazebos for outdoor activities
- **The Agro-Eco-Industrial Park “Dubrova”** – beach holiday and fishing. Occupies an area of 83 ha. We are searching for investors for joint development of the project concept, co-financing of construction and further exploitation. Currently, the Park’s infrastructure has:
 - Car parking for 233 cars and 86 cars, and 2 security checkpoints, outer fencing of the entire area
 - Vertical planning and coastal fortification
 - Land zoning works completed, availability of ready micro-zones designated for construction
 - Offsite utility networks and constructions have been built (footpaths, staircases, rainwater and fecal sewage systems, exterior lighting)





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MATERIAL AND TECHNICAL RESOURCES

JSC Ozeritsky-Agro

- Structures
 - Commercial dairy farms – 9 units
 - Cattle fattening and nursing farms – 8 units
 - Grain cleaning and drying equipment – 2 units
 - Vegetables and fruit storage for 10 000 tons – 1 unit
 - Greenhouse
- Transportation department
 - trucks + loading machines – 107 units
 - load carrying vehicles – 31 units
 - harvester-threshers – 12 units
 - forage harvesters – 11 units
 - potato combine harvester – 1 unit

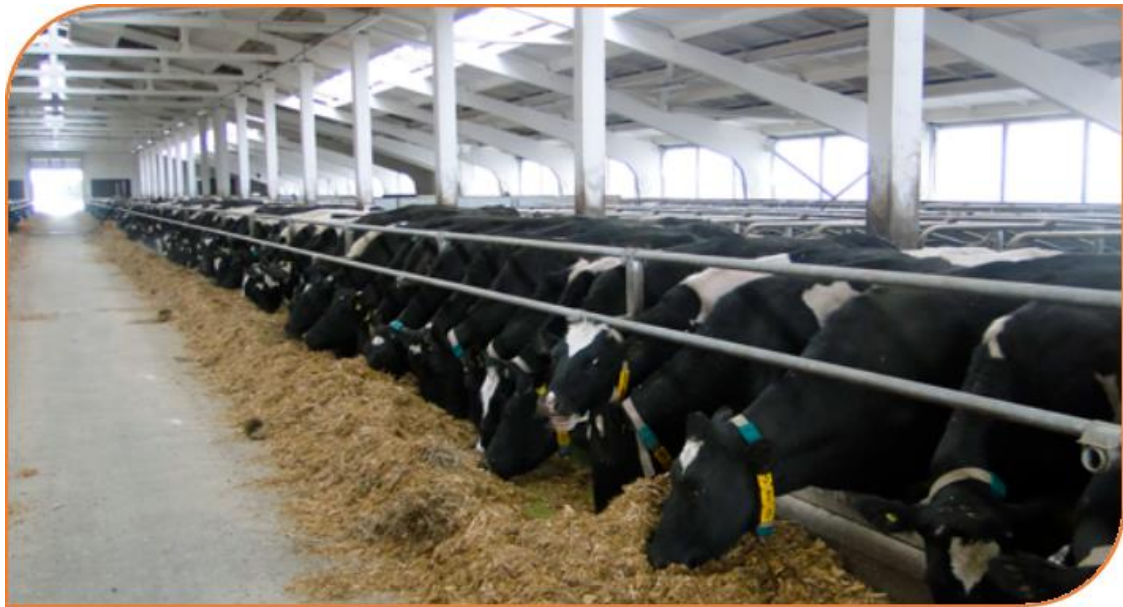
Recreation centre “Sosnovaya”

- Coffee-bar – 120 seats
- VIP-room – 12 seats
- 8-room guest house – 1 building
- 12-room guest house – 2 buildings
- 2-room guest house – 1 building
- Sauna (billiards, swimming pool, steam room) – 10 seats
- Gazebo for 10 persons – 1 gazebo
- Summer cafe – 300 seats
- Conference hall – 20 seats

The Agro-Eco-Industrial Park “Dubrova”

- 8-person gazebo – 14
- 10-person gazebo – 7
- 12-person floating gazebo – 1
- 24-person gazebo – 1
- 50-person covered gazebo – 1
- Fishing bridges – 18
- Sand beach – 1500 m²
- Children’s beach – 700 m²
- Children’s playground (swings, slides) – 1
- Standard football field – 1
- Mini Football Field – 1
- Volleyball court – 1
- Life rescue station – 1
- Changing rooms – 8
- Benches – 32





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GROSS FIGURES

Livestock products

- **Dairying**
 - Gross milk yield, t – 20 087
 - Milk yield per cow, t – 8,511
 - Milk distribution, t – 18 590
 - Marketability of milk, % – 92,5
 - Distribution in standard weight, t – 660
 - Valid fat status, % – 3,4
- **Beef cattle growing**
 - Total cattle, heads – 6 343
 - Animal yield, heads – 2 544
 - Output of raising, t – 1 198
 - Average daily gain, grams – 806
 - Beef cattle gross gain in weight, t – 1 124
 - Live weight distribution, t – 1 066

Crop production

- **Commercial farming**
 - Cereals and grain legume crops, ha – 3 128
 - In weight after processing, t – 10 879
 - Field vegetables, ha – 22
 - Yielding, t – 834
 - Potatoes, ha – 280
 - Yielding, t – 6 590
 - Greenhouse vegetables, ha – 8 000
 - Yielding, t – 2 645

Tourism and recreation services

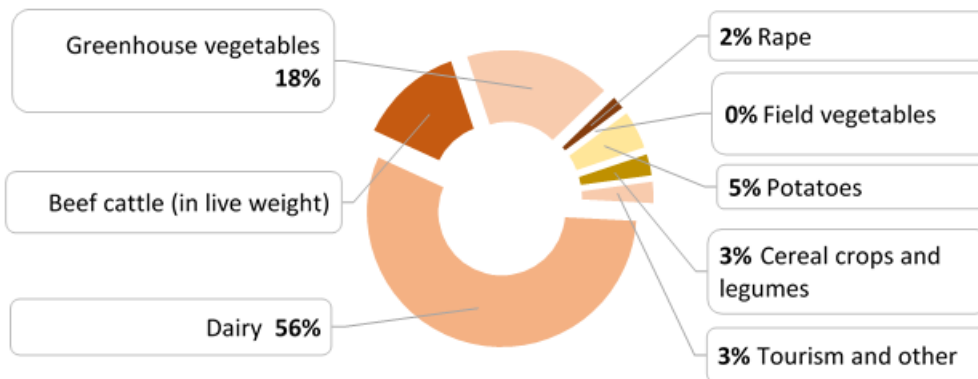
- **The recreation centre “Sosnovaya”**
 - Number of guests accommodated, persons – 4 137
 - guests at the events, persons – 4 239
- **The Agro-Eco-Industrial Park “Dubrova”**
 - Number of vouchers issued for amateur fishing – 5 706
 - amateur fishing, t – 5,3
 - number of guests accepted in the guest zone, persons – 14 927
 - commercial fishing, t – 2,9



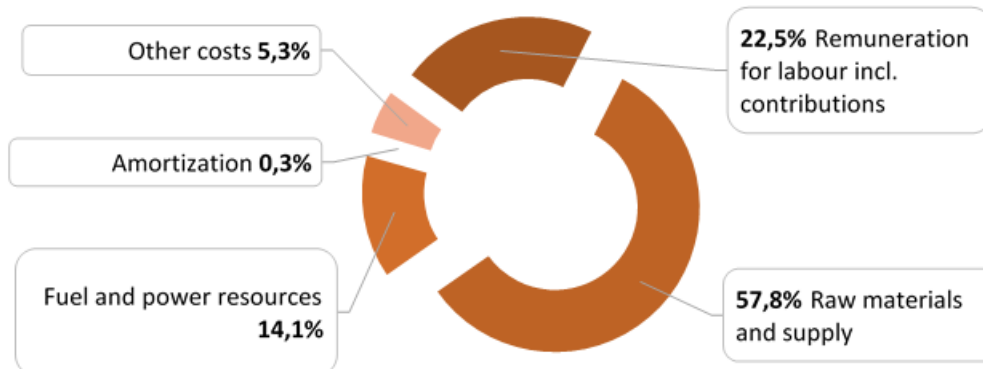
Income and expenses as per balance sheet



Breakdown of revenue



Breakdown of costs



ECONOMIC EFFICIENCY

Assets analysis as of 01.01.2019

- Long-terms assets have a 83,0% share in the assets side of the balance sheet (fixed assets) – the balance value of fixed assets is BYN 75 290 thousand
- The enterprise has no uncompleted large investment projects– investments into long-terms assets total BYN 46 thousand or 0,05%,
- The principal part of current assets consists of highly liquid assets –the total amount of inventories is BYN 14 575 thousand or 15,6%
(of which 4,4% are animals in breeding and fattening)
- Accounts receivable have a small share in the balance sheet structure:
• BYN 894 thousand or 1,0%.

Liabilities analysis as of 01.01.2019

- Equity has the biggest share in the liabilities side of the balance sheet: BYN 60 396 thousand or 64,7%.
- The share of long-term liabilities (credits and loans) is BYN 23 064 thousand or 24,7%. The average weighted annual interest rate on borrowed resources is 2,3%.
- Short-term liabilities have a 10,5% share in the balance sheet structure (BYN 9 835 thousand). Short-term accounts payable: BYN 5 922 thousand or 6,3%.

Financial stability and solvency analysis as of 01.01.2018 and 01.01.2019

- Current liquidity ratio 1,43 - 1,61 (standard $\geq 1,5$).
- Working capital to current assets ratio is 0,3 – 0,38 (standard $\geq 0,2$). The ratio evidences the adequacy of own circulating assets.
- The ratio of financial assets to financial liabilities is 0,37 – 0,35 (standard $\leq 0,85$). This ratio evidences the enterprise's ability to pay its financial liabilities subject to sale of assets.



PROFILE OF THE REPUBLIC OF BELARUS

Geographic location

- The Republic of Belarus is situated in the centre of Europe at the intersection of trade ways between West and East, and North and South. The country is crossed by the shortest transport routes linking EAEU with Western Europe. The Republic of Belarus borders Lithuania and Latvia in the north, the Ukraine in the south, the Russian Federation in the east and Poland in the west. The country has a strategically advantageous geographical location as a transportation hub between the West and the East, as well as between the North and the South. The distance from Minsk to Warsaw is 500 km, to Moscow 700 km, to Berlin 1060 km, and to Vienna 1300 km.
- The total area of the Republic of Belarus is 207,6 thousand sq.km. The country stretches 560km from north to south and 650km from west to east. The area of Belarus is bigger than such countries as Austria, Ireland, Portugal and Greece.
The capital city is Minsk, located on the same latitude as Hamburg and Dublin. Dzyarzhynskaya Hara is the highest point in Belarus at an elevation of 345 m above the seal level, situated in Minsk region. The lowest point in Belarus is in the valley of the Neman river in Grodno region (80 – 90 m above the sea level). The territory of Belarus is divided into six regions.

Climate

- Moderately continental climate is characterized by mild winters, frequent thaws and rainy cool summer. The average January temperature is -6°C, the average July temperature is +18°C. Belarus has an average annual precipitation of 550-700 mm.

Population

- The population of the Republic of Belarus is approx. 9,5 million people. The Republic of Belarus is a multinational country, 70% of the population lives in cities.



Language

- Russian and Belarusian are the official languages. Russian, English and German are widely used for business communication.

Time zone

- The Republic of Belarus is located in the FET (UTC+3) time zone. The Republic of Belarus cancelled seasonal time change.

Economy

- The Republic of Belarus is an export-oriented country with a well-developed production sector, services sector and agriculture. The Republic of Belarus adheres to the socially-oriented model of the market economy.

- The Republic of Belarus trades with more than 190 countries.

The major trade partner of the Republic of Belarus is the Russian Federation. Russia's share in the country's export is more than 38% and in the country's import more than 59%. The trade deficit with the Russian Federation totalled USD 7 157,9 billion.

The second largest trade partner is the European Union, accounting for over 31% of the country's export and approximately 18,6% of the country's import. The largest proportion of exports goes to Germany, the Netherlands, Poland, the Baltic countries. Traditionally, Belarus has trade surplus with the EU countries in the amount of USD 2 559 billion

- In 2018 turnover of foreign trade in goods of the Republic of Belarus amounted to USD 72,1 billion, of which USD 33,7 billion accounts for export, USD 38,4 billion for import.

- Major export items:

Petrochemical products: oil products, chemical fibers, tires;

Potassium and nitrogen fertilizers;

Metals;

Agricultural and load-carrying machinery;

Dairy and meat products;

Sugar and other produce of the agroindustrial sector.

Raw materials, namely oil, gas, mineral raw materials, as well as component parts for mechanical engineering, make up the majority of imports.



INVESTMENT CLIMATE

Investment legislation

- The major sources of legal regulation of investment activity in the Republic of Belarus are the following: Law of the Republic of Belarus as of July 12, 2013 No. 53-3 “On investments”, Law of the Republic of Belarus as of July 12, 2013 No. 63-3 “On concessions”, Decree of the President of the Republic of Belarus as of August 6, 2009 No.10 “On creation of additional conditions for investment activity in the Republic of Belarus”.
- According to the Law “On investments”, investments are any property and other objects of civil rights that belong to the investor by right of ownership or other legal basis, allowing him to dispose of such objects invested on the territory of the Republic of Belarus by the methods provided for in this Law, in order to make a profit (income) and (or) to achieve other significant results or for other purposes not related to personal, family, household or other similar use.

Double taxation conventions

- The Republic of Belarus has signed double taxation conventions with the following countries: Austria, Azerbaijan, Armenia, Bangladesh, Bahrain, Belgium, Bulgaria, Hungary, Венесуэла, Vietnam, Germany, Hong Kong, Georgia, Egypt, Israel, India, Iran, Ireland, Italy, Kazakhstan, Qatar, Cyprus, China, Kuwait, Kyrgyzstan, Laos, Latvia, Lebanon, Lithuania, Macedonia, Moldova, Mongolia, the Netherlands, United Arab Emirates, Oman, Pakistan, Poland, Russian Federation, Romania, Saud Arabia, North Korea, Syria, the Slovak Republic, Slovenia, Singapore, Tajikistan, Thailand, Turkmenistan, Turkey, Uzbekistan, Ukraine, Finland, Croatia, the Czech Republic, Switzerland, Sweden, Sri Lanka, Ecuador, Estonia, South African Republic, Yugoslavia (valid for Serbia), South Korea.
- Belarus is the successor of the USSR in the double taxation conventions with Great Britain, Denmark, Spain, Malaysia, USA, France and Japan. The Republic of Belarus has signed new conventions with Great Britain and Spain, but they have not entered into force yet.



INITIATOR OF THE PROJECT

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

- Universal commercial bank, 99% of shares is owned by the State
- Registered on 03.09.1991 (letter of the National Bank of the Republic of Belarus dd. 03.09.1991 No.03005/184);
- Parent company of the bank holding company (consisting of 4 affiliated enterprises);
- Government Agent on servicing state programs;
- About 50 000 corporate and 2 000 000 retail clients.

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

- No.2 by authorized fund and equity, assets and deposits;
- 92th position in the Top-200 Central and Eastern Europe 2018 – RIA rating;
- Branch network: 5 regional branches и 259 outlets, Representative office in the Italian Republic (Milan);
- Has stable ratings assigned by Standard & Poor's: B, Stable outlook

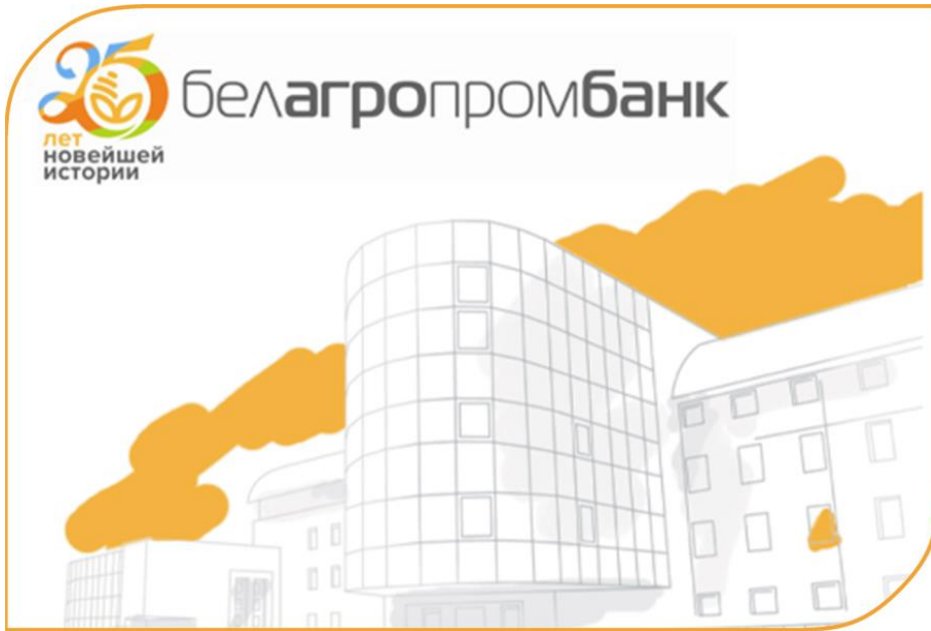
JSC Belagroprombank is an active player at the global financial market

- Cooperates with over 100 banks from 30 world countries;
- Accepted by 18 ECA to participate in the co-financing 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.





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CONTACT INFORMATION

Head office of JSC Belagroprombank

- Address: Republic of Belarus, 220036, Minsk, 3 Zhukov Ave.
- Telex: 25 21 13 APBRB BY
- S. W. I. F. T.: BAPBBY2X
- E-mail: info@belapb.by
- Chairman of the Board: Anatoli A. Lysiuk

Responsible officer:

- Anzhelika P. Gushchenya
- Landline: +375 17 359 11 60
- Mobile: +375 29 314 41 04
- E-mail: a.guschenya@belapb.by

