



**belagroprombank**

# INVESTMENT MEMORANDUM

TUROVSHCHINA  
OPEN JOINT-STOCK COMPANY



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# INVESTMENT PROPOSAL

## THE PURPOSE OF ATTRACTING AN INVESTOR

- Collaborative efforts to develop the enterprise and improve its performance through:
  - enhancement of the business and management mechanisms
  - joint implementation of investment projects

## CO-OPERATION FORMS

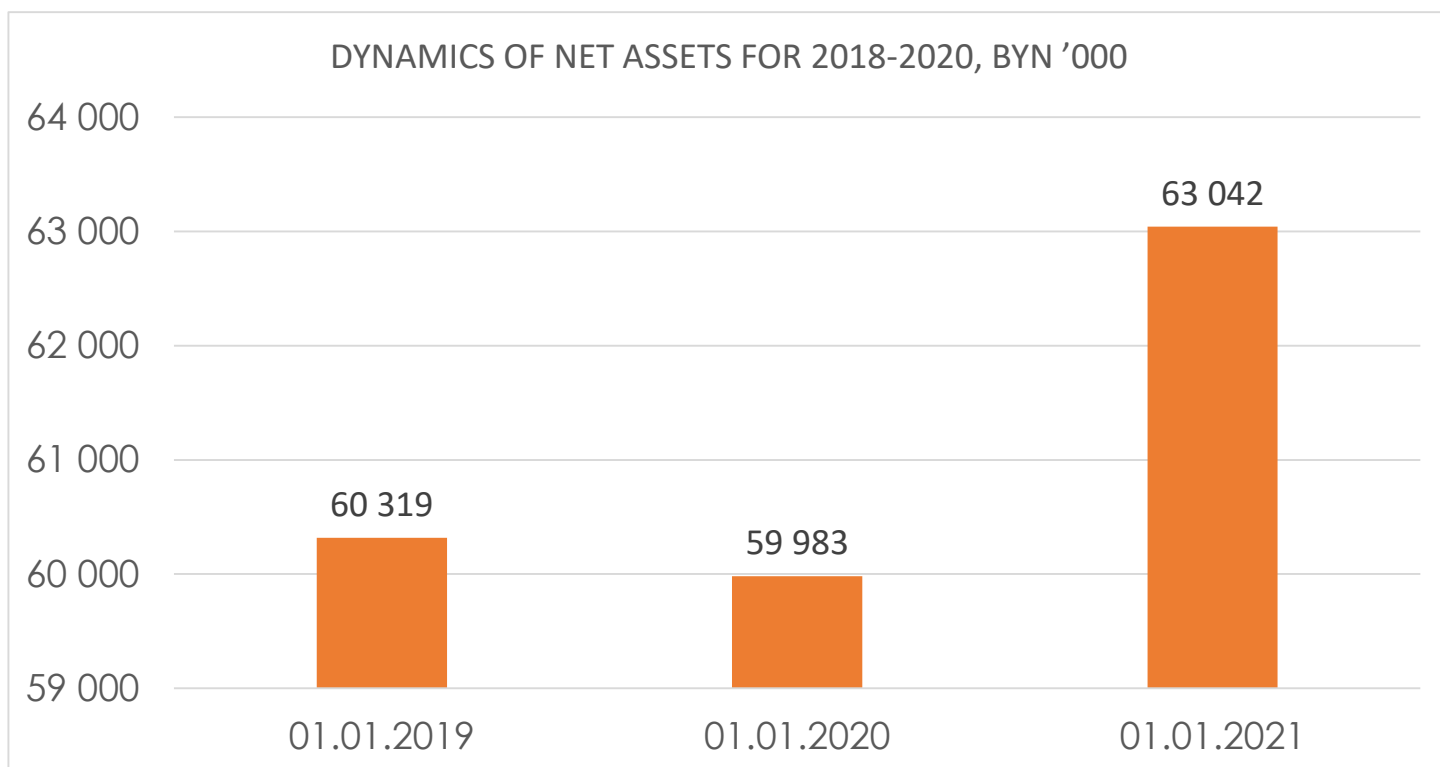
- Sale of 9.3% stock to the investor
- Joint development and implementation of investment projects
- Harmonization of the marketing and sales policies
- Adoption of progressive/innovative technologies of agricultural produce manufacturing, processing and sale

Indicator	Long-term investments
Authorized capital as of 01/01/2021, BYN	62,957,635
Net assets/equity as of 01/01/2021, BYN	63,042,096
Total shares as of 01/01/2021	118,787,991
Par value, BYN	0.53
Shares acquired, each	11,043,441
Acquired stock value, BYN.	<b>5,860,875.85</b>
Acquired stock of Turovshchina OJSC, %	9.3

\*calculated on the amount of net assets per share

## BALANCE SHEET BREAKDOWN, BYN '000

Indicators	01.01.2020	01.01.2021
Fixed assets	80,799	81,133
Reserves	32,217	35,737
Accounts receivable	2,867	2,719
Equity	59,983	63,042
Credits and loans	48,424	51,149
Accounts payable	7,309	7,021





# OVERVIEW

## TUROVSHCHINA OPEN JOINT-STOCK COMPANY

- Official registration No. 490526759 dated August 20, 2009, in the Uniform Register of Legal Entities and Individual Entrepreneurs, resolution of the Zhitkovichi District Executive Committee.
- Created by restructuring Agropripyat MAUE and acquisition of Richevsky MAUE, Zapesochye MAUE and Veresnitsa MAUE.

## EQUITY DISTRIBUTION AS OF JANUARY 1, 2021

Net assets, BYN '000	63,042.1
Net assets per share, BYN	0.53
Authorized capital, BYN '000	62,957.6
Par value, BYN	0.53
Common/ordinary shares, each	118,787,991
Belagroprombank OJSC, each	110,434,579
Other legal entities, each	3,899,373
Government, each	828,633
Natural persons, each	3,625,406
Preferred shares	-

# STRUCTURE OF TUROVSHCHINA OJSC

Turovshchina OJSC

Strumien Hotel Complex

Turov Hotel

Polesye Floating Hotel

Losiny Ostrov  
(affiliated)

Turov Canning Factory  
(affiliated)

Belove Tourist Complex





# OVERVIEW



## LOCATION



The southwestern part of Zhitkovichi District, Gomel Region; central part of the Polesian Lowland on both banks of the Pripyat.



The climate is warm/temperate with unstable winters (average temperature in July: 18.4°C, in January: 5.9°C), average annual precipitation: 573 mm, growing season: 197-200 days, natural fertility of agricultural land: 38.2, arable land: 49.2.

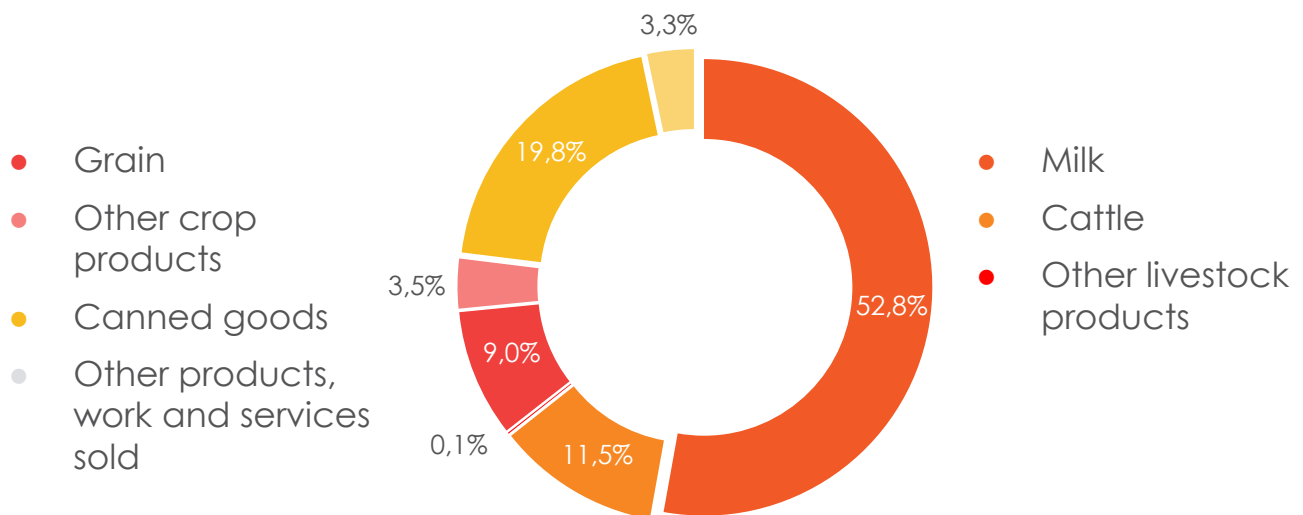


Turovshchina OJSC is located on the territory of 19 settlements (the town of Turov (central estate), Ozerany, Znamenka, Pogost, Chernichi, Khvoyensk, Bechi, Richev, Ridcha, Khochen, Storozhovtsy, Semuradtsy, Zapesochye, Voronino, Veresnitsa, Maleshev, Lyubovichi, Burez, Povchin). Infrastructure within the area: 2 general schools/kindergartens, 5 clubs, 10 shops, 2 cafeterias, 2 saunas, 2 rural health posts, 1 pharmacy.

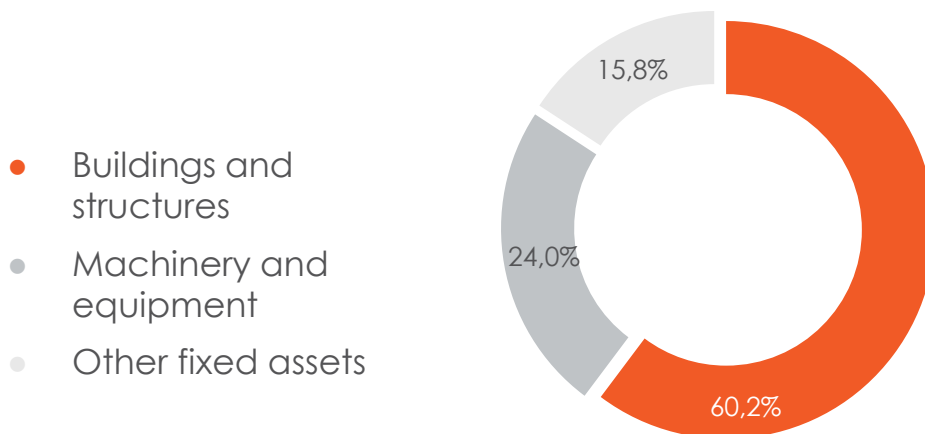


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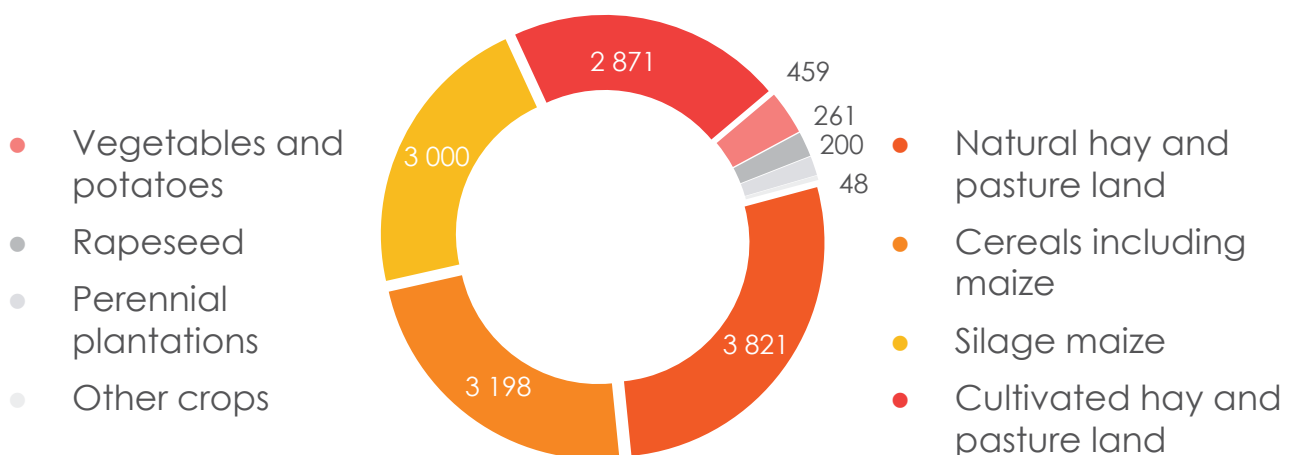
## KEY SPECIALIZATION DATA



## BREAKDOWN OF FIXED ASSETS



## AGRICULTURAL LAND, ha



\*here and elsewhere the data are presented at the end of 2020

# CORE BUSINESS

Turovshchina OJSC is a large multi-profile agro-industrial enterprise, the main activities of which are the production and processing of agricultural products, as well as the provision of hunting and tourism services.

## TUROVSHCHINA OJSC

agricultural production; total area:

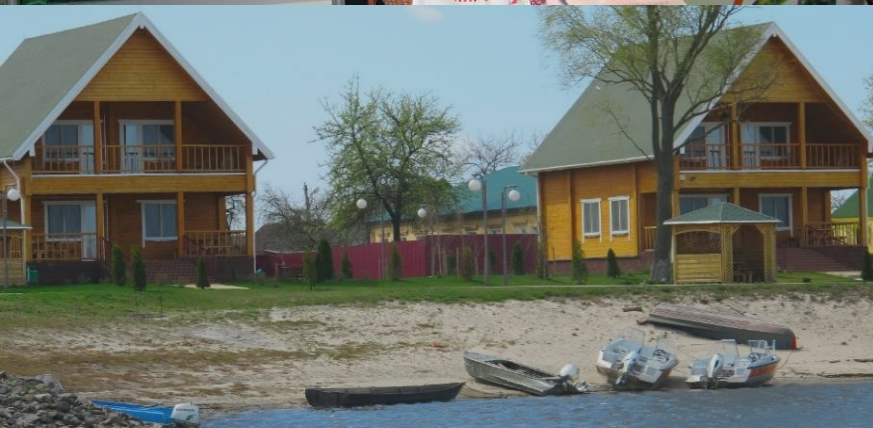
**26,110 ha.**

1. Crop farming: growing cereals, legumes, forage and industrial crops
  - agricultural land area: 13,833 ha,
  - arable land area: 6,959 ha,
  - orchard area: 200 ha.
2. Livestock farming: commercial dairy production, raising beef cattle (Limousine)
  - total livestock: 11,881 head including dairy cows: 3,301 head
  - beef cattle: 365 head;
  - cattle of meat breeds: 875 head including cows of meat breeds: 365 head.





**Ф-л "ТУРОВСКИЙ КОНСЕРВНЫЙ КОМБИНАТ" ОАО «ТУРОВЩИНА»**





# CORE BUSINESS

## TUROV CANNING FACTORY (AFFILIATED)

– agricultural produce processing; canned food manufacturing.

- natural preserves: green peas, sweet corn, garnish carrots, natural beans;
- canned appetizers: cucumbers, pickled beets;
- sauces;
- fruit: jam, pureed fruit;
- juices: birch sap in the assortment

## LOSINY OSTROV (AFFILIATED)

– tourism, hunting and fishing. The hunting grounds occupy an area of 128,400 ha.

### TOURIST OBJECTS:

- Turov Hotel – accommodation and event management services
- Strumien Hotel Complex – tourism and fishing, accommodation and event management services
- Belaye Tourist Complex – tourism and fishing
- Polesye Floating Hotel – tourism and event management





# FACILITIES AND RESOURCES

## TOUROVSHSCHINA OJSC

### Buildings and structures

commercial dairy farms: 8 each  
cattle fattening and rearing farms: 9 each  
grain cleaning/drying facilities: 2 each  
5,000-ton vegetable and fruit storage facility – 1 each

## TUROV CANNING FACTORY

### Canning shop

green peas line: 8 tons/hour  
sweet corn processing line: 3.5 tons/hour  
cucumber canning line: 10 tubes/24 hours

## TUROV HOTEL

(49 beds, 24 restaurant seats)

## STRUMIEN HOTEL COMPLEX

Hotel building (16 beds), café/bar (45 seat) – 1 building  
Two-storey guest houses (up to 10 beds) – 2 buildings

## LOSINY OSTROV (AFFILIATED)

fenced enclosure for wild animals: 1,840 ha  
fence line length: 22.48 km  
use of the Pripyat river: 31.5 km

### Transportation department

tractors and loaders: 100 each  
trucks: 31 each  
combines – 12 each  
foragers: 9 each  
potato harvesters: 1 each

### Juice shop

Juice output: 30 tubes/24 hours  
Output of strained preserves: 10 tubes/24 hours

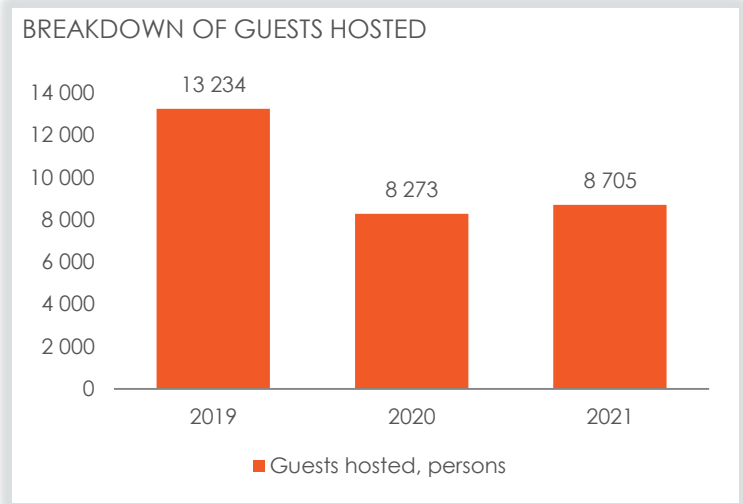
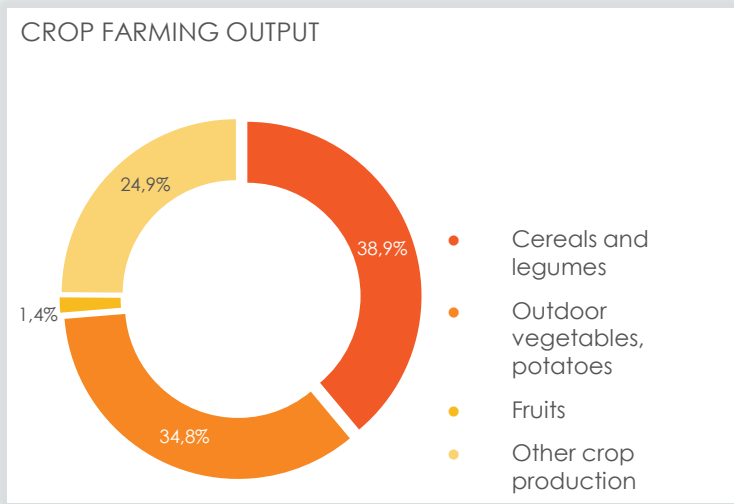
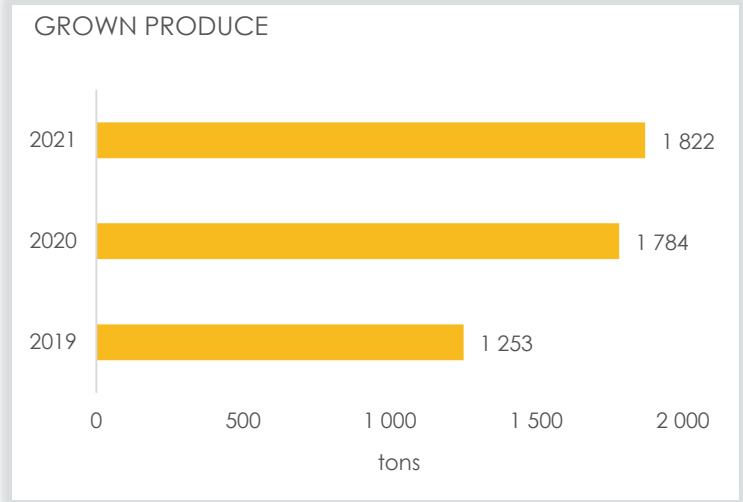
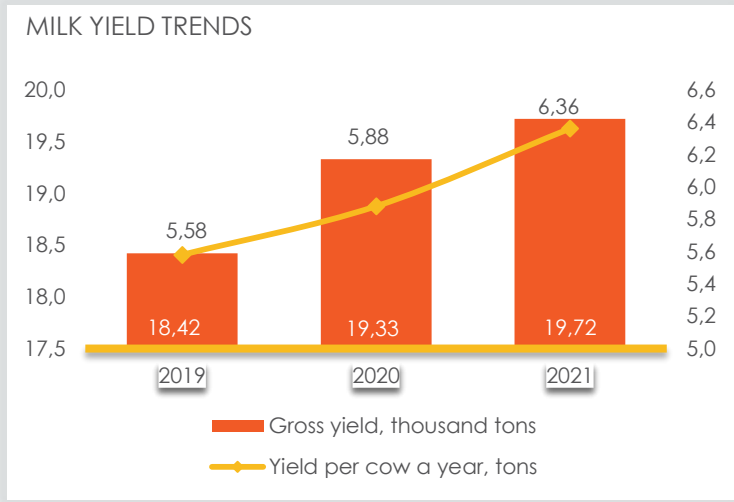
## POLESYE FLOATING HOTEL

(14 beds)

## BELOYE TOURIST COMPLEX

7-room guest house – 1 building  
2-room guest house – 2 buildings  
4-room guest house – 1 buildings







# 2020 GROSS FIGURES

## LIFESTOCK PRODUCTS

### Diary products

Gross yield, tons 19,332

Yield per cow, tons 5.883

Milk sold, tons 17,253

Milk marketability, % 89

Standard weight sales, tons 18,047

Standard fat content, % 3.8

### Cattle raising

Total herd, head 11,881

Calves, head 3,874

Grown produce, tons 1,784

Average daily weight gain, grams 568

Gross cattle weight gain, tons 1,693

Live weight sales, tons 1,377

## CROP FARMING PRODUCE

### Commercial production

Cereals and legumes, ha 3,218

Processed weight, tons 14,243

Outdoor vegetables, ha 412

Output, tons 3,718

Fruits (apples), ha 200

Output, tons 354

### Internal use

Green peas, ha 252

Output, tons 931

Sweet corn, ha 130

Output, tons 2,421

## PROCESSED GOODS

Canned green peas, tubes 3,591

Apple spread, tubes 238.1

Cucumbers, pickled and canned, tubes 22.2

Juices, tubes 297.1

Canned maize, tubes 3,515.7

Other canned food, tubes 170

## TOURIST AND RECREATION SERVICES

Guests accommodated 8,273

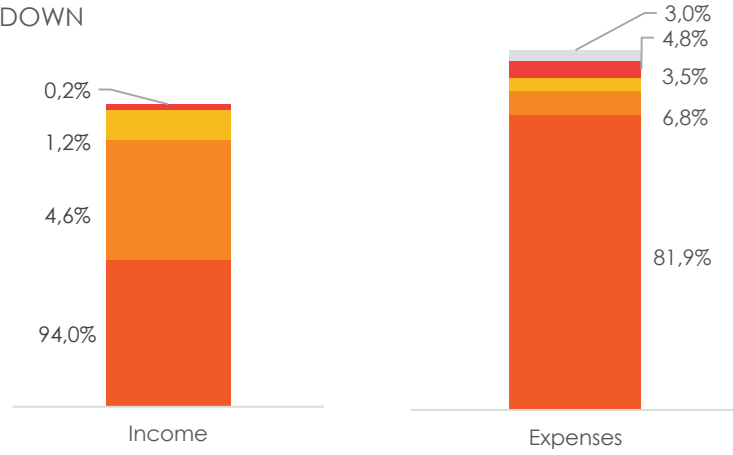
Stay, bed-days 6,304.5

Industrial fishing, tons (2019) 1.5



## INCOME AND EXPENSE BREAKDOWN

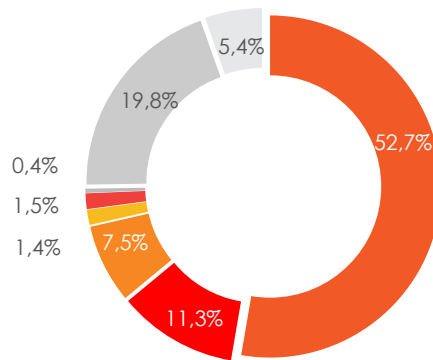
- Income from financial activities
- Income from investment activities
- Income from current operations
- Income from sales of products, goods, work and services



- Expenses on sale
- Expenses on financial and investment activities
- Management expenses
- Expenses on current operations
- Prime cost of products sold

## BREAKDOWN OF INCOME

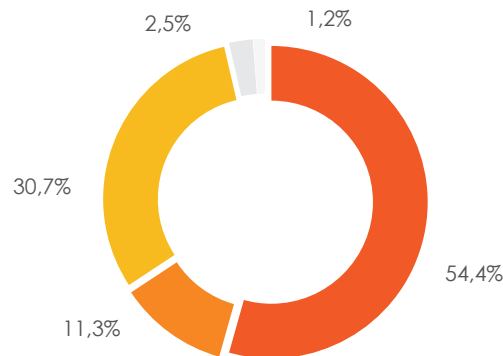
- Outdoor vegetables, potatoes
- Apples
- Canned goods
- Tourist and other services



- Milk
- Cattle
- Cereals and legumes
- Rapessed

## BREAKDOWN OF EXPENSES

- Depreciation
- Other expenses



- Raw and other materials
- Fuels and resources
- Payroll with deductions

# ECONOMIC EFFICIENCY

## ANALYSIS OF THE BALANCE-SHEET ASSETS AS OF JANUARY 1, 2021

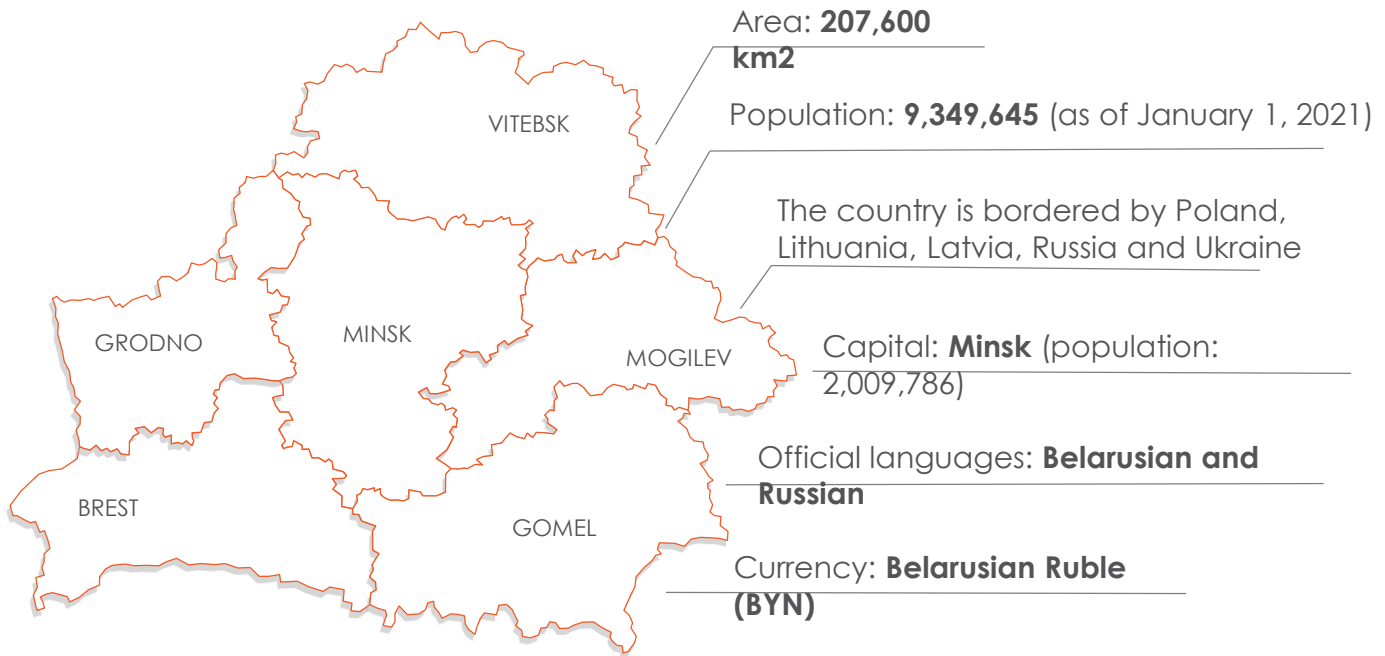
- Long-term assets account for 67.87% of the balance-sheet assets. The book value of fixed assets is BYN 81,133,000.
- The business entity has no incomplete major investment projects: its investments in long-term assets amount to BYN 2,003,000; or 1.64%.
- Current assets are highly liquid for the most part: the inventory totals to BYN 35,737,000; or 29.2% (including 13.3% - reared and fattened livestock).
- The share of the entity's balance-sheet receivables is minor: BYN 2,719,000; or 2.2%.

## ANALYSIS OF THE BALANCE-SHEET LIABILITIES AS OF JANUARY 1, 2021

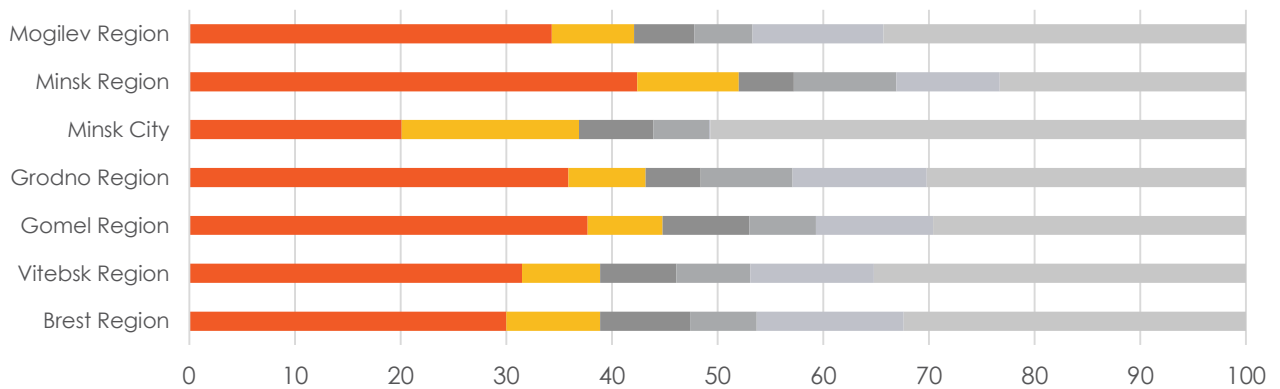
- Equity accounts for the largest part of the balance-sheet liabilities: BYN 63,042,000; or 51.5%.
- The balance-sheet long-term liabilities amount to BYN 45,472,000; or 37.1%. The weighted average annual percentage rate on loans is 1.3%.
- The balance-sheet short-term liabilities amount to BYN 13,985,000; or 11.4%, including short-term payables of BYN 7,021,000; or 5.7%.

## ANALYSIS OF FINANCIAL SUSTAINABILITY AND SOLVENCY AS OF JANUARY 1, 2021

- Current ratio: 2.81 (standard:  $\geq 1.5$ ).
- Working capital to current assets ratio is within the level: 0.64 (standard  $\geq 0.2$ ). The ratio points at the working capital adequacy.
- Financial liabilities to assets ratio: 0.49 (standard:  $\leq 0.85$ ). The ratio describes the enterprise's ability to cover its financial liabilities after sale of its assets..



#### 2019 GRP BREAKDOWN BY ECONOMIC ACTIVITIES



- Manufacturing industry
- Wholesale and retail
- Transportation
- Construction
- Agriculture, forestry and fish farming
- Other economic activities and net taxes on products



# PROFILE OF THE REPUBLIC OF BELARUS

## GEOGRAPHIC POSITION

- The Republic of Belarus is situated in the center of Europe at the intersection of west-east and north-south trade routes. The country is crossed by the shortest transportation links between EAEU and Western Europe. The Republic of Belarus is bordered by Lithuania and Latvia to the north, Ukraine to the south, the Russian Federation to the east and Poland to the west. The country's geographic position is of a strategic importance in terms of transport connections 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 – 1,060 km, and to Vienna – 1,300 km.
- The Republic of Belarus covers a total area of 207,600 square km. Belarus extends 560 km from north to south, 650 km – from west to east. Belarus has a larger area than such countries as Austria, Ireland, Portugal and Greece. The national capital is the city of Minsk, which is located on the same latitude as Hamburg and Dublin. The highest point in Belarus is Dzyerzhinskaya Hara (345 meters above sea level) in Minsk Region. The lowest point in the country is in the Neman valley in Grodno Region (80-90 meters above sea level). Belarus is divided into six regions.

## CLIMATE

- A temperate continental climate with mild winters and frequent thaws, rainy and cool summers. Average temperature in January is minus 6°C, in July – plus 18°C. Average annual precipitation in Belarus ranges from 550 to 700 mm.

## POPULATION

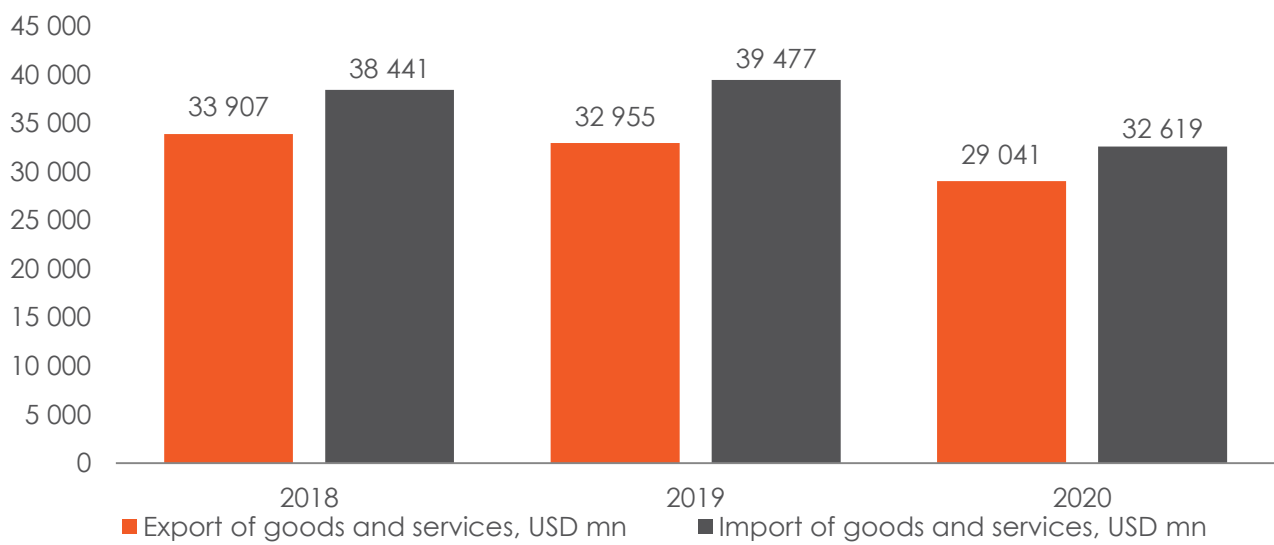
- More than 9.4 mn people live in Belarus. The Republic of Belarus is a multiethnic country; 70% of the population live in cities.

## LANGUAGES

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



### FOREIGN TRADE OF THE REPUBLIC OF BELARUS



# PROFILE OF THE REPUBLIC OF BELARUS

## TIME ZONE

- The Republic of Belarus is situated in FET (UTC +3) time zone. Seasonal time changes are cancelled in Belarus.

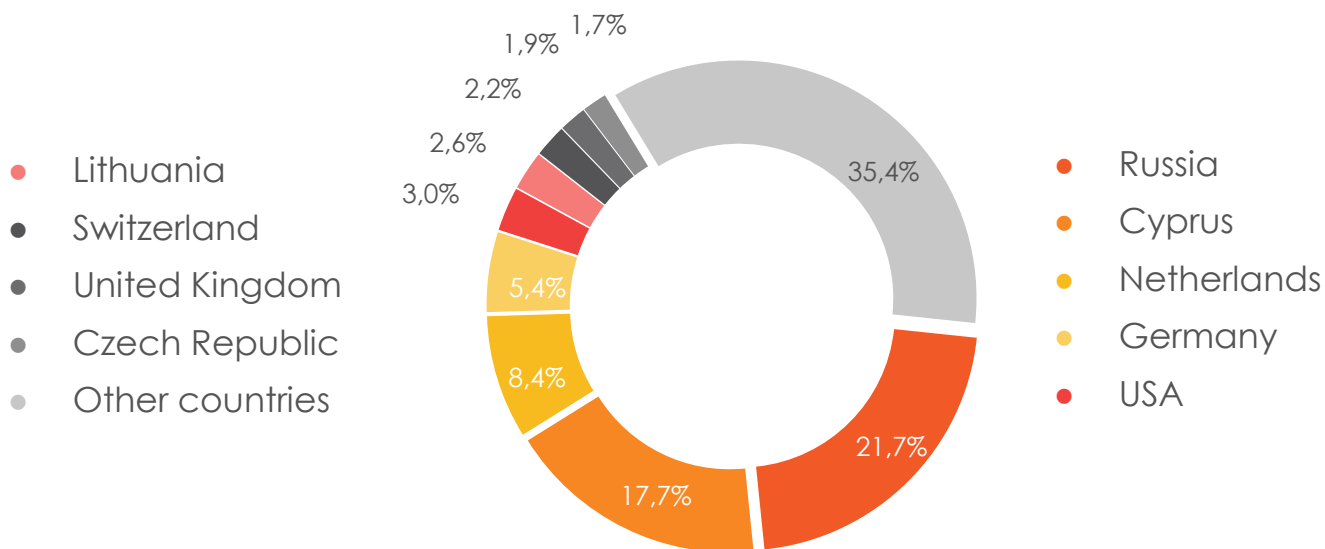
## ECONOMY

- The Republic of Belarus is an export-oriented country with a well-developed manufacturing industry, services sector and agriculture. The Republic of Belarus adheres to the concept of a socially-oriented market economy.
- The Republic of Belarus maintains trade relationships with more than 190 countries of the world. The main trade partner of the Republic Belarus is the Russian Federation. Russia accounts for 47.9% of the entire commodity turnover of Belarus including 45.2% of its export (41.5% in 2019) and 50.2% of its import (55.8% in 2019). The trade balance between the Republic of Belarus and the Russian Federation is negative, amounting to US Dollars 861.3 mn. The United Kingdom and European Union account for a major share of the foreign trade of the Republic of Belarus. The main exporting countries are the United Kingdom of Great Britain and Northern Ireland, Germany, the Netherlands, Poland and Baltic states.
- In 2020, the foreign trade turnover of the Republic of Belarus amounted to USD 61,659.3 mn including export - USD 29,040.5 mn, import – USD 32,618.8 mn.
- Belarus exports the following main commodity groups:
  - products of the petrochemical complex (oil products, chemical fibers, tires)
  - potassium and nitrogen fertilizers
  - metal products
  - agricultural machinery and trucks
  - meat and dairy products; sugar and other produce of the agricultural complex.
- Raw materials: oil, gas and minerals, as well as mechanical engineering components account for the main volume of the country's import.

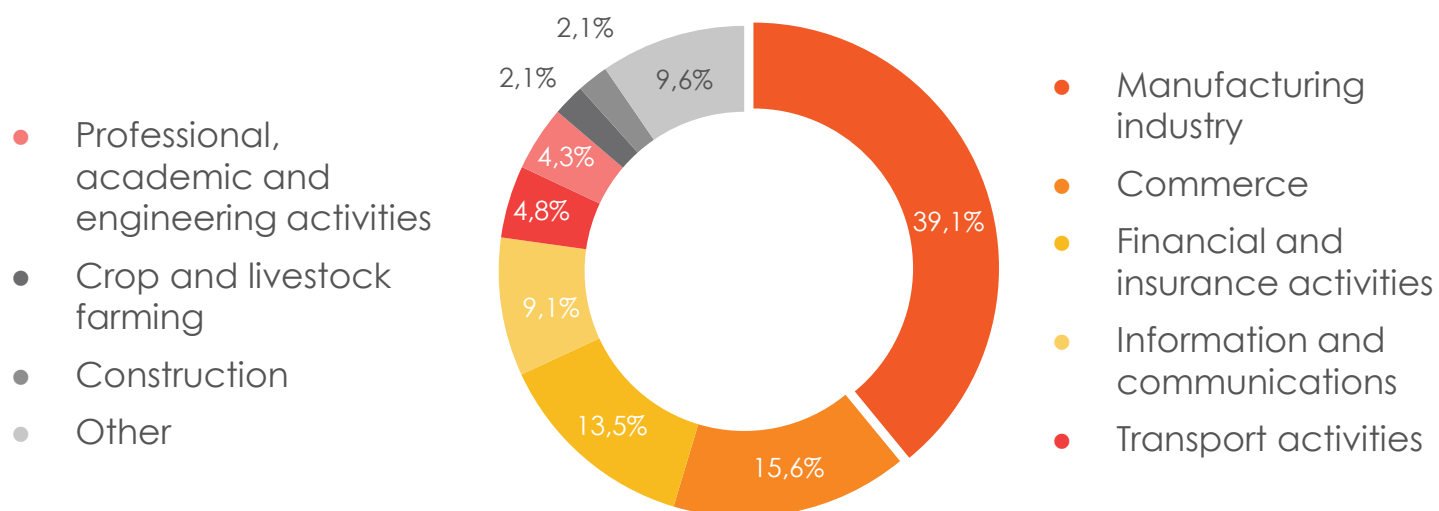




## 2020 NET FDI INFLOW BY COUNTRIES



## 2020 NET FDI INFLOW BY SECTORS



# INVESTMENT CLIMATE

## INVESTMENT REGULATIONS

- The main documents governing investment activities in the Republic of Belarus are the Law of the Republic of Belarus "On Investments" (No. 53-Z, dated July 12, 2013); and the Law of the Republic of Belarus "On Concessions" (No. 63-Z, dated July 12, 2013, the Decree of the President of the Republic of Belarus "On Creating Additional Conditions for Making Investments in the Republic of Belarus" (No. 10, dated August 6, 2009).

## DOUBLE TAXATION AGREEMENTS

- The Republic of Belarus has concluded double taxation agreements with the following countries: Austria, Belgium, Bulgaria, Germany, Hong Kong, Italy, Kazakhstan, Qatar, Cyprus, China, Kuwait, Latvia, Lithuania, the United Arab Emirates, the Russian Federation, Saudi Arabia, Turkey.

## AGREEMENT ON THE PROMOTION AND MUTUAL PROTECTION OF INVESTMENTS HAS BEEN CONCLUDED WITH A NUMBER OF COUNTRIES

- The Republic of Belarus has concluded agreements on the promotion and mutual protection of investments with more than 60 countries including: Austria, Belgium, Bulgaria, The United Kingdom, Germany, Italy, Qatar, Cyprus, China, Kuwait, Latvia, Lithuania, the United Arab Emirates, The United States, Saudi Arabia, Turkey, Ukraine, etc.

## THE REPUBLIC OF BELARUS HAS A NUMBER OF PREFERENTIAL REGIMES THAT ARE USEFUL TO INVESTORS

- The special regime in accordance with the Decree of the President of the Republic of Belarus (No. 6, dated May 7, 2012) applies to commercial organizations of the Republic of Belarus, individual entrepreneurs registered in the republic with their location (residence) on the territory of medium-sized, small urban settlements, rural areas and carrying out activities in these territories for the production of goods (performance of works, provision of services). Features of taxation and benefits – exemption for 7 years from:
  - income tax, income tax in terms of the sale of products of own production;
  - payment of the state fee for the issuance of licenses;
  - other taxes and fees (except VAT, excise taxes, stamp and offshore fees, state duty, patent duty, customs duties and fees, land payments, tax for the use of natural resources (environmental tax), taxes deducted with held and transferred in the performance of the duties of a tax agent) deductions to innovation funds.
- There are a number of benefits for organizations located on the territory of the Pripjat Polesie in accordance with the Decree of the President of the Republic of Belarus "On the State program of socio-economic development and integrated use of natural resources of the Pripjat Polesie for 2010-2015" (No. 161, dated March 29, 2010) .





# PROJECT OWNER

THIS INVESTMENT MEMORANDUM WAS INITIATED BY BELAGROPROMBANK OPEN JOINT-STOCK COMPANY

- Universal commercial bank with 96.6% shares owned by the State
- Registered on September 3, 1991 (by Letter of the National Bank of the Republic of Belarus No. 03005/184 dated September 3, 1991).
- Parent organization of the bank holding company
- Bank authorized by the Government of Belarus to provide services for national programs.
- More than 36,000 corporate and 1,700,000 retail clients.

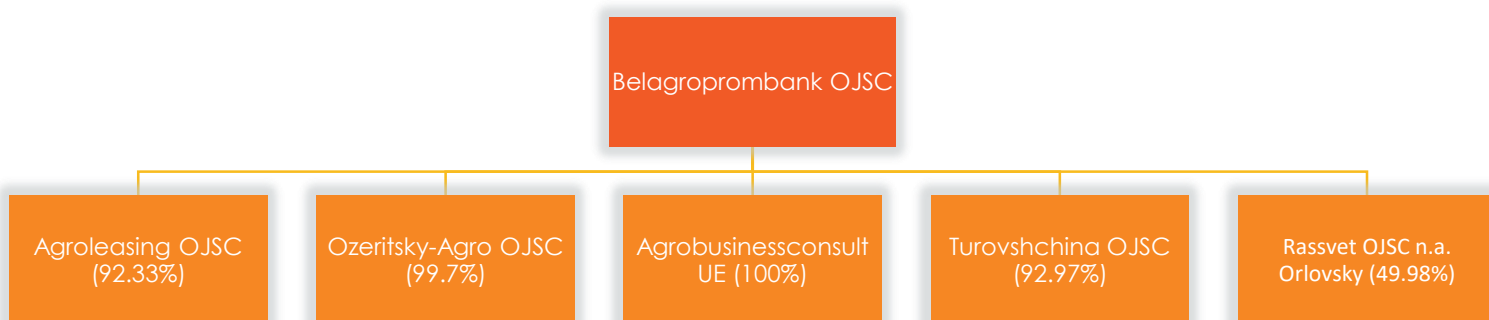
BELAGROPROMBANK OJSC HOLDS LEADING POSITIONS IN THE BANKING SECTOR OF THE REPUBLIC OF BELARUS

- No. 2 in size of the authorized capital, client assets and deposits
- Ranks 18<sup>th</sup> among 25 largest banks of Central and Eastern Europe (Top 25: Central & Eastern Europe).
- Regional network: the Central Client Services Office of the Headquarters, 7 regional directorates and 280 banking services centers and additional offices, Representative Office in the Italian Republic (Milan)
- The bank has stable ratings assigned by the international agencies.

BELAGROPROMBANK IS AN ACTIVE PLAYER ON THE GLOBAL FINANCIAL MARKET

- The bank cooperates with over 100 foreign financial institutions across the world.
- The bank is accepted by 18 national export credit agencies.
- The bank is one of the leading credit/financial institutions of the Republic of Belarus in terms of the amounts of credit facilities raised on the global capital markets.

Key financial indicators	As of 01/01/2021 BYN mn	As of 01/01/2021 USD mn
Assets	12,641.1	4,901.7
Capital	1,820.5	705.9
Credits to clients	7,658.0	2,969.5
Clients' funds	7,730.7	2,997.7



# CONTACT INFORMATION

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Board Chair: Anatoly Anatolyevich Lysiuk

## EXECUTIVE IN CHARGE:

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