



# INVESTMENT MEMORANDUM

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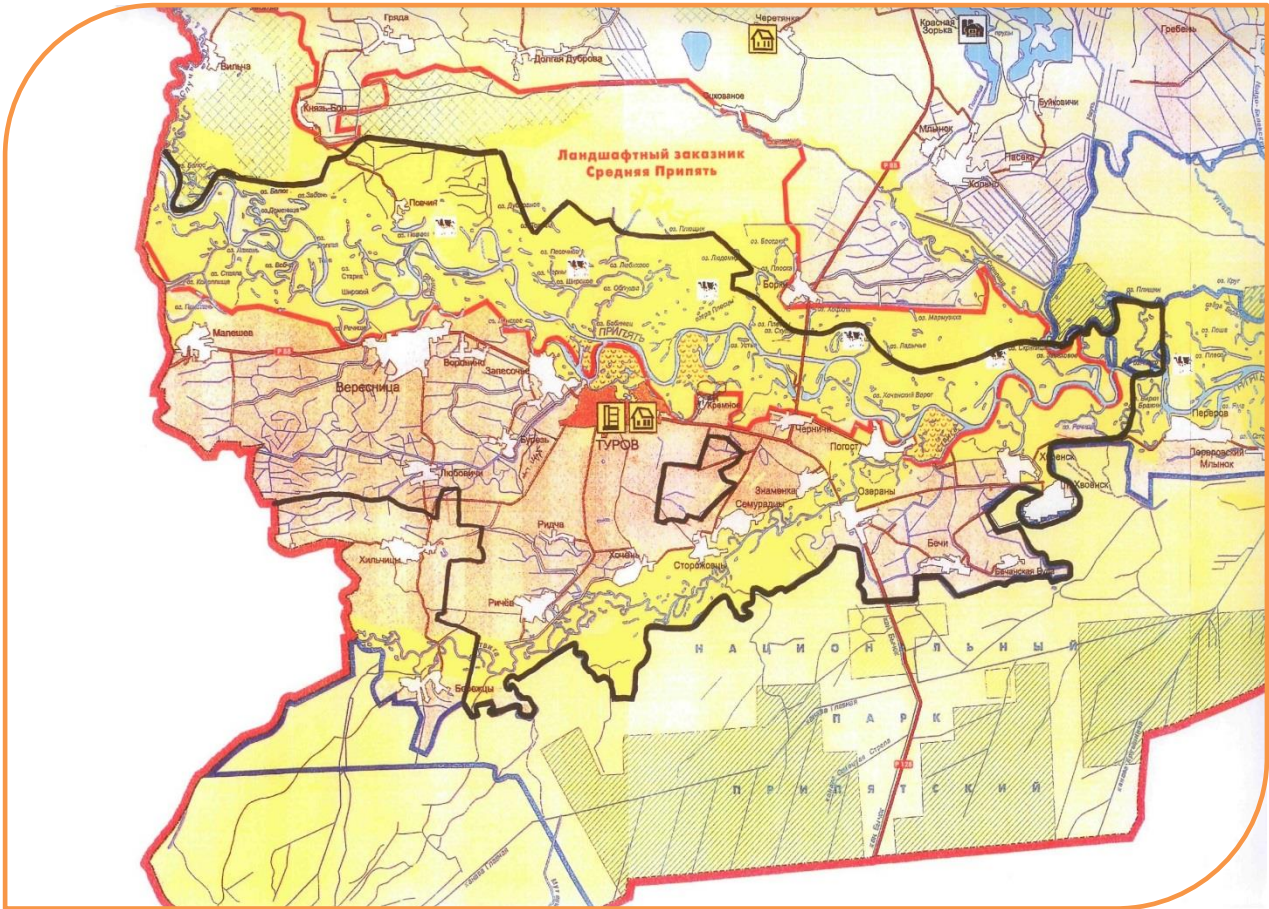
JOINT-STOCK COMPANY

# TUROVSHCHINA



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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

- Sale to an investor of a 5% of shares owned by JSC Belagroprombank
- Joint design and implementation of investment projects
- Harmonization or marketing and sale policy
- The implementation of new progressive (innovative) technologies in the production, processing and sale of agricultural products

	Long-term investments
Authorized fund as of 01.01.2020, rubles	<b>60 957 635,71</b>
Net assets (equity) as of 01.01.2020, rubles	<b>60 973 000</b>
Total number of shares as of 01.01.2020	<b>115 014 407</b>
Nominal value of a share, rubles	<b>0,53</b>
Purchased stake, units	<b>5 526 452</b>
Value of purchased stake, rubles	<b>2 929 019,56</b>
Purchased stake of JSC Turovshchina, units, %	<b>4,81*</b>

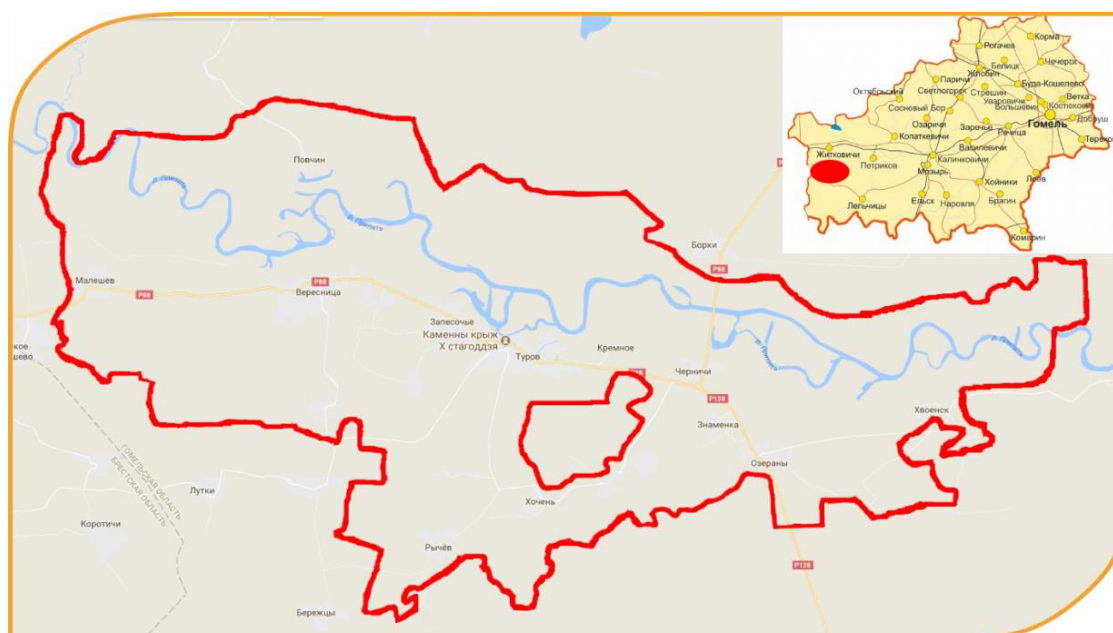
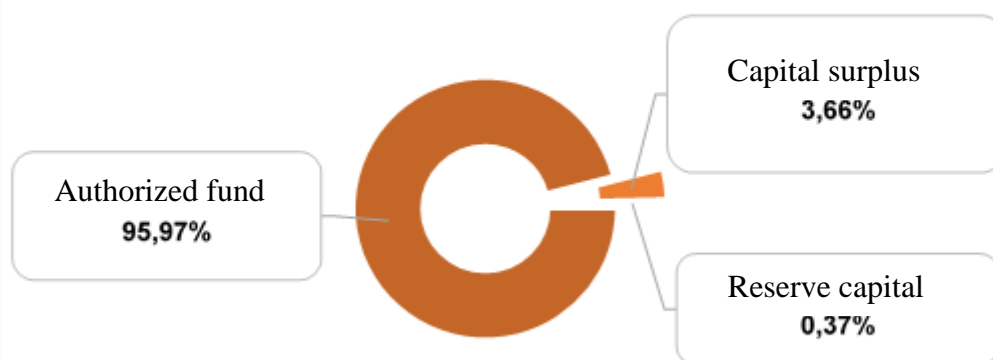
\* as of the date of the decision to sell the stock (decision of the Supervisory Board of JSC Belagroprombank dated 04.12.2019, minutes No. 15)



## Balance sheet structure, thousand BYN

Criteria	2018	2019
Fixed assets	86 520	80 799
Inventory	26 080	32 217
Accounts receivable	2 462	2 867
Equity capital	60 338	60 973
Credits and loans	47 828	48 424
Accounts payable	7 224	7 149

## Net capital as of 01.01.2020



# OVERVIEW

## Joint-Stock Company Turovshchina

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

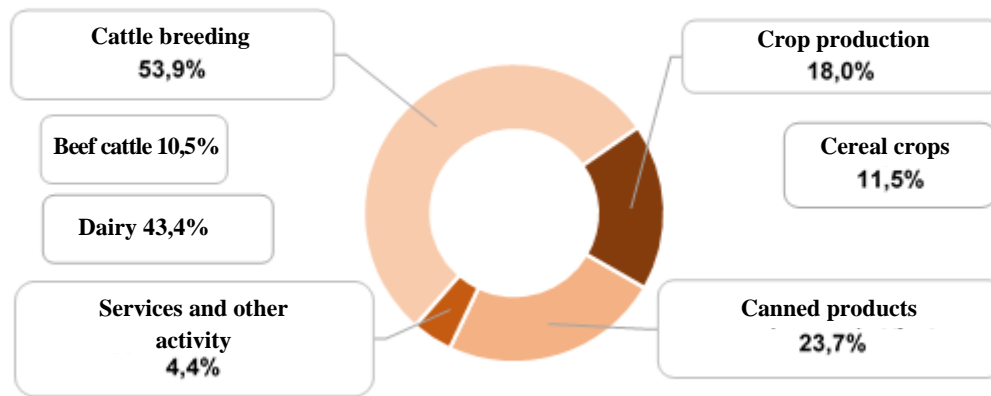
## Share capital as of 01.01.2020.

• Net capital, thousand rubles	– 60 973
▪ Net capital per 1 share, rubles	– 0,53
• Authorized fund, thousand rubles	– 60 958
▪ Cost per share, BYN	– 0,53
• Common shares, units	– 115 014 407
▪ JSC Belagroprombank, units	– 110 434 701
▪ State Committee of Property of the Republic of Belarus, units	– 828 633
▪ JSC “Gomeloblagroservis”, units	– 31 449
▪ UE “Molochnaya Pravda”, units	– 94 340
▪ Individuals, units	– 3 625 284
• Preferred shares	– none.

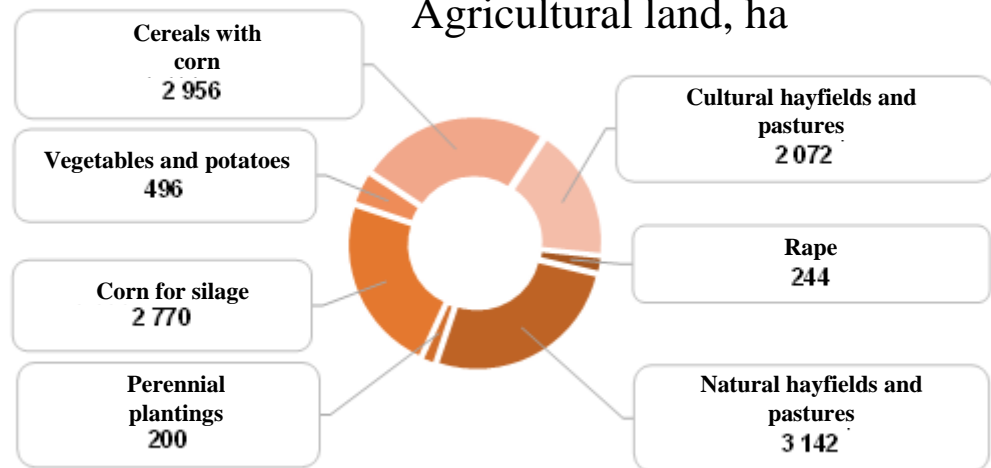
## Location

- Gomel region, south-western part of Zhytkovichi District, central part of the Polesye 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 annual 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 (Turov (central farmstead), Ozerany, Znamenka, Pogost, Chernichi, Kvoyensk, Bechi, Richev, Ridcha, Khochen, Storozhovtsy, Semuradtsy, Zapesochye, Voronino, Veresnitsa, Maleshev, Lubovichi, Burez, Povchin). The area infrastructure: 2 general education schools-kindergartens, 5 clubs, 10 shops, 2 canteens, 2 saunas, 2 feldsher-midwife stations, 1 pharmacy.

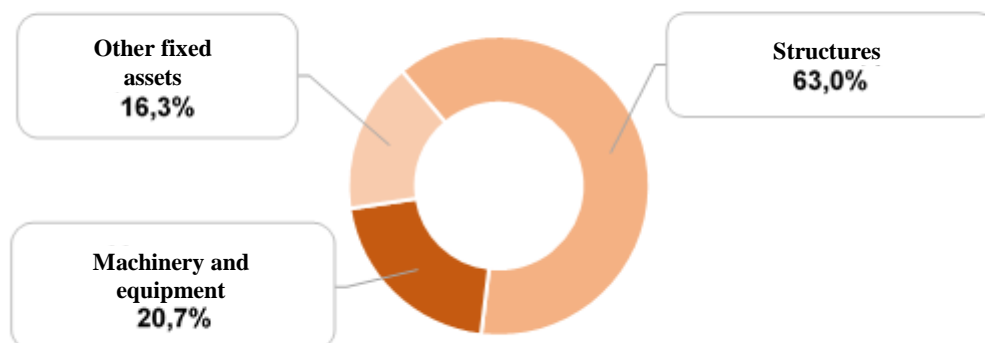
## Main areas of expertise



## Agricultural land, ha



## Fixed assets



# PRINCIPAL ACTIVITY

JSC Turovshchina is a large multi-field agro-industrial enterprise covering an area of 26 241 ha and consisting of:

- **JSC Turovshchina** – agricultural production, area of 26 241 ha.
  - **Crop production** – growing of cereals, legumes, fodder and industrial crops
    - area of agricultural lands – 11 880 ha
    - arable lands – 6 093 ha
    - garden – 200 ha
  - **Cattle breeding** – large-scale cattle breeding («Limousine»)
    - Total stock – 11 750 heads, of which:
    - Milking herd – 3 301 heads
    - Beef cattle – 365 heads.
- **“Turov Canning Plant” affiliated branch** – processing of agricultural produce, canning
  - Natural canned food – 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” affiliated branch** – tourism, hunting and fishing. The hunting grounds area is 128 400 ha
  - **Hotel “Turov”** – accommodation services and events management
  - **Hotel complex “Strumen”** – tourism and fishing, accommodation services and events management
  - **Tourist complex “Beloye”** – tourism and fishing
  - **Floating hotel “Polessye”** – tourism and events management







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# MATERIAL AND TECHNICAL RESOURCES

## JSC Turovshchina

- Structures
  - Commercial dairy farms – 9 units
  - Cattle fattening and nursing farms – 8 units
  - Grain cleaning and drying equipment – 2 units
  - Vegetables and fruit storage per 5 000 tons – 1 unit
- 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

## “Turov canning plant” affiliated branch

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

## “Losiny ostrov” affiliated branch

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





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# GROSS FIGURES

## Livestock products

- **Dairying**
  - Gross milk yield, t – 18 421
    - Milk yield per cow, t – 5,584
  - Milk distribution, t – 16 340
    - Marketability of milk, % – 88,7
  - Distribution in standard weight, t – 16 340
    - Valid fat status, % – 3,9
- **Beef cattle growing**
  - Total cattle, heads – 11 750
    - Animal yield, heads – 3 301
  - Output of raising, t – 1 253
    - Average daily gain, grams – 386
  - Beef cattle gross gain in weight, t – 1 169
    - Live weight distribution, t – 1 335

## Crop production

- **Commercial farming**
  - Cereals and grain legume crops, ha – 3 350
    - In weight after processing, t – 14 784
  - Field vegetables, ha – 70
    - Yielding, t – 2 718
  - Fruits (apples), ha – 164
    - Yielding, t – 1 384
- **Internal business volume**
  - Peas, ha – 300
    - Yielding, t – 1 002
  - Sweet corn, ha – 144
    - Yielding, t – 2 247

## Продукция переработки

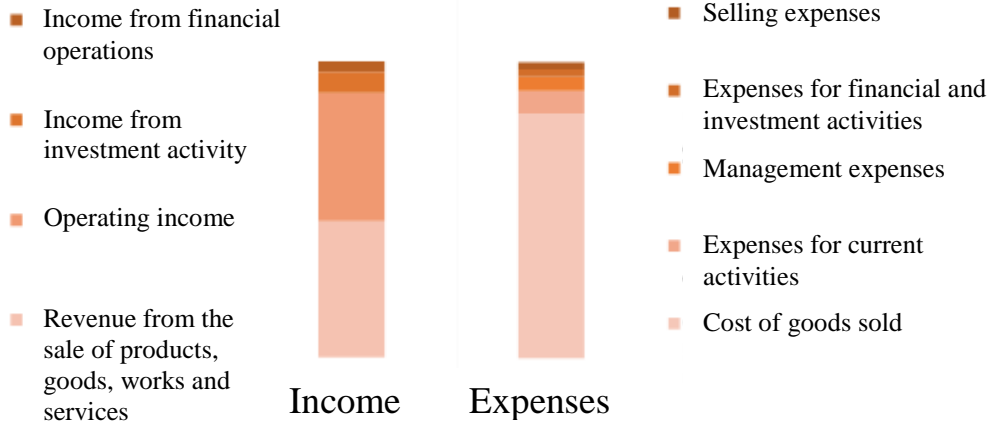
- Canned peas, tubes – 3 486
- Marinated and canned cucumbers, tubes – 151
- Canned goods, tubes – 89
- Canned corn, tubes – 3 110
- Juices – 442

## Tourism and recreation services

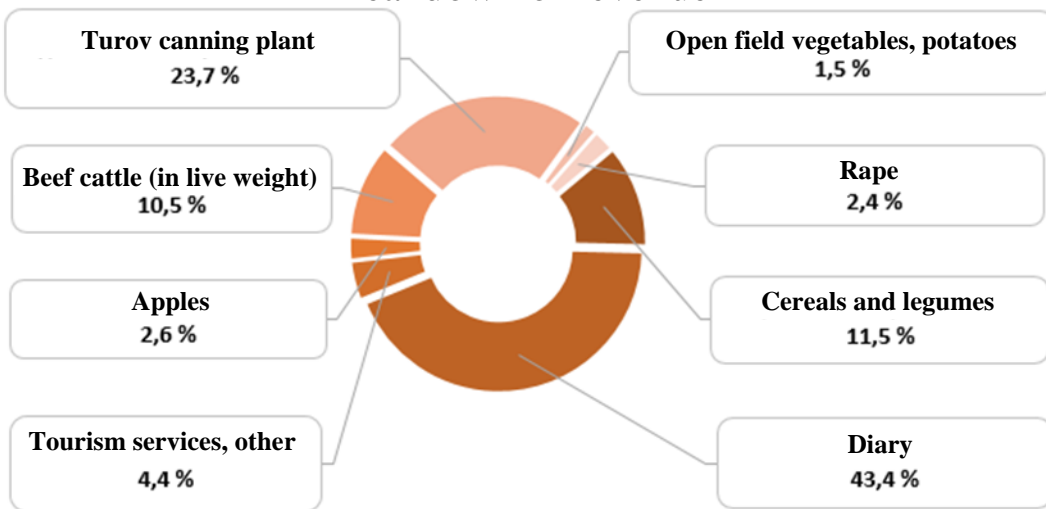
- Number of guests received, persons – 13 234
- Accommodation provided, nights – 9 274



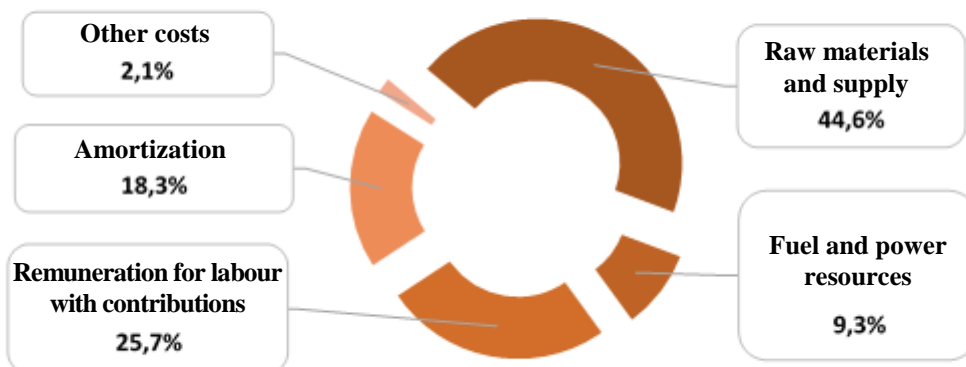
## Income and expenses as per balance sheet



## Breakdown of revenue



## Breakdown of costs



# ECONOMIC EFFICIENCY

## Assets analysis as of 01.01.2020.

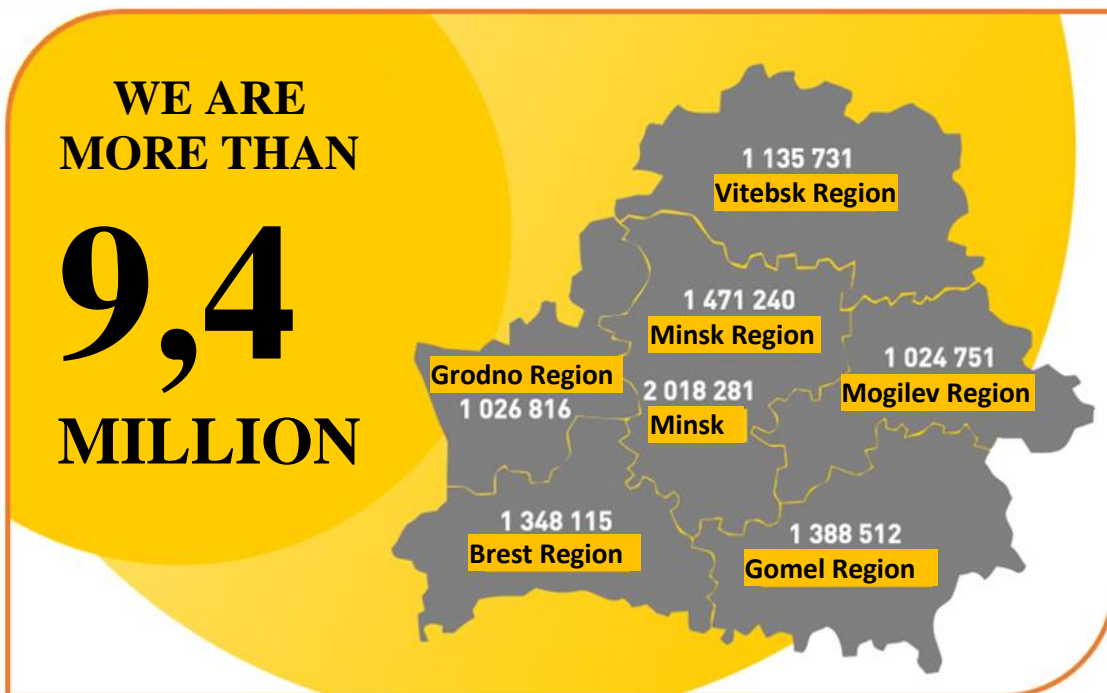
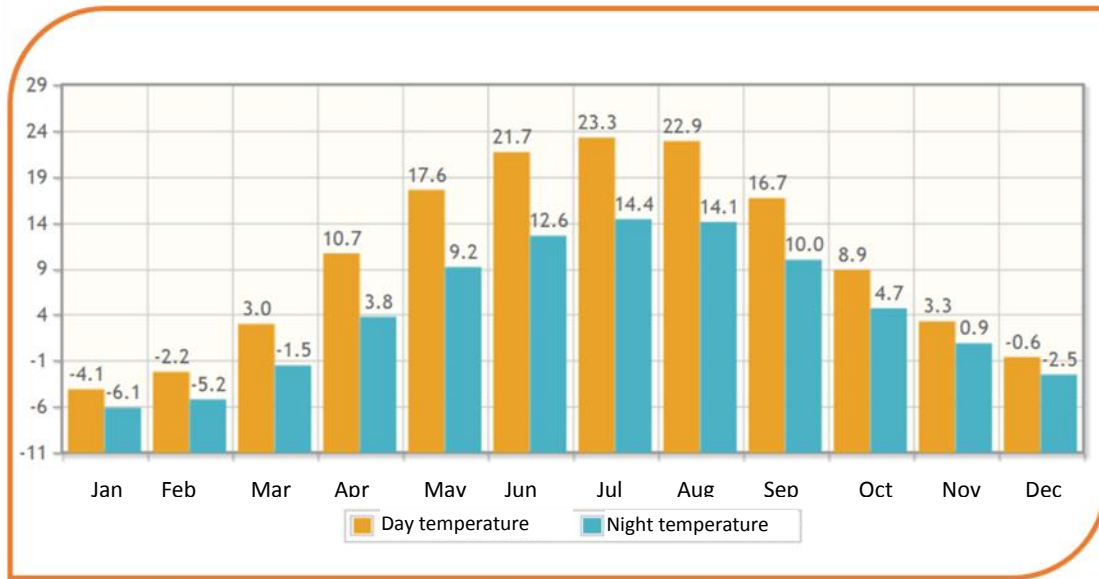
- Long-terms assets have a 68,92% share in the assets side of the balance sheet. The balance value of fixed assets is BYN 80 799,0 thousand;
- The enterprise has no uncompleted large investment projects– investments into long-terms assets total BYN 679,0 thousand or 0,57%,
- The principal part of current assets consists of highly liquid assets –the total amount of inventories is BYN 32 217,0 thousand or 27,2% (of which 11,7% are animals in breeding and fattening)
- Accounts receivable have a small share in the balance sheet structure: BYN 2 867,0 thousand or 2,4%.

## Liabilities analysis as of 01.01.2020.

- Equity has the biggest share in the liabilities side of the balance sheet: BYN 60 973,0 thousand or 51,6%.
- Long-term liabilities in the structure of the balance are 42 700,0 thousand rubles or 36,1%. The average weighted annual interest rate on borrowed resources is 1,3%.
- Short-term liabilities have a 12,3% share in the balance sheet structure (BYN 14 555,0 thousand). Short-term accounts payable: BYN 7 149,0 thousand or 6,0%.

## Financial stability and solvency analysis as of 01.01.2020.

- Current liquidity ratio is 2,52 (standard  $\geq 1,5$ ).
- Working capital to current assets ratio is 0,60 (standard  $\geq 0,2$ ). The ratio evidences the adequacy of own circulating assets.
- The ratio of financial assets to financial liabilities is 0,48 (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

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## 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.

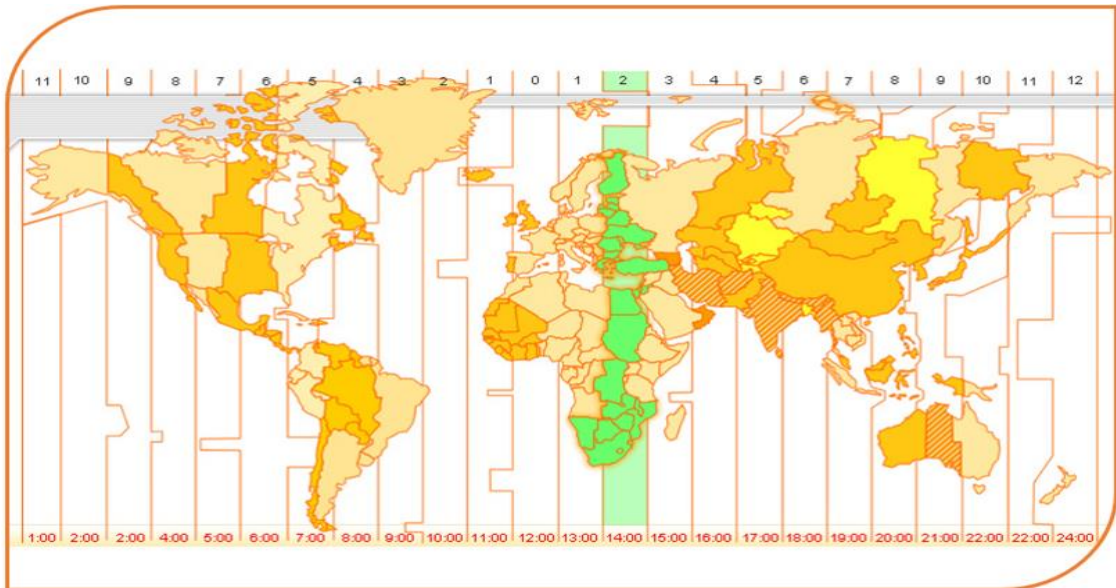
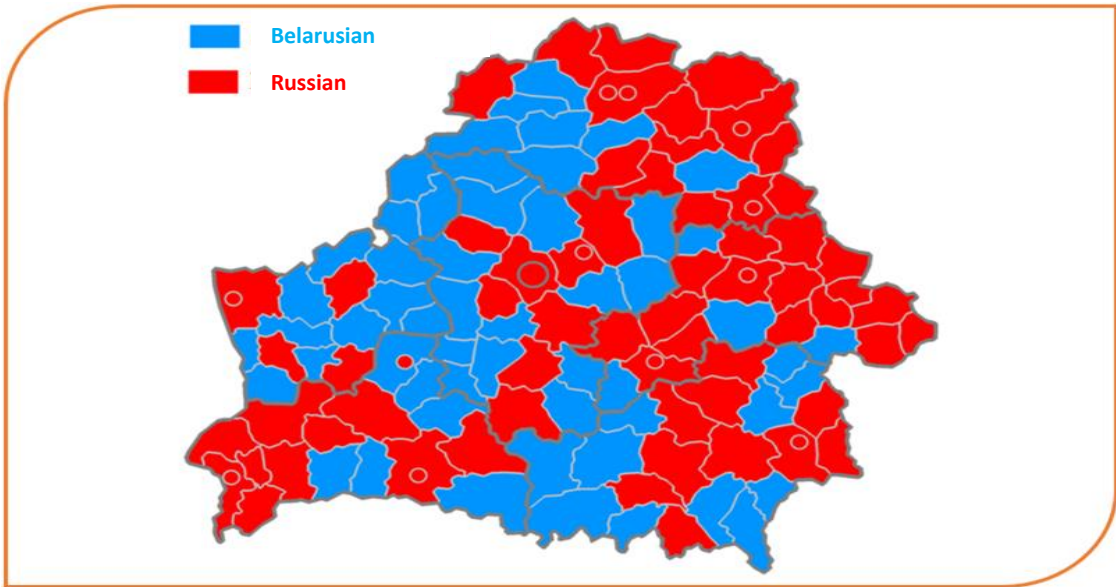
## Climate

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

## Population

- The population of the Republic of Belarus is approx. 9,4 million people. The Republic of Belarus is a multinational country, 70% of the population lives in cities.





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## 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 main trade partner of the Republic of Belarus is the Russian Federation. Russia accounts for over 41% of exports and over 55% of imports. The foreign trade balance between the Republic of Belarus and the Russian Federation is negative and amounts to 8 414 million US dollars. A significant share of foreign trade of the Republic of Belarus falls on the UK and the countries of the European Union. The main exporting countries are the United Kingdom of Great Britain and Northern Ireland, Germany, the Netherlands, Poland and the Baltic states.
- In 2019 turnover of foreign trade in goods of the Republic of Belarus amounted to USD 72 279 million, of which USD 32 937 million accounts for export, USD 39 342 million 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.



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# 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.

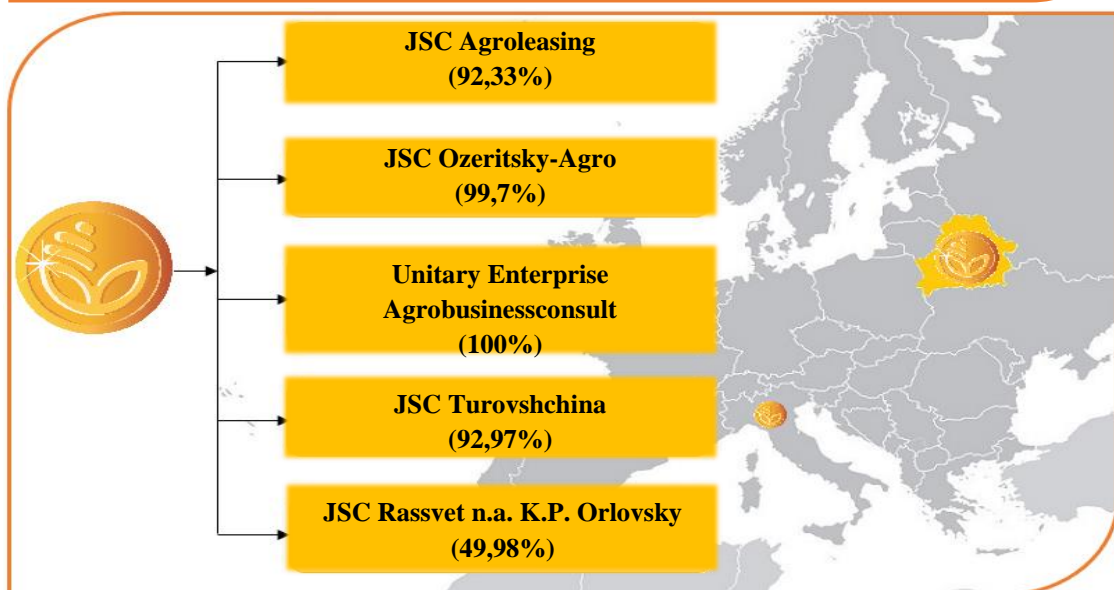
## Double taxation conventions

- 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.





Key performance indicators	As of 01.01.2020 million BYN	As of 01.01.2020 million USD
<b>Assets</b>	10 823,7	5 133,4
<b>Capital</b>	1 773,6	841,2
<b>Loans to customers</b>	6 084,9	2 885,9
<b>Customer accounts</b>	6 369 7	3 021,0
<b>Standard &amp; Poor's</b>	B – stable outlook	



# INITIATOR OF THE PROJECT

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

- Universal commercial bank, 96,6% 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;
- Authorized bank of the Government of the Republic of Belarus for servicing government programs;
- More than 36 000 corporate and 1 700 000 retail clients.

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

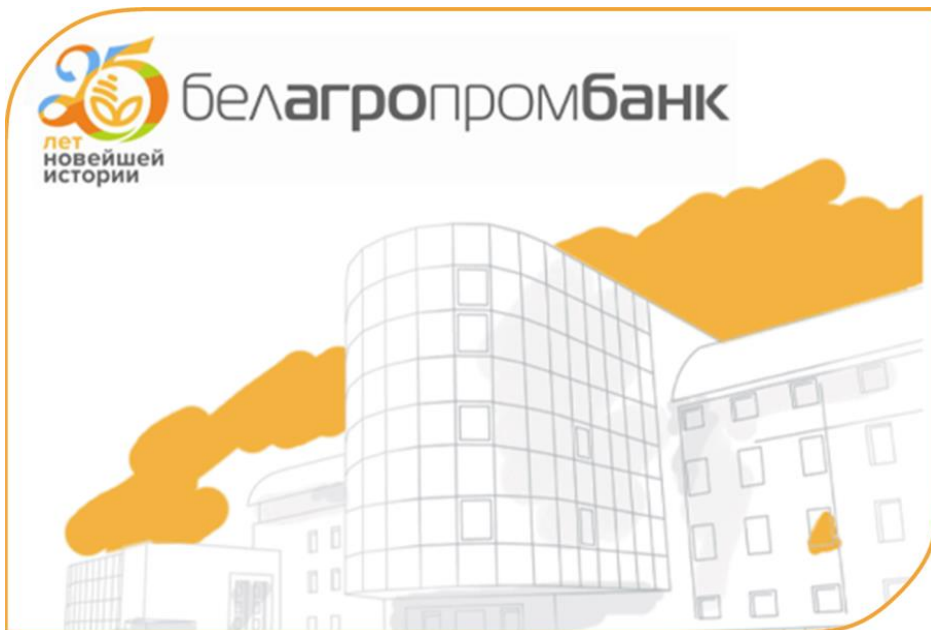
- No. 2 by the size of the authorized fund, assets and customer deposits;
- 18th position in the list of 25 largest banks in Central and Eastern Europe (Top 25: Central and Eastern Europe);
- Branch network: Central Client Service Office of the Head Office, 7 regional directorates, 280 centers of banking services and additional offices, 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 more than 100 foreign financial institutions from around the world;
- Accepted by 18 National Export Credit Insurance Agencies;
- 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

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## Head office of JSC Belagroprombank

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- Chairman of the Board: Anatoli A. Lysiuk

## Responsible officer:

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