belagrombank

INVESTMENT MEMORANDUM

OZERITSKY-AGRO
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 10% 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 01/01/2022, BYN	14,392,500
Net assets/equity as of 01/01/2022, BYN	75,040,000
Total shares	143,925
Par value, BYN	100
Shares acquired, each	14,349
Acquired stock value*, BYN.	**7,481,319.85**
Acquired stock of Ozeristky-Agro OJSC, %	10

**calculated on the amount of net assets per share*

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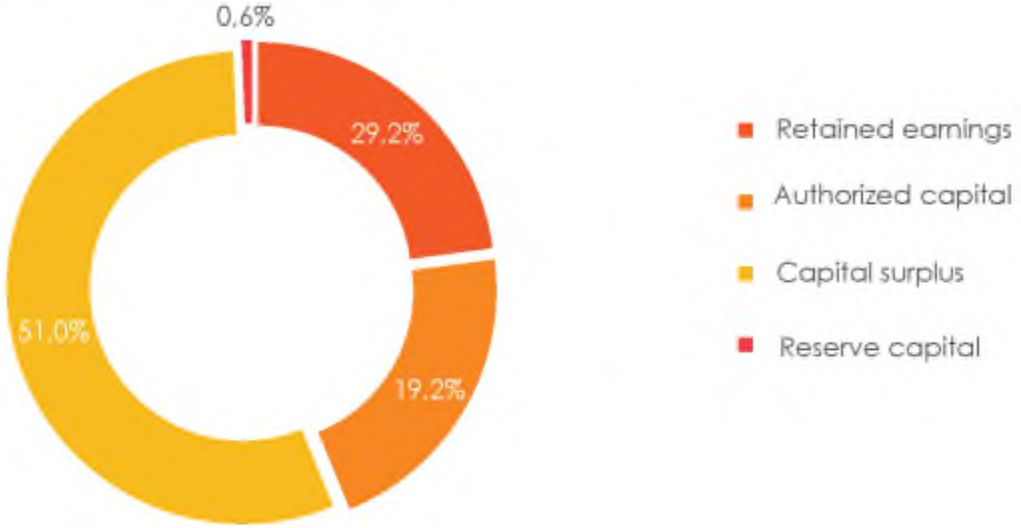
NET CAPITAL BREAKDOWN AS OF 01/01/2022



BALANCE SHEET BREAKDOWN, BYN '000

Indicators	01.01.2021	01.01.2022
Fixed assets	72,641	71,752
Inventory	21,641	24,859
Accounts receivable	3,206	2,623
Equity	68,997	75,040
Credits and loans	27,379	24,677
Accounts payable	2,796	3,071

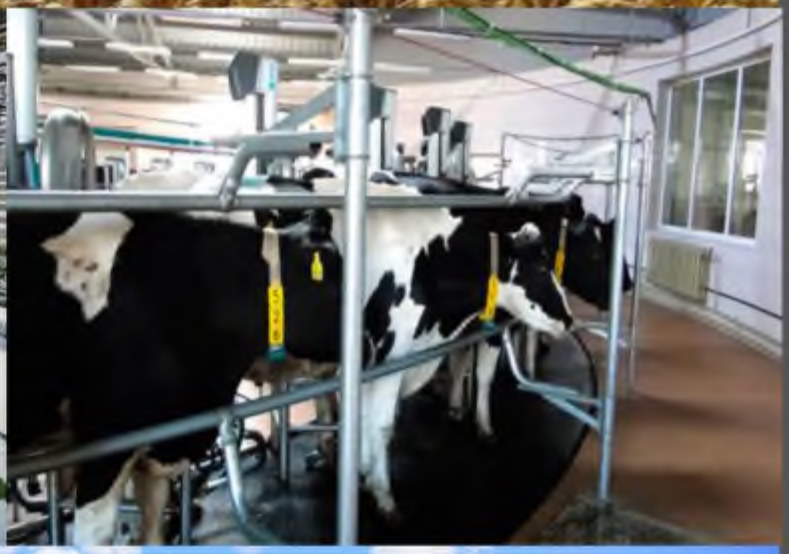
OVERVIEW

OZERITSKY-AGRO OPEN JOINT-STOCK COMPANY

- Ozeritsky-Agro was founded as a private unitary enterprise in Smolevichi District on November 4, 2005, by a resolution of the Minsk Regional Executive Committee via full or partial mergers of six agricultural cooperatives.
- On June 30, 2014, Ozeritsky-Agro PUE changed its name to Ozeritsky-Agro Agricultural Unitary Enterprise
- On December 16, 2016, Ozeritsky-Agro Agricultural Unitary Enterprise changed its name to Ozeritsky-Agro Open Joint-Stock Company (OJSC) by acquiring official Legal Entity Registration Certificate No. 690363881 dated December 16, 2016.

EQUITY DISTRIBUTION

Net assets, BYN '000(01.01.2022)	75,040
Net assets per share, BYN(01.01.2022)	521.38
Authorized capital, BYN '000	14,392.5
Share value, BYN	100
Common/ordinary shares, each	143,925
Belagroprombank OJSC, each	143,493
Other legal entities, each	432
Preferred shares	none



VADERSTAD

OVERVIEW

LOCATION

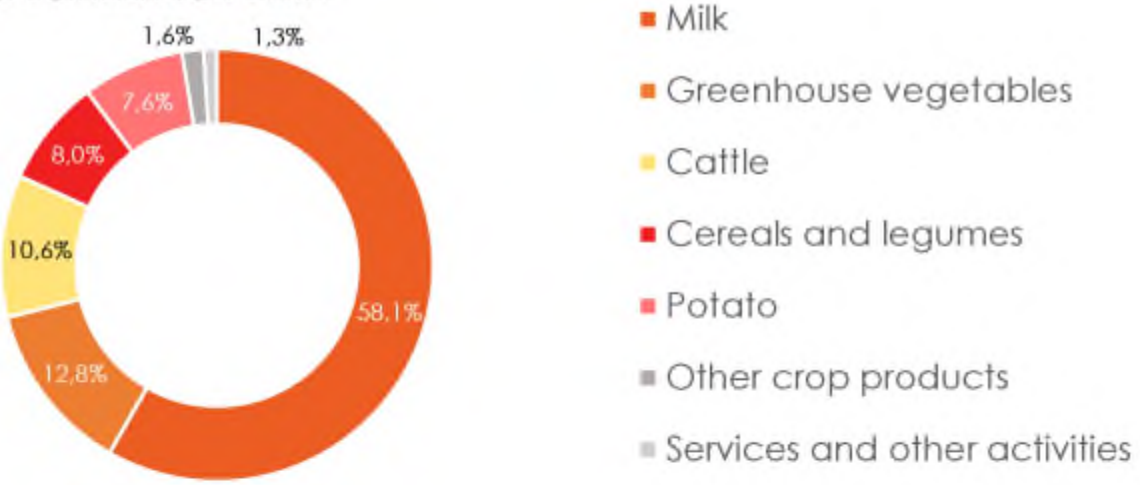
7 Tsentralnaya Street, Agrotown of Sloboda, Ozeritskaya Sloboda Rural Council, Smolevichi District, Minsk Region 222215, Republic of Belarus.

The central estate of Ozeritsky-Agro OJSC is 1 km off the railway station of Sloboda, 10 km off M1 Brest-Moscow National Route and 20 km off Minsk-2 National Airport,

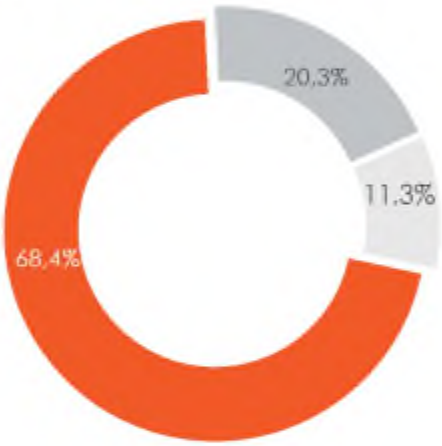
The climate is warm/temperate with unstable winters (average temperature in July: 18.4°C, in January: 5.9°C), average annual precipitation: 573 mm, growing season: 197-200 days, natural fertility of agricultural land: 34.4, arable land: 35.2.

The enterprise area encompasses 26 settlements administered by two rural councils, Ozeritskaya Sloboda and Zabolotye.

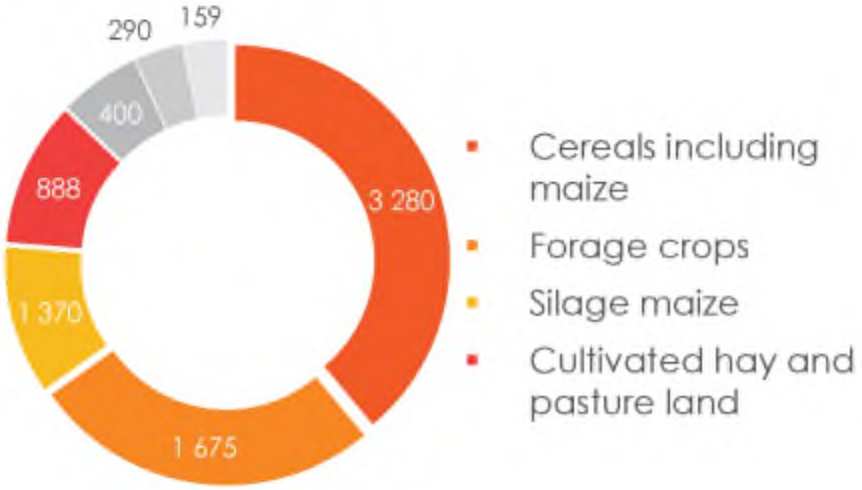
KEY SPECIALIZATION DATA



BREAKDOWN OF FIXED ASSETS



AGRICULTURAL LAND, ha



**here and elsewhere the data are presented at the end of 2021*

CORE BUSINESS

Ozeritsky-Agro OJSC is a large multi-profile agro-industrial enterprise.

Ozeritsky-Agro OJSC an agribusiness with an area of **8,622 ha**.

1. Crop farming: growing cereals, legumes, forage and industrial crops
   - agricultural land area: 8,062 ha including 7,015 ha of arable land.
   - meadows: 1,047 ha including 888 ha of ameliorated meadows.

2. Livestock farming: commercial dairy/cattle farming
   - total livestock: 6,248 head including 2,330 milking cows.

TOURIST ACTIVITIES

SOSNOVAYA HEALTH CENTER –
guest house accommodations:

- arrangements for events: wedding/anniversary parties and banquets
- a sauna with a pool
- gazebos for outdoor activities

PARK DUBROVA ECOTOURIST COMPLEX –
beach recreation and fishing. The park occupies an area of 83 ha. An investor is sought to co-develop the project concept, co-finance the construction and subsequent operation. At present, the Park has the following facilities:

- parking lots for 233 and 86 cars, two security posts, perimeter fencing
- grading/leveling, revetments
- area zoning; prepared construction sites
- offsite utilities and amenities (sidewalks, stairs, sewerage, area lighting).

FACILITIES AND RESOURCES

OZERITSKY-AGRO OJSC

Buildings and structures:
commercial dairy farms: 3 each
cattle fattening and rearing farms: 4 each
grain cleaning and drying facilities: 7 each
vegetable storage facility for 10,000 tons: 1 each
vegetable storage facility for 2,000 tons: 1 each
greenhouse of 8,000 ha: 1 each

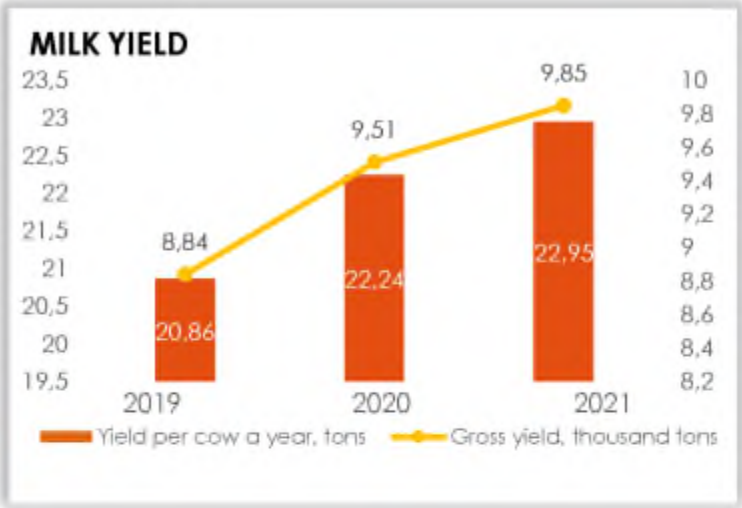
Transportation department:
tractors + loaders: 68 each
trucks: 34 each
combines: 13 each
foragers: 6 each
potato harvesters: 6 each

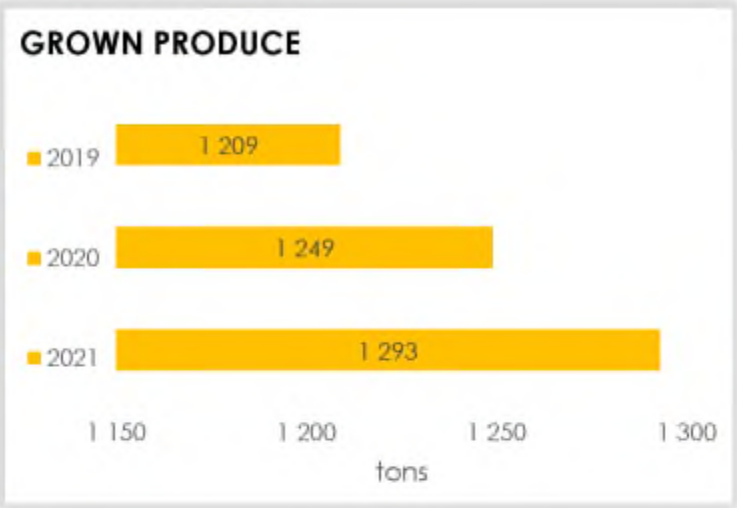
SOSNOVAYA HEALTH CENTER

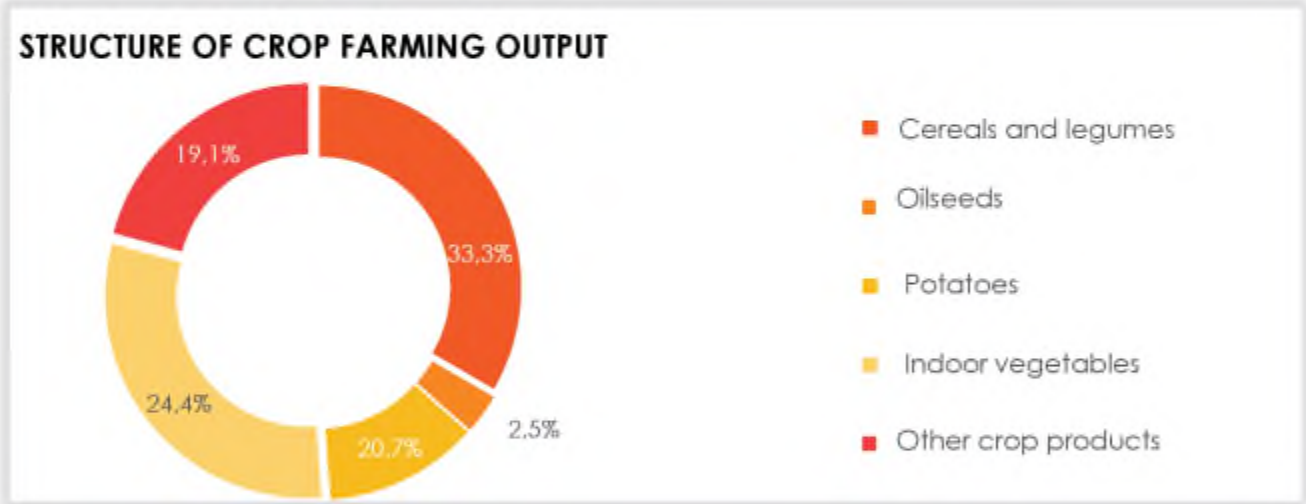
Café/bar: 120 seats
VIP lounge: 12 seats
8-room guest house: 1 building
12-room guest house: 2 buildings
2-room guest house: 1 building
Sauna (with a billiard room, a swimming pool and a steam room): 10 seats
10-person gazebo: 1 each
Summertime café: 300 seats
Conference hall: 20 seats

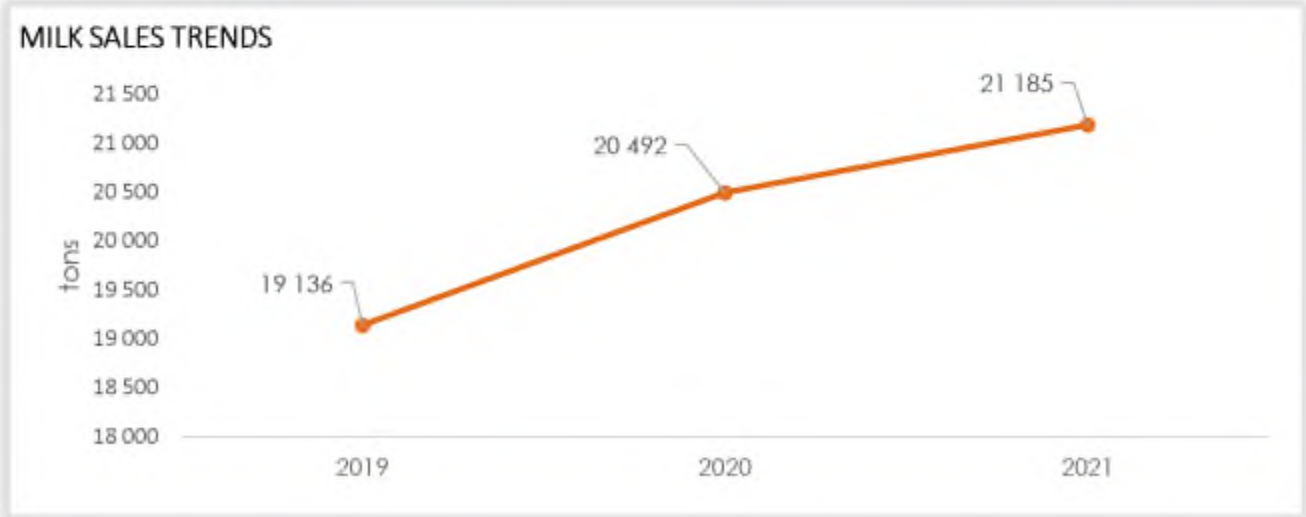
DUBROVA AGRO/ECOTOURIST PARK

8-person gazebo: 14 each
10-person gazebo: 7 each
12-person floating gazebo: 1 each
24-person gazebo: 1 each
Open 50-person gazebo: 1 each
Fishing bridges: 18 each
Sand beach: 1,500 m2
Children's beach: 700 m2
Children's playground (swings, slides): 1 each
Standard soccer field: 1 each
Minifootball field: 1 each
Volleyball court: 1 each
Lifesaving station: 1 each
Changing rooms: 8 each
Park benches: 32 each


MILK YIELD
23,5
23
22,5
22
21,5
21
20,5
20
19,5
10
9,8
9,6
9,4
9,2
9
8,8
8,6
8,4
8,2
8,84
9,51
9,85
20,86
22,24
22,95
2019
2020
2021
Yield per cow a year, tons
Gross yield, thousand tons


GROWN PRODUCE
2019
2020
2021
1 209
1 249
1 293
1 150
1 200
1 250
1 300
tons

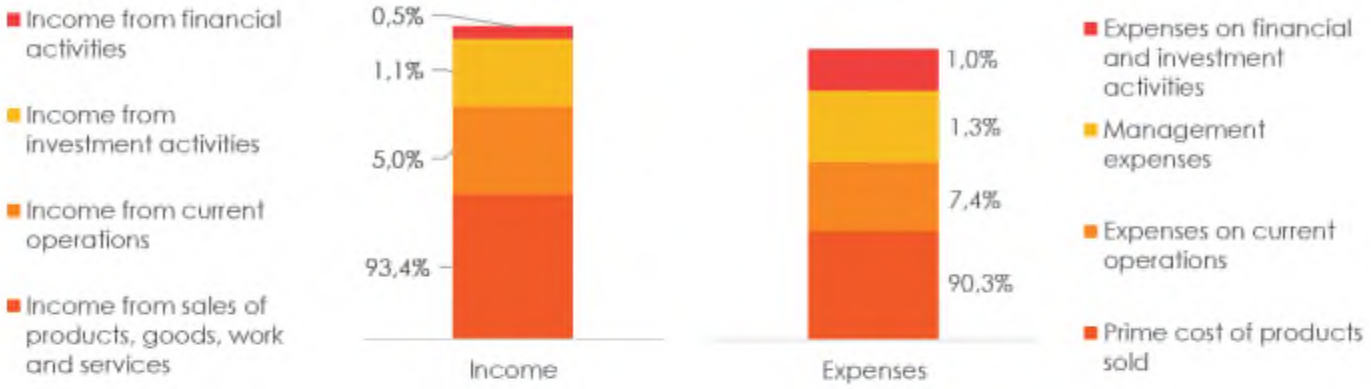

STRUCTURE OF CROP FARMING OUTPUT
19,1%
33,3%
24,4%
20,7%
2,5%
Cereals and legumes
Oilseeds
Potatoes
Indoor vegetables
Other crop products


MILK SALES TRENDS
21 500
21 000
20 500
20 000
19 500
19 000
18 500
18 000
tons
19 136
20 492
21 185
2019
2020
2021

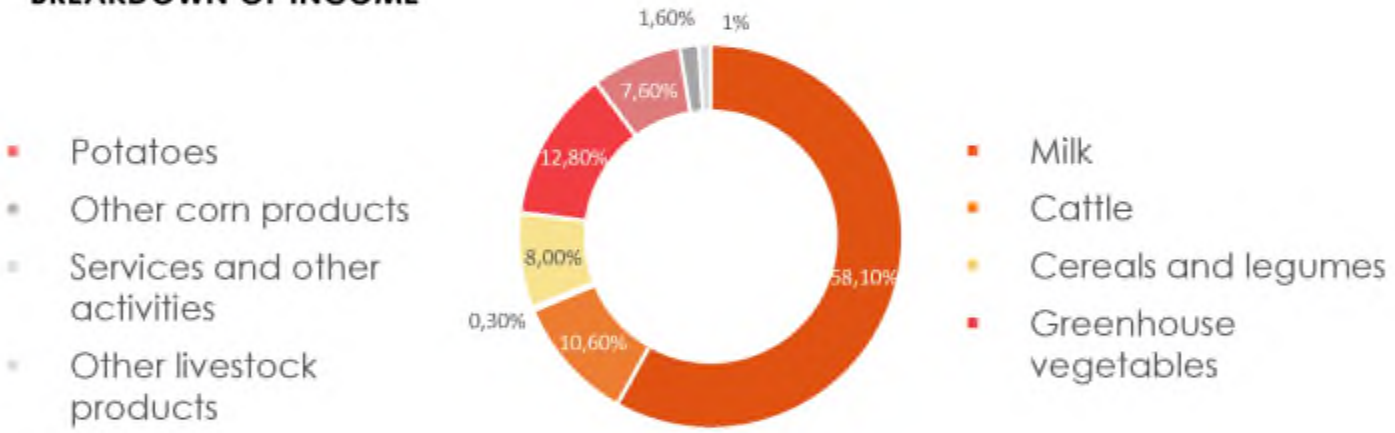
2021 GROSS FIGURES

LIVESTOCK PRODUCTS	
Dairy products	
Gross yield, tons	22,953
Yield per cow, tons	9,851
Milk sold, tons	21,185
Milk marketability, %	92,3
Standard weight sales, tons	21,947
Standard fat content, %	3,69
Cattle farming	
Total cattle stock, head	6,248
Calves, head	2,525
Grown produce, tons	1,293
Average daily weight gain, grams	877
Gross cattle weight gain, tons	1,217
Live weight sales, tons	1,151
CROP FARMING PRODUCE	
Commercial production	
Cereals and legumes, ha	3,060
Processed weight, tons	14,614
Outdoor vegetables, ha	-
Output, tons	-
Potatoes, ha	280
Output, tons	12,440
Indoor vegetables, ha	8
Output, tons	2,304
TOURIST AND RECREATION SERVICES	
Sosnovaya Health Center	
Guests accepted, persons	2,952
Total revenue, BYN '000	234,1
Park Dubrova Ecotourist Complex	
Recreation area visitors, persons	15,445+
Total revenue, BYN '000	65,5

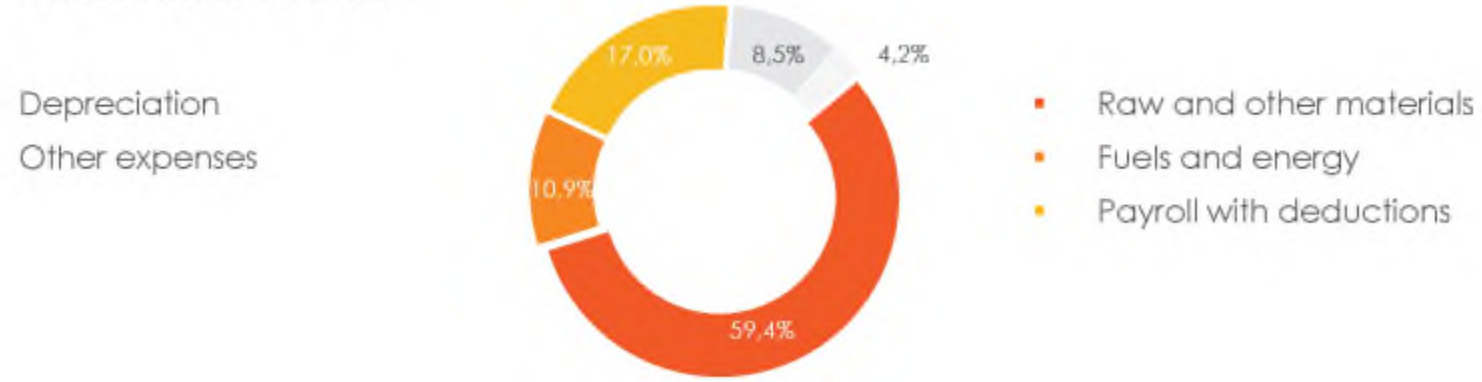
INCOME AND EXPENSE BREAKDOWN



BREAKDOWN OF INCOME



BREAKDOWN OF EXPENSES



ECONOMIC EFFICIENCY

ANALYSIS OF THE BALANCE-SHEET ASSETS AS OF JANUARY 1, 2022

- Long-term assets account for 71.52% of the balance-sheet assets. The book value of fixed assets is BYN 71,752,000.
- The business entity has no incomplete major investment projects: its investments in long-term assets amount to BYN 90,000; or 0.09%.
- Current assets are highly liquid for the most part: the inventory totals to BYN 24,859,000; or 24.1% (including 6.6% - reared and fattened livestock).
- The share of the entity's balance-sheet receivables is minor: BYN 2,623,000; or 2.55%.

ANALYSIS OF THE BALANCE-SHEET LIABILITIES AS OF JANUARY 1, 2022

- Equity accounts for the largest part of the balance-sheet liabilities: BYN 75,040,000; or 72.8%.
- The balance-sheet long-term liabilities amount to BYN 19,764,000; or 19.2%. The weighted average annual percentage rate on loans is 1.38%.
- The balance-sheet short-term liabilities amount to BYN 8,217,000; or 8.0%, including short-term payables of BYN 2,351,000; or 2.3%.

ANALYSIS OF FINANCIAL SUSTAINABILITY AND SOLVENCY AS OF JANUARY 1, 2022

- Current ratio: 3.57 (standard: >=1.5).
- Working capital to current assets ratio: 0.72 (standard >= 0.2). The ratio points at the working capital adequacy.
- Financial liabilities to assets ratio: 0.27 (standard: <=0.85). The ratio describes the enterprise's ability to cover its financial liabilities after sale of its assets.

Area: **207,600 km2**

Population: **9,255,524** (as of January 1, 2022)

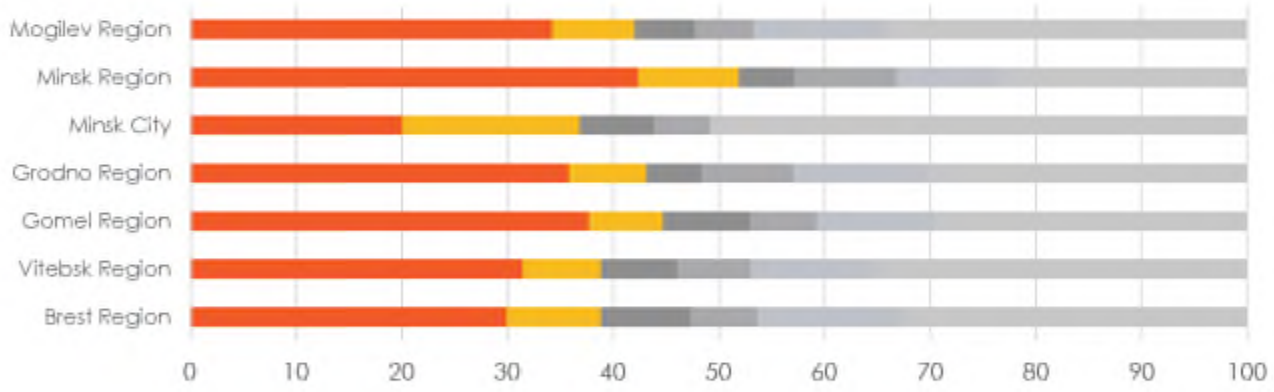
The country is bordered by Poland, Lithuania, Latvia, Russia and Ukraine

Capital: **Minsk** (population: 1,996,553)

Official languages: **Belarusian and Russian**

Currency: **Belarusian Ruble (BYN)**

2021 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.

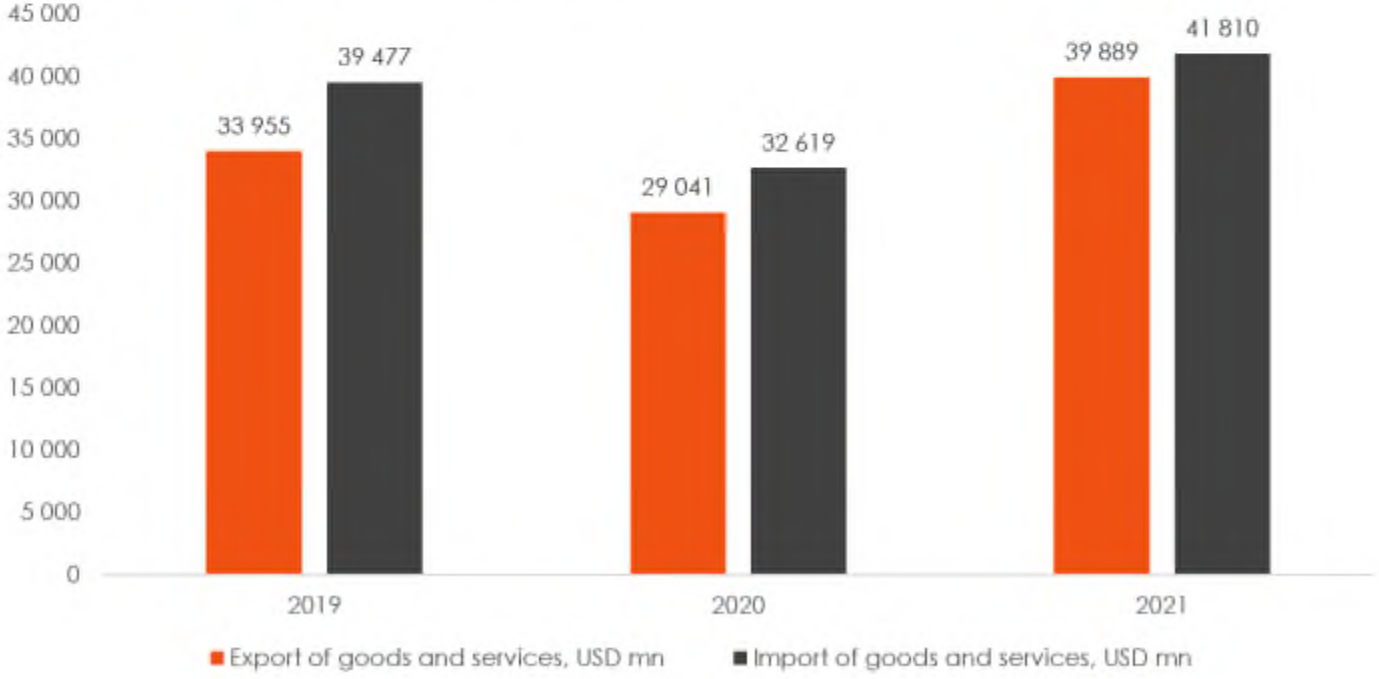
POPULATION

- More than 9.2 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

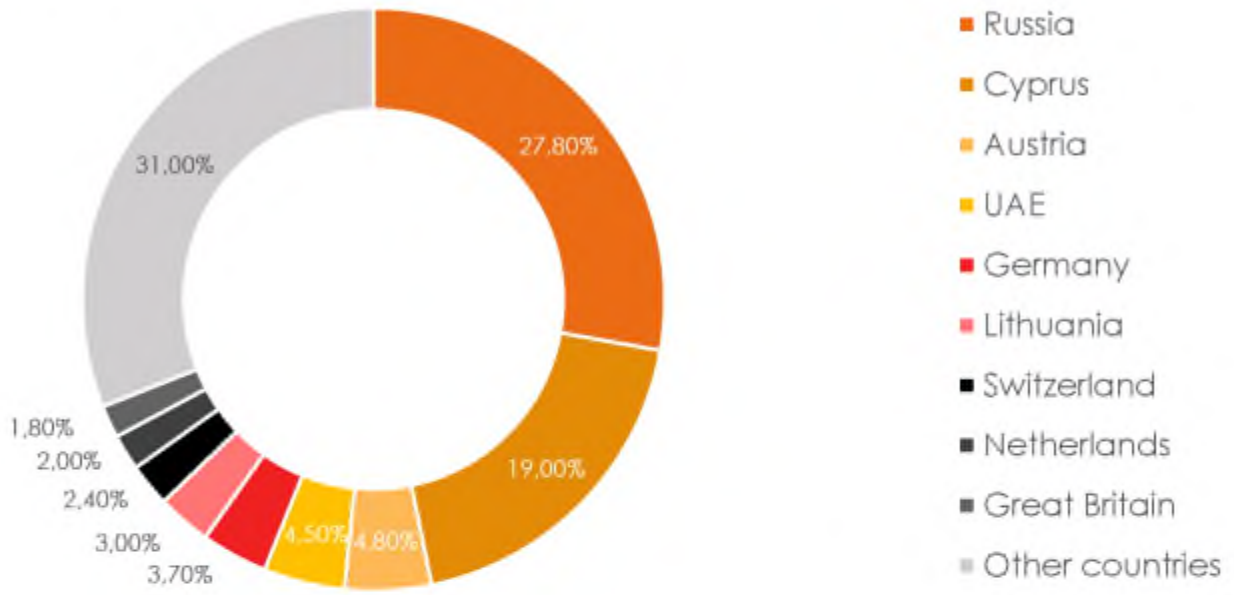
TIME ZONE

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

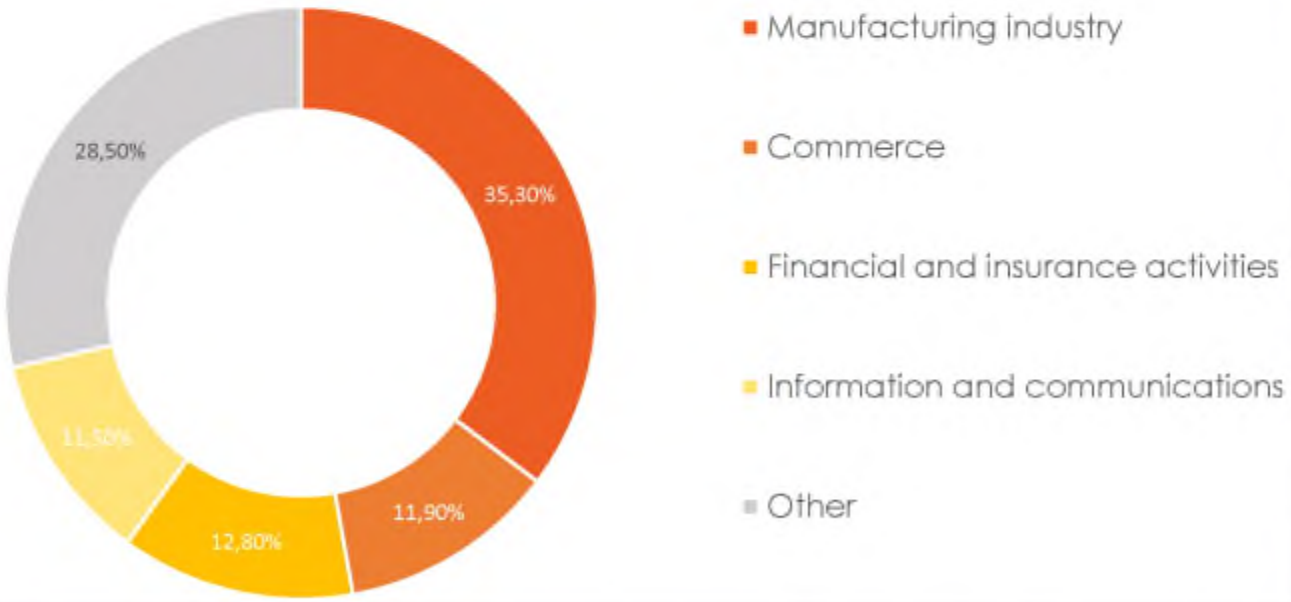
ECONOMY

- 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 relations with more than 190 countries of the world. The main trading partners of the Republic of Belarus in the service sector are: EU countries (31% of foreign trade turnover), the Russian Federation (30%), the USA (11%), and China (4.5%). Russia accounts for 49.0% of Belarus' total trade turnover, including 41.1% of exports (45.1% in 2020) and 57% of imports (50.4% in 2020). The foreign trade balance between the Republic of Belarus and the Russian Federation is negative and amounts to 1,140 million US dollars. A significant share of the foreign economic trade of the Republic of Belarus accounts for Great Britain 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 2021, the foreign trade turnover of the Republic of Belarus amounted to USD 81,699.7 mn including export - USD 39,889.5 mn, import – USD 41,810.7 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.

2021 NET FDI INFLOW BY COUNTRIES



2021 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 Repulic 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 recourses (environmental tax), taxes deducted with held and transferred in the performance of the duties of a tax agent) deductions to innovation funds.

PROJECT OWNER

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

- Universal commercial bank with 94.29% 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 33,000 corporate and 1,500,000 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 18th among 25 largest banks of Central and Eastern Europe (Top 25: Central & Eastern Europe).
- Regional network: The Customer Services Centre of the Central Office, 7 regional directorates, 290 banking services centres and supplementary offices, a representative office in the Italian Republic (Milan)
- Has ratings by assessment of such international agencies, as Standart & Poor's:

long-term rating of the counterparty on obligations in the national currency oh the CCC, forecast: Negative;

short-term rating of the counterparty on obligations in national currency C, forecast NM.

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 01/01/2022 BYN mn	As of 01/01/2022 USD mn
Assets	14,368.9	5,639.1
Capital	1,849.7	725.9
Credits to clients	8,736.1	3,428.5
Clients' funds	8,313.3	3,262.5

belagropromBank

CONTACT INFORMATION

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E-mail: info@belapb.by

Board Chair: Anatoly Anatolyevich Lysiuk

EXECUTIVE IN CHARGE:

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