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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 01/01/2022, BYN	62,957,635.23
Net assets/equity as of 01/01/2022, BYN	63,755,263.02
Total shares	118,787,991
Par value, BYN	0.53
Shares acquired, each	11,043,207
Acquired stock value, BYN.	**5,927,051.72**
Acquired stock of Turovshchina OJSC, %	9.3

*calculated on the amount of net assets per share

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BALANCE SHEET BREAKDOWN, BYN '000

Indicators	01.01.2021	01.01.2022
Fixed assets	81,133	79,755
Reserves	35,737	40,185
Accounts receivable	2,719	2,398
Equity	63,042	63,755
Credits and loans	51,149	51,159
Accounts payable	8,308	8,955

NET CAPITAL BREAKDOWN AS OF 01/01/2022

OVERVIEW

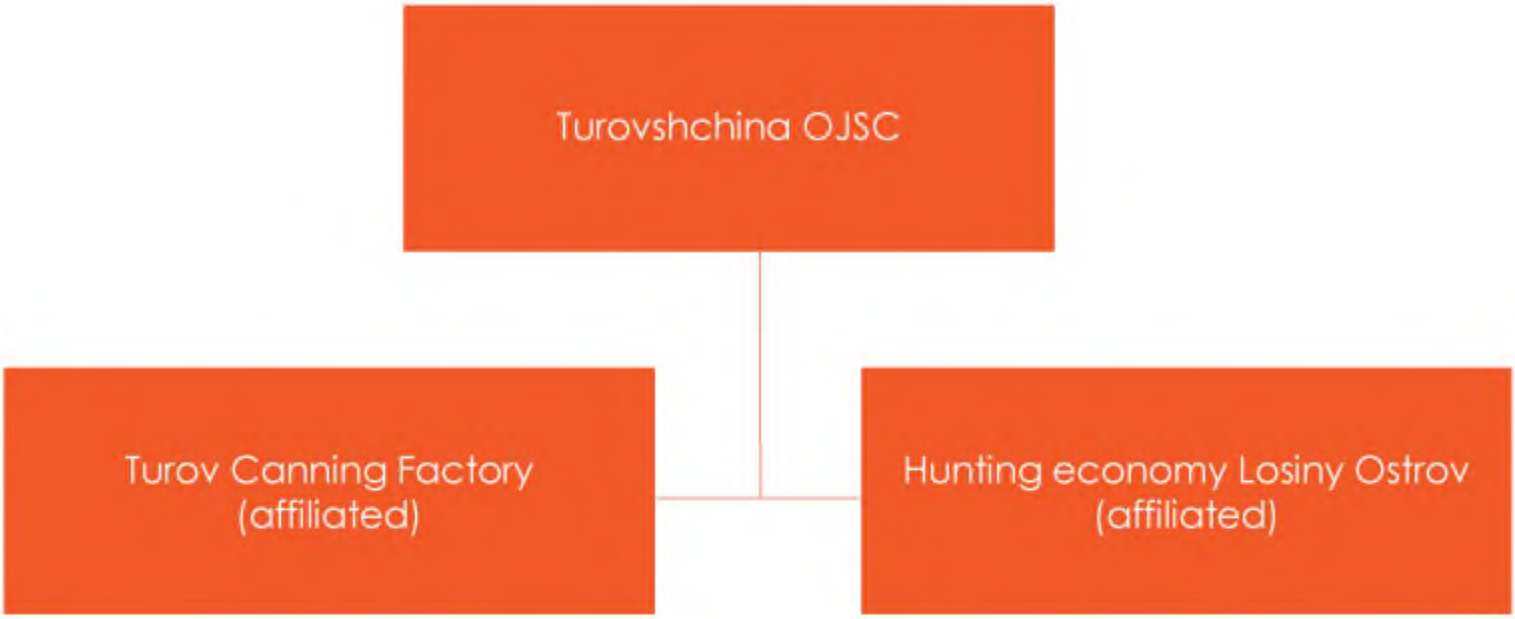
TUROVSHCHINA OPEN JOINT-STOCK COMPANY

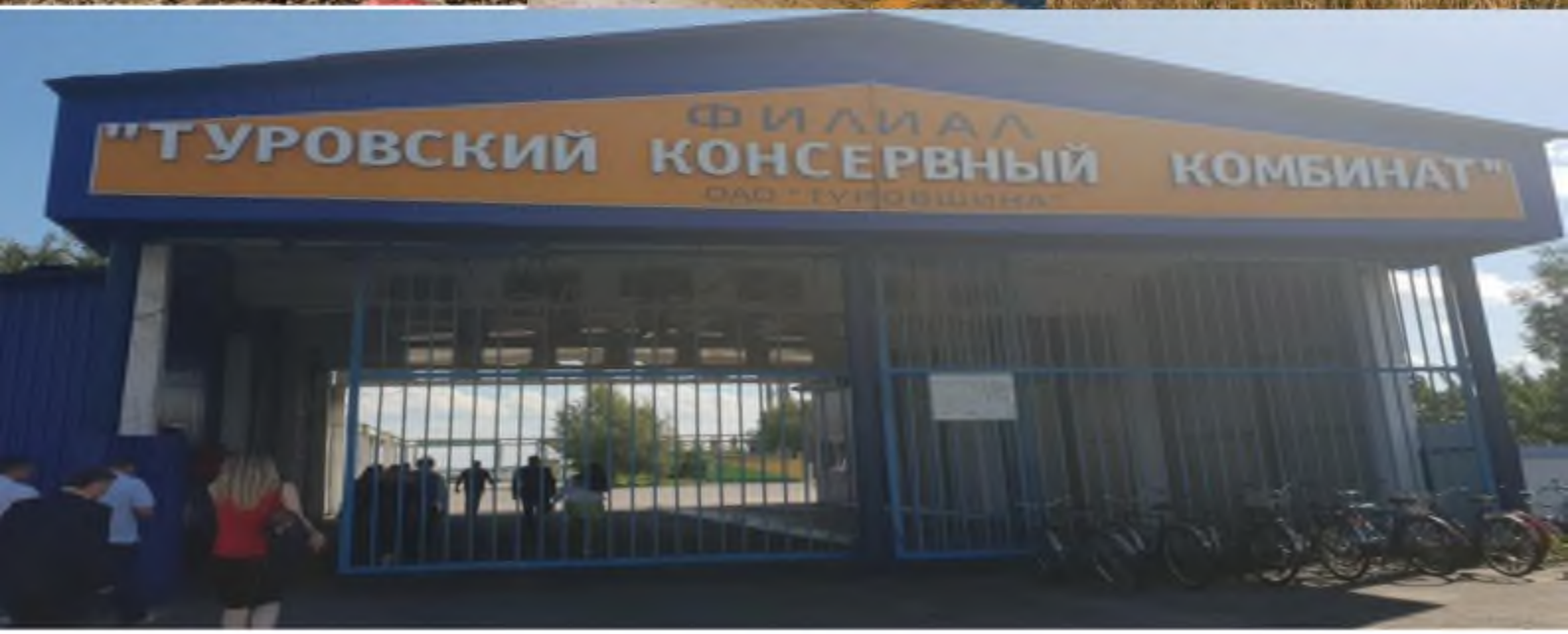
- Official registration No. 490526759 dated August 20, 2009, in the Uniform Register of Legal Entities and Individual Entrepreneurs, resolution of the Zhitkovichi District Executive Committee.
- Created by restructuring Agropripyat MAUE and acquisition of Richevsky MAUE, Zapesochye MAUE and Veresnitsa MAUE.
- He is the legal successor of the rights and obligations of the Turovsky Cannery and the New Life collective farm.

EQUITY DISTRIBUTION AS OF JANUARY 1, 2022

Net assets, BYN '000	63,755.3
Net assets per share, BYN	0.54
Authorized capital, BYN '000	62,957.6
Par value, BYN	0.53
Common/ordinary shares, each	118,787,991
Belagroprombank OJSC, each	110,434,182
Other legal entities, each	3,899,373
Government, each	828,633
Natural persons, each	3,625,803
Preferred shares	-

STRUCTURE OF TUROVSHCHINA OJSC





OVERVIEW

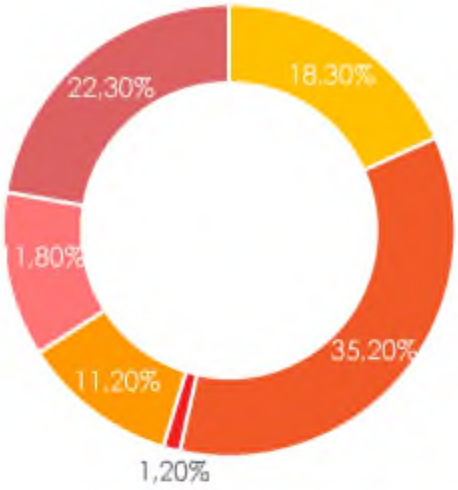
LOCATION

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.

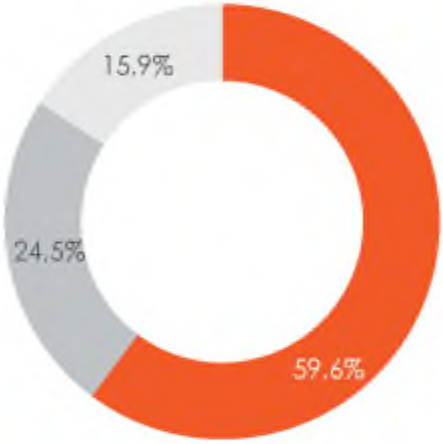
KEY SPECIALIZATION DATA



- Canned goods
- Milk
- Other livestock products
- Cattle
- Grain
- Other crop products

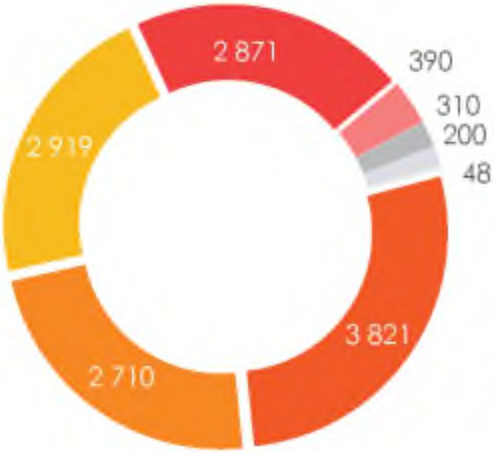
BREAKDOWN OF FIXED ASSETS

- Buildings and structures
- Machinery and equipment
- Other fixed assets



AGRICULTURAL LAND, ha

- Vegetables and potatoes
- Rapeseed
- Perennial plantations
- Other crops



- Natural hay and pasture land
- Cereals including maize
- Silage maize
- Cultivated hay and pasture land

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

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: **26,043.64 ha.**

1. Crop farming: growing cereals, legumes, forage and industrial crops
   - agricultural land area: 13,786 ha,
   - arable land area: 6,957.7 ha,
   - orchard area: 200 ha.
2. Livestock farming: commercial dairy production, raising beef cattle (Limousine)
   - total livestock:10,838 head including dairy cows: 3,055 head
   - beef cattle: 365 head.

Овощефруктохранилище 5000 т. ОАО «Туровщина»

Туровщина
ОАО «Туровщина»
Филиал «Туровский
консервный комбинат»
Плодоовощные
консервы

CORE BUSINESS

TUROV CANNING FACTORY (AFFILIATED)

– agricultural produce processing; canned food manufacturing.

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

HUNTING ECONOMY 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
- Beloye Tourist Complex – tourism and fishing
- Polesye Floating Hotel – tourism and event management

ПОЛЕСЬЕ

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

Transportation department
tractors and loaders: 100 each
trucks: 31 each
combines – 11 each
foragers: 13 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

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

TUROV HOTEL

(49 beds, 24 restaurant seats)

POLESYE FLOATING HOTEL

(14 beds)

STRUMIEN HOTEL COMPLEX

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

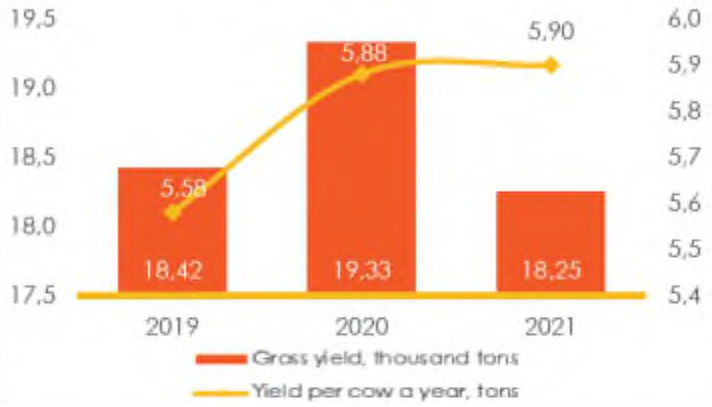
BELOYE TOURIST COMPLEX

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

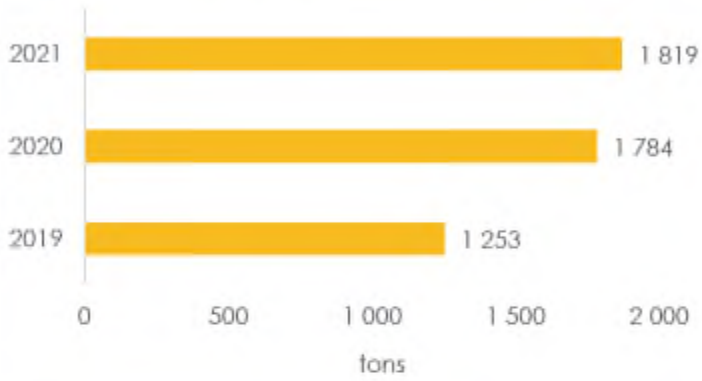
HUNTING ECONOMY LOSINY OSTROV (AFFILIATED)

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

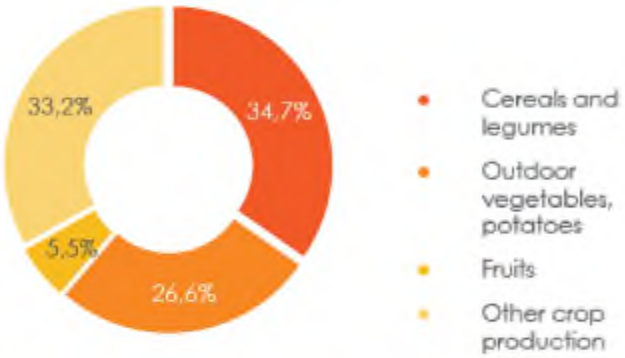
DYNAMICS OF MILK YIELD



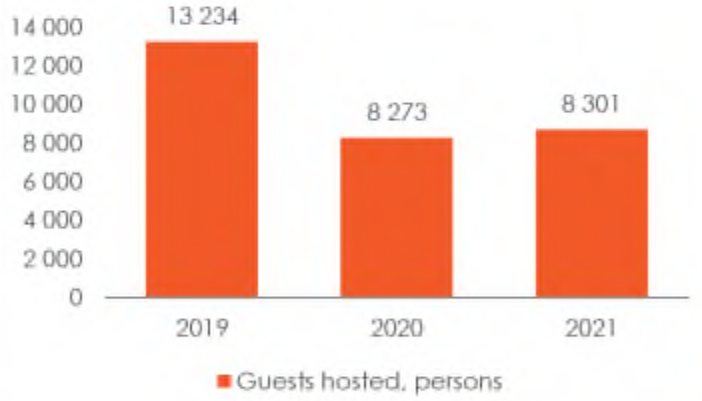
GROWN PRODUCE



CROP FARMING OUTPUT



BREAKDOWN OF GUESTS HOSTED

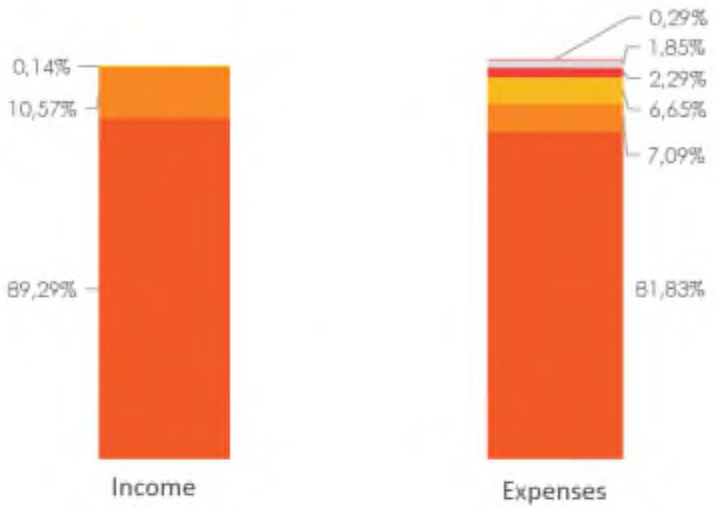


2021 GROSS FIGURES

LIFESTOCK PRODUCTS			
Diary products		**Cattle raising**	
Gross yield, tons	18,254	Total herd, head	10,838
Yield per cow, tons	5.900	Calves, head	3,875
Milk sold, tons	16,086	Grown produce, tons	1,819
Milk marketability, %	88	Average daily weight gain, grams	597
Standard weight sales, tons	16,839	Gross cattle weight gain, tons	1,730
Standard fat content, %	3.8	Live weight sales, tons	1,761
CROP FARMING PRODUCE			
Commercial production		**Internal use**	
Cereals and legumes, ha	2,710	Green peas, ha	220
Processed weight, tons	12,533	Output, tons	843
Outdoor vegetables, ha	15	Sweet corn, ha	130
Output, tons	71	Output, tons	1,870
Fruits (apples), ha	164		
Output, tons	1,187		
PROCESSED GOODS			
Canned green peas, tubes	3,197	Apple spread, tubes	120
Cucumbers, pickled and canned, tubes	143	Juices, tubes	112
Canned maize, tubes	2,481	Other canned food, tubes	176
TOURIST AND RECREATION SERVICES			
Guests accommodated	8,301		
Stay, bed-days	8,677		

INCOME AND EXPENSE

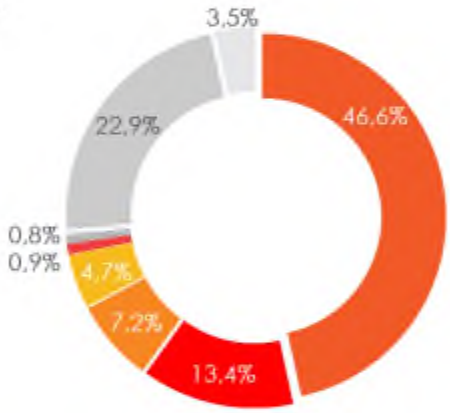
- Income from investment activities
- Income from current operations
- Income from sales of products, goods, work and services



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

BREAKDOWN OF INCOME

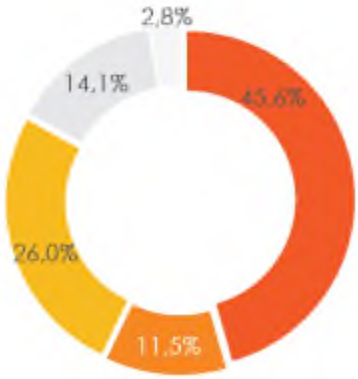
- Outdoor vegetables, potatoes
- Apples
- Canned goods
- Tourist and other services



- Milk
- Cattle
- Cereals and legumes
- Rapeseed

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, 2022

- Long-term assets account for 65.0% of the balance-sheet assets. The book value of fixed assets is BYN 79,755,000.
- The business entity has no incomplete major investment projects: its investments in long-term assets amount to BYN 760,000; or 0.6%.
- Current assets are highly liquid for the most part: the inventory totals to BYN 40,185,000; or 32.4% (including 11.3% - reared and fattened livestock).
- The share of the entity's balance-sheet receivables is minor: BYN 2,398,000; or 1.9%.

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

- Equity accounts for the largest part of the balance-sheet liabilities: BYN 63,755,000; or 51.5%.
- The balance-sheet long-term liabilities amount to BYN 44,888,000; or 36.2%. The weighted average annual percentage rate on loans is 1.22%.
- The balance-sheet short-term liabilities amount to BYN 15,226,000; or 12.3%, including short-term payables of BYN 8,153,000; or 6.6%.

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

- Current ratio: 2.85 (standard: >=1.5).
- Working capital to current assets ratio is within the level: 0.65 (standard >= 0.2). The ratio points at the working capital adequacy.
- Financial liabilities to assets ratio: 0.49 (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)

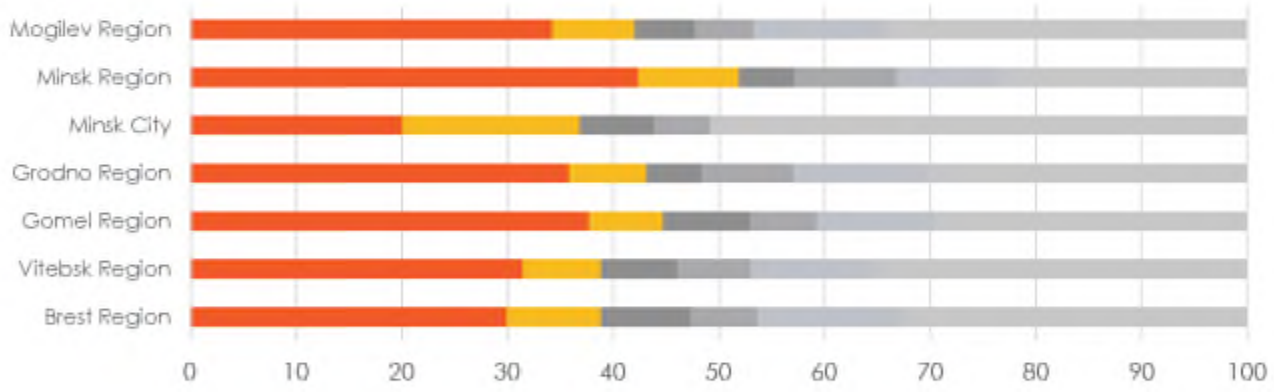
The country is bordered by Poland, Lithuania, Latvia, Russia and Ukraine

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.

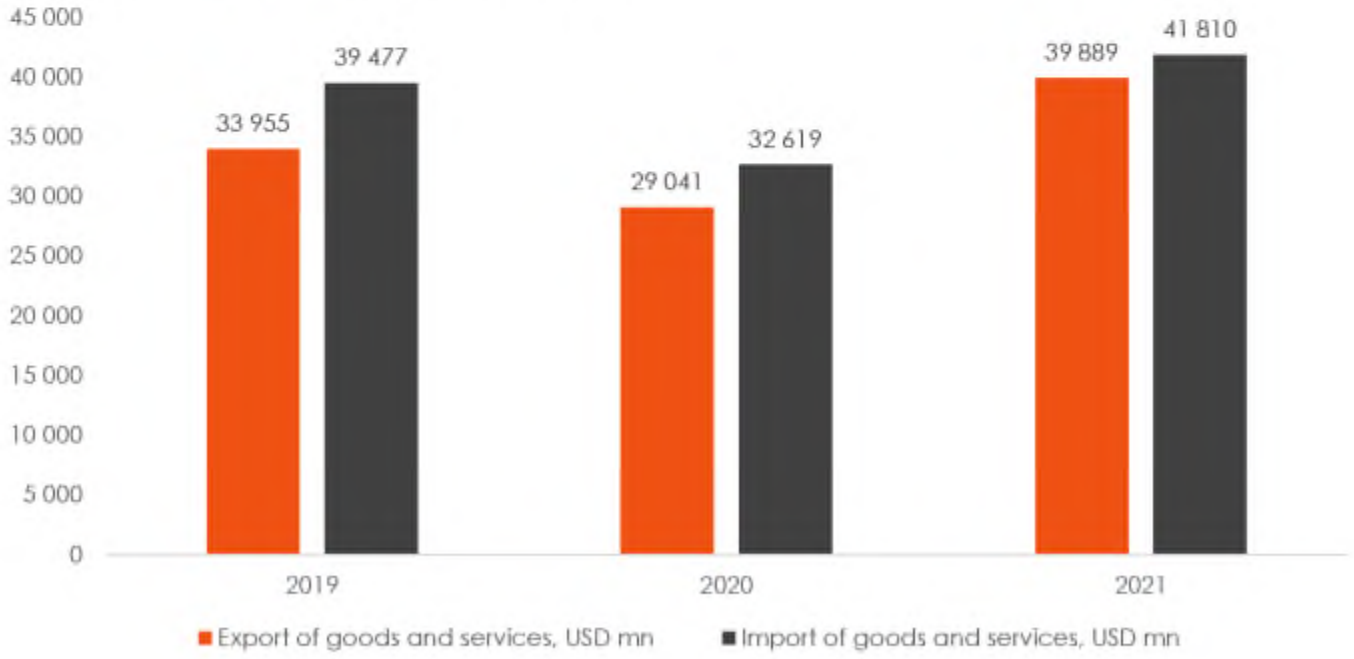
POPULATION

- 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

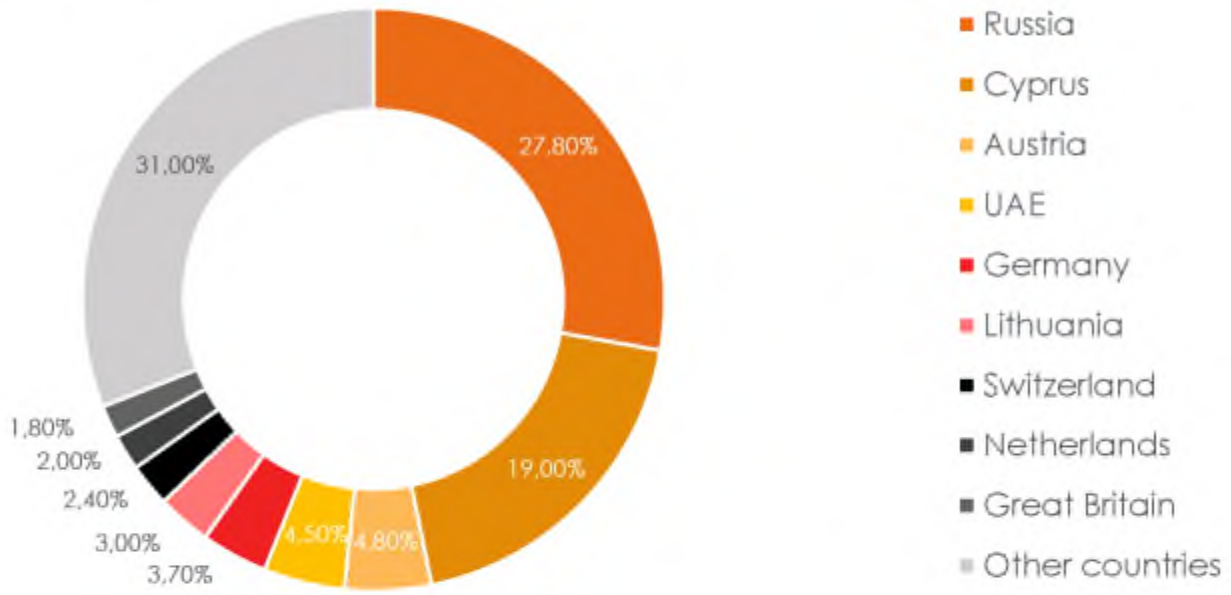
TIME ZONE

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

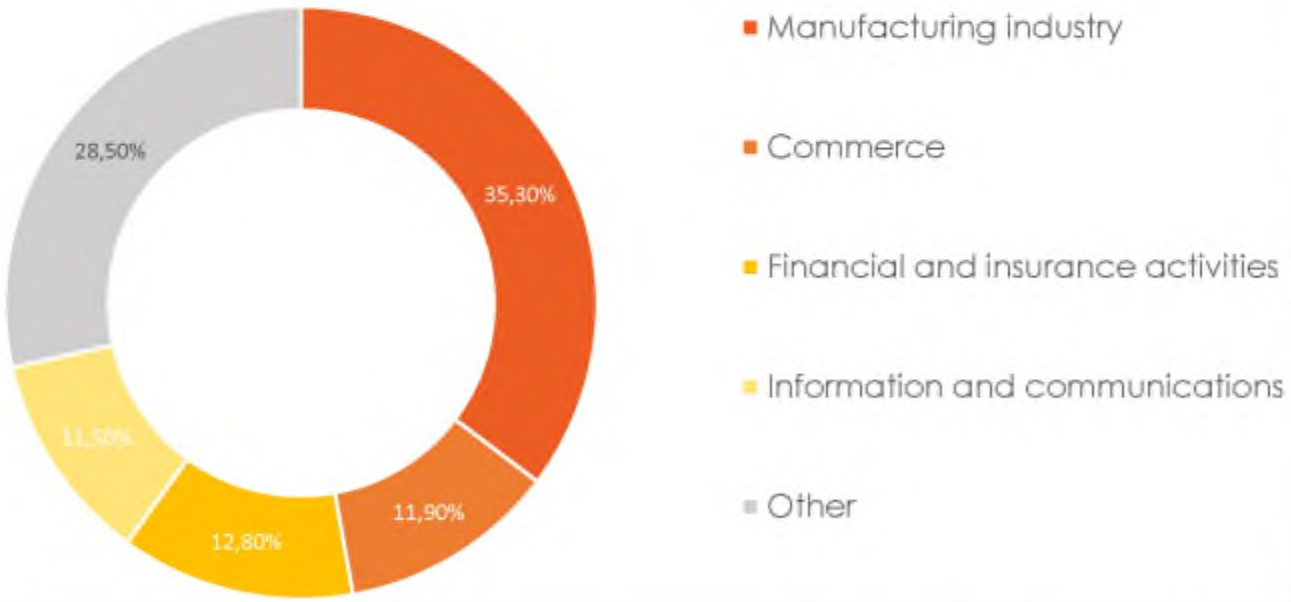
ECONOMY

- 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 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 recourses (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 Pripyat 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 Pripyat Polesie for 2010-2015"(No. 161, dated March 29, 2010) .

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

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CONTACT INFORMATION

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Board Chair: Anatoly Anatolyevich Lysiuk

EXECUTIVE IN CHARGE:

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