

Investment Offer

1. General information about the project

1. Project name: Reconstruction and modernization of potato storage facility for 3,000 tones of potatoes with the installation of potato flakes production equipment (JSC "Processing plant "Vostok").

2. Project branch: agriculture.

3. Project location: Uritskoye village, Gomel region, Belarus.

4. Project description (the essence of the investment project, prerequisites, goals, what is expected from an investor, why can the project be of interest to an investor)

Introduction of a new potato flakes production line will allow issuing new import-substituting goods, reducing storage losses, increasing export and gaining additional profit.

5. Degree of the project readiness (availability of a business plan, feasibility study, marketing research or other preparatory work/studies carried out (or in progress) and the date, when they were prepared) feasibility report is ready, business plan is under preparation

2. Information about the project initiator

1. Organization full name: JSC "Processing plant "Vostok "

2. Registration date: 29.01.2014

3. Authorized fund structure, %:

| Legal entities: | Share |
|--------------------------|-------|
| - state ownership form | 100% |
| - private ownership form | |
| Individuals | |

3. Description of the market of the product intended for manufacture

A. Description of the product intended for manufacture:

- product name and description: dry potato flakes.
main consumers: confectionery and bakery industry, poultry and meat industry, manufacturers of potato products (chips, crisps, potato semi-finished products) and individuals from Belarus and Russia
- main competitors (producers of similar product performance goods): foreign producers of potato flakes.

B. Domestic market description

- current market capacity (over the latest reporting period) 6.2 million USD
- prospective domestic market share: 95 %
- strategy for operating in the domestic market:
 - lower prices
 - better product quality
 - better service
 - state support (protection from import, guaranteed state public purchases and other support)
 - other (specify)
- state regulation (price regulation, licensing of the activities etc.):
- return on sales (%): 30% (in 2018);

6. market concentration degree (approximate total market share of five largest market players, %): 100%.
7. other (specify):.

C. External market description

1. Estimated sales volume distribution by core regions, %:

| EEU countries (Eurasian economic union) | Incl. Belarus market | EU countries | Other countries |
|---|----------------------|--------------|-----------------|
| <i>100</i> | <i>35</i> | | |

2. Does the company have experience in exporting to these countries: yes; no
3. Do other Belarusian producers export these products to the main target markets?
 yes; no

4. Description of available infrastructure

Railways and motor drive ways:

- company's own branch railway
- Belarusian Railway line (distance from the site, km): 2.0
- state motor roads (distance, km): 2.5
- other roads with improved surface (distance, km): 0.5

Communications:

- electricity network (voltage: 380, distance, km: 0.5)
- water pipeline
- gas pipeline

Land plot and manufacturing facilities:

- land plot availability (area: 6209, purpose of use: agricultural production, machine park, dairy farm, warehouses)
- presence of constructions (area:, purpose of use: administrative building, dairy farm, garages, workshops, warehouses)

Other infrastructure:

- warehouses, logistics terminals (area:, description: warehouses with ventilation systems and thermoregulation)
- possibility of production expansion and installation of additional production capacities
- possibility of construction of the necessary infrastructure via state budgetary financing (description:)
- Other (specify):

5. Key advantages of the project

Short description of each is expected:

- developed brand: "Gryadki Vostochnuye".
- profiled staff:.
- supply chain of raw materials and components:.
- (commodity) distribution network:.
- guaranteed volume of orders:.
- presence of valid patents, licenses, permits:.
- provision of benefits within the project implementation: benefits and preferences provided under the 10th Presidential Decree.
- core partners:.
- other (specify):

6. Project financing

A. Total investment amount: 6.7 million USD

B. Investment sources million USD

| Source | Amount |
|--|------------|
| <input checked="" type="checkbox"/> Own resources | 3.35 |
| <input checked="" type="checkbox"/> Investor's resources | 3.35 |
| <input type="checkbox"/> State financing | |
| <input type="checkbox"/> Grants | |
| <input type="checkbox"/> Long-term loans | |
| <input type="checkbox"/> Short-term loans | |
| <input type="checkbox"/> Other (specify): | |
| Total: | 6.7 |

C. Investment resources allocation:

- research and development
- infrastructure development
- construction
- purchase of real estate
- purchase of equipment, technologies, licenses
- preparation of production
- working capital financing
- other (specify):

D. Form of investor participation in the project:

| Forms of investor participation | Investor's share in authorized fund under the intended participation form, % |
|---|--|
| <input checked="" type="checkbox"/> Contribution to the authorized fund of a newly established enterprise | 50 |
| <input type="checkbox"/> Purchase of shares (share in the authorized fund) of the existent enterprise | |
| <input type="checkbox"/> Purchase of the enterprise as an asset complex | |
| <input type="checkbox"/> Additional issue of shares for selling to investor | |
| <input type="checkbox"/> Other (specify): | |

E. Preliminary indicators of the project efficiency

| Indicator | Value |
|---|------------|
| Annual revenue (mln USD, excl. of VAT, after reaching the project capacity) | 5.5 |
| Period for reaching the project capacity, years | 1.2 / 2018 |
| Pay-back period, years | 3.2 |
| Dynamic pay-back period, years | 4.5 |
| NPV* | 1.5 |
| IRR*, % | 15 |
| Discount rate, % | 7 |

* IRR and NPV are indicated as of year 2018 of the project implementation.

7. Contact information

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