



AGRIBUSINESS

EPICENTR K
UKRAINE

BRIEF BACKGROUND

Within 14 years of development, EPICENTR K Group has evolved into the holding with three key business divisions. The **first** and the most famous division is nationwide network of shopping malls and non-food retails. By results of 2016, EPICENTR K is a leader with a 52.4% share in DIY segment of Ukraine, it is #1 DIY and non-food retailer and #1 retailer in Ukraine according to EBITDA. Rapid development of EPICENTR K retail business led to organization of own production assets, which is our **second** business division. Nowadays EPICENTR K has over 10 years of experience in production of building materials. Agriculture is the **third**, the youngest platform with the highest development potential, attractive payback period, currency hedge and high expansion opportunities. EPICENTR K Group has become a notable player on Ukrainian agricultural market via series of transactions:

- 2015, EPICENTR K Group established its first cluster "Agribusiness 2012" by accumulating land lease rights for 12 000 hectares in Khmelnytsky region;
- 2016, EPICENTR K Group established its second cluster "VAPG", including: 41 000 hectares in Vinnitsa region, 4 modern or renovated storage facilities for estimate 240 000 tons, new modern machinery, advanced agricultural technologies and experienced team;
- 2017, EPICENTR K Group purchasing crop-growing assets from "Glencore": 46 000 hectares in Vinnitsa, Kyiv and Cherkassy region, on-farm storage and infrastructure, machinery;
- 2017, EPICENTR K Group acquired agribusiness with 12 000 hectares in Khmelnytsky region (completion of the deal is subject to final approvals).

For now, EPICENTR K is one of the largest crop-growing companies in Ukraine with 111 000 hectares of high quality land under management with all crucial crop growing infrastructure in place. All the assets are located in the regions with optimal crop-growing climate conditions, with stable yields and minimum weather impact. Agricultural sub-holding of EPICENTR K is efficient and profitable business with highly qualified operating management team. Approximately 600 000 tons of crops sold in 2016/2017 with plans to harvest up to 1 000 000 tons next year to increase annual hard currency revenue and EBITDA.

In its business operation, EPICENTR K successfully implements global agricultural experience, using advanced technology innovations to maintain the high quality and ensure efficient performance of the Agribusiness. Innovations and large business advantages are put to use in all business processes: an efficient sowing plan, GPS mapping of lands, keeping the sowing history records, land quality and processing technologies enable the benefits from soil characteristics, crop diversification, use of various fertilizers, market demand and the cost of materials and resources.

Satisfying the global need in high quality foods and ensuring the food supply security of the country, the Agribusiness of EPICENTR K greatly contributes to the Ukrainian economy. A considerable part of its products is exported to Europe, Asia and Africa, meeting the demand of the global community and earning good profits for the owners. In 2018 we plan to expand total land bank to 200 000 hectares over in 2018 via acquisitions.

Our main criteria for the targets selections is land bank concentration in 3 main regions with the best climatic conditions (Khmelnytsky, Vinnitsa and Kyiv oblasts) with crop growing infrastructure in place, respective increase of grain storage capacity and agricultural machinery fleet.



Vinnytsia Grain Elevator



Nemyriv Grain Elevator



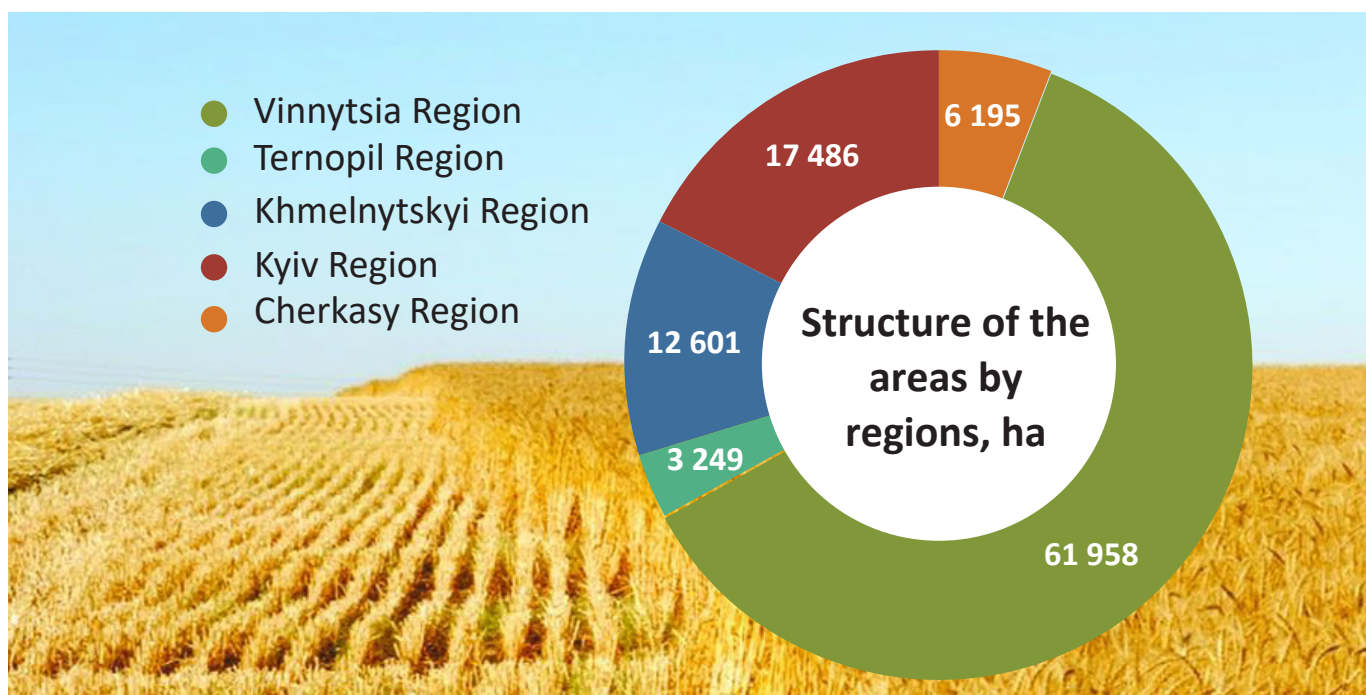
EPICENTR K Agribusiness in 2017 TOP-20 Ranking

№	COMPANY	1000 ha
1	UkrLandFarming	605
2	Kernel	602,5
3	Agroprosperis (NCH)	430
4	Myronivskyi Khiboproduct	370
5	Astarta-Kiev	250
6	Mriya Agribusiness	185
7	Agroton	151
8	IMK137	137
9	Agrain	127
10	Ukrprominvest-Agro	122

№	COMPANY	1000 ha
11	AgroGeneration	120
12	Ukragroprom	107
13	EPICENTR K	101,5
14	Privat-Agroholding	100
15	HarvEast	97
16	Tas Agro	88
17	Sintal Agriculture	82,6
18	Nibulon	82,5
19	Svarog West Group	80
20	Svitanok	80

Area of the lands of EPICENTR K in the Agribusiness by clusters and regions in 2017

Cluster	Vinnytsia Region	Ternopil Region	Khmelnyskyi Region	Kyiv Region	Cherkasy Region	TOTAL
IAI	27 076			17486	6 195	50 757
VAPG	34 882		2 326			37 208
AH 2012		3 249	10 275			13 525
Total, ha	61 958	3 249	12 601	17 486	6 195	101 490



Growing areas of EPICENTR K Agribusiness

	Area 2016, ha	Area structure 2016, %	Area 2017, ha	Area structure 2017, %
TOTAL	40 347	100%	101 490	100%
Winter Wheat	9 436	23%	22 622	22%
Wheat Yara	—	—	4 392	4%
Winter Barley	3 394	8%	814	1%
Spring Barley	—	—	496	0,5%
Winter Rape	—	—	897	1%
Corn	9 612	24%	35 054	35%
Sunflowers	14 819	37%	17 036	17%
Soybeans	3 085	8%	18 069	18%
Sugar Beet	—	—	270	0,3%
Others	—	—	1840	2%

Total Agribusiness plant growing, season 2016/17

Crop	Square, ha	Capacity t/ha	EBITDA \$/t	EBITDA \$/ha
Winter Wheat	22 622	5.1	26	131
Winter Barley	814	5.3	17	90
Winter Rape	897	2.5	78	193
Spring Wheat	4 392	4,2	25	105
Spring Barley	496	5,3	47	249
Corn	35 054	7,9	36	286
Soybeans	17 036	1,8	62	111
Sunflowers	18 069	3,1	132	405
Sugar Beet	270	56,2	3	145
Peas	712	3,4	29	99
Other plants	1 128	15,6	9	143
TOTAL	101 490			230

Total Agribusiness stockbreeding, season 2016/17

Stockbreeding	Milk	Cattle	Hog
Milk Yield, ton	3 685	0	0
Gain, ton	0	210	87
Volume of Sales, ton	3 378	149	52
Amount of Sales,USD (excluding the VAT)	844 211	136 859	54 553
Profit, USD (excluding the VAT)	100 760	2 487	5 354

EPICENTR K Agrogolding location map



Book cost of EPICENTR K Agribusiness capital assets in 2017

Cluster	Tractors and Agricultural Machinery	Motor Vehiles, Trailers	Other Machinery	Fixed Assets at Elevators	Total
IAI	4 269 327	134 984	41 462	0	4 445 774
VAPG	9 306 646	571 492	294 508	3 139 218	10 420 277
AH 2012	226 920	21 452	54 930	507 799	811 100
TOTAL	13 802 894	727 928	390 900	3 647 017	18 568739

KEY ADVANTAGES OF EPICENTR K GROUP:

- 1 EPICENTR K constantly adapting and global implementing cultural experience, technologies and innovations in its operation.
- 2 Close cooperation with customers and suppliers from Europe, Asia, Africa and Ukraine.
- 3 Cluster model and favorable geography provide key competitive advantages, efficient management and saving the land resources.
- 4 Large business volumes enable considerable purchase discounts and efficient use of equipment and storage capacities.
- 5 EPICENTR K is nationwide network of shopping malls is known not only in Ukraine but also in other countries.
- 6 EPICENTR K financed its expansion from operational cash flows, keeping financial leverage by minimum.
- 7 EPICENTR K shopping capacity enables easy selling additional products of the agribusiness.
- 8 EPICENTR K is nationwide network of shopping malls is known not only in Ukraine but also in other countries.
- 9 EPICENTR K cultivated areas located in central and western Ukraine, enable easy and flexible transportation of raw materials and finished product.

EPICENTR K BUSINESS DEVELOPMENT:

1. CROP-GROWING DEVELOPMENT:

Land bank increasing up to 200k hectares

Growing area structure optimization – growing of commercial and niche crops

Further development of innovative technologies (precision farming, AMS implementation)

2. ENHANCEMENT OF THE ELEVATOR CAPACITY:

By construction 3 new elevators, reaching capacity of 700 thousands tons

3. OPTIMISATION OF CROP BUSINESS PROCESSES:

Construction of a seed production facility

4. STOCKBREEDING DEVELOPMENT:

Reconstruction and construction of farms

Increasing of the livestock up to 2 thousand animals

COOPERATION OFFER:

1. Export of corn (we act as your importer).

- In 2017 EPICENTR K Agribusiness has grown 227 thousand tons' corn on 35% of our total farming lands.
- Estimated minimum volume of corn harvest for 2018: 320 thousand tons.

2. Custom farming for specific order under the terms of investing in crop growing costs.

3. Cooperation with innovative agricultural, farming and construction suppliers



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Thank you for your attention.