

Investment project "Modernization of housing and utilities in small towns of Smolensk region with translation into local fuels" JSC BIOENERGYA "

Project title	Modernization of housing and public utilities in small settlements of Smolensk region with replacement of inefficient fuel on local type of fuel (peat, wood)
Location (full address)	Smolensk region
Contact person	Efremov Aleksey Vladimirovich Head of project «Heat energy generation» in OJSC «BIOENERGO», responsible for realization of project by the subsidiary company – LLC «SBC»
Project owner (project initiator, project investor)	OJSC «BIOENERGO» (project initiator, project investor)
Legal basis for project implementation (shareholder's agreement, investment contract, letter of intent, other)	A Memorandum of intent with the shareholders of fund of long-term direct investment «Innopolis+» (beneficiaries of LLC «SBC»)
1.2 Project description	
Introduction	OJSC «BIOENERGO» modernizes of boiler plants with subsequent changeover into environmentally fuels (peat, wood), produced at the local conditions by the OJSC «BIOENERGO», with the further supply of heat to the objects which are situated near the boiler plants. The company can improve the energy efficiency performance, energy conservation, energy safety, create new jobs and provides extra revenues to the regional budget.
Aims & objectives	Modernization of current heat and water supply infrastructure in Smolensk region by purchasing/creating new automatics heat generation systems (bio-boiler), using ecological peat fuel, extracted in Smolensk region and nearby regions under the auspices of OJSC «BIOENERGO».
Economic sector	Housing and utilities, factories in industry of mechanical engineering
Investor participation (joint venture, capital investment)	Entry in the share capital of the company
Project deliverables	The construction of modular boiler on solid fuel, the construction of heat networks, provision of heating services

Percentage of local content	90%		
Technical solutions in place (type of equipment, country of origin, brand name)	Instead of old and outdated boilers we develop new project. According to that projects we will build modular boilers using peat briquettes and pellets like basic fuel. In our project we use qualitative and reliable equipment of leading Russian manufacturers. All Boilers are connected by automated monitoring system and controlling supplies of generating heat system, it helps us to get high and modern level of heating system.		
Key markets	Social-economic objects (education, culture, health service), population. 5% of full volume heat generation of housing and communal system in Smolensk region. Signed 6 additional agreements about modernization of housing and communal system in Smolensk region (Shumyachesky, Ugransky, Demidovsky, Duhovschichesky, Vyazemsky, Velizhsky).		
Infrastructure in place or needed to build	The construction of modular boilers for solid fuels instead of old boilers. the construction of heat networks		
Intellectual property items	No		
Current status, previous phases	Design and estimate documents prepared, some objects are under construction. Commissioning: november-december 2014		
Components and raw materials supply-markets (local or international, name of the country)	Local: after 2 years Nearest regions: Vladimirskaya, Bryanskaya, Kalujskaya regions.		
Project life	The Investment phase – from 2014 until 2017		
1.3 Financial viability			
Volume of investment	409,3 millions of rubles		
Payback period	7,3 years		
Projected full-year revenue	189,4		
Average rate on return, ARR	17,2%		
Internal rate on return, IRR	21,8%		
Financial plan (including indication of own funds and debt financing)	Share of own capital	34,8 million rubles	2014
	Share of attracted capital	69,5 million rubles	
	Share of own capital	79,7 million rubles	2015
	Share of attracted capital	174,2 million rubles	

	Share of own capital	127,8 million rubles	2016		
	Share of attracted capital	286,5 million rubles			
Initiator's contribution of own funds and those requested from investor	1 Total amount of the organization's participation into the project 127,8 million rubles				
	2 Total amount of requested financing 286,5 million rubles				
1.4 Social-and-Economic effect					
Employment opportunities	136				
Tax paid to the budget of Russian Federation	117 million rubles				
1.5 Land and property information					
Land status within project	Cadastral number	Land status	Permitted use	Land use characteristic (ownership/rent)	Landlord
Current activities for 2014					
BMK construction for the school p.Vskhody				Registration of land ownership	MO Ugransky area
BMK construction for the school p.Znamenka				Registration of land ownership	MO Ugransky area
BMK construction for DC p.Ugra				Registration of land ownership	MO Ugransky area
Planned facilities for 2015-2017.					
Construction BMK for d.Studenets.Shkola.					MO Shumyachsky area
Construction BMK for d.Russkoe School.					MO Shumyachsky area
Construction BMK for st.Ponyatovka.					MO Shumyachsky area

School.					
Construction BMK for d.Nadeykovichi School.					MO Shumyachsky area
Construction BMK for d.Petrovichi School.					MO Shumyachsky area
Construction BMK for d.Studenets. Hospital (orphanage)					MO Shumyachsky area
Construction BMK for p.Shumyachi, Ponyatovskaya st, №3 Population MO Shumyachsky area					MO Shumyachsky area
BMK construction for d. Headed, Russkovskaya st, 94, №5 population					MO Shumyachsky area
Construction BMK for p.Shumyachi, Bazarnaya st. RPO KH, №6 population					MO Shumyachsky area
p.Ugra Samal. DOZa population					MO Shumyachsky area
p.Ugra Desantnaya st.					MO Ugransky area
Ugra,PTU №32					MO Ugransky area
Shoots boarding house disabled					MO Ugransky area
Godunov. Der. Black					MO Ugransky area
s. Tumanovo Kirov, 14 tubes Hospital					MO Vyazemskiy region
s. new charity					MO Vyazemskiy region

s. Tumanovo Lenin st., 76 mod department					MO Vyazemskiy region
s. Tumanovo 2 Lenin st., uch. hospital					MO Vyazemskiy region
s. Semlevo str. 1 Sovetskaya st					MO Vyazemskiy region
s. New mod department					MO Vyazemskiy region
d. Yushkovo					MO Vyazemskiy region
s. Isakovo, Mira Street 25					MO Vyazemskiy region
d. Uspenskoe, Assumption st. 7					MO Vyazemskiy region
The Demidov School №1 (mun.'s Sub-Th)					MO Demidov District
Demidov, Hrenova st. d.9 CRH (Gos.'s Sub-Th)					MO Demidov District
The Demidov School №2 (mun.'s Sub-Th)					MO Demidov District
n. Przewalski (AOR)					MO Demidov District
Boarding school Przewalski					MO Demidov District
d. Zaborje (AOR)					MO Demidov District
d. Voronino Duhovschinskogo p - at school - boarding					MO Duhovschinsky area
d.Dobrinno Duhovschinskogo p on Dobrinskaya OCS					MO Duhovschinsky area
d.Mityaev Duhovschinskogo district Mityaevskaya					MO Duhovschinsky area

OCS					
s. Prigorskii					MO Smolensk region
End of tenancy	Encumbrance		Utilities availability	Other items of immovable movable property	
For all objects					
	no		yes	no	
1.6 Tax benefits Industrial park, free economic zone, technology park	no				
Tax benefit (federal, regional, municipal), time period: planed to obtain in 2015					