

LLC "Virmont Food"

Project Overview:	General description of project Poultry production unit specialized in breeding and raising broiler chickens in the Smolensk Region with the closed-looped cycle production and the estimated capacity of 50 thousand tons a year.
Location:	Tyomkino District, the Smolensk Region
Concession Grantor:	(if applicable) -
Shareholders/Partners:	Full details and percentage shareholdings 100% shareholder
Advisors:	Financial, Legal, Technical/Environmental, Insurance, Tax & Accounting – details of available DD reports All the pertaining engineering and authorizing documentation is granted for all projects, technical specification on connection to the gas distribution network is devised, estimated year consumption of warmth and fuel is calculated, technical specification on civil defense and emergency is worked out as well as technical specifications on installation of telephone services, the Internet and the networks, on geology and geodesy, license on water supply is obtained, sanitary-epidemiological expertise of the project is carried out, apart from that the company has successfully gone through a thorough tax inspection of its activities for the period of 2010-2013, all the required tax and bookkeeping papers are available.
Concession Term:	(if applicable) According to the regional law dated 28.04.2003 # 16-3 "On tax exemptions and incentives granted to those investors who carry out the approved investment projects in the Smolensk region" LLC "Virmont Food" can obtain the following tax incentives: - exemption from property tax on the part of property created, reconstructed and/or bought as a result of the project implementation; - lowering the tax rate by 4,5 per cent on profit tax which goes to the regional budget on the part of profit made by the company within the frames of the project for those investors who introduce into service some property created, reconstructed and/or bought as a result of the approved project implementation in the Smolensk region in the amount not less than 70 per cent of the total capital investment specified for the given approved project.
Construction/Development Period:	2014-2016 till 2019

Development Cost:	6 609,5 mln rubles, the amount of 5 652,4 mln rubles is required
Investment Size:	Equity ticket (% shareholding), drawdown profile 1) Share of the gain from the profit (per cent): in case of joint implementation of the project each investor becomes entitled to participation in gain sharing depending on the amount of the project investment 2) Sensitivity analysis of the project is carried out and amounts to 3%
Production Levels:	Forecasts 50 thousand tons a year
Return Expectations:	IRR (post-tax), payback period, dividend yields IRR (post-tax) – 15,5 %, Payback period - 5,4
Payment (Revenue) Structure:	
Financing:	Debt: Equity, key debt terms (non-recourse?) No debt obligations. Equity -15 % from the project cost
Contractual Structure & Regulation:	Feedstock & offtake arrangements, Construction (EPC) / Operations & Maintenance (O&M) arrangements, regulatory environment - Feedstock – compound animal feeding staff, - General contractor (builder) – Holding “Holod Express”, - all the commercial offers for the equipment (slaughterhouse, poultry houses, hatching house, feed factory, waste treatment facilities) are made and approved.
Key Risks & Mitigation Measures:	Construction, operation, other technical (including environmental), regulatory, financing, currency, legal Natural force majeure risks, economic risks etc will be insured against.
Governance:	Proposed management structure, board/shareholder representation, board/shareholder voting rights etc Equal representation among other shareholders depending on the equity distribution.
Projected Performance:	Financial Model Forecasts Project sensitivity according to the business plan
Growth Prospects:	E.g. 2013 - 67 rubles/kg per dressed chicken, June 2014 -105 rubles/kg
Future Exit Options:	Put/call options, IPO plans etc

Put/call option, IPO plan - possible
