



BEFL

Russia's Largest Agricultural Landholders 2016

April 2016

For a number of agricultural companies, 2015 was the year of an improved financial situation. In spite of the increasing cost of production, the profit of most agricultural producers went up due to high prices in Russian rubles.

Farmland is an ideal investment opportunity for long-term investors. Both supply and demand for farmland kept growing in 2015 against the rising value of land.

According to the Russian State Register update of January 01, 2015*, the total area of agricultural land in Russia hardly changed compared to the previous year, amounting to 385.5m ha (0.3% less than in 2014), of which 50.9% is farmland (196.2m ha).

The buyers of land today are more demanding to the quality of land; they seek legally sound arable land packed in clusters. The Russian State Statistics Office has calculated that the amount of arable land within the farmland portfolio increased in 2014* by 17k ha and amounted to 121.5m ha.

The balance of owned and leased land is tipping. More and more companies are trying to hold ownership of farmland.

On January 01, 2015*, legal entities in Russia owned 16.4m ha of agricultural land; cf. 15.2m ha the year before that, which means that the figure has increased by 8% over a year.

Agricultural companies today produce around 70–80% of the total yield of grain, sugar beet and sunflower seeds.

Our top landholders overview 2016 includes companies having over 100k ha of farmland in control (owned, leased or possessed by any other legal right). The figures in the chart has been rounded. The information was updated in April 2016.

There are 43 companies in the overview, including such all-time leaders as **Prodimex**, **Miratorg**, **Rusagro** and **Ak Bars**; this year **Miratorg** and **Rusagro** as good as share the second place. Considering that, **Agrocomplex**, being sixth in the actual rating, has almost reached the top five.

There has been a redistribution of forces in the chart compared to last year. As **Prodimex** and **Agrokultura** are affiliated due to a significant

interest of the main beneficiary of **Prodimex** in the capital of **Agrokultura**, which makes it reasonable to show their land portfolios as one. Another decision taken was to unite **Cherkizovo** and **NAPCO**, because the companies are basically controlled by the same beneficiaries.

Other two companies sharing a position are those with the interest of **JFSC Sistema**. **RZ Agro** (100k ha, a joint venture of **JFSC Sistema** and **Louis Dreyfus**) and **Stepp Group** (42k ha) share the 27th position in the chart and are not planning on remaining there for long. The companies are expected to continuously increase their land portfolio.

Among the companies included in the last year overview, one fell out. The company we lost is **Getex**, a Volgograd holding, which sold its agricultural assets.

Please see the comments on the companies which underwent the most significant changes, in the notes on page 4.

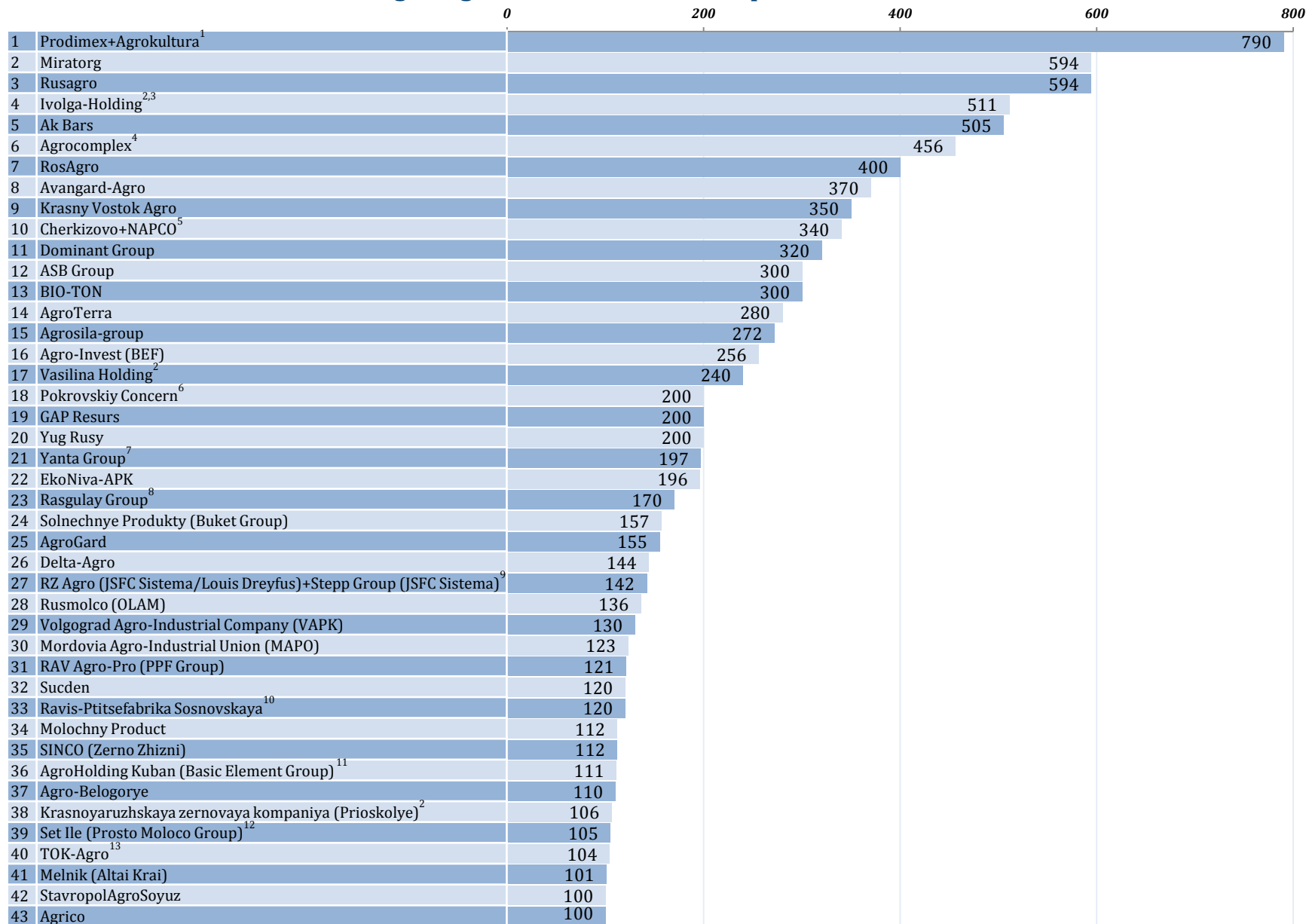
Despite losing one company, the amount of land controlled by the participants of the overview has totaled 10.450m ha, that is 16% more than in 2015.

The total amount of the chart land portfolio has increased partly due to 6 new companies, including such major holdings as **Pokrovskiy Concern**, **AgroHolding Kuban** and **Prosto Moloko Group**. For more information please see the notes on page 4.

The information given in the overview was accessed publicly or provided by representatives of the participant companies in response to our information requests. It is noteworthy to mention that the companies become more transparent over the years and most of them are ready for an open dialogue.

It is assumed that there may be other market participants holding a similar amount of land as some of the analyzed companies, but which are not represented in the chart. We welcome such companies to be included in future ratings and invite them to send us their request to our e-mail given on the last page of this overview.

Russia's Largest Agricultural Landholders, April 2016, thousand hectares



NOTES

¹The chart shows the total land portfolio of **Prodimex** (600k ha) and **Agrokultura** (about 190k ha).

²The information on the amount of land in control of these companies was provided by mass media. We have not received any response to our information requests, nor is such information provided at the companies' official websites.

³**Ivolga-holding** is represented in the overview only with its land assets in Chelyabinsk, Ulyanovsk and Orenburg regions due to the liquidation process involving its Kursk companies.

⁴The land portfolio of **Agrocomplex** was calculated by BEFL on the basis of the information about publicly declared transactions.

⁵**Cherkizovo Group** and **NAPCO** are governed and controlled by one group of beneficiaries.

⁶The agricultural business of **Pokrovskiy Concern** includes 25 agricultural companies, 2 sugar mills (sugar beet processing capacity of over 10k tons per day); its production performance shows 1.5m tons of annual bulk yield; 15k dairy cows, 100k tons of annual milk yield. Export in 2015 totaled 140k tons.

⁷**Yanta Group** includes 4 agricultural companies in the Irkutsk region and 10 agricultural companies in the Amur region. The company produces oil, milk (over 11k cows), vegetables, fish and trade companies both in Russia and abroad.

⁸**Razgulay Group** is disposing of its agricultural assets. 170k ha of land has been sold so far, including 90k ha bought by **Rusagro Group**.

⁹**Stepp Group** includes its own farmland of 42k ha and the farmland of **RZ Agro** of 100k ha (only with reference to the interest share of **JSFC Sistema**).

¹⁰**Ravis-Ptitsefabrika Sosnovskaya** (Chelyabinsk) is a major poultry production factory with 10 crop production companies and companies producing and processing meat and milk.

¹¹**AgroHolding Kuban** is one of the major agricultural businesses in the south of Russia controlled by the diversified industrial group **Basic Element**. The main sectors of the holding are livestock and crop production, sugar production, grain processing and storage, seed production. AgroHolding Kuban owns 10 dairy farms, a meat processing complex, a pig production megafarm, grain elevators, seed production and processing factories, sugar mill "Svoboda" and horse factory "Voskhod".

¹²**Set Ile** is a part of **Prosto Moloko Group**, Republic of Tatarstan, and has 15 crop production companies forming the feedlot of the Group. Prosto Moloko Group was initially created to manage the assets of the bankrupt holding Vamin-Tatarstan. The information on the current land portfolio was obtained from the representatives of the asset department of Set Ile.

¹³**TOK-Agro** works in the Stavropol Krai and manages agricultural complexes, processing factories located in the Stavropol Krai and Krasnodar Krai, the Karachay-Cherkess and Kabardino-Balkar Republics. The company has around 32k sheep, 3k yaks, 2.5k cows, over 300 horses.

DISCLAIMER

The sole purpose of the data analysis was to identify the key holders of agricultural land and calculate the approximate size of their land banks. We did not intend to make a complete list of landholders with over 100,000 ha of land in control.

The analytical data were consolidated from the sources considered reliable by our experts, including public information at companies' official websites, provided by representatives, shareholders, beneficiaries of companies, market participants. BEFL cannot guarantee the accuracy of the information on the size of land portfolios of the participant companies.

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