BEFL

Russia’s Largest Agricultural Landholders 2020

May 2020

Overview 2020 in Brief

This overview of Russia's largest agricultural landholders summarizes the results of 2019 and includes 61 companies having 14.2m ha under control, which is 779k ha more than last year. The overall land portfolio of the TOP-5 has grown by almost 140k ha.

49 companies control over 100k ha of farmland, and 12 companies have around 100k ha under control, having taken the arbitrary 50th position of the chart.

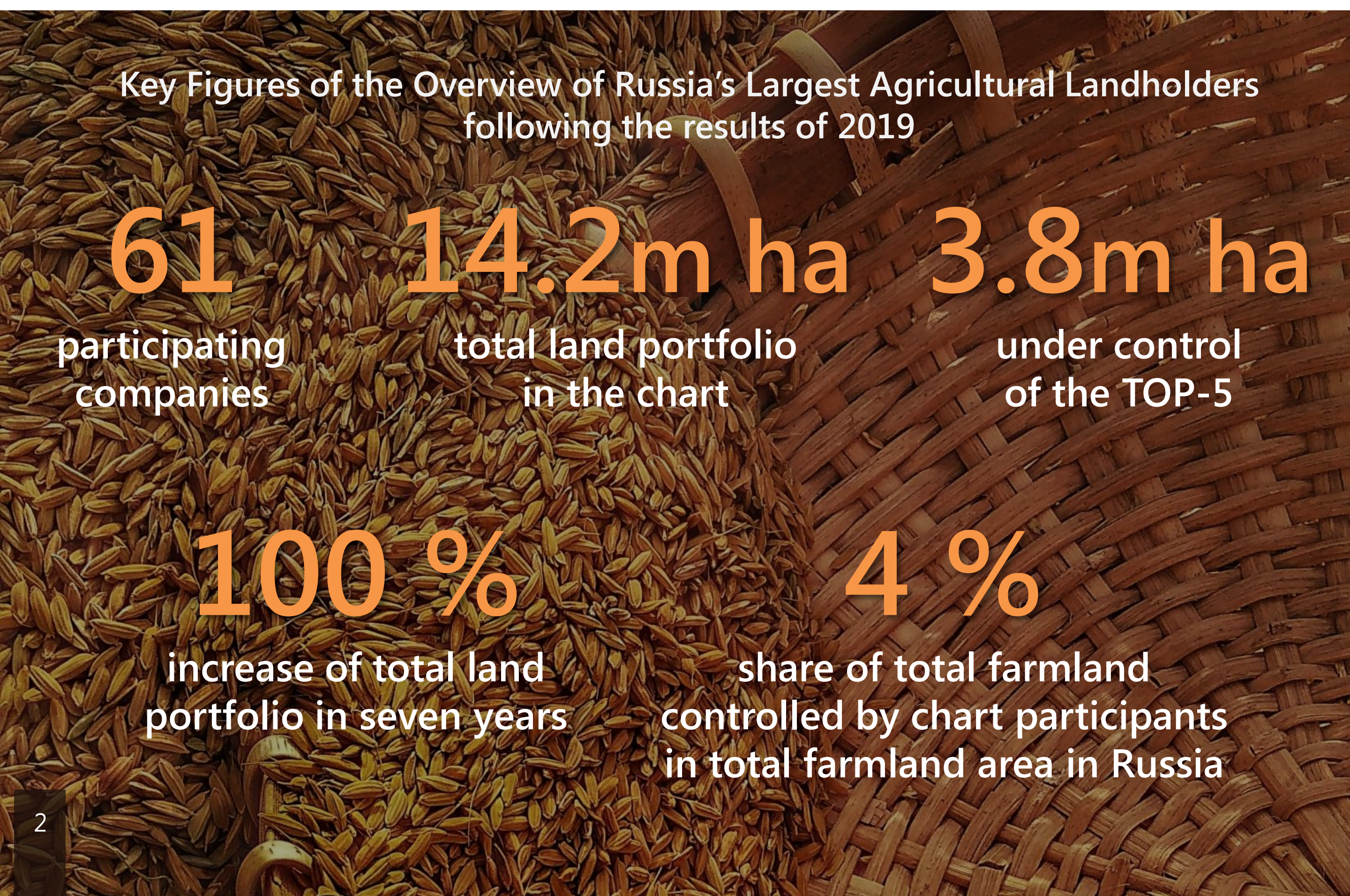
Farmland under control means farmland used on the grounds of ownership, leasehold or any other lawful title.

The very first overview of Russia's largest agricultural landholders, which has been traditionally published annually since 2013, showed just 30 companies having 7.2m ha under control.

Over the last seven years the number of companies having over 100k ha under control has doubled.

The overview also shows struggling companies which still control farmland, but have been undergoing insolvency proceedings or taken over by banks. They include *Ivolga-Holding, RostAgro, Solnechnye Produkty, Rostovskaya niva*.

The information provided in this overview has been accumulated from public sources or based on the opinions of market players and written requests sent to the participants of the chart.



On January 01, 2019 (the latest update by *Rosreestr*), legal entities owned 21m ha, i.e. there is a y-o-y increase of 0,7m ha.

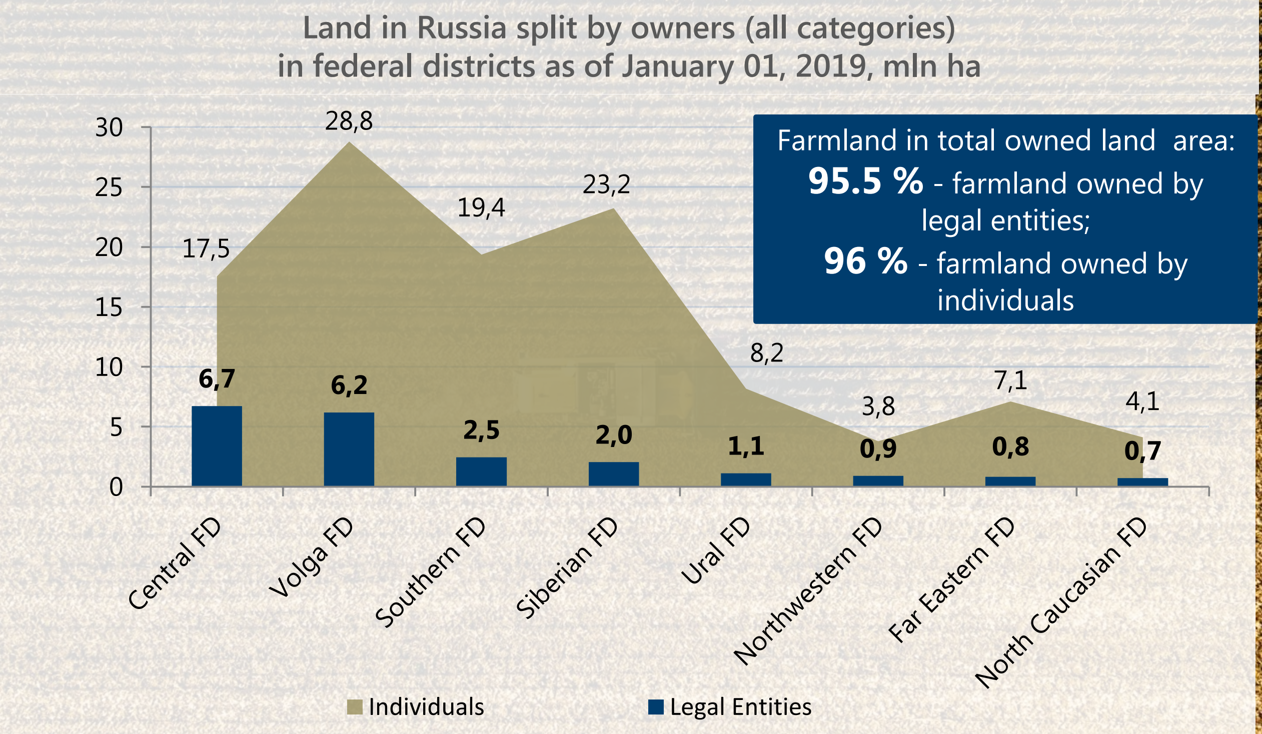
The share of farmland in the total land owned by legal entities is 95 %.

The major area of farmland owned by companies and peasant farms is concentrated in the Central Russia and the Volga region; a considerable share is in the South. The share of land owned by individuals in the central part of the country is significantly lower than in the other agricultural regions of Russia.

It should be borne in mind that owning land or holding it on any other legal grounds does not imply cultivating all of it. Arable land may comprise a minor share or in fact reach 100 % in the total area of controlled land, which generally depends on the type of agricultural business and the efficiency of agricultural production, as well as on the measures taken to make the most of the farmland. Over the recent years quite a few thousands of hectares have been restored for agricultural production annually (386k ha in 2018). However, the arable land curve went up only in 2010.

Starting from 2010 and up to 2018 the arable land area in Russia grew by 1.3m ha (from 121.4m ha to 122.8m ha), however as of January 01, 2019 its share is still 9.5m ha less than in 1990 (132.3 m ha).

According to the *National Report on the State and Use of Land in Russia,* the main reason for diminishing arable land is "the liquidation of companies and the transfer of released land to the land distribution fund. Another reason may be the expiration of leasehold (or temporary use) contracts without their prolongation by agricultural producers".



Data provided by: National Report on the State and Use of Land in Russia (Rosreestr)

Planted Areas of Key Crops

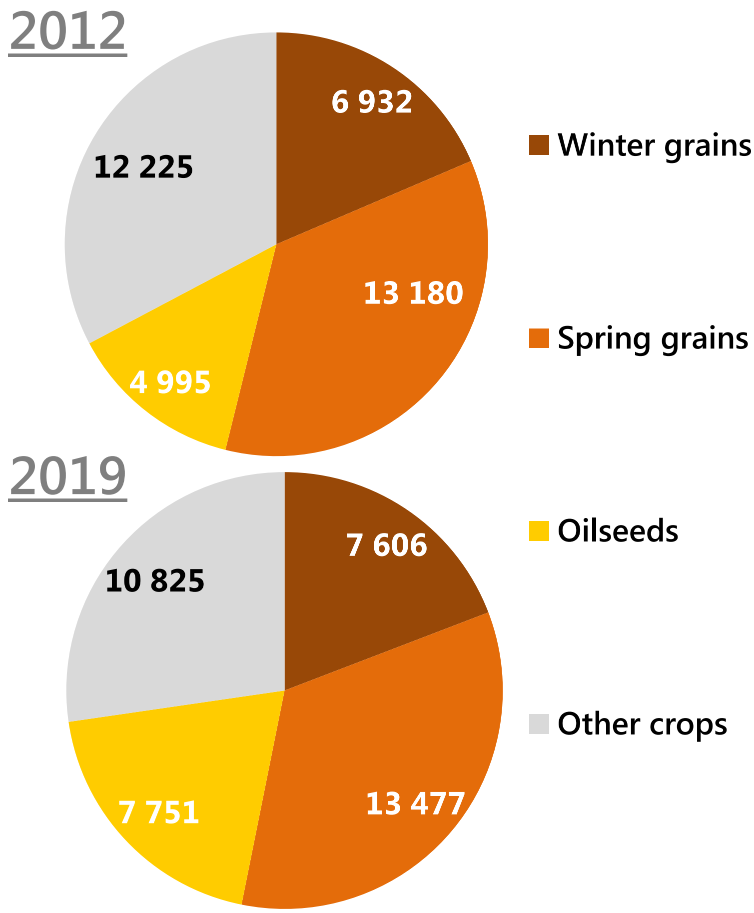
In the structure of planted areas, winter grains dominate in the Central Russia along with the Volga district and the South. In those regions, winter grain areas have been extended rapidly over the recent years (by 10 % and 38 % accordingly).

There are only slight changes in spring grain areas over the recent 7 years in the indicated regions, but in Siberia spring grain areas have been cut by over 1m ha.

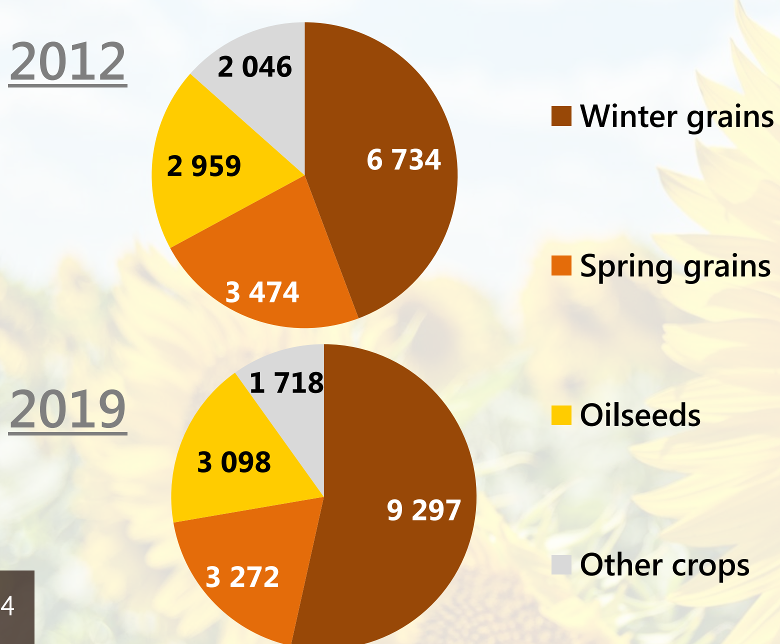
Oilseeds have drastically gained in 2012–2019 in the Far East and Siberia (by over 70 %) due to larger planted areas of soybeans, as well as in the center of Russia (by 55 %) and, slightly, in the south (by 5 %).

The total planted area in the Russian Federation has grown by 4m ha since 2012.

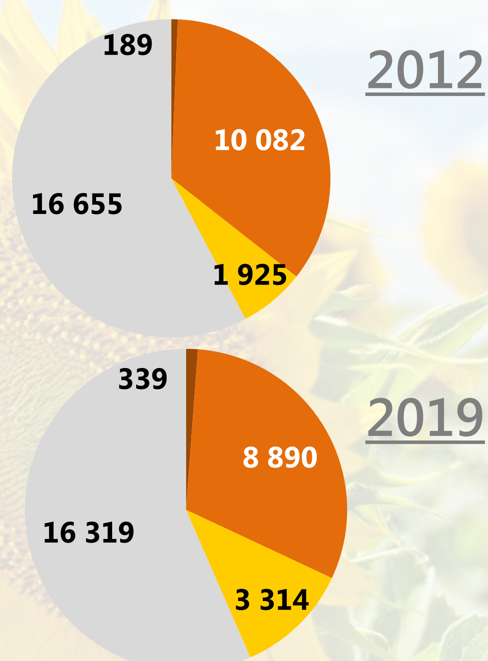
Planted Areas in Central and Volga Federal Districts, '000 ha



Planted Areas in Southern and North Caucasian Federal Districts, '000 ha



Planted Areas in Siberian and Far Eastern Federal Districts, '000 ha



Data provided by: Russian Statistics Service (Rosstat)

M&A Deals of 2019

2019 enjoyed a good number of major M&A transactions aimed at agricultural assets with significant land portfolios. The targets were also large holding companies which are annually highlighted in the overview of Russia's largest farmland holders: *Trio Group, Rusmolco, Agro-Belogorye, Avangard-Agro.*

Major Publicly Announced M&A Deals Targeting Debt / Interest in Companies Controlling Farmland, in 2019

ПРОМАГРО агропромышленный холдинг	**100 % acquired**	*OJSC "AF "Krasnenskaya"*	30k ha
STEPPE AGROHOLDING	**100 % acquired**	*OJSC "Beshpagir"*	11k ha
MIRATORG agribusiness holding	**100 % acquired**	*OJSC "Izobilie"* *OJSC "Bryansk-Agro"*	11k ha
MEGAMIX The Feed Company	72.9 % acquired	ЮРМА агрохолдинг	20k ha
S&D SUCDEN	51 % acquired	TRIO Group of Companies	106k ha
Olam	25 % acquired to consolidate 100 %	RUSMOLCO	156k ha
RUSAGRO group	23 % acquired	Группа компаний Агро-Белогорье	111k ha
Aleksandr Bogachev *(minor shareholder of PJSC Magnit)*	11.3 % acquired	AVANGARD-AGRO	450k ha

Data provided by: public media, BEFL

Comments to Overview 2020

This year the TOP-5 has not changed much with the exception of a remarkable gain in their total farmland under control: 3.81m ha against 3.66m ha last year. *Agrocomplex* and *Rusagro* switched places, and the former is now third in the chart.

The farmland area controlled by *Rusagro* has been shrinking ever so slightly. The land assets owned by *Solnechnye Produkty*, whose debt was acquired by *Rusagro Group* in November 2019, are not included in the Group's land portfolio as only the oil and fats assets are being leased by *Rusagro* with prospects to buy them this year. The farmland of *Solnechnye Produkty* is going through bidding rounds and being gradually sold.

EkoNiva-APK has been steadily acquiring new land assets which kept it on the fifth place, although the companies in the 6th and 7th positions are close runners-up with a significant increase in their controlled land over a year (*Stepp Agroholding* (with *RZ Agro*) gained 141k ha, *BIO-TON* gained 49k ha). *EkoNiva-APK* added 95k ha to its farmland assets.

Leading Farmland Holders 2020

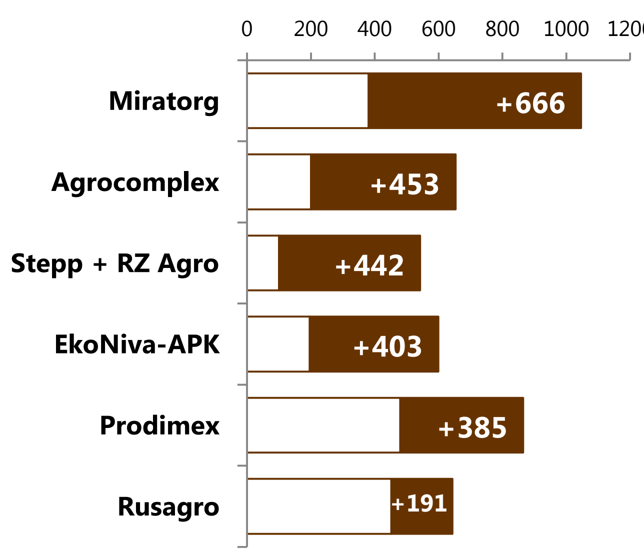
Ranking in 2018	Ranking in 2019		Land under control in 2018, '000 ha	Land under control in 2019, '000 ha
1.	1.	Miratorg	**1,000**	**1,047**
2.	2.	Prodimex+Agrokultura	**865**	**865**
4.	3. **(+1)**	Agrocomplex	**649**	**653**
3.	4. **(-1)**	Rusagro	**650**	**643**
5.	5.	EkoNiva-APK	**504**	**599**

The leading landholders have been gaining farmland over the recent years at a higher rate than the rest of the chart participants.

Miratorg is first in the row (+666k ha in seven years), followed by *Agrocomplex*, *Stepp Agroholding* (joined by *RZ Agro*), *EkoNiva-APK* and *Prodimex*. *Rusagro* closes up the rear in spite of a minor decrease in its land assets in the recent years.

It would also be fair to mention the land gain of *Vasilina* (+180k ha), *Cherkizovo* (+175k ha), *BIO-TON* (+152k ha), and *Avangard-Agro* (+150k ha) over the recent seven years.

Most significant gain in farmland from May 2013 to May 2020, '000 ha



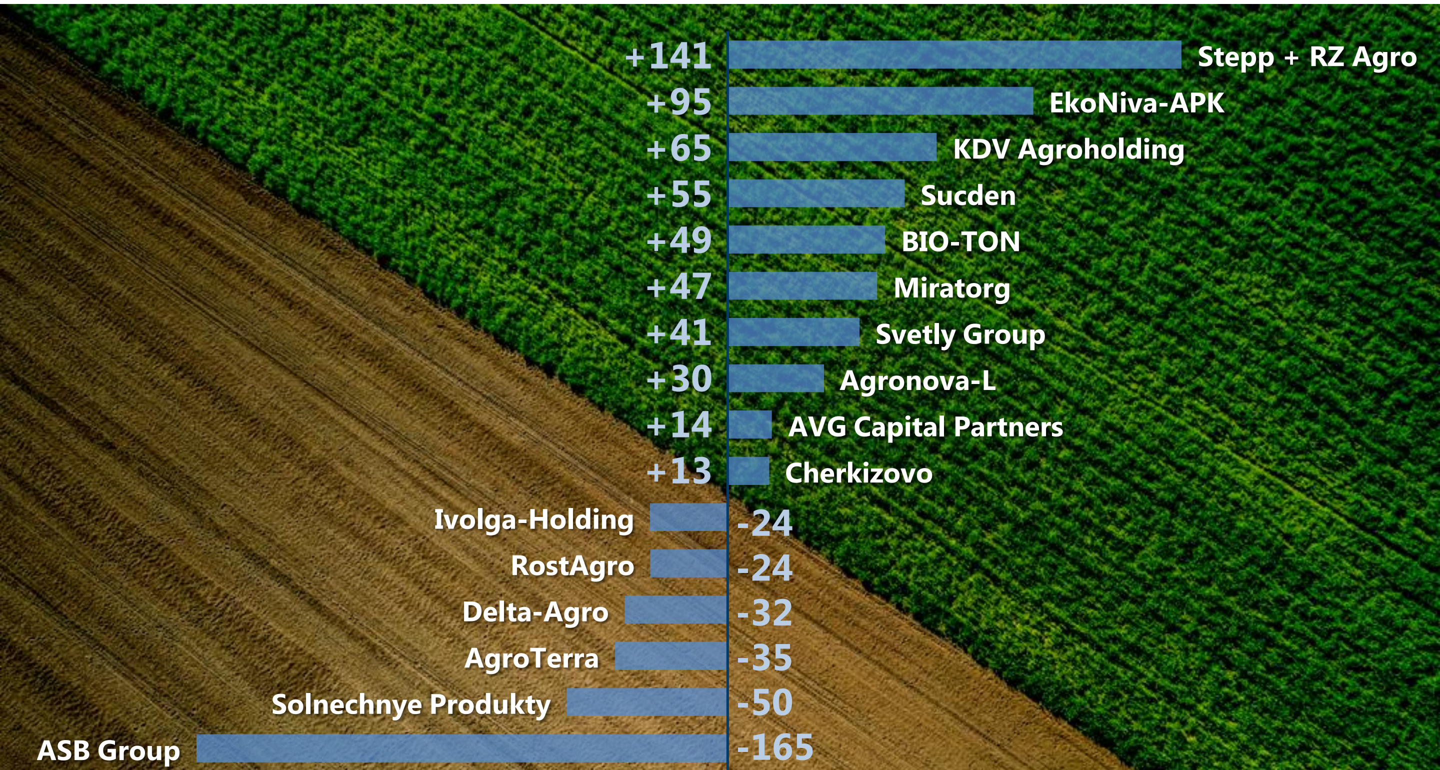
This year's chart shows drastic changes in the positions (compared to May 2019). *Agronova-L* went up by 12 lines with +30k ha; along with gaining farmland *KDV Agroholding* (+65k ha) and *Svetly Group* (+41k ha) moved up 9 and 7 lines accordingly. *Sucden* has to thank its transaction with *Trio Group* which brought the French sugar producer 45k ha and along with other land deaks tossed it up 5 lines. *AVG Capital Partners* added just 14k ha, but was hoisted up 6 lines higher by other companies in the overview which cut down on their farmland.

Unsurprisingly, *Solnechnye Produkty* has gone down this year having sold around 50k ha; *ASB Group* claimed a reduction of its land portfolio by 165k ha, although other market players doubt that the information is reliable. *Delta-Agro* (-32k ha) plummeted down 11 lines.

The most prolific companies in terms of farmland transactions last year were *Stepp Agroholding + RZ Agro*, *EkoNiva-APK* and *KDV Agroholding.*

Most Significant Position Changes in Overview 2020

Agronova-L	**12** ⇧
KDV Agroholding	**9** ⇧
Svetly Group	**7** ⇧
AVG Capital Partners	**6** ⇧
Sucden	**5** ⇧
Solnechnye Produkty	**18** ⇩
ASB Group	**15** ⇩
Delta-Agro	**11** ⇩



Top Companies by Gain / Loss in Controlled Farmland from May 2019 to May 2020, '000 ha

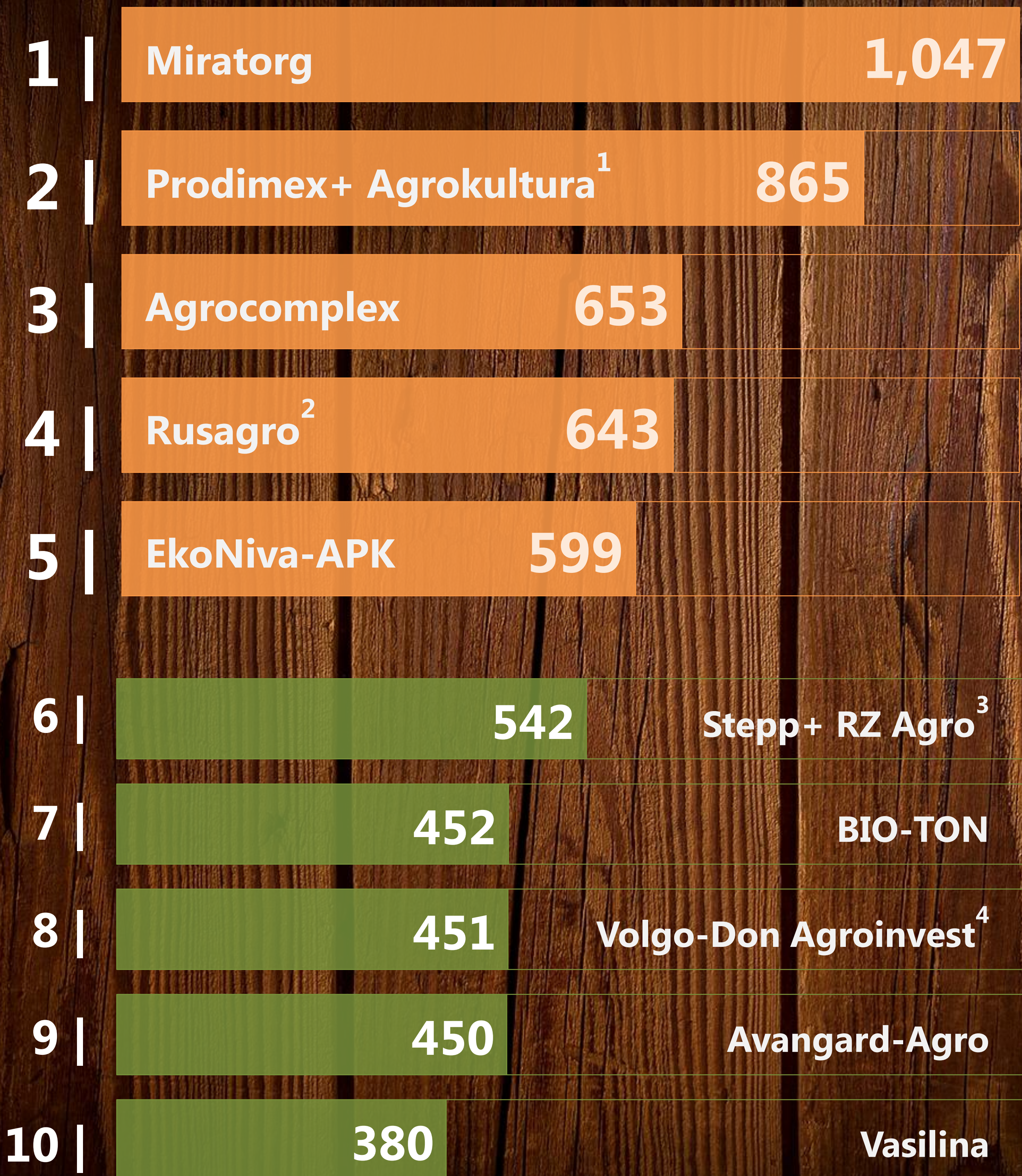
Overview 2020 has lost two companies whose farmland assets are currently far below 100k ha – *Agrico* and *Russian Agrarian Group*.

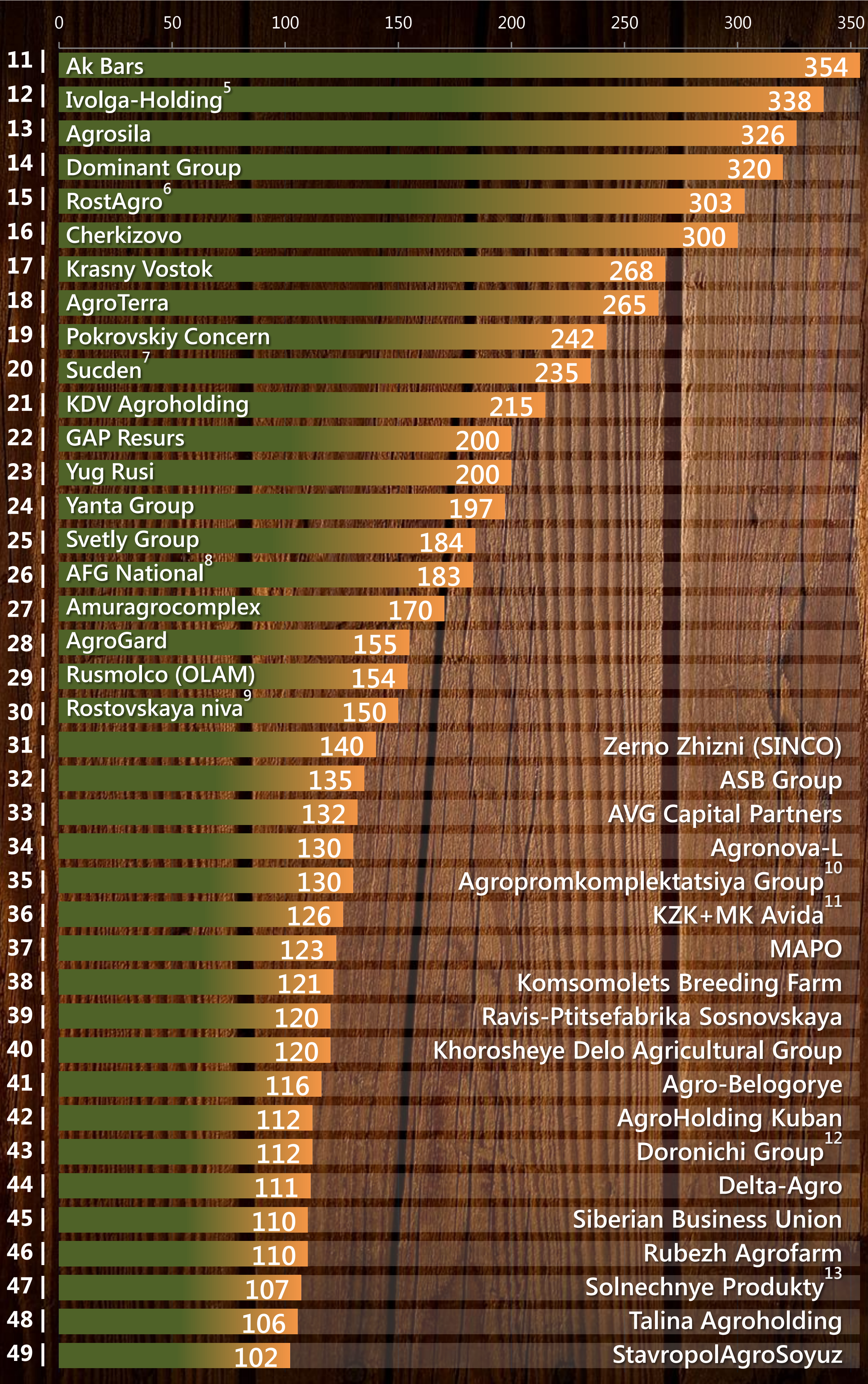
However there are 7 new companies, including *Rostovskay niva* whose assets were taken over by *Moscow Industrial Bank*, *Agropromkomplektatsiya Group* which forecasted its land gain last year, *Doronichi Group* and *Izberdey*, which publicly announced that they control over 100k ha of farmland. The other newcomers include *Avgust*, Russia's largest crop protection producer, *Kosminvest*, the new owner of the former assets of *TOK-Agro* in the Stavropol krai, and *Avtotor-Agro* – one of the largest farmland holders in the Kaliningrad region.

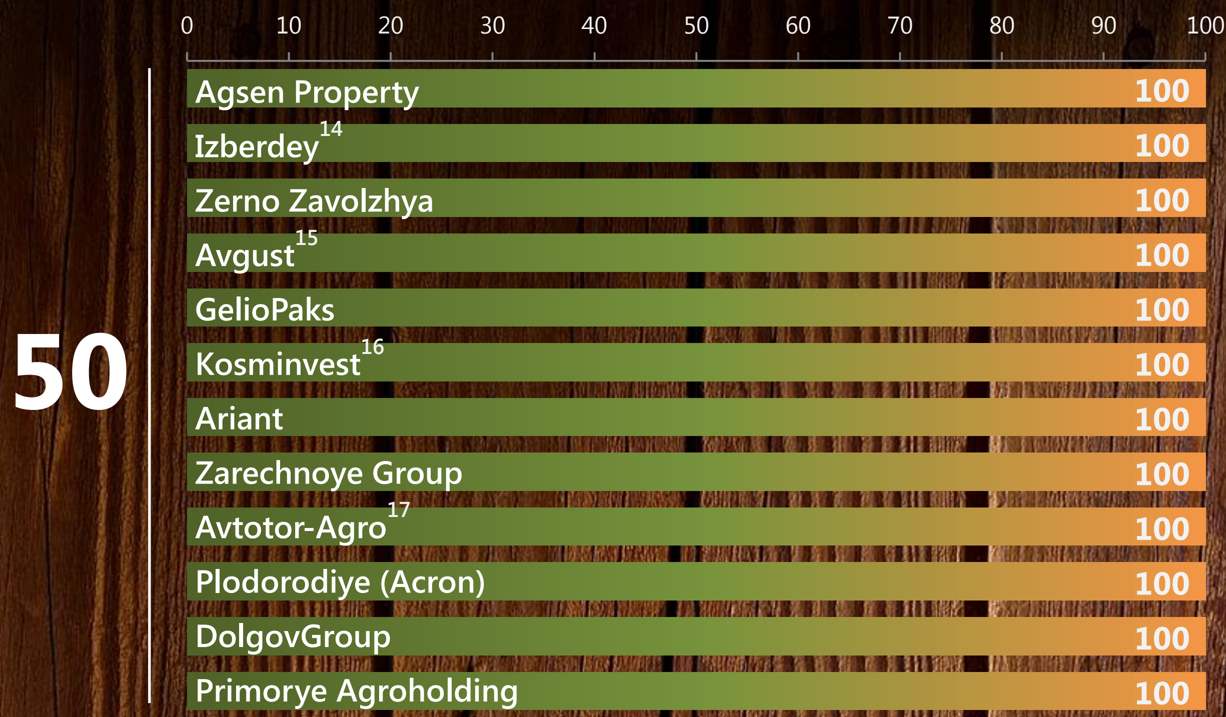
New Companies in Overview 2020

Ranking		Principal Geography of Land Assets
30	**Rostovskaya niva**	Rostov region, Voronezh region, Stavropol krai
35	**Agropromkomplektatsiya Group**	Kursk region, Tver region, Ryazan region,
43	**Doronichi Group**	Kirov region
50	**Izberdey**	Lipetsk region, Tambov region
50	**Avgust**	Rep. of Tatarstan, Krasnodar krai, Rep. of Chuvashia
50	**Kosminvest**	Stavropol krai
50	**Avtotor-Agro**	Kaliningrad region

Russia's Largest Agricultural Landholders
May 2020, '000 ha




0
50
100
150
200
250
300
350
11 | Ak Bars 354
12 | Ivolga-Holding[5] 338
13 | Agrosila 326
14 | Dominant Group 320
15 | RostAgro[6] 303
16 | Cherkizovo 300
17 | Krasny Vostok 268
18 | AgroTerra 265
19 | Pokrovskiy Concern 242
20 | Sucden[7] 235
21 | KDV Agroholding 215
22 | GAP Resurs 200
23 | Yug Rusi 200
24 | Yanta Group 197
25 | Svetly Group 184
26 | AFG National[8] 183
27 | Amuragrocomplex 170
28 | AgroGard 155
29 | Rusmolco (OLAM) 154
30 | Rostovskaya niva[9] 150
31 | 140 Zerno Zhizni (SINCO)
32 | 135 ASB Group
33 | 132 AVG Capital Partners
34 | 130 Agronova-L
35 | 130 Agropromkomplektatsiya Group[10]
36 | 126 KZK+MK Avida[11]
37 | 123 MAPO
38 | 121 Komsomolets Breeding Farm
39 | 120 Ravis-Ptitsefabrika Sosnovskaya
40 | 120 Khorosheye Delo Agricultural Group
41 | 116 Agro-Belogorye
42 | 112 AgroHolding Kuban
43 | 112 Doronichi Group[12]
44 | 111 Delta-Agro
45 | 110 Siberian Business Union
46 | 110 Rubezh Agrofarm
47 | 107 Solnechnye Produkty[13]
48 | 106 Talina Agroholding
49 | 102 StavropolAgroSoyuz



Notes

[1] The chart shows the total land portfolio of **Prodimex** (675k ha) and **Agrokultura** (about 190k ha), as the companies are affiliated due to a significant interest of the main beneficiary of *Prodimex* in the capital of *Agrokultura*.

[2] **Rusagro Group** acquired the right to purchase the majority interest of Quartlink Holding Limited, which owns **Solnechnye Produkty Holding**, in October 2019 and the debt of the holding in November 2019. Since the end of 2019, Rusagro has been leasing two oil crushing plants and three fat processing plants of the holding company.

[3] **Stepp Agroholding** is controlled by *JSFC Sistema*; **RZ Agro** is controlled by *JSFC Sistema* and several members of *Louis Dreyfus* family.

[4] **Volgo-Don Agroinvest** controls the land assets of *Agro-Invest* , *VAPK* and *LAPK* .

[5] **Ivolga-holding** is losing control of its land assets; a part of the companies controlled by the holding are undergoing liquidation.

[6] **RostAgro** controls the former assets of RosAgro in the Penza, Saratov and other regions.

[7] **Sucden** consolidated a 100 % interest in the capital of *Agroservis* (formerly owned by **Trio Group**) in 2020 which controls the sugar business and 45k ha farmland based on *Elets Sugar Factory*.

[8] The land portfolio in the chart is under the control of **AFG National**, *Vesna Agricultural Company* and *Nizhegorodskaya Agricultural Company* (which are controlled and governed by one group of beneficiaries). The geography of the land assets covers the Krasnodar krai, the Rostov, Novgorod and Nizhny Novgorod regions.

Notes

[9] **Rostovskaya niva** is an agricultural producer working in the Rostov region, the Voronezh region and the Stavropol krai. The company also works in a flour production segment.

[10] **Agropromkomplektatsiya Group** is one of the leading agricultural groups with the focus on pork production, milk production with subsequent processing and retail.

[11] The land assets of **Krasnoyaruzhskaya zernovaya kompaniya** and **MK Avida** are added up as the companies are affiliated due to a significant interest of the main beneficiary in both companies.

[12] **Doronichi Group** is a leading pork producer in the Kirov region. The Group also produces crops, milk and processes meat.

[13] **Solnechnye Produkty** – see **Rusagro.**

[14] **Izberdey** is a group of companies cultivating land in the Tambov, Lipetsk and Ryazan regions. *Izberdey Elevator* is in the TOP-20 Russia's grain exporters.

[15] **Avgust** is one of the largest Russian crop protection producers. Since 2017, Avgust has been engaged in an agricultural project with four farms in two countries – Russia and Kazakhstan.

[16] **Kosminvest** is a company controlling the former assets of *TOK-Agro* in the Stavropol krai.

[17] **Avtotor-Agro** is one of the leading farmland holders in the Kaliningrad region, but a great part of its land assets are leased by other companies, some are abandoned.

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.

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 below.

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.

This material has informational value only and is not intended to and does not constitute, or form part of, an offer or an advertisement of any services provided by BEFL.

BEFL and its affiliates or directors, partners or employees, or any persons involved in compiling and issuing this information expressly disclaim the responsibility for the consequences of using the information expressed herein by clients or applying this information by the recipient to fulfill certain objectives and do not provide any representation, assurance or guarantee that this information is valid, accurate or complete.

This material is not and cannot be considered as strategic, investment, financial, legal, tax and / or other advice. The recipient of this material should seek consultancy of specialists in the relevant areas of expertise. The information expressed herein may be altered, corrected, revised or updated whereas BEFL disclaims any obligation to notify any person in whose possession this material or any part of it may come of such alterations, corrections and additions.

Contacts

Floor 3, Office B, Trubnaya Street, 12
Moscow, 107045 Russia

Tel/Fax: +7 (495) 649-8155
E-mail: reception@befl.ru

Oktyabrskaya Street, 68a
Orel, 302040 Russia

Tel/Fax: +7 (4862) 422-224
E-mail: reception@befl.ru
www.befl.ru

For any questions please contact Inessa Valueva:
E-mail: valueva@befl.ru
Tel: +7 (910) 309-0025