BEFL

Russia's Largest Agricultural Landholders 2022

July 2022

Agricultural Sector and Land Market: Looking Back at the Past Year

The period from 2021 to the beginning of 2022 saw heavy prices for agricultural commodities, which were significantly higher than in 2020 (see the figure below). The situation in the sector as a whole was auspicious to the extent that such factors as the surge in production costs, the quotas and export duties imposed on grain and oilseeds, the drought in some key agricultural regions of the country did not make much impact on the year results. The positive trends of the year also include record food exports and access to new markets in the Middle East.

Due to the high margin received by crop producers throughout the past year, the demand for crop production assets grew, however, the number of offers was limited. Given the general trend of unstable currencies, the processes in the global economy, agriculture proved to be a sustainable area for investment when there were very few other more reliable alternatives.

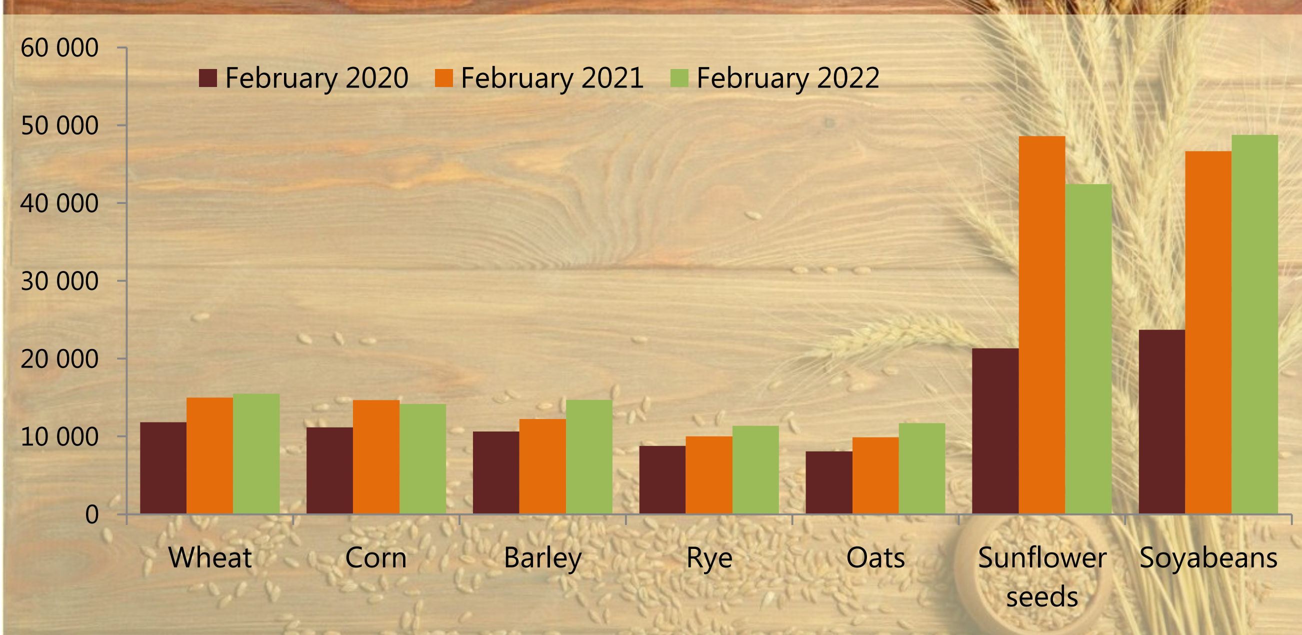
By the end of 2021 – the beginning of 2022, in the center and the south of Russia the cropland prices increased by 30-50 %, and in some areas they almost doubled.

The M&A market of crop production assets remained vigorous despite the limited number of offers. Large agricultural holdings continued to expand their land portfolios, which is evident, for example, from the TOP-10 leaders of the overview whose total land portfolio grew by almost 300k ha over the year.

Among highlighted transactions of the past year are the purchase of APK Don by RBPI structures, the purchase of Klyuch-Agro by BIO-TON, the acquisition of Agronova-L assets by Agrocomplex.

More agricultural holdings of the Volga region (Bashkortostan, the Saratov region, the Orenburg region, etc.), the Ural Federal District (the Tyumen region, the Sverdlovsk region) come into picture.

Average Producer Prices for Key Agricultural Commodities in 2020–2022, RUB / ton



Data provided by: Rosstat (the Federal State Statistic Service)

According to FAO, the cropland in our country decreased from 2000 to 2019 by mere 1 % (Cf. -11 % in the USA , -6 % in Canada , -26 % in Poland). However, over the last three years the agrarian belt of Russia is expanding, which is driven, among other things, by state programs. According to the State program for the return on unused agricultural land to production in 2022-2031, 13m ha of land are planned to be put back in production.

According to the Russian Federal Service for State Registration, Cadastre and Cartography (Rosreestr), on January 01, 2021, the area of arable land in Russia was 122.7m ha. This figure has hardly changed over the past few years. Only in the next decade We might be able to tell whether there will be a positive impact of the measures to return land to production.

The figure on the right shows regions with the largest share of cultivated land in the total amount of their agricultural land. Along with the traditional agrarian regions of Russia, this list includes the Chuvash Republic, the Udmurt Republic and the Kirov region. In general, the share of cropland in agricultural land in all central and southern regions is over 50 % (except for the Bryansk region, where this figure is 34 %).

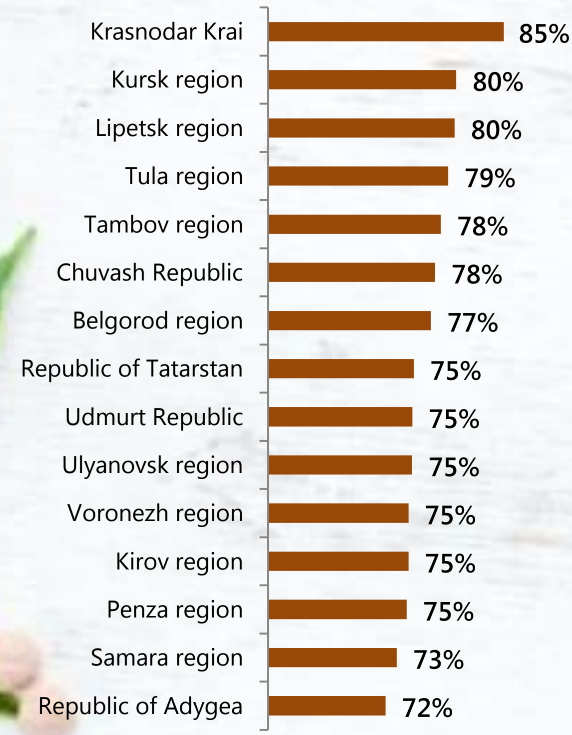
In 2021 the results of the agricultural microcensus became publicly available. Over 9,500 agricultural companies were studied in the microcensus which are not small business entities (non-SBEs*).

The southern regions lead in the number of non-SBEs. However, large and medium-sized companies in the traditional agricultural regions of the center and the south of Russia, where the number of such companies is on average 100 and more, control larger areas than other regions.

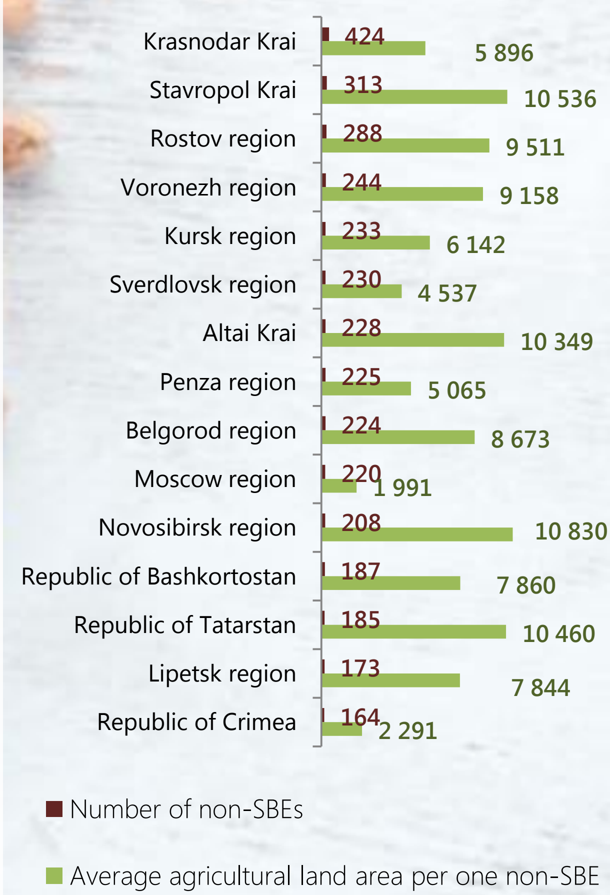
•non-SBEs are entities with over 100 employees and revenues of over RUB 800m per year, which meet other criteria stipulated by Federal Law No. 209 issued on July 24, 2007 (as amended on July 02, 2021)

Data provided by: FAO, Rosreestr, Agricultural Microcensus 2021

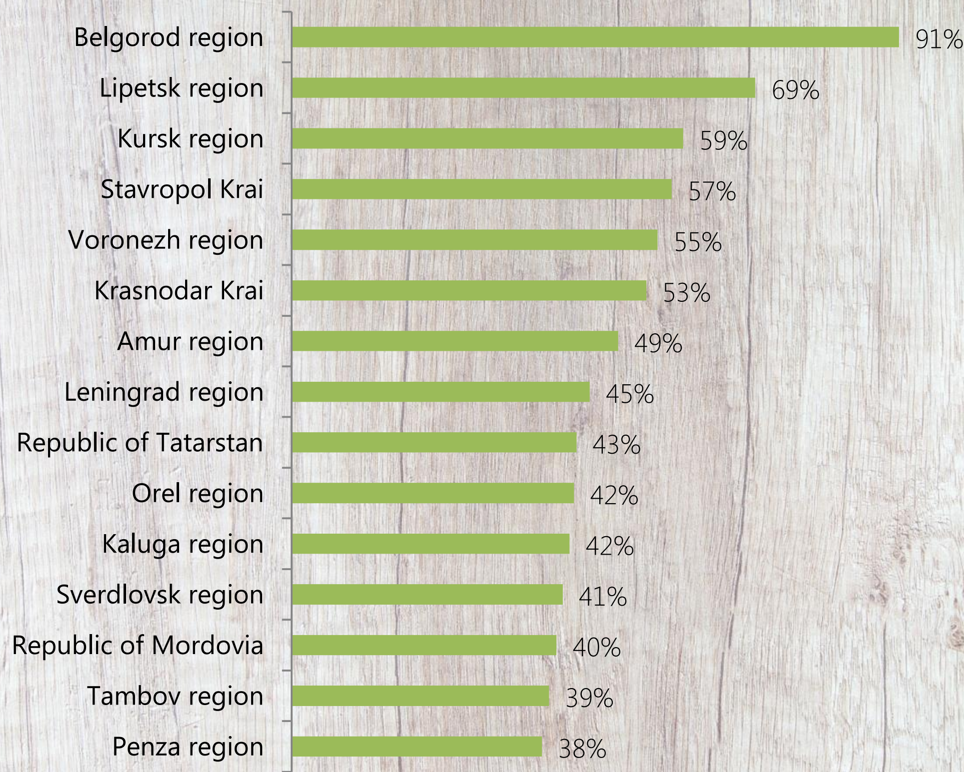
TOP Regions with the Largest Share of Cropland in Agricultural Land



TOP Regions with the Largest Number of non-SBEs



TOP Regions with the Largest Share of Agricultural Land Controlled by non-SBEs



In traditional agricultural regions having over 100-150 large and medium-sized companies, this share averages from 5k to 10k ha per company. The largest average area of agricultural land per 1 non-SBE is in the Volgograd region (12.2k ha), the Saratov region (11.6k ha), the Novosibirsk region (10.8k ha), the Republic of Tatarstan (10.5k ha), the Stavropol Krai (10.5k ha), the Altai Krai (10.4k ha) and the Tambov Region (10.0k ha).

Regions with the largest share of agricultural land controlled by non-SBEs in the total area of agricultural land in each region are shown in the figure above. In other words, this chart may demonstrate where agricultural land is used most efficiently for profit generation. The central and southern regions of the country are in the top lines.

The leaders by the share of cropland in agricultural land, the number of non-SBEs and the average agricultural land area under control (i.e. the regions making TOP-15 by all criteria) are the Belgorod region, the Kursk region, the Krasnodar Krai, the Voronezh region, the Lipetsk region, the Republic of Tatarstan and the Penza region, which may indicate a dynamic use of land in these zones.

The regions where the share of crop production is insignificant or the ratio of the number of non-SBEs and the average area of agricultural land per company is unrepresentative were excluded from the charts.

We analyzed the microcensus data keeping in mind that the authors of the document relied on the local data on companies provided by the regions without its connection with the legal structures of holdings and groups of companies that operate in these regions.

Data provided by: Agricultural Microcensus 2021

Comments to Overview 2022

The Overview of Largest Agricultural Landholders 2022 celebrates its 10th anniversary this year. Over 10 years, the total land portfolio of the participants and their number has more than doubled. This year, there are 71 companies in the list (compared to 66 last year), the total land portfolio, which amounts to 16.7m ha, is 1,3m ha larger than in 2021.

This year, Agronova-L, Solnechnye Produkty and Primorye Agroholding left the ranking.

The TOP-5 has remained unchanged, though their total land portfolio has grown by 258k ha.

Overview 2022 Leaders

		Land Portfolio in 2021, '000 ha	Land Portfolio in 2022, '000 ha
1.	Miratorg	**1,047**	**1,105**
2.	Prodimex+Agrokultura	**865**	**900**
4.	Agrocomplex	**660**	**818**
3.	Rusagro	**637**	**643**
5.	EkoNiva Group	**630**	**630**

Most Significant Position Changes in Overview 2022

Except for the TOP-10, there have been noticeable changes in the ranking. The most significant shifts up the lines were made by Talina Agroholding (+35k ha), Kosminvest (+83k ha), Komsomolets Breeding Farm (+67k ha), Progress Agro Group (+36k ha) and Avgust (+64k ha).

There were no remarkable downward changes in the positions of the companies in the past year.

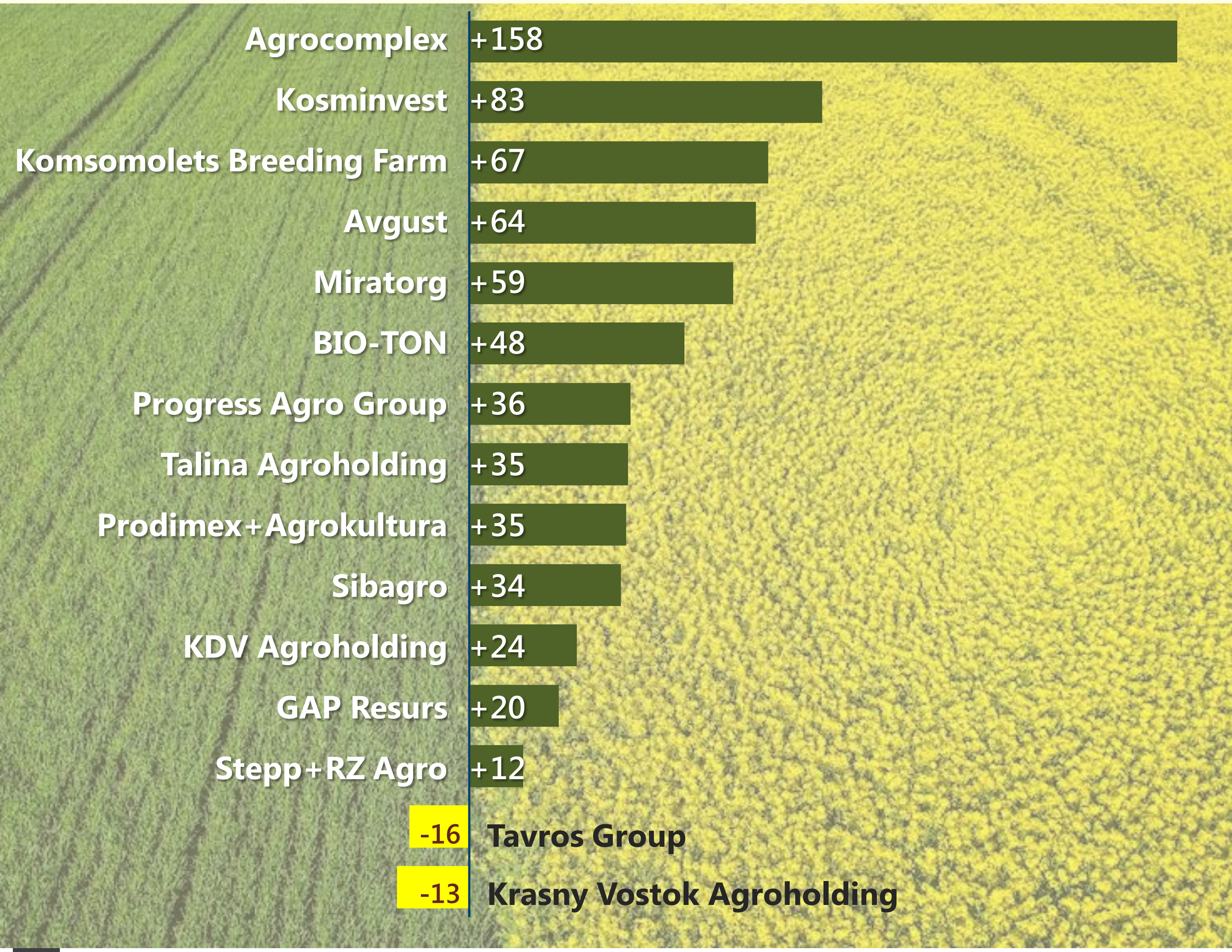
Talina Agroholding	**18**	⇧
Kosminvest	**17**	⇧
Komsomolets Breeding Farm	**17**	⇧
Progress Agro Group	**16**	⇧
Avgust	**9**	⇧

Comments to Overview 2022

This year the leaders in gain / loss of land under control are Agrocomplex (+158k ha), Kosminvest (+83k ha), Komsomolets Breeding Farm (+67k ha), Avgust keeps expanding as well (+64k ha). Miratorg (+59k ha) and BIO-TON (+48k ha) gained quite a few hectares. The latter, due to last year's increase in the land portfolio, reached 500k ha. Slightly less evident growth is demonstrated by Progress Agro Group (+36k ha), Talina Agroholding (+35k ha) and Prodimex together with Agrokultura (+35k ha), as well as Sibagro (+34k ha), KDV Agroholding (+24k ha), GAP Resurs (+20k ha) and Stepp Agroholding together with RZ Agro (+12k ha).

The land portfolio decreased in Tavros Group (previous name - AVG Capital Partners) by 16k ha, and in Krasny Vostok Agroholding by 13k ha.

Top Companies by Gain / Loss in Controlled Farmland from May 2021 to May 2022, '000 ha



The Overview 2022 includes 8 new companies, most of which are large agricultural holdings of the Volga region; there are also companies from the Ural Federal District and the Stavropol Krai.

Agrodinamika Group operates in three districts of the Volga region, actively promotes irrigation in arid zones and produces flour and pasta.

In ARSIB Group agriculture is one of the divisions along with construction, trade and hotel business. The group of companies is engaged in crop production, pig breeding, milk and meat processing and has a network of branded stores.

MTS Tsentralnaya is one of the leading holdings in Bashkortostan, has a livestock of cattle and provides services to agricultural producers in the region.

A7 Agro a crop, dairy and sour-milk producer; its range of segments also includes meat processing, fresh vegetables production, flour and bakery products.

Kits Agrofirma is engaged in crop production and viticulture in the Stavropol Krai, the company also has a small number of beef cattle.

Yubileiny Agroholding is a Tyumen company engaged in crop production, pig breeding, feed production and meat processing.

Russian Agrarian Group is a Ryazan holding producing crops, milk and pork which made its comeback after a two-year pause.

Urozhay operates in the Saratov region and made it to this year's ranking due to almost doubling its agricultural land area. The company also has beef cattle.

Newcomers in 2022

Ranking		Principal Geography of Farmland Assets
23	Agrodinamika Group	Saratov region, Penza region, Republic of Bashkortostan
38	ARSIB Group	Tyumen region, Sverdlovsk region
40	MTS Tsentralnaya	Republic of Bashkortostan
47	A7 Agro	Orenburg region, Republic of Bashkortostan
60	Kits Agrofirma	Stavropol Krai
60	Yubileiny Agroholding	Tyumen region
60	Russian Agrarian Group	Ryazan region
60	Urozhay	Saratov region

Russia's Largest Agricultural Landholders
July 2022, '000 ha

TOP-20

11	Ak Bars	354
12	GAP Resurs	340
13	KDV Agroholding	337
14	Agrosila	330
15	Dominant Group	320
16	Sibagro	303
17	Cherkizovo	300
18	RostAgro	291
19	Sucden	270
20	AgroTerra	265

TOP-30

21	Pokrovskiy Concern	242
22	Avgust	230
23	Agrodinamika Group[3]	230
24	Krasny Vostok Agroholding	225
25	MTS Yershovskaya	214
26	Kosminvest	210
27	Yug Rusi	200
28	Yanta Group	197
29	Shchelkovo Agrokhim	190
30	Komsomolets Breeding Farm	188

TOP-40

31	Svetly Group	184
32	AFG National[4]	183
33	Amuragrocomplex	180
34	AgroGard	156
35	Rusmolco (OLAM)	152
36	Progress Agro Group	147
37	Tavros Group	146
38	ARSIB Group[5]	144
39	Talina Agroholding	144
40	MTS Tsentralnaya[6]	140

TOP-50

41	Zerno Zhizni (SINCO)	140
42	Izberdey	140
43	Selkhoztekhnika	136
44	ASB Group	135
45	Agropromkomplektatsiya Group	130
46	Khorosheye Delo Agricultural Group	130
47	A7 Agro[7]	130
48	Altayskaya Prodovolstvennaya Kompaniya	129
49	Doronichi Group	128
50	KZK + MK Avida[8]	126

Lines 51–59

51	MAPO	123
52	Ravis Agroholding	120
53	Delta-Agro	111
54	Zerno Zavolzhya	110
55	Agro-Belogorye	110
56	Siberian Business Union	110
57	Rubezh Agrofarm	110
58	GelioPaks	108
59	StavropolAgroSoyuz	102

Line 60 (around 100k ha)

60	~100	Agrico
	~100	Agsen Property
	~100	APK Vozrozhdeniye
	~100	Ariant
	~100	Avtotor-Agro
	~100	DolgovGroup
	~100	Kits Agrofirma[9]
	~100	MNGSK
	~100	Russian Agrarian Group[10]
	100	Urozhay[11]
	100	Yubileiny Agroholding[12]
	100	Zarechnoye Group

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

[3] **Agrodinamika Group** – a group of companies producing crops in three districts of the Volga region, actively promotes irrigation in arid zones and produces flour and pasta.

[4] 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 land assets of the company are located in the Krasnodar Krai, the Rostov-on-Don region, Novgorod region and Nizhny Novgorod region.

[5] **ARSIB Group** – a group of companies having several divisions including agriculture. Within the agricultural division, the group of companies is engaged in crop production, pig breeding, milk and meat processing and has a network of branded stores.

[6] **MTS Tsentralnaya** – is one of the leading holdings in Bashkortostan, has a livestock of cattle and provides services to agricultural producers in the region.

Notes

[7] **A7 Agro** – a crop, dairy and sour-milk producer; its range of segments also includes meat processing, fresh vegetables production, flour and bakery products in the Orenburg region and the Republic of Bashkortostan.

[8] 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.

[9] **Kits Agrofirma** – is engaged in crop production and viticulture in the Stavropol Krai, the company also has a small number of beef cattle.

[10] **Russian Agrarian Group** – is a large Ryazan holding, the leader of the region in crops, milk and pork production.

[11] **Urozhay** – a crop producing company of the Saratov region. The company also has beef cattle.

[12] **Yubileiny Agroholding** – is a Tyumen company engaged in crop production, pig breeding, feed production and meat processing.

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 term "controlled by" used in this Overview means possession of farmland including ownership, leasehold or any other legal title.

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.

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