

Agro-Industrial Group Uspikh - Linear Elevator Project

The concept of the project provides an opportunity to invest in the construction of the elevator complex in Rakitnyansky district of Kyiv region (Ukraine) with a capacity of 100 thousand tons of storage, including equipment for drying and cleaning of agricultural products. The main goal of the project is to earn income from the service provision of cleaning, drying and storage of grains for agricultural producers (up to 250 thousand tons per year).

The investment plan calls for raising equity capital of 6.4 million USD for a period of 6 years. The forecasted financial performance of the project allows investors to expect an IRR of no less than 38.5%.

Investment attractiveness

High profitability. The project involves the provision of a linear elevator for receiving, shipping, cleaning, drying and storage of grain crops. The average net profit margin of the business equals 50%. On the basis of the proposed project the profitability of the investor (IRR) is projected at the level of 38.5%.

Substantial experience of the local partner. Agro-Industrial Group Uspikh was created in 2001, cultivates about 35,000 hectares of land and is engaged in the production of oilseeds and grain crops.

Lack of modern storage facilities. Ukraine has certified grain storage capacity for 30 million tons. At the same time, the average gross harvest of all grain crops is more than 53 million tons per year. The majority of the functioning elevators were built during the Soviet era and do not meet modern requirements.

Yield growth. Ukraine is a leading player in many of the world's agricultural markets. According to forecasts of USDA, Ukraine has the potential to increase grain production to 80 million tons per year at the current level of 53 million tons.

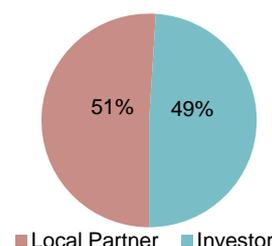
The natural features of the region. All grain crops harvested in the region need final drying. This expands the list of elevator services for all producers.

Exit strategy for investor. There are several possible scenarios of investor's exit from the project at the end of its term. The first scenario assumes a management buyout of the investor's share (49%) during 2017-2019. The second option for the investor is to sell his share in the project to a strategic or financial investor. The third scenario is the sale of the investor's share through the IPO of the local partner.

Profitability for investors

	2014F–2019F
Investment period	2014F–2019F
Investment amount, thousands of USD	6 400
Withdrawal from the project	2019F
Investor's cash flow, thousands of USD	16 404
Investor's IRR, %	38,5
Investors ROI, %	156,3

The ownership structure after the investment



Financial performance of the project

Thousands of USD	2015F	2016F	2017F	2018F	2019F
Revenue (incl. VAT)	7 952	8 083	8 263	8 387	8 806
Net cost	1 253	1 109	1 134	1 151	1 208
EBITDA	5 652	5 910	6 041	6 132	6 438
<i>EBITDA margin, %</i>	71,1	73,1	73,1	73,1	73,1
Net profit	4 067	4 305	4 433	4 531	4 788
<i>Net profit margin, %</i>	51,1	53,3	53,6	54,0	54,4

Financial performance is calculated based on a full 12 month cycle of operation.

For investing matters, please address:

PRO-Capital Group, LLC
 11 Predslavynska str.,
 Kyiv, 03680
 Ukraine

Tel.: +38 044 591 52 52
 Fax.: +38 044 591 52 62
www.pro-capital.ua

Dmytro Oliynyk
 Cofounder, Managing partner
d.olinyk@pro-capital.ua

Antonina Kutova
 CEO PRO-Capital Investment
a.kutova@pro-capital.ua