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## **ROSAGROMARKET HOLDING**

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**Wholesale Logistics & Trade Platform**

**Novossibirsk, Moscow, Rostov-on-Don**

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### **Project**

RosAgroMarket is a project of creation a network of fresh produce storage, processing and wholesale trading facilities in Russia. The first Platforms will be launched in Novossibirsk, Moscow and Rostov-on-Don in 2016-2017.

### **Location**

**(1) Novossibirsk, Russia** (3 300 km to Moscow)

Land plot is located 12 km far from Novosibirsk:

- 6 km from airport
- next to Trans-Siberian railway
- next to Federal Highway M51 (European route E30)

Land plot is in long-term lease. All technical conditions are supplied by the owner.

**(2) Moscow, Russia** (35 km to Moscow)

Land plot is located 35 km far from Moscow:

- 25 km from airport
- next to Federal Highway M4 Don
- next to Federal Highway M2 Crimea

Land plot is fully owned. The process of obtaining the technical conditions for utilities now is in progress.

**(3) Rostov-on-Don, Russia** (1 000 km to Moscow)

Land plot is located 27 km far from Rostov:

- 27 km from airport
- next to Federal Highway M4 Don

Land plot is fully owned. The process of obtaining the technical conditions for utilities now is in progress.

### **Project Initiators in Russia**

ERMAK Group – Vladimir Ermoshin (owner, founder)

Group of the companies, managing three business lines in real estate development (for more than 15 years), meat production and food retail business. Total built space is up to 500 000 m<sup>2</sup>.

## Proxima Capital Group

Independent investment firm that focuses on providing complex financial services. Partners have completed more than 100 M&A (mergers and acquisition) and fund-raising transactions. Specific areas of expertise include turnaround management, M&A, fund raising and debt restructuring.

### Company

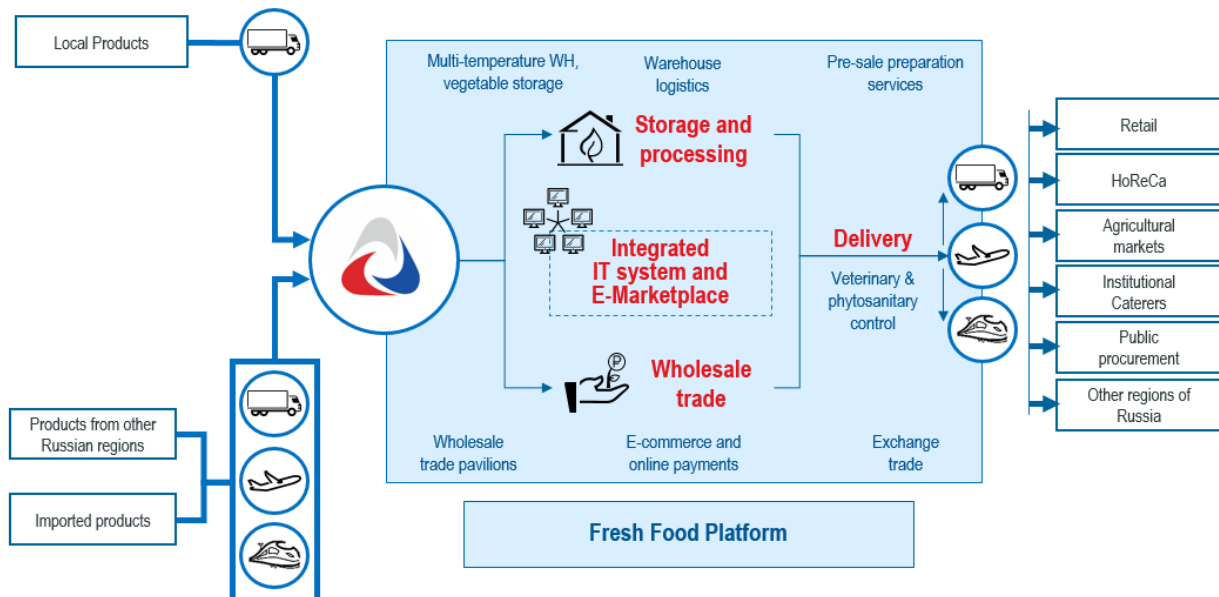
Currently company is on the project stage, so we do not carry on business. Shareholder's equity is 10 000 RUB, turnover is 0 (as at 30/09/2015).

### Detailed Project description

RosAgroMarket (RAM) Holding creates a national chain of fresh food platforms (hereinafter – Platforms). The Platform offers storage and trade facilities for lease as well as a complete range of value-added services (pre-sale preparation, logistics, etc.) for FRESH food suppliers. The chain enjoys common quality standards, integrated logistics, IT and payment systems.

RosAgroMarket's Business Model is based on the latest international practices in use in fresh food platforms (France, Spain, Italy, Poland, South Korea, India and U.S.) and has been completed by the project team in partnership with leading FRESH logistics providers (FM Logistics, ID Logistics) and drawing on the experience of both global and local consultants.

Our selling proposition has been customized and upgraded in line with regional specifics and has no direct competitors – either nationally or locally.



Mission of RosAroMarket is to deliver fresh products from farmer to retailer, to provide all the necessary services and access to the infrastructure i.e. delivery from the supplier, storage and warehousing logistics, pre-sale preparation, wholesale trade and delivery to the consumers (retail stores, HoReCa, state catering, etc.)

Pilot Platforms are located in Moscow, Novossibirsk and Rostov regions (launch in 2016-2017). Average space of the Platform is about 150 000 – 200 000 m<sup>2</sup>. Further development will involve



both putting into operations new phases of current Platforms and enter into new cities (St. Petersburg, Yekaterinburg, Vladivostok, Kazan and others).

The project team has held more than 200 meetings with potential clients, as a result 100+ companies have drawn interest to lease more than 200 000 m<sup>2</sup> of the Platforms in 3 regions. Currently we gather Letters of intent and discuss main lease conditions with anchor tenants.

RAM succeeded in attracting leading logistics operators of the FRESH production: FM Logistic, ID Logistic, Norbert Dentressangle, XPO logistics. Currently, we are discussing the term-sheet FM Logistic, which has expressed interest in taking a minority stake in the project.

Also we expect to receive confirmation of RosAgroMarket's inclusion in the National Support Program (March 2016). National Government Support Program of Fresh Food Platforms' chain development was adopted in 2014. The program includes reimbursement of 20% CAPEX and the subsidization of interest in the amount of 8.25% (Central Bank refinance rate) on investment loans of up to 8 years.

Given these premises, pro forma payback period will be 7 years, IRR – 32% (RUB).

### **Funding**

Currently RosAgroMarket is in a fund raising stage. The status for Potential Investor is the following:

1. What we offer to Potential investor is a turnkey project (real estate concept, 100+ Ha piece of land, construction permit, pool of potential clients, local team of 30 professionals with local expertise fully engaged in the project, direct government support [subsidies] and French company - 3PL operator co-investing in logistic services inside our project)
2. Our goal is to raise €15-20mm in this equity funding round for Novosibirsk facility (total project CAPEX is about €80mm)
3. Project equity IRR in RUB is c. 32%, payback period is 7 years
4. Given the fact that we put not only our money in the project (but also expertise, team, local support, clients, etc.), Potential Investor's share in equity is negotiable

### **Desired French Partner**

1. Private equity and venture funds interested in investing in East Europe / CIS / Russia. Specialization: logistics, trade, agriculture, real estate. Average investment – \$10-50MM.
2. Banks currently working in Russia. For example, Crédit Agricole Bank, Banque Societe Generale, BNP Paribas, etc.
3. Logistics or processing services companies. Currently we are working with FM Logistics and ID Logistics.
4. Suppliers of fresh produce (trading and procurement of food retailers, HoReCa and other fresh food buyers). Vegetables, fruits, meat, dairy, fish and seafood. Closest analogue may be Dutch Univeg.