



The - Opportunity



Volga Baikal AGRO LLC. – Together Ahead !!!
Russian Agriculture the Oppurtunity – www.volgabaikalagro.leuagro.com

http://volgabaikalagro.leuagro.com | volgabaikalagro@leuagro.com | +41 79 707 64 60



ASSET CLASS - AGRICULTURE !!!

Quality Agriculture Project Management – Russia, Since 1998
Grain - Feed Crops | No-Till - Precision Farming | Beef - Milk | Grain Storage – Irrigation - Manure | Project - Budget - Capex Planning







# Volga Baikal AGRO LLC. Agriculture Project - Russia

"Large Scale Agriculture Production Development."

Production and Processing of Raw Commodities, Certified Seed and Cattle Farming in the Central Black Earth and Volga Region of the Russian Federation.

"Supply Domestic and International Markets with High Quality Commodities, Grain, Certified Seed and Quality Beef."

# Business IDEA - Large Scale Farming Russia



#### www.volgabaikalagro.leuagro.com

volgabaikalagro@leuagro.com Moscow, Russia-Federation + 7 985 784 80 37



# Agriculture Russia - The Opportunity Key Project - Parameters



Assemble and Develop Large Tracts of Arable and Pasture-Land, for Grain and Beef Farming, in the Central Black Earth, Greater Volga Delta and Ural Region, Western / Eastern Siberia and the Far-East Region of the Russian Federation.

Volga Baikal AGRO LLC. Agriculture Project - Russia

Develop Dry-Land and Irrigation Farming in a Sustainable, Carbon Neutral Approach.

Build High Quality Beef Herd and Beef Genetic Stock. Implement Cutting EdgeTechnologies, No-Till Farming, State of the Art Infrastructure and Shipping Facilities.

Investments in Existing Asset Take-Over (Land-Bank, Existing Equipment, Infrastructure and Storage). Land Bank, Cropping and Beef Development. Equipment, Telematics, Technological Production, Infrastructure and Storage Upgrade.

Become the Reliable Source, Producer and Supplier of Choice for Agricultural Raw Material / Grain / Commodities, Value Added Processed Commodities, Certified Seed and Beef Products in the Russian Federation.

Reach full Steady-State Production of a Project-by-Project Level by Year 5 after Initial Project Development. Key Financial Parameter to Achieve at the Stage of Reaching Overall Development -> Farm-EBITA Margin in excess of 40%.

Large Scale Agriculture Production Development and Farm Management.

Production and Processing of Raw Commodities, Certified Seed and Cattle Farming in the Central Black Earth and Volga Region of the Russian Federation. "Supply Domestic and International Markets with High Quality Grain, Seed and Beef."

> www.volgabaikalagro.leuagro.com Moscow, Russia

#### Mission Statement

Develop and Operate large scale Farms on the Territory of the Russian Federation (RF), with Focus on the Central Black Earth, the Volga Delta Region and the Far-East Territory. Produce agricultural raw material and value-added commodities.

Become a reliable source, producer and supplier of premium quality grains, seeds, and value added semi manufactured products for domestic and international customers in Russia and around the Globe.

## Development Strategy

Focusing on scalable farming operation.

Implement innovative and state of the art No-Till-Farming technology with rationalized production processes used in Western Canada and other mayor Agriculture locations.

Develop cutting edge agriculture farming technologies, sustainable and carbon neutral processes will increase the overall average crop yields and grain quality, in return decrease spoilage and grain losses.

## Key Target

To reach full steady state production on 100 % of arable land base by year 5 after initial start of development.

Sustainable, Carbon Neutral and Cutting Edge-Technologies, No-Till Farming Stage to be reached after 3rd year in production.

Field-Level EBITA margin in excess of 40% no later then Year 4 under Production.

## Why Invest in Russian Agricultural Projects Today?

Global demand for major grains is projected to increase by 70% in 2050, this together with the fact that the existing Land Base will not increase. With excellent and stable long-term performance, farmland enjoys a unique position as an investment. It is an asset class that produces competitive returns for its investors, with less volatility than common stocks and corporate bonds. Farmland, including annual & permanent crops, has delivered annual returns in excess of 8% in the last 20+ years.

The sector's stability stems from the fact that people's need for food is mandatory and non-cyclical. This asset class has an even greater positive outlook due to a growing worldwide demand for food -- particularly grains an oilseed such as corn, soybeans, and wheat -- as populations increase. Rising standards of living in developing countries have led to the emergence of middle classes whose consumption of agricultural products produced by the developed world is increasing.

Dry-Land and Irrigation Farming in a Sustainable, Carbon Neutral and Vertical Integrated Approach.

Using all Existing Levers on the Value Chain to Assure Profitability and Attractive Margins!!!

High effectiveness due to on the ground execution management team with massive experience in this role of agriculture operation in Russian Federation.

## Management

Exploiting the under utilised potential of the Russian Agriculture Sector in the Black Earth and Volga Delta Region through vertically integrated and tightly managed production approach with strict cost control on all levels.

Planning, CAPEX Procurement, Input and Supply

Production and Execution

Harvesting and Storage

Post-Harvest
Application,
Processing, Sales

Volga Baikal AGRO LLC., Grain - Commodities

Effective Production and Work Planning, coupled with financial planning to insure in time Procurement and delivery of Production Supplies.

High efficiency production through No-Till Farming program with highly rationalised processes. In-time application and execution of work process.



Early harvesting due to technical pre harvest spray application, for faster crop dry down, will result in early and timely harvest and delivery of best in class quality.



Minimal quantity and quality losses thanks to excelling logistics, drying and aeration capacity. Minimised Fieldwork for Straw and Weed Management.



Stored best in class steady quality crops to ensure attractive margins on the high end of market expectation on the sales of our products.



## Volga Baikal AGRO LLC. – Geographical Project Layout and Basic-Information.

### Volga Delta, Central Black and Western Ural Region.

Focus on Wheat, Corn and Soybeans, Seed-Crops and Specialty Grain Production under Dryland and Irrigation Farming.

Beef Farming Development Including High-Quality Beef Genetic Material.

#### West and Central Siberia Region

Spring Grain and Oil Seed Cropping, Seed-Crops and Specialty Crop Production under Dryland Farming.

Beef Farming Development Including High-Quality Beef Genetic Material.

#### Eastern Siberia and the Far-East Territory.

Spring Grain and Oil Seed Cropping, Row Crop Farming of Soybean and Corn. Seed-Crops and Specialty Crop Production under Dryland Farming.



Volga Baikal AGRO!
Our Terms of Sustainable
Agriculture Production!

@ Volga Baikal AGRO LLC. – We minimize our impact on environment and land-bank, the people we work with and wherever we operate. With climate change happening and nine billion people to feed by 2050, we should not give up on efforts to reduce greenhouse gas emissions, explore and build more sustainable carbon neutral agriculture production practices.

Agricultural GHG emissions, make up about 25% of global GHG emissions, but there is a lot that can be done to reduce this. Environmental stewardship refers to responsible use and protection of the natural environment through conservation and sustainable practices. Our concept of "Sustainable Carbon-Neutral Agriculture Production" embraces a wide range of techniques and farming practices that are close to natural ecological processes.

The global land management and supply of agricultural products in an ecosystem service are both essential to human existence and quality of life. However, recent agricultural practices that have greatly increased global food supply have had inadvertent, detrimental impacts on the environment and on ecosystem services, highlighting the need for more sustainable agricultural methods.

Our aim to reduce overall tillage, reduce soil erosion from water and wind, implement "State of the Art No-Till Farming Practices" take care of the available water resources, encourage healthy soil by planting fields with different crops year after year and integrating croplands for livestock grazing. Sustainable agriculture is farming based on the understanding of ecosystem services, the study of relationships between organisms and their environment, economic profit, environmental stewardship, and social responsibility.

Sustainability focuses on business process and practice of a farm in general, rather than a specific agricultural product. The integrated economic, environmental, and social principles are incorporated into a "triple bottom line" (TBL); when general impact of the farm is assessed. Unlike traditional approach where the profit-margin is the single factor; Agriculture sustainability is involved with the social environmental factor. Key principles associated with sustainability in agriculture are the incorporation of biological and ecological processes, what could include nutrient cycling, soil regeneration, and nitrogen fixation.

To deliver a strong sustainable investment case to our shareholders, we must invest in assets that will be resilient to physical and operational risks related to climate change with the aim to prioritize capital investment into sustainable ecological carbon neutral production with the consensus that agriculture has the capability to meet the food needs of 8–10 billion people.

Analysis of Industry Competitors!

Information on the Crop
Production Industry in Russia,
its Competition and
Competitors!

Companies in this industry grow crops such as grain crops, oilseeds and technical crops, legume crops like peas and dry beans, potatoes, vegetables and other specialty crops. The local farmers in Russia will produce the same crops for the same markets. The produced crops will be sold for the domestic and international export market, all farms are able to participate in this marketplace.

Competitive Landscape and Market Demand is driven by federal agricultural policy programs, global and national food consumption trends, the grain and oilseed export market. The profitability of individual companies depends on economical maximizing crop yield and minimizing production risk. Large companies have advantages in the economical scale and highly automated production technologies.

Access to good shipping channels is an agriculture business asset, having the right product and quality available to the marketplace in an accessible shipping point will positively affect the business when competing with other market participants. The Corn and Soybean Industry and Export Trade is dominated by the US, Brazil and Argentina, closely followed by new participants like Ukraine and Russia who are developing their market going forward and will be a growing and bigger competition in future.

On the Demand side for mayor crops of cereals and oilseeds, with the main demand growth will come from feed commodities and closely followed by food grains. A large share of additional feed demand will continue to come from China followed by many other nations, as well from the domestic market in Russia. Feed demand growth is projected to grow globally, with livestock production intensification. Much of the additional food demand will originate in regions with high population growth such as Sub-Saharan Africa, India, the Middle East and North Africa.

The Russia Federations Geographical location has for many export destinations a key advantage in the overall shipping distance to market.

Agriculture Industry Russia!

Marketing Research and
Sales Development
Information!

Russian Grain Market is an open place for doing business and selling grain into various sales channels. As the AGRO Project Crop rotation mostly stays stable within planning horizon, mainly due to climate conditions and Farming practices, this will result in an annually Year by Year steady flow of similar amounts of Grain. Grain Producer can work the Grain Market in both ways, selling to domestic traders that will supply the growing domestic grain markets, as well work with multinational grain traders who are established and shipping Russian grain worldwide into the international grain market.

Historically Russia was a Grain Importer and has over the last Years established himself as a reliable Worldwide Shipper of Grain Commodities. The country with its grains production exceeding stable in excess of 120 million tons annually and is one of the leading producers and exporters of wheat and barley globally, with excellent potential for further growth. The 2017-18 Cropping Year was a bumper year for Russia's grain producers, with a record-high harvest of 135.4 million metric ton.

The Agriculture sector is strongly supported by the Russian government, with grain producers across Russia enjoying a favorable tax regime; they are not obliged to pay corporate income tax, pay a reduced rate of VAT (10% compared to 20% for the entire market), and may utilize a simplified tax system called the unified agricultural tax. The government also supports grain transport in the form of discounts on the rail infrastructure tariff, applicable to approximately 28% of the total volume of grain freight rail transport, and by the construction of grain-handling facilities at ports and rail terminals.

The Russian Railways (RTC) currently operates along several major corridors, including the Volga Basin Region and Southern Russia, including the Azov and Black Sea ports, between the Volga Basin and the Baltic Sea Ports, internal operations in Southern Russia, the Urals and Siberian Regions of Russia. The whole grain trade industry is supported by expanding railway and river shipping facilities with access to ports on the Volga River, the Azov Sea for shallow Water Ports like Azov, Yeysk, Deep-Water Ports at the Black Sea in Taman, Novorossiysk and Tuapse.

Grain sales are contracted with domestic market and international grain purchasing trading companies. Sales are preliminary pre-paid by the buyer for the commodities before or at loading time of the Grains. There are possible other ways to contract establishment for Grain Sales what could be with a Letter of Credit (LoC) or other banking guarantee instruments. Direct Sales to International Customers can be established.

Agriculture Production Russia!
Risk Management Approach
and Program-Development!

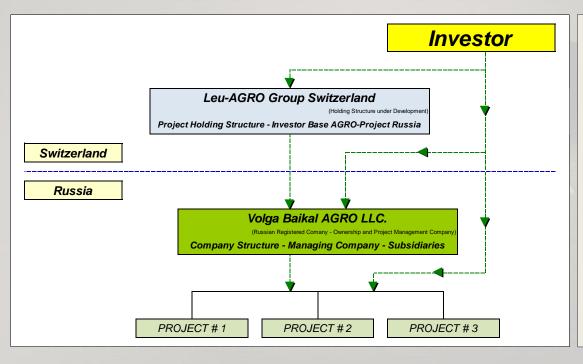
Risk Management is an important aspect of the farming business. Agriculture Businesses work with risk and make decisions every day that affect their farming operations. Many of the factors that affect the decisions that farmers make cannot be predicted with 100 percent accuracy, the uncertainties in Weather, Yield and Quality, Sales Prices. Government Policies, Global Markets and Production Inputs Costs (Seed, Fertilizer, Chemical) are factoring that impact farming and can create wide swings in the annual farm income. Risk management involves choosing among production and financial alternatives that reduces the risk that can result from such uncertainties.

Higher profits are usually linked with higher risks. These risky but potentially more profitable situations and crops need to be managed as carefully as possible. Good risk management involves anticipating potential problems and planning to reduce their detrimental effects. Volga Baikal AGRO LLC., with its International Expert Team will cover all this aspect of Farming Production and Risk Management.

Good risk management decisions depend on accurate and in time flow of production and general information and reliable data on Weather, Crop Status and Performance, Sales Prices, Government Policies and Production Inputs Cost (Seed, Fertilizer, Chemical). Information must include farm owned weather station, in-house record keeping, off-farm statistics, information from other sources and input dealers, traders, extension workers and other available farm data.

Crop Insurance can be an available tool to cover for possible production losses. With the large territory of land, it is mandatory to enter in an insurance plan with a reliable insurance partner. Crop Insurance is available to the farming project and is getting evaluated with the overall project planning.

## Volga Baikal AGRO LLC. – POTENTIAL WAYS OF Project PARTICIPATION



#### Comments / Option's:

Investor can participate in the initiatives of Leu-AGRO in many ways.

Providing equity or debt financing.

All depending on their Criteria and Preferences:

- Direct Investment to Leu-AGRO Group level (ultimate holding structure; based in Switzerland);
- Individual project level, Volga Baikal AGRO LLC., Management Company Level, based in Russia (consolidated multiply projects in Russia);
- Direct Investment to the Agriculture Project on the Territory of the Russian Federation;
- Other Investment Structure possible to Individual Investor Preferences different jurisdictions: Switzerland, Russia or other countries of presence regions;

Volga Baikal AGRO, Large Scale Agriculture Development and Management, Contract Farming, Management of Time, Planning and Execution.

Access to a Combined Pool of 200 Years Domestic and International Large-Scale Agriculture Work, Expertise and Know How.

## **Detailed Company Information:**

About the Company:

# Volga Baikal AGRO LLC.

Large Scale Agriculture Development and Farm Management Company

(Privat Owned Russian Registered Company, Established in 2018)

Volga Baikal AGRO LLC. 8 Sadovo-Kudrinskaya Str. 1st Floor, Premises I, Room 44, Office 51 123001 - Moscow. Russia

Registration - Number: 5187746028432

RU + 7 (985) 784 80 37

e-mail: volgabaikalagro@leuagro.com

www.volgabaikalagro.leuagro.com

Volga Baikal AGRO LLC., the Russian Subsidiary of Leu AGRO Group Switzerland (Holding under Development), additional Project Information to the "ASSET CLASS – AGRICULTURE". Agriculture and Farming are long-term development project, Investors should therefore see themselves as strategic partners and shareholders.

Important Project End Note:

Volga Baikal AGRO LLC. practical know how, expertise and Track-Record, combined with provable conservative production output assumptions, achieved by the Management of Leu AGRO's Farming practices in Central Russia, believes the information given including financial performance will be execute as planned.

It is our aim to make a difference between us and our peers, as we are operating on a different understanding and level of agriculture production in the Central Black Earth and Volga Region of the Russian Federation.

Taken all this in consideration Volga Baikal AGRO LLC cannot change the possible risk in agriculture production. The Project Summary and Information provided is considered incomplete without additional spoken and written comments from representatives of Volga Baikal AGRO LLC.

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The information contained herewith deals with prevalent factors and reflects our view at the situation as exchange of information, deal negotiations and due diligence are in process on the date of writing this summary, therefore, it is possible that changes will occur including possible deal or deals who will alter the Project.

Furthermore, Detailed Information can be supplied and provided to possible partners and Investors by Volga Baikal AGRO LLC.. Moscow Russia



**Team - Volga Baikal AGRO LLC.**Moscow. Russia Federation.

The Future in Agriculture Production.

CH + 41 79 707 64 60 RU +7 906 073 91 37

www.volgabaikalagro.leuagro.com e-mail: volgabaikalagro@leuagro.com