

BEFL

**Russia's Largest Agricultural
Landholders 2018**

May 2018

Comments to Overview 2018

Agricultural producers cannot call 2017 the most successful year for the agricultural business. The market saw falling prices for agricultural products. The Third Annual Russian Agricultural Producers Development Index, jointly presented by *Syngenta* and the *Russian Public Opinion Research Center (VCIOM)*, showed that agricultural producers from different regions of Russia gave the year 2017 3.57 points out of 5, while 2016 received an estimate of 3.89 points and was recognized as the most successful for farmers since 2013. The expansion of crop areas is still planned by a significant part of farms, but the percentage of such companies has decreased from 27 % to 24 % compared to the previous year. The share of those who expect to increase the income from the sale of agricultural products this season has also decreased, and there is little optimism about prices in the agricultural market.

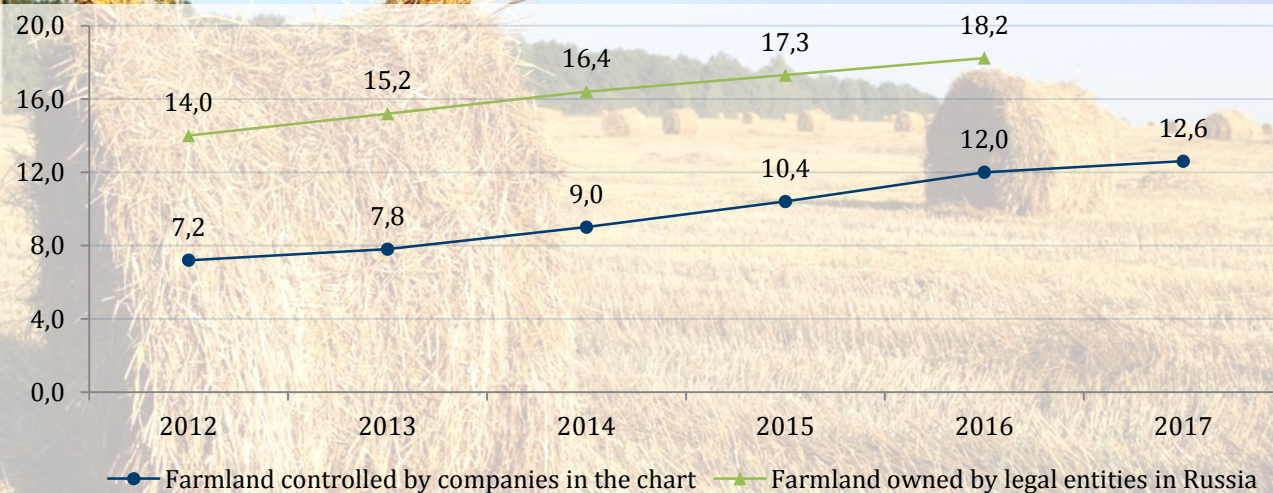
On the other hand, in February 2018, *Agroinvestor* magazine noted a positive dynamics of M&A transactions in 2017. Among the most important for this year's overview of Russia's Largest Agricultural Landholders are large purchases of assets, including land assets, by Agrocomplex, KDV-Group, Cherkizovo; other companies making significant and continuous

farmland purchases are Miratorg, Stepp Agroholding, EkoNiva, all of which have a clear impact on the rating 2018.

The total amount of farmland controlled by all companies in the overview as of May 2018 is about 12.6m hectares, i.e. 600k ha more than last year. Figure 1 shows that the dynamics of the rating is close to the dynamics of changes in the volume of farmland owned by legal entities in Russia.

The overview summarizing the results of 2017 has 55 companies which operate in various regions of the country. 48 of them control (i.e. own, lease or use under any other legal right) over 100k ha of farmland, 7 companies control approximately 100k ha each and occupy the arbitrary 49th place.

The overview does not cover banks which control various agricultural businesses, including farmland, directly or indirectly. For instance, subsidiaries of the Russian Agricultural Bank (Rosselkhozbank) own a number of agricultural assets. There are other banks which de facto control large amounts of agricultural land as creditors or through related parties, however, that information is not usually public.



Data provided by: Federal Agency for State Registration, Cadastre, and Cartography (Rosreestr), BEFL

Figure 1. Dynamics of Total Amount of Farmland Controlled by all Companies in the Overview as of May 2018 vs Dynamics of Farmland Owned by Legal Entities in Russia, mln ha

Although most of the companies are concentrated in the central and southern Russia, some of the chart participants are present in Siberia and the Urals, the Far East, the Kaliningrad region and the North Caucasian Federal District.

The amount of farmland controlled by the top five makes up 26 % of the total farmland in the

chart. As last year, Miratorg and Rusagro have shuffled between the 2nd and 3rd places. Prodimex keeps its traditional leadership, and Agrocomplex, going 4th, has the same position as last year. After having closed the transaction to purchase Agro-Invest (Black Earth Farming), Volgo-Don Agroinvest (also controlling VAPK and LAPK) has now rightfully taken the 5th position with a farmland portfolio of 452k ha.

Leading Farmland Holders 2018

Ranking in 2016	Ranking in 2017		Land in control in 2016, '000 ha	Land in control in 2017, '000 ha
1.	1.	Prodimex+Agrokultura	790	790
3.	2. (+1)	Miratorg	644	676
2.	3. (-1)	Rusagro	670	675
4.	4.	Agrocomplex	640	644
21.	5. (+16)	Volgo-Don Agroinvest	206	452

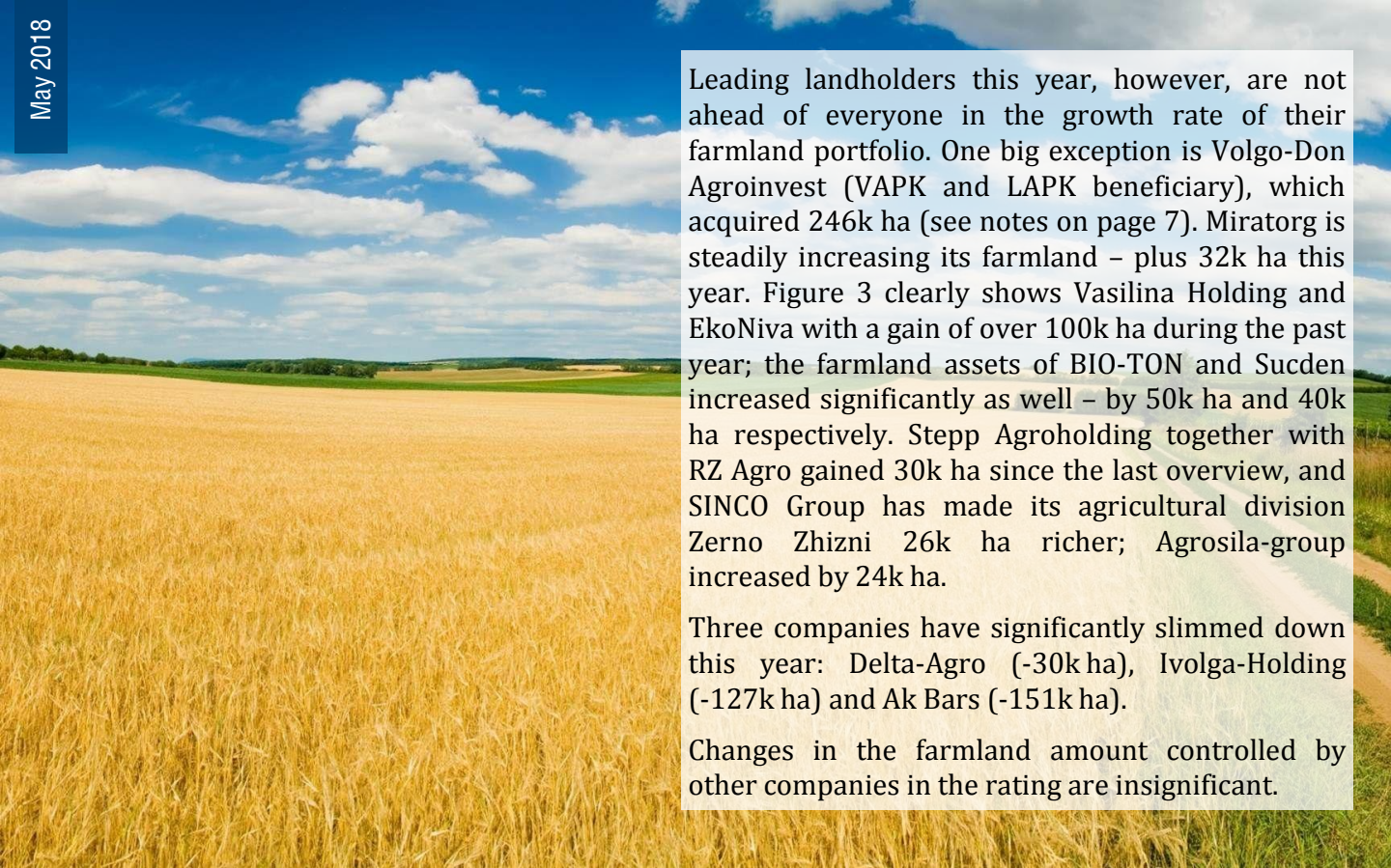
Over 6 years (from 2012 to 2017), 11 different companies have made it to the Top-5, but three of them have consistently kept their ground:

- Prodimex, which only once took the second line (see Figure 2);
- Rusagro, which has never gotten below 4 positions;
- Miratorg, which was absent in 2013 and 2014, but has significantly increased its farmland portfolio over the past three years, taking turns with Rusagro on the 2nd and 3rd places.

Ivolga-Holding went down in 2016 and is still losing assets. Hot on the heels of the leaders is Avangard-Agro, whose farmland assets slightly went up this year – by 10k ha – and now amount to 400k ha. Stepp Agroholding (together with RZ Agro) and Vasilina Holding control 380k ha each. Stepp Agroholding has repeatedly stated in the media about its plans to increase its farmland assets, and even now it is a promising contender for the 5th line of the rating.

	2012	2013	2014	2015	2016	2017
1	Prodimex	Ivolga-Holding	Prodimex	Prodimex	Prodimex	Prodimex
2	Rusagro	Prodimex	Ivolga-Holding	Miratorg	Rusagro	Miratorg
3	Ivolga-Holding	Rusagro	Ak Bars	Rusagro	Miratorg	Rusagro
4	Krasny Vostok	Vamin Tatarstan	Rusagro	Ivolga-Holding	Agrocomplex	Agrocomplex
5	Miratorg	SAHO	RosAgro	Ak Bars	Ak Bars	Volgo-Don Agroinvest

Figure 2. Leading Farmland Holders from 2012 to 2017



Leading landholders this year, however, are not ahead of everyone in the growth rate of their farmland portfolio. One big exception is Volgo-Don Agroinvest (VAPK and LAPK beneficiary), which acquired 246k ha (see notes on page 7). Miratorg is steadily increasing its farmland – plus 32k ha this year. Figure 3 clearly shows Vasilina Holding and EkoNiva with a gain of over 100k ha during the past year; the farmland assets of BIO-TON and Sucden increased significantly as well – by 50k ha and 40k ha respectively. Stepp Agroholding together with RZ Agro gained 30k ha since the last overview, and SINCO Group has made its agricultural division Zerno Zhizni 26k ha richer; Agrosila-group increased by 24k ha.

Three companies have significantly slimmed down this year: Delta-Agro (-30k ha), Ivolga-Holding (-127k ha) and Ak Bars (-151k ha).

Changes in the farmland amount controlled by other companies in the rating are insignificant.

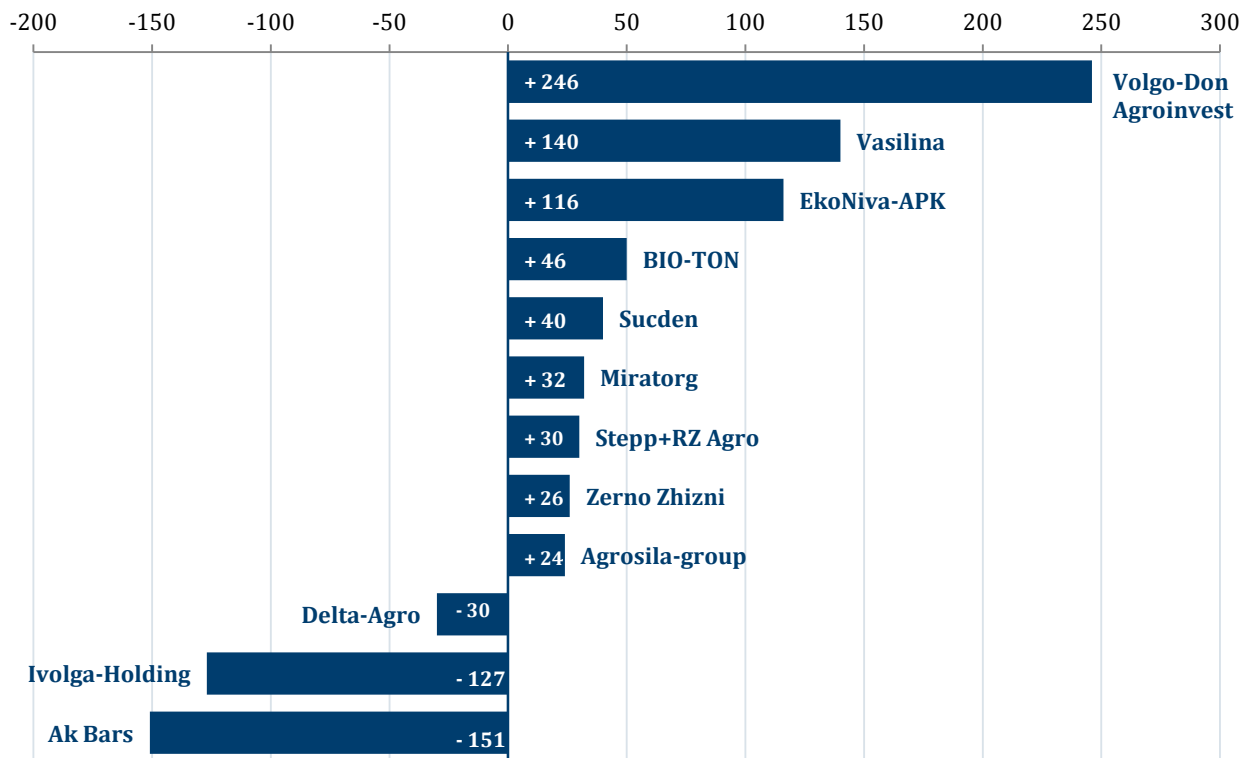


Figure 3. Top Companies by Gain / Loss in Controlled Farmland from April 2017 to May 2018, '000 ha

Vasilina Holding, EkoNiva, Sucden and Zerno Zhizni (SINCO) stand out again in the positions reshuffle of the rating. They improved their positions in the overview 2018 by more than 5 positions. Ak Bars descended several lines. The unconditional leader of this year's overview

in many aspects is Volgo-Don Agroinvest. VAPK and LAPK, controlled by the beneficiary of the company, ranked 21st last year, and this year the purchase of Agro-Invest (Black Earth Farming) catapulted them to the Top-5.

Most Significant Changes in Position in Overview 2018

Company in the Chart	Change in Position
Volgo-Don Agroinvest	+16
Vasilina Holding	+10
Zerno Zhizni (SINCO)	+8
Sucden	+7
EkoNiva-APK	+6
Ak Bars	-6

The overview 2018 has lost 3 companies and gained 9 new ones, of which three control over 100k ha. As mentioned above, Agro-Invest, VAPK and LAPK are shown in the chart under the name of their common beneficiary – Volgo-

Don Agroinvest. The companies which left the rating and the new participants are shown below. For more information on the new companies in this year's chart see the notes to the chart table on page 7.

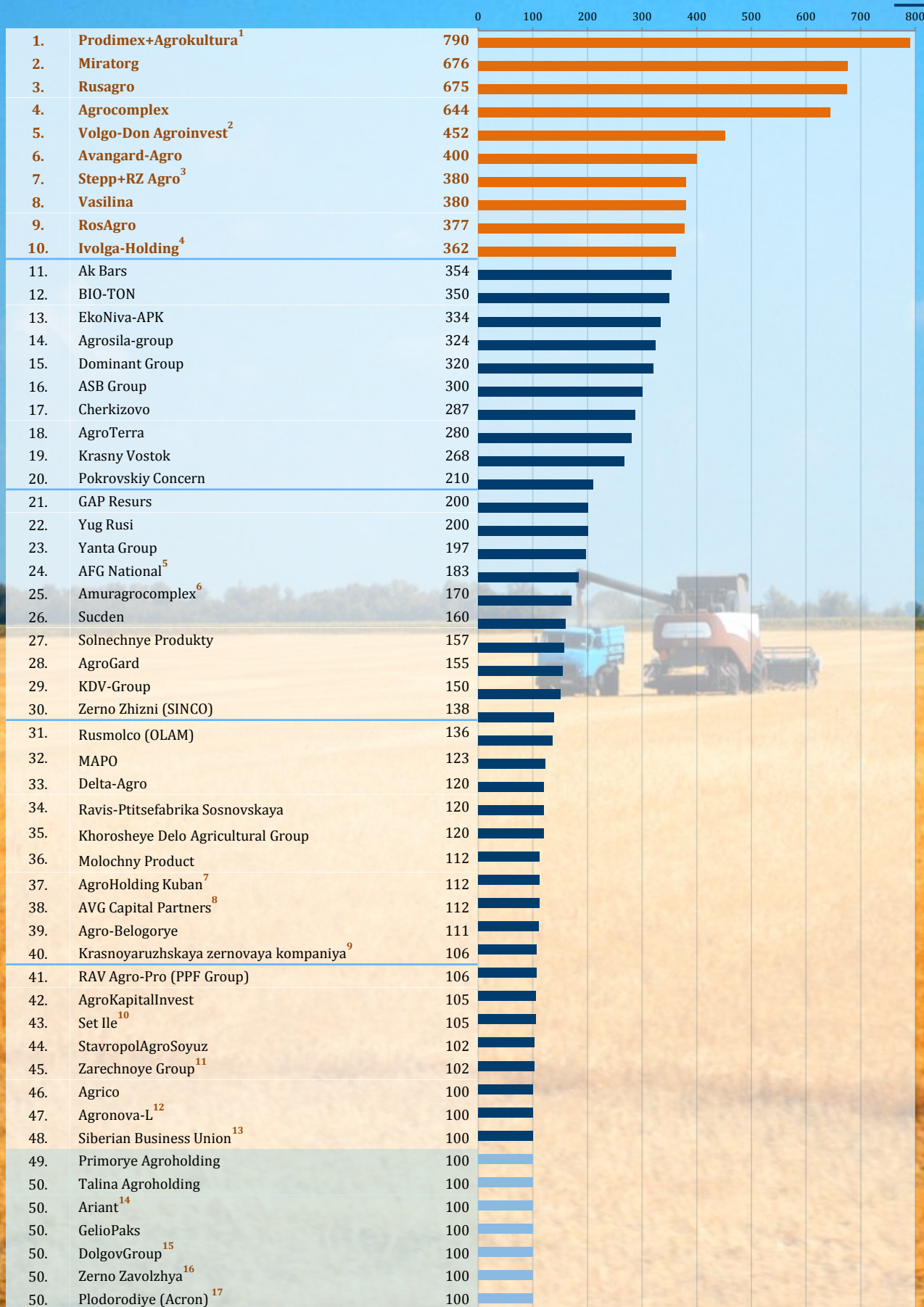
Companies which Dropped Out of Overview 2018

Ranking in 2016		Land in control in 2016	Land in control in 2017
26	TOK-Agro	104	50
39	Melnik (Altai krai)	101	83
46	APK Titan	92	80

New companies in Overview 2018

Ranking		Principal Geography of Land Assets
25	Amuragrocomplex	Amur region
38	AVG Capital Partners	Stavropol krai, Republic of Bashkortostan
45	Zarechnoye Group	Voronezh region
47	Agronova-L	Tambov, Lipetsk, Tver and Ryazan regions
48	Siberian Business Union	Kemerovo region
49	Ariant	Republic of Mordovia
49	Zerno Zavolzhya	Volgograd region, Krasnodar krai
49	DolgovGroup	Kaliningrad region
49	Plodorodiye (Acron)	Krasnodar krai, Nizhny Novgorod, Orel, Saratov and Ryazan regions

Russia's Largest Agricultural Landholders, May 2018, '000 ha



¹The chart shows the total land portfolio of **Prodimex** (600k 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**Volgo-Don Agroinvest** successfully closed the transaction with the Swedish **Black Earth Farming**, which at the moment controlled Agro-Invest (246k ha). Agro-Invest is now controlled by **Volgo-Don Agroinvest**, which also owns **VAPK** (152k ha) and **LAPK** (54k ha).

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

⁴**Ivolga-holding** is losing control of its land assets; a part of the companies controlled by the holding are undergoing liquidation.

⁵The 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.

⁶**Amuragrokomplex** is a large crop producer in the Amur Region, which grows grain, corn, soy. Its structure includes a processing company **Amuragrocenter** which has an elevator, a mill, a feed mill, an oil mill.

⁷**AgroHolding Kuban** is controlled by the diversified industrial group **Basic Element**.

⁸**AVG Capital Partners** is a private equity fund established in 2007 with the purpose of investing in various sectors of Russian agricultural business, from crop and livestock production to consumer goods. The main regions of operation are the Republic of Bashkortostan, the Stavropol krai.

⁹**Krasnoyaruzhskaya zernovaya kompaniya** is controlled by **Prioskolye Group**.

¹⁰**Set Ile** is a part of **Prosto Moloko Group**, Republic of Tatarstan, which now works under a new name: **LLC Azbuka Syra**.

¹¹**Zarechnoye Group** is a vertically integrated agro-industrial group uniting agricultural companies to ensure a full cycle of beef production, which includes genetics, crop production, livestock and meat processing. The group operates in the Voronezh region and has made the list of largest farmland holders this year due to the purchase of **Stevenson-Sputnik** farm (22k ha).

¹²**Agronova-L** is a holding which provides services related to crops and livestock production. The main regions of business operation: the Lipetsk and Tambov regions.

¹³**Siberian Business Union** is a Kemerovo holding; one of its businesses is agriculture (**OJSC Vaganovo** – an agricultural producer engaged in a full cycle of milk production).

¹⁴**Ariant Agrofarm** is a Chelyabinsk holding company, which includes an agricultural farm, a livestock breeding farm, processing enterprises, a network of outlets and a wine holding **Kuban-Vino**.

¹⁵**DolgovGroup** is the largest agricultural enterprise in the Kaliningrad region, engaged in crop production, milk production, poultry farming and meat processing.

¹⁶**Zerno Zavolzhya** is a group of companies which is mainly a grain trader, storage provider and grain exporter; the Group also includes eleven agricultural enterprises in the Volgograd region and the Krasnodar krai.

¹⁷**Plodorodiye** is an agricultural company controlled by **Acron Group** which mainly operates in the Nizhny Novgorod region, the Orel region, the Saratov region, the Ryazan region and the Krasnodar krai.

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.

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