

Business plan



«Creation of an industrial complex for growing champignon mushrooms, with a capacity of 2.900 tons per year»





Annotation

This project is a plan for the organization of a modern industrial complex for the industrial cultivation of champignons with a capacity of 2,900 tons of fresh mushrooms per year.

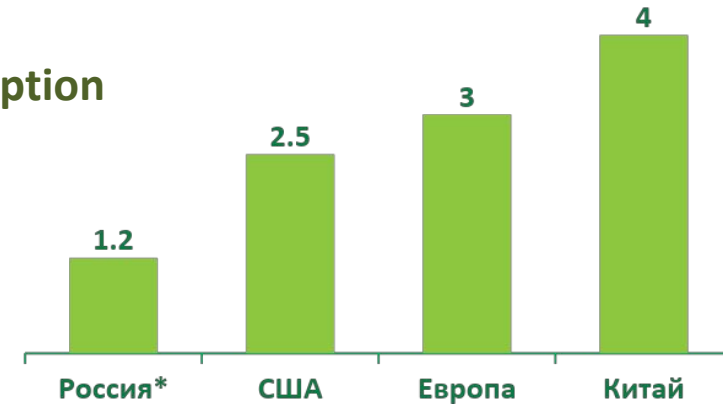




The consumption of mushrooms in the Russian Federation 1.2 kg. / Year.

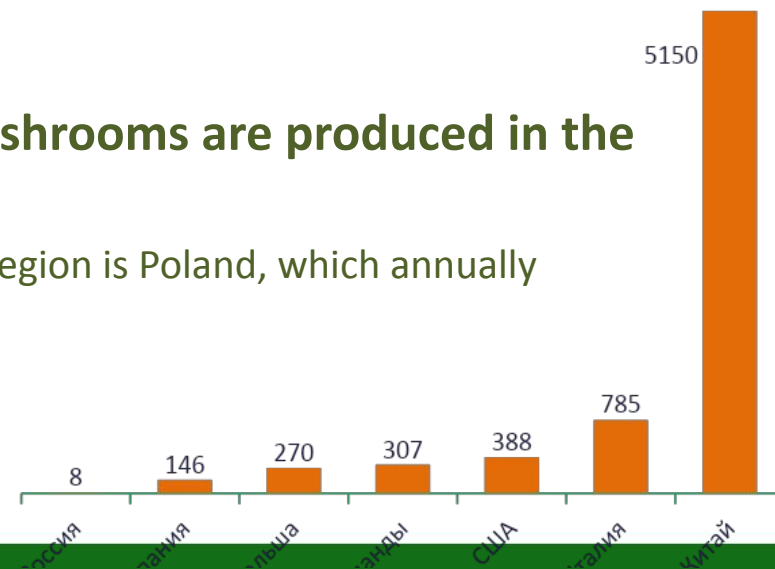
The Russian Federation lags significantly behind developed countries in terms of mushroom consumption per capita.

Already in the 90s, the share of consumption of wild plants in developed countries was no more than 20% and continues to decline.



According to FAO, about 8 million tons of mushrooms are produced in the world.

The main exporter of fresh mushrooms in the European region is Poland, which annually exports about 250,000 tons of products.



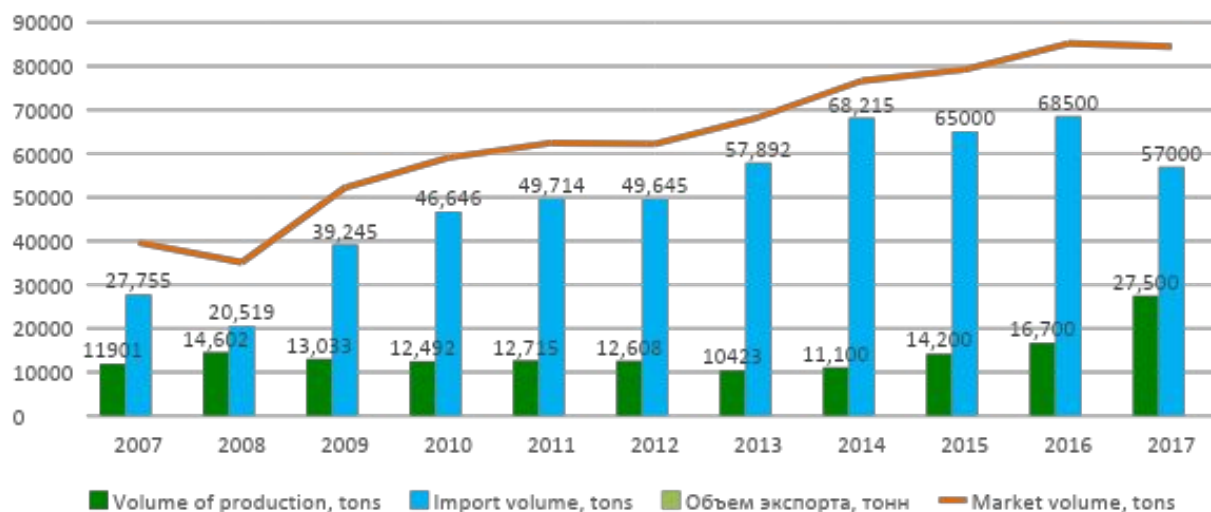


Russian market - 140 thousand tons

The share of imported products in the market of freshly cultivated mushrooms of the Russian Federation in 2015 amounted to 87%, in 2017, taking into account gray imports, decreased to 67%.

The production of cultivated mushrooms in Russia from 2008 to 2011 was almost at the same level, and in 2012 it decreased by 17%, in 2013 by another 19% and amounted to 8,430 tons. In 2014 - 2015 The official volume of imports as a result of the imposed embargo has decreased by an estimated 2 times and has been replaced by “gray” imports mainly through Belarus. At the same time, the volume of demand is estimated at 140 thousand tons. in year.

Volume of the champignon market in the Russian Federation



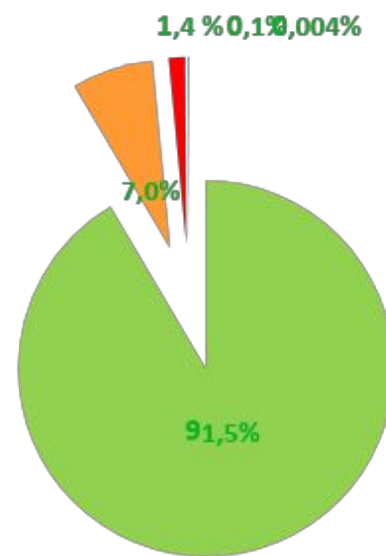
* the decline in production is due to the closure of low-tech complexes that could not compete with high-tech



Import structure * - 91.5% Poland

The lion's share of fresh champignons was supplied to Russia from Poland - 91.5% in physical terms.

* Before the imposition of sanctions, 7% of imports fall on Lithuania.



Польша

Литва

Китай

Нидерланды

Остальные



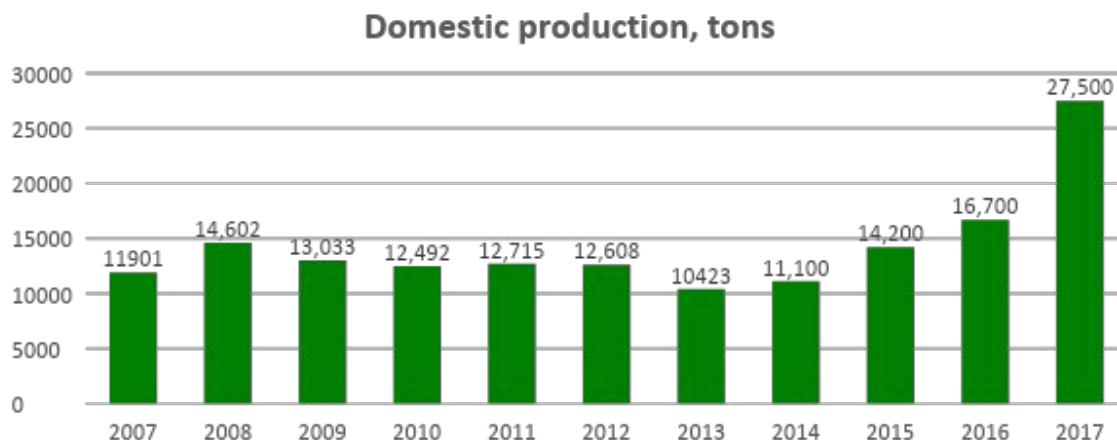
Russian manufacturers - 33%

In the Russian Federation more than 100 agrofirms grow mushrooms. The total share of Russian producers until 2016 does not exceed 20% of the market; in 2017, with the commissioning of new complexes, the share of domestic mushrooms increased to 33%.

According to experts, the potential market capacity of cultivated mushrooms in the Russian Federation is 300 thousand tons.

In the period up to 2020, Russian growth of cultivated mushrooms is expected to increase by more than 3 times.

The growth potential of the market lies in the relatively low consumption of mushrooms per capita in Russia.





Retail prices 230 - 270 rub.kg

For all the federal districts of Russia in the period from August 01, 2012 to August 01, 2017, there was an increase in minimum retail prices for champignons at the level of 10–20% per year.



Retail, rub. / Kg.	01.08.	01.08.	01.08.	01.08.	01.08.	+/- rubles	+/- %
	2012	2014	2015	2016	2017		
Central FD	115	126	139	182	256	141	123
Northwest FD	124	135	147	204	289	165	133
Volga FD	121	133	142	176	227	106	88
Southern FD	117	129	142	173	210	93	80



Wholesale Market Pricing *

Placing the project allows you to set selling prices higher than those of Polish manufacturers and to get more profit.

* In case of cancellation of the food embargo on products of European champignon producers, wholesale selling prices of Polish producers return to the level of 1.5 euro / kg. Wholesale selling prices for imported products in the Central Federal District of the Russian Federation will amount to 2.3 euro / kg.

Costing	Poland	Kaliningrad
Selling price of the manufacturer, rubles / kg.	120	160,0
+ 13% duty	15,6	0
Price including duty, rubles / kg.	135,6	160,0
+ VAT 18%	24,4	0
Price including VAT, rub. / Kg.	160,0	160,0
+ transportation costs, rub. / Kg.	4	4
Price including taxes and delivery to the Central Federal District, rubles / kg.	164,0	164,0
Production cost, rubles / kg.	-	106,3
Possible markup, rub. / Kg.	-	57,7



Project location

Kaliningrad region

Economic advantages: The Kaliningrad Oblast Special Economic Zone (SEZ) presupposes the preferential treatment of income and property tax, duties and VAT on the import of equipment and raw materials.

Geographical advantages: proximity of suppliers of inoculated compost (phase 3) in Poland and Lithuania.

The land plot is located in close proximity to the border of Poland, from which territory the delivery of compost is planned.

Site address:

Kaliningrad region,
Bagratiyonovskiy district,
p. Zagorodnoye.





Relevance

This investment project fully complies with the “Concept of long-term socio-economic development of the Russian Federation” and the region, namely:

- meets the needs of the population with agricultural products and food at the expense of domestic production;
- contributes to the sustainable development of rural areas, raising the standard of living of the rural population and reducing its gap with the urban;
- improves and increases the productivity of land and other natural resources used in agricultural production.

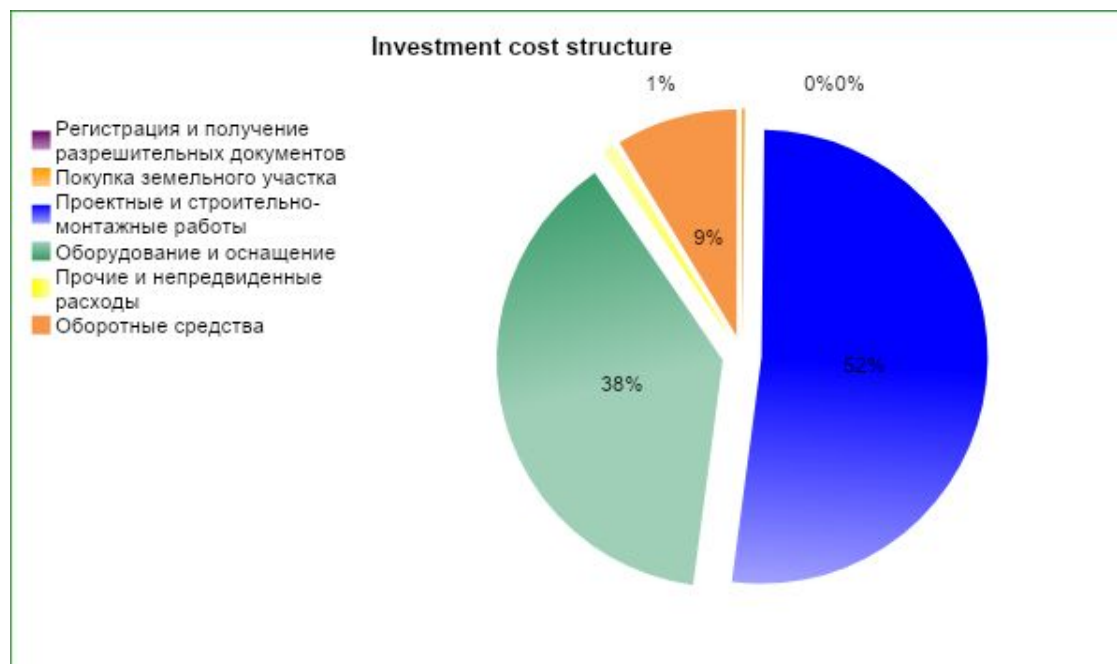




Project cost - 563 million rubles.

Total investment for the opening and commissioning of the complex is 562 989 thousand rubles. taking into account working capital and% of the loan.

The main items of investment costs (90% of the total) are accounted for design and construction and installation work (52%) and equipment (38%).



No	Name of sources	Funds, thousand rubles	Source share,%
1	Own funds	212 427	37,7%
2	Borrowed and borrowed funds	350 562	62,3%
Total		562 989	100%



Project financing

To implement the project, it is necessary to attract credit resources in the amount of **350 million rubles. for 6 years** with a delay in repayment of the loan for 15 months.

The project initiator intends to contribute 212 million rubles, of which:

- 163 million rubles to finance the creation of a complex;
- 49 million rubles on the payment of loan% in the investment phase and the initial working capital.

Performance indicators in terms of the lender (bank)		
Loan rate	% in year	12,00%
Total loan amount	thousand rubles	350 562
Total interest accrued	thousand rubles	155 056
Deferment of interest payments	months	0
Deferred payment of principal	months	15
Loan repayment date	years	5,92
Loan term	months	71



Project payback period - 6.8 years

The payback period of the project, taking into account discounting, falls on the 82nd month of the project (6.8 years).

Indicator	unit of measurement	Meanings
Total project revenue	thousand rubles	2 812 736
Cash payments to ensure ongoing activities	thousand rubles	1 913 299
Operating balance	thousand rubles	899 437
Net profit of the project	thousand rubles	539 728
Property on balance at the end of the planning horizon	thousand rubles	302 282
The share of current costs in total sales revenue	%	68%

The break-even point corresponds to the load of the complex by 60%. Sales turnover (the amount of services rendered) will be at the level of 20 631 thousand rubles. per month.



Completed project work

- ✓ Market analysis.
- ✓ Financial model.
- ✓ Business plan.



- ✓ Production technology.
- ✓ Process Equipment Supplier.
- ✓ Raw material suppliers.
- ✓ Supply agreement.



Completed project work

- ✓ Design contract - Stroygradproekt LLC.
- ✓ Technological project - AGRO – PROJECTS Sp. z o. o. sp. k
- ✓ Adaptation of the project to the requirements of the legislation of the Russian Federation.
- ✓ Project expertise - Independent Expertise LLC.
- ✓ General Contract - YantarserviceBaltic LLC.





Completed project work

- ✓ Land plot available.
- ✓ Engineering surveys on the land plot.
- ✓ Urban Development Plan.
- ✓ Building permit.

Кому: **ООО «Грибной проект»**
генеральному директору Шинскому Л.И.
наименование застройщика
238324, Калининградская область,
Гурьевский район, пос. Невское,
ул. Туруханская, д.3а,
e-mail: grib.pr@agromdt.ru
(фамилия, имя, отчество – для граждан, полное наименование организации – для юридических лиц), его почтовый индекс и адрес, адрес электронной почты)

РАЗРЕШЕНИЕ
на строительство

Дата 1 июля 2016 год

№ 39-515000-065-2016





Completed project work

The project was heard at the Council for the Improvement of the Investment Climate in the Kaliningrad Region and recognized as large-scale and significant for the region:

- agreed gasification facility;
- land plot provided without bidding;
- support is provided in terms of compensating for 20% of capital investments and subsidizing the interest rate on loans.

Выписка из Протокола заседания
СОВЕТА ПО УЛУЧШЕНИЮ ИНВЕСТИЦИОННОГО КЛИМАТА
В КАЛИНИНГРАДСКОЙ ОБЛАСТИ

Дата проведения: 21.04.2016 года

Место проведения: г. Калининград, ул. Д. Донского, 1

Председатель: Н.Н. Цуканов

Секретарь: А.Л. Кузнецова

Присутствовали: 62 человека

№ 13





Completed project work

- ✓ Temporary construction site fencing.
- ✓ Entrance to the site, taking into account the project junction to the road.
- ✓ TU for the electrification of the object.
- ✓ Connection to the network "Yantarenergo", installation of KTP.





Completed project work

- ✓ TU for gasification of the facility, high pressure gas pipeline on the site.
- ✓ «Prokol» and ShRP connection.
- ✓ Water supply
- ✓ Construction of a checkpoint at the entrance to the construction site.





Funding requirement

As of 05/28/2018, work on the project was completed for a total amount of 30 million rubles. (design, engineering surveys, connection of all necessary communications).

The costs are financed by the project initiator.

According to the concluded contracts, the need for financing capital expenditures amounts to 477.5 million rubles, including:

- general contract for construction and installation work - 261 million rubles.
- contract for the supply of technological equipment - 216.5 million rubles. (2.8 million euros)

Prospective financing:

- **credit resources - 350.0 million rubles.**
- **own resources - 127.5 million rubles.**

Additionally required 49 million rubles. to finance the initial working capital (taking into account the payment of loan% in the investment phase).

Prospective financing:

- **own resources - 49 million rubles.**