



Investment teaser JSC "First Kyiv Machine- Building Plant"

08 September 2021

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Contacts

Oleg Neplyakh Partner

M: +380 (67) 214 64 71
E: oneplyakh@kpmg.ua

Illia Segeda M&A Principal

M: +380 (67) 656 87 87
E: isegeda@kpmg.ua

KPMG Ukraine
Deal Advisory

T: +380 (44) 490 55 07
F: +380 (44) 490 55 08
W: kpmg.ua

Senator Business Centre
32/2 Moskovska street

Privatisation process timetable

#	Stage date(s)	Description of the stage
1	10 September 2021	Publication of the Announcement regarding the auction date, the starting price and other terms of sale
2	September - October 2021	Meetings with top-management of FKMBP, visits to production sites of FKMBP, meeting with SPFU officials
3	Until 04 October 2021	Written application of potential buyers to SPFU and signing of NDA with SPFU, receiving of information package and draft SPA
4	September-October 2021	Preparation for the auction and Due Diligence - access to Data Room, Due Diligences from buyers side, meetings with the Company and the SPFU officials, etc.
5	Until 06 October 2021	Proposals and comments from potential buyers regarding the draft SPA
6	Until 11 October 2021	Deadline for potential buyers to receive the approved final draft of the SPA, which cannot be amended
7	Until 19 October 2021	Submission of auction documents and application for participation in the auction
8	27 October 2021	Registration participants and the auction. The winner of the auction will be a buyer, which will offer the highest price for 100% share capital of FKMBP and which will undertake to fulfill the terms of the auction sale

Investment opportunity

Key asset of the JSC "First Kyiv Machine-Building Plant" is a number of land plots, primarily in Shuliavka district in Kyiv

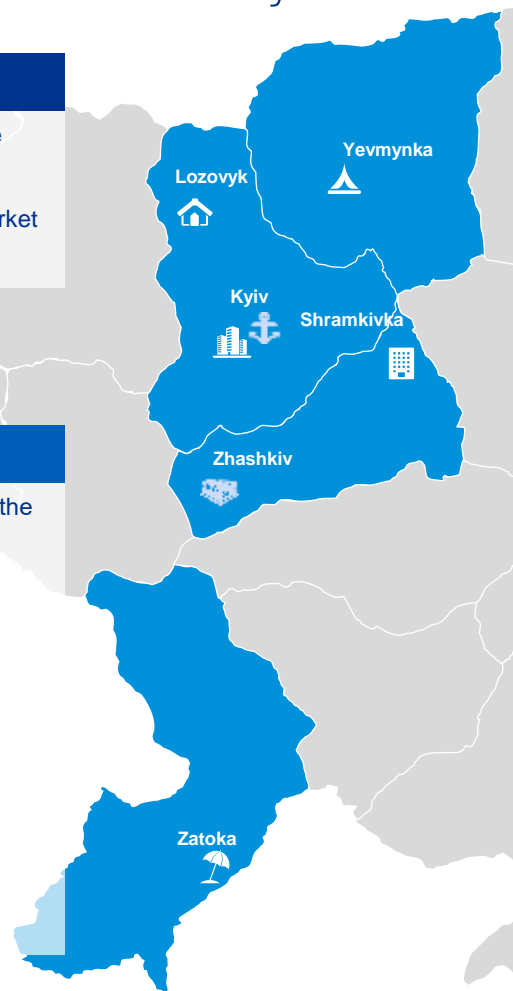
Business overview

- Manufacturing of machinery and equipment, real estate leasing
- More than 138 years of presence on the machinery market of Ukraine and the world

Structure

JSC First Kyiv machine-building plant ("FKMBP") includes the following subsidiary enterprises ("SE"):

- SE "Zhashkiv Heavy Machinery Plant" PJSC SIC "Bilshovyk" ("Zhashkivvazhmashbud")
- SE "Zhashkiv Machine-Building Plant" PJSC SIC "Bilshovyk"
- SE "Canteen Industria" PJSC SIC "Bilshovyk"
- SE "Zdorovyia" PJSC SIC "Bilshovyk"
- SE "Transyt" PJSC SIC "Bilshovyk"
- SE "Plant "Standard" PJSC SIC "Bilshovyk"



Real estate

FKMBP leases or owns the right of permanent use of land plots in 4 regions of Ukraine and in Kyiv, including the main production facility in Shuliavka district:

Address	Function	Area ¹
Kyiv / Shuliavka		
Main production facility²		
49/2 Peremohy Avenue	Industrial	>26 ha
49/2 Peremohy Avenue	Industrial	>6 ha
4 Harmatna Street	Industrial	>2 ha
10/37 Vadym Hetman Street	Public buildings	>0.2 ha
21 Chuhuyiv Lane	Industrial	>0.1 ha
Kyiv / Trukhaniv Island		
Trukhaniv Island	Public buildings	>1 ha
Cherkasy region / Zhashkiv³		
3 Maslozavodska Street	Industrial	>4 ha
3 Maslozavodska Street	Industrial	>7 ha
Odesa region / Zatoka		
3/1 Chomomorska Street ("Albatros")	Recreational	>1 ha
Chernihiv region / Yevmyinka		
Yevmyinka (Desna Recreation Center)	Recreational	>1 ha
Cherkasy region / Shramkivka		
35 Chapayev Street	Industrial	>6 ha
Kyiv region / Lozovyk		
Lozovyk village	Agricultural	>1 ha

Notes: (1) the approximate areas of land plots are provided; (2) consists of 3 land plots (including 2 adjoining land plots) with a right of permanent use located at respective addresses; (3) consists of 2 adjoining leased land plots

Investment opportunity

Highest and best use of the main production facility, that comprises the entire city block close to CBD, is massive mixed office and residential development

5th workshop

Concept

The combination of residential and office buildings with commercial infrastructure on the ground floor is the concept of a development covering the total area of about **33 hectares**, given the potential synergy between the functional zones that will lead to active use of the territory 24 hours a day and 7 days a week

Located nearby

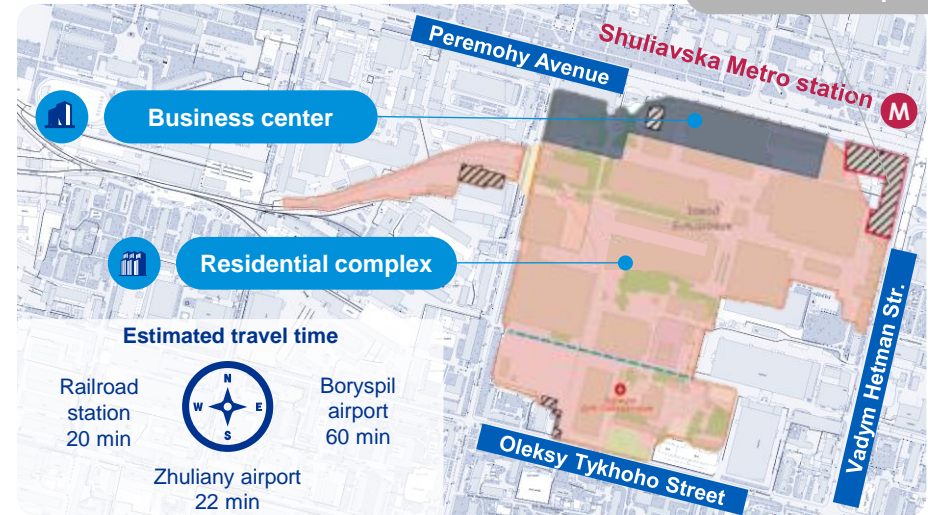
- Shuliavska Metro station
- Functioning bus and trolleybus route stops
- Shopping malls and supermarkets
- Four universities and other educational institutions
- Quality eateries, parks, hotels, fitness centers, etc.

Concept assumptions

As part of the Highest and Best Use analysis, the development concept was designed according to the most conservative implementation of the State building codes, restrictions on building height and maximum saturation of the territory with infrastructure and public areas. According to the concept, the total usable building area can be more than 675,000 m². At the same time, the analysis of building density and height for large land plots in Kyiv indicates that the usable building area can **significantly exceed 1 million m²**

Success factors

- Well-developed transport system: Peremohy Avenue, Vadym Hetman St., bus and trolleybus stops, and Shuliavska Metro station
- Location in close proximity to the central urban area



Legend:

- Territory that is subject to residential development
- Territory that is subject to office development
- Other owners
- Territory that is subject to sale to the city administration (not participating in the development project)





- Existing infrastructure within walking distance: shopping malls, hotels, schools, kindergartens, eateries, etc.
- Large land plot which enables implementation of a strategic project and is suitable for phased development

Investment opportunity

Highest and best use of other land plots controlled by FKMBP is maintaining of their current use





10/37 Vadym Hetman Street (Kyiv)

Commercial use

-  Excellent visibility from the nearby street
-  Location in the area of pedestrian accessibility from Shuliavska metro station.
-  Proximity to the shopping malls "Cosmopolitan" and "Marmalade"
-  Vehicular access from four points

21 Chuhuyiv Lane (Kyiv)

Industrial use

-  Location in the area of pedestrian accessibility from Shuliavska metro station
-  Proximity to functioning bus and trolleybus stops
-  Easy vehicular access (avoiding city center) to both international airports
-  Existing railway tracks next to the site




Trukhaniv Island (Kyiv)

Entertainment facility

-  Recreational area, direct access to the Desenka River
-  Sufficient area for a sizable project
-  Availability of high-quality entertainment facilities nearby offering a variety of services
-  Vehicular access (subject to permission by authorities)





3 Maslozavodska Street (Zhashkiv)

Industrial use

-  Advantageous location near the highway E95 (only 120 km from Kyiv) and existing railway connection in the city
-  Presence of enterprises with export potential
-  There are industrial buildings in satisfactory condition and all necessary utilities on the site




Albatros Recreation Center (Zatoka)

Recreational use

-  Direct access to the beach / sea (first line)
-  Proximity to the city center (10-minute walk) and the main tourist attractions
-  Existing bus route stop on Zaliznychna Street
-  Sufficient land plot area for a large-scale project





Desna Recreation Center (Yevmynka)

Recreational use

-  Direct access to the lake Pokal and proximity to the Desna River
-  Location in the area with beautiful landscapes and spectacular nature
-  Sufficient area for a rather sizable project and a possibility to arrange parking on the territory




35 Chapayev Street (Shramkivka)

Industrial use

-  Convenient location near the intersection of highways T2409 and M03, only 132 km from Kyiv
-  Sufficient size to organize a satisfactory production site
-  Availability of utilities on the site
-  Presence of operating businesses nearby

Lozovyk

Agricultural use

-  Convenient location 2.3 km away from the regional road T1019 and only 36.2 km away from Kyiv
-  Existing industrial buildings on the site in satisfactory condition
-  Availability of utilities on the site

Investment opportunity

Current conditions and trends on the markets of residential and office properties represent long-term favorable environment for developers

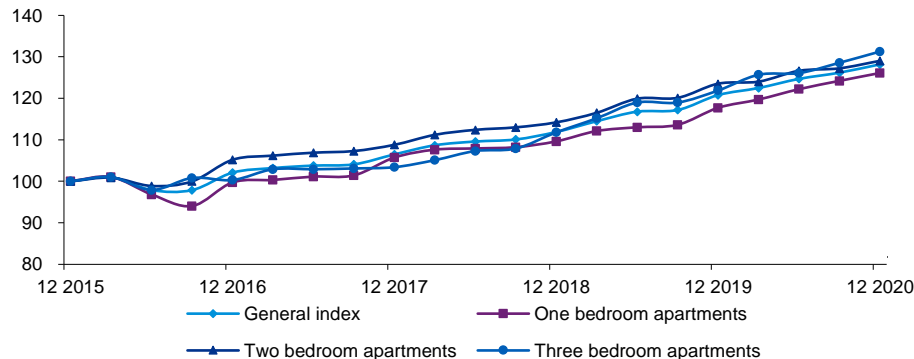
Residential

- There is a presence of a pent-up demand on the Kyiv residential real estate market, which can be realized in the coming years. The major factor influencing demand will be a reduction in mortgage interest rates
- In January 2021, the Cabinet of Ministers of Ukraine adopted a resolution providing for compensation of mortgage loans interest rates of up to 7% per annum
- According to the study conducted by the portal "Liga.net", residential real estate prices will rise by an average of 20%. Price growth is expected to be more noticeable in economy and comfort class (25% increase), while business and premium real estate prices will increase by 10-15%

Office

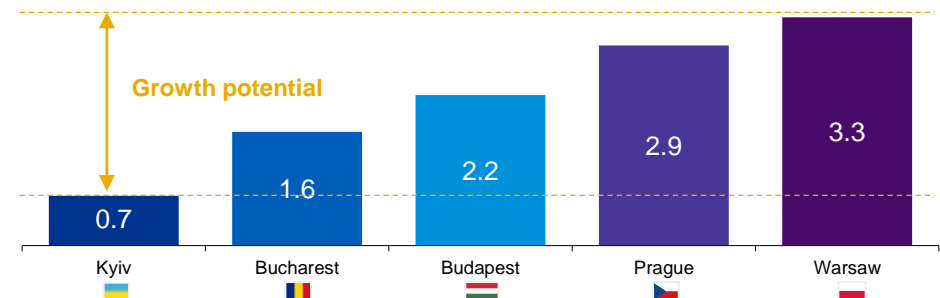
- Total office stock in Kyiv remains rather low compared to other capitals of Central and Eastern Europe. At the same time, the variety of formats and the quality of available office space often do not meet the requirements of tenants
- As of early 2021, the vast majority of companies in Kyiv were considering returning to work from office. In addition, workplace sharing is increasingly seen as a complement to remote work. As a result, a considerable increase in market demand and a decrease in vacancy rates is expected from 4Q of the current year
- At the same time, the infrastructure and services availability will still remain decisive factors in the attractiveness of office centers

Housing price index on the primary market in Ukraine



Note: The price index in December 2015 is equal to 100 (base month)
Source: "Minfin" website

Total office stock per local resident in 2020, m²



Source: Cushman & Wakefield

Key factors of investment attractiveness of FKMBP

1 Unique land plot for real estate development

1

A large complex of land plots of the main production facility (nearly 35 hectares) is located in close proximity to the central part of Kyiv (5 km from Khreschatyk Street)

2 Developed surrounding infrastructure

2

The main production facility is located in an area with a developed transport system ("Shuliavska" metro station, Peremohy Avenue, Vadym Hetman St., Small Kyiv Circular Road) and social infrastructure (shopping malls, parks, eateries, etc.)

3 An ideal place for a residential and office development

3

The combination of excellent location and large size of land plots will allow to develop a multifunctional complex according to the modern concept of "city within a city" ("15-minute city")

4 Favorable conditions on the Kyiv real estate market

4

The office and residential real estate sectors remain structurally undersupplied compared to other capitals in Central and Eastern Europe in terms of total office and housing stock, variety of formats and quality of available facilities

5 Moderate preliminary privatization terms

5

Privatization terms are likely to include the following requirements for the investor: (1) to maintain production for 3 years on the production facilities of Zhashkivvazhmashbud, (2) to fulfill the terms of the collective agreement on allowance and severance pay for staff, and (3) to repay the tax debt, fines and penalties of FKMBP

6 Other potential benefits

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- Proceeds from the sale to Kyiv Municipal Council of buildings of the 5th workshop located at the main production facility
- The income from the use or sale of other land plots of FKMBP



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