

Investments in Agricultural Development Project in the Voronezh Region in Russia (vertically integrated milk production complex for 2400 dairy cows/cultivated areas of 3500 hectares of land)

MilkCoin.

Abstract

The Project is designed to attract investments to the construction of a Commercial Dairy Farm in the territory of the Voronezh region in the Russian Federation. Since there is a shortage of dairy products in this country the Project is of particular importance for the region. The production that is being established is unique due to the complete environmental friendliness of the closed milk production and processing cycle and of all the required units, including the elevator, the formula-feed plant, and agricultural production on own croplands.

Decentralized direct investment in the project will occur through the purchase of **MilkCoin**. It is the “decentralization” that should ensure the independence of the project from the influence of state-owned and large companies. The project is designed to completely fit the ideology of a national priority project for agricultural production and is of particular importance both for the region and for the whole country.

The cryptocurrency token **MilkCoin** will be launched on the Ethereum blockchain platform.

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Definitions

Derivative or Derivative Financial Instrument is a contract under which the parties obtain the right and/or undertake the commitment to perform certain actions as regards the token.

Such contract is an agreement between two parties under which they assume the obligation or acquire the right to transfer the underlying asset at the agreed price within a fixed period of time.

MilkCoin Derivative includes the right to buy-sell back at the agreed price within a fixed period of time and the right to annual and quarterly dividends.

Initial Coin Offerings or ICO is a method of raising capital through cryptoinvestments in the project at the initial stage (including cryptocurrencies), hereinafter referred to as "ICO".

"Priority Project" is an investment project of particular importance within the Voronezh region as adopted by the Government of the Voronezh Region.

Introduction

The ongoing transition to the new technological lifestyle requires investment in the constituent technologies, modernization of production, and restructuring of centralized economy. The phenomenon embraces economic and social spheres.

Against the background of the existing negative sentiment many investors switch over to cryptoinvestments as an alternative form of personal investment. Primarily, those are projects with a quick payback period, of moderate risk and based on expertise and professional support.

As of 2017, Russia experiences a shortage of foodstuffs. The country fails to completely meet the demand for dairy and meat products, seed crops and animal feed, which makes the project extremely important and liquid. Insufficient raw milk production ensures a niche in the commodity market, while the priority status of the project will help to reduce the tax base and expenses, making the project cost-efficient right after the first year of proper operation.

The status of a **“Priority Project”** implies the following subsidies:

- **Recovery of Direct Costs to build the Commercial Dairy Farm - 20%**
- **farm machinery – 15%**
- **animals (per 1 kg) – 65 roubles**
- **milk (per 1 litre) – 1.60 roubles. Projected increase is up to 3 roubles in 2017.**
- **insemination (per dose) – 50 roubles**
- **partial recovery of the costs of dairy breeding stock management (per 1 animal unit) – 1220 roubles a year**
- **100% recovery of infrastructure costs**
- **reimbursement of rates on credits to the amount of 75% of the discount rate from the RF federal budget**
- **additional subsidies as regards the costs of the financial resources of the project to the amount of 3 percentage points from the budget of the Voronezh region**
- **additionally – preferential prices on fuel, mineral fertilizers and seeds**

MilkCoin will give you an opportunity to invest in agriculture, to receive dividends and increase your capital in future.

Project Summary

Commercial aspects of the Project

This Project deals with crowdfunding investments in the construction of a commercial dairy farm in the territory of the Voronezh region.

The three main stages of the Project are as follows: “Initial Coin Offerings (ICO)”, “Construction and Reconstruction”, “Purchase of machinery and equipment”, “Production”, “Buyback”.

1 stage “Initial Coin Offerings (ICO)” November 2017 - January 2018
ICO to attract investments using **MilkCoin** tokens on the Ethereum platform.

The funds raised through ICO will form the investment budget to attain the appropriate objectives of the project (objectives may vary depending on the amount of funds raised).

2 stage Construction and reconstruction of buildings depending on the amount of the funds raised.

January 2018 - September 2018

2.1 Restoration of the elevator

2.2 Construction of the formula-feed plant

2.3 Construction of cowsheds with the required infrastructure

3 stage Purchase of machinery and equipment – **January 2018 – February 2018**

4 stage Tillage and sowing (**4.2**) Harvesting (**4.3**)

4.1 Should the full amount be raised (4 bln roubles), additional land plots for plant-growing will be taken on lease

4.2 February 2018 - August 2018

4.3 August 2018 - September 2018

5 stage “Buyback” January 2021

Buyback of MilkCoin tokens will start 3 years after the ICO is over. Investors will also be entitled to minimum dividends to the amount of 10% per year (January 2019)

and to the amount of 3% quarterly starting from the first quarter of 2019 (April 2019)

Buyback of tokens will make 10% of the total number of the issued tokens per year.

On the whole the advantages of the present investment project are as follows:

1. High level of investment attractiveness according to the business-plan calculations
2. Annual or quarterly payments of dividends to tokenholders.
3. Guaranteed buyback of coins with the price increase of 20% upon the expiration of the aforesaid period, which ensures your zero-risk high return on investments.
4. The Priority Project is of particular importance both for the country and for the region, which allows your affordable contribution to the development of agriculture and improvement of people's well-being.
5. The Project is also extremely significant for the Voronezh region as it creates a great number of high-paid (as for the region) new jobs.

Description of our own participation

The project team owns 3500 thousand hectares of land near the village of Kostenky, the Voronezh region, Russia.

At present the team's personal investments in the project make about 600 million roubles.

The current status of the project:

- **We own available forage resources (3668 hectares owned, 3000 hectares were additionally reserved for the project under the agreement with the Voronezh region authorities). Land category is agricultural land. In addition, there is a plot of agriculture-purpose land of 41.9 hectares to be used for the Commercial Dairy Farm, other plots of land of different categories (for warehouses and industrial premises, etc.) – 92.1 thousand square meters.**
- **The Elevator Building, granaries, warehouses and other premises are owned**
- **All categories of land and property are owned free and are clear of any encumbrances**
- **Commercial offers from equipment suppliers have been received**
- **Construction site is being prepared**
- **The following issues have been addressed, developed and agreed upon:**
 - **topographical survey, geology, land surveying, topography**
 - **public examination of the project**
 - **preliminary agreement on connection to networks**
- **Priority status was given to the Investment Project in order to obtain appropriate subsidies from the regional budget (at the decision-making stage)**
- **Business Plan and Financial Model have been developed**

As of the year 2017, 1000 hectares of land are being cultivated; the rest is let on lease until 2018. Attracted investments will allow cultivation of all land plots, construction of milk production complex, reconstruction of the elevator, construction of the formula-feed plant, and laying of the required networks, thus enabling the creation of a fully closed production cycle for dairy and meat products.

Why was Pre-ICO rejected?

Our team is quite confident of the success of this Project. That is why, the ICO and preparation thereof occurs at the expense of project team's funds. We do not attract external funds to create the site, to prepare the required infrastructure or to perform marketing activities.

Statements and Reports

Statements and reports on the performed work and settlements will be published quarterly in news section. Consequently, every investor will have an opportunity to follow personally the implementation of the project and to be certain of safety of their investment.

First statements and reports will be published **on April 1, 2018**.

How do we receive real money?

All the attracted investments will be transferred to the account of **MilkCoin Est**. In this case, **MilkCoin Est** is the issuer of **MilkCoin** token and the counteragent for payment of dividends and buyback of tokens; then the funds will be transferred to the Russian Company "Khokholskaya Selskokhozyaistvennaya Compania (Khokholsky Agricultural Company)" as a currency loan. This is the way to avoid problems with Russian legislation, which for the time being includes no definition of cryptocurrencies, and, therefore, all cryptocurrencies are considered to be illegal (they are neither lawful, nor unlawful; there is no such regulation within the RF). Since the European Company **MilkCoin Est, Liechtenstein** participates in the Project, you can be sure that your funds are secure as you actually invest in the European Company that is subject to international and European regulations only.

*The received Eth will be converted to Fiat (\$) at the exchange rate in force as of 20 December, 2017.

Description of the objectives

Objective 1 – Cultivation of all land plots. The objective includes: purchase of the required machinery, seeds; maintenance, repairs and restoration of the available structures and machinery, and construction of new maintenance shop, reconstruction and construction of roads.

[Link](#) to the description of costs.

The minimum threshold to achieve the objective using investors' funds shall be **\$5.700.000**

Objective 2 – includes “Objective 1” along with the additional reconstruction of the elevator owned by the company. The elevator is of great interest for business as it will provide for independent storage and grading of grain. Grain drying increases grain value, thus increasing the profit for the enterprise. The elevator with a large number of cells will enable the company to offer grain storage and grain drying services to other regional agricultural companies, there is an enormous demand for such services in the Voronezh region due to the lack of elevator capacities. The current objective also includes electrification and gasification, and infrastructure development.

[Link](#) to the description of costs.

The minimum threshold to achieve the objective using investors' funds shall be **\$ 17.687.000**

Objective 3 – includes objectives “1” and “2” along with the construction of the formula-feed plant. As the elevator provides for an opportunity to store simultaneously more than 100 types of grain, the formula-feed plant will be capable of producing a most efficient type of forage. Fodder production is primary and income generating. In the Voronezh region there are more than 17 dairy and meat enterprises in need of buying formula feed for their cattle.

[Link](#) to the description of costs.

The minimum threshold to achieve the objective using investors' funds shall be **\$21.394.000**

Objective 4 – Construction of a closed milk processing complex. Cultivation of our own land plots will provide for the required grain. The elevator will make it

possible to store and grade grain for the formula-feed plant, and the formula-feed plant will provide high-quality forage for the cattle. Such cycle will ensure maximum profit as there is no need for third-party purchases.

[Link](#) to the Business Plan

The minimum threshold to achieve the objective using investors' funds shall be **\$76.000.000**

Additional investment in the form of a loan

Should the attracted funds be insufficient for Objective 1, the team will be obliged to obtain the rest of the required funds in the form of a bank loan. Investments will enable us to reconstruct the buildings and launch the production; in this way the buildings and the land will become pledgeable as collateral to obtain a loan. These steps will ensure payment of dividends and guarantee buyback of investors' coins irrespective of the amount raised, and will protect your investments and the investments of the Project team.

Application of MilkCoin

For 1 MilkCoin token one of the commodities produced by **Khokholsky Agricultural Company** can be acquired: grain, high-quality grain after drying in the elevator, formula feed, milk.

Tokenholders will have a 50% discount for any goods produced by **Khokholsky Agricultural Company** and will be provided with an opportunity to purchase the goods for **MilkCoin** tokens. Therefore, the increase of the market value of a **MilkCoin** token can be forecasted.

The list of commodities and the value thereof will be published at the beginning of production of such a commodity in the personal office on **MilkCoin.io** site.

As each objective is achieved, the appropriate type of commodity will be produced, objective 1 - grain, objective 2 - high-quality grain, objective 3 - formula feed, objective 4 - milk.

You can collect the goods from: Russia, the city of Voronezh.

Why ICO?

At present, due to the economic situation in the country, it is almost impossible to obtain collateral-free project funding within the RF. Unfortunately, we cannot get a loan, collateral is required to do so, but, according to the regulation of the RF Central Bank, the land or the inoperative buildings that we own cannot serve as collateral for a loan. Therefore, the only way out is to raise funds through ICO.

We believe that attraction of investment through ICO is promising as it is profitable both for us and for investors. We live in the 21st century and we believe that in this century crowd-investing will win a victory over the conventional banking system and will stimulate small and medium-sized businesses that need investments, especially within the Russian Federation.

Payment of dividends

Subject to the smart contract, dividends shall be paid to the amount of 10% of the investment amount as of 01.01.2019. Further on, payments shall be made quarterly to the amount of 3% of the investment amount. Dividends shall be paid in Ethereum cryptocurrency proportionate to the amount of investments in \$. The exchange rate of Eth to \$ will be fixed on 10.12.2017.

The amount of dividends per each MilkCoin shall be calculated according to the formula: $(A * 0.1) \setminus B = C$ for annual payment, $(A * 0.03) \setminus B = C$ for quarterly payment

A = the total amount of raised funds in \$ as of 20.12.2017

B = the total amount of issued coins

C = dividends per each coin

0.1 = 10%, annual dividends

0.03 = 3%, quarterly dividends

Bonus Program

The ICO campaign is divided into 5 periods. Each period involves the purchase of token at a special price. Thus early investors can get high profit at the secondary market (having sold **MilkCoin** tokens at the exchange market).

Transition to a new discount period will occur upon the expiration of the current period or should the objective of the period be achieved in ETH.

Description of periods:

Period 1: 15.11-18.11, 10 million MilkCoin at the price of 0.1 USD

Period 2: 18.11-23.11, 15 million MilkCoin at the price of 0.4 USD

Period 3: 23.11-28.11, 20 million Milkcoin at the price of 0.6 USD

Period 4: 28.11-03.12, 25 million Milkcoin at the price of 0.8 USD

Period 5: 03.12-15.12, 50 million MilkCoin at the price of 1 USD

Buyback of MilkCoin tokens

Buyback of **MilkCoin** tokens will start 3 years after the ICO is over.

Tokens will be bought back at the value increased by 20% (as equivalent to USD).

Annual buyback of **MilkCoin** tokens will make 10% of the total amount of the issued tokens.

The MilkCoin buyback price will be specified on 20 December, 2017 according to the formula $A \setminus B + 20\%$.

A - the total amount of attracted investment in \$

B - the number of the issued tokens

Conclusion

Investors' participation in the Project involves the purchase of **MilkCoin** token on the **Ethereum** platform.

MilkCoin token sales will occur through ICO (November 2017 - December 2017). **MilkCoin** tokens can be acquired for **Ethereum** coins.

Investment will be attracted during 1 stage. The maximum amount of tokens is 120 million MilkCoins. The value of one token will vary with the lapse of time or as the reward limit is hit. All the issued tokens will be given to investors; Bounty will be paid to participants from the raised funds in Eth or Btc to the amount of 2% of the total. In the event that objective 4 is not attained, the amount of the issued tokens will be equal to the amount of funds raised in USD as of 10.12.2017.

Dividends shall be paid proportionate to the amount of investment in Eth at the \$ exchange rate in force at the time when the ICO is over (no less than 10% per annum).

Negotiations with cryptocurrency exchange markets - Bittrex, Kraker, HITbtc, Cryptopia, Novaexchange - are in progress.

We guarantee that MilkCoin will appear in cryptocurrency exchange markets before the end of the year 2017.

At present OOO (Limited Liability Company) Khokholsky Agricultural Company owns large land allotments and production facilities. However, due to insufficient funding the major part of land is let on lease and is developed by a third-party enterprise. Investments attracted using Milkcoin tokens will ensure complete or partial implementation of the project with subsequent payment of dividends to investors. Therefore, investors can avoid the influence of inflation on their funds and receive a guaranteed return along with an opportunity to retrieve their investment upon the expiration of the aforesaid period.

Follow the link to read the detailed business plan: [LINK](#)

MilkCoin Est. Liechtenstein