

UKRAINE NEWSLETTER Q4/2019

ABOUT VI2 PARTNERS

VI2 Partners specializes in portfolio assets management, direct investments, investment banking, ICO, capital raising and debt restructuring, services for investors to enter new markets (Ukraine and Eastern European counties, EU). The activities of **VI2 Partners GmbH** are aimed at ensuring economic growth, efficiency and increasing customers' profitability. Our qualified and experienced team plans, scouts and executes investment opportunities, performing customers' tasks on a high-quality level, above the accepted standards.

POLITICAL AND ECONOMIC NEWS

- **The Verkhovna Rada** launched land reform by adopting in the first reading a **bill on the land market**. According to World Bank forecasts, the opening of the agricultural land market may annually inject an **additional US\$700 million to US\$1.5 billion** into the Ukrainian economy. According to the bill, in 12 months the **moratorium on farmland sales**, which was introduced back in 2001 as a temporary measure, will be **lifted**. (UNIAN)
- **Ukrainian President Volodymyr Zelensky, his Russian counterpart Vladimir Putin, French President Emmanuel Macron and German Chancellor Angela Merkel** met in Paris on December 9, 2019, to discuss ways to end the war in Donbas. The parties are committed to the **full and comprehensive implementation of the ceasefire regime** by the end of 2019. They encourage the Trilateral Contact Group to promote the release and exchange of detained persons associated with the conflict by the end of the year on an **"all for all"** basis. (president.gov.ua)
- **Ukraine's Cabinet of Ministers** has approved the government's new Action Program, which includes a **draft law that would legalize gambling** in the country. The bill will include a **license fee** of UAH 38m (£1.3m/€1.4mm/\$1.5m) **for operating a casino** in Kiev, UAH 25m for a casino in one of the four other cities with a population of a million or more and UAH 12.5m for a casino anywhere else. All license fees are set in reference to the minimum wage. (Ukrayinska Pravda)
- **The Ministry of Finance of Ukraine**, in conjunction with the **National Bank of Ukraine**, have decided to **offer government bond auctions via Bloomberg's Auction System**. This will facilitate the participation of local and international banks operating in the primary market for Ukrainian government bonds. (Bloomberg)
- **Ukraine, Estonia** sign memorandum of **cooperation in digital transformation**. The document aims to improve the electronic and administrative service delivery system, develop e-trust and electronic identification services, build an effective cybersecurity management model and related IT infrastructure, connect it with European cyber centers, and ensure citizens' access to public information. (president.gov.ua)
- **The National Bank** has agreed on the operating conditions in Ukraine of the **Trans-Fast international payment system**, which provides money transfer services to **more than 125 countries with over 300 participants**. Trans-Fast system has become the **eighth international payment system in Ukraine** working with the transfer of funds, whose payment organization is a non-resident. (Journalist.today)

UPCOMING EVENTS AND FAIRS

Ukrainian Defense and Security Forum

21.02.2020 | Farimont Grand Hotel | Kyiv | Ukraine
 Tel.: +38 050 447 63 42

Ukrainian Energy Forum

25-27.02.2020 | InterContinental Hotel | Kyiv | Ukraine
 enquiries@adamsmithconferences.com

Blockchain UA

20.03.2020 | National Sport Complex Olimpiyskiy | Kyiv | Ukraine
<https://blockchainua.com>

RemaDays Kyiv International Exhibition for Media and Advertising

11-13.03.2020 | International Exhibition Center | Kyiv | Ukraine
 Tel.: +38 044 201 11 61 | malgorzata@gjconline.com

Ukrainian Business Forum

24.03.2020 | Mercure Congress Centre | Kyiv | Ukraine
 Tel.: +38 096 194 66 29 | register@ubf.international

SELECTED CASE WORK

- VI2 has been mandated to structure and set-up a Luxemburg based investment vehicle for investments into the Ukrainian entertainment industry.
- VI2 is supporting an international group of investors to settle a dispute on a large industrial asset in Ukraine outside of the courts.
- VI2 has been co-mandated to place a collection of unique Russian art pieces with a value of > USD 50 Mio with museums and international art collectors.

Ukrainian Hryvnia Increasing in Value



Source: xe.com

The National Bank of Ukraine (NBU) set the official forex rate of the hryvnia against the U.S. dollar for Monday, December 2, 2019 at **UAH 23.97 per U.S. dollar**, which was the **maximum indicator since January 2016**, or almost in four years. The previous **four-year highs** were set within one week: at **UAH 24.05 per U.S. dollar on November 26, 2019** and at **UAH 23.98 on November 27-28, 2019** according to the NBU.

STATISTICS AND FIGURES OF INTEREST

- **The International Monetary Fund** has agreed to **lend \$5.5 billion** to Ukraine, a move viewed as a stamp of approval for President Volodymyr Zelensky's anticorruption and economic policies. (nytimes.com)
- **The Ukrainian government** has **legalized cryptocurrency payments**. Officials have adopted new legislation which will use international anti-money laundering best practices in cryptocurrency transactions, essentially legitimizing digital assets. (UNIAN)
- **FDI in Ukraine grows to almost US\$35 bln** as of October. Top investors are those from **Cyprus, the Netherlands, Russia, Switzerland, and Germany**. (UNIAN)
- **Deficit of Ukraine's national budget soars by five times, to US\$1.26 bln in 10 months**. The deficit of the consolidated budget was estimated at US\$26.7 million. (Ministry of Finance of Ukraine)
- **The World Bank** announced updated forecasts for the economic development of our country. In particular, the bank **improved to 3.6% its forecast for this year's real GDP growth**, with inflation at the end of the year set at 6.4% and a moderate budget deficit of 2% of GDP. Next year, the bank expects GDP growth almost at this year's level, and **in 2021 it suggests growth acceleration to 4.2%**. (World Bank)
- **The European Bank for Reconstruction and Development (EBRD)** predicts that Ukraine's 2019 real **GDP growth will be 3.3%**. In May, the prediction for the coming year was less optimistic – only 3%. The lender also expects GDP growth to **reach 3.5% in 2020**, the same rate as neighboring Poland. (EBRD)
- **Real wages of Ukrainians grew by 9.6%** in January-September 2019, according to the Minister for Development of Economy, Trade and Agriculture of Ukraine Tymofiy Mylovanov. The minister also noted that real wages **increased by 18%** compared to the pre-crisis year 2013. (Ukrinform)
- **Ukrainian agribusinesses** exported **24.39 million tons of grain** from July 1, 2019, the start of the 2019-2020 marketing year, to November 29, 2019, which was **6.3 million tons up** from the relevant period of MY 2018-2019. (UNIAN)