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Hello, dear partners!

Aqua Factoria LLP is at the stage of implementation of the investment project “Automatic RAS farm with annual production of 5000 kilograms of sturgeon caviar”. As of today, the use of recirculating aquaculture system (RAS) in commercial fish farming is the most promising global trend.

Project type: Start-up

Location of the project: Republic of Kazakhstan, Akmola region, Tselinograd district, Koyandinsky rural district, Koyandy village.

Start of construction and installation works: II quarter of 2022 - June

Commissioning of the facility: III quarter 2023 – September

The period of financial and economic activity: 20 years (from the start of production activity).

The amount of investments in the sturgeon farm is 8 926 553 EUR at the rate of 485 tenge per euro. The largest share in the investment structure is buildings and structures - 46,33%; technological equipment - 29,36%; repair and breeding herd of sturgeons - 10,39% and working capital - 7,71%.

In accordance with the financing structure, the financing fund Baiterek Venture Management (AOM SDF I B.V) invests 1 567 010 EUR in the authorized capital of the enterprise on the basis of an option agreement.

Own participation (equity capital) is provided in the amount of 1 755 494 EUR, including previously incurred expenses. Currently, more than 412 371 EUR has been invested in the Project.

The share of borrowed funds will be 62.78% or 5 604 049 EUR of the total project cost. Borrowed funds in the specified amount have already been provided under the mezzanine loan agreement signed on December 15, 2020. The loan term is 8 years at 8% per annum with a 3-year deferred payment on the principal and interest payments.

The main value proposition of the farm is high-quality and environmentally friendly black caviar of Siberian sturgeon, sterlet and hybrid beluga - bester, as well as fresh-frozen fish and smoked products.

Key consumer segments and distribution channels include 1) medium and large wholesale distributors of caviar and fish products 2) large retail chains 3) restaurants and hotel complexes in the Russian Federation, European Union, United Arab Emirates, large cities of the China and Southeast Asia. The sale of caviar through the indicated distribution channels is

planned to be carried out under the customers' trade marks (Private Labels). Its own distribution network will be developed under the Scythia Caviar brand.



Maximum production capacity of the farm is 5 tons of black caviar and 60 tons of marketable fish per year.

Key activities and tasks. Construction and commissioning of the farm. Formation of broodstock of sturgeons. Production of competitive products with high quality characteristics and attractive presentation, both in black caviar and in fish products. Creation of an export-oriented enterprise working according to international business standards.

The infrastructure of the facility. Land plot covers an area of 5 hectares. It is deployed only 150 meters from Lake Koyandy. The distance to the airport and the city of Nur Sultan is no more than 30 minutes drive.

The area of the buildings is 5 100 m². Infrastructure contains from three main buildings of the same type of 1 500 m² each for farm modules, a fish processing workshop of 500 m², two checkpoints, a tank farm, 4 artificial ponds and electric-gas-water supply systems. These complexes are the key objects of the sturgeon farm.

The set of equipment consists of two main blocks: 1) type “A” Broodstock keeping block with a water volume in the pools of 1,350 m³ and 2) type “B” Artificial wintering block with a water volume in the pools of 288 m³. The average hourly energy consumption of the farm is 106.50 kW / h. The average daily need for make-up water is 241.80 m³ / day. LPG Consumption rate - 47.16 liters per hour.

The main technological processes on the farm include: feeding fish with extruded feed; sorting and planting fish as they grow; water quality control; monitoring the health and safety of fish.

The project provides for the maintenance of 50 tons of mature females and to prepare annually about 30% of the repair. Caviar-producing fish is the main asset of the enterprise. About 70% of sturgeon caviar is obtained by the intravital method (while preserving the life of the fish). This approach allows fish to spawn at least 5-6 times in their life cycle. For the first time, a matured female gives eggs 8 to 9% of her body weight. In the future, depending on age, the yield of caviar is from 10 to 20%. The average value is 13%.

In general, the ratio of milking and slaughter caviar can vary, depending on the chosen strategy. The production cost of 1 kg of caviar is 150 EUR.

As of today, the project of Aqua Factoria LLP is at the pre-construction stage, the suspensive indicative conditions stipulated by the Mezzanine Loan Agreement 2020-52 are being fulfilled in terms of concluding an insurance agreement with ESC KazakhExport JSC and replenishing own funds on a specially created escrow account with Freedom Finance Bank JSC.

Permission and expertise were obtained for construction and installation works, drilling of artesian wells for water was carried out, groundwater reserves were approved in the committee of geology, a 10 kV power transmission line has been connected to the boundaries of the enterprise's land plot, it is planned to install a KTPN - 10 / 0.4 kV with a transformer of rated power. More than 412 371 EUR has already been invested in the implementation of the Project. The commissioning of the facility is scheduled for September 2023.

The project is included in the program «Entrepreneurship Support Card of the Republic of Kazakhstan» and the «Program for the Development of the Fishing Industry 2030».

A list of key technology employees has been identified. The project financing structure has been fully formed, funds have been attracted to the project.

The strengths of the project include:

- The ability to attract "cheap" loans through financial institutions and funds of the Republic of Kazakhstan.
- The possibility of obtaining various kinds of subsidies and tax preferences. For example, the possibility of reimbursing 30% of the funds invested in the project through the Ministry of Agriculture.
- Customs Union between Kazakhstan and the Russian Federation
- An established system of air transportation from Kazakhstan to the European Union, Russian Federation, China and Southeast Asia.
- Steadily high demand for black caviar and sturgeon fish in the developed countries of the World and in Russia. The market is growing.
- Favorable geographical location of the production base with developed transport infrastructure and roads.
- The use of advanced equipment with full automation of all processes, reducing the time of fish growing by 2-3 times.
- The start of the project with mature specimens of sterlet and siberian sturgeon, capable of giving caviar in the first-**second** year of operational activity.
- Qualified staff and competent management with extensive experience in creating business models.
- Reliable partners and suppliers.
- Export-oriented marketing activities.
- Reinvesting profits in improving the technological level of the company and its assets
- Optimization of enterprise costs through innovation.
- A sufficiently high level of outsourcing, allowing you to concentrate on the implementation of the main tasks.

The main objective of Aqua Factoria LLP is to create a successful and long-term business according to the highest international standards.

One of the key aspects of stable growth and prosperity of the company is the security of the project with money, its full capitalization.

According to our estimates, in order for the project to be safe, develop firmly and steadily, there is a need to attract an investor who can invest from **1 755 494 euros** in the project, that is, only 19% of the total cost of the project, the rest of the funds are already available.

We intend to raise funds through the sale of 49% equity in the project. In order to ensure the return on invested funds, there is a willingness to provide a 70% limit for cost recovery from net profit in favor of the investor.

The most attractive and harmonious partner for us could be an investor from the field of activity related to fish farming, which also has established sales channels.

According to the Deloitte report, the value of the business after commissioning will be more than 10 727 835 EUR. Payback period - 7 years.

Due to its geographical location, Kazakhstan has access to such huge markets as the Russian Federation, European Union and China. Coupled with **a relatively inexpensive cost of labor, low tariffs for utilities, developed transport and logistics infrastructure** - this is a great platform for doing business. Based on the above, we are deeply convinced that it will be quite comfortable for partners to work on the territory of our state and specifically with us.

More detailed information on the project can be found in the presentation materials, which we are ready to provide you with upon request.

**With best regards,
Director of Aqua Factoria LLP
Kairat Dikhayev**