

INVESTMENT OPPORTUNITY

Green Agri Co Ltd, (“GAC”), is a UK-domiciled privately-held company focused on the cultivation, processing and export of organic cotton and soya. Core operations are based in Southern Sri Lanka, where, with full Sri Lankan Government support, the GAC complex has been designed to process organic cotton and soybean. There is a new international shipping port within a short drive of the new processing mill.

Plans are well advanced with the plant site secured under a 33 year lease and construction set to commence later this year with completion in 2017.

Additional land has been secured on which cotton and soybean are being grown on a rotational basis to be supplemented by other crops farmed nearby by local farmers under GAC’s supervision to ensure quality, yield and adherence to certified organic standards. The funding for this expansion is now being sought with some \$16 million for Stage 1 – the industrial complex, to be followed by \$45 million for Stage 2, the plantations.

The primary goal is to build a profitable, sustainable and socially responsible value chain focussed on organic cotton and organic soya, generating returns for multiple stakeholders, GAC’s founding directors are Norwegian with Sri Lankan project management experience, an international outlook and the drive to implement the well-defined business plan.

They are backed by a panel of investment advisors and a hands-on management team.

Design for the GAC complex - large-scale organic cotton and soybean processing



Dominant position and significant competitive advantage

GAC will secure the unique position of being not only a commercial actor in the Sri Lankan organic cotton industry but also a major operator in soybean processing. The project is supported by Sri Lanka’s Department of Agriculture through the allocation of land for cultivation, technical research and development support. GAC has access to over 40 000 acres to develop its own plantations and grower co-operatives, and the possibility of cultivating additional thousands of acres of arable land owned by other parties.

Previous trial production and small scale commercial production have all delivered high yields and very high product quality for all crops. The soya production has been sold to date via the domestic market and the cotton exported.

Business concept and products

GAC's concept centres on community-based agriculture via environmentally friendly and fair-trade farming methods. Training, utilization of underutilized farmland, financial support and rural development are all provided to stimulate economic development and work to improve people's lives, including providing equal employment opportunities.

GAC will operate via the out-grower system and contract smallholder farmers to cultivate additional crops through co-operatives. In addition, GAC will also establish their own plantations with central farms as training centres and storage hubs and bring in machine based cultivation to enhance efficiency and boost returns.

GAC has two core business lines comprising both unrefined and refined products all with organic and fair trade certification:

- Cultivation, processing and export of organic cotton where sales are currently secured through a 10-year offtake agreement with a major Chinese buyer. Negotiations are also being conducted with major international fashion brands
- Cultivation, processing and export of soybeans, soybean oil and other edible oils and oil cakes as human and animal feed to major customers on long-term contracts, including to the Norwegian aquaculture industry, for fish fodder.



GAC intends to promote all products as "Premium certified organic of highest quality" and "Fair trade" under their own brand Visus®.

Capital requirements

Project funding

GAC seeks to raise a total of US\$61 million to realize the full potential of the project including set up of a production and refining plant to process soybeans on a significant scale and establish a large-scale plantation based on machine automatization to lead the organic soybean and organic cotton industry in Sri Lanka.

Stage 1: Ginning mill & refinery plant set up
Capital requirement: US\$16 m
Project funding: Private equity US\$16 m
Target equity/debt ratio: 1.00/0.00

Stage 2: Plantations set up
Capital requirement: US\$45 m
Project funding: The plantations should be funded through a bond or similar financial structure
Target equity/debt ratio: 0.00/1.00

Financial projections 2016-2022 Green Agri Co

\$000s	2016	2017	2018	2019	2020	2021	2022
Revenues	118	12227	33 988	72 334	80 248	80 248	80 248
EBITDA	-899	4 698	12 653	24 057	30 392	30 392	31 324
Net profit	-1185	2759	8 764	17 229	22 464	22 547	23 683
Margin	N/A	22.9%	25.8%	23.8%	28.0%	28.1%	29.5%

Revenues include sale of organic cotton lint bales, organic soybeans and organic cotton seeds as well as refined products such as soybean oil, cotton seed oil and oil cakes as animal feed. Harvest of organic cotton every six months with payment from the Chinese customer. Sale of soybeans and refined products throughout the year

An attractive investment opportunity

- Triple bottom line approach – provide wins for the environment, raise social awareness/ promote sustainable development and generate healthy returns via an impact investment which provides long-term wins for multiple stakeholders
- Ethical value chain – transparent, accountable and socially responsible
- Clean production – natural fertilizer, non-GMO seeds, no pesticides or harmful chemicals.
- High return on investment; target of 2x within 36 months
- Strong target operating margins of up to 30%
- Long-term supply of healthy, organic feed for Norwegian salmon and trout
- Long-term secured contract sales of all organic cotton produced
- Multiple exit opportunities
- Excellent market potential
- Strong and experienced management
- Significant barriers for new market entrants
- High customer retention
- Significant growth and expansion opportunities domestically and internationally
- The opportunity to participate in a win-win-win project creating financial, social and environmental value.

Corporate social responsibility for the organic fashion and soya industries

GAC is committed to Fair Trade and ethical practice, an approach set to become the gold standard for the international fashion industry. GAC engages these same ethical principles for its soya business. A major fashion brand in co-operation with GAC has the opportunity to become the first fashion company to commit to a triple bottom line approach from the very roots of the value chain. Ultimately, such co-operation could contribute significantly to a more sustainable cotton and textile industry worldwide. GAC has developed its own cotton label – *Visus*. The goal is for *Visus* to become the world's first cotton brand carrying both organic and Fair Trade certification.

GAC's broad-based commitment to Social Economic Responsibility includes job creation and the establishment of farming co-operatives, providing healthcare and education, whilst promoting water conservation and optimizing land usage.