



EXPORT AND INVESTMENT
PROMOTION AGENCY OF THE
REPUBLIC OF AZERBAIJAN



INVESTMENT PROJECTS IN AZERBAIJAN

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FRUIT FARM PROJECT

project owner: **Green Factory LLC**

PROJECT DEFINITION

Green Factory LLC reaching its peak yields within upcoming years. Its existing owners are looking for investors to offer for sale either 100% or at least controlling share in the business.

4 main products:



Major arguments to make this offer highly attractive for potential investors are following:

- Farm currently has unutilized capacity both in terms of available land and yield optimization;
- Farm is currently selling mostly at gate which is a least beneficial in terms of margins. Small or moderate investments may open up new sales channels to boost profitability significantly.

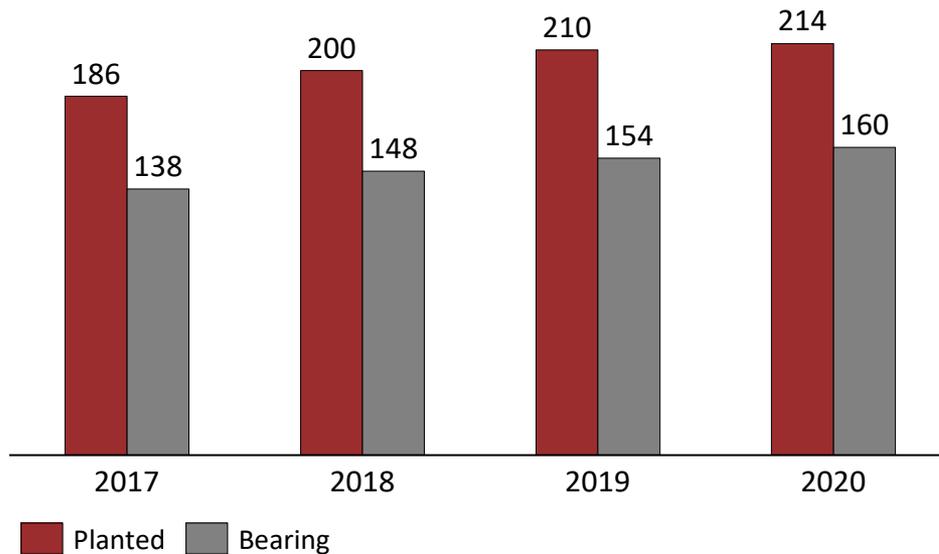


- The Farm is currently producing around 1,700 tons of fruits and as initial maturity stage of some trees continues this volume will reach 2,500 tons in 7-8 years. Focus on premium varieties enables about 70% of final produce eventually being exported earning higher margins.
- Farm is managed by competent and experienced team of professionals. There are 15 full-time employees working at the farm throughout a year with temporary staff during harvesting season may reach 120 people.
- Currently about 70% of the Farm's produce eventually exported to CIS countries and only 30% is shipped to local markets mainly in Baku.

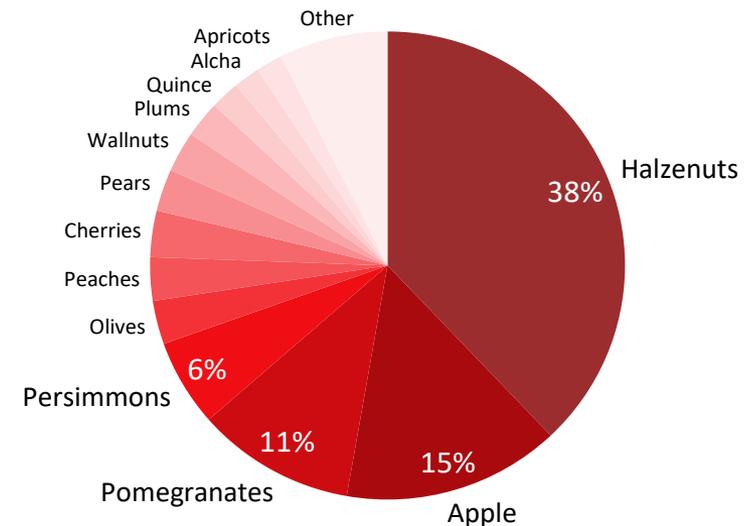
INDUSTRY INSIGHTS

Fruit orchards is an important component of the Azerbaijan's agriculture. It accounts for 17.4% of the crops segment or 8.3% of the agriculture industry overall. As per statistics of 2020 year total share of agriculture in Azerbaijan's GDP was 6.9%. Starting from 2010 total land area planted within fruit orchards had been growing at steady average rate of 5% per annum. By the end of 2020 total area under matured trees reached 160,000 hectares. Hazelnuts, apple, persimmons and pomegranate account for the majority of the area of all fruits varieties that Azerbaijan is producing, and they occupy 68% of the total land under fruits in the country. In terms of last 10 years' growth hazelnuts being an undisputed leader both in absolute and relative terms had seen lands increased by 50k hectares, which means 174% growth.

TOTAL LAND AREA UNDER FRUIT ORCHARDS FOR
LAST 4 YEARS, thousand ha



FRUITS SHARE OF THE LAND AREA PLANTED
AS OF 2020



PRODUCTS AND SALES

The target customers for the entire fresh product harvested from the Farm are private corporate and individual traders involved into export operations and farmers markets (bazaars). The Farm sets its pricing based on market rates as far as vegetable products are concerned. Special grading is set for the produced fruits in order to get higher prices and attract various segments of customers.

To address cash flows volatility during busy season both early and late harvested varieties of all fruits have been planted at the Farm. Competition in the Sheki region especially in fruit products that Farm is focused on is weak which gives the Farm leverage in negotiating competitive prices and terms of deliveries.

Most of the tree plants have been purchased from specially certified companies in France, Italy and Turkey.

BREAKDOWN OF THE LAND AREA UNDER EACH PRODUCT AND NUMBER OF TREES

Fruit	Area, ha	Trees
Peaches	10.5	8,110
Nectarines	13	7,125
Apricots	28	19,151
Plums	11	6,330
Apples	3.5	3,965
Cherries	2.5	2,270
Alcha	1.5	1,235
Persimmons	6.5	4,380
Total	76.5	52,566

DIVISION OF MAJOR 4 PRODUCTS

PEACH VARIETIES

- Sweet Dream
- Royal Summer
- Patty

NECTARINE VARIETIES

- Big top
- Magique
- Garcica

APRICOT VARIETIES

- Lilly cot
- Magic cot
- Wonder cot

PLUM VARIETIES

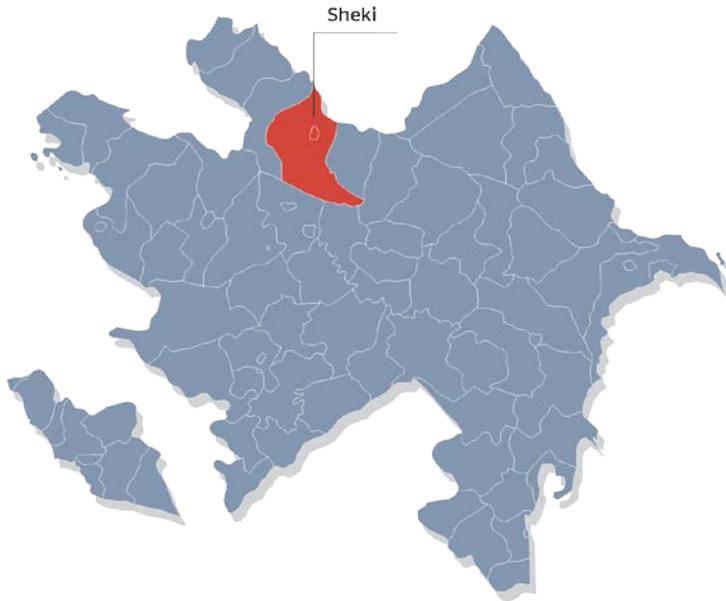
- President
- Stanley

PROJECT LOCATION, PROPERTY AND FACILITIES

Covering a vast area of 93 hectares, it is a comprehensive commercial venture that supports large scale of farming activities. Logistics and administrative zones occupy about 3 hectares of the territory. Farm has convenient location which just 9 km away from Sheki city having paved roads up to the gates.

The whole irrigation and water supply system of the Farm was designed by specialists of a leading international company. Meeting international technical standards of advanced irrigation drip type system for continuous and effective watering of the gardens is established. It includes 380 km of drip pipes and 10 km of trunk pipes that have been installed at the farm. It delivers water and nutrients directly to the plant's root zone, in the right amounts, at the right time, so each plant gets exactly what it needs, when it needs it, to grow optimally.

LOCATION



INVESTMENT SUMMARY

STRONG SIDES OF THE PROJECT

- Major 4 products have already reached maturity and will generate peak yields within upcoming years
- Farm is focused on premium varieties which results in 70% of output eventually being exported
- Farm is equipped with all necessary facilities and equipment to manage risks and overcome tight competition
- Currently Farm has spare area of approximately 10 hectares that can be planted with same or new fruits or varieties

STRATEGIC OBJECTIVES

Based on analysis above top priorities of newly established business were determined. 3-5 years long-term strategic objectives of the Project are following:

1	TOTAL PRODUCTION OF THE FARM TO REACH 2,800-3,000 TONS IN 5 YEARS
2	KEEP WITH INDUSTRY TRENDS AND GROW THE NEWEST VARIETIES
3	B2B FARMING

FINANCIALS

Value of business	5,084,000 USD
Cost of equity	12.80%
Payback period	6.77 years
Average annual revenues	1,446,000 USD
Average annual profits	837,000 USD

1.9 FARM'S PROPERTY AND EQUIPMENT

as at 31.12.2021

Irrigation system – 30%	Biological assets – 24%	Land – 24%
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