

# North Country Growers

Fund Name: NORTH COUNTRY OPPORTUNITY ZONE FUND II, L.P.

Fall 2021



## North Country Growers Executive Summary

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- \$61 million (\$28 mm equity/\$33 mm debt) glass greenhouse being constructed in Berlin, NH
- Technology employed enables 13x return on land use when compared to open field organic farming
- Greenhouse is 12.5x more water efficient than traditional farms
- Land acquired and debt secured to begin operations at point of funding
- Expected IRR of 26.8% with MOIC of 4.76x

# Project North Country Growers Executive Summary

## Overview

- North Country Growers (NCG) is located in Berlin, NH
- 20 acre greenhouse being built on 169 acre property in optimal climate for greenhouses
- LOI's and understandings to sell **All** produce upon completion

## Investment Opportunity

North Country OZ Fund is selling \$28 million in units; Minimum Size of \$250,000

### Property

Berlin, NH Zone 3  
Climate

- Berlin, NH is Zone 3 climate which is optimal for CHP technology
- Cool nighttime summer temperatures
- Reliable uninterrupted Natural Gas supply

### Investment

\$28 million equity investment; \$33 million debt already secured

- Used to build greenhouses and power facility
- Equipment purchases to support production
- All permitting and financing fees
- \$8.4 million in working capital

### Operations

Experienced Team

- Dr Richard Rosen has 30+ years in agriculture experience in industry and was driving force behind Clean Water Act
- Marguerite Piret is experienced financial professional who is responsible for business operations

### Exit Strategy

Conservative Terminal Value at 4.6x  
Year 10 EBITDA

- Expected ending value of \$76.5 million at 4.56x EBITDA
- Expected investor return of 26.8% with MOIC of 4.76x
- Bonus depreciation provides substantial tax shelter

# North Country Growers Overview

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Over 95% of the produce consumed in the Northeast is transported in from far away locations including California, Florida, Canada, Europe and Mexico



North Country Growers uses proven technology that requires 50% less energy than traditional greenhouses; Combined Heat and Power (CHP) has been used in Continental Europe for the past decade



Berlin, NH provides optimal greenhouse growing conditions due to low nighttime summer temperatures which increase the production of tomatoes



Hydroponic water requirements are met through rainfall collected from greenhouse roofs; Greenhouse has no adverse water run off or surface land deterioration

# Transaction Highlights

## Summary

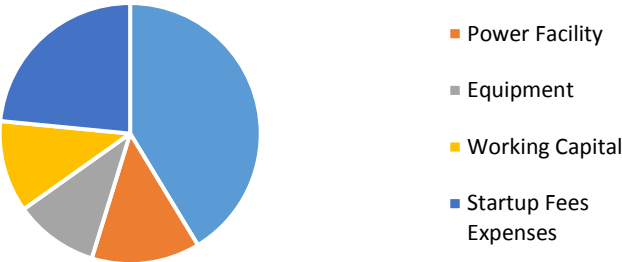
- ✓ \$28 million equity investment
- ✓ \$33 million debt secured from local lender and guaranteed by the CEO
- ✓ NCG Greenhouse profitable year 2
- ✓ Bonus depreciation provides effective tax shelter

## Transaction

### Uses of Cash

- Greenhouse \$25.2 million
- Power Facility \$8.2 million
- Other Infrastructure \$4.4 million
- Working Capital \$8.4 million
- Engineering, Permitting \$1.9 million
- Equipment and Development \$8.6 million
- Other Expenses/Fees \$4.6 million

Uses of Funds



# ESG Investing

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- NCG is expected to produce superior returns and provide meaningful positive impact to the environment
- All produce will be sold in the Northeast with the potential of being on store shelves within 12 hours of harvest
- At least 83 jobs will be created in a depressed area



## Transportation CO2 Level Decline

- 95% of the produce consumed in the Northeast is trucked in from Florida, California and elsewhere
- Large long haul truck emissions have grown by 45% over last 30 years



## Water Efficiency

- NCG greenhouses capture all rainwater from the roof of the new facilities
- Captured rainwater is stored on site



## CO2 Farming Reduction

- CHP technology allows for an 820,000 lbs. reduction in CO2 emissions per acre
- At full capacity this is a 16 million pound reduction in CO2 emissions



## No Use of Pesticides

- NCG greenhouses use no pesticides in their growing process
- Pesticides can have harmful effects on the soil and natural surrounding habitat

# Combined Heat and Power (CHP) Technology



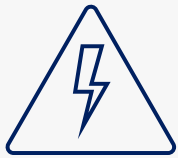
## CHP Facts

- CHP technology has been used extensively in Continental Europe where land for farming is scarce
- Using supplemental lighting increases greenhouse produce yields by 30-40%
- Introducing CO<sub>2</sub> from CHP in the greenhouse increases yields by up to 30%
- Benefits include increased reliability of power source, self sufficient operations, reduced carbon emissions and lower costs than traditional farming or other indoor grow house structures

# Greenhouse Technology

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- NCG uses technology to decrease the growing costs and improve yields over traditional indoor grow houses
- CHP technology is used extensively in Europe currently although NCG proprietary enhances improves on an already successful process
- In addition to the processes below NCG has developed a method for co-planting crops which will be patented once proven in greenhouse



## Low Cost Electricity

- Low cost electricity extends length of day lighting; increased photosynthesis and CO2
- Output increases 40% from additional lighting and 30% from increased CO2



## Advanced Hybridization Tech

- Technology enables increased timeframe under lighting to 16-24 hours per day
- Increases plant yields, minimal cost increases with significant revenue increase
- Seeking Composition of Matter Patent



## Enhanced Pollination

- Engineering modification to enhance pollination in the tomato greenhouse which will increase the number of flowers pollinated, thus fruit, than otherwise possible
- Will not be patented to keep process confidential to NCG



## Pest Controls

- Working alongside Fortune 50 company on passive insect control
- Reduction of Pesticides needed to control pests in greenhouse
- Materials patent being sought



# North Country Growers Senior Management Team

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## Richard Rosen, PHD CEO

Dr. Rosen spent his early years in the greenhouse and florist business, first as laborer and ultimately as grower and buyer at Harry Quint Greenhouses. Later, he began his professional career at Abt Associates advising federal government agencies, and while at Abt he was instrumental in formulating the Clean Water Act. He founded a series of energy and environmental operating businesses, serving in a variety of roles including CEO, Chief Engineer, Chief Scientific Officer, President, Consultant, Chairman and Director. ERCO Petroleum Services designed and constructed fluidized beds for clients such as Clorox, Tennessee Valley Authority, Tenneco, Combustion Engineering, and others. ERCO was sold to NL Industries and its laboratory affiliate was sold to Corning. Advanced Energy Technology commercialized equipment developed at the University of Texas to measure physical properties of the earth's subsurface including resistivity for use in oil, gas and geothermal exploration. AET was ultimately merged into its Japanese venture partner, Nishon Iwa.

Dr. Rosen has extensive experience building operating facilities including one to remodel landfills using a patented technology and a manufacturing system to recycle rubber for use in a variety of industrial applications.

Dr. Rosen earned a Master's Degree in Forest Science and a Ph.D. in Engineering from Harvard University.

## Marguerite Piret CFO

Marguerite is an experienced general manager who is responsible for short and long term business operations at North Country Growers. She directs marketing, quality control, and operational risk assessment and mitigation. Marguerite is also responsible for all financial planning required for the day to day operations of the enterprise.

Marguerite was Controller of a consumer products company and later became a Commercial Loan Officer at a predecessor of Bank of America. She founded and managed Newbury Piret, a 30-year-old Boston-area investment bank, completing merger, acquisition, and financing transactions in several industries including energy and environmental. In addition to her operating and management responsibilities as CEO of Newbury Piret, she effected numerous transactions including the raising of capital from institutional sources and acquisitions and sales of businesses from and to industrial organizations. Marguerite sold Newbury Piret Company in 2018.

Marguerite serves as Trustee of the Amundi Pioneer mutual funds, Director of New America High Income Fund and previously was Director of two publicly traded companies, one in biotechnology and the other in the environmental industry.

Ms. Piret earned an A.B. in Applied Mathematics from the School of Engineering and Applied Sciences at Harvard University with a minor in Biology and an M.B.A. from Harvard Business School.

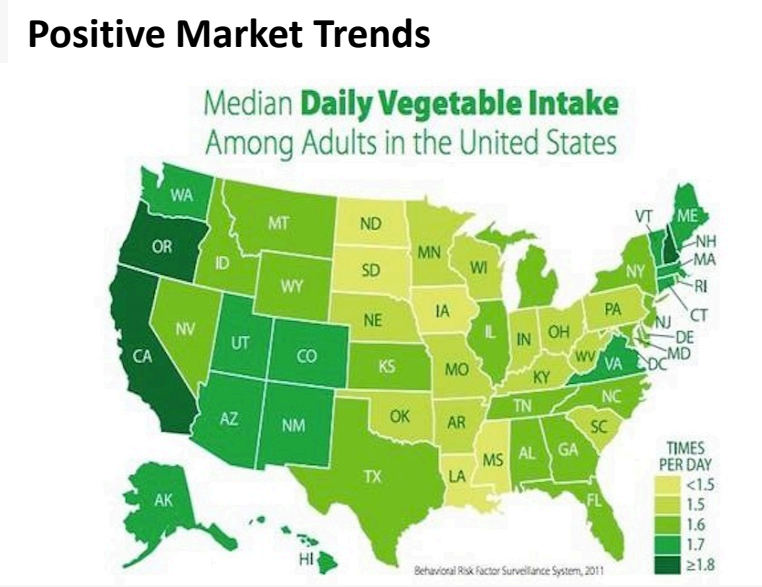
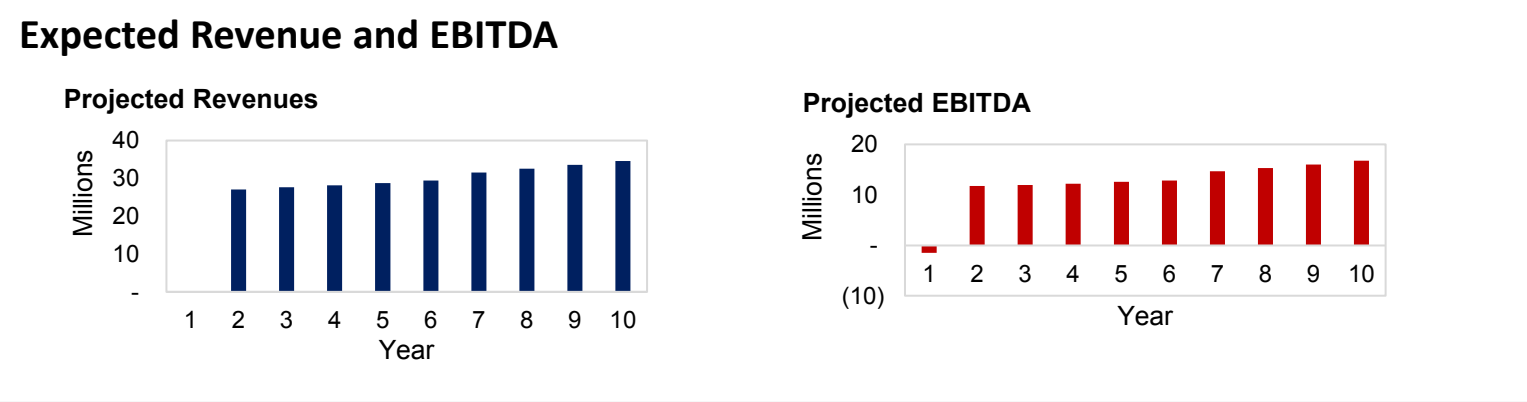
# Transaction Details

# Investment Overview

**Total Investment**  
\$28M

**Ownership Stake**  
75%

**Projected 5 Year IRR**  
27%



**Short Term Financial Goals**

- \$11.7 million EBITDA Year 2
- 54.5% Gross Margin Year 2

**ESG/Community Development**

- 83 market rate jobs for struggling economy
- Decreased emissions due to efficient growing process
- Decreased emissions from transportation avoidance
- Diverse management team

**Projected MOIC**  
4.76x

**Investor Payback**  
38% by Year 3  
96% by Year 6

**Expected Bonus Depreciation**  
At least \$38.5 million/\$12.2 million savings to investors

**Projected 2031 Enterprise Value**  
\$101 million

# Base Management Estimates

	Financial Estimates									
	1	2	3	4	5	6	7	8	9	10
Total Revenue	0	27,053,906	27,617,251	28,197,941	28,796,735	29,414,431	31,553,868	32,530,065	33,543,303	34,595,214
COGS	0	12,316,721	12,612,779	12,856,465	13,039,138	13,378,528	13,560,486	13,885,519	14,153,953	14,356,439
SGA	850,150	2,971,042	3,031,753	3,083,750	3,146,881	3,204,445	3,263,051	3,322,719	3,383,466	3,445,303
Total Costs	850,150	15,287,763	15,644,532	15,940,215	16,186,019	16,582,973	16,823,537	17,208,239	17,537,419	17,801,742
EBITDA	(850,150)	11,766,144	11,972,719	12,257,726	12,610,716	12,831,459	14,730,331	15,321,826	16,005,883	16,793,472
Margin	NA	43.5%	43.4%	43.5%	43.8%	43.6%	46.7%	47.1%	47.7%	48.5%

## Key Assumptions

- Greenhouse construction expected to be completed in the first twelve months given all permitting and engineering has been done – only requirement is capital
- 100% of produce sold to large clients who have already signed LOI or offered to purchase

## Greenhouse Comparisons

### North Country Growers

- Market Capitalization \$39.3 million
- All in delivered cost per pound of Salad Greens \$1.68

### AppHarvest

- Market Cap \$1.4 billion
- All in delivered cost per pound of Salad Greens \$2.33

### AEROFARMS<sup>®</sup>

- Market Capitalization \$1.2 billion
- All in delivered cost per pound of Salad Greens \$3.07

# Javelin Securities Management Team

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## Wally Sullivan, CEO

John (Wally) Sullivan has been a successful entrepreneur in the institutional financial space since 1993. He has been involved in the founding, building, and selling of trading firms and platforms including Pulse Trading Inc. and the BlockCross ATS. He subsequently was CEO of Javelin Capital Markets (a derivative exchange) and is on the board of Northern Bank and Trust in Woburn, MA.

## Ed McElwreath, EVP

Ed McElwreath is a 40-year Wall Street veteran. He was a managing director of Citibank, co head of the government bond department and global treasury sales manager. He has been the consultant and advisor to many prominent Wall Street Firms, and most recently ran Arbor Sales and Trading in New York (a Trading, Sales, and Research Broker Dealer). Mr. McElwreath holds Series 24, 7, 63 FINRA Registrations.

## Bob Donahue, EVP

Robert Donahue: a 30 year Wall Street veteran. Was an Executive Director at JP Morgan Securities in the Institutional Equity Sales and Trading division. He has extensive experience in Capital Markets, Equity and Fixed Income Execution , Sales and Research.

## Charlie Steele, EVP

Charles Steele spent 20 years on Wall Street in Institutional Fixed Income Sales. He was later a co-partner in a startup quantitative Hedge Fund and ran Business Development for Javelin Capital Markets.

# Legal Disclaimer

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