

Investment opportunities of the market of drinking and mineral water in the Republic of Belarus



NATIONAL AGENCY OF INVESTMENT AND PRIVATIZATION

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Resource potential for the production of mineral and drinking water in the Republic of Belarus



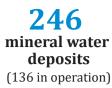
The Republic of Belarus is rich in fresh water resources. The sources of groundwater are widespread and of good quality, which provides a high quality of life for the citizens.





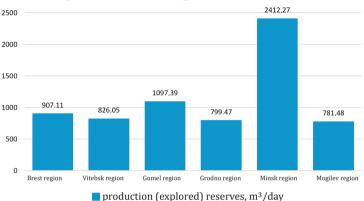
The country is taking systematic measures to combat the pollution of water bodies. The general condition of the water bodies of the Dnieper, Western Dvina, Neman and Pripyat basins has been improved. There has been a tendency to stabilize the state of water bodies in the Western Bug basin. Due to the reconstruction, modernization and construction of treatment facilities, the level of anthropogenic influence on bodies of water has been significantly reduced.





18.7% degree of use of proven exploitable groundwater reserves in Belarus

Distribution of exploitable fresh groundwater reserves by administrative regions as of 01.01.2019



Fresh groundwater

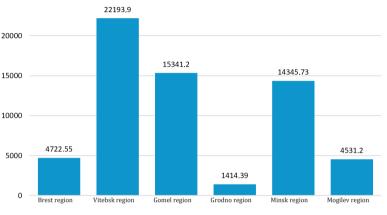
Projected operational resources of fresh groundwater in the whole country are estimated at 49.596 thousand m³/day. To date, 12.88% of forecast resources has been explored. The potential uses of groundwater are characterized by their natural resources, which amount to 43 560 m³/day.

Mineral groundwater

The presence of mineral waters in the thickness of the underground hydrosphere has been established in the most part of Belarus. The exception is several districts of the Grodno and Brest regions and some areas within the southwestern part of the Minsk region.

The country has significant reserves of a variety of mineral waters, the quality of which is not inferior to mineral waters of Western Europe and the Caucasus. Uses of mineral water include health-resort treatment, consumption and production of bottled water under numerous brand names.

Distribution of exploitable fresh groundwater reserves by administrative regions as of 01.01.2019



production (explored by category A+B+C₁) reserves, m³/day

Belarusian mineral waters have therapeutic properties; this resource can be successfully used for the development of medical and health tourism. The visiting card of Belarusian sanatoriums is balneotherapy. Hydrotherapy including baths, showers, irrigation, inhalations, drinking - are performed using natural mineral water as well as the purest fresh water with plant extracts and aroma oils.

Almost all Belarusian sanatoriums use water from their own mineral springs and underground wells for treatment.

The medical table waters with low mineralization $(1-8 \text{ g/dm}^3)$ are used for drinking. While being bottled, highly mineralized water is diluted with fresh water in some cases.

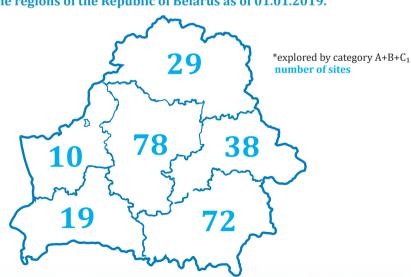
The waters of balneological type with mineralization more than 15 g/dm³ and waters with mineralization less than 1 g/dm³ that contain specific components (radon, humor, hydrogen sulfide etc.) are used in hydrotherapy.



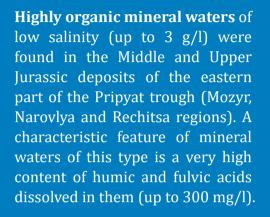
Depending on the content of ions and mineral composition Belarusian waters are divided into several classes: hydrocarbonate, sulfate, chloride, complex composition. Some waters contain biologically active components that increase their value: hydrogen sulfide, iron, bromine, iodine, fluorine. Mineral waters of mainly sodium chloride and sulfate-chloride sodium composition without specific components prevail.

The therapeutic effect of mineral waters "without specific components and properties" is determined by their macrocomponent composition and total mineralization (more than 1 g/l). They are widely used both as therapeutic and therapeutic table waters: as drinking water at mineralization of 1-10 g/l and for therapeutic baths at higher mineralization.

Bromine and iodine-bromine waters and brines, radon waters as well as mineral groundwater with high content of organic (humic) substances have more limited use in Belarus.



Reserves oof mineral groundwater within the boundaries of the regions of the Republic of Belarus as of 01.01.2019.



Bromine and iodine-bromine waters and brines in Belarus are quite widespread and are confined to the deepest zones of hydrogeological pools.

Radon waters were discovered in rocks of the crystalline the basement in the most elevated part of the Belarusian anteclise (Dyatlovsky district of the Grodno region. Nesvizh district of the Minsk region). According to the radon content these mineral waters are classified as very weak. weak and medium radon and reach 280-3150 Bg/l.

On the territory of Belarusian Polesie unique **ultra-fresh underground waters** with a salinity of 15 to 50 mg/l have been identified. This is significantly lower than the salinity of ordinary drinking water (300-400 mg/l) and practically corresponds to the salinity of precipitation.

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Water use



Availability of water resources per capita in the Belarus is close to the average European level and amounts to 6.1 thousand m³ per capita per year, but at the same time it is significantly higher than in neighboring countries - Poland (1.7 thousand m³ per capita per year) and Ukraine (4.100 m³ /year per inhabitant).

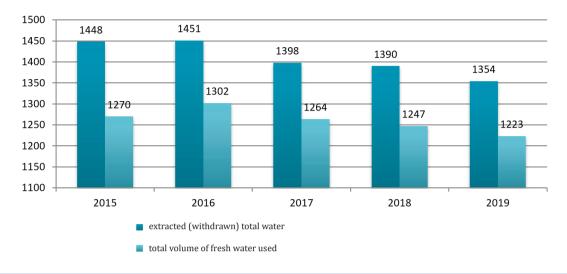
Groundwater quality complies with the sanitary rules and standards of the Republic of Belarus. The exception is the high content of iron, manganese, sometimes barium, ammonium nitrogen and silicon oxide, a low concentration of fluorine, as well as a deviation from the standards for organoleptic properties. These discrepancies are explained by the peculiarities of the natural hydrogeological conditions of the territory of Belarus.

Today, the water that the Belarusians drink is absolutely safe, and where deferrization stations are installed, it meets all the global standards.

By 2025 it is planned to complete the transition of the city of Minsk to water supply from underground sources. Also by 2025 it is planned to build 1.461 water deferrization stations in rural areas. Construction of deferrization stations is one of the main tasks of the state program "Clean Water", which is now being developed for 2021-2025. In addition, Belarus is implementing projects in the field of water supply and the drainage systems with the active participation of World Bank.

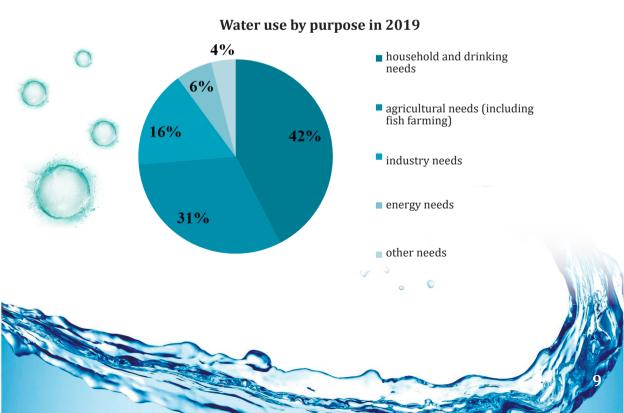


Water production (withdrawal) over the past five years has had a steady downward trend. In 2019, this figure decreased by 36 million m³ relative to 2018 and amounted to 1.354 million m³. Fresh water was used 1223 million m³, which is 90.3% of the amount of extracted (withdrawn) water.



Extraction (withdrawal) of water from natural sources and use fresh water (million m³/per year)

The bulk of the country`s water use is for household and drinking needs, agriculture, industry, and energy.



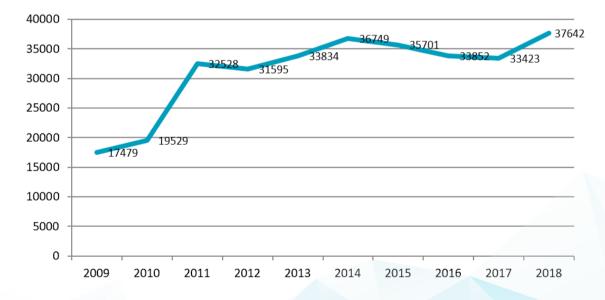
Bottled water production

Currently, fresh water and only a few types of mineral groundwater are mined and actively used in balneology and for bottling in Belarus.

Basically, these are waters that belong to the group of mineral waters "without specific components and properties": primarily sodium chloride waters with a salinity of 1 to 35 g/l and brines with a salinity of more than 35 g/l, which are very widespread throughout almost all the territory of Belarus. Calcium sulfate waters with a salinity of 1.0 to 3.0 g/l, which are common in the northwestern, central, and northeastern regions of the country, are also a large group of associations of mixing sodium chloride and calcium sulfate mineral waters.

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Mineral and carbonated unsweetened and non-aromatized water production in the Republic of Belarus in 2009-2018, thousand decalitres



Largest manufacturing companies of mineral and drinking water in Belarus

LLC "Abronix"

LLC "Abronix" is a producer of natural drinking water "Slavnaya". The company's artesian well with a depth of 63 m is located 170 km away from Minsk in the village of Osovets, Lyuban district, Minsk region. The composition of the soil protects the artesian well from the ingress of hazardous substances. The solid layer of



sandstone is more than 18 meters, which serves as an additional natural filter, so the water is already characterized by high hygienic parametrs in its initial state.

CJSC "MZBN"

Today in Belarus the Minsk Soft Drinks Plant produces carbonated and non-carbonated mineral and drinking water, soft and low-alcohol drinks. The main specialization is the production of mineral water. The production is based on the use of their own



sources: there are six artesian wells with a depth of 106 to 418 m on the territory of the plant.

The company has been supplying its products to European countries since 2007. The company has European certificates for the production and production of mineral water, carbonated and non-carbonated drinks, drinking water. Product control is carried out at all stages of its production.

The high quality of the products of CJSC "MZBN" has been repeatedly admited in various nominations at international and republican contests for drinks and mineral waters. The Minsk Soft Drinks Plant received the "NUMBER ONE" 2019 award in the category "Mineral water of Belarusian production 2019".

PE "Darida"

"Darida" offers consumers natural mineral and drinking water, as well as soft drinks. The high quality of Belarusian C DARIDA

artesian waters became the decisive factor in the organization of production.

The company has won prizes at the annual Brand of the Year contest in various categories more than 25 times and has received positive expert opinions at national and international exhibitions. In 2020, three brands of the company, including the unique "Darida" mineral water, received the People's Brand Award in Belarus.

1992 - foundation date

4 wells: 266 m, 271 m, 387 m, 410 m

UE "Coca-Cola Beverages Belarus "



Frost

The unitary enterprise "Coca-Cola Beverages Belarus" is part of the Coca-Cola HBC Group of Companies. Coca-Cola HBC is among the top three of Global and European

Sustainability Rating among non-alcoholic beverage manufacturers.

Production activity in the Republic of Belarus has been organized since 1994 by attracting foreign direct investment. In 1997, the Coca-Cola plant was built in the village of Kolyadichi, Minsk region, which began its work in July 1997.



"Coca-Cola Beverages Belarus" is one of the leaders in the Belarusian market of soft drinks and drinking water. The company is a permanent winner in the contest "Best Products of the Year".

"Frost and K" LLC

Frost is one of the leaders in the market of the Republic of Belarus. The company sells its products in Russia and the EU: the Baltic States and Poland. Mineral and drinking water "Frost" is produced in an environmentally friendly place - Drogichin district of Brest. Laboratory

studies have shown that the water produced there meets all the sanitary standards and demonstrates the complete absence of salts of heavy metals, nitrates, and pesticides. **1997 - foundation date**

3 wells – 283 m, 285m, 195 m.

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Institute of Nature Management of the National Academy of Sciences of Belarus

The Institute of Environmental Management is one of the oldest institutes of the National Academy of Sciences of Belarus, carrying out research in the field of earth sciences.

The activity of the Institute of Nature Management of the NAS of Belarus is aimed at solving the problems of rational nature management and environmental protection.

Republican Unitary Enterprise "Research and Production Center for Geology"

The state-owned enterprise "SPC on Geology" performs a range of geological studies: geophysical research and exploration of solid minerals, fresh and mineral groundwater; seismic exploration of promising oil structures, exploration of solid minerals, geophysical studies of deep oil and gas wells; development of design and estimate documentation for exploration; drilling for oil and gas, solid minerals; geological engineering surveys; construction of wells; laboratory studies of samples of minerals, rocks and waters.

Republican Unitary Enterprise "Central Research Institute for the Integrated Use of Water Resources"

The main types of economic activity of the enterprise are research and development in the field of natural sciences, research and development in the field of technical sciences postgraduate education. These activities correspond to modern environmental trends in the use and protection of water resources and relate to the service sector, namely professional scientific and technical activities.







Investment projects for implementation in the Republic of Belarus

INVESTMENT OPPORTUNITIES FOR SETTING UP MINERAL AND DRINKING WATER PRODUCTION



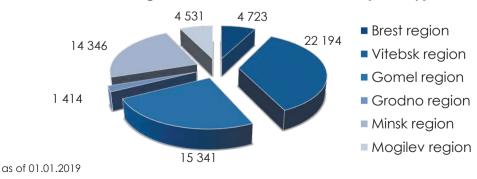
The membership of the Republic of Belarus in the EAEU opens up unhindered access to the markets of Russia and other member countries with a total population exceeding 183 million people, which forms a significant potential for the development of export activities.

Project financing FROM \$ 100 K



BROAD OPPORTUNITIES FOR BUSINESS DEVELOPMENT IN THE INDUSTRY

- ✓ 412 identified fresh water deposits and 246 sites suitable for mineral water extraction.
- ✓ Operational resources of fresh around water in the Republic as a whole are estimated at 49 596 thousand m³/ day.
- ✓ In 2017 Belarus produced 745 811 m³ of mineral water.



Mineral underground water reserves in Belarus (m³/day)

ESTABLISHMENT OF AN ENTERPRISE FOR EXTRACTION AND BOTTLING OF NATURAL ULTRA-PRESS AND DRINKING WATER OF THE HIGHEST CATEGORY FOR CHILDREN.

ABOUT THE PROJECT

Aim of the project - mining of ultra-press and fresh drinking groundwater in Lelchitsy district of Gomel region (Srednie Pechi village).

On the territory of Belarusian Polesie the unique in its composition ultrapress groundwater with mineralization from 15 to 50 mg / I was discovered.

PROJECT EFFICIENCY



\$ 1700 K total investment



Form of investor participation

Fresh groundwater resources and reserves within the Gomel region

Groundwater resources, thousand m ³ / day		Exploitation reserves, thousand m ³ / day
Natural	Forcasted	
5000,0	8477,2	1087,39

STATISTICAL DATA ON LELCHITSY DISTRICT

3221,4 KM ²	25 K PEOPLE	\$ 4891,2 K	\$ 373,2
Land area	Population, 2019	Export of goods and services in 2019	average monthly nominal wage, 2019

ARTESIAN MINERAL WATER WELL

ABOUT THE PROJECT

The goal of the project is to organize joint with JSC Vityas production of mineral water with high chemical parameters.

RESOURCE BASE

ARTESIAN WELL

Depth – 104 m Well rate – 120 m³ /h

Launched in 2008

MINERAL WATER WELL

Depth – 535 m Well rate – 6 m³ /h Water salt content – 15g/dm³

WELL CONSTRUCTION

Initial diameter – 426 mm Finishing diameter – 133 mm

Filter type tubular perforated (not installed)

Filter diameter – 133 mm Filter part length– 40 m

PROJECT EFFICIENCY





Total investment costs

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2,9 YEARS payback period



FORMATS OF COOPERATION WITH INVESTOR

JSC Vityas is ready to consider various forms of cooperation which may include the creation of a joint venture or the implementation of other investment models.

HEALTH RESORT COMPLEX "LIVING WATER" WITH PRODUCTION FACILITY FOR EXTRACTION AND BOTTLING MINERAL AND DRINKING WATER IN THE MOGILEV REGION

The goal of the project is construction a group of facilities that include:



Water production enterprise

Three wells with mineral and drinking water –low 4 (gr/dm³) and high salinity (10 gr/dm³) and with drinking water;



Living Water health resort complex

land area of 35 hectares, located on the right bank of the Olsa River;



Sports and tourist complex Living Water

land area of 25 hectares, located on the banks of the rowing canal;



Agrocomplex

an automated complex of greenhouses of yearround cultivation of environmentally friendly vegetables, herbs, mushrooms and berries;



Solar

power station

the generated electricity will be used for the needs of the complex with the sale of surplus electricity to the supplying organization.

TOTAL INVESTMENT COSTS \$ 25 M

ORGANIZATION OF MINERAL WATER BOTTLING IN THE UBBAN SETTI EMENT OF BELYNICHI

ABOUT THE PROJECT

The goal of the project is to extract and bottle mineral water in Belvnichi, Moailev region, Republic of Belarus on the premises of LLC VNN-Plus.

RAW MATERIAL'S BASE

LLC VNN-Plus owns an with artesian well a capacity of 72 m³/h and a depth of 248 m

PRO IFCT FFFICIENCY \$1111 K

Total investment costs

38 MONTHS

Dynamic payback period

22.37%

Product profitability

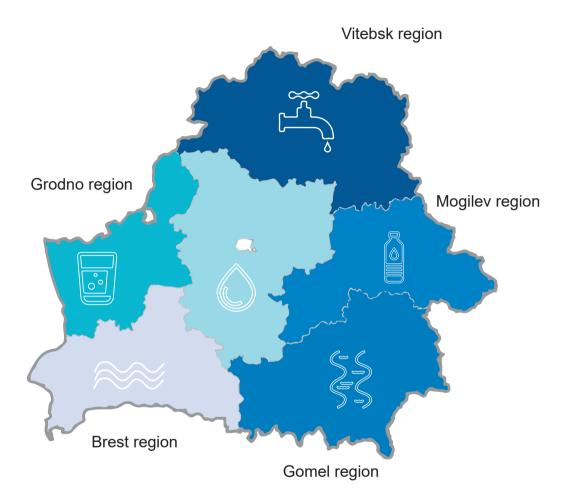


Water belongs to the category of medium mineralization

THE BENEFITS OF THE PROJECT

- \checkmark Favorable location: Belvnichi, where the artesian well is located, is a major railway junction, close to the M4 – Minsk-Mogilev highway.
- ✓ The distance from Belynichi to Minsk is 145 km, and the border with Russia is 150 km away.
- ✓ To organize the production of mineral water bottling, LLC VNN-Plus has extensive production (800 m²) and warehouse (1000 m²) premises, where the corresponding production line can be placed and the finished product can be stored.

Projects of the market of drinking and mineral water are represented at the interactive portal «Investor`s Roadmap»





More investment projects and ideas, as well as land plots and real estate objects for the implementation of investment projects can be found on the interctive portal **20** «Investor`s Roadmap»

The Republic of Belarus

Population: 9.48 million (45.7 people/km²) **Territory:** 207, 600 km²

The Republic of Belarus is a state in the center of Europe. The shortest transport communications that connect the CIS countries with the states of Western Europe run through the territory of Belarus. By area Belarus surpasses such European countries as Austria, Belgium, Greece, the Netherlands,Portugal, and the Czech Republic.

Belarus is an export-oriented state with developed industry, services sector and agriculture.

Belarus maintains trade relations with almost all countries in the world.



Key indicators, 2019



Nominal GDP \$ 63.2 b

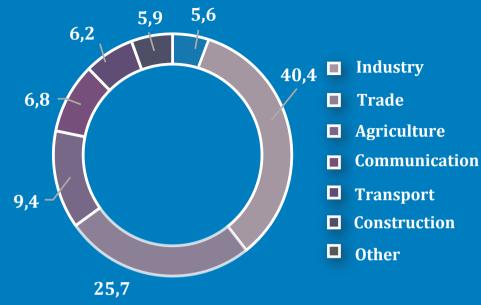


Foreign trade in goods and services \$ 84.2 b





GDP structure, 2019



Global rankings

	ernment t Index 2020		Development ex 2020	
Belarus	40	Belarus	53	
Latvia	49	Georgia	61	
Armenia	68	Ukraine	74	
Kyrgyzstan	83	Azerbaijan	88	
		0	jo	
	The Human (Index 20)		Global Food Se Index 201	
	Belarus	36	Belarus	36
	Russia	41	Romania	38
	Ukraine	53	Russia	42
	Kazakhstan	55	Kazakhstan	48

10 mln consumers in Belarus



Investment agreement

Investment agreement with Belarus provides substantial benefits and additional governmental support.



agreements with countries for promotion and mutual protection of investments



agreements with countries on avoidance of double taxation

Visa-free regime

Visa-free travel to Belarus for 30 days for the citizens of 70 + countries coming through the national airport. Visa-free travel to Brest and Grodno regions for 15 days for citizens of 70 + countries coming through 12 international checkpoints on the EU border.

Preferential Investment Regimes

Free Economic Zones

1. Exemption from income tax upon sale for export customers and to other residents of FEZ

2. Exemption from real estate tax on objects within the territory of FEZ for three years from the date of registration

3. Exemption from land tax and lease of land for the period of design and construction, but no more than 5 years from the date of registration. Exemption holds no matter what actual uses of the land are.provided that it is used for export sales and (or) for sales to other residents. 4. Exemption from payment for the right to conclude a land lease agreement

*Minimum investment amount 0.5 million EUR

Small towns

1. Exemption from income tax for 7 years from the date of registration, on the sale of goods (works, services) of own production

2. Real estate tax exemption for 7 years from the date of the building registration

3. Exemption from import customs duties in respect to the imported goods contributed to the shareholders capital, provided that no more than 5 days have passed from the date of their manufacture

4. Exemption from income tax in respect to profit derived from the sale of goods of own production

5. Income tax exemption for 7 years

Industrial park 'Great Stone'

1. Exemption from income tax for 10 years, and

- 50% of the current tax rate from then on
- 2. Real estate tax exemption

3. Land tax exemption

4. Rent exemption

5. Exemption from compensation for losses of forestry and agricultural production

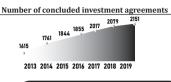
1. VAT deduction in full

2. Exemption from import customs duties and taxes upon import into the Republic of Belarus of technological equipment, raw materials

Investment

agreement

3. Exemption from compensation for losses of forestry and agricultural production





1. Income tax - 10% for 7 years from the date of commencement of business 2. Pension insurance for entities - 24%, within 7 years

from the start of business

3. Financing the costs of building engineering and transport infrastructure for the implementation of projects in agriculture and industry

Orsha district

1. VAT deduction in full for the objects built and equipped within Orsha district

2. Exemption from charges for issuing work

permits for foreign citizens 3. Exemption from compensation for losses of forestry

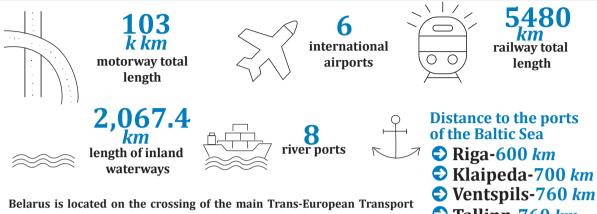
and agriculture production

4. Pension insurance for entities - 24%

5. Financial support for medium-sized enterprises at the expense of the regional budget



Favorable geographical location



Corridors (II West-East and IX North-South, with branching Corridor IXB). The country's beneficial geographical location determines its advanced transport infrastructure.

The Trans-European Transport Corridor with its branching opens direct access to the specialized sea ports of Klaipeda, Ventspils and Kaliningrad for cargo owners from Central Russia and Eastern Ukraine.







National Agency of Investment and Privatization

The Agency provides assistance for foreign investors interested in launching a business in Belarus:

- provision of information about investment opportunities, preferential regimes and benefits granted, economic sectors and legislation
- provision of up-to-date information about investment projects
- assistance in selection of sites and premises
- search for prospective partners for investment projects, arranging meetings and negotiations for establishing cooperation

- providing a platform for negotiations and support during negotiations
- organization of visits to the Republic of Belarus (schedule development, visa support)
- representation of investor's interests during negotiations with governmental representatives concerning implementation of investment projects, as well as improvement of investment climate in the Republic of Belarus
- aftercare



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