



INDEPENDENT FINANCIAL ADVICE SINCE 1974

Lowell, Blake & Associates
141 Tremont St., Suite 200
Boston, MA 02111

P 617.422.0064
F 617.422.0744

Lowell-Blake.com

SENT VIA EMAIL

February 18, 2020

Mr. Wayne Marshall
Director of Code & Planning
Belfast Planning Board
City Hall, Council Chambers
131 Church Street, Belfast ME 04915

Re: Nordic Aquafarms proposed RAS facility

Dear Mr. Marshall:

We are writing in response to the proposed RAS facility in Belfast, ME by Nordic Aquafarms. Lowell, Blake, and Associates is an ethical investment management firm that has been investing in a sustainable manner in Maine for over 40 years. By conserving nature and creating jobs in sustainable timber and farming projects, we have been doing the right thing before it was a marketing ploy. Our curiosity was piqued when we heard about the RAS facility and decided to dig deeper as conserving nature and creating jobs is exactly the type of investment we would want to be associated. Unfortunately, we come away unimpressed.

RAS technology is currently at the earliest stages of development. This is the equivalent of where wind and solar projects were in the 1970s. When wind and solar first

Mr. Wayne Marshall
February 18, 2020

appeared, there was great excitement, however it soon became clear that the hype/dream did not translate into an economic sustainable reality as the technology was not there yet, and several people lost money and jobs. As most of these projects go, the people who lost the most were not the original investors, but rather the towns and workers where the projects were based. This is exactly where we are with RAS as it relates to salmon. Our research has indicated there is currently not a RAS based aquafarm for salmon that is profitable on the planet. This bears repeating – we believe there is not a RAS based aquafarm for salmon that is profitable on the planet.

We have spoken to several industry people, most wanted to be kept off the record, but what we learned is that scale is not the issue. The issue is the technology itself; it just doesn't work the way it needs to currently for salmon production. After learning this, curiosity took over, why would one create a RAS salmon project knowing it will lose money? A passion project could be defensible; a love of salmon and technology and a willingness to put a few dollars into a venture – these were the early solar and wind projects, good for the ego, but not for the wallet nor for the long-term farmland on which they were placed. However, this is not a passion project, this is a \$500,000,000 behemoth that aims to be the largest, or second largest, RAS project on the planet for a fish that does not respond well to a RAS environment. The plot thickens.

Nordic Aquafarm is not stupid. They are successful businessmen and they aim to continue to be successful businessmen. They must be making money somewhere. You do not put \$500,000,000 into an investment without expecting to make multiples of that amount. How do you do this on a technology that, again based on conversations we have had with experts, does not scale and does not work for salmon? You use the same formula Atlantic Sapphire has done. You get the infrastructure on the cheap and you go public with your company. In this instance, Atlantic Sapphire is building a \$500,000,000 RAS facility on an old tomato farm in Florida. Their stock has done well, while their Florida based farm has produced nothing.

Mr. Wayne Marshall
February 18, 2020

So who benefits in a situation where a company has a large stock price due to feel good trends, but the premise is built on technology that does not yet work for that product? Again, we can simply look at the original wind and solar farms for the answer. It tends not to be the employees or the town that supports that company. In fact, it tends to only benefit management since they can recoup their investment and get paid handsomely. We don't begrudge them. This is the equivalent of getting the money and thinking the technology will catch up to their vision – it doesn't have to be something nefarious, but rather something overly optimistic. While there may be a need for Nordic Aquafarm to be first or a close second to market in order to beat competition, Belfast does not need to take this risk. If the stock market should fall due to a recession or should a stock fall due to company specific risks, without cash flow and access to capital, projects will fail and be halted or abandoned. Belfast could be left with a half-finished project on premier land that no new company would want to take over.

We have read the documents that Nordic Aquafarm has provided, and they have repeatedly stated that Belfast is a unique asset with fresh water and saltwater – an ideal location for many things. Belfast can wait for the technology to become better. Being located on the East Coast, and with such a unique geography, Belfast will still be the ideal place for several industries, including RAS aquafarming once the technology is proven.

As I'm sure you are aware, Ducktrap in Belfast is owned by Mowi which is the largest, or one of the largest, salmon producers in the world (data is not clear if they are number one or number two). Currently they own zero RAS facilities. If RAS technology worked for salmon, wouldn't the largest producer of salmon in the world be using it? If the fish tasted good, wouldn't Mowi be buying it?

Please follow the money, look at the technology, and see who will be left holding the bag when it fails. We have seen this several times in the investment world, particularly with newer technologies. The idea of RAS aquafarming is terrific, and extremely interesting;

Mr. Wayne Marshall
February 18, 2020

however, Belfast does not need to take the risk to determine if it works or not. Belfast is holding the premier asset and can wait.

For your consideration, we offer the contact information of a third party that is much more experienced in the aquafarm arena than we are. He has no skin in the game and has multiple contacts across the industry should you want more experts involved which we would strongly encourage you to do.

Jonathan F.X. O'Brien, Esq.
Charles River Law Partners, LLC
One State Street, 4th Floor
Boston, MA 02109

T: (617) 357-4898
jobrien@charlesriverlaw.com

Sincerely,



J. Timothy Delaney
Principal / Managing Director of Investment Strategy

CC:

public@cityofbelfast.org

NordicAquaFarms.DEP@maine.gov

The Honorable Angus King via <https://www.king.senate.gov/contact>

The Honorable Janet T. Mills via <https://www.maine.gov/governor/mills/contact/share-your-opinion>

JTD/ ABS