



NATURAL MINERAL WATER



Virgen de las Ánimas Water emerges from Arequita, a remarkable volcanic formation of 300 million years, considered to be a geological rarity for resisting weathering thoughout the ages. This natural sanctuary, surroundd by an ecological reserve, protects, filters and mineralizes our water in a unique way. Its high purity, lightness and exceptional taste stands out in every epicurean context.

Virgen Water de las Ánimas . Cerro Arequita . Minas - Uruguay

www.virgendelasanimas.com



CONTENTS

- 07. VISION
- 09.ORIGIN: NATURAL URUGUAY
- 10. GEOLOGY OF VIRGEN ENVIRONMENT
- 11. QUALITY OF VIRGEN WATER
- 16. DIFFERENTIALS / 11 REASONS
- 22. POTENTIAL CUSTOMERS
- 24. MARKETING OBJECTIVES
- 25.BOTTLED WATER MARKET
- 26. TARGET MARKET AND CONSUMER BEHAVIOUR
- 27.BOTTLING PLANT
- 28.PRODUCTION CAPACITY





To provide our customers with an exclusive Natural Mineral Water of exceptional purity, taste and smoothness to be positioned amongst the premium water brands in the world. Our focus is on the product quality and control as well as the protection of the environment in general and around the aquifer, creating value and marking a difference in all that we do.

Our long term vision is based on being an excellent place to work and stimulating our employees to give their best at all times. At the same time, we seek to become a responsible global corporate citizen recognized for offering a unique water product to the world. A product that internationally demonstrates the bounty and quality of VIRGEN Artesian Mineral Water, a natural treasure of Uruguay.

We also seek to identify and develop strategic business partners to build global brand loyalty.



ORIGIN: NATURAL URUGUAY

Uruguay has one of the lowest levels of pollution in the world. It is placed third among the 146 countries studied through the Environmental Sustainability Index (ESI) (1) by environmental experts at the Universities of Yale and Columbia (www.yale.edu/esi). According to this research, a high level of ESI implies that the country is well-positioned to maintain favourable environmental conditions in the future. The five best qualified countries are Finland, Norway, Uruguay, Sweden and Iceland.

This situation implies that Uruguay is in a privileged position to extract some of the purest waters in the world from its preserved aquifers. The location of these aquifers was scientifically determined through expert geological and hydrogeological research in order to deliver the purest and highest quality water within Uruguay.

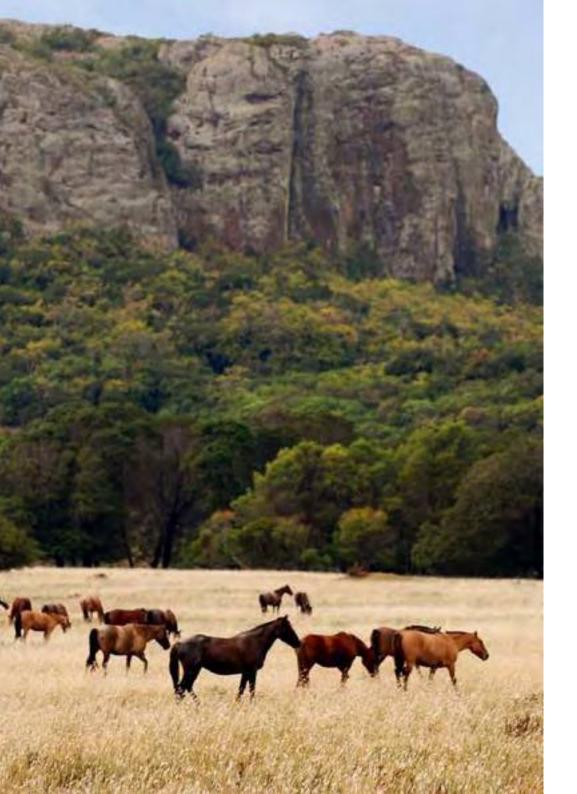
According to experts, the primary factors in determining the best natural mineral water quality are its virginality (lack of contaminants, microbiological pollution, and absence of nitrates) and its taste which results from a balanced physicochemical composition given that elevated levels of certain minerals can cause a non-desirable taste.

Always focusing on the highest level of quality, the area of Arequita was chosen. It is a remarkable volcanic formation dating back 300 million years and is considered to be a geological rarity because of its resistance to meteorization (2) throughout the ages.

This natural sanctuary, surrounded by an ecological reserve, protects, filters and mineralizes our water in a unique way.

¹ Índice de Sustentabilidad Ambiental (ISA) or Environmental Sustainability Index (ESI) carried out in 2005. This index was an initiative of the Global Leaders for Tomorrow Environmental Task Force from World Economic Forum. The pilot study was developed by Yale Center for Environmental Law and Policy and Centre for International Earth Science Information Network of Columbia University.

² Meteorization is the disintegration and decomposition of a rock in the earth surface or next to it, as a consequence of its exposure to atmospheric agents with the intervention of biological agents.



GEOLOGY OF ENVIRONMENT

The natural source of Virgen water arises from a very particular geological environment; this area of Uruguay has gathered rocks from very different ages throughout the eras. The latest readings show that this region Lavalleja, where the water source is located, is home to some of the oldest rock formations in South America, estimated to be 3.54 billion years old, harmoniously coexisting with more recent rock formations. This remarkable combination creates an incomparable geological condition to purify and contain our water. This geological frame explains the exceptional properties and superiority of Virgen water in terms of quality and taste.

Geologically, the rocks from these mountains are the product of volcanic activity that resulted from the separation of the American and African continents. Water, on its underground trip, has travelled along the depths of the limestone rock for centuries allowing the preservation of its original state. This unusual rock formation has acted as an ancient incubator producing some of the world's finest mineral water, giving the water its character, perfect mineral balance and superb taste: a taste captured in every bottle of Virgen.

QUALITY OF VIRGEN WATER

As discussed before, according to water specialists, the key factors in determining premium quality of natural mineral water are its purity (lack of microbiological pollution and absence of nitrates) and its taste which results from a balanced physicochemical composition given that elevated levels of certain minerals can cause a non-desirable taste.

VIRGEN water has a perfect balance in its physicochemical composition which makes it very light and soft. As a comparable reference point, its composition is very similar to that of EVIAN water, offering consumers one of the tastiest and lightest waters in the world, however, with lower levels of nitrates. A comparison of the nitrate levels in these two brands of water is shown in Table 01 below.

Virgen water has a low sodium content, 5.6 mg/l, 95 mg/l calcium, 22 mg/l magnesium (this calcium/magnesium relation makes it very light and soft), a Total of Dissolved Solids (TDS) of 320 mg/l, pH 7,5 (which

results in a slightly sweet flavour) free of nitrates (pollution index.

The commercial name "VIRGEN, untouched by men" emphasizes its purity (3), a highly valued quality in the global water market.

Table 01: Comparison of physicochemical composition between Virgen water and Evian water.

rameter	VIRGEN	EVIAN	
1	7,5	7,2	
trate	< 1mg/l	3,7 mg/l	
lcium	85 mg/l	80 mg/l	
agnesium	22 mg/l	26 mg/l	
dium	5,6 mg/l	6,5 mg/l	
tassium	0,8 mg/l	1 mg/l	
ice	12 mg/l	15 mg/l	
lorides	5 mg/l	6,8 mg/l	
ırdness	328 mg/l	291 mg/l	
carbonate	350 mg/l	360 mg/l	
)S	320 mg/l	357 mg/l	

³ The concept of virginity refers to the absence of nitrates (NO3), which are chemical pollutants of water.

Since first constructing and deploying our bottling facility, we have diligently planned and executed a state of the art Quality Control Management System, an Environmental Management

Superior 0 - 1 mg/l
 Very Good 1 - 4 mg/l
 Good 4 - 7 mg/l
 Acceptable 7 - 10 mg/l
 Potable 10 - 50 mg/l

Table 02: Classification of bottled waters according to its nitrate content, web page:

System and an Occupational Safety and Health Management System. Our emphasis on these programs and procedures assures the highest quality product for our customers, while protecting the work environment for our valued employees.

Collectively, these processes, the organizational structure, the capable expertise of our facility supervisors and employees and the superior plant design, comply with all the requirements of the standards ISO 9001:2008 "System of Quality Management- Requirements" as well as the standards ISO 14001:2004 "Environmental Management Systems - Requirements with use orientation" and OHSAS 18001:2007 "Occupational Safety and Health Management Systems - Requirements".

BRAND	NITRATES	Table 03: Nitrate content of different waters in the world.
VIRGEN	<1 mg/l	
Salus (Uruguay)	2,5 mg/l	
Evian (Francia)	3,7 mg/l	
Perrier (Francia)	5 mg/l	
Hildon (Inglaterra)	6 mg/l	





OUR DIFFERENTIALS

The high level of acceptance that has been achieved among distributors, luxurious hotels and restaurants is based on the exceptional purity of this natural mineral water, its taste and softness. Coming from an aquifer located in an environment protected from all kinds of pollution, it can be easily recognized by consumers.

This fact, coupled with its packaging, communication and its distribution channel positioning, targeting exclusively gourmet consumers or foodies, allows Virgen water to be positioned as an exclusive and high quality product. In 4 addition, it enables HOREDI's to earn higher profit margins than other more popular, mass consumer brands.



11 REASONS FOR THIS POSITIONING:	01 PURITY & VIRGINITY	NATURAL MINERAL WATER	03 EXCEPTIONAL FLAVOUR
LOW SODIUM CONTENT (5,6mg)	05 ARTESIAN AQUIFER	06 BUSINESS STRATEGY	07 ELEGANT & FINE BOTTLE
08 ORIGIN: URUGUAY	09 EXCLUSIVE PRODUCT	10 PRODUCTIVE EFFICIENCY	11 ECOLOGICAL & RESPONSIBLE

virgen water | 19

1. PURITY AND VIRGINITY OF VIRGEN WATER

The main characteristic to being considered a Premium Water is to be uncontaminated, which is characterized by the absence of nitrates; fertilizers, herbicides, etc. in the water.

VIRGEN is one of very few examples of water found with less than 1 mg/litre of nitrates in the world.

The significance of nitrates in water composition is such that quality levels of water are based on it, as shown in Table 02 (p.10).

It should be mentioned that Virgen Water has been included in a new book (in Spanish) by Michael Mascha, a renowned water sommelier and creator of www.finewaters.com, as one of the 60 premium and most distinguished waters in the world.

2. NATURAL MINERAL WATER

Good quality natural mineral water has become a very scarce product all over the world and is highly valued in the bottled water market.

Water is classified as NATURAL MINERAL when:

- The minerals and trace elements that it contains are part of its natural composition, and they are not added.
- Its physicochemical composition and its organoleptic characteristics remain steady despite climatic fluctuations
- It originates from underground; therefore, it is naturally pure given that it does not contain pollution of any kind.
- It is bottled under strict hygienic and sanitary conditions near the location where it flows.
- The bottling process is exclusively subjected to treatments authorized by the Codex Alimentarius (6), carried out according to the strictest quality controls to prevent any kind of pollution during the process.

3. EXCEPTIONAL FLAVOUR

Its balanced physicochemical composition and light mineralization provides a remarkable flavour and smoothness, light texture and freshness as it has been tasted by specialists. In water pairings carried out internationally, this type of water has been classified as suitable to accompany any kind of meal.

From a chemical point of view, water with a moderate level of calcium hardness such as VIRGEN offers a pleasant flavour,

calcium hardness such as VIRGEN offers a pleasant flavour, activating the taste buds and favouring the detection of flavours during the intake. The perfect balance between calcium and magnesium hardness in VIRGEN water is optimal for food digestibility and bodily requirements since this balance is equivalent to that of our body.

4. LOW SODIUM CONTENT OF 5.6 MG/L

The sodium contained in water for human consumption has been included on the List of Polluting Candidates of EPA (7). High levels of sodium can be associated with hypertension in some individuals, the lower the level of sodium in water, the more beneficial its consumption. Consequently, in this industry it is considered relevant that water provides very low sodium levels to the daily intakes (8); EPA set a limit of 20 mg/l (9).

Mineral waters which are low in sodium provide advantages in relation with prevention and treatment of the following disorders: hypertension, liquid retention, diabetes, renal disease, heart and brain disease, digestive disorders, osteoporosis.

5. ORIGINATED FROM AN ARTESIAN AQUIFER

According to The Environmental Protection Agency (10), most waters from artesian aguifers are purer than those from other

sources. This is due to the fact that multiple layers of rock and clay create a protective barrier against potential contaminants. The Artesian aquifer is a confined and pressurized chamber below ground level which has no exit to the surface and as a result, the water has no contact with air. This characteristic prevents the growth of microorganisms or any type of bacteria or contaminant.

By definition the artesian aquifers supply the world's most preserved waters. This kind of water is the most distinguished within the Premium waters and the preferred choice among foodies and gourmet consumers. The most emblematic examples of this type of bottled water are those commercialized by the Fiji and Voss brands.

6. BUSINESS STRATEGY, "STATE OF THE ART"

Please refer to the attached confidential document "Business Strategy".

7. ELEGANT AND FINE BOTTLE

GLASS BOTTLE

The packaging is a key factor for defining the product marketing as it is one of the main visual impacts which makes the product appealing to the final consumer. In this case, a synergy between the intrinsic quality of the product due to its organoleptic qualities and packaging design was sought.

⁷ EPA – United States Environmental Protection Agency. http://water.epa.gov/scitech/drinkingwater/dws/ccl/sodium.cfm#one

⁸ Complementary information can be found in: http://www.bvsde.ops-oms.org/bvsacg/e/cd-cagua/guias/b.parametos/3.RefB/quimicos/108.pdf.

⁹ Drinking Water Equivalency Level – Quoted source.

¹⁰ www.epa.gov

virgen water | 21

During the design process of the bottle the opinions of experts in the industry were considered, especially in connection with the ideal shape for the bottle. The conclusion reached was that a "trendy" bottle would overshadow the high quality of the product itself. Subsequently, a more traditional, yet elegant, bottle was selected.

This bottle is produced with serigraphic glass, by Envidrio, with a pilfer proof cap, 30 by 60 mm (see fig. 02), as used with fine wines, offering superior safety than traditional caps (it has a hygienic varnish that meets FDA's requirements, guaranteeing safe use in food and beverages).

PET BOTTLE

Premium PET packaging of 500 and 1500mL.

8. ORIGIN: URUGUAY

The premium water consumer, "foodie", or the gourmet consumer appreciates tasting – each having his/her own characteristics - a wide range of waters from diverse sources, in a similar way to that of wine tasting.

At present, there is no water of Uruguayan origin in the international market of premium waters, despite our country being recognized world-wide for its natural products (premium beef, etc). This has been enhanced by positioning the brand: URUGUAY NATURAL. Nonetheless, we should also mention that our motto "Uruguay Natural" has become well known throughout the world due to the success achieved in South Africa by the national football team.



9. EXCLUSIVE PRODUCT

Premium waters of diverse origins are products that offer high profitability, in particular, HOREDIs, due to the fact that it enables them to offer a wider range of high quality products. One of the main advantages of these waters at the initial stage (consequently, in the antipodes of mass consumption) is that they do not have a recognized reference in the market, which allows HOREDIs to value the product at premium prices as there are no referential prices. In later stages of the historic development of the leading brands, when Premium waters enter the phase of mass consumption, its original strategy changed and venturing into the off-premises markets (supermarkets, self-services, etc.), for instance as happened with FIJI, VOSS, EVIAN, PERRIER, they consequently lose this advantage.

10. PRODUCTIVE EFFICIENCY

The bottling plant was designed and executed by professionals with vast experience in multinational companies in this kind of business. One of the consequences is high efficiency at low cost which allows more negotiating power at the moment of dealing with potential customers.

11. ECOLOGICAL & RESPONSIBLE

PremiumBevs possesses one of the first ecological plants in the world which will be self-sustainable with renewable energy sources (solar and wind) in order to avoid contaminating the source (due to carbon dioxide emissions, oil spills, etc.).

A venture with these characteristics generates carbon credits which is beneficial to the company's image and strongly positions it in terms of Corporate Social Responsibility for protecting the environment.



virgen water | 23

POTENTIAL CUSTOMERS

World-wide it is estimated that Premium water represents, at present, 5% of the total bottled waters market, which is equivalent to 10 billion litres per year. There are approximately 80 brands competing with a total turnover of U\$S 20 billion per year.

The consumers of our product are mainly people who qualify as "Gourmet" and "Foodies", who are characterized by their gastronomical knowledge at an almost professional level in the first case and by a healthy life-style and their passion for luxury in the second.

These consumers do not purchase this product just to satisfy a primary need, in this case water. Instead, through their purchase, they seek to satisfy an identity of EXCLUSIVITY and PRESTIGE, through a luxury item.

Considering the type of good, our target consumers are people who recognize themselves as having the following characteristics:

- High purchasing power
- A taste for good food and fine wines in general
- High maintenance.
- Joy for acquiring exclusive goods

Market research that was carried out has revealed that the main consumption of Premium water is through the following channels:

- Luxury Hotels (boutique, 5 stars, etc.)
- Exclusive Restaurants
- Homes with high purchasing power

DELUXE HOTELS

The database www.tophotels.com/world/index.html was checked in order to verify the number of hotels where potential consumers would buy the product as it contains the main luxury hotels in the world. The resulting search showed a total of 4.545 deluxe hotels, which is a very conservative number since not all hotels are included in this base.

DELUXE RESTAURANTS

With respect to the number of deluxe restaurants, there is a wide variation worldwide due to new openings and closures which causes a variable too great to be able to quantify. For instance, in the USA Voss has a portfolio of 9.900 restaurants (12). However, from our preliminary analysis of potential customers in this kind of market, we have identified approximately 200.000 deluxe restaurants (13).

FINE WINE DISTRIBUTORS AND GOURMET PRODUCTS

As mentioned before, our product, due to its characteristics, is complementary to fine wines as well as other quality gourmet products, which implies that their distributors will be natural distributors of VIRGEN. They find the commercialization of a product of great quality very appealing, as their customers can consume it together with those of their portfolio of customers, consequently taking advantage of the distribution net already established, practically without any additional costs.

In spite of the above, there are at the moment distributors who specialize exclusively in the commercialization of Premium waters. Some examples in the global market include: Aquamaestro (USA), FineH20 (USA), Eaux du monde (France), Trusland (Spain), Great Western Wine (England), Aqua Bistro (China), Milano Food Traders (Australia), La Castellana (Mexico), H.B.D. M Sdn. Bhd (Japan), Enoteca lemallo (Italy), Truebell Marketing & Trading LLC (United Arab Emirates), Ultramar Wine Brokerage, LLC (USA) and Wine & Food Concept (Germany).



MARKETING OBJECTIVES

We have focused our marketing on increasing awareness and convincing market opinion-leaders: chefs, sommeliers, people from the gourmet world, critics, famous people, PRs through tasting or direct contact, sending them information and samples to know and taste VIRGEN water in order to generate positive comments to negotiate directly with hotel and restaurant buyers, distributors of quality gourmet products, deluxe spas, etc.

This direct marketing effort is reinforced by brand positioning in order to gain awareness and brand loyalty. For this reason we consider it essential to make publications in magazines specialized in gourmet products, avoiding mass campaigns in order to maintain and control the product's exclusivity.



BOTTLED WATER MARKET

World-wide the market segment "bottled water", within the industry of alcohol-free drinks, has experienced the highest growth in the last few years, with an annual increase of 12%, reaching 200 billion litres in 2008, according to the research done by "The Global Bottled Water Market" of Beverage Marketing Corporation.

The two largest players in the bottled water industry are the French company, Danone, and the Swiss company, Nestlé. Danone's leading brands are Evian and Volvic, whereas, Nestlé's brands include Perrier, San Pelegrino, Vittel, Contrex, Panna, Deer Park and Polland Spring.

In the premium waters market there are around eighty competing brands and the consumer values the possibility of tasting several brands as is the case with wines. The opportunity of introducing a new product that has the right combination of quality, luxury and exclusivity, which the brands mentioned above have failed to offer the market or had offered, but subsequently lost these characteristics over time as a result of mass consumption, is appreciated.

As an example, the Fiji brand (gross sale of 150 million dollars

per year (14)) has water with a good flavour, however it is nowmass consumed and therefore, it can no longer be considered exclusive

On the other hand, Bling H2O is exclusive and glamorous; however, the quality standard is affected due to it being bottled in two different sources as well as being treated water, not natural mineral water. Something similar has occurred with VOSS (gross sales of 52 million dollars per year (15)), which has become a fashion item rather than being synonymous with refinement. Finally, we can observe that the world famous Perrier is available in a wide range of selling points and has introduced fruit flavours, pushing it towards the soft drinks line of business and mass consumption. The same has happened with Evian, which has gross sales of 672 million dollars per year (16).

Premium waters are considered "affordable luxury" due to the low cost in comparison with other premium drinks. This attribute gains great importance when compared to the expenses or investment against other spending options, which also symbolize status or prestige.

¹⁴ www.fiiiwater.com

¹⁵ Harvard Business Review. N2-509-040. JANUARY 2 3, 2 0 0 9

¹⁶ The New York Times

TARGET MARKET AND CONSUMER BEHAVIOUR

VIRGEN is targeted at the segment of Premium waters, consumers belonging to the segment ABC1, highly demanding in terms of water quality and packaging. They seek not only to satisfy a basic need but also to be part of an exclusive group. They are epicurean consumers who know how to appreciate gourmet products and value the experience offered by quality food and drinks, like the previously mentioned "foodies". This type of consumer appreciates products of natural origin as a synonym of health and refinement, leaving aside alcoholic drinks and carbonated beverages.

Due to its importance, we believe it is relevant to point out again one of the key aspects of the marketing mix: the distribution chain. Target customers will be exclusive restaurants, 5 star hotels, spas, resorts, cruises, gourmet products shops, privileged classes of airlines and fine wines' distributors. Obviously, the sale of Virgen water through the internet is being considered.

Another relevant aspect to be considered at this point is price. Although, due to the vastness of the market it is impossible to set fixed and specific parameters in general, it should be noted that fine wine distributors, hotel and restaurant chains pay between 2,5 and 3,5 dollars per 750 ml bottle. In the case of hotels and restaurants, it ispossible to resell this product for between 10 and 15 dollars approximately. As Premium waters are a supplementary product to fine wines and champagnes, some of these distributors have already introduced waters to their portfolios.

According to the data collected, there is a significant share of the market still available.

The approach taken in terms of segments is initially based on the geographical variable, focusing on the following cities: Dubai, Abu Dabi, Shanghai, Sydney, Hong Kong, Tokyo, New York, DF (Mexico), Sao Paulo, Rio de Janeiro, Buenos Aires, Punta del Este, Miami, Los Angeles, Moscow, Singapore and main Caribbean beaches. However, the possibility of exporting to other destinies is being developed, provided that there is an exclusive distributor in the segment of natural mineral waters exclusively targeting potential VIGEN water consumers, a condition designed to protect the brand's image.

BOTTLING PLANT

Our industrial plant has been designed in order to keep the exceptional natural water quality untouched and achieve the highest level of productive efficiency, all while being environmentally-friendly.

Concerning the infrastructure, it was built with foundations that do not affect the rock, sanitary coatings and facilities in all areas related to the water during packaging, equipment specially prepared for aseptic filling.

These are the main characteristics of the venture regarding the production process.

We use completely-clean energy sources such as electrical and solar. The system is designed to become selfsustainable with the introduction of wind generators and taking advantage of the solar capture system and the most advanced techniques for cold generation and compressed air.

The bottling line is automatic, the brand is Zegla and it is

capable of producing 4000 bottles/hour. It has 15 rinse peaks, 15 filling valves 5 threaded heads. When selecting the machinery supplier, the emphasis was not only on build quality and good performance, but also on product and environment care, which are the basis of the business.

The plant is situated on 5 hectares of land and the total area is 36 hectares, which includes part of Arequita hill.

No fossil fuels or chemical products are used in the plant's bottling line.

It has a laboratory for quality control with state-of-the-art technology which carries out controls of inputs and the source water, final product and working environment (equipment and facilities), based on the strictest international quality standards.

Both physicochemical and microbiological analysis is carried out while it should be noted that a laminar flow cabinet and automatic autoclave were acquired.

¹⁴ www.fiiiwater.com

¹⁵ Harvard Business Review. N2-509-040. JANUARY 2 3, 2 0 0 9

¹⁶ The New York Times

It is authorized by FDA (18) , DINAMA (19), DINASA26 (20), IML(21) , MSP (22).

For further information, please look into the document: "TECHNICAL REPORT AND ONGOING INNOVATION".

PRODUCTION CAPACITY

of the first of its kind in the beverage industry.

The capacity per shift is 700,000 - 750 ml bottles working 5 days a week on a monthly basis. 1,400,000 bottles can be bottled monthly working 2 shifts and 1,750,000 bottles in 2.5 shifts.

The maximum capacity possible in the bottling line (working 22hs for 30 days) is 2,400,000 – 750 ml bottles on a monthly basis.

The current maximum capacity of the source is 3,600,000 litres per month.



¹⁷ Clean In Place

¹⁸ Food and Drug Administration

¹⁹ Environmental National Bureau, unit belonging to Ministry of Housing, Land Use Planning and Environment in Uruguay.

²⁰ National Board of Waters and Drainage, Uruguay

²¹ Municipality of Lavalleja

²² Ministry of Health



Source: Cerro Arequita Minas, Uruguay.

Bottled by Premium Bevs S.A.

For quality and information in Europe:

info@virgenwater.eu - (+34) 651 626 439

www.virgenwater.eu