

# Feedlot fattening in Punjab and Sindh

## Investment pitchbook

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KEARNEY



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# Executive Summary

## Attractive Investment Destination

- **Pakistan** is emerging as a regional powerhouse, with **a reformed economy** (inflation stabilized at lower level in the past 50 years and GDP expected to cross USD 3.3T by 2050 and **vibrant talent** (7<sup>th</sup> largest workforce with 64% under the age of 30)
  - Pakistan boasts a **thriving beef and meat sector**, with **livestock accounting for about 63.6% of agricultural value-added** and contributing roughly 14.97 % to national GDP
- 




## Captive demand

- Capitalize on **rapid growth in the commercial beef sector**, especially across nearby GCC markets
  - Leverage Pakistan's **competitive pricing** to expand export market share
  - **Invest in commercial beef fattening farms** to ensure supply of relevant quality for large commercial buyers
- 

## Feasible and Scalable Operations

- Invest in **40 commercial beef fattening farms**, each with 2,500 calves per cycle, enabling a quarterly output of 100,000 heads and scaling to 400,000 annually
- Channel **capital through HBL Asset Management**, leveraging its proven HBL Livestock Fund which has a track record of successful at scale pilots within the sector
- Scale operations by aligning with **targeted government support offering fiscal incentives** and high compliance of robust disease control and quality assurance frameworks

The Beef Sector in Pakistan is a prime opportunity for sustainable returns in a robust established industry

Pakistan Value Proposition						
<b>Reformed Economy</b> 	<b>USD 3.3Tn<sup>1</sup></b> Expected GDP in 2050 (from USD >410Bn <sup>2</sup> today)	<b>B-</b> Improved Credit Rating <sup>3</sup> from CCC-	<b>2nd best performing</b> stock market <sup>4</sup> in 2024	<b>Top 10</b> In Business Entry Regulations ranking <sup>5</sup>	<b>Stabilized Inflation</b> At lowest levels since 1968 <sup>6</sup>	<b>Special Economic Zones (SEZs)</b> Robust fiscal and trade incentive packages <sup>7</sup>
<b>Vibrant Demographics and Talent</b> 	<b>255 million</b> Large and growing population <sup>8</sup>		<b>64%</b> Population younger than 30 <sup>8</sup>		<b>7<sup>th</sup> largest</b> Global workforce <sup>9</sup>	
<b>Vibrant Beef &amp; Meat Sector</b> 	<b>14.97%</b> Contribution to GDP	<b>63.6%</b> Beef Contribution to Agri-Industry	<b>PKR 5.8 Bn</b> Gross Value Add	<b>+500 Mn USD</b> Export Earnings on Meat	<b>~2.5 Mn Tons</b> Annual Beef production	<b>Strategic Geographic Positioning</b> <b>Relatively close</b> to lucrative GCC markets

1. Goldman Sachs; 2. National Accounts Committee; 3 Fitch Ratings; 4. Bloomberg, 84% in PKR; 5. World Bank's B-READY assessment; 6. US (St Louis) Federal Reserve Bank; 7. Pakistan Government; 8. United Nations; 9. CIA World Factbook; 10. Higher Education Commission; 11. Pakistan Tourism Insights

## Value proposition: Investors can tap into strong returns from high-volume beef exports via farms in Punjab and Sindh

- Invest in the **livestock fund** and gain significant returns
- Get consistent and secure beef supply to meet needs through **guaranteed offtake agreements**
- Fund managed by **Pakistan's largest bank**



## Opportunity overview and key highlights

### Opportunity Description



- Invest in a **fund of livestock farms** (for export) in core areas of Punjab and Sindh, as well as secure beef offtake through agreements
- **Successful runs** conducted by HBL, with significant returns achieved

### High-Level Opportunity Facts



#### Business model overview

A



Punjab  
Sindh



Beef



2500 calves /  
farm



40  
Farms

B

Target market

#### GCC Markets

Beef import 3Y forecasted growth of +3.1%

Run-rate  
revenues

USD 4.1 Mn  
per farm

Return Profile

~22% Yearly Return

C

Estimated  
Project Cost

USD 1.7 Mn  
per farm (working Capital)

Proposed  
Model

- Investing in a **fund of farms fattening of 100k heads quarterly** with optional offtake contracts (if required)

### Value Proposition



- Secure **year long procurement of meat** through reliable, long-term sourcing partnerships



- Ensure access to **competitively-priced meat**



- Achieve **attractive financial returns** with high margins and short payback period

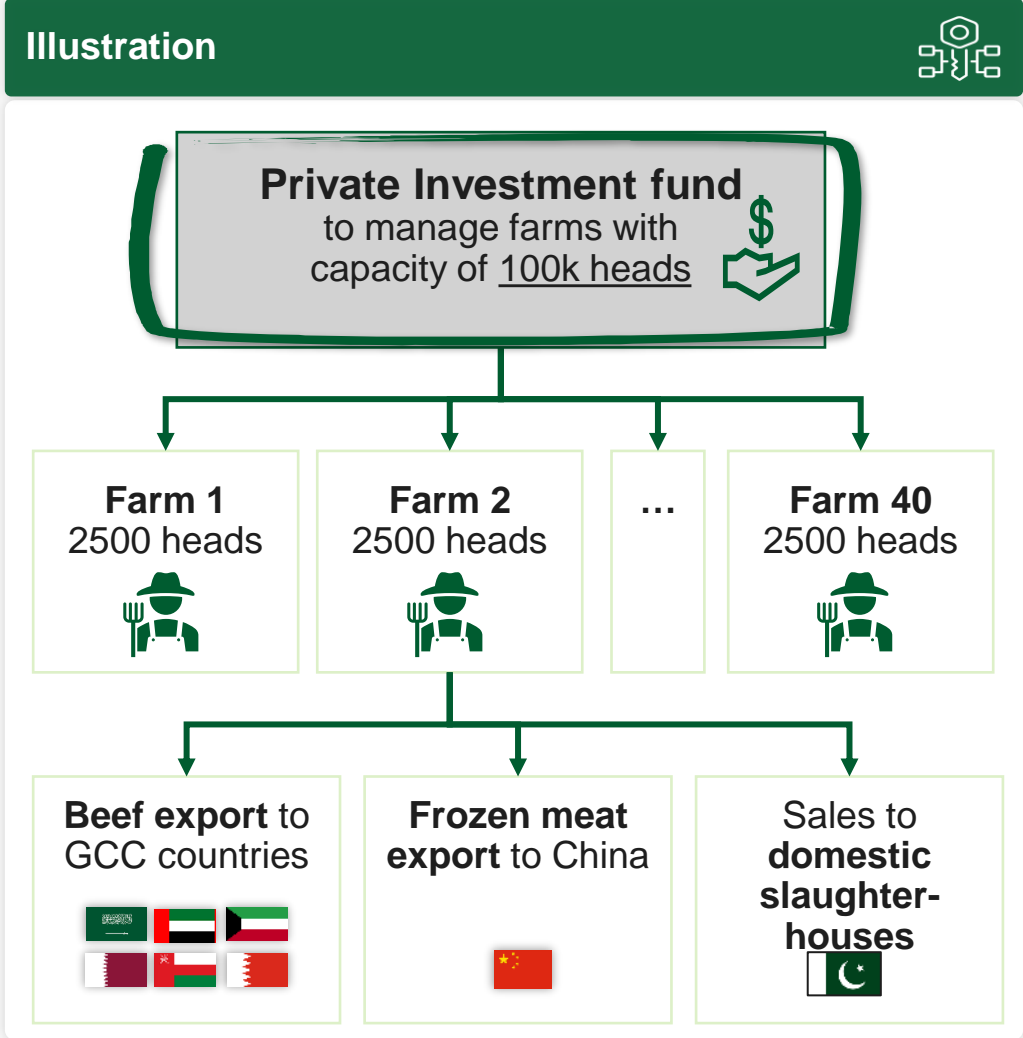


- Achieve **incremental value-add** driven by adjacent revenue stream of offals, as well as by-products like hides

# A. Business model overview: Investment will enable expansion of a network of export-driven large-scale, efficient commercial beef fattening farms in Punjab and Sindh

## Project details

Offering	<ul style="list-style-type: none"><li>– Year-round supply security of beef</li><li>– High-volume supply of 100k heads quarterly at maturity (90 – 100 days fattening period)</li></ul>
Project scope	<ul style="list-style-type: none"><li>– Establish 40 commercial fattening farms</li><li>– Each farm to host 2,500 heads, total capacity: 100,000 heads per batch</li><li>– Fattening cycle: 90–120 days</li></ul>
Targeted end-users	<ul style="list-style-type: none"><li>– Livestock exporters and traders, mainly to GCC</li><li>– Heat treated beef exports to China</li></ul>
Location	<ul style="list-style-type: none"><li>– Primarily Punjab and Sindh, with eventual expansion to KPK and Baluchistan</li></ul>
Financing	<ul style="list-style-type: none"><li>– Perpetual program with quarterly funding and operations of 100k heads per quarter</li><li>– Investment in a fund with yearly return</li></ul>
Technical specifications	<ul style="list-style-type: none"><li>– Selection of suitable breeds by agro-climatic zones</li><li>– Recommended breeds: Sahiwal, Cholistani, Dhanni, Dajal, Red Sindhi, crossbreds, and nondescript</li><li>– Ideal induction age: 9–12 months, with slaughter age at 2 years</li></ul>
Export markets clarification	<ul style="list-style-type: none"><li>– Primary market to be GCC offtake</li><li>– Heat treated beef export to China may be a strong future export avenue</li></ul>

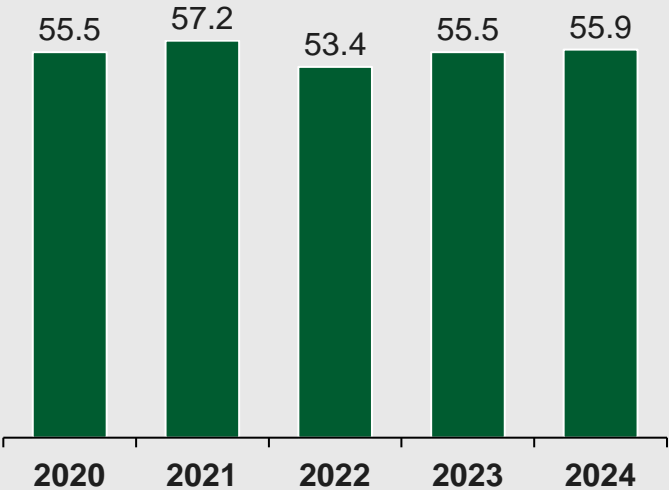




**A. Business model overview:** Pakistan boasts a cattle population of ~55.9 Million, mainly in Punjab and the proposed supply can easily be provided for the investors

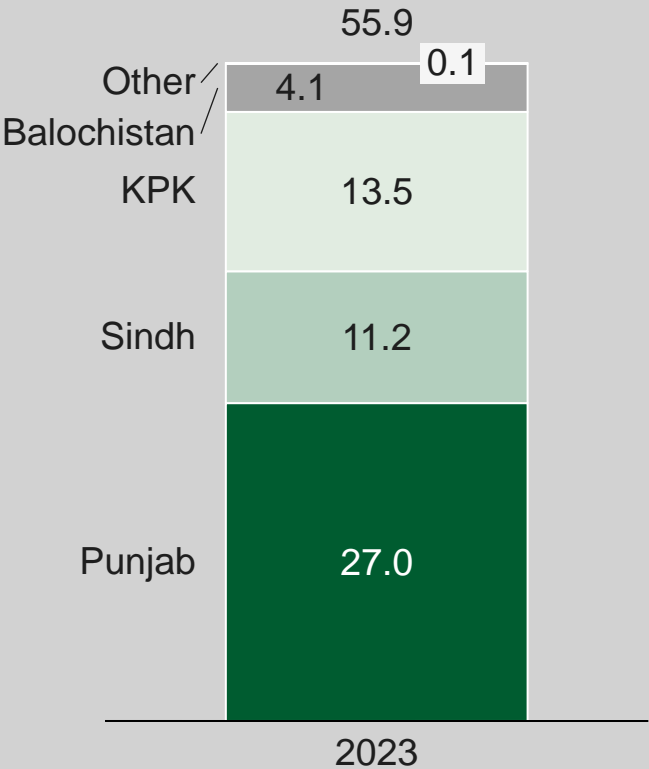
**Beef demand tailwinds**

**CATTLE POPULATION IN PAKISTAN (2020-24,MN)**



Estimated population of ~55.9 Mn suggests that system can easily **support proposed operation** (100k head set up)

**CATTLE POPULATION BY REGION (2023,MN)**



**Key Drivers**



**Domestic demand for Milk and Meat**

- Strong demand for dairy as a staple part of diet
- Large part of meat needs are served as a by-product of dairy farms



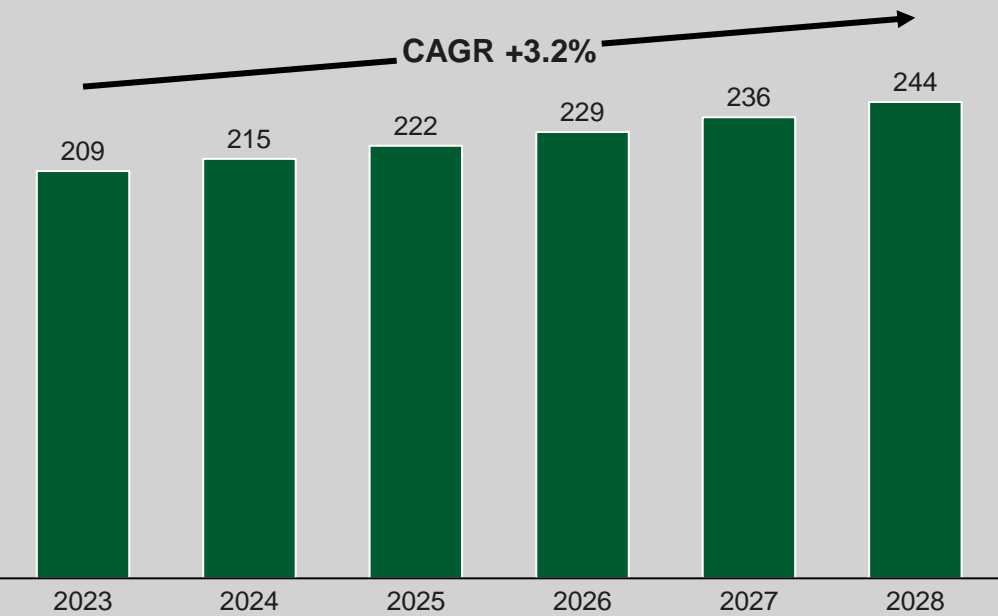
**Frag-mented livestock farms**

- Livestock farming done at a small scale with most farming done using traditional means
- Investors may enable consolidation of the farms and bring efficiencies

**B. Target market:** While the global beef market will grow steadily at a CAGR of 3.2% p.a., the commercial beef market is expected to outpace the overall market




**Beef demand tailwinds**

Global beef market growth (USD BN)



**Commercial beef** is expected to outpace the overall market, driven by the increased consumption of processed meat and foodservice (+4-6% estimated CAGR for processed meat over 23-28 period)

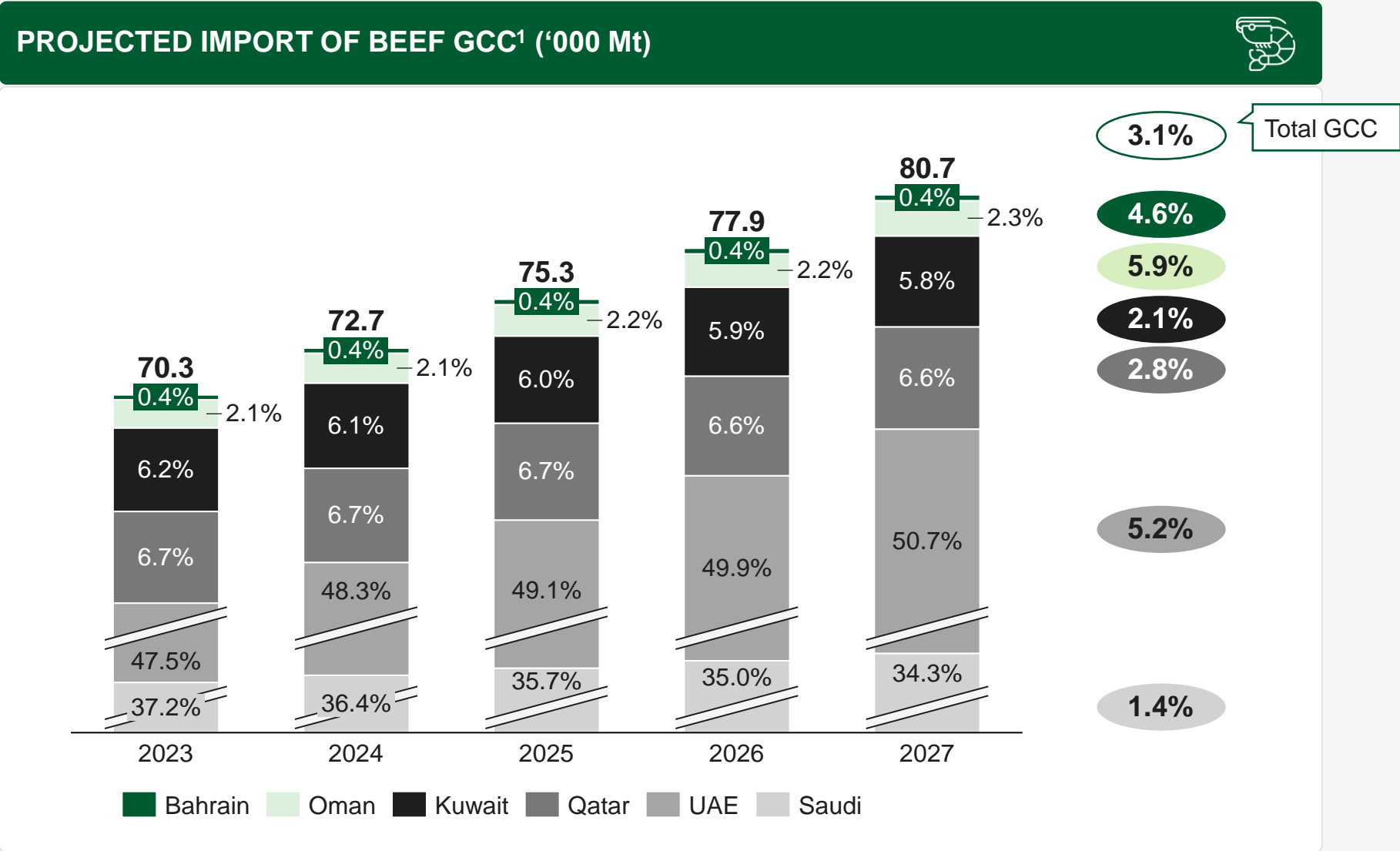
**Key Growth Drivers**

 Changing Dietary Preferences	– Rising <b>health consciousness</b> and global <b>dietary shifts</b> , especially toward <b>high-protein, low-fat options</b> , are driving beef consumption, alongside growing influence from Western cuisines
 Rising global incomes and urbanization	– Increased <b>incomes</b> and <b>urbanization</b> in <b>Asia-Pacific</b> , especially in <b>China</b> and <b>India</b> , are driving <b>higher meat demand</b> , with China relying on imports due to <b>limited domestic production</b>
 Rising demand from middle-class	– <b>Rising global demand in emerging markets</b> – Increased <b>consumption of value cuts</b> (e.g., ground beef, brisket), and <b>expansion of foodservice and processed beef in retail channels</b>



**B. Target market:**  
GCC offers a substantial market for Pakistan's beef exports, with strong forecasted growth across the region, especially in the UAE

Beef imports projections in the GCC



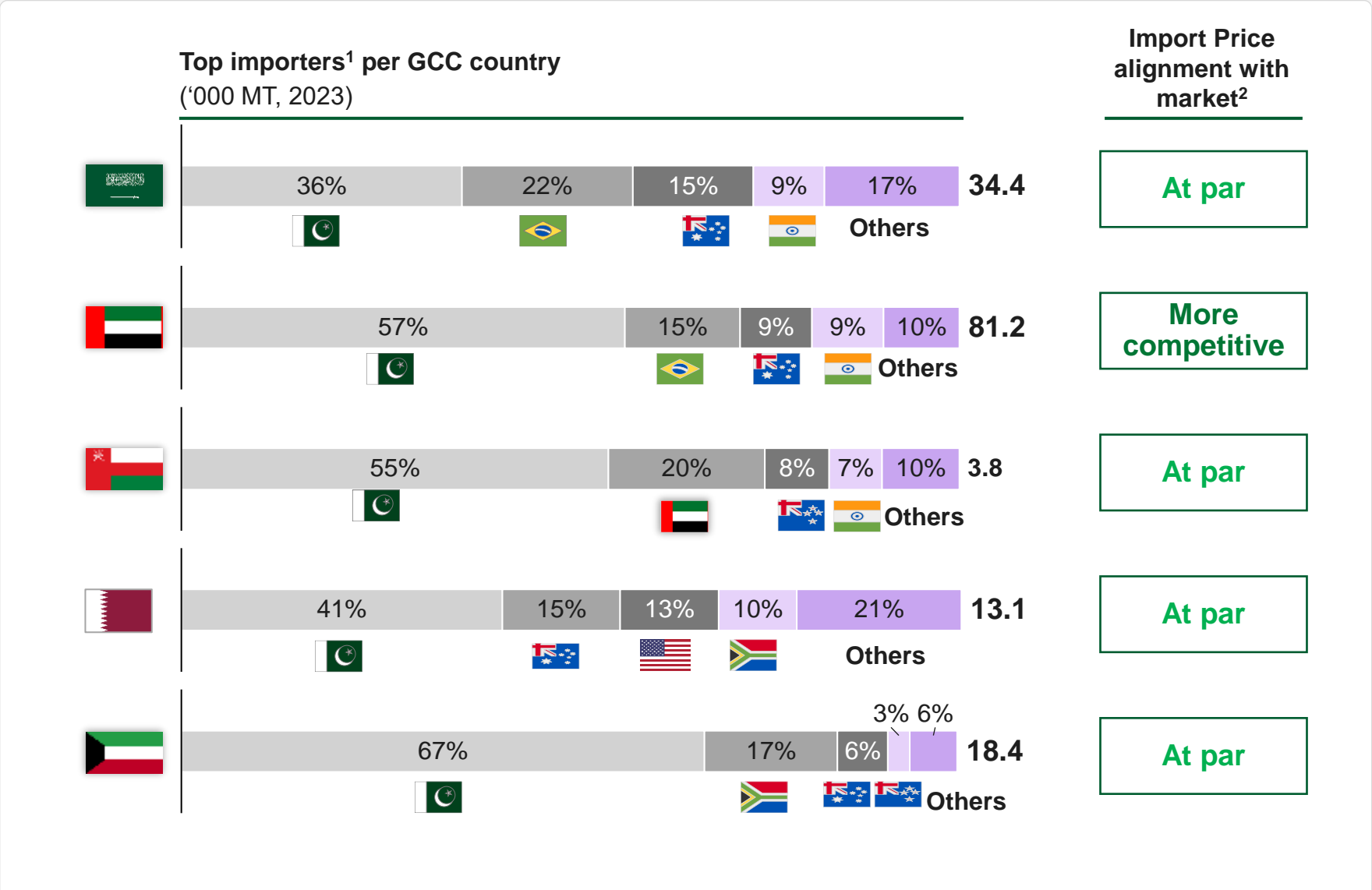
1. 2024-27 represent team projections based on 2023 base year. Values calculated by applying forecast growth CAGR for each market  
Source: WITS for 2023 data, Team analysis

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# B. Target market: Pakistan's pricing positions it competitively to secure additional market share

- Pakistan is a major import source, especially in **carcass and half-carcass for GCC**
- In **boneless bovine meat** category, Pakistan has a much lower share

## Beef imports volumes and prices GCC



## C. Business case feasibility:

Investors gain from targeted government policies designed to catalyze Beef farming growth

### Key opportunity enablers and incentives

#### Ease of Doing Business

##### Special Investment Facilitation Council (SIFC)

Central body for facilitating and fast-tracking foreign and domestic investments

##### 2023 Pakistan Investment Policy

Allow 60% stake for foreign investors in agricultural projects

##### Foreign Private Investment Act

Allow 100% repatriation of dividends



#### Investment in Beef sector

**Budgetary support of Bn 400 Rs** allocated to the sector for years 2025-2026

##### Financial support to farmers offered by states like KP

Rs 4,000 quarterly per animal

**Negotiations for meat export protocols** are ongoing with Russia, USA, Malaysia, and Lebanon



#### Fiscal Support

**Zero sales tax** on live animals and bovine meat for export

**Duty-free import** of livestock/meat supplies and equipment.

**Concessional customs duty** on food-processing machinery.

**Export Finance Scheme (EFS)** offers credit at reduced rates (~3 %) to exporters



#### Disease & Quality control

**Food and Mouth Disease control** includes vaccine production and WOAHA-compliant guidelines

##### Investment in vaccine development

**National Agri-trade & Food Safety Authority (NAFSA)** (2025) enforces sanitary/phytosanitary (SPS) standards, manages disease control and lab accreditation



## C. Business case feasibility: The Investors can allocate capital to HBL Asset Management

### Presentation of HBL Asset Management Fund

Why HBL?	Partnership objectives	Benefits for the Investor	Profit split between Fund and Investor
<p><b>Strong Institutional backing</b></p> <ul style="list-style-type: none"> <li>— Pakistan's leading brand of Habib Bank Limited</li> <li>— \$75 million agriculture finance facility from British International Investment for scale</li> </ul> <p><b>A track record of solid returns</b>, especially in equity funds (&gt;20%)</p> <p><b>Dedicated Livestock financing</b></p> <p>Direct loans for cattle purchase &amp; feed</p>	<p><b>Invest in HBL Fund</b> and gain significant returns in an attractive business</p> <p><b>Offtake agreement</b> Get consistent and secure beef throughout the year and at a competitive price</p>	<p><b>Robust governance</b> HBL won "Best Board of the Year" for transparency and oversight</p> <p><b>Quality offering</b> Veterinarian-certified cattle for superior safety and standards</p> <p><b>Consistent delivery to off-takers</b> Supply security of beef and timely fund disbursement</p>	<p><b>To be detailed during negotiation</b></p>

**HBL** | ASSET MANAGEMENT



**C. Business case feasibility:** When expanded to encompass a target of 40 farms, investors can anticipate the entire investment portfolio to yield USD 165 Mn in revenues the first year of operations with robust margins of ~9%.

## Key Investment Highlights

Scalable investment to encompass ~40 farms with USD 4.1 Mn revenues each per annum

### Healthy Revenues

- **USD 165** Mn per annum for 40 farms
- Average **growth rate of 3%**
- **Stable and predictable inflow** and due to exposure to year-round demand from export markets



### Impressive Margins

- EBITDA Margins ~**9%** for the farm
- Projected **profitability from year one** of operations



### Attractive Return Profile

- **Estimated yearly return of >22%** for investors (PKR); in line with estimated historical returns
- **Significantly outperforming benchmarks** like S&P 500 and MSCI index historically yields 7% to 12% annual returns.



### Ancillary Revenues

- Potential to **expand revenue** sources and tap into **USD 52 Bn global raw-hides market**
- Potential to **add value** by processing Beef into Offal



Source: Team Analysis

## C. Business case feasibility: Investors can expect >22% yearly return in the space

### Estimated project financials and investment case

Business Case			
Return profile	Yearly Return <sup>1</sup>	~22%	<ul style="list-style-type: none"> <li>– 10 operating years and 1 year asset development lead time</li> <li>– Profitability from Year one of Operations with positive cash commencing in year two</li> </ul>
	Payback Period	c.a. 1 year	
Operations	Revenues <sup>2</sup>	USD 4.1 Mn USD 1.06 Bn PKR 1.06 Bn PKR	<ul style="list-style-type: none"> <li>– 2500 Head of Cattle Per Facility (40 intended facilities)</li> <li>– Expected PKR 119k per head of cattle (105 Kg sold per animal post fattening)</li> </ul>
	EBITDA Margin	c.a. ~9%	<ul style="list-style-type: none"> <li>– Costs (Raw Material Procurement; Personnel, Utilities, Transportation) computed bottom-up</li> <li>– EBITDA margin aligned with comparable projects in similar emerging markets</li> </ul>
	NOPAT <sup>2</sup>	USD 315k PKR 81,5 Mn	
	Equity Input	USD 1.7 Mn	– 100% equity
Development	Buildings and Equipment	USD 198k PKR ~65 Mn	<ul style="list-style-type: none"> <li>– PKR13 Mn construction CAPEX required per acre (five acres per facility)</li> <li>– Acquisitions financed 100% through equity</li> </ul>
	Land Cost <sup>2</sup>	USD 5k PKR 1.54 Mn	










Source: Team Analysis

1. IRR in PKR 2/ USD–PKR rate at 20 June 2025 (1-258)









## C. Business case feasibility: The government has actively implemented measures to reduce the negative effects of the identified risks on investors

### Key investment risks and mitigation measures (1/2)

RISK TYPE 	DESCRIPTION 	DEGREE OF RISK 	INVESTOR MITIGATION ACTIONS 	PUBLIC SECTOR SUPPORT 
<b>MARKET RISK</b> 	Risk of <b>not achieving projected revenues</b> or sales targets	<b>Low</b> Consistent demand as <b>beef remains a staple across most markets</b> where consumption continues to grow	<ul style="list-style-type: none"> <li>Partnerships with key off-takers in the GCC (minimum volume guaranteed)</li> <li>Marketing of Pakistan's beef in target markets</li> </ul>	<ul style="list-style-type: none"> <li>Pakistan's Trade Development Authority is executing a <b>Meat Export Strategy</b> to tackle competitive constraints like high sourcing costs and low yields</li> </ul>
<b>MACROECONOMIC AND FOREIGN EXCHANGE CONDITIONS</b> 	Risk of <b>inflation or currency depreciation</b> affecting profitability	<b>Medium</b> Recent <b>track record of currency depreciation</b> , restrictions on profit repatriation and inflation but strong stability shown over last 12 – 18 months	Global commodity export business to <b>mitigate risk of currency devaluation</b> on top line and local OPEX (e.g., payroll, supplies)	<ul style="list-style-type: none"> <li><b>Facilitate access to local currency loans</b> for investment in proposed storages</li> <li>Ensure <b>repatriation of Forex</b></li> </ul>
<b>INFRASTRUCTURE</b> 	<b>Delays in utilities or access roads</b> affecting timely operations	<b>Low</b> <b>Strong road connectivity</b> in Punjab and Sindh where farms are expected to be set up	<b>Assess site readiness</b> and secure transport from farms/ to ports	<b>Supporting infrastructure</b> such as farm roads, utilities, etc.
<b>POLICY/ REGULATORY / LEGAL</b> 	Risk of <b>sudden policy changes</b> impacting contract or taxes	<b>Low</b> <ul style="list-style-type: none"> <li><b>Recent reforms and deregulation trend</b> suggesting commitment to private sector partnerships and promotion of Meat exports</li> </ul>	Include <b>independent jurisdiction</b> (e.g., UK) in contract; include robust stabilization and early termination clauses	<ul style="list-style-type: none"> <li><b>NAFSA</b>, has been established (2025) and regulates food safety, biosecurity, and agri-trade, <b>ensuring SPS compliance</b> and <b>supporting export certification</b></li> </ul>

## C. Business case feasibility: The government has actively implemented measures to reduce the negative effects of the identified risks on investors

### Key investment risks and mitigation measures (2/2)

RISK TYPE 	DESCRIPTION 	DEGREE OF RISK 	INVESTOR MITIGATION ACTIONS 	PUBLIC SECTOR SUPPORT 
<b>OPERATIONAL RISKS</b> 	— Fodder supply risk	<b>Medium</b> <ul style="list-style-type: none"> <li>Fodder shortage may significantly impact output and economics of the farm</li> </ul>	— <b>Additional insurances</b> in HBL financing	— Ensure availability of <b>alternative sources</b> of cattle / livestock feed
	— <b>Beef Quality</b> (disease free)	<b>Medium</b> <ul style="list-style-type: none"> <li>Risk of <b>not procuring the required volume</b> of disease-free calves to meet production</li> </ul>	— <b>Secure procurement</b> of disease-free calves	— <b>Food and Mouth Disease control</b> provides vaccines for Bovines
	— <b>Cold chain</b> from farms to off-takers	<b>Medium - Low</b> <ul style="list-style-type: none"> <li>Live animal <b>slaughters located next to Ports</b></li> </ul>	— Slaughterhouses positioned <b>next to ports and partnerships with cold-chain carriers</b> to manage high volumes	— <b>Financial, tax, and infrastructural incentives</b> to support the development of cold-chain infrastructure
	— <b>Land availability</b> for scalability	<b>Low</b> <ul style="list-style-type: none"> <li><b>Land for 70% of production</b> is already secured</li> </ul>	— <b>Identify additional land</b> for the residual production	— <b>Green Pakistan Initiative</b> to provide available public land
	— <b>Processing of meat</b>	<b>Low</b> <ul style="list-style-type: none"> <li>Challenges in using <b>state of the art slaughterhouses / international standards</b> may impact export volumes</li> </ul>	— Strong <b>compliance and inspection bodies</b> at the regulatory level	— High engagement of public sector in <b>ensuring international standards are met</b> at slaughterhouses

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to learn more**



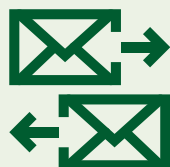
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<https://sifc.gov.pk/>



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# Case study: Proven scalable model with operational strength

## PROVEN MODEL WITH REAL EXAMPLES



### Pakistan

#### Green Corporate Livestock Initiative

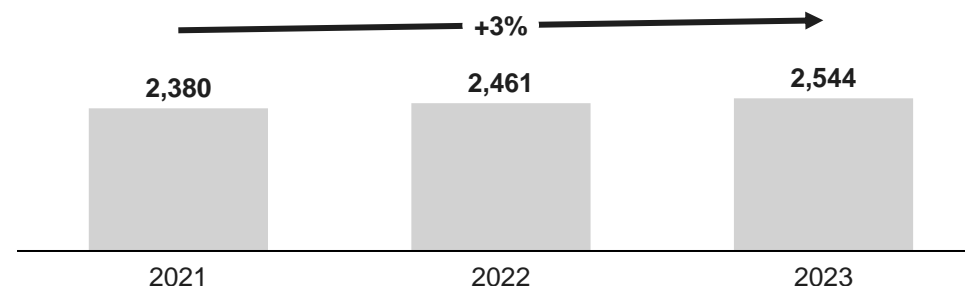
- Revitalizes government livestock farms through **30-year private investor leases**
- Successfully implemented projects include **Rakh Ghulaman** in Bhakkar
- Additional **1,000 acres** are being developed for rearing **2,800 superior breed cattle**.

### Bangladesh

#### BRAC Livestock Grow Initiative

- Empowering smallholder farmers involved in dairy and cattle fattening through **financial services, insurance, and healthcare support**
- Notable players like Bengal Meat invested in relationship with over **1000 farmers with process capacity >20 000 per annum**

## PAKISTAN BEEF PRODUCTION GROWTH ('000 MT)



## OPERATIONAL STRENGTHS & TECHNICAL FEASIBILITY



### Synergies with Dairy Industry

- Similar production clusters (with similar favorable environmental conditions)
- Similar distribution networks and access to inventory

### Proximity to lucrative markets

i.e., GCC, China