

MITOBOTO FARMING COMPANY LIMITED

30th March, 2020.

BRIEF PROFILE OF INVESTOR ACTIVITIES

Our Company was registered in October, 2011 with the aim of Farming as its core activity. This was to include agricultural activities (horticulture and fruits production), livestock rearing (poultry and other small ruminants such as goats, sheep and rabbits), feeds production and its processing for the animals we keep and facilities to process our produce, which led to the establishment of Feeds Mill, animal Slaughter house (Abattoir), Hay production for ruminants and Dam construction to harvest rain water for agricultural activities.

By 2015 we were able to start broiler production after securing a Loan from TIB and construction of all basic infrastructures. We applied for a Certificate of Investment from TIC which was secured. A large array of equipment and machinery was imported from China – a sample of few of these included poultry metal cages, Feeds Milling machines (Milling unit, Mixer, Pellet machine and Crumbler for chicks feed), complete machinery and equipment for Slaughtering chicken including 40 ft refrigerated container as cold room, large 1000 chicken per cycle capacity chiller for chilling poultry carcasses, Ice making machine, and Automatic Dehydrator for drying cooled carcasses, stainless steel tables, trolleys, Scalders, Pluckers (for de-feathering slaughtered chicken), printer for labeling poultry packaging bags, and many other minor implement.

Two Dams were constructed with water volumes of 30,000m³ and 25,000m³ respectively. Irrigation network was installed for horticulture and large number of fruit trees was planted. Most of these are now under production. These include Mangoes (Apple mangoe), Citrus trees, Jack fruits, Guava and Papaya. Hay development was started and machinery for harvesting and bailing hay was imported, and are in use.

Except for a short period in 2018 when we suspended poultry rearing due to escalating cost of maize, the poultry rearing resumed in late 2018 for rehabilitation of farm equipment and full production resumed in January 2019. An outlet shop was set up in Dar es Salaam and a cold room constructed for storage of our poultry carcasses destined for the Dar es Salaam market.

Currently the following agricultural activities are in progress showing number of employees of the company and additional employees that shall be added to meet expanded agricultural projects:

Mitoboto Farm staff outlay as at 01/04/2020 & Future expansion needs:

S/N:	Department	Existing Staff	Future Expansion – July, 2020 – Dec., 2023	
			Departments	Additional staff
1.	Rabbit	5	3 new Rabbit houses – 3@	9
2.	Abattoir	7	Abattoir – Rabbit slaughtering	6
3.	Feed Mill	2	Feed Mill expansion	2
4.	Poultry	6	Poultry with expansion	5
5.	Crop	5	Foliage for Rabbit expansion forage feeds	4
6.	General	5	Additional security staff + Drivers	4
7.	Casual workers	As necessary		As necessary
Total - current		30	Total additional staff after expansion	30

Late in 2019, our company toyed with the idea of establishing a large scale Rabbit Farming. A few individuals do keep small numbers of rabbits in Tanzania: Dar es Salaam, Coast region, Tanga, Arusha and Moshi as well as Morogoro, Dodoma, Iringa and even Njombe. However, most of these are small enterprises for small income generation. After serious consultation and research on the value of rabbit meat and success stories of rabbit farming in Kenya, it was resolved to proceed with the project. After preparation of a small draft plan for the project, work started in developing and implementing the project, while a proper Feasibility Study was being developed. Family funds were mobilized and infrastructure construction was initiated in September, 2019. These included 2 Rabbit Houses, a staff Changing Unit, Fence poles were cast at site and perimeter fence installed, a tower was constructed for installation of 20,000ltrs reserve water supply from Dawasa and a water line from Dawasa has been installed to supply clean water to the rabbits; rabbit metal cages were fabricated at the farm to be installed in one of the houses so that we can start rearing rabbits as soon as possible. This work is ongoing. So far the family has been able to raise funds from different sources to achieve this initial phase of the project. However, additional funds are now required to complete additional 2 rabbit houses, import enough rabbit cages for three rabbit house, import additional machinery to raise production of feeds milling unit since rabbits also use pellet as feed, import additional machinery and equipment for the slaughter house specifically for rabbit processing, sausages processing machinery and equipment to produce rabbit meat sausages as well as chicken meat sausages. Additional cold storage facility in form of Blast freezer to freeze rabbit carcasses for export, tanning equipment for tanning rabbit skins (which are aimed at the export market), packaging of Rabbit urine as fertiliser to be sold to horticulture farmers, additional refrigerated trucks to transport frozen carcasses to the Dar es Salaam market as well as to the other towns such as Dodoma and Mtwara. And finally for export outside the country as rabbit meat is in great demand worldwide.

INVESTOR SHAREHOLDERS:

1. Dr. Shariff Mohamed Abdallah Hashim – retired Medical professional since 2008, and involved in farming activities since 1988 in Diary Farming and now in Poultry farming etc. He is the Chairman and Managing Director of the Company.
2. Mr. Jaafar Mohamed Abdallah Hashim (son) graduated from USA in Business Administration and is now the Executive Director of the Company.
3. Dr. Thuraiya Mohamed Abdallah Hashim (daughter) graduated from USA with BSc in Psychobiology and MD at Muhimbili Medical School and is now in final year of her Master's Degree at the same institution. She is a Director of the Company.

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PROJECT IMPLEMENTATION SCHEDULE

Soft launch of Rabbit farming project has already started at our farm since February 2020, while basic structures are being developed. Below is our Implementation Schedule:

Activity	Period	Source of Finance			Target	Achievement
		Shareholders	Other Farm Sales Income	Rabbits*		
Construction of: 2 Rabbit houses. 1 Change room. Perimeter fence. Water reserve Tower. Fabrication Rabbit cages – one house. Fabrication of Nests.	Sept – Dec. 2019 and Jan-March 2020	Funding from Shareholders	No	No	No	Yes
Procurement of Rabbit stock	Feb-March 2020	Funding from Shareholders	No	No	No	250 Does and 50 Bucks
Feeds & Consumables	Feb-March 2020	Funding from Shareholders	No	No	No	Yes
Staff employment & training	Feb. 2020	Funding from Shareholders	No	No	No	Yes
Two additional Rabbit houses	Jan - July 2021	No	No	No	Yes	To be implemented
Importation of all additional cages, machinery and equipment	July – Dec 2020	No	No	No	Yes	To be implemented
Expansion of Breeder rabbits population	Jan-Dec. 2021 Jan-Dec. 2025	No	No	Yes*	No	To be implemented

Any further expansion costs after 2022 will be met from sales of the rabbits.

Rabbits* - Note that Rabbits will be breeding: @ produces average of 30 – 50 baby rabbits a year. Mature in 4 months. Some of these will be used to expand the numbers of breeder rabbits for the farm and some will be slaughtered and sold. Income generation is expected to start as early as Jan. 2021.

The Company's Vision is to have a large rabbit production:

Phase I:

1,000 Breeder Rabbits (Does) in "Phase I" by 2023. Bucks will be 220, giving a total of 1,220 adult rabbits. Each Doe will produce a minimum of 30 baby rabbits: so $1000 * 30 = 30,000$ baby rabbits in a year. Some of these will be retained to expand breeder population and most of them will be sold off as breeder rabbits or slaughtered for meat. See Table 4.1 of the Feasibility Study.

By 2029 Breeder rabbits will reach 1,900 with 420 bucks, giving a total of 2,320 adult rabbits in breeder mode. The 1,900 does will produce approximately 54,000 baby rabbits annually. We are confident that this figure may be reached by 2026 rather than 2029, but we tried to be conservative in our estimations.

The improvement and upgrading of our slaughter unit will provide a huge capacity in slaughtering processes. For Rabbit, we will be able to slaughter 400 rabbits per hour, which translates into over 3000 rabbits over an 8 hours cycle, while the upgrading for chicken slaughter will go up to 1000 chicken an hour which translates into 8000 chicken slaughter over an 8 hour cycle. Rabbit meat is similar to poultry meat. Both are white meat and the same slaughter unit can be used for slaughter of the two animals on different days.

The Company is looking for additional funds of approximately TShs. 360.0 millions to complete Phase I of the project and attain expanded rearing capacity as per our Plan.

1.0 BACKGROUND

Mitoboto Farming Company Limited (MFCL) is a registered business firm with the aim of dealing in agribusiness. It is a company Limited by shares of three initial shareholders. These are Dr. Mohamed Abdallah Hashim Saggaf, Mr. Jaafar M. A. Hashim and Dr. Thuraiya M. A. Hashim with equal shares for each.

1.1 Current Ongoing Businesses:

MFC LTD has a 200-acre farm at Bokomnemela Village in which it is investing in the agricultural business. The farm is about 10 Km to the South of Morogoro Road branching off at TAMCO, in Kibaha. Serious development of the farm started in 2012 beginning with crop and livestock husbandry. As of to-date the following achievements have been made:

(a) Crop Industry Business:

There are varieties of fruit tree crops including 2400 Papaya plants, nearly 3,000 cashewnut trees, 2,500 mangoe trees, 1,500 citrus trees, mainly - limes, lemons and tangerines. There are also 30 acres under drip irrigation network for various horticultural crops including tomatoes, cucumber, chilies, watermelon and okra.

(b) Livestock Husbandry business:

In the livestock industry focus has been on poultry broiler chicken. On site there are two Brooder houses and 6 rearing houses each with a capacity to hold 3,000 broiler chickens on the floor, but could house up to 5000 each if reared in metal poultry cages. For now that gives a total capacity of 18,000 broiler chicken. Chicks are procured from other suppliers.

For the poultry products, the farm has organized production and marketing support facilities as follows:

i. Production support facilities:

There is a Feeds Milling Unit for the production of its own poultry feeds requirements. This unit has a Milling machine, Mixer, Pellet machine and a Crumbler for crumbling pellets into smaller size for chicks. Recently a Multicracker machine has been procured from Germany with a capacity to process 8 tons an hour for maize crushing.

The farm regularly imports Broiler Concentrate from Belgium which is used in the production of its Broiler feeds when the maize is crushed and mixed with the Concentrate at the set rations for the three types of feeds: Starter, Grower and Finisher pellets. Weighing and Packaging of feeds is done at site.

ii. Processing & Marketing support facilities:

There is an Abattoir (licensed modern poultry slaughter house) with all necessary equipment including a 300 Kg Ice making machine, 3 Scalders, 3 Pluckers, 4 stainless steel work tables, 5 stainless steel trough tables, one chiller machine (for fast cooling of carcasses) with a capacity in

each cycle of 1,000 chicken carcasses, one Automatic Dehydrator (for drying chicken carcasses), a Blast-freezer (to quickly freeze chicken carcasses), 40 ft. Refrigerated container for cold storage of final products; and 3 pressure pumps to maintain pressure in our water supply network to the Slaughter unit.

The farm has two refrigerated Vans (1,000 Kg capacity in each) for product transportation and distribution to the market, an outlet in Mwananyamala, Dar es Salaam, where a shop and a Cold Room facility to store frozen carcasses is available, before distribution to our clients and sales at our shop.

1.2 Other Farm Development Investments:

There are substantial other farm development investments to support farm production. These include farm structures, equipments and other essential utilities.

(a) Farm structures:

In addition to the 2 Brooder houses, 6 Poultry sheds, Abattoir and Feeds Mill processing plant, there are other farm structures including:

- 3 senior staff quarters and 3 junior staff quarters.
- 2 merchandise stores and Staff Changing unit – consisting of WC, shower facility and uniform changing rooms, for both females and males separately.
- 1 Convergence Power Room where Power supply from Tanesco is manually connected to the standby generator where necessary.
- Water Tanks Tower to hold 30,000ltrs of dam water for drip irrigation purposes and 20,000ltrs holding reserve clean Dawasa water for emergency use.

(b) Farm utilities:

There is unlimited water and energy supply as follows:

(i) Water supply:

DAWASA Water supply – piped from the main road to the farm for human and livestock use and supply clean water to the Slaughter House (Abattoir).

Complementary water supply:

- There are 2 water dams for rainwater harvesting. The total capacity of the 2 dams is 30,000m³ plus 25,000m³ respectively.
- There are 2 boreholes for harvesting underground water at 150mt depth. Unfortunately the water is salty, unsuitable for human consumption, and the volumes are inadequate for commercial processing.
- Over 15 storage Simtanks of 2,000; 3000, and 5,000 liters' capacity located strategically for plants, animals and human use.

(ii) **Energy supply:**

- A TANESCO power line with a 200KvA Transformer located at the farm, supplying power to all units.
- A convergence power room at the Abattoir.
- 3 standby Generators of different sizes and capacity: one portable, one 50 Kva and one 200 Kva.

(iii) **Farm machinery and equipment:**

These include 3 tractors, 2 ploughs, 1 harrow, 1 Hay bailer, 1 hayrack, 1 drum mower and one bush hog. Others are 3.5 ton TATA truck, one 7 ton tipping trailer, one 3-ton manure spreader and 2 motorized sprayers. Several hand operated sprayers are also in use.

2.0 BUSINESS DESCRIPTION:

Mitoboto Farming Company Limited (MFCL) wishes to diversify its livestock department of currently poultry keeping into also Commercial Rabbit Farming. Like poultry husbandry, rabbit husbandry needs a lot of knowledge and experience. The Company shareholders embarked on extensive literature studies to gain enough knowledge of rabbit rearing systems.

Different livestock professionals were consulted and their ideas have been incorporated into this plan. Great support and knowledge was obtained from senior officials of the Ministry of Livestock and Fisheries Development and we have been encouraged by them to embark on this large scale Rabbit farming for Tanzania.

Mitoboto Farming Company aspires to be one of the larger producers of rabbit meat and other rabbit by products to market in Tanzania to begin with but aiming at an export market as well. In addition to that they aim at providing rabbit farming support services to new rabbit farmers within Kibaha and beyond.

2.1 Rabbit Farming: Industrial overview:

Today rabbits are reared for meat on a vast global scale, reaching over 1.8 million metric tons a year. Asia is leading, China being the major producer and consumer, followed by Europe and America. In Africa some West African countries, Egypt and South Africa are increasingly rearing rabbits for meat on a commercial scale. Kenya has also been expanding rabbit rearing and consumption of rabbit meat is on the rise. Uganda and Tanzania are lagging behind, but slowly this situation is changing. More and more people are keeping few rabbits. We are confident that as more consumers gain knowledge of the advantages of rabbit meat compared to red meat, this scenario will change rapidly.

Rabbits are social and very gregarious animals (preference of living in community or groups), they are highly prolific with generally low mortality rate. The female rabbits called does are able to start breeding at the age of between 4 and 5 months. They have a very short reproductive cycle and their gestation period is between 28 and 31 days only. In every gestation cycle, the rabbit can produce from 4-10 kits (baby rabbits) and able to have 5 to 8 gestation cycles in a year. That means one rabbit doe can produce 30-50 kits per year. Rabbit will reach maturity for slaughter between 3 and 5 months depending on what meat weight is required. This early maturity when

Table 7.6 Detailed Capital Expenses projections for years 2021 – 2029 (TShs. '000/=)

S/No.	Particulars / Year	2021	2022	2023 - 2029
1.0	Buildings and infrastructures			
1	1 Rabbit Houses (Cumulative)	58,480	116,960	233,920
1	2 Staff changing Units	45,750	45,750	45,750
1	3 Security Fence	9,600	9,600	9,600
1	4 Reserve water structures	14,750	14,750	14,750
	Sub-Total	128,030	186,510	303,470
	Depreciation (5%)	6,402	9,326	15,170
2.0	Material and services			
2	1 Rabbit cages	38,528	81,872	168,560
2	2 Nipples and tubings	1,283	2,565	5,131
2	3 Urine and Manure piping	3,700	7,400	14,800
2	4 Fryers slaughter line	71,696	71,696	71,696
2	5 Staff development	34,800	34,800	34,800
2	6 Rabbit breeders	51,500	51,500	51,500
	7 others	38,458	38,458	38,458
	Sub-Total	239,965	288,291	394,614
	Amortization (12%)	28,796	34,595	47,354
	Total (1.0 + 2.0)	35,198	43,921	62,528

iv. Administrative and Marketing Expenses:

The Administrative and marketing expenses are estimated to cost 15% of the total revenues, these expenses are projected to cost TShs. 15.552m/= in year one and increasing gradually to TShs. 145.152m/= in year 10 as shown in table 7.7 below:

Table 7.7 projected administrative and marketing expenses (TShs. '000/=)

S/No.	Year/ Particular	Annual Revenue	Annual Cost (15%)
1.	2020	103,680	15,552
2.	2021	124,000	48,600
3.	2022	373,680	56,052
4.	2023	481,680	72,252
5.	2024	527,040	79,056
6.	2025	639,000	95,850
7.	2026	749,520	112,428
8.	2027	830,520	124,578
9.	2028	909,000	136,350
10.	2029	967,680	145,152
	Total	5,905,800	885,870

7.5 Projected operating income and expenditure statement:

The operating income and expenditure statement compares the total projected operating revenue with the total operating expenses to determine the profit or loss account. The projected operating income and expenditure statement in this business is as shown in table 7.8 below:

Table 7.8: projected operating income and expenditure statement the initial 10 years (TShs. '000/=)

S/No	Year/ Particular	Total Revenue	Operating Expenses					Net Income
			Production	Staff	Administration & Marketing	Capital	Total	
1	2020	103,680	48,804	27,540	15,552	0	91,896	11,784
2	2021	324,000	146,412	57,834	48,600	35,198	288,044	35,956
3	2022	373,680	195,216	60,726	56,052	43,921	355,915	17,765
4	2023	481,680	244,020	63,726	72,252	62,528	442,562	39,118
5	2024	527,040	244,020	66,951	79,056	62,528	452,555	74,485
6	2025	639,000	341,628	67,599	95,850	62,528	567,605	71,395
7	2026	749,520	341,628	70,979	112,428	62,528	587,563	161,957
8	2027	830,520	414,834	74,527	124,578	62,528	676,467	154,053
9	2028	909,000	414,834	78,254	136,350	62,528	691,963	217,037
10	2029	967,680	463,638	82,166	145,152	62,528	753,484	214,196

The analysis shows that the business is profitable. The net income will increase from TShs. 11.784m/= in year 1 to TShs. 217.037m/= in year 9.

7.5 Projected Cash Flow Statement:

7.6 The cash flow statement compares the cash inflow with the cash outflow streams during the project period. It is a precautionary measure to ensure that the business does not run short of cash and get stranded. The projected cash flows of this business are analyzed in detail in table 7.9 below:

Table 7.9 Cash flow Projections in the initial 10 Years (TShs. m/=)

S/no	Particulars/Years	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1	0 cash inflow										
1	1 capital finance	368	107	214	-	-	-	-	-	-	-
1	2 sales revenue	103	324	374	482	527	639	750	831	909	968
1	3 balance b/forward	0	6	65	121	211	326	439	614	783	998
1	4 Total inflow	471	437	653	603	738	965	1189	1445	1692	1966
2	0 cash outflow										
2	1 capital investments	368	107	214	-	-	-	-	-	-	-
2	2 production expenses	49	147	196	244	244	342	342	415	415	464
2	3 staff expenses	28	58	61	64	67	68	71	75	78	82
2	4 Administration and marketing	16	49	56	72	79	96	113	126	136	145
2	5 tax (10% net revenue)	4	11	5	12	22	21	49	46	65	64

2	6 total outflow	465	372	532	392	412	527	575	662	694	755
3	0 cash balance carried forward	6	65	121	211	326	438	614	783	998	1211

The projected net cash inflow is expected to accumulate from TShs. 6 m/= in year one to TShs. 1,211 m/= in year ten.

8.0 Social Economic Benefits

The business promises big developmental effects economically and socially.

8.1 Economically

It will generate substantial profits to the business entity and the shareholders. It will create employment to the operational staff and retail businesses

8.2 Socially

The tax payment will increase the ability of the government in providing the social services. The white meat to be added to the market will enhance the social wellbeing of the beneficiaries in addition to the increased income.

Annex 1:

Detailed analysis of the capital investment Expenses.

The Capital investment expenses will involve the preoperational expenses including construction of buildings and other infrastructure, procurement of equipment and consumable materials, procurement of rabbit breeding stocks, staff recruitment and training.

1.0 Construction of building and other in infrastructures

1.1 Construction of buildings: these include four (4) rabbit houses, one (1) staff changing unit, fence and security guard hut.

(a) Construction of the four (4) rabbit houses:

Each house will have a size of 12m x 35m., the cost estimate for each is TShs. 58,480,000/=; therefore the total cost for four (4) houses @ TShs. 58,48m/=:

TShs. 233,920,000/=

(b) Construction of staff changing unit

One Changing Unit will cater for all the Rabbit rearing staff, separate wings for female and male staff. The cost is

TShs. 22.6m/=.

(c) Construction of fence, security guard hut and W.C.

This will involve casting of concrete posts, installation of fence wire and fence gate.

(i) Costing of concrete post

200 concrete posts @12,000/=

TShs. 2,400,000/=

(ii) Installation of perimeter fencing wire.

One (1) @2,800,000/=

TShs. 2,800,000/=