

FARM FOR THE FUTURE

BUSINESS PLAN

Ilula, Tanzania



Farm for the Future

Yara Tanzania, Sagcot, Rutuba Farm, Kibebe Farm, Kuza and many others

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MAIN PARTNERS:

REVISION HISTORY

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Introduction

This document represents a full update of the Farm for the Future (FFF) Business Plan Version 1.1 issued on 18.09.2017. At the time of writing FFF has been in active operation for about 22 months. One season of maize planting and harvesting has been successfully completed. The “temporary” headquarters has been completed and the management and staff hired. The learning curve for the management and staff of FFF has been extremely steep and the team now finds itself significantly more experienced and knowledgeable than was the case 22 months ago. In addition to this hands-on learning FFF has benefited tremendously from the support of key advisors. Furthermore, FFF’s advisory board has met, formally, once on August 15th, 2019. During this meeting and through constant dialogue with the members and the management team FFF has refined and developed further its strategy. This document captures the refined strategy and models the business based on the newly selected products and areas of activity.

The initiative of Farm for the Future (FFF) emanated from Ilula Orphan Program (IOP), and therefore a short introduction about IOP is opportune. IOP is an organization based at Ilula, Tanzania. IOP’s main activities are to fight poverty, HIV and AIDS. IOP provides support to poor and orphaned children through education. IOP has succeeded in involving supporters from Norway, USA, Netherlands, Denmark, Sweden, Italy, Germany and Luxembourg. IOP owns the land on which FFF operates. IOP is also a major shareholder in FFF owning 40% of the stock at the time of writing (20th April 2020). IOP has acquired these shares through donations from outside, mainly done as part of the job for the project manager.

In this context IOP’s expected impact with FFF initiative is to contribute to a sustainable and financially independent organization. This can be through the long-term lease agreement for the land, and from dividend and/or selling part of their shares in FFF.

FFF plays a key role for IOP’s medium and long-term consolidation. FFF also represents a new future for IOP, a future which is self-supporting, and which focusses on development in Tanzania. FFF considers that it has a dual bottom line: commercial success and developing agriculture in Tanzania. The first of these is of course essential to FFF’s survival and for generating a return to the shareholders. It also serves as an example of how such an undertaking should be sustainably managed. The second bottom line is of equal importance. FFF exists to play an important role in developing agriculture and hence food security, nutrition and employment in the country. In this goal we are fully aligned with the government of Tanzania’s Agricultural Sector Development Plan (ASDP). We also believe that community development based on agriculture is how we make the best impact on our development mission.

1. Background

1. History

IOP bought the 250-ha of land previously used for tobacco production in 2001. The land was rented out to a number of local farmers. An amicable settlement with these farmers was reached and their activity ceased after harvesting in July 2018.

The development of Farm no 1 (original name), started in March 2015 as part of IOP making their strategy for the coming years. The Volunteer from Norway, Osmund Ueland, who helped IOP with this first strategy, asked IOP what he could do to for them in the coming years, and the answer was: Project manager for Farm no. 1.

The project was named FARM FOR THE FUTURE, and during the preceding 2 years, important partners were found like Yara Tanzania, NMBU (Norwegian University of Life Science), Sokoine University for Agriculture (SUA), Sothern Agriculture Growth Corridor of Tanzania (SAGCOT).

The first Business plan was made in October 2017. The nominated partners, Government representative, two local farmers, two young single mothers and two students all contributed, and others took part. This Business Plan was the foundation for a first presentation to the market and proved invaluable in securing Kavli Trust's support of 575 000 USD to the startup of the project on 12th February 2018. Kavli Trust's decision to offer such significant support was strongly influenced by a number of factors that they considered critical:

1. the project was well organized
2. it could be copied in other locations and scaled up and down
3. it prioritized equality and emphasized the role of young single mothers
4. it enjoyed the strong support of the government
5. it had strong partners in place

The connection with the Rutuba Farm as a partner was also established before the Application to Kavli Trust was sent on the 10th December 2017. Based on this big donation, the private company Farm for the Future Tanzania Ltd, was established in April 2018, with the volunteer Osmund Ueland as the project manager and chairperson. Then the renovation of the old headquarters from the tobacco days started, and in July the same year the removal of 1600 trees and cultivating the land started. The right equipment was also bought from April 2018.

1. Legal Structure

FFF is a private limited company established under Tanzanian law. It has 400,000 shares. FFF signed a long-term rental agreement with IOP to rent the land for 20 years (with an automatic 19-year renewal) on April 2nd, 2020. At the same time an MOU was signed for FFF to buy 4.3 ha of land under and around the headquarters and the milking station buildings.

The project has a project manager who is engaged up to the period when the main investments in the Business plan are done. For the Business plan development, including irrigation, an assistant project manager will be hired., The same with the construction of the headquarter.

Building the company capital through selling shares and getting in possible grants/donations, is still the biggest challenge in the project. This effort is led by the project manager. Financial plan for investments is a continuous process.

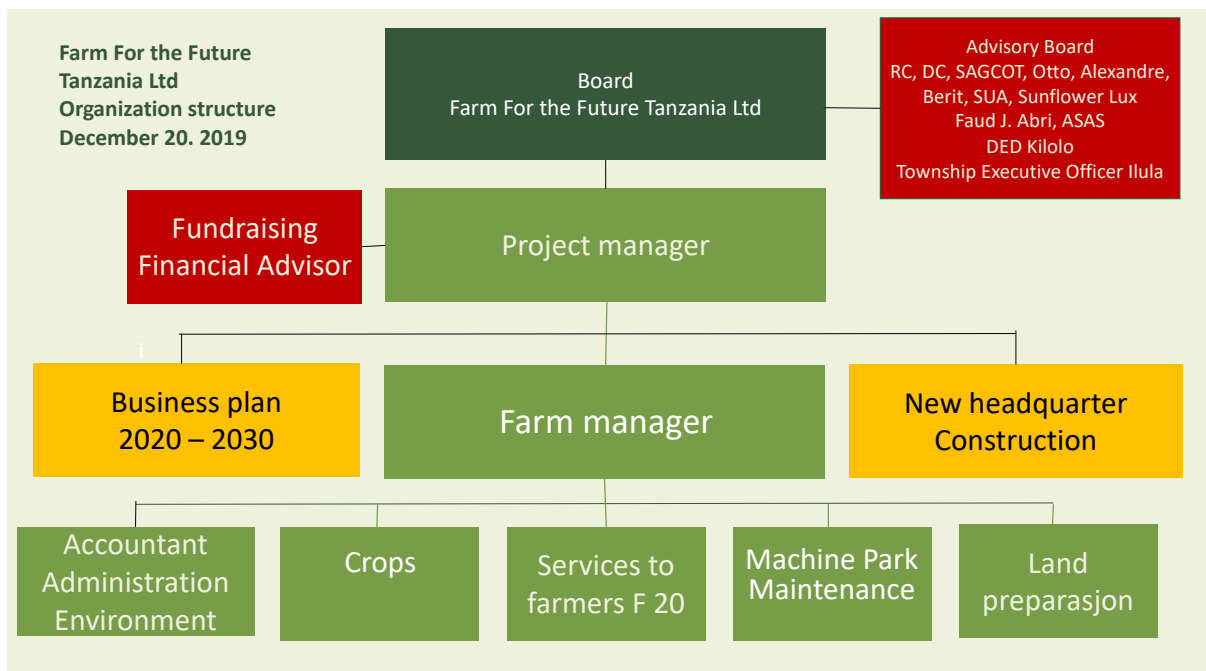


Figure 1 - FFF Structure

2. Community and Sector Development

This business plan, by definition, focusses on the commercial aspects of FFF. It is important that FFF demonstrates in this document that it has a viable commercial plan so that investors and donors can see that they are participating in a project that has a strong chance of succeeding. However, it should be remembered that FFF has a dual mission and bottom-line. For FFF, success is measured as much by how it positively impacts the agricultural sector in Tanzania, as how it succeeds commercially. The board of FFF also are keenly aware that FFF should be seen as a beacon for best practice that can be copied across the region and country. For this reason, we focus on making local changes to our community that are framed in the wider context the Tanzanian agricultural sector. Here are some examples:

1. Agronomic for Community Empowerment (ACE)

In 2018 FFF took the initiative to establish an NGO dedicated to the training mission of FFF. This NGO called Agronomic for Community Empowerment. ACE has its own board and dedicated Chief Training Instructor. All financial matters related to training are consequently separated from FFF but of course FFF and ACE work hand-in-hand. ACE is dedicated to disseminating best practice in agriculture to the local community and currently is in the middle of a 3-year program to train young mothers on the practice and business of farming, their rights and other topic. ACE attracts its own dedicated funding as well.

2. Enhancing the local value chain

FFF has a number of initiatives that aim to enhance the local agricultural value chain. We believe that it is vital that the local community sees that their efforts are part of a value chain and that they have the opportunities, if appropriate, to participate in other parts of this chain. This effort is in line with the Government of Tanzania's desire to move the country progressively away from subsistence farming. To this end FFF actively pursues the following:

A small (75m2) Dairy

Will be part of the new FFF headquarters. This dairy will process some of the milk from goats and cattle belonging to the local community. It will produce cheese and yoghurt thereby also improving nutrition on the local area. This is to show local processing and to create new jobs. This project is run in cooperation with our partner ASAS Dairy LTD. in Iringa.

A Bakery

Will also be part of the new Headquarters at FFF. It will be fitted-out with modern equipment provided by a manufacturer in Norway. As well as being a training forum for local people the bread will also, as the Dairy above, contribute to alleviating the nutritional challenges facing the community.

In addition to these initiatives FFF will provide storage in its silo for maize harvested by the local farmers. This is key because selling maize once harvested guarantees the lowest price and further discourages farmers producing for the market. Storing on the other hand often ensures a 3-fold increase of price and helps moderate the supply and demand curves.

Macadamia Processing

As shown later in this document, FFF is heavily investing in Macadamia nut production. It is an amazingly healthy and popular product and the trends strongly support significant supply-side development. But FFF itself wants to create a Macadamia ecosystem within the local community. To this end we are exploring the possibility of building a processing center and associated logistics for macadamia at the farm. We wish to involve local farmers in the production of macadamia nuts. These so-called out growers will have a guaranteed buyer in FFF and FFF will take care of bringing the crop to market together with their macadamia partner. This is a very exciting, albeit long-term project that could transform the fortunes of the local farming community.

1.3.3. Research and Incubation

FFF has since its beginning partnered with institutions dedicated to raising agricultural productivity in Tanzania because we believe this is the single biggest impact we can have in terms of development. We have numerous initiatives and collaborations. One of the most significant of these involves a research plot at the farm together with Yara, and two universities: SUA in Tanzania and Wageningen in Holland. This is to follow the climate over years and develop the best commercial maize for the area. Our findings in this area are shared with the local farmers particularly during the annual Farmers Day hosted at the farm.

Another potential project being analyzed is to create a solar panel demonstration center. We are looking at the moment for the best partner.

There are other initiatives being planned and undertaken at FFF aimed at developing the community and sector. For instance, the “Children’s Farm for the Future” aims to kindle a passion for farming in the next generation. Local kindergarden and school children will be able to visit and pursue farming projects

at this wonderful site. The plan is that each involved kindergarten and primary school spends at least one full day at the farm.

3. Shareholders and Partners

FFF has managed to get the best Partners, and very strong commercial partners, to take part in the development of the Company. More information on Partners can be found on our web site www.fff-tanzania.com. The good trust and relation between FFF and their Commercial partners and others, are the key to results achieved so far.



Figure 2 - FFF Partners

FFF has 400,000 issued shares registered in Brela, each with a value of 10,000 TZS. (4.34 USD*). Thus, a total equity of 1,737,000 USD.

By April 07th 2020, the shares are owned as follows:

- Ilula Orphan Program: 160,000 shares which represent 40 % of the total 400,000 shares
- Other shareholders: 95,000 shares which represent 23.75 % of total
- FFF – for sale: 145,000 shares which represent 36.25 % of total

The FFF Auditor, Kada & Associates, certified Public Accountant by A. Dallo has confirmed the figures history on the Capital and no of shares.

IOP acquired its shares in FFF through funds raised for this specific purpose. It is important to note that IOP did not use its core-mission funding nor its reserves for this investment. IOP asked its supporting groups in various countries (so-called Outside Committees) to consider undertaking specific fund-raising so that IOP could build up its equity in FFF. To date, IOP Luxembourg and IOP USA have answered this call. Furthermore, the Norwegian Kavli Trust decided to support FFF through a large donation. This was used to also build up IOP equity. So IOP’s significant equity in FFF was achieved through dedicated fund raising, resulted in fresh capital for FFF and in no way diverted funds that would otherwise be used for IOP’s core mission.

The following table shows this status:

SUMMARY OF SOURCE OF FUNDING FOR IOP SHARES
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Name	Amount	No. of Shares	% Share Co. Capital
IOP Committees	250,484,726.44	25,048.47	6
Kavli Trust	1,249,386,501.80	124,938.65	31
Other Donations	101,785,435.00	10,178.54	3
TOTAL	1,601,656,663.24	160,165.67	40

At the suggestion of UNDP FFF initiated the establishment of 2 community-based organizations (CBOs). These CBOs provide a vehicle for local stakeholders to become shareholders in FFF. The 2 CBOs are called: “Ilula Farmers Group” and “Women for the Future”. The target is that eventually each CBO will hold a maximum of 50,000 USD FFF shares each. This is in line with FFF’s core objective to develop and involve the local community with the aim to develop farming practice. UNDP are planning to support FFF through these CBOs. All funds transferred to the CBOs are used immediately and in full to purchase shares in FFF, thereby building up the equity in FFF. Recently, IOP Luxembourg became the first investor in the 2 CBOs.

Note

FFF initially issued only 300,000 shares. Each share then, like today, was valued at 10,000 TZS giving a total equity of 3,000,000,000 TZS or about 1.3 MUSD. Following the update of the business plan, which revealed the potential revenue and profitability of high-value crops (seed maize and macadamia) the FFF board decided during its meeting on the 26th November 2019 to increase the total equity to 400,000 shares (retaining the price of each share at 10,000 TZS (4.34 USD*)).

4. Our Mission

Our mission is to increase the productivity of farming in Tanzania and hence improve food security and nutrition and help reduce rural poverty. We do this by running a commercial farm which serves as a beacon for best practice agriculture in Tanzania. In parallel, we work every day to spread best practice throughout the farming community. We are guided by the priorities of the Tanzanian government as expressed in the Agricultural Sector Development Program (Phase II). FFF is fully aligned with the UN’s sustainable development goals and with the development plan of, amongst others, the Norwegian Government. FFF has the strong support of the Tanzanian government. We are proud to have both the Kilolo District commissioner and the Regional commissioner of Iringa on our advisory board. This unique

approach means that we have a double bottom line: commercial success and development of the community

5. Our Vision

Everyone, from tractor driver to board member, involved in the organization shares a passion for our vision. Every decision is judged on how it moves the organization towards its vision.

Development of the community – Empowering People

We envision Tanzania as a middle-income country by 2025 where the scourge of poverty has been left behind and Tanzanians have a high-quality livelihood and live in peace, stability and unity. Our vision is a community that is well governed, is educated and enjoys the fruits of a competitive economy capable of producing sustainable growth and shared benefits. Specifically, our vision is for an agricultural sector that is sustainable and modern. We envision a Tanzania with high food security and a well-nourished population. Our vision is for an agricultural sector that produces for the market, uses best farming practices including irrigation and has a focus on high value crops.

Commercial

Our vision is for a commercially successful, modern, innovative farming business that produces impressive value for its shareholders. Our vision is for many farms each delivering commercial success. Our vision is for a particular focus on high value crops for the Tanzanian and foreign markets.

FFF is a business model for Poverty eradication, and also a social support to the local community.

Through the business success expected by focusing on high value crops FFF will provide valuable employment opportunities in the local area. These will be seasonal workers but also full-time good jobs. FFF is already providing an average of 50 jobs.

FFF's various outreach programs will bring real value to the local community, helping local farmers to become profitable and thus raising living standards. These commercial Community Development projects include: F20 Group Farming, F20 Groups Goat milk for Nutrition and Profit, F20 Group Milking and Silos for storage of maize (FFF and local farmers).

In addition, through the associated NGO (Agronomic for Community Empowerment ACE) FFF will further express its CSR responsibilities by training young mothers and local farmers. FFF/ACE will also focus on the next generation by focusing on youth support and through its exciting project, Children's FFF.'

FFF is actively seeking investors and donors who share these priorities. At the same time FFF will endeavor to maximize your return on investment.

Please see www.fff-tanzania.com front page FFF in BRIEF – Unique model to end Poverty.

6. Investments and Achievements so far

At the time of writing FFF has already achieved a significant amount. The work and commitment by the entire team as well as the trust shown by early investors, donors and lenders has been impressive. This combination has resulted in an unproductive piece of land and some derelict buildings being transformed into a thriving farming and community development enterprise.

FFF has introduced soil renovation and conservation practices farming to achieve highest possible yield in the future. There is also designed an irrigation solution for high value crops, with strong support from Government representatives.

Cooperation is established with local professional partner, and also with universities for research and development.

FFF fights poverty through job creation. An average of 50 people work on the farm daily.

FFF has developed a plan for several commercial community development programs, which farmers in Ilula value as very important for them.

FFF emphasizes an open communication, which has led to good relations with partners, shareholders, governmental representatives and farmers in the area.

The following table summarizes the direct investments that FFF has already made:

ITEM	COST (USD)
Renovation of Buildings	236,476
Farm Equipment	230,311
Motor Vehicle	21,175
Office Equipment & Other	66,678
TOTAL	554,640

Figure 3 - Specific Investments to date

In addition, FFF has managed to fund its production costs and administration costs up to this point. To date FFF has spent 455,200 USD in producing its first-year crop and planting its second and 282,465 in the administration and management of this effort.

6. Products

It is in the selection of future products that the most significant developments have occurred. Driven by observations of the market and advice from key advisors, FFF has decided to focus on two high value crops: seed maize and macadamia. This focus starts immediately. Seed maize is already in the ground and preparations for the planting of macadamia saplings are under way. Higher margins and more stable market pricing make seed maize and macadamia nuts very attractive products for FFF. Both of these crops require irrigation at the farm to be successful. This is why FFF's investment plan now places water capture, storage and distribution as first priority. Irrigation is identified by the government of Tanzania as a key to unlocking the potential of the agricultural sector. Government representatives on our advisory board strongly support this decision. Dairy farming has also been elevated in our new business planning. FFF plans to buy 30 cattle initially and later expand to 100 - 200. Dairy products are gaining an ever-stronger position in the Tanzanian market as the nutritional benefits are more clearly understood and as tastes develop. ASAS dairy is a key partner for FFF and is instrumental in this developing market in the Iringa district. Commercial maize shall remain as an important crop for FFF for the coming 2-3 years while the quality of the soil is progressively improved. Common beans and soya shall not be pursued in the immediate future. It should be noted however, that FFF shall closely monitor market developments and if deemed commercially beneficial change its product selection.

1. Commercial Maize

Commercial Maize is still today the “bread and butter” of what FFF does. It was the first crop planted and we have achieved considerable success. FFF planted 210 hectares from December 2018 to January 2019. FFF consulted intensively with local farmers and as a consequence, 7 different varieties were selected. The aim is not only to realize a good harvest but also to study the performance of the different seeds and to help the local farming community.

December 2019, 150 hectares' commercial maize was planted. The new re-focused business plan shifts from commercial maize to seed maize and macadamia. The progressive shift over the coming 3-4 years is seen in the financial plan below. Seed maize ideally requires an irrigation system but can be handled without such a system in the short-term (manual watering) and this is the backup plan for FFF to be implemented if funding is insufficient for the investment in irrigation.

2. Seed Maize

To grow seed maize in a commercial fashion with reliability requires the presence on the farm of an irrigation system. Due to the importance that seed maize plays in our current business plan installing an irrigation system has become our first priority investment. FFF is working with seed producers to enter into a co-invest / profit-sharing agreement. Seed companies are keen to secure reliable suppliers and of course understand the need for irrigation. FFF has been advised that various seed companies are willing to co-invest in irrigations systems for selected farms. In return these farms share their profits (through reduced seed pricing) with the seed company. This ensures a good supply of seeds for the seed company and helps the farmers overcome the investment barrier to entry. According to our discussions with Monsanto we learn that the Tanzanian market potential amounts to 17,000mt per year. Of this 10,000mt are imported. Tanzania does not export seed maize. This indicates that there is ample room for new efficient Tanzanian farms to enter the market. It also shows that such entries help to make Tanzania more food secure and less dependent on imports for this critical crop. The Government of Tanzania is strongly encouraging farmers to produce seed maize

Until irrigation is in operation, the plan is for FFF is to grow

16 ha seed maize 2019 – 2020

40 ha seed maize 2020 – 2021.

We recognize the challenges faced in this target. That is why our main priority is to find a very experienced seed maize production manager, the optimal combination of male and female seed and, as well as timely planting window before building up the no of ha.

40 ha seed maize 2021 – 2022 and

60 ha seed maize 2022 – 2023

The seed maize production needs very close supervision and a good number of people in the production phase. The extra production cost is paid back by a market price which is 3-4-times that of commercial maize.

A permanent very qualified seed maize production manager will be added to farm team in good time before the planting November 2020.

3. Macadamia Nuts

Macadamia nuts have significant health benefits and are rapidly becoming a mainstay of healthy diets. In 2018 the global macadamia industry was worth \$822 million with a total global macadamia crop of over 200,000 tons¹. South Africa is the global leader in macadamia nut production and we at FFF strongly believe that Tanzania has a real opportunity to play its part in this exciting sector. Macadamia

trees take about 7 years from seedlings to producing a full crop. However, after just 4 years 20 % of full crop production can be calculated. From year 5 up to 40 %. Irrigation is important to get the most out of these trees as is precise attention to detail when planting and caring for the trees. The trees ideally should be well spaced having a 9m by 6m plot each. This means that during the first 5 years following their planting the space can also be used for seed maize. The plan is to plant 65 hectares of macadamia trees. During the first 5 years this ground shall also be used as well for seed maize. **This sharing means that from the 65 hectares used for macadamia an effective 40 hectares can be used for 5 years for seed maize.** This means that the ground produces cash crops (seed maize) for the 1st 5 years, and progressive buildup of macadamia production from year 4 to year 7. Whilst this is a long wait the results are deemed well worth it. A mature tree should produce between 80kg and 300kg of nuts per year². FFF shall plant 320 trees per hectare so in total 20,800 trees.

The need for manpower for macadamia production is around 25.

It will be considered to build up the macadamia planting area in two steps. Start with 30 ha and do manual irrigation for the first two years until automatic Irrigations system are installed. The trees only need 20 l of water per week for the first two years.

Macadamia production on FFF will lead to hundreds of out growers in the area round, and FFF will help them to the market through our macadamia partner Kuza in Mbeya, owned by Rog Cluse.

4. Dairy and Meat

FFF has the opportunity to build up over the coming years a dairy business without encroaching onto the land that would otherwise be used for tillage. This is due to the fact that a neighboring farm has agreed to lease land to FFF for grazing cattle. FFF has consulted extensively with Richard Philips, owner of Kibebe farm, our dairy expert advisor. With Richard's help we have formulated a plan to build up a herd of dairy cattle through the purchase of 60 in-calf heifers to sexed semen in year 1. This is expected with good husbandry to result in 27 healthy female calves. In year 2 the same process is repeated resulting in 30 mature cows and 27 more female calves. This herd is the basis of the dairy business going forward and will, of course be replenished as the years go by so as to maintain a herd of 120 milking cows.

Based on the advice of Kibebe Farm gained over decades of managing a very successful dairy farm in the region we conservatively assume a gross profit if between 800 and 1,000 USD per year per cow. This is based on each cow producing 17 liters per day.

Meat production is considered as an add on to this primarily dairy business. The financial analysis of this will follow later in the Business plan period.

5. Other Products

FFF has a number of other products that will be developed. Some of these are primarily about supporting FFF's second mission to develop agriculture in Tanzania but shall also bring income for the farmers and FFF. Another is about FFF making a positive contribution to the environment but shall also eventually yield some income. Concept notes will be prepared for these products.

These programs are part of the Community Development Programs at FFF – Commercial programs:

F20 Group Farming: FFF target to establish 20 medium farmers group together with Yara Tanzania, and possibly also with seed suppliers and crop protection companies. The SUA University in Morongoro will also take part in the project in order to bring in good research results and develop good models for the future. The business case for FFF is to share knowledge from FFF/Partners and also provide access for them to modern equipment on attractive terms. They should by this service be commercial and act as a model for others. In such case the farmers get 80 % of the result and FFF 20 % as an example. A Concept Note have been prepared and has been circulated with very positive feedback. There is a good dialog with TADB for the investment which is 90,000 USD for the equipment. Possible start with around half the number can still be done in 2020. This project has the highest priority from local farmers' side.

F20 Group Goat milk for Nutrition and Profit: FFF targets to establish 20 farmers that will start with 2 goats each and build up to 5 milking goats from year 3. The partner of FFF, ASAS Dairy Ltd. in Iringa, will do the same as part of this project, and they will buy the milk and process for healthy products.

First it is to do something with the malnutrition which is the biggest problem in the Iringa Region. The milk will the first years have a combined use; for nutrition and selling. The use in the family, so by the neighbors and so in Ilula, will help improve the issue with malnutrition. The owner of the dairy ASAS Dairy Ltd. in Iringa has contributed to the Concept Note for this product, as well as the owner of Kibebe Farm. The Sokoine University for Agriculture in Morogoro and the Norwegian University of Life Science will also take part in this project. The plan is developing a model that can inspire others to do the same, and which can be copied to other locations. Low investment is needed, and this is a type of project which can easily get sponsored. Possible start in 2020 and investments less than 1300 USD per family. This is a second order priority project from local farmers side.

F20 GROUP MILKING: FFF targets to establish 20 small milking farmers in Ilula that can have one or more milking cow each, where FFF/Kibebe Farm share knowledge in type of cows, feeding and milking.

FFF will also collect the milk from them to their storage tank and then sell to ASAS. Quality control in milking will be a priority area. This is a product that can grow and attract development organizations to take part. This is a program for a later stage in the development of Community Development Programs.

Storage of Maize for local farmers

This service is of great benefit for the local farmers as it allows them to wait as the market price rises. Otherwise they will be obliged, as they are today, to sell at the bottom of the market. FFF shall charge a modest fee for this service. Silos are also important for FFF to get the best market price. The plan is to construct 3 silos to be ready in June 2021. Several shareholders are interesting in earmarking their help to build up the equity in FFF for this purpose. Price per silo is around 40.000 USD each.

Forestry FFF shall plant a commercial forest of 20,000 trees. This shall be done in 2021. It takes 8 years before a return is achieved.

7. Irrigation

As mentioned earlier irrigation is the key to fully unlock the potential of FFF. Without irrigation FFF is destined to be limited to growing commodity crops and open to the vagaries of a changing climate. Irrigation opens the possibility of efficiently growing high-value crops and mitigates against the worst effects of the dry season. Irrigation is expensive but we are convinced it is the single most important investment that we can make.

FFF is in intensive talks with seed companies with a view to closing a deal with one for a co-invest / profit-sharing model. This can take two years to establish. From these talks we are hopeful for a model that sees the seed company funding 80% of the up-front costs of an irrigation system with FFF funding the remaining 20%. This as an alternative to bank loan. We have a preliminary estimate for the required investment which is shown below: We are in the process of establishing precise costs and hence had added a contingency to these cost estimates.

The irrigation system planned for maize seed at FFF shall have 3 pivot points, two for 40 hectare and one for 30 hectares. This can in the coming process be changed to 4 points, each 30 hectares. The planned coverage is shown below. It should be noted that the pivots are towable and thus the illustrated circular areas can be moved and hence more ground potentially irrigated. So, 110 to 120 hectares shall be irrigated for the purposes of seed maize.



Figure 4 - Irrigation Seed Maize - Pivots

In addition to this an irrigations system shall be installed for 65 hectares of macadamia trees. This area shall have a dual purpose for the first 5 years whereby seed maize will be planted in between the macadamia saplings. Following this period, the seed maize will be removed to allow the macadamia trees to reach their full size. From the 4th year 20% of the total yield will be harvested, then 40% and so on.

8. Financial

1. Overview

The farm currently has 235 hectares of useable land. A further 5 hectares shall be prepared for farming in the next 1 year. 229 ha was planted this second planting year. It should be noted that grazing for the dairy herd is planned to be carried out in a neighboring tract of land which is rented at a very reasonable price. This allows full usage of the available land for tillage. The breakdown of the land usage over the coming 15 years as well as the current year is shown below.



Figure 5 – Land Usage for next 15 years

+ the first 5 years of Macadamia the area in between the tress will be used for seed maize (40 of the 65)

2. Commercial Maize

1. Original Strategy

Commercial maize is a crop that can be grown in this region without the necessity of irrigation. FFF has demonstrated already in 2018 that it can grow commercial maize with a yield in 2018 three times the local average. This has been achieved with targeted improvements in the soil and best

farming practices. FFF shall continue to benefit from the soil investments already made and will continue to invest in the soil and to improve farming techniques. The soil investments already made, including 600 tons of lime November 2019, as well as future improvements will progressively mean increased yield as well as a year-on-year modest reduction in production costs.

FFF plan to invest in irrigation and to dedicate a large are of its land to high value crops (e.g. seed maize and macadamia nuts). These crops allow much more significant income per hectare. Growing seed maize will mean the discontinuation of commercial maize for cross-pollination risk reasons. The figure below shows the financial projections from commercial maize were we not to proceed with irrigation investment and growing of seed maize and macadamia. Please note that this is for demonstration purposes only. We assume an average market price of \$208 per tons of maize for the period. This price is deemed to be a conservative price. FFF shall continue to invest in the soil and will enjoy the benefits of this investment in terms of yield be hectare of commercial maize. We conservatively assume the following yields, resulting in the following revenue in USD:



Figure 6 - DEMO ONLY. Income Forecast for Commercial Maize Only

From this we can note some important things. Firstly, commercial maize can be a profitable business for FFF if yields are significantly improved and costs controlled. Even in these circumstances it should be noted that FFF shall be reliant upon selling a commodity product and would be very much a price-taker in the market. The past year has demonstrated that the ability to store the maize and wait for the market price to peak is a key mitigation strategy. The income projected from commercial maize is modest and the vagaries of relying on a staple commodity product have prompted the board and management of FFF to reconsider their strategy. Furthermore, our aim is to help develop agriculture in Tanzania. To do this we believe that simply producing commercial maize with a higher yield is not the ultimate achievement. Silos for storage of commercial maize is an important factor for increasing the revenue and the profit. Silos are also very important to help local farmers to the market and to better price.

4.2.2. Updated Strategy

The board and management of FFF were pleased with the performance of the farm as a mostly commercial maize enterprise in its first year of operations. However, in a bid for continuous assessment, challenge and improvement the team engaged with its advisors and reconsidered the case for commercial maize. A clear message emerged that irrigation was the key to allow a focus on high value crops. Irrigation is also seen by the Tanzanian government as key to unlocking the productive capacity of Tanzanian agriculture. After careful consideration and much analysis, we decided to invest in irrigation and hence on high-value crops including seed maize. It must be noted that seed maize requires a significant physical separation from commercial maize to avoid cross-pollination risks. This means that once seed maize is planted, we must – under our new strategy – stop commercial maize production. A plan has been developed around the roll out of the irrigation system. Analysis of water flow rates throughout the various seasons is essential. Data has been bought from TMA for the last 30 years, and measurement has been done since December 2019 in the seasonal river by the farm border. Also, a site survey was performed by District, Regional and National Government specialist, together with Township and Village management who visited the farm in February 2020 and concluded that FFF has a very big rainwater collecting area and is ideal for irrigation. Now meetings with involved neighbors and Village chairperson/key people will be the next steps. The plan is to make decisions mid 2021 and start construction, provided funds are made available. Commercial maize will be planted for the last time in 2022. The updated income forecast for commercial maize is thus:

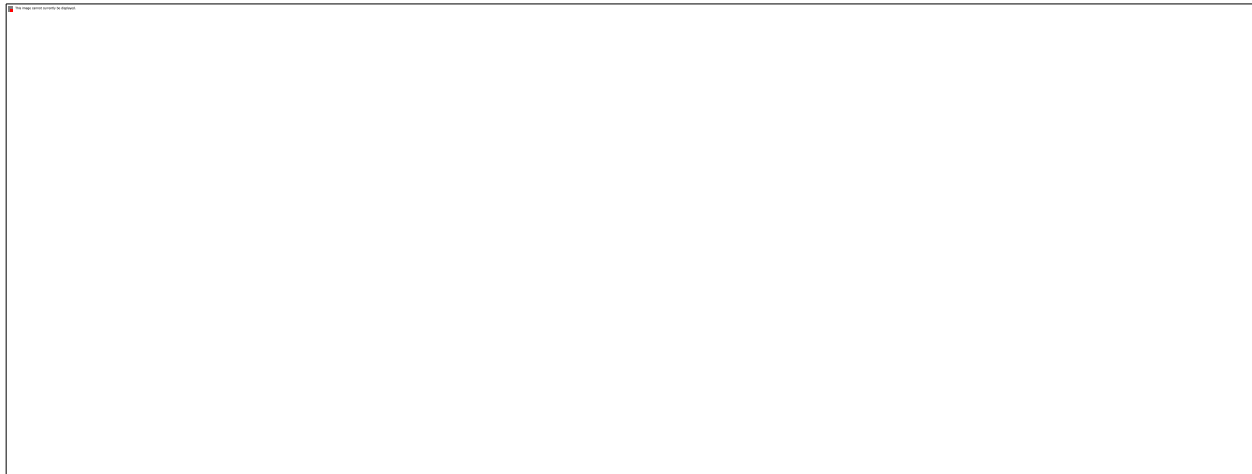


Figure 7 - Projections for Commercial Maize

Tom: Ha planted to be taken down in 2019.

3. Seed Maize

FFF has consulted experts including our advisor who runs a very successful farm growing and selling seed maize. We have concluded that a yield of 6 to 7 tons per hectare is very achievable. Following in depth research we also ascertain that productions costs of \$1,602 per hectare is a safe assumption. The results are shown below in USD



Figure 8 - Projections for Seed Maize

4. Macadamia Nuts

FFF intends to plant approximately 65 hectares macadamia trees/saplings, starting with 30 ha in 2021. The first harvest of macadamia nuts will be realized on 2025 but at 40% of maximum yield which will be realized by 2027. Following detailed analysis of an existing macadamia farm owned by our advisor we have put together the following detailed profit and loss projection.

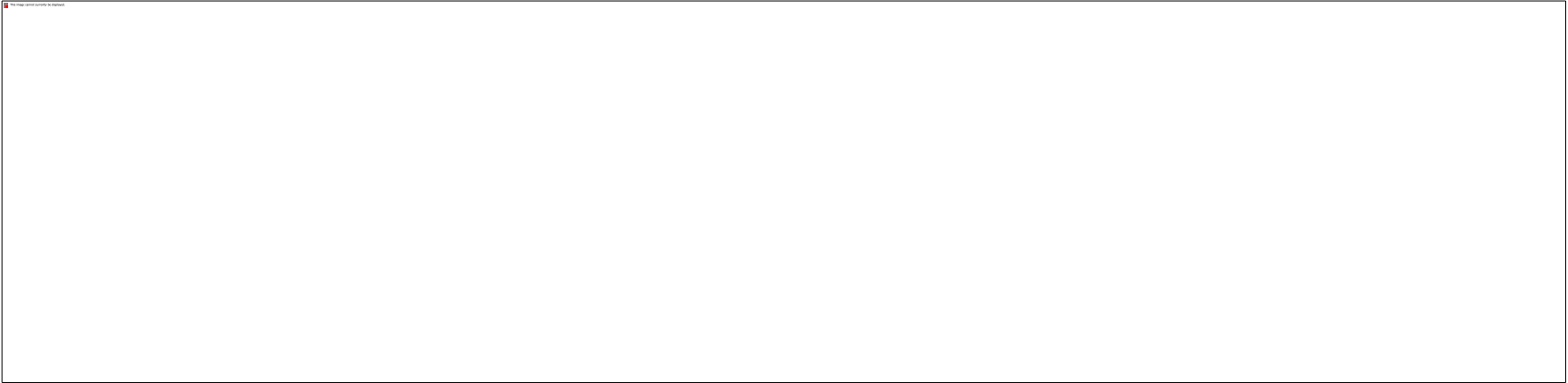


Figure 9 - Projections for Macadamia

5. Sunflower



Figure 10 - Projections for Sunflower

6. Dairy and Meat

Clearly building up the herd of cattle requires a significant investment. The investment is treated together with other investments in section 4.9. This analysis focuses solely on the operational revenue and profits of the dairy herd. Based on the plan described in section 2.3 the number of milking cows and

associated profit is given below. Please note that a detailed analysis of revenue and costs lie behind this summary analysis and these will be provided as an annex to the next version of this business plan.



Figure 11 - Projections for Dairy

7. Overall Profit & Loss Projection



Figure 12 - Overall Business Plan

8. Risk Analysis

The risk analysis matrix has different important factors like,

1. FFF organization, personnel and management skills
2. Labour ?
3. Suppliers/partners
4. Tools/equipment
5. Methods
6. Government (local, reg. national, international
7. Economy/market
8. Nature climate

These must be seen up together with the potential. FFF has partners that can help through the coming years in a good way to make this business plan possible. That also goes to find the right people to manage the built up of the organization.

So far FFF has made considerable investments. In particular, investments in clearing land of stones and other debris, disc and other tilling, liming, fertilizing, liming etc. should be seen as critical soil investments that have long-standing benefits in terms of yield. These investments have been key to the success of the 2019 season but will, critically bear fruit in the coming years. Also, the investment in equipment and renovating buildings from the tobacco days are part of the investments done in 2018, from donations and selling shares. Further significant investments are required to meet the ambitions of this updated business plan.

The FFF Project manager and team have invested considerable time in securing funding sources for these critical investments. A financial plan for investments is a continuous activity for the project manager and the Board The following table is a preliminary outline of investment needs and funding possibilities.

In the table below it should be noted that 220,000 USD of irrigation investment is expected to be taken by the selected seed company. This amount is repaid over 5 years and is shown in the gross profit calculation of seed maize (Fig 8). The remaining of investments are depreciated according to their expected lifetime and included in the overall business plan (Fig 12).

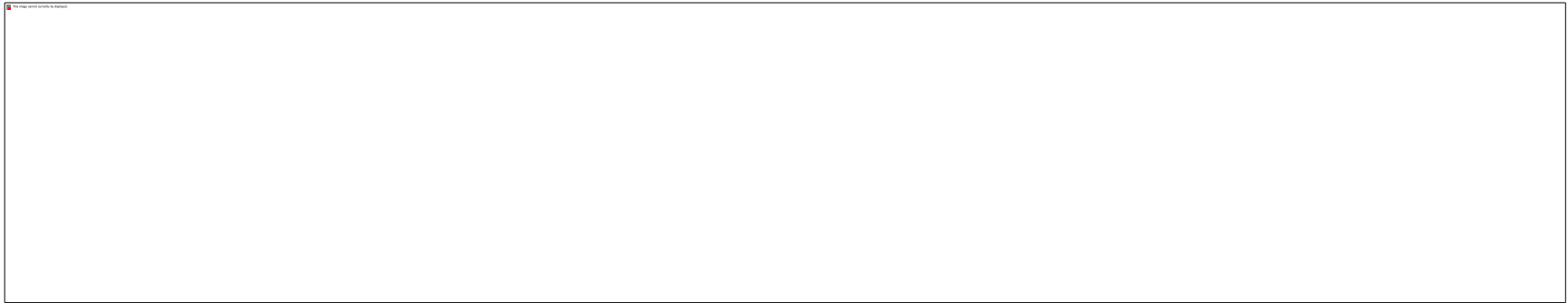


Figure 13 - Investments

1. Cash Flow Projection

The first stage of developing a cash flow model is to forecast the working capital requirements resulting from payment terms with suppliers and expectations about when we sell and receive cash for crops. The result of this exercise is shown below.



Figure 14 - Quarterly Receivables and Payables Projection

Starting with the projected net income from the profit and loss projection we now model expected annual cash flow. We now add back depreciation as it does not impact cash and adjust for changes in receivables and payables. Thereafter investments and financial movements are taken into account to arrive at final cash flow.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flow from Operations																
Net Income	(181,701)	(68,127)	(40,037)	22,519	(1,188)	18,745	219,667	299,710	410,896	539,376	584,352	633,990	701,374	775,506	849,069	922,707
<i>Additions to Cash</i>																
Depreciations	0	0	42,000	42,000	62,667	62,667	62,667	62,667	62,667	62,667	62,667	62,667	44,667	44,667	44,667	44,667
Decrease in Accounts Receivable	0	(76,372)	(24,260)	(2,761)	(66,205)	56,702	(49,576)	(59,492)	(50,898)	26,003	(17,596)	(19,356)	(21,291)	(23,421)	(25,763)	(28,339)
Increase in Accounts Payable	0	801	739	1,059	(1,567)	0	0	0	0	3,666	0	0	0	0	0	0
Increase in Taxes Payable																
<i>Subtractions from Cash</i>																
Increase in Inventory																
Net Cash From Operations	(181,701)	(143,698)	(21,559)	62,818	(6,293)	138,114	232,757	302,885	422,665	631,712	629,423	677,301	724,749	796,752	867,973	939,035
Cash Flow from Investments																
Equipment		(340,000)		(900,000)												
Buildings		(266,667)	(266,667)	(266,667)												
Cash Flow from Financing																
<i>Additions to Cash</i>																
Loans Received NOFUND (for ops)		215,000														
Loan from TADB		170,000	330,000													
Seed Company Financing				160,000	160,000											
Donation from UNDP		150,000														
Donation from NORAD		225,000	315,000	315,000	315,000											
Equity Sold		463,000	222,000													
<i>Subtractions from Cash</i>																
Repayment of NOFUND loan			(34,875)	(52,313)	(52,313)	(52,313)	(52,313)	(17,438)								
Repayment of TADB loan				(52,860)	(79,290)	(33,000)	(33,000)	(33,000)	(33,000)	(33,000)	(33,000)	(33,000)	(33,000)			
Dividend paid																
CASH FLOW	(181,701)	472,635	543,899	(734,022)	337,104	52,801	147,444	252,447	389,665	598,712	596,423	644,301	691,749	796,752	867,973	939,035
STARTING CASH	40,000															
CUMULATIVE CASH FLOW	(141,701)	330,934	874,833	140,811	477,915	530,716	678,160	930,607	1,320,272	1,918,983	2,515,406	3,159,707	3,851,456	4,648,209	5,516,182	6,455,217

Figure 15 - Cash Flow Projection

5. Conclusions

FFF represents an exciting opportunity for investors who wish to see a very good return and to know that their investment is contributing to the development of the Tanzanian agricultural sector and the local community. This business plan focusses only on FFF and its current 250-hectare farm but the insightful investor will see that this is a model that, if successful, can be copied and pasted, scaled up and down and has the potential to have a profound and positive affect on the development of low income countries and the alleviation of poverty and food scarcity.

FFF has an incredibly strong management team, advisory board and board. It is led by an experienced business executive who is, like all others involved, committed to this project and its wider aims. As a direct consequence of this leadership FFF is nimble, humble and truly a learning organization. This current version of the business plan represents the changes resulting from expert advice that FFF has absorbed over the past months.

FFF enjoys the strong support of the local, district and national level government of Tanzania, the Norwegian Government, the UNDP and may others who have seen the unique opportunity that FFF represents for the people of Tanzania.

At the time of writing 145,000 shares are still for sale representing 36.25% of the company. Much of the key financing has already been made and FFF has demonstrated significant success in its first years. FFF would welcome discussing with potential investors, small and large, how we can cooperate in the future to realize our goals.