

FARM FOR THE FUTURE

BUSINESS PLAN

Ilula, Tanzania

Version Abridged 05.00

August 7th, 2020

MAIN PARTNERS:



Farm for the Future

Yara Tanzania, Bayer Crop Science TZ, Kuza Africa Ltd, ACT, CFU, SUA,

Sagcot, Rutuba Farm, Kibebe Farm, ASAS Dairies and many others

REVISION HISTORY

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Contents

- Introduction5
- 1. Background.....6
 - 1.1 History6
 - 1.2 Legal Structure7
 - 1.3 Community and Sector Development.....8
 - 1.3.1 Agronomic for Community Empowerment (ACE).....8
 - 1.3.2 Enhancing the local value chain.....8
 - 1.3.3. Research and Incubation.....9
 - 1.4 Shareholders and Partners9
 - 1.5 Our Mission 11
 - 1.6 Our Vision 11
 - 1.7 Investments and Achievements so far 12
- 2. Products..... 14
 - 2.1 Commercial Maize 14
 - 2.2 Seed Maize..... 14
 - 2.3 Macadamia Nuts 15
 - 2.4 Dairy and Meat 16
 - 2.5 Other Products 16
- 3. Irrigation 18
- 4. Financial20
 - 4.1 Overview 20
 - 4.2 Gross Profit 20
 - 4.3 Overall Profit & Loss Projection..... 21
 - 4.4 Risk Analysis..... 22
 - 4.5 Cash Flow Projection..... 23
- 5. Conclusions 25

FIGURES

Figure 1 - FFF Structure.....7

Figure 2 - FFF Partners..... 10

Figure 3 - Specific Investments to date..... 12

Figure 4 - Irrigation Seed Maize - Pivots 19

Figure 5 – Land Usage for next 15 years..... 20

Figure 6 - Overall Business Plan 21

Figure 7 - Investments..... 23

Figure 8 - Cash Flow Projection 24

Introduction

This is a summary of the Farm for the Future (FFF) business plan V05.00.

At the time of writing FFF has been in active operation for about 25 months. The second season of commercial maize is under harvesting, the same with the first test field for seed maize. The “temporary” headquarters have 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 25 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 locally based NGO, 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 (July 2020). IOP has acquired these shares through donations from outside, mainly done as part of the job for the project manager.

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

1.1 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 proceeding 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:

- the project was well organized
- it could be copied in other locations and scaled up and down
- it prioritized equality and emphasized the role of young single mothers
- it enjoyed the strong support of the government
- 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.

1.2 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 planning for investments is a continuous process.

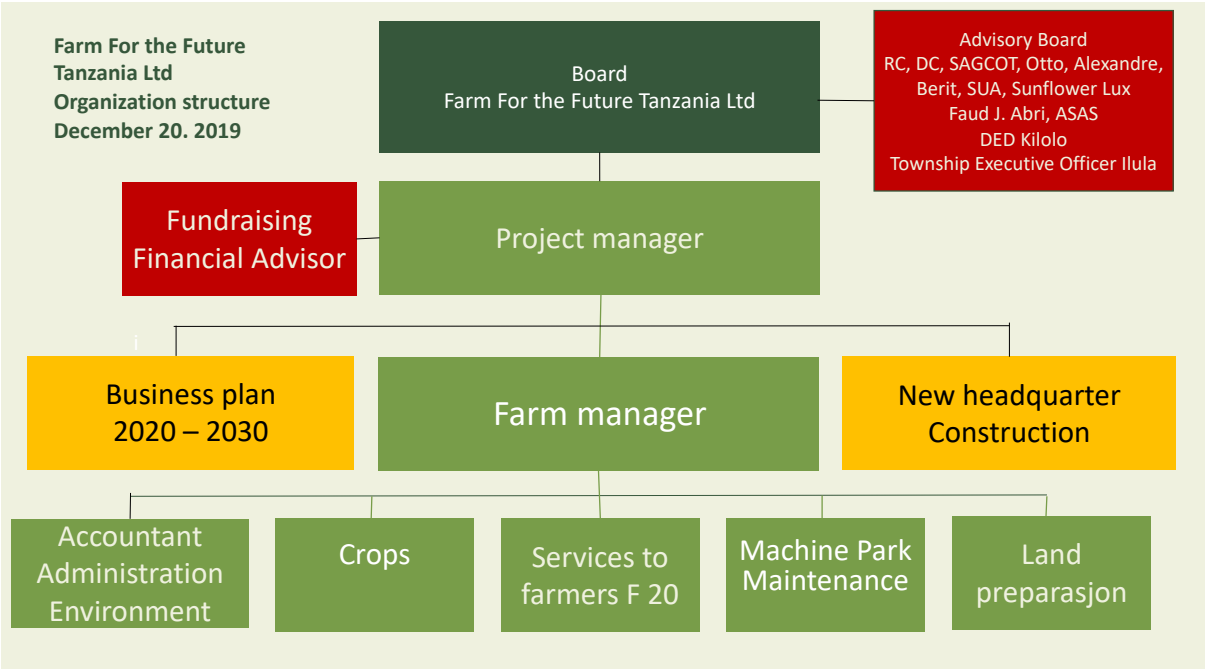


Figure 1 - FFF Structure

1.3 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 of the Tanzanian agricultural sector. Here are some examples:

1.3.1 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 topics. ACE attracts its own dedicated funding as well.

1.3.2 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

This 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

This 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, 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. However, 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 very exciting, albeit long-term project 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 kindergarden and primary school spends at least one full day at the farm.

1.4 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 July 2nd, 2020, the shares are owned as follows:

Ilula Orphan Program:	160,000 shares, which represent 40 % of the total 400,000 shares
Other shareholders:	105,000 shares, which represent 26.25% of total
FFF – for sale:	135,000 shares, which represent 33.75 % 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’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.

At the suggestion of UNDP FFF initiated the establishment of two community-based organizations (CBOs). These CBOs provide a vehicle for local stakeholders to become shareholders in FFF. The two 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 two 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*)).

1.5 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

1.6 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.ffftanzania.com front page FFF in BRIEF – Unique model to end Poverty.

1.7 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. 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.

2. 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.

2.1 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.

2.2 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.

2.3 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 a total of 13200 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 Africa Ltd in Mbeya, owned by Robert Clowes.

2.4 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.

2.5 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 Morogoro 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 (highest of 8 programs)

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, came with the idea to this program, and 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 October 2020 and investments less than 1300 USD per family. This is a second order priority project from local farmers side (second of 8 programmes).

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 in 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.

3. 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 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.

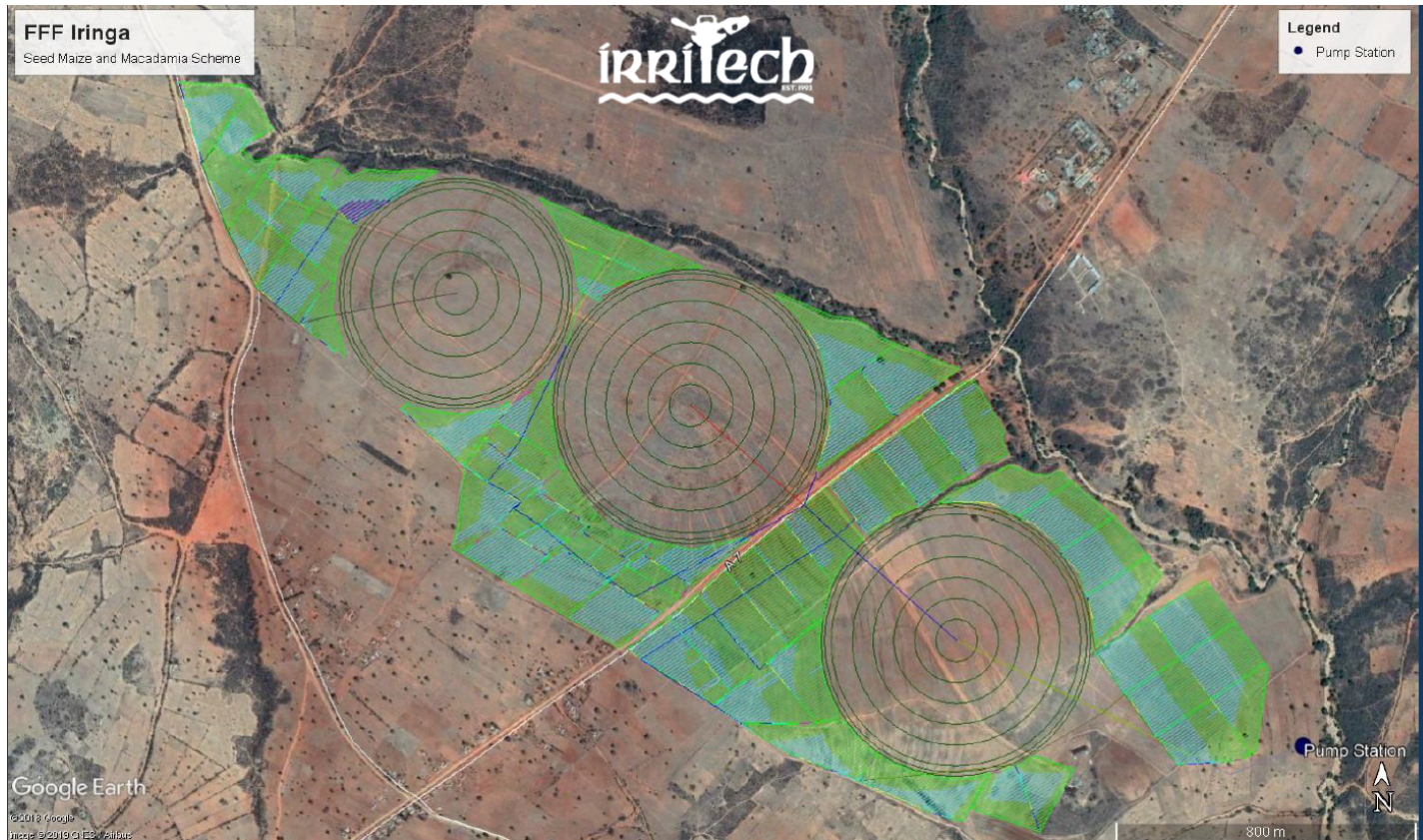


Figure 4 - Irrigation Seed Maize - Pivots

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.

4. Financial

4.1 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.

Product	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Commercial Maize	150	150	130	130												
Seed Maize	16	16	60	60	150	150	150	150	150	110	110	110	110	110	110	110
Macadamia					65	65	65	65	65	65	65	65	65	65	65	65
Sunflower + Other	63	63	50	50	65	65	65	65	65	65	65	65	65	65	65	65
Total	229	229	240	240	280	280	280	280	280	240	240	240	240	240	240	240

This includes an effective additional 40 Ha which are planted in between the young Macadamia trees

No Macadamia Nuts During this time

Partial Macadamia crop

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)

4.2 Gross Profit

The full Business Plan explores the various input costs and market prices for each crop to arrive at a gross profit number. This number expressed in USD is based on the land attributed to the crop the expectations of yield and projected for each year of this business plan. The gross profit for each crop is the starting point of the Profit and Loss Projections below. The full business plan is available upon request.

4.3 Overall Profit & Loss Projection

		1st Oct 2019 to 30 Sep 2020															
		ALL IN USD															
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
REVENUE		192,834	302,580	499,075	581,810	834,225	882,925	1,159,230	1,397,196	1,600,789	1,499,296	1,569,681	1,647,105	1,732,270	1,825,953	1,929,004	2,042,360
	Commercial Maize	112,500	170,250	191,815	206,570												
	Seed Maize	14,184	47,280	212,760	212,760	620,550	620,550	620,550	620,550	620,550	455,070	455,070	455,070	455,070	455,070	455,070	455,070
	Sunflower	66,150	85,050	67,500	78,750	102,375	102,375	102,375	102,375	102,375	102,375	102,375	102,375	102,375	102,375	102,375	102,375
	Dairy and Meat	-	-	27,000	83,730	111,300	160,000	238,000	238,000	238,000	238,000	238,000	238,000	238,000	238,000	238,000	238,000
	Macadamia	-	-	-	-	-	-	198,305	436,271	639,864	703,851	774,236	851,660	936,825	1,030,508	1,133,559	1,246,915
GROSS PROFIT		(81,712)	22,631	147,793	222,945	419,778	444,575	644,731	841,433	1,016,901	997,739	1,066,268	1,141,742	1,224,861	1,316,394	1,417,188	1,528,174
	Commercial Maize	(67,500)	(22,050)	41,795	71,630	-	-	-	-	-	-	-	-	-	-	-	-
	Seed Maize	(11,448)	21,648	116,640	116,640	360,230	360,230	360,230	360,230	360,230	278,850	278,850	278,850	278,850	278,850	278,850	278,850
	Sunflower	(2,764)	23,033	23,202	38,868	50,528	50,528	50,528	50,528	50,528	50,528	50,528	50,528	50,528	50,528	50,528	50,528
	Dairy and Meat	-	-	9,120	39,817	54,128	80,079	122,803	122,472	122,123	121,757	121,373	120,970	120,546	120,102	119,635	119,144
	Macadamia	-	-	(42,964)	(44,010)	(45,109)	(46,263)	111,170	308,203	484,020	546,604	615,516	691,394	774,936	866,914	968,175	1,079,651
MISC GOOD AND SERVICES		-98,236	-94,819	-84,757	-72,092	-71,744	-75,197	-65,544	-66,935	-68,372	-69,855	-71,538	-73,173	-74,860	-76,603	-78,403	-80,263
	Land Lease Costs	-7,273	-3,636	-3,636	9,091	9,091	9,091	9,091	9,091	9,091	9,091	9,091	9,091	9,091	9,091	9,091	9,091
	RENT Farm Manager's House	-1,650	-1,650	-1,650	-1,650	0	0	0	0	0	0	0	0	0	0	0	0
	MTCE BUILDINGS	-1,500	-1,650	-1,815	-1,997	-2,196	-4,392	-4,502	-4,615	-4,730	-4,848	-4,969	-5,094	-5,221	-5,352	-5,485	-5,623
	MTCE NON-FARMING VEHICLE&EQUIPMENT	-2,500	-2,500	-2,500	-2,500	-2,500	-2,500	-350	-350	-350	-350	-500	-500	-600	-650	-700	-750
	IT REPAIR AND REPLACE	-2,124	-1,912	-1,720	-1,548	-1,626	-1,707	-1,792	-1,882	-1,976	-2,075	-2,179	-2,288	-2,402	-2,522	-2,648	-2,781
	WEB HOSTING SERVICES ETC.	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273	-3,273
	ADVERTISING	-545	-545	-545	-545	-545	-545	-545	-545	-545	-545	-545	-545	-545	-545	-545	-545
	CONSULTANCY SERVICES	-20,000	-20,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000	-10,000
	LEGAL FEES	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-3,000	-3,000	-3,000	-3,000	-3,000	-3,000	-3,000	-3,000	-3,000	-3,000
	AUDIT FEES	-8,136	-7,322	-6,590	-5,931	-6,228	-6,539	-6,866	-7,209	-7,570	-7,948	-8,346	-8,763	-9,201	-9,661	-10,144	-10,651
	INSURANCE BUILDINGS	-1,000	-1,000	-1,000	-1,000	-1,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000
	INSURANCE FARM VEHICLES & EQUIPMENT	-4,585	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000
	BANK ACCOUNT CHARGES	-900	-918	-936	-955	-974	-994	-1,014	-1,034	-1,054	-1,076	-1,097	-1,119	-1,141	-1,164	-1,188	-1,211
	MEMBERSHIP OF ORGANISATIONS	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
	WORK AND RESIDENT PERMIT	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250	-3,250
	CSR - SUPPORT ACE TRAINING	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000
	UTILITIES	-1,100	-1,155	-1,213	-1,273	-1,337	-1,406	-1,480	-1,559	-1,643	-1,732	-1,826	-1,925	-2,029	-2,138	-2,252	-2,371
	TELEPHONE AND COMMS	-8,000	-8,160	-8,323	-8,490	-8,659	-8,833	-9,009	-9,189	-9,373	-9,561	-9,752	-9,947	-10,146	-10,349	-10,556	-10,767
	TRAVEL EXPENSES	-12,000	-12,240	-12,485	-12,734	-12,989	-13,249	-13,514	-13,784	-14,060	-14,341	-14,628	-14,920	-15,219	-15,523	-15,834	-16,150
	CANTEEN EXPENSES	-2,800	-2,856	-2,913	-2,971	-3,031	-3,091	-3,153	-3,216	-3,281	-3,346	-3,413	-3,481	-3,551	-3,622	-3,695	-3,768
	SECURITY EXPENSES	-7,600	-7,752	-7,907	-8,065	-8,226	-8,391	-8,559	-8,730	-8,905	-9,083	-9,264	-9,450	-9,639	-9,831	-10,028	-10,229
STAFF (NON CROP DEDICATED) TOTAL COSTS		-44,908	-46,926	-49,043	-51,267	-53,602	-56,054	-58,628	-61,331	-64,170	-67,150	-70,279	-73,565	-77,015	-80,638	-84,442	-88,436
	SALARIES	-33,544	-35,221	-36,982	-38,831	-40,773	-42,812	-44,952	-47,200	-49,560	-52,038	-54,640	-57,372	-60,240	-63,252	-66,415	-69,736
	CONTRIBUTIONS	-5,199	-5,459	-5,732	-6,019	-6,320	-6,636	-6,968	-7,316	-7,682	-8,066	-8,469	-8,893	-9,337	-9,804	-10,294	-10,809
	STAFF HEALTH INSURANCE	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270	-2,270
	BONUS	-2,795	-2,875	-2,960	-3,049	-3,142	-3,240	-3,343	-3,451	-3,565	-3,684	-3,809	-3,941	-4,079	-4,224	-4,376	-4,536
	TRAINING	-1,100	-1,100	-1,099	-1,098	-1,097	-1,096	-1,095	-1,094	-1,093	-1,092	-1,091	-1,090	-1,089	-1,088	-1,087	-1,086
DEPRECIATION		(9,004)	(10,007)	(29,174)	(49,790)	(68,957)	(82,304)	(95,650)	(108,997)	(108,997)	(108,997)	(99,994)	(90,990)	(90,990)	(90,990)	(90,990)	(90,990)
FINANCIAL CHARGES		-7,239	-4,749	-5,832	-12,471	-15,790	-15,790	-12,542	-11,459	-11,459	-11,459	-15,813	-15,813	-15,813	-9,174	-5,855	-1,500
	BANKING INTEREST ON NORFUND LOAN		-3,249	-4,332	-4,332	-4,332	-4,332	-1,083				-4,355	-4,355	-4,355	-4,355	-4,355	
	BANKING INTEREST ON TADB LOAN				-6,639	-9,959	-9,959	-9,959	-9,959	-9,959	-9,959	-9,959	-9,959	-9,959	-3,320		
	BANKING INTEREST OTHER	-7,239	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	
TOTAL EXPENSES		-159,387	-164,501	-168,806	-185,621	-210,093	-229,345	-232,364	-248,722	-252,997	-257,461	-257,625	-253,541	-258,679	-257,405	-259,690	-261,189
PRE-TAX PROFIT		-241,099	-141,870	-21,013	37,324	209,684	215,230	412,367	592,710	763,904	808,643	808,643	888,201	966,882	1,058,989	1,157,498	1,266,985
TAX		0	0	0	0	0	0	-141,187	-177,813	-229,171	-222,088	-242,593	-266,460	-289,855	-317,697	-347,250	-380,095
NET INCOME		-241,099	-141,870	-21,013	37,324	209,684	215,230	271,180	414,897	534,733	518,195	566,050	621,741	676,327	741,292	810,249	886,889
EBITDA		-224,856	-119,114	13,993	99,585	294,432	313,324	520,559	713,166	884,360	860,734	924,450	995,004	1,072,986	1,159,153	1,254,343	1,359,475

TOTAL REVENUE 19,696,333
 TOTAL EBITDA 10,121,593
 EBITDA MARGIN 51%

Figure 6 - Overall Business Plan

4.4 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).

This must be updated when we have made the detail budget in Page 13 of Concept Note to Norad, and then we can say that Figure 7 is updated to reflect Concept Note to Norad

SYSTEM	SUB-SYSTEM	QTY	UNIT PRICE	ESTIMATE (Y/N)	CONTINGENCY (%)	Depreciation Term	TOTAL	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
IRRIGATION	Dam	1	300,000	Y	10%	30	330,000			110,000	110,000	110,000												
	Pump House	1	218,000	Y	10%	20	239,800				129,800	110,000												
	Irrigation for Macadamia	1	190,000	Y	10%	20	209,000				109,000	100,000												
	Irrigation for Seed Maize	1	182,000	Y	10%	20	200,200				100,200	100,000												
BUILDINGS	Headquarters and Milking Station	1	728,000	Y	10%	20	800,800						266,933	266,933	266,934									
	Silos for Maize	1	150,000	N	0%	20	150,000			150,000														
EQUIPMENT FOR F20	Tractor, ripper, planter, disc, spray	1	81,850	Y	10%	10	90,035	45,018	45,018															
EQUIPMENT FOR FARM	Tractor, Trailer, Other	1	81,850	Y	10%	10	90,035	45,018	45,018															
							2,109,870	90,035	90,035	260,000	449,000	420,000	266,933	266,933	266,934	0	0	0	0	0	0	0	0	0

DEPRECIATION	TOTAL DEPR.	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
IRRIGATION	324,720	0	3,667	7,333	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Dam	0	0	0	6,490	11,990	11,990	11,990	11,990	11,990	11,990	11,990	11,990	11,990	11,990	11,990	11,990	11,990
Pump House	239,800	0	0	5,450	10,450	10,450	10,450	10,450	10,450	10,450	10,450	10,450	10,450	10,450	10,450	10,450	10,450
Irrigation for Macadamia	209,000	0	0	5,010	10,010	10,010	10,010	10,010	10,010	10,010	10,010	10,010	10,010	10,010	10,010	10,010	10,010
Irrigation for Seed Maize	200,200	0	0	0	0	13,347	26,693	40,040	40,040	40,040	40,040	40,040	40,040	40,040	40,040	40,040	40,040
BUILDINGS	800,800	0	0	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Headquarters and Milking Station	800,800	0	0	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Silos for Maize	150,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EQUIPMENT FOR F20	90,035	4,502	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004
Tractor, ripper, planter, disc, spray	90,035	4,502	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004
EQUIPMENT FOR FARM	90,035	4,502	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004
Tractor, Trailer, Other	90,035	4,502	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004	9,004
TOTAL	2,104,590	9,004	18,007	29,174	49,790	68,957	82,304	95,650	108,997	108,997	108,997	99,994	90,990	90,990	90,990	90,990	90,990

Figure 7 - Investments

4.5 Cash Flow Projection

The full business plan projects the development of accounts receivable and payable over the course of the business plan. This effect on working capital is an important input to the following cash flow analysis. The full business plan is available on request.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flow from Operations																
EBIDTA	-224,856	-119,114	13,993	99,585	294,432	313,324	520,559	713,166	884,360	860,734	924,450	995,004	1,072,986	1,159,153	1,254,343	1,359,475
<i>Additions to Cash</i>																
Decrease in Accounts Receivable	-123,075	-55,650	-8,477	-17,429	153,444	0	-0	-0	0	-0	0	0	0	0	0	-0
Increase in Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase in Taxes Payable																
<i>Subtractions from Cash</i>																
Increase in Inventory																
Net Cash From Operations	-347,931	-174,764	5,516	82,156	447,875	313,324	520,559	713,166	884,360	860,734	924,450	995,004	1,072,986	1,159,153	1,254,343	1,359,475
Cash Flow from Investments																
<i>Subtractions from Cash</i>																
Investments (see sheet)	(90,035)	(90,035)	(260,000)	(449,000)	(420,000)	(266,933)	(266,933)	(266,934)	-	-	-	-	-	-	-	-
Total Cash Flow from Financing	-90,035	-90,035	-260,000	-449,000	-420,000	-266,933	-266,933	-266,934	0	0	0	0	0	0	0	0
Cash Flow from Financing																
<i>Additions to Cash</i>																
Loan from CRDB (running loan)		110,000	110,000	110,000	110,000											
Loan from TADB (F20 Group and FFF)		110,000		50,000												
Seed Company Financing - Irrigation			100,000	100,000												
UNDP support			50,000	50,000												
TADB loan Dam - irrigation			110,000	110,000	110,000											
Equity build up		200,000	200,000													
<i>Subtractions from Cash</i>																
Repayment of TADB loan			-11,000	-11,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-10,000			
Repayment of CRDB Loans			-11,000	-22,000	-33,000	-44,000	-44,000	-44,000	-44,000	-44,000	-44,000	-33,000	-22,000	-11,000	-44,000	
Repayment of CRDB loan (TZS132 mill.)	-28,696															
Repayment of TADB Dam loan				-11,000	-22,000	-33,000	-33,000	-33,000	-33,000	-33,000	-33,000	-33,000	-33,000	-22,000	-11,000	
Total Cash Flow from Financing	-28,696	420,000	548,000	387,000	171,000	-60,000	-60,000	-60,000	-60,000	-60,000	-60,000	-49,000	-32,000	-11,000	-44,000	0
Cash Flow	-466,662	155,201	293,516	20,156	198,875	-13,609	193,626	386,232	824,360	800,734	864,450	946,004	1,040,986	1,148,153	1,210,343	1,359,475
STARTING CASH	39,043															
CUMULATIVE CASH FLOW	10,347	430,347	978,347	1,365,347	1,536,347	1,476,347	1,416,347	1,356,347	1,296,347	1,236,347	1,176,347	1,127,347	1,095,347	1,084,347	1,040,347	1,040,347

Figure 8 - 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 135,000 shares are still for sale representing 33.75% 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.