



Project Proposal

Prepared for: TIB

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1. PROJECT DESCRIPTION, OWNERSHIP AND MANAGEMENT TEAM

Introduction

3R3K Company Ltd (3R3K) is limited liability company registered in Tanzania with registration number 154135359. Its offices are located at FM Hotel building, Njombe TC, Tanzania. 3R3K is currently working to be registered with Tanzania investment Centre. 3R3K is currently developing its state of the art coffee farm. The farm is formally known Mwenga Coffee farm, Farm Number 822, Land Office Number 586645 under Certificate of Title Number 47961-MBYRL in Isipii Village, Mufindi DC. We are currently waiting for TIC to give consent to sub divide this land and separate it from current owner Mwenga Hydro Ltd who will remain with 9 hectors and the rest of this land which is 375 hectors will be purchased by 3R3K

Goal

The company intends to conduct various farming activities, such as the growing of coffee, avocados, macadamia, eucalyptus and pine trees. The specific focus will however be the growing of coffee trees.

Ownership Structure

Name	Nationality	Shares
Robert Butterworth Rawlins	South African	10%
Johanna Hendrika Rawlins	South African	10%
Karenza Rawlins	South African	20%
Kyla Rawlins	South African	20%
Reuven Seth Rawlins	South African	20%
Kaleb Jethro Rawlins	South African	20%
Total		100%

Purpose

The Company is purchasing a farm which already has established coffee, eucalyptus and pine trees on the premises. However, these have not been fully cared for and therefore have not reached their peak producing capacity. Our project therefore seeks to rectify this situation as well as expand the non-cultivated land by continuing to plant more coffee trees.

Location

Mwenga farm is located at Isipii village in Mufindi District, Iringa region. This farm is 80km from T1 Dar es Salaam - Mbeya Main Road.

Timeframe

Although, the farm on which the project will be run already has established coffee, eucalyptus and pine trees on it, the running and managing and restoring to full production will all be new for the Company.

Short-term aims are:

- Bring the coffee trees on the property to full productivity;
- Repair the coffee factory and drying shed on the property and look at buying in a mill before the first harvest season;
- Explore different options of where to sell the green coffee beans, internal markets, at auction or through direct export;
- To clear eucalyptus currently covering other coffee trees;
- Thin out the existing forestry land in order to increase value of the remaining eucalyptus and pine trees in a couple years' time;
- Create large firebreaks along the borders of the property, selling the timber that will be removed and thereby create some cash flow to be utilized in the project;
- Make an assessment of the avocado trees on the property and look into local markets for the produce.

Longer-term aims are:

- Move towards establishing a long-term relationship with roasters and international traders in order to directly export the green coffee beans to them. Building relations with businesses in South Africa and the USA;
- Look at planting other varieties of coffee on the property and increasing the hectareage of land under coffee;
- Look at the feasibility of having a roastery on the property versus exporting green beans only;
- Creating a sustainable brand for the coffee produced on the property;
- Move towards a more organic mode of farming the coffee trees and obtaining a certificate by the proper international agency and/or other third-party agency, allowing the roasters to label their roasted coffee as organic;
- Clear the eucalyptus and pine once it reaches optimal harvesting age and use the cleared land for more coffee trees;
- Look at the feasibility of planting more avocado trees on the property or merely maintain the trees already there.

Resources Needed

We have the complete management team in place and we have the finance required to start the business, however not to expand the business to its full potential. We are hoping to find a strategic partner who can assist us to reach full capacity quicker, and enhance our returns.

2. MARKET ANALYSIS

Target Market

The target market for the coffee beans is roasters and international traders from Tanzania, South Africa and the United States.

There are three basic ways in which the coffee beans can be traded. These are:

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- Internal market: farmers sell at farm gate prices to private coffee buyers, farmer groups and cooperatives. Coffee is sold in cherry or parchment form.
 - Auction: coffee auctions are conducted every week during the season. Licensed exporters come to the auction and buy coffee from suppliers.
 - Direct export: growers of premium top grade coffees are allowed to bypass the auction and sell their coffee directly. This allows growers to establish long term relationships with roasters and international traders. This policy was created by the Coffee Board of Tanzania in order to allow farmers and local companies to build a long-term relationship with international buyers.

The aim is to eventually sell all the coffee produced by the project through direct export. At first, however, the coffee produced will be sold at the internal markets or at auctions. This is to allow for a license to be obtained in order to export the coffee as well as time to develop relationships with international buyers from various countries.

There are various processing plants for timber in the same region as the project. When the 445 acres of eucalyptus and 40 acres of pine trees reach their prime growth age, they will then be sold to either sawmills in the region or to pulp and paper mills. Sao Hill Industries, Ihembe, Sheda General Supplies and Mufindi Paper Mills are a few processing plants in the region.

Analysis of existing Competition and Project Competitiveness

The competition in the coffee industry is very limited. Our main advantage is that we have the skills and know-how to manage a large coffee farm, and the skills to manage macadamia and avocado. This is because of the experience we are bringing to Tanzania from South Africa which we have perfected it for many years.

Estimated Demand for Milk

The demand for coffee in the world market have increased significantly during and post Covid and is because big farms in Southern America have been hit by frost.

3. TECHNOLOGY, BUSINESS MODEL AND GROWTH STRATEGY

Management Team

Below is the team of technical staff who are involved on day to day management of the project. It consist of Managing Director, Director of Finance and Administration, Estate Manager, Accountant and HR.

3R3K Company Ltd - Management Profile				
S/ N	Name	POSITION	QUALIFICATION	RELEVANT EXPERIENCE
1	ROBERT RRAWLINS	Managing Director	Honours degree in Land & Agrarian Reform – University of the Western Cape	A commercial farmer and businessman in South Africa for over 30 years. He is passionate about sustainable farming methods, working with nature and training others to also engage his field. He loves learning and is continuously expanding his businesses and trying new ventures. He currently farms with cattle, sheep and maize and has previously owned a dairy.
2	KALEB RAWLINS	Farm Manager	Second year student in Agricultural Management – Nelson Mandela University	An agricultural student who has grown up on a commercial maize, sheep and cattle farm in South Africa.

3R3K Company Ltd - Management Profile				
3	KYLA RAWLINS	Secretary	BA Law & LLB degrees in Law – University of Pretoria & busy with a LLM degree in International Economic Law – University of South Africa	She has worked in various legal spaces for the last couple of years, both in South Africa and India. Having grown up on a commercial farm, she understands its workings and can combine this with her legal expertise and international experience.
4	Phil Msuya	Accountant and Resource Manager	CPA (T) - NBAA Bachelor of Commerce in Accounting - University of Dodoma	Over 10 years experience in Accounting and Project Management

Technology and Operation Overview

The ultimate goal of our project is to have a state of the art coffee processing plant and to add value to the coffee beans we produce. We are currently looking on the best technology to be used and in the course of next year or so we are expecting to start construction of this plant. We have reliable power plant next to our farm – Mwenga Hydro Ltd, a 4MW hydropower plant. This alone is the plus and strategic it gives us endless possibilities of growing into coffee and macadamia exporters.

KEY PERFORMANCE INDICATORS

- Return on Assets
- Profit per irrigated hectare,
- Cost per kg of coffee produced
- Profit per kg of coffee,
- Profit per plot.

4. FINANCIAL OVERVIEW AND INVESTMENT PROPOSAL

Existing Financial Structure

Shareholder	Equity	Debt
Robert Butterworth Rawlins	USD 300,000	USD 220,000

Future Financing already committed o the Project

Developers “Skin in the Game”

Robert and Johanna have put his entire life savings into this project. The other family members will also contribute to the success of this business. This is a testament as to how strongly the family believe that this project will work, and how strongly they believe in the future of the country.

CAPITAL REQUIRED

Description	Type	Amount
Purchase of land	Equity	USD 500,000
Development of Avocado and Macadamia Farm	Debt	USD 500,000
John Deere Tractor	Equity	USD 35,000
Home and Office water system	Debt	USD 5,000
Powerline	Debt	USD 10,000
Double Cab Pick-up	Debt	USD 70,000
Storage Facility	Debt	USD 50,000
Roadways	Debt	USD 5,000
Coffee Milling Machine	Debt	USD 100,000
State of the art coffee roasting and packaging Machine	Debt	USD 150,000
Restoration of factory Buildings	Debt	USD 60,000
Working capital	Debt	USD 30,000
Total		USD 1,515,000

We are now finalizing debt financing of USD 1,000,000 with CRDB Bank PLC.

5. IDENTIFICATION AND MITIGATION OF RISKS

The biggest risk our business faces is climate change, with the delays of rains we need to be thinking of coming up with irrigation solution which might be expensive with regards to our terrain.

6. SOCIAL, ENVIRONMENTAL AND GENDER IMPACTS

SOCIAL IMPACTS

3R3K has already made a huge impact in the surrounding community. We are employing about 40 people on a daily basis including 6 permanent staff from the local village and further away. Of these people about half are woman.

ENVIRONMENTAL IMPACTS

Our sustainable forest project is designed to help with the fight to reduce carbon dioxide and global warming. The way coffee, macadamia and avocado projects are also designed are in line with new farming ways which is farm forest and we believe we are playing our part to conserve environment I also intend to start a honey out-growers project to help people to protect some of the wonderful biodiversity that exists in the miombo woodland.

GENDER

Our project is gender focused from the directors themselves to the field workers in our farm. This was part of our gender strategies. We have employed up to date 1 woman in a team of 6 permanent employees.

7. CONCLUSION

3R3K have a golden opportunity to capitalize on the growth of the Tanzanian coffee industry. We have advantage of reliable power next to us and we have an amazing climate at Mwenga Farm. We believe this project will in 3 years be in it's peak.