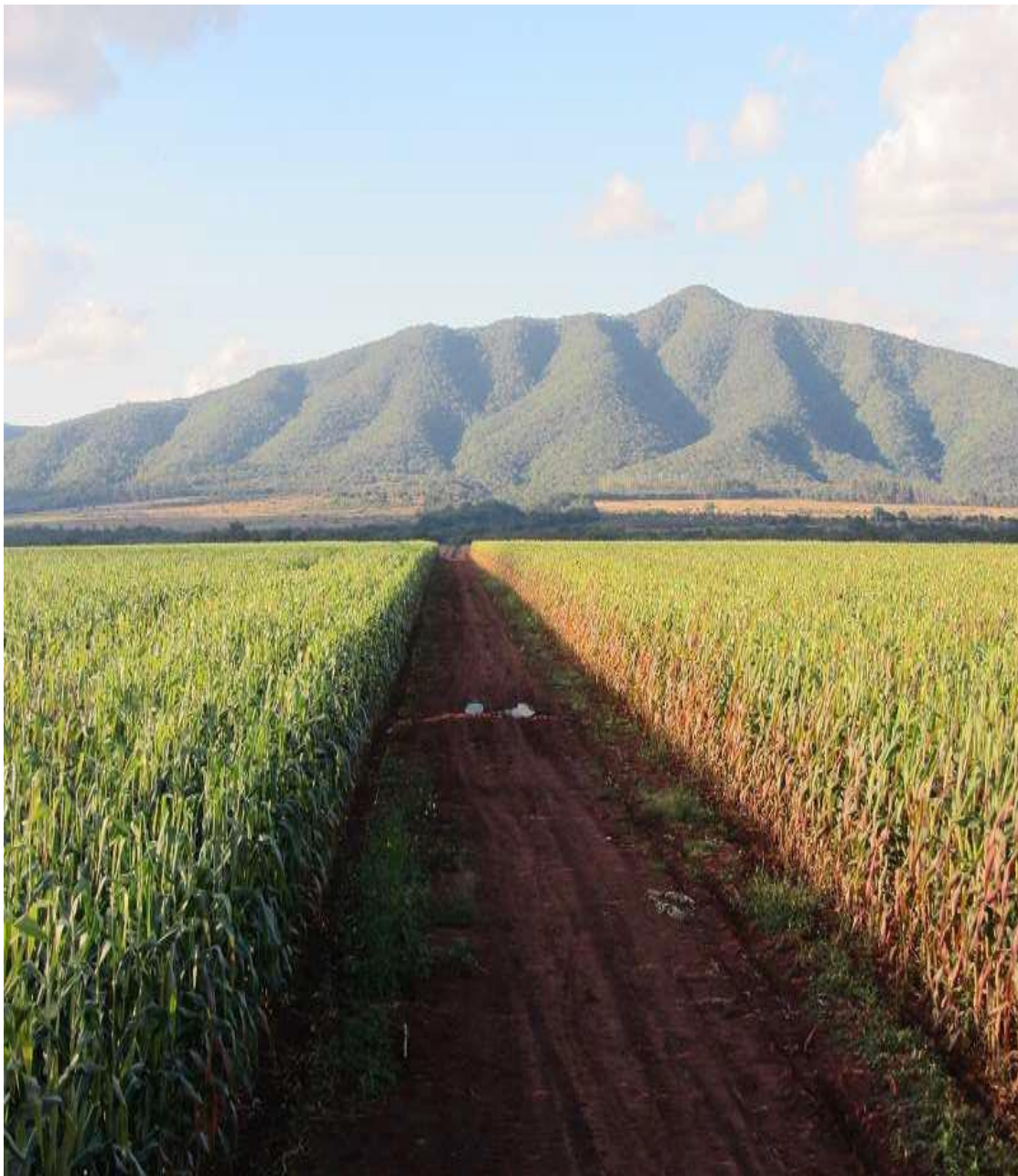


SILVERLANDS NDOLELA LIMITED

INVESTMENT PROPOSAL: CROPPING AND LIVESTOCK

Updated March 2024



Submitted to: Tanzania Investment Centre

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1. Executive Summary

Silverlands Ndolela Limited ("SNL") aims to develop Tanzania's flagship integrated agricultural operation focusing on producing seed maize, seed potatoes, avocados, and other crops and beef.

SNL has two properties in South West Tanzania: (1) Title no.7889 (with an area of 5,340 ha) in the Ndolela locality. This Title is on a 99-year lease, ending in 2098 (the "Ndolela Farm 1"); and (2) Title no. 9209 (a small 32.5 ha property) in the south of the Ndolela locality, on which an existing 85 kW pilot mini Hydro plant is located. This Title is on a 99-year lease expiring in 2103 and was acquired in September 2015 from Baobab Limited (Baobab), a wholly owned subsidiary of Rift Valley Holdings Limited (RVHL) (the "Ndolela Farm 2"). Ndolela Farm 1 and Ndolela Farm 2 shall collectively be known as "Ndolela Farms".

Recently, SNL acquired the following farms:

- a. Iganga 2, Lumuli village Farm No 977, Iringa - CT NO. 51171-MBYLR 782.43 Acres
- b. Muwimbi 2 No. 1369/17066, Muwimbi Village, Iringa (Msugulika) with CT No. 50815-MBYLR 845.05 Acres
- c. Farm No 795, Ifunda Village, Iringa District, CT No. 51166-MBYLR Iringa District (Selous Farm). 1,660 Acres
- d. Ulete Farm No 6128, Muwimbi Village, Iringa CT No. 50814 MBYLR 1000 Acres,
- e. Farm No. 142 Ludodolelo in Makete District 1,410 Hectares = 3484.19 Acres

Properties (a)-(e) are collectively known as "Selous Farm", to be transferred from Silverlands Tanzania Limited ("STL") as per the Business Purchase Agreement ("BPA") executed on 30 November 2022.

2. Group Profile

2.1. Silverlands Ndolela Limited

SNL is owned by Silverlands Luxemburg (T2) Sarl (Luxembourg) and SilverStreet Private Equities Strategies Soparfi (Luxembourg). The holding companies are 100% owned by Luxembourg-based SilverStreet Private Equities Strategies Sicar (the "Fund"). This \$215 million private equity fund invests across the agricultural value chain in sub-Saharan Africa.

The Fund has two investments in Tanzania, SNL and STL. STL currently operates two business divisions in Tanzania: (i) a poultry and feed business division (“STL Poultry”); and (ii) a grains and cropping business division (“STL Cropping”); and SNL operates a grains and cropping business in tandem to STL Cropping in Tanzania.

In November 2022 STL sold STL Cropping comprising Selous Farm to SNL. This sale was carried out to optimize current structure of both companies.

2.2. Business Model

The Fund invests in the agricultural sector across the value chain, including inputs, primary production, processing, protein and food manufacturing business. Our business model incorporates the following:

- Primary Production of agricultural products, including maize, avocados and potatoes;
- Adding value along the value chain, for example, through the processing of farm outputs, Growing seed on the farm or in the production of protein via livestock, and
- Pro-active support for small-scale farmers operating in a similar location. This brings economies of scale, improved security of tenure and complementary profit potential.

3. The Fund's Activities in the Agriculture Sector

3.1. Type of Agriculture Activity

The Fund's commercial farming crop focus is on the major food crops such as maize, wheat, soya beans, sugar, fruit, tea, coffee and aquaculture (see Figure 1 below).

Additionally, investments are targeted along the value chain in the agricultural sector. Investment targets could be derived from the following business areas, amongst others:

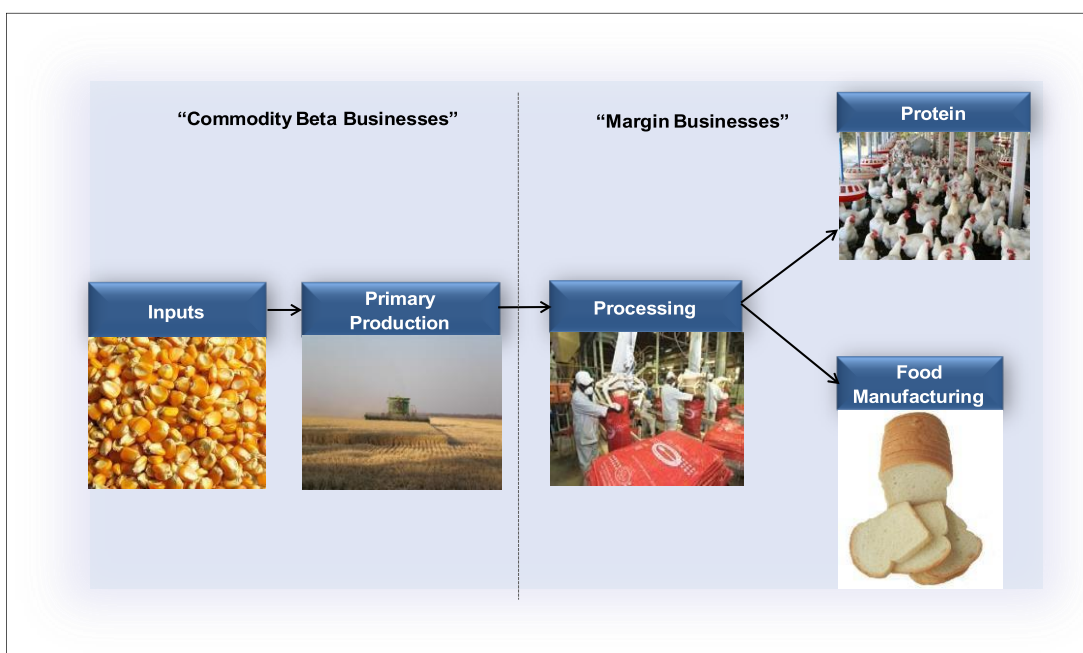
- Farmland and livestock businesses
- Processing of farming outputs
- Marketing of farming outputs
- Input provision: seeds and fertilizer
- Agricultural services and equipment
- Technologies related to the provision of services to farmers



The Fund's team believes that the key to successful farmland businesses is the installation of top management teams and modern farming techniques. Working closely with the community and developing the small-scale farming sector is integral to the strategy.

The following diagram illustrates the agricultural value chain. Concerning the Fund's investment in Tanzania, the initial focus will be on primary production, processing and protein.

3.2. Agriculture Value Chain



4.The Fund's Responsible Investment Code

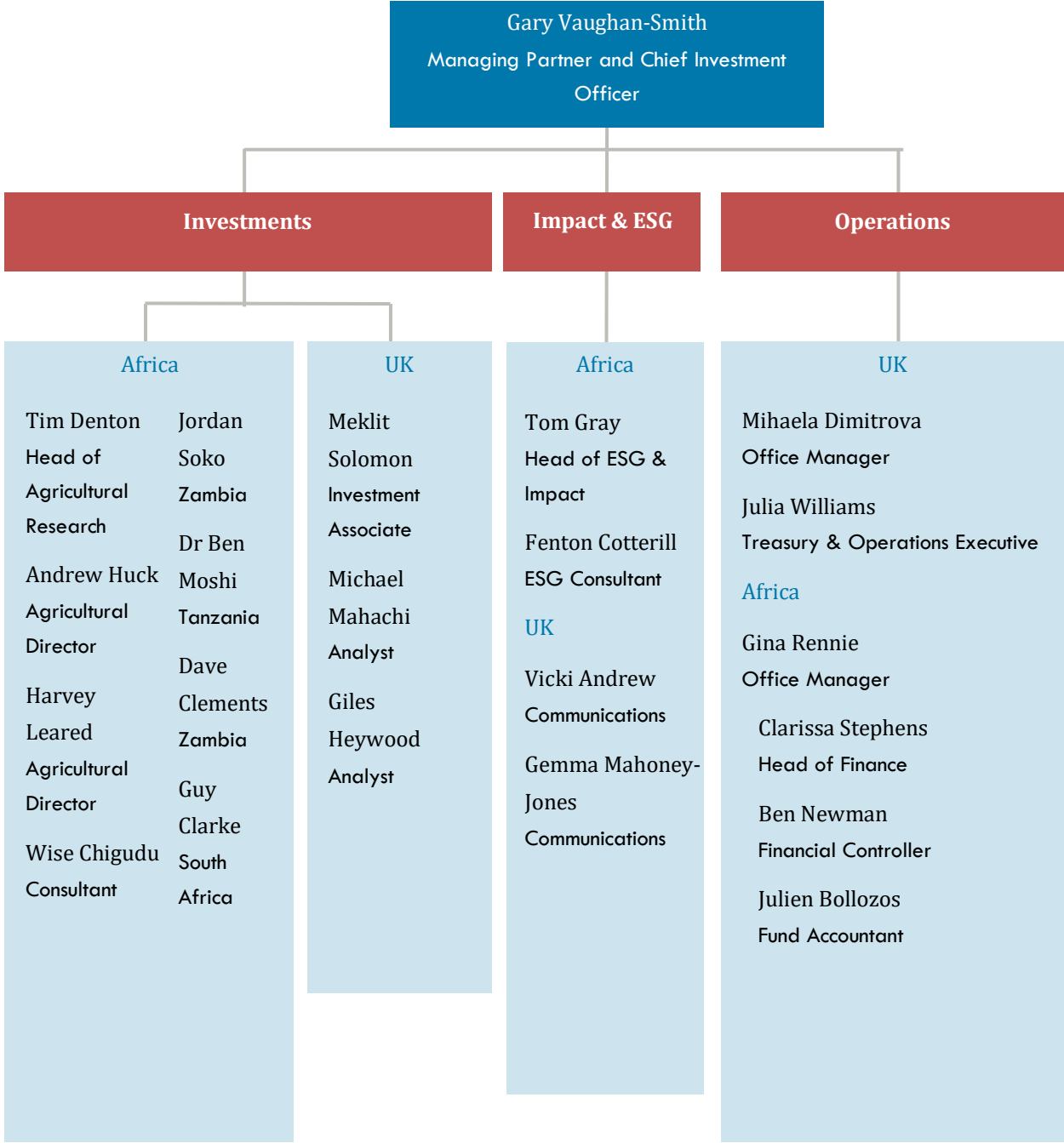
4.1. Overview

Sustainable private sector development requires responsible business management of environmental, social and governance ("ESG") matters.

The Fund has a documented Investment Code, which defines the Fund's principles, objectives, policies and management systems for sustainable and responsible investment with respect to ESG. It also includes an Exclusion List specifying businesses and activities the Fund will not invest in. The Fund, and the industries in which its capital is invested, will:

- Comply with all applicable laws and regulations (including Luxembourg, Tanzanian and UK laws);
- As appropriate, minimize adverse impacts and enhance positive effects on the environment, workers, and all stakeholders.
- Commit to continuous improvements for the management of the environment, social matters and governance.
- Work to comply with the relevant international best practice standards, with appropriate targets and timetables for achieving them; and
- Employ management systems which effectively address ESG risks and realize ESG opportunities as a fundamental part of a company's value.

4.2. SilverStreet Team



4.3. Team Profiles

GARY VAUGHAN-SMITH – Fund Chief Investment Officer (UK)

Founded SilverStreet in 2007

Gary has broad experience investing in the agricultural sector across Sub-Saharan Africa.

Gary was previously at ABN AMRO Asset Management, where he was Head of the Alternative Investment Group for five years, overseeing growth in assets from under US\$50m to over US\$5bn.

Gary is a Fellow of the Institute and Faculty of Actuaries. He has a Master's Degree in Finance from Cambridge University in the UK and a BSc (Hons) in Mathematical Statistics from the University of Cape Town, South Africa.

TIM DENTON – Fund Head of Agricultural Research (Zimbabwe)

Joined SilverStreet in 2010

Tim has extensive experience managing large-scale commercial farms and agribusinesses in Sub-Saharan Africa, including poultry, processing, beef, annual crops (seed, grains, legumes) and permanent crops (tea, tree nuts, coffee and sugar cane).

Tim previously spent nine years as COO at Africa Plantations, acquiring plantations in Zambia, Malawi and Tanzania and employing ~ 5,000 people.

Tim was educated at Royal Agricultural College, Cirencester, UK, and is a Member of the Royal Agricultural College.

MICHAEL MAHACHI – Fund Analyst (UK)

Joined SilverStreet in 2021

Michael was born and raised in Zimbabwe.

Before joining SilverStreet, he worked at AIG and Liberty Mutual in various roles as an actuary in the USA and Ireland.

Michael graduated magna cum laude from The Wharton School of the University of Pennsylvania, receiving a BS in Economics with concentrations in Finance and Actuarial Science. He is a Fellow of the Casualty Actuarial Society.

DR BEN MOSHI – Chairman Silverlands Ndolela Limited (Tanzanian citizen)

Joined Silverlands Ndolela in 2012

Dr Ben is a Non-Executive Director for Silverlands Ndolela Limited and the Community Liaison Officer for this entity.

Dr Ben is an experienced civil servant and has served for over 25 years in the Tanzanian government.

Dr Ben has also served as an advisor to several parastatals and private organisations.

ALBERT BARARATA – Finance Manager Silverlands Ndolela Limited (Tanzanian citizen)

Joined Silverlands Ndolela in 2019 Albert Bararata is employed as Finance Manager for Silverlands Ndolela Limited (SNL) responsible for the financial aspects of the Company. Albert is a Certified Accountant (ACPA-PP),

his career includes nearly 5 years with Auditing Firm (Ernst & Young) where he gained experience in auditing and audit management major on financial sector, Agriculture and Mining industry.

He joined the company in April 2019, having been Financial Controller for one of the Tea leading Company in Tanzania, Unilever Tea Tanzania Ltd where he was responsible for Financial, Controls and Operations aspects of the Company.

ZACHARIAH PETERSON – Managing Director Silverlands Ndolela Limited (Tanzanian resident)

Joined Silverlands Ndolela in 2022

Zachariah joined the company in 2022, he is the founder and managing director of Chipuka Center Ltd, a company providing professional consulting services in education, mental health, agriculture and aviation in Tanzania. Since 2019, he has been partnering with Field Masters Ltd in Arusha, managing 1250 acres of arable land in soil regenerative and conservation agriculture system with a portfolio of crops. He is currently managing Selous and Makete farms, one of SNL division in Iringa region. Zachariah holds a BSC Ecology from Florida Institute of Technology.

5. The Tanzanian Agriculture Sector

5.1. Background

Agriculture in Tanzania employs around 76% of the workforce and contributes 27% to the country's GDP. This is because Tanzania is dominated by subsistence smallholder farmers, cultivating an average farm size of between 0.9 and 3.0 hectares each. About 70% of Tanzania's crop area is produced by hand hoe, with most of the land cultivated by basic hand implements. It is primarily rain-fed agriculture, with roughly 5.1 million hectares cultivated annually, of which 85% consists of food crops. Women constitute the main part of the agricultural labour force. The major constraint to improving yields is the falling productivity due to outdated technology, insufficient and inferior inputs such as seed, fertilizer and pesticides, and the dependence on unreliable and irregular weather conditions. Both crops and livestock are adversely affected by periodic droughts due to a lack of stored water and Irrigation.

Despite this, the growing population and demand for agricultural products has seen agricultural GDP grow at 3.3% per year since 1985, with the main food crops growing at 3.5% and export crops at 5.4% yearly.

Macroeconomic reforms have had a significant impact on the Agriculture Sector. The economic

reforms have led to the sector's opening to private investment in production and processing, input importation and distribution and agricultural marketing. Most production, processing and marketing functions have been assigned to the private sector. The Government has retained regulatory and public support functions in a facilitation role.

5.2. Agricultural Investments and their Impact on Economic Growth

Currently, the mechanization rate in Tanzania is very low and has declined from an estimated 32 tractors per 100 sq. km of arable land in 1961 to just 23 in 2005¹. Similarly, fertilizer consumption is at very low levels. However, there has been an increase from 0.5kgs per hectare in 1961 to 5.8kgs in 2005, but this compares unfavourably to countries such as Thailand which increased from 1.7kg to 120.7kgs per hectare during the same period.

Through private investment into the agricultural sector, with a focus on irrigation development, improving the quality of seed used, and encouraging the uptake of fertilizer and technology amongst farmers, SNL hopes to play a significant part in assisting Tanzania in developing a booming commercial agricultural sector.

<http://www.policyforum-tz.org/files/ReducingpovertythroughKilimoKwanza.pdf>

5.3. Specific Commodities

○ Potatoes

Tanzania is the sixth largest producer of potatoes in Africa. These are produced in the Southern Highlands of Tanzania with average yields of 10-25 tonnes per hectare. In the Southern Highlands, farmers grow two crops a year. In Eastern and Northern Tanzania, farmers grow one crop per year. Yields are low due to the low availability of quality seed and limited use of good agricultural practices.

Sources: Researchgate – "Climate change risks and opportunities in potato production in Tanzania" August 2020; TanzaniaInvest.com

○ Livestock

Tanzania's livestock production generated USD 4.2 billion in 2018, compared to USD 2.4 billion in 2014, representing an increase of 75%. Out of the total meat production, 55% (USD 2.31 billion) comes from cattle, 21% (USD 0.88 billion) from sheep and goats, 14% (USD 0.59 billion) from pigs, and only 10% (USD 0.42 billion) from chicken.

Sources: TanzaniaInvest.com

○ Seed Maize

Recent statistical data recorded the annual demand for seed in Tanzania at 212 274 tonnes, of which only 52 700 tons are available. Of the 52 700 supplied to the local

market, 35 422 tons are locally produced, while 16 278 are imported.

Sources: The Citizen, June 2021

o **Avocado Pears**

In Tanzania, avocados are grown in central and highland areas with cool temperatures ranging from 10°C to 23°C, 600 to 3000 heights above sea level and rainfall ranging from 600 to 1600mm. They are primarily grown in Arusha, Kilimanjaro, Mbeya, Songwe and Njombe. Avocado production shows an annual growth rate of around 12%, with annual production at about 37000 tons in 2020. The two largest commercial producers are Africado Limited and Rungwe Avocado.

Avocado exports have increased by 380% over the past five years, with 85% of exports going to the European market.

In Tanzania, avocado production shows an annual growth rate of around 12%, with annual production at about 37 000 tons in 2020. The two largest commercial producers are Africado Limited and Rungwe Avocado.

Avocado exports have increased by 380% over the past five years, with 85% of exports going to the European market.

Sources: Tridge – Seasonal Market Report July 2020 Tanzania Horticultural Association Sept 2020, Tan trade, Tanzania Avocado profile

6.The Investment Objective

SNL will become Tanzania's flagship integrated agricultural operation, focusing on primary production and beef. The Company will increase the scale of the group's cropping operations, improve synergies with the existing sister company (STL) operations and should result in improved margins for the combined businesses. The SNL business hopes to benefit from positive emerging trends in Tanzania, including a growing population, higher incomes, and a requirement for increased maize, soya and animal feed supplies to sustain the population's appetite for protein products.

The investment into the SNL has so far focused on the following:

- Developing up to 2,000 ha of Irrigation on the farm.
- Increasing the cropping area of the farm.
- Strengthening the management of the farm, resulting in improved efficiencies and the introduction of modern production technologies.
- Boosting yields on the farm through technology and input spend.
- Upgrading the farm's infrastructure.
- Introducing international best practice ESG standards.

7.The Staffing Requirement

SNL employs between 1000-1300 staff, including seasonal and contractor employees and three expatriates, to assist in implementing and managing the cropping and livestock operations and training staff.

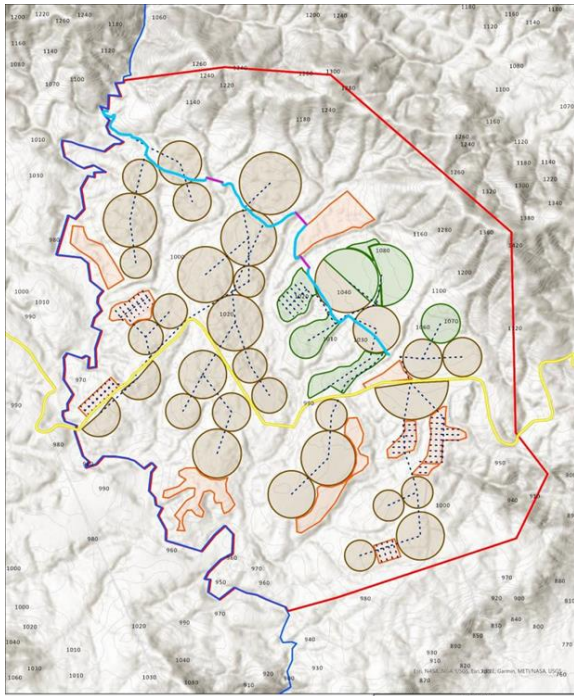
8.The SNL Assets

8.1. Ndolela Farms

The Ndolela Farms are ~92 km from Songea, 225 km from Mbeya and ~82 km from Lake Malawi.

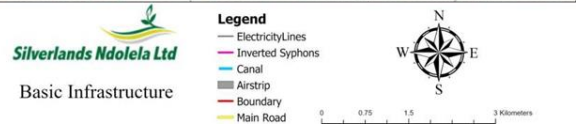
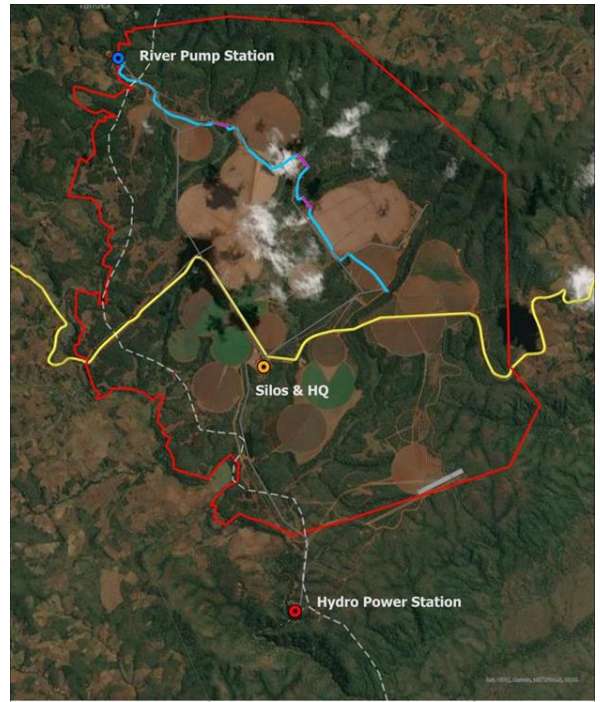
Location of Ndolela in Tanzania





Impro

Impro



Improvements

From the time of the initial investment, the following improvements have been made

- 16,000-tonne silo complex with cob dryer and framed sheds for workshops and storage. The silos are used for the storage of grain on Ndolela Farm 1
- Construction of office, workshop, and housing on Ndolela Farm 1
- The establishment of a 754 kW hydropower plant on Plot 1 Mahanje Village, with supporting infrastructure, has been completed and commissioned on Ndolela Farm 2

Operations

The property is run as a commercial farm involved in row cropping, avocado pear production and cattle ranching.

1 221.5 ha is used for row cropping under pivot, and 201 ha for avocado pears under pivot.. There is 251 ha under dragline or other Irrigation for pastures and further avocado plantings.

The maize yield was 4.47 tons/ha for summer seed maize, and 4.88/ha for winter seed maize and the seed bean harvest was 1.12 tons/ha in 2021.

The soya yield was 2.06 tons/ha; the Seed sunflower yield was 0.65 tons/ha, and ware potatoes 38 tons/ha.

Electricity generated by the Hydro is sufficient to irrigate between 850 and 1 000 hectares in the peak winter irrigation period. Tanesco power has been installed; all the pivots can run simultaneously with this additional power.

Currently, the cattle herd comprises approximately 572 head.

Agriculture Power and Water Rights

There are sufficient water rights to irrigate approximately 1 700 hectares. The Lake Nyasa Basin Water Board has provisionally granted the following Water Permits.

- Permit No. 15100381 - To abstract Water 86,400m³/day from Ruhuhu River at Ndolela Farm, Mahanje Village, for Irrigation
- Permit No. 15100426 - To abstract Water 181,440m³/day from Ruhuhu River at Mahanje Village for Power Generating 80KW
- Permit No. 15100427 - To abstract Water 13,926m³/day from Ngobongo River at Mahanje Village for Irrigation
- Permit No. 15100428 - To abstract Water 3,290m³/day from Masigira River at Mahanje Village for Irrigation
- Permit No. 15100509 - To abstract Water 15m³/day from Ngobongo River at Mahanje Village for Domestic
- The property is connected to Tanesco, which supplements the Hydropower plant. Tanesco

supply has been connected to pump station 10.

- Power is supplied by a 754KW hydropower plant installed on the Ruhuhu River on Plot 1 Mahanje Village and generators.

Hydro Electric plant

A Hydroelectric plant was constructed and commissioned in 2017, with its design rating as follows:

- Rated Net Head: 65 m
- Design Flow: 1550 l/sec
- Turbine mechanical output at design flow: 792 kW
- Turbine peak mechanical efficiency: 80.2 %

7.8 Selous

Farming

Overview

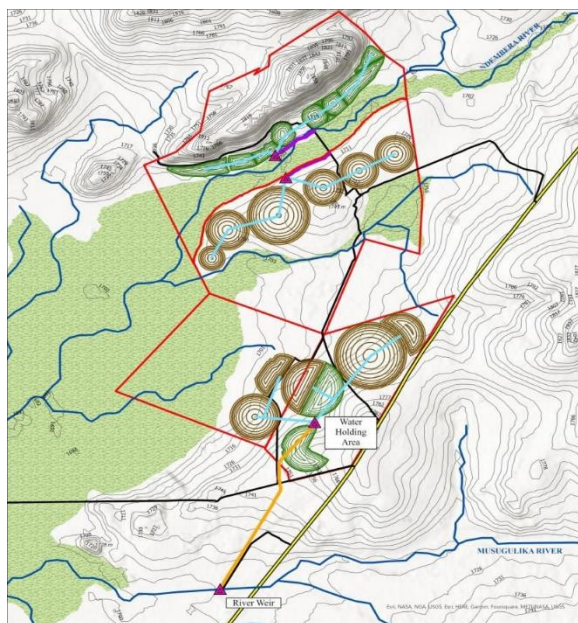
Selous Farming comprises four contiguous farms in Iringa and one in Makete, which have a combined area of 3,193 Ha, of which 2,044 Ha is currently irrigated and 450 Ha is arable area - dryland.

Both farms are situated on the "so-called" SAGCOT corridor, a region with significant developmental focus by donors and the government.

The Selous Farming activities in Iringa take place on two contiguous title deeds. The farm is located 45km South West of Iringa, and 12 km South West of Makota Farm, as shown on the google maps on the following page. The main office of the farm is 2.7kms from the main tar road between Iringa and Mbeya.

Selous is comprised of the following farms

Title	Acres (N)
Iganga 2 (Iganga Farm), Lumuli village- CT NO. 51171-MBYLR -CROPPING. 782.43 Acres	782.43
Muwimbi 2 (Msugulika) with CT No. 50815-MBYLR 845.05 Acres	845.05
Ifunda Farm No.975, Iringa District CT NO 51171 MBYLR 1,660 Acres	1,660.00
Ulete farm No 6128 CT No. 50814 MBYLR 1000 Acres,	1,000.00



The properties are located near Ifunda Village, in Iringa Rural District, approximately 542 Kilometres south west of Dar es Salaam, 45 Kilometres south west of Iringa town and 2 Kilometres off the TANZAM Highway / A104.

The Ndembera River runs between Ifunda farm and Iganga Farm.

The A104 bisects the northern part of Iganga Farm.

Msugulika farm is situated between the A104 to the east and Ulete Farm to the west. It stretches from the most south eastern tip of Ifunda farm south past Ulete Village.

Ulete farm is situated just south of Ifunda Farm and is bordered by Msugulika Farm to its east and the road running through Ulete Village to the south.

Water Rights

The properties have water rights from the Ndembera and Msugulika Rivers to pump water for domestic and irrigation uses.

Ndembera River water rights: 2,995,200 litres per day between May and November

Msugulika River water rights: 6,300,000litres per second between May and November

Selous Farm is connected to Tanesco and standby generators are installed.

Cropping Activities

Selous is used for the production of seed maize, barley, potatoes and avocados. Livestock is maintained on pastures and natural grazing land.

Summer seed maize is harvested and sold under contract to Seedco in Tanzania, with average yields of 5.09 tons per hectare during 2021.

Barley with yields around 8.1 tons per hectare in 2022, all the barley is sold to either Serengeti Breweries Limited or Tanzania Breweries Ltd. Sunhemp is planted as green crop for the cattle before the barley.

55 ha were planted with potatoes with a yield of around 26 tons per hectare as of the date of our inspection. These are sold in 130 Kg bags at the farm gate.

88 Hectares were planted and grafted to Hass avocados in 2018 and 2019. This area has been expanded to 142 hectares. 91,3 hectares of these are currently under pivot, with 67 hectares of Sunhemp interplanted between them. The remainder are irrigated with microjet and drip.

All the pivots are Valley Pivots, they appear to be in good condition and well maintained.

The farm has a well-established Boran Stud operation.

Livestock

The farm has 124 Ha of planted pastures, and 780 Ha of grazing land. On this is run a herd of around 200 beef cattle and 200 ewes, exact number to be confirmed

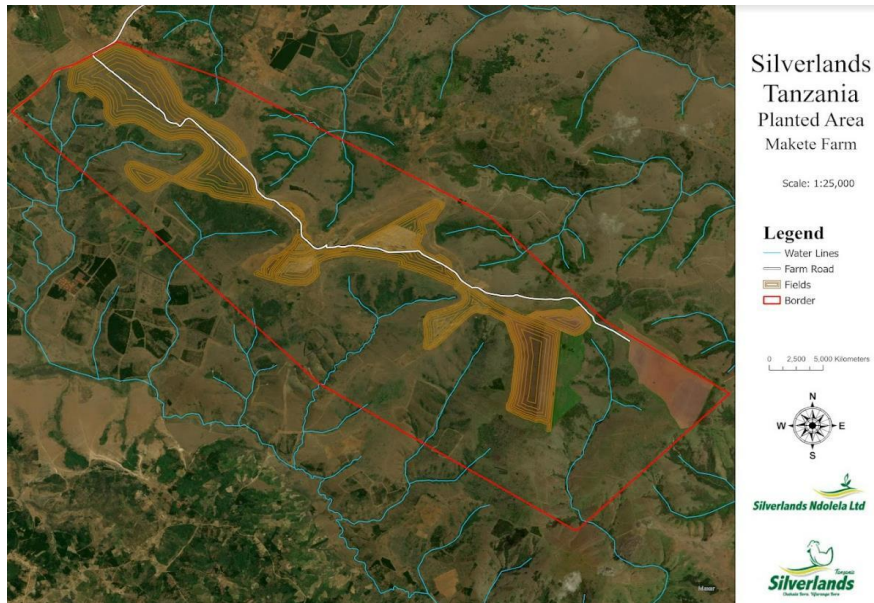
Management's estimate of the optimal cattle herd to be run on Ifunda is 350 head (of which 140 would be breeding cows), and the optimal sheep herd would consist of 150 ewes plus followers. Note that Ifunda is a registered quarantine export farm.

Makete Farm (Ludodolelo)

Makete Farm is located near Makete, ~252 km to the South West of the Ifunda Farm in Iringa. It was acquired by Selous Farming in 2007 from Tanzania Breweries. The farm consists of 1,410 Ha of land, of which 400 Ha has currently been cleared for use as dryland.

Makete Farm is situated at Ludodolelo Village, Makete District, approximately 10 Kilometres off the Njombe - Makete Road and 62Kkilometres west of Njombe.

Access to the farm is through a track road leading to Lupila which branches off from the Njombe - Makete Road at Kipengere Village.



Altitude, Rainfall and Soils

The Makete Farm sits at an altitude of 2,540m, and is in a micro climate of its own. Average annual rainfall is ~1,540mm, between the months of October and May.

Cropping Activities

The subject property has approximately 400 hectares of cleared arable land. Historically, barley was produced on this farm as well as in more recent years, seed potatoes, peas and pyrethrum. Additionally, it is an ideal farm for cattle due to the low disease pressure and excellent natural pasture.

Currently, SNL has entered a strategic partnership with the Pyrethrum Company of Tanzania to farm pyrethrum as a perennial rotation crop on the property. Due to a variety of challenges in recent seasons, other cropping has been put on hold for a season while a solution is implemented, and this also allows a fallow rotation of some of the fields. However, approximately 100ha of land has been made available to the District Government for farming of wheat in 2023 for one season only in support of a Government backed wheat scheme for food security in the region.

Finally, SNL has invested in more capacity for cattle on the farm and the herd has been increased to over 250 head of commercial cattle. The excellent natural pasture will support up to at least twice as many animals and the goal will be to maintain a larger commercial herd as well as manage pasture as part of the rotation of the cropping area of the farm. In future, barley, wheat, seed potatoes and

peas in addition to pyrethrum and the cattle will continue to be the planned use for this property.

Water rights and Power

The farm is not irrigated. Water for domestic use is pumped from a stream on the farm

The farm sits at a high altitude receiving on average 1 600 mm of rain annually between October and May. The climatic conditions allow for one rain-fed crop per year.

Water is pumped from water intake on wetlands and water storage tanks are installed.

There is no mains electricity on the farm. Power is supplied by generator.

9. SNL Farm Development Potential

9.1. Strategy

SNL is developing a large-scale, highly mechanized irrigated cropping operation, which will experience economies of scale and synergies with the existing STL business.

SNL's strategy has evolved from an initial focus back in 2014 targeting soya and barley production to one which focuses on the following:

- High-value seed crops where prices are contracted in dollars or euros before planting;
- Becoming the region's largest producer of hybrid maize and sunflower seed for local and export markets;
- Growing seed beans for export and seed potatoes for local purchase;
- Establishing a +400ha avocado plantation and export business; and

The business has previously been challenged by technical aspects of farming in the invested locations, low yields, high input costs, the impact of the Russia/Ukraine conflict and limited access to additional capital. These issues are now well understood, and performance should improve in 2023.

9.1.1. Maize and Bean Seed Production

SNL has allocated 3,200 ha of irrigated crop row areas for the production of seed crops. SNL will now focus only on varieties that suit conditions and result in good yields and profitability.

9.1.2. Seed Potatoes

East Africa has a population of >1 60m. Beyond a limited area at altitude in Kenya, the Southern Highlands of Tanzania is the only climatic zone suited to seed potato production in the region.

The strategy is to dominate seed potato production in East Africa. Currently, parent seed is imported from Holland; in the future, tissue-cultured plants will be imported, and 1st generation tubers will be produced on the farm.

9.1.3. Avocado Development

Under center pivot a successful intercropping policy was employed for the first two years. The interrow crops provided protection, weed control and mulch. Earnings from these crops were equal to the development costs of the orchard, with the first crop at Selous yielding 5t/ha.

The Ndolela plantation has had less access to funding and thus inputs and consequently will take longer to reach its potential.

8.1.4. Malting barley

SNL has allocated 324 ha of irrigated crop row area for the production of malting barley, projected hectarage is more by 187 ha compared to 2022 production. An average of 7 tons/ha is expected and all production are ear marked to Tanzania Breweries Limited (TBL).

9.2. Infrastructure Development

Key infrastructure development has included:

- Constructing a new mini Hydro plant on the Ruhuhu River
- Constructing management housing, a workshop, a storage shed and silos
- Upgrading the access road
- Fencing the boundaries

9.3. Irrigation Development

A total area of 2,000 ha is under Irrigation, together with the associated infrastructure and equipment. Water is abstracted from the flow of the Ruhuhu River and is used for row cropping, with the balance to irrigated pastures for cattle.

9.4. Cattle Feedlot

SNL purchased a herd of 475 cattle from Kisimbaguri Estates Limited and STL. The herd now consists predominantly of improved F1, F2, and F3 Boran and Santa Gertrudis crosses. All veterinary procedures are done in-house, which has resulted in the herd developing a high level of resistance to local diseases.

The table below shows the cattle currently owned by Ndolela Farms, Selous and Makete

	Current Herd	Target Herd	Current	Breed	Comments
	Size	Size	Breeding Cows		
Ndolela	575	600	203	Boran mix	Ndolela has the infrastructure and management levels to handle 600 head. Limited grazing during the dry season
Selous (Iganga, Ulete, Msugulika, Ifunda)	573	500	224	Boran	Selous has the infrastructure and management levels to handle 500 head. The farm has a Boran improvement breeding program in place.
Makete	131	400	64	Boran/Simmental	50 % of the farm will go under cattle pastures. Small capex requirements for additional stock pen facilities and water reticulation

9.5. Synergies

The Ndolela Farms provide a significant opportunity for the Fund) to add to its existing Cropping and Livestock business in Tanzania to provide inputs to the STL's Poultry Division and sell other products to commercial buyers.

The intention is for SNL to develop a large scale highly mechanized irrigated cropping operation, which will experience economies of scale and synergies with the existing Fund businesses such as

shared overheads, raw materials sourcing and rearing cattle for finishing. This will require investment in a top-quality management team, infrastructure, irrigation equipment and machinery.

There is a good market for the crops grown on the farm, with commercial maize going to the STL Poultry Division. There are also potential opportunities to produce high-value tree crops such as citrus fruit or macadamia nuts which the Fund will investigate.

SNL will have material synergies with the existing STL business, including:

- Raw Materials Sourcing: Ndolela Farm 1 will contribute commercial maize requirement of the STL poultry division. This will likely result in a more efficient raw materials procurement process for the poultry business. In addition, the construction of storage silos on Ndolela Farm will facilitate the efficient sourcing of maize and soya beans from small-scale farmers in this area, cutting out intermediaries and reducing the landed cost of raw materials for the poultry business.
- Economies of Scale: The newly established business will add scale to the existing cropping operations, and purchasing inputs in bulk for all these farms will likely blend down the landed cost for inputs (e.g. lime, fertilizers, and chemicals).
- Cattle: there may be synergies between the Ndolela Farm1 and the Makete Farm owned by STL, in that steers from Ndolela Farm could be sent to Makete Farm in the rainy season for fattening on the grass and pastures there before slaughter.

9.6. Capital Development

Description	Ndolela Farm Division
Date of purchase	2015
Investment to date	US\$25.9m
Ownership	100%
Location	Southern Highlands, Tanzania
Area under title	5,373ha
Arable area – irrigated	1,529ha
Arable area – dryland	-
Irrigation source	Ruhuhu river
Total annual rainfall	1,424mm
Key crops	Seed maize, sunflower, beans and avocados
Other crops	Potential for macadamia and bananas
Infrastructure	800kW hydro power, dryer, 8km canals, 16kt silos & housing, airstrip
Staffing	649 (permanent and seasonal)
Operations Director	Gordon Paterson
Bank Security	Mortgages over land, biological assets and moveable assets held as security

US\$ 18.5 million has gone into the Ndolela Farms over the last eight years, financed by the Fund through a combination of equity and shareholder loans. An additional US\$16.5 million has since been transferred into the business through the transfer of farms from the STL Cropping division.

9.7. Capital Expenditure

Capital expenditure is US\$21 million before the acquisition; after the transfer of assets from STL the asset base increased to US\$37million.

Details USD	TOTAL Cost 31/12/2022	Transferred from STL	Total
Land	2 683 041	5 121 897	7 804 938
Buildings	3 304 629	813 801	4 118 430
HDV Vehicles	1 595 290	603 780	2 199 070
MV-Passengers	108 885	0	108 885
Furniture/Equipment	125 120	19 902	145 022
Plant & Machinery	11 707 417	1 646 393	13 353 810
Other Equipment	56 896	7 104	64 000
Farm Infrastructure	466 000	457 631	923 631
Bear Plants - Avocado	1 054 755	630 206	1 684 961
Working capital		7 271 890	7 271 890
Total	21 102 033	16 572 603	37 674 636

Capital expenditure is split as follows across all the properties

Details USD	Total	Ndolela	Iganga Title 51171	Ifunda Title 51166	Makete Ludodolelo Farm No 142	Ulete Title 52282	Muwimbi Title 50815
Land and Buildings	11 923 368	5 987 670	747 048	1 801 062	680 448	976 479	916 860
HDV Vehicles	2 199 070	1 595 290	0	669 705	14 030	0	115 441
MV-Passengers	108 885	108 885	0	0	0	0	0
Furniture/Equipment	145 022	125 120	0	11 792	0	0	8 110
Plant & Machinery	13 353 810	11 707 417	0	1 644 196	2 196	0	0
Other Equipment	64 000	56 896	0	7 104	0	0	0
Farm Infrastructure	923 631	466 000	119 528	288 170	108 872	156 237	146 698
Bear Plants – Avocado	1 684 961	1 054 755	630 206	0	0	0	0
Working capital	7 271 890	7 271 890	0	256 531	0	0	0
Total	37 674 636	28 373 923	1 496 782	4 678 561	805 546	1 132 716	1 187 109

Forecast Capital expenditure for the next 9 years is summarized below. Phase two is mainly replacement and maintenance expenditure, as investment capital was completed at the end of 2022. The total capital expenditure requirement is US\$ 3 million.

Activity	Item	Farm	2024	2025	2026	2027	2028	2029	2030	2031	2032
Land preparation	Tractors	Ndolela								250	
Planting	Tractors	Ndolela/Selous	150	150	150	116		150	150	150	150
	Planters	Ndolela			80			100			100
	Contract drone	Ndolela/Selous		25	35	30			30		
Spreading	Agri-Inject	Ndolela/Selous	5	5	5	5	5	5	5	10	10
Avocado Irrigation/development		Ndolela/Selous		150	150	150	86	150	150	150	150
Total Capex Expenditure			155	330	420	301	91	405	335	560	410

10. Projected Financial Performance

Despite the challenges faced since inception, the EBITDA for SNL in 2028 is expected to exceed US\$7m. Up to this point, the Company has been in a loss-making position.

SNL comprises the merged assets and staff of both the Ndolela and Selous operations covering over c.8,000ha of land of which c.2,000 is under irrigation

Since acquiring the Selous and Ndolela assets, the company has addressed its operational issues and the determination of the optimal commodity mix to grow over summer and winter. This has taken longer than expected

The business is largely hard currency based (+70%); growing seed maize (35% of total annual hectares); seed beans (24%); sunflower (4%); potatoes (4%); barley (16%) and avocados (17%)

The Company expects to achieve seed maize yields of 6.7t/ha. SNL was a greenfield development on uncleared land which came into production in 2017. Yields at the Ndolela Farms are expected to progressively approach those of Selous farm over time as the soils improve. Average seed bean yields are expected to improve to 2.5t/ha over the long term.

Long-term seed sunflower yields are projected at 1.0t/ha.

Ware and seed potatoes expected to yield 20t/ha

Avocado yields are expected to reach 7.0t/ha by 2028.

The business has a significant portion of revenues denominated in foreign currency. Seed maize is sold to major seed companies like SeedCo, Monsanto (Bayer Life Science) and Zamseed in a combination of Tshs and US\$. Avocados and beans will be exported and sold in USD or Euros. Sunflower will be sold in a mix of USD, and Tshs, whilst potatoes will be sold in Tshs.

11. Environment, Social and Governance

The SNL is managed in compliance with Tanzanian law and the Fund's regulations. Accounts are audited annually by PriceWaterhouseCoopers. The corporate social responsibility review report is conducted annually.

SNL has had a positive impact on the local community as various employment positions have been created through the provision of training for all staff. Thorough environmental impact assessments will be undertaken where required under the strictest international guidelines.

12. Key Risks

Drought

Unpredictable rainfall patterns and drought conditions may negatively impact seed maize production on the farm. The current irrigation programme and the hydroelectric plant rely on a consistent water flow from the Ruhuhu River.

Remote Location

SNL Farms are in a remote location, making it difficult to transport equipment, farm vehicles, machinery, etc. Attracting key and skilled management has been a challenge due to the location of the farms.

Commodity Prices

Commodity prices have been negatively impacted over the past year due to the Russia/Ukraine war. Inputs are priced high, resulting in increased costs of production. The Company is also vulnerable to changes in domestic and international prices and cannot manage these price swings.