



**Peaks Farming**

**BUSINESS PLAN**

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## EXECUTIVE SUMMARY

Peaks Farming has a mission to be profitable, provide top tier consistent products and be stewards of the communities we operate in. This company roots originate from travel, when the founder was traveling through Tanzania and was connected to farmers in the Tanga region of the country. Peaks Farming will primarily focus on growing fruits and vegetables on 40 acres of irrigated land. In year two Peaks would like to expand to 100 acres of usable land along with a 5,000 head chicken and egg operation. There are four shareholders, three of which are the investors from Canada, the fourth is from Germany. Peaks has secured a local farm manager with lots of experience, his name is Mr. Kweka and will oversee the day-to-day operations. Julius Stoni will be the Quality Control Officer and be the main man on the ground when the investors are not in Tanzania. Julius will answer to the board of directors which includes all three investors. The farm will be in the Pwani region of Tanzania, it will have proximity to Dar Es Salaam, Zanzibar and the Kenyan border which will be our main target market areas. Our farm will aim to grow a range of products that will satisfy the markets year around, each quarter there will be a board meeting to evaluate progress. The projected startup costs are roughly \$115,000CAD, this includes 40 acres of land, fencing the land, drip irrigation system, staff housing and considers labor costs and crop management for the first cycle. Beyond that first cycle Annual operating costs are estimated to be roughly \$120,000CAD. The cost of our growth plan in year two will cost roughly an additional \$100,000CAD. Peaks Farming over the first five years of operations will invest at least 500,000 USD. The company has a clause in it's MEMART regarding aggressive reinvestment of profits. This business plan contains detailed information on everything mentioned above as well as, detailed financial information and details of the Shareholder Agreement along with some forward-looking statements.

## COMPANY OVERVIEW

### Company Summary

Peaks Farming: commonly referred to as "Peaks" for the duration of the business plan will be built to its full potential over 3-5 years. Initially Peaks will be focused on investing into Tanzanian agriculture, utilizing that cash flow to scale the agriculture business unit and then fund other ventures within the country. This business plan will focus on how Peaks will acquire land, operate and scale the agriculture business unit. Peaks will be a registered Tanzanian Corporation.

### Mission Statement

At Peaks our mission is to create sustainable income for our investors. We will do this by creating a top tier farm in Tanzania, supplying our customers with top tier consistent products and being stewards of the communities we operate in.

### History

The idea of creating this company came up when the founder was volunteering in Tanzania and bought a motorcycle to travel to the country. He stayed with some folks in the Tanga region who were excited to show him their farm. After various farm tours in the region and conversations with local farm managers it became clear this could not only be a profitable opportunity, but one that can benefit the regions we operate in.

### Markets and Products

The market in Tanzania and neighboring countries such as Kenya is large, there is a vast amount of unused land available to farm but no capital to get these farms going. Peaks will be providing the capital to purchase land and create an operation that will provide Tanzania and Neighboring countries with vegetables, fruits, eggs, chickens etc. all while focusing on growth and reinvestment.

### Community Involvement Program & Employee Incentive Plan

As mentioned in our mission statement, we want to be stewards of the communities that we operate in. Peaks primary focus will be education along with physical and mental health. As a company we plan to have a financial commitment of 3 percent of annual Net profit that will be donated to help those causes. We also plan to identify specific needs of the community and set up fundraising campaigns on the community's behalf and match donations up to certain monetary values. As each community has different needs, the community involvement program will be better identified as we get familiar with where we are operating.

Peaks has a vision to set up an employee incentive plan, that will reward loyal employees. We want to give employees options on how they can be rewarded. These options still must be hatched out; a couple ideas thus far have been providing financial assistance for their children's education, bonuses, retirement savings plan, etc. Again, once Peaks is operational, we will garner feedback from employees before we implement this program to ensure we are rewarding these employees in a meaningful way to them.

Our community involvement program and employee incentive plan are very important to Peaks and each individual investor. We do understand that it will be a work in progress as the business grows, and that without a successful operation these programs will not be possible.

### Management Team

The management team of Peaks will consist of:

**Quality Control Officer:** Julius Stoni, he is from Lake Victoria in Northern Tanzania. He has managed a charitable organization called the KYOSEI Foundation, other farms and is a college educated teacher. He went to college in the coastal city of Bagamoyo. Julius will oversee Peaks Farming. Julius will earn a salary with a fixed component and a variable component tied to farm performance.

**Farm Manager:** Mr. Kulwa, a proven farm manager with the knowledge to run a successful operation, as well as connections to contacts, buyers and suppliers and the know how to move our product. Mr. Kulwa will oversee the day to day of the operation. He will also determine labor needs. His salary will have a fixed component and a variable component tied to farm performance. Details are in the Financials section.

**Founder & CEO/CFO:** Ian Chevalier

**Board of Directors:** Ryan Trudeau (Investor), Lars Saubaer (Investor), Ian Chevalier (Founder, CEO, Investor), Colton Kitt (Investor)

### Ownership & Investment Breakdown

The ownership of Peaks Farming is straightforward. It will make up of the four investors. Ian Chevalier will have 33% while initially investing \$30,000CAD, Ryan Trudeau will have 26% while initially investing \$30,000CAD, Lars Saubaer will receive 21% while initially investing \$20,000CAD, Colton Kitt will receive 20% while initially investing \$30,000CAD. The founder Ian Chevalier will have full control of the company. There will be SA (shareholder agreement) written out and signed before the company is created. The SA section is below, with full details in the appendices.

## Shareholder Agreement & Investor Exiting Schedule / Shotgun Policy

(Full Agreements in Appendix A & B)

Peaks Farming will have a shareholder agreement that will be reviewed By-Annually. The main points of the shareholder agreement will include:

1. Peaks Farming Core Values and Guiding Principles
2. Shareholders Ownership Percentage.
3. Board of Directors Roles and Responsibilities
4. Clause #1 that states no money will be pulled from the company by shareholders until annual net profit reaches 250,000CAD or 5 years after the first harvest, whichever comes first. All profits will be reinvested into the company. Peaks will reach 500,000 USD of investment within 5 years.
5. Clause #2 that states Ian Chevalier has full control over the company and all major decisions if he holds at least 2.5% of the company.
6. Clause #3 that states if the board of directors has a disagreement, the matter can be taken to an independent mediator to settle a 2-1 disagreement.
7. Company Valuation
8. Dividend Payment Plan
9. System for Sale of shares
10. Company Debt Policy
11. Other Clauses

The following will be renegotiated and or reviewed on an annual basis:

1. Peaks Farming Core Values and Guiding Principles
2. Company Valuation (Quarterly Basis)
3. Board of Directors Positions, Roles and Responsibilities
4. Dividend Payment Plan / Review of Clause #1
5. Investor Exiting Plan/Shotgun Policy

Peaks Farming will have an investor exiting schedule/shotgun policy. The policy will cover the following:

1. Voluntary Sale of Shares
2. Involuntary Sale of Shares
3. Death of a Shareholder

#### 4. Divorce or Separation (Common Law) of a Shareholder

Full details of this policy will be available in Appendix E.

### Tanzanian Corporation Set-Up & Land Acquisition

Setting up a corporation in Tanzania is somewhat straightforward. After reaching out to Eden Law Firm, Peaks decided it will register a Foreign Tanzanian company and join TIC. Eden Law Firm will be our lawyers, Cassian Accounting Firm will represent our accounting interests. The following is needed to register a local Tanzanian company:

1. Name of the company (Provide at least four).
2. Full names and residential addresses of Board Members.
3. Minimum of two shareholders.
4. Amount of capital you want to start your company.
5. Full names and residential addresses of shareholders.
6. Percentage of Shares among shareholders.
7. Name and residential address of the company secretary. (Eden Law will temporarily offer this service).
8. Address of where the registered office for the company. (Permanent or Virtual is available).
9. Mobile numbers and email addresses of all directors and shareholders.
10. Passport copies of all directors and shareholders who are foreigners.
11. NIDA IDs for all directors and shareholders who are Tanzanian.
12. Residential address. If surveyed; plot number, house number; ward, block number and street.

After providing everything listed above, registration will be complete and certificate of incorporation will be obtained, followed by a TIN (Tax Identification Number).

The first step to procuring land is to find the land. After locating the land, an application needs to be made for a Certificate of Incentive to the TIC (Tanzanian Investment Center). The application requires the following:

1. The name and address for the proposed business enterprise, its legal form, its bank, the name and address of each director or partner, lastly the name, address, nationality and percentage of shares of each shareholder.
2. The qualification, experience and other relevant particulars of the project management.
3. The nature of the proposed business activity and the proposed location where that activity is to be carried on.

4. The proposed capital structure or the amount of investment and the projected growth over the next five years.
5. How the investment will be financed.
6. Evidence of sufficient capital available for investment.
7. An undertaking the project shall be implemented as indicated in the projections of the project.

When the TIC sees that an applicant has met all the criteria above, it will proceed to award a certificate of incentives to the applicant.

After the certificate of incentives is granted, we will apply for “right of occupancy” to the commissioner of land.

This application must:

1. Be submitted on a prescribed form and accompanied by a photograph.
2. Be accompanied with the prescribed fee.
3. Be signed by the applicant or a duly authorized representative or agent of the application.
4. Be sent or delivered to the Commissioner of Land or an authorized officer.
5. Contain or be accompanied by any information which may be prescribed or which the Commissioner may in writing require the applicant to supply.
6. Where any law requires the consent of any local authority or other body before an application for a right of occupancy may be submitted to the Commissioner of Land, be accompanied by a document of consent, signed by the duly authorized officer of that local authority or other body.
7. Be accompanied by a Certificate of Approval granted by the TIC under the Tanzanian Investment Act, and any other documentation which may be prescribed by that act or any other law.

If the Commissioner for land is satisfied with the application, they will publish the application showing the land that has been applied for, for a period prescribed, if for that period there is no objection, the commissioner will proceed to designate the land to TIC, and it is from there the TIC will lease the land to the foreigner under derivative right of occupancy for period not exceeding 99 years.

### Locations & Facilities

The location of that farm will be in the Pwani Region of Tanzania. Peaks will be purchasing land near Mkoko Village, near to Msata. The facilities will be minimal during the early stages. Initially we will be purchasing approximately 40 Acres of land, immediately fence it and prepare the land for its agricultural purposes. An irrigation system will be built, a temporary office and living spaces will also be built. Future land and facilities will be acquired and built in parallel with cash flow from operations. Reinvestment of profits will be a top priority.



## MARKET ANALYSIS

### Industry Type

The agriculture industry in East Africa mainly consists of small local farmers with very few big players. This is due to lack of money to grow a business or to even get one started. The market is large for what we are going to provide. Our market share will grow as we grow. Peaks feels confident that this will not hurt local farmers with small operations because of the vast demand for our products. We will also ensure to monitor how we are affecting local farmers as we do grow. Our target market is large, we wish to supply our products across Tanzania and bordering regions in Kenya.

### Market Segmentation

Peaks main market segment will be to wholesalers. Our goal is to harvest our products and sell it to as few customers as possible. They will then decide where to sell our products on the secondary or export markets. As mentioned above our market share will be dependent on how big of an operation we run. Our smaller segment will be providing local markets with our products we do not sell to the wholesalers. This could be because we have extra product that won't fill another truck or that local demand is high for a certain product, that we are certain can be moved.

### Competition

There will always be competition in this industry, our main competition will be local small operations. We will have an advantage over these operations in the form of irrigation and a quantity available to sell advantage. Our products will be more attractive to wholesalers because they will be able to fill their trucks in one spot. The goal is not to take market share away from small local operations but coexist in a way where everyone is able to sell their product. Because of demand this should not be a problem. We have no interest in competing with the very few massive operations, we want to find our niche and grow within it. Peaks plans to have an established, operational and TIC registered business by September 2024.

## SWOT Analysis



### Internal

#### Strengths:

- Proven Local Farm Manager
- Local Tanzanian Director
- Reliable Financial Backing
- Connections Within the Country
- Clear Growth Strategy
- Committed Shareholders
- Ability to Help Communities in Which we Operate.
- Financial Controls in Place

#### Weaknesses:

- Lack of Swahili among Shareholders
- Lack of Presence at the Operation
- Incorporating in a Foreign Country (Unknowns)

#### External

#### Opportunities:

- High Demand
- Land is Readily Available for Expansion
- Ability to grow rapidly with aggressive reinvestment

#### Threats:

- Drought
- Government Intervention
- Corruption
- Theft
- Pests and Disease
- Destruction from Animals (Elephants, Hippos, etc.)
- Acts of God

Our Strengths will maximize our opportunities in the following ways: our farm manager is very knowledgeable and has scaled operations like this before, this will allow us to continue to fill the demand as well as, grow and expand our business. Our weaknesses may slow our growth and our ability to reinvest. If we accept that we have weaknesses and work to mitigate them, by learning the language, spending more time in Tanzania, and keeping some money as a cushion we will be able to not only avoid slowing down our opportunities but help mitigate our threats at the same time. Most of our threats are outside of our control, but if we know the language and our present in the country, we will be able to recognize them and act on them much faster.

## OPERATING PLAN

Our initial operating plan at Peaks is simple. We expect to plant 10 acres of irrigated land in the beginning and grow into our 40 acres and beyond. There are four main stages to our business cycle, Mr. Kweka (Farm Manager) will oversee these stages they are listed and described below. It is important to note, after we move through these stages, this operating plan will be updated with any new information, systems or procedures we use.

### Purchasing & Preparation

Peaks will need to purchase all the necessary materials prior to planting the crops, we will need to make sure we have enough fertilizer, pesticides and seeds, we will need to install an irrigation system and build our fence. We must clear and plow our land. Create a tracking system for what was planted when and where it was planted. We have engaged an Argo company called Holland Greentech to help with these inputs. These are just a few of many necessary tasks and items we will need prior to harvest We want to ensure everything is in order before we plant our crops. Kweka will communicate with Julius Stoni and Ian Chevalier with what is needed for this stage. Any costs that are approved will be released from Peaks main bank account into its operational account where Mr. Kulwa and or Julius can access and purchase the necessary items. International QuickBooks will be used to track all financial activity. After we go through a harvest, this operating plan will be updated with any new information or systems that we use.

### Planting & Payroll

Mr. Kweka will determine what gets planted, where it gets planted and when it gets planted. He schedules and hires our labor force for this busy time and ensure the planting season runs smoothly. We will have a system in place to track each planting season so ensure we properly rotate our crops and to start gathering data on how much of product we plant, for future budgets and to compare it to future planting seasons and what we end up yielding. If any expenses come up, Kweka will need to ask for funds from either Julius Stoni or Ian Chevalier to release funds into the operating account.

Payroll will be submitted every month on the 20th, approved by Ian Chevalier or Julius Stoni and funds will be released into the operating account on the 25<sup>th</sup> of every month then paid to each employee between the 25<sup>th</sup> and 31<sup>st</sup>. Again, International QuickBooks will be used to track all financial activity.

### Maintaining

Mr. Kweka will again oversee maintaining crops after planting. This will include but is not limited to, fertilizing schedule, irrigation schedule, weeding and pest control, etc. He will determine labor needs and continue to

process payroll. All of this will also be tracked, again so we can build up some data for future budgets and future harvests. During this stage, Mr. Kweka in partnership with Holland Greentech will engage with their wholesaler contacts in Tanzania and let them know what and when we are expecting to harvest, so they have an idea of what is coming their way. We will be able to negotiate contracts with wholesalers before we even plant to ensure our product will be moved upon harvesting.

## Harvesting

The crops we are growing will be a combination of long-term weekly harvest and some crops that will be one and done crops every 3-4 months. Mr. Kweka will again oversee what gets harvested and when, he will ensure that the products are properly stored and not at risk of theft. We will track everything that is harvested, again to gather data so moving forward so we can figure out our percent yields and have better understanding of how our inputs will affect our outputs. Tracking our harvests is also important in the fact that we can match it to what is sold, to ensure no theft happens in between those times. Mr. Kweka will oversee labor and processing payroll during this time. He will connect with his contacts and communicate times for the wholesalers to come and pick up their products. It's important to note that harvests will not happen at once. Each crop will be harvested when it is ready. These phases will be constantly rotating depending on what land becomes available after a harvest.

## Selling

The goal is to have markets set up before we even plant, we need to understand demand and plant what makes sense for upcoming months.. Once the harvest is underway it will be our goal to have those wholesalers come and pick up their products. In the case where we send our product to the wholesalers, we will work very hard to have FOB Shipping worked into our contract, meaning the buyer will be liable for the product as soon as it is shipped from our farm. All transaction will be recorded in a way where we can track number of units, price per unit, and quantity, the buyer, etc. All transactions will be recorded in detail using International Quickbooks or a similar software.

On a quarterly basis, Peaks wants to recognize its employees and have a celebration, with supper, drinks, awards, and good times. Each employee and their family will be invited. It is important that recognize the hard work of our employees.



## FINANCIAL PLAN

### Projected Start-Up Costs

(Figures: Appendix C)

The total estimated startup costs for Peaks Farming are roughly \$115,000 Canadian Dollars. This includes 40 Acres of land that will need fencing. Drip irrigation system, as well as a pump system. All government and business registration, salaries, infrastructure, seeds, fertilizer, pesticides, and all other running costs until we reach the first harvest time.

### Projected Annual Costs

(Figures: Appendix D)

Peaks projected annual operating costs for year one is roughly \$120,000 Canadian. This is assuming we are operating at our full capacity of 40 acres. These costs include our operating budget, labor costs and Manager and Director salaries, professional fees and all monthly overhead. Some employees' salaries are locked in with contracts and have bonuses built in that are tied to farm performance. Lastly it includes the input cost for each crop and land preparation for 40 acres.

### Projected Annual Revenue

Peaks Annual profit will be determined by market prices it is difficult to nail down an exact figure, but if we take the average prices and yields of what we will be growing in year one. Let's take the averages of both price and yields for our initial 10 acres we plant.

1. African Chili Pepper 7 Acres (Loleza) \*Harvests every week for 12-14 Months\*:
  - AVG Price Per 7KG Bucket = 15,000 TZS
  - AVG Yield Per Acre, Per Week= 750KG
  - 750KG / 7KG Buckets = 105 Buckets.
  - 105 Buckets \* 15,000 TZS = 1,575,000 TZS Per Week, Per Acre
  - 1,575,000 TZS \* 7 Acres = 11,025,000 TZS Per Week in Revenue
  - 11,025,000 TZS \* 52 Weeks = 573,300,000 TZS / Year.
2. Sweet Pepper 1 Acre \*Harvests every week for 6-8 Months\*:
  - AVG price per KG = 3,000 TZS
  - AVG Yield Per Acre, Per Week = 500KG
  - 500KG \* 3,000 TZS = 1,500,000 Per Week
  - 1,500,000 \* 28 Weeks = 42,000,000 (Harvest Period)

3. Sweet Melons 1 Acre \*One and Done Crop\* 3 Month's to Harvest\*:
  - 4,000 KG Per 1/4 Acre Harvest (Planting 1/4 acre every 3 weeks to ensure consistent product)
  - 2,000 TZS \* 4,000 KG = 8,000,000 TZS

## Year Two - Five Growth Plan

Peaks Farming has big plans for year two-three of operations. We have four primary goals for year two to year Five.

1. Firstly, we will grow into our original 40 acres and optimize our all systems and build a team for the long term by reinvesting in them, providing proper training, proper accommodations and of course above average pay and bonuses. Expanding into our additional 30 acres will cost peaks farming roughly another \$120,000 CAD of reinvestment.
2. Secondly, Peaks wants to purchase an additional 50-60 acres of land adjacent to the current property. This will more than double our usable acres and will also help with crop rotation. This additional land, fencing and land preparation will cost roughly 100,000CAD. The additional land, fencing and land preparation will be funded by reinvestment of profits.
3. Next, we will build a 10,000 head chicken and egg operation. A structure(s) large enough to comfortably house 10,000 chickens will be built along with all the necessary equipment for this operation. This additional revenue stream for the farm will be far more consistent and will allow us financial flexibility in between harvests, as well as build up reserve funds that will be used for further reinvestment. The 10,000 head chicken egg operation is estimated to cost Peaks roughly \$100,000CAD to get off the ground. The addition of the chicken operation will be funded by reinvestment of profits.
4. Lastly to reach our goal of 500,000USD of investment in the first 5 years of operations, we will always continue to optimize our systems, put money back into our staff, back into the community and most importantly continue to focus on growth wherever possible. A 3–5-year growth plan will be to build a processing facility to process some of our crops and add value to sell on the secondary markets.

Our shareholders are made up of young men with ages from 28-34. Our aim and vision are long term sustainability of the business and constant reinvestment and growth. We are in this for the long term. Our reinvestment will never stop.