

LEASE AGREEMENT

BETWEEN

TANZANIA INVESTMENT CENTRE (TIC)

AND

SANTAGRO LIMITED

**FOR INVESTMENT IN MIXED CROPS CULTIVATION (SOYBEANS AND
MAIZE)**

**FARM NO. 217/1- 217/6 LOCATED AT NGERENGERE/MKULAZI IN
MOROGORO
DISTRICT COUNCIL-MOROGORO**

2024

LEASE AGREEMENT

This Agreement is entered into this 17th day of December 2024

BETWEEN

Tanzania Investment Centre (TIC), a Government Agency established under Section 4 (1) of the Tanzania Investment Act No.10 of 2022 to co-ordinate, encourage, promote and facilitate investments in Tanzania having its offices at Golden Jubilee Tower P. O. Box 938, Dar es salaam, for the purpose hereof, (hereinafter referred to as **“the Lessor”**) on the one side;

AND

Santagro Limited, a company duly incorporated under the laws of Tanzania, with incorporation number 178526421 and its principal office at Region Dar Es Salaam, District Kinondoni, Ward Msasani, Postal code 14111, Street Masaki, Road Haile Selassie, Plot number 1046, Block number N/A, House number 3rd Floor, OFIVE Plaza, Tanzania (the **“Lessee”**) which expression shall where the context so admits include and extend to persons deriving title under the Lessee, its successors, and assigns) of the other party.


RECITALS:


WHEREAS the Lessor is the absolute owner of **Farm No. 217/1/1-217/6** located at **“Ngerengere/Mkulazi”** in Morogoro District Council-Morogoro Region with a total area of 60,103 Hectares, hereinafter referred to as **“the Property”**.

WHEREAS for the purpose of this Lease Agreement, the Lessee is interested in leasing a portion of the property from the Lessor and the Lessor has agreed to lease the Lessee the property subject to the terms and conditions stated herein.

AND WHEREAS the Lessee is desirous of establishing an investment in crop cultivation hereinafter referred to as **“Mixed Crops Cultivation (soybeans and maize)”**.

Initials of the Parties

The Lessee 

The Lessor..... 

NOW, THEREFORE IN CONSIDERATION OF THE FOREGOING AND MUTUAL COVENANTS, TERMS AND CONDITIONS SET FORTH HEREIN, THE PARTIES AGREE AS FOLLOWS:

1.0 DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

In this Agreement the following definition shall apply:

“**The Lessor**” means Tanzania Investment Centre (TIC);

“**The Lessee**” means Santagro Limited;

“**A Party**” means either the Lessor or the Lessee as the case may be, and “**the Parties**” shall mean both of them.

“**Leased Property**” An area of 10,000ha within Farm No, 217/1-217/6 located at Ngerengere/Mkulazi in Morogoro District Council, Morogoro Region leased to the Lessee in accordance with the terms and conditions prescribed in this agreement.

“**Project Implementation Plan**” means a written plan prepared by the Lessee and approved by the Lessor which provides for the means, method and resources to be employed by the Lessee in developing the property in a manner which optimizes production.

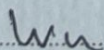
“**Project Implementation Performance**” means an extract of the Project implementation Plan

“**Lease Rental**” means the sum of money to be paid in advance annually to the Lessor in accordance with terms and conditions prescribed in this agreement;

“**Encumbrance**” means and includes any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien or assignment or any other encumbrance priority or security interest or arrangement of whatsoever nature over or in the relevant property.

2.0 In this Agreement including the Recitals and Schedules hereto unless the context otherwise requires:-

Initials of the Parties

The Lessee 

The Lessor..... 

- (i) words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract herein after referred to; and they shall be deemed to form and be read and construed as part of this Agreement
- (ii) Words denoting the singular number shall include the plural and vice versa and reference to the masculine includes a reference to the feminine gender and neuter and vice versa;
- (iii) References to sections, clauses and sub-clauses, unless otherwise provided, are to be construed as references to the sections, clauses and sub-clauses of this Agreement;
- (iv) The expression “**person**” includes a natural person, body corporate, body incorporate, state, agency, governmental authority or firm.
- (v) Any reference in this Agreement to a Party shall, if such Party is liquidated or sequestrated, be applicable also to and binding upon that Party’s liquidator or trustee, as the case may be.
- (vi) Any provision of this lease imposing a restraint, prohibition or restriction on the Lessee shall be so construed that, the Lessee is not only bound to comply therewith but is also obliged to procure that the same restraint, prohibition or restriction is observed by everybody occupying or entering the Premises or any part thereof through, under, by arrangement with, or at the invitation of, the Lessee, including (without limiting the generality of this provision) its Associates and the directors, members, officers, employees, agents, customers and invitees of the Lessee or its Associates.

3.0 The following documents shall be deemed to form and be read and construed as part of this Agreement, viz.:

- a) Project Implementation Plan;
- b) Project Implementation Performance and
- c) Sketch map of the leased property.

Initials of the Parties

The Lessee *WV*

The Lessor..... *g*

4.0 THE LEASE

- 4.1 Subject to the terms and conditions of this lease agreement, the Lessor does hereby lease the Leased Property to the Lessee for a consideration to be stipulated in this lease agreement.
- 4.2 The Lessee does hereby agree to take the Leased Property from the Lessor on the terms and conditions stipulated hereinafter in this lease agreement.

5.0 LEASE PERIOD

- 5.1 The lease agreement period shall be for duration of thirty-three (33) years from effective as of the date of the signing of the lease agreement and the duration shall be subject to renewal to another period of **thirty-three (33) years** subject to 100% implementation of the project as defined in the project implementation plan and agreement between the parties.
- 5.2 Any further renewal will be subject to Lessor's satisfaction that the Lessee is implementing the project as agreed and agreement between the parties.

6.0 LEASE RENTAL AND OTHER PAYMENTS

In Consideration for the lease the level and mode of payment are agreed as follows:-

- 6.1 The Lessee shall pay lease rental charges to the tune of **ten United State Dollars (10 USD) exclusive of withholding tax per Hector per annum equivalent to one hundred thousand United State Dollars (100,000 USD) per annum** to the Lessor for the leased property to use in mixed crops cultivation (soya beans and maize) only. The lease rental amount shall be inclusive of land rent, stamp duty and registration fee of the lease agreement.
- 6.2 The Lessee shall pay initial lump sum payment to the tune of two hundred thousand United States Dollars (200,000 USD) covering the annual rental charges for the first two (2) years of the lease agreement. This payment shall be made within 5 working days upon signing of this lease agreement.
- 6.3 Following the initial two-year period, the Lessee agrees to make annual payments for the continuation of the lease and the rental charges shall be paid

Initials of the Parties

The Lessee 

The Lessor..... 

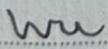
a year in advance in a single installment on or before the 01st day of July of every year without deduction.

- 6.4 The rental fee shall be paid through control number or any other mode of payment that will be directed by the Government and shall be made in the currency specified in this lease agreement and shall be considered received on the date they are received by the Lessor or its designated representative.
- 6.5 The Lessee shall be liable for payment of interest on all overdue payments. The overdue payment shall attract a penalty of 1% for each month of a default.
- 6.6 The Lessee shall pay all utility expenses connected with the use of the Leased Property to the respective authorities during the whole period of this Lease Agreement to the extent that such utility expenses were incurred during the term of this lease agreement.
- 6.7 The Lessee and the Lessor shall also be responsible to pay various taxes and levies to the respective authorities as stipulated hereunder:
- a. **WITHHOLDING TAXES:** Without prejudice to Clause 6.1 of this Lease Agreement, This tax shall be paid by Lessee after withholding a percentage required by law from net paid to a third party. The Lessee shall submit the Remittance Certificate to the Lessor after remitting the said tax to Tanzania Revenue Authority.
 - b. **OTHER TAXES:** The Lessee shall pay all taxes pertinent to the Lessee which may be levied by the Central Government and Local Authority.

7.0 LEASED PROPERTY

- 7.1 The Lessor is leasing 10,000 Ha out of 60,103 Ha within Farm No, 217/1-217/6 located at Ngerengere/Mkulazi in Morogoro District Council, Morogoro Region.
- 7.2 The Lessor, upon request by the Lessee, shall lease another 10,000 Ha within Farm No, 217/1-217/6 located at Ngerengere/Mkulazi in Morogoro District Council, Morogoro Region subject to fully implementation of the Project Implementation Plan as agreed and attached in this Lease Agreement.

Initials of the Parties

The Lessee 

The Lessor..... 

8.0 REVIEW, AMENDMENT AND RENEWAL OF THE LEASE


- 8.1 This Agreement shall be reviewed and or amended after every five (5) years subject to agreement between the parties, particularly on the aspect of the rental amount at the increase of 5%; and
- 8.2 The Lease Agreement may be amended at any time subject to the agreement between the parties;
- 8.3 The Lease Period may be renewed for another period of 33 years on the terms as shall be agreed to by the Lessor and Lessee, upon discussion and subject to Lessee's best performance according to the approved Project Implementation Plan and the project implementation performance tool.
- 8.4 A locally registered entity will be set up by the Lessee in due course of time for the execution of the project. The Lessee shall, with consent of the Lessor, which consent shall not be unreasonably withheld, have the right to assign this Lease agreement as follows:-
 - i. To its affiliated locally registered company, incorporated for the purpose of implementation of this Lease Agreement.
 - ii. To a locally registered management company set up or engaged for the purpose of implementation of this Lease Agreement.

9.0 USE OF THE LEASED PROPERTY

- 9.1 The Lessee shall use the Leased Property as described in the approved Project Implementation Plan and as extracted in the project implementation performance annexed herewith.
- 9.2 The Lessee shall not allow the leased property in whole or part, to be used for any purpose other than that which is provided in the project implementation plan and as extracted in the project implementation performance annexed herewith.

Initials of the Parties

The Lessee 

The Lessor..... 

9.3 The Lessee undertakes not to cause or commit any nuisance on the leased property or cause any annoyance or discomfort to the Companies or tenants of adjoining sites.

10.0 OBLIGATIONS OF THE LESSOR

10.1 The Lessor shall ensure that, the Lessee enjoys exclusive possession of the leased Property.

10.2 The Lessor shall not use the Property as a security to obtain loan during the lease agreement period.

10.3 The Lessor shall make sure that, a sketch map of the leased property shall form an integral part and parcel of this lease agreement.


11.0 OBLIGATIONS OF THE LESSEE


11.1 The Lessee, for the performance of its obligations and operation periods shall, provide an irrevocable and unconditional performance guarantee from a bank (Bank Guarantee) for a period of six months to the tune of USD 100,000 (United States Dollar One Hundred Thousand Only) within 7 days after performance agreement.

11.2 The Lessee shall be responsible for the protection of all beacons on the leased property throughout the term of this lease. Missing beacons will have to be re-established at any time at the Lessee's expenses as assessed by the Director responsible for Surveys and Mapping.

11.3 The Lessee shall ensure that, the boundaries of the leased Property are intact by maintaining the existing boundaries where necessary to safeguard and secure the Property. Where the Lessee is of doubt that, someone has trespassed or any person encroaches the leased Property, the Lessee shall immediately inform the Lessor.

Initials of the Parties

The Lessee 

The Lessor..... 


- 11.4 The Lessee shall be responsible for preserving the environment and protecting the soil against soil erosion, and do all things which may be required by the authorities responsible for environment, to achieve such objective.
- 11.5 The Lessee shall participate in development of infrastructure pertinent to the leased Property.
- 11.6 The Lessee shall not be allowed to sub lease, transfer, sub-let, mortgage, or rent any part of the Leased property without express written approval of the Lessor and/or as per the terms of this Lease Agreement.
- 11.7 The Lessee shall not prevent the Lessor and other Government officials from entering and carrying out an inspection of the leased Property at any reasonable time during the day, but this right shall be limited to prior information and the inspector should be considered an expert in the field that has warranted inspection. The cost of this inspection will be carried by the lessor.
- 11.8 The Lessee may use the leased property to obtain a loan. Such loan shall not be obtained unless the project development has attained 60% of the Lessor's approved total investment cost as per Certificate of Incentives.

12.0 LAND RELINQUISHMENT

- 12.1 In the event that the Lessee fails to develop the land in accordance with the project implementation plan or business plan submitted at the time of investment, the Lessor shall inform the Lessee to revisit the project implementation to the size of the developed land and forfeit or relinquish the remaining portion of the land to the Lessor.
- 12.2 The determination of undeveloped land shall be made based on the original project implementation plan or business plan submitted by the Lessee and approved by the Lessor versus actual implementation. Any modifications or deviations from the approved plan shall be subject to review and approval by the Lessor.

Initials of the Parties

The Lessee 

The Lessor..... 

- 12.3 Upon determination of failure to develop as per the provisions outlined above, the Lessor shall notify the Lessee in writing of the required relinquishment of land. The Lessee shall then transfer the specified portion of undeveloped land to the Lessor within thirty (30) days of receiving the notification.

13.0 TERMINATION

- 13.1 The Lessor shall have the right to terminate this Agreement and to resume possession of leased property if:
- a. the Lessee fails to pay rental payments or other amount due by it to the Lessor in terms of this Agreement on the due date and continues that failure for more than thirty (30) days after receipt of a notice requiring payment; or
 - b. the Lessee fails to commence the project within two years from the commencement date of this Lease Agreement; or
 - c. the Lessee closes down the Project or ceases operations to any reason, and has not within three (3) months after that closure or cessation of operations provided by the Lessor with a written explanation acceptable to the Lessor and accompanied by supporting documentation showing that those operations will recommence within a reasonable time frame;
 - d. the Lessee commits any other breach of the terms of this Agreement which is incapable of being remedied or where such breach is capable of being remedied, the Lessee fails to remedy that breach within 7 (seven) days or such longer period as may be reasonably required if such breach is not capable of being remedied within 7 (seven) days, after being served with a notice to do so; or
 - e. the Lessee is sequestered, whether voluntarily or compulsorily and whether provisionally or finally; or
 - f. the Lessee is placed in liquidation or under judicial management, whether provisionally or finally; or
 - g. the Lessee allows any judgment or decree against it to remain unsatisfied for a period of thirty (30) days or longer where the Lessee

Initials of the Parties

The Lessee *WU*

The Lessor..... *eg*

has not obtained any stay of execution against such judgment or decree; or

- h. the Lessee commits an act of insolvency within the provisions of the Companies Act;

13.2 If for any reason or on any ground the Lessee occupies leased property and the Lessor disputes its right to do so, then, until the dispute is resolved, whether by settlement, arbitration or litigation, the Lessee shall, notwithstanding that the Lessor may contend that this Agreement is no longer in force, continue to pay, without prejudice to its rights, an amount equivalent to the monthly rental payment provided for in this Agreement, monthly in advance, on the first day of each month, and the Lessor shall be entitled to accept and recover such payments, and such payments and the acceptance thereof shall be without prejudice to and shall not in any way whatsoever affect the Lessor's claim in a dispute. If the dispute is resolved in favour of the Lessor, the payments made and received in terms of this clause shall be deemed to be amounts paid by the Lessee on account of damages suffered by the Lessor by reason of the unlawful occupation or holding over by the Lessee. Where the dispute is resolved in favour of the Lessee, the Lessor shall not be entitled to refund the monthly rental payments made during the dispute period.

13.3 The Right Accruing Upon Termination of this Agreement

- (a) Upon termination of this Agreement due to expiration of the lease term, the Lessee undertakes to handover the leased property to the Lessor;
- (b) The Lessee shall be entitled to remove machinery and equipment fixed on the leased property, but shall ensure that such removal does not impair or injure the leased property;
- (c) Where the Lessee wishes to terminate this agreement before the expiration of its term, but within 1 year from the commencement date, by reason of failure to carry out its business or for any other reason, the Lessee shall seek the approval of the Lessor either;
 - i. to allow the Lessee to assign its rights under this agreement for the remainder of its term to another Lessee; or

Initials of the Parties

The Lessee *Wn*

The Lessor..... *Eg*

- ii. To cause the Lessor to commission an independent valuer to value the Lessee's buildings and other fixed assets immovable (excluding the value of the land and the companies machinery and equipment). The value obtained will be paid to the Lessee by another incoming investor occupying the leased property as compensation.

13.4 If by any reason the leased property is acquired provision of the Land Acquisition Law will be used for purposes of compensation.

14.0 FORCE MAJEURE

Notwithstanding anything to the contrary in this Agreement, neither Party shall be liable by reason of failure or delay in the performance of its duties and obligations under this Agreement if such failure or delay is caused by acts of God, strikes, lockouts, war, riots, embargoes, civil commotion, or any other similar cause beyond its control and without its fault or negligence.

For a valid recourse to this Article, the Party hindered to perform its obligation under this agreement due to Force Majeure shall, within a maximum of seven days, notify in writing to the other party the occurrence of such Force Majeure events and receive from the notified party the confirmation in writing of the acknowledgement of such Force Majeure events.

15.0 CONFIDENTIALITY


Both Parties shall treat the information about this Lease as private and confidential and safeguard it accordingly.

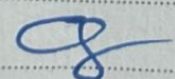
16.0 DISPUTES RESOLUTION

16.1 If there is any dispute, between Lessor and Lessee on account of breach of this Agreement, such dispute, shall be resolved amicably by way of consultations and negotiations.

16.2 If such dispute is not resolved amicably, any dispute arising from or in connection with Clause 13.3 of this Agreement shall be submitted to

Initials of the Parties

The Lessee 

The Lessor..... 

arbitration administered by the Tanzania Institute of Arbitrators under its Arbitration Rules.

16.3 Regarding other disputes except provided in Clause 16.2, either party may upon issuance of 30 days written notice to the other party the dispute to the Court of law of competent jurisdiction in Tanzania.

16.4 The provisions of this Clause are severable from the rest of this Agreement and shall remain in effect even if this Agreement is terminated for any reason.

16.5 Should either of the Party institute arbitration proceedings, such arbitration proceeding shall not relieve the Lessee from any of its obligations to make rental payments to the Lessor in terms of this Agreement nor shall it relieve the Lessor from performing any of its obligations to the Lessee under this Agreement.

17.0 GOVERNING LAW

All arrangements between the Parties relating to the provisions of this Agreement shall be governed by and construed in accordance with the laws of Tanzania.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in Dar es Salaam and signed in their respective names and delivered as of the day and year herein appearing.

SEALED with the COMMON SEAL of the said
TANZANIA INVESTMENT CENTRE
and DELIVERED in the presence of us
this 17th day of December 2024

Name: GILEAD TERI
Signature: Einkaw Teri
Postal Address: 938 DSM
Qualification: EXECUTIVE DIRECTOR



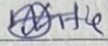
Initials of the Parties

The Lessee lm

The Lessor g

WITNESS:

Name: MONICA MWAICOLE

Signature: 

Postal Address: 938 DSM

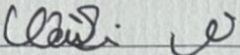
Qualification: LEGAL MANAGER

SEALED with the **COMMON SEAL** of the said
SANTAGRO LIMITED
and **DELIVERED** in the presence
of us this 17th day of December 2024



SEAL

Name: WAI SI U

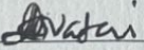
Signature: 

Postal Address: 9999 DSM

Qualification: Director

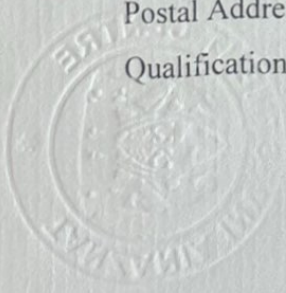
WITNESS:

Name: Linda Allen Natan


Signature: 

Postal Address: P.O Box 75877, DSM

Qualification: Advocate



Initials of the Parties

The Lessee 

The Lessor 

**Implementation Plan for Mkulazi Farm
at Ngerengere, Morogoro**

November 2024

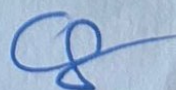

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1. EXECUTIVE SUMMARY

Santagro Limited (herein referred to as "Santagro"), an agribusiness company established in Tanzania for modern farming investment. Mkulazi Project under Tanzania Investment Center (herein referred to as "TIC") is a modern and sustainable farming venture dedicated to sugarcane, soybean and maize crops. Situated in Mkulazi Area, Ngerengerere, Morogoro region with a total area of 60,000 hectares, where Santagro has been allocated for 10,000 hectares, with a possibility to extend for another 10,000 hectares in the future. Our mission is to provide high-quality and high-yield crops, through applying modern farming techniques, to meet the growing demand for international and local consumption markets.

The total project investment for 10,000 hectares will be around USD 22,000,000 in modern farming for two seasons of soybean and yellow maize rotation planting, including grain processing plant investment. The Project will develop the land into a fully operational modern farm gradually in three phases. To accelerate and ensure the large scale of project implementation, Santagro is ready with its own equity as well as raising more commercial loans for expanding and operationalizing the farms. Financially, the investment is feasible with positive cash flow throughout the investment.

The project aims to hire 80 local full-time employees under Mkulazi Project, create additional over 400 seasonal jobs for the surrounding youths and women, as well as engaging over 500 indirect jobs through this investment, including farm management, machine operation, grain processing, storage and logistics in the future. Also, through this project, Tanzanian soybean and yellow maize export to China will increase by 95,000 metric tonnes per year, consisted by 35,000 metric tonnes of soybean and 60,000 metric tonnes of yellow maize. This outcome will meet two main objectives of the Tanzania Development Vision 2025: (1) to achieve quality and good life for all; (2) to build a strong and resilient economy that can effectively withstand global competition.

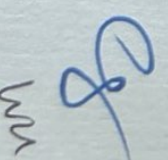
2. INTRODUCTION

2.1 About the Background

Youths in Tanzania comprise about 40% of the entire population and over 80% of the national labor force. However, despite the increase in skilled graduates from learning institutions, the country's economic ability to produce formal employment for nearly 800,000 annual new entrants in a highly competitive labor market has remained substantially disproportionate at less than 10%. Therefore, more than 20 million youths in Tanzania remain unemployed or competing for hands-to-mouth informal jobs provided by a highly unorganized informal sector. Several factors contributed to and maximized the youth unemployment situation over the years, such as the rapidly growing population at an average rate of 3%, the slow relative inclining productivity growth rates of the Agriculture Sector at about 4% and disproportionate relations between the skillsets of graduating populations and the immediate skillsets demanded by the labor-intensive sections of the national economy.

Over the years, the Tanzanian government has employed cross-sectoral interventions primarily targeting the supply-side of the labor-intensive sectors of the national economy, such as technical skills development and providing funds for youths. In this case, regardless of the efforts put by the government and partners, and while Tanzania stands on competitive geographical and climatic advantage for agricultural production, there has not been sustainable and scalable efforts that harness the readily available workforce for agriculture to create sustainable jobs and increase agricultural production in the country.

The critical challenge in soybean and yellow maize production arises from an imbalanced supply-demand relationship between smallholder farmers, primary processors, and industrial food producers. Seasonal fluctuation in farm productivity means processing factories cannot rely on a



sufficient, regular supply of soybean and yellow maize when there is demand and so are forced to operate below capacity. In turn, industrial processors cannot contract local farmers, given the inconsistency in soybean and yellow maize production. This creates a regular demand-supply deficit, which has resulted in the under-development of the soybean and maize industry in Tanzania, regardless of the massive available local and international market opportunities.

To this end, Santagro will invest agricultural inputs (such as seeds, fertilizers, and crop protection products) to farms in the project regions in Mkulazi to grow and export soybean and yellow maize to China, or to support local consumption if necessary. With China being the largest importer of soybean and yellow maize globally, the investment will successfully turn Tanzania into a strategic production hub of soybean and yellow maize for export to China in the future. In addition, Santagro will manage the operations of the project farms and oversee the process of onboarding out growers surrounding the farm, if any. The participants will follow operational guidance and hire machinery field services from Santagro, grow and sell the grains to Santagro.

2.2 Investment Scale and Funding

Up to the 4th year of the project, the expected total investment from Santagro will be more than USD 22 million, consisted by USD 15 million of fixed assets investment, USD 7 million of operational cash flow for agricultural inputs in the early stage. To accelerate and ensure the large scale of project implementation, Santagro is currently looking to invest in facilities and equipment to support the operation of the designated farms in the project regions in Tanzania.

3. MARKET ANALYSIS SUMMARY

3.1 Status of Soybean Farming

Soybean is one of the world's largest protein crops and the most efficient protein source per hectare. Global production stood at 320 million tonnes, mainly from North America and Brazil, while Africa contributes less than 1% of global soybeans production. China by far is the world's largest consumer and importer of Soybeans, with demand exceeding 100 million tonnes per year, and yellow maize, with demand exceeding 28 million tonnes per year. In 2022, China imported Agricultural produces worth USD 110 billion; out of that, USD 35 billion alone went into buying soybeans and USD 8 billion on buying yellow maize.

Tanzania's production of soybean is little around 40,000 tonnes, up 100% from 2 years ago, highlighting appetite to start producing more soybean due to recent promotions by the government and demand from a ready market both local and exportation. While Tanzanian production is insignificant compared to the world production level, the country has one of the strong farming ecosystems driven by a significant number of the energetic youth and woman population, political stability, stable economic growth, good geography, and a supportive government. If well nurtured and supported, the farmers in Tanzania can successfully boost soybean and yellow maize production and export potential.

Tanzania has approximately 44 million hectares of land suitable for cultivation, of which 29 million hectares are ideal for irrigation but currently not under cultivation. Also, Tanzania enjoys direct access to the Indian ocean and seaports to facilitate exports of its products. Also, the government, in line with its goal to support farmers in Tanzania, is currently reviewing its development policy to enhance the macro and micro regulatory environment to be conducive for farmers.

3.2 Market Opportunity

Santagro is interested in building value chain of soybean and yellow maize in Tanzania, covering agriculture inputs supply, farm management, grain processing, logistics and seed production in the future. To suffice this market, Santagro and the local partners have arranged to execute the expression of interest in phases one by starting with 95,000 metric tonnes per year, which could be traded to China or other international markets.

Even within Tanzania, the demand for soybeans and yellow maize remains robust, driven by a combination of factors such as population growth, changing dietary preferences, and the expanding livestock and poultry industries. As the population increases, there is a rising need for protein-rich food sources, spurring the demand for soybeans as a key ingredient in various food products. Additionally, the livestock sector's growth contributes to the demand for both soybeans and yellow maize, which are vital components in animal feed production. The versatility of these crops, serving both human and animal consumption, underscores their significance in Tanzania's agricultural landscape, making them pivotal commodities for farmers and agribusinesses alike.

4. OPERATION AND IMPLEMENTATION

4.1 Operational Strategy

Management: Santagro, a fully independent agribusiness management company, through the support from Tanzanian government (Ministry of Agriculture), will oversee and run the project.

The Model: In this project, Santagro will be responsible for managing the Mkulazi farm area to cultivate by its own crops to demonstrate large-scale modern farming.

The Location: The farm will operate at Mkulazi, in Morogoro region, where is well known for agriculture as the main economic activity and contributor to the national food reserve. The area has fertile land to produce food and cash crops, including soybeans and yellow maize. Apart from farming crops, the region is involved with livestock keeping, which could open a market for product of feeds after processing. Further, the geography and climate of the region have created huge potential in two season crop rotation planting and have attracted interest from actors in the agricultural sector, leading to the establishment of crucial infrastructures needed for large-scale farming.

Production Capacity: The farm size is 10,000 hectares with the capacity to produce 30,000 metric tonnes for a single season's soybean harvest, and 65,000 metric tonnes for a single season's yellow maize harvest. The farm will have two growing seasons per year, with soybean and yellow maize rotation, bringing the annual harvest to 95,000 metric tonnes.

Logistics: Santagro will establish its own truck fleet and will partner with other logistics companies in Tanzania, so it will transport the produces to the warehouse or silos and storage facilitates.

4.2 SWOT Analysis

The SWOT analysis aids in displaying the internal strengths and weaknesses that the project must address. In addition, it allows us to examine the opportunities presented to the project and the potential threats.

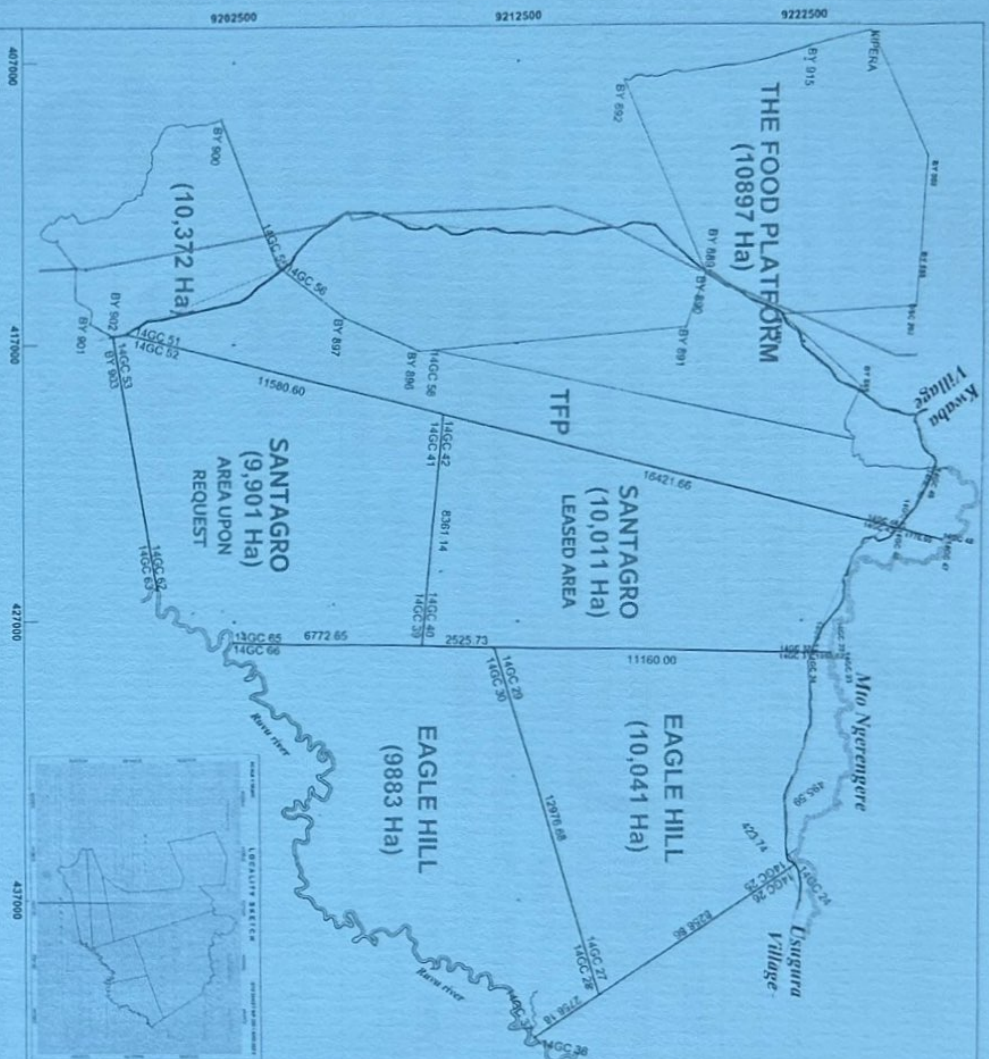
Strength	Weaknesses
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<ul style="list-style-type: none"> i. A team with over 25 years of combined experience in the key areas of the business. ii. Ability to produce throughout the year which ensures consistent supply to the buyers. iii. Partnership with reliable off-taker for all the farms produce which also meant to cut distribution costs. 	<ul style="list-style-type: none"> i. Santagro's major weakness is lack of local facilitation in obtaining project farm lands in each region.
Opportunities	Threats
<ul style="list-style-type: none"> i. Increased handling capacity by the partner. ii. Growing trends for soybean and yellow maize subsector in local and global markets as people move to plant-based proteins. iii. Production gap that smallholder farmers fail to fill due to inconsistent production caused by climate changes. iv. Availability of "precision farming" technological tools meant to make our farm highly efficient. 	<ul style="list-style-type: none"> i. Competition from the rest of the producers in the world, such as US and South America.

5. ACTION PLAN AND INVESTMENT ANALYSIS

The Mkulazi project is located at Ngerengere, in Morogoro region as shown in below. The total area is around 60,000 hectares and four investors have been allocated relevant areas, including Santagro has been located for approximately 10,000 hectares.



5.1 Action Plan – 3 phases of farming with processing plant in 4 years

Santagro plans to clear the 10,000 hectares virgin land in 3 phases, by clearing 100 hectares and 4,900 hectares in each of the 1st and 2nd phases, and clearing 5,000 hectares in the 3rd phase, while finishing the grain processing plant construction.

Phase	Area (hectare)	Activities
1	100	Land clearance, and testing for crop adaptation
2	4,900	Land clearance, planting and harvesting
3	5,000	Land clearance, planting and harvesting
Total	10,000	Full operation for both maize & soybean crops

Below is the anticipated project plan for the construction and operationalization of the farms in the Mkulazi farm. The total assumption is based on the legal document being clearly entitled to Santagro soon.

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Mkulazi Project Timeline				Phase
N#	Activity	Months	Year	
1	Project General Evaluation			1
2	Investment Plan			1
3	Living Facilities Design	September		1
4	Storage Facilities Design			1
5	Irrigation Project Design			1
6	Equipments Transportation	October	2024	1
7	Land Clearing (1st Going)			1
8	Land Clearing (2st returning)			1
9	Uprooting big trees			1
10	Raking			1
11	Heavy Harrow	October - November		1
12	Intermediate Harrow			1
13	LimeStone Spreader			1
14	Leveller Harrow			1
15	Planting	December-January	2024/2025	1
16	Top Dressing	December-February		1
17	Self-Propelled	November-April		1
18	Harvesting	April-May		1
19	Transhipment	May-June		1
1	Irrigation Project Execution			
2	Storage Facilities Execution			2
3	Living Facilities Execution			2
4	Permanent Site Construction			2
5	Land Clearing (1st Going)	June-September	2025	2
6	Land Clearing (2st returning)			2
7	Uprooting big trees			2
8	Raking			2
9	Heavy Harrow	September - November		2
10	Intermediate Harrow			2
11	LimeStone Spreader			2
12	Leveller Harrow			2
13	Planting	November-January	2025/2026	2
14	Top Dressing	December-February		2
15	Self-Propelled	November-April		2
16	Harvesting	April-May		2
17	Transhipment	May-June		2
1	Irrigation Project Execution			
2	Equipments Transportation			3
3	Land Clearing (1st Going)	June-July	2026	3
4	Land Clearing (2st returning)			3
5	Uprooting big trees			3
6	Raking			3
7	Heavy Harrow	September - November		3
8	Intermediate Harrow			3
9	LimeStone Spreader			3

	Leveler Harrow				3
11	Planting	November-January			3
12	Top Dressing	December-February	2026/2027		3
13	Self-Propelled	November-April			3
14	Harvesting	April-May			3
15	Transshipment	May-June	2027		3

5.2 Action Plan – Land Preparation

Land preparation refers to the set of activities and processes involved in getting the soil ready for cultivation. This crucial step in agriculture aims to create an optimal environment for the growth of crops. Land preparation typically includes several key tasks:

- 1) **Clearing and Cleaning:** Removal of debris, rocks, and any existing vegetation from the land to provide a clean and open space for cultivation.
- 2) **Plowing:** Turning over the soil using plows or other implements to break up the soil, bury crop residues, and promote aeration.
- 3) **Harrowing:** Breaking down clods of soil and further smoothing the surface after plowing, creating a finer seedbed.
- 4) **Leveling:** Ensuring an even surface by removing high spots and filling in low areas, promoting uniform water distribution during irrigation.
- 5) **Adding Amendments:** Incorporating organic matter, fertilizers, or soil conditioners to enhance soil fertility, structure, and nutrient content.
- 6) **Marking Rows or Beds:** Designating the layout for planting rows or beds to optimize spacing and facilitate crop management.
- 7) **Weed Control:** After the planting of grains, it is important to pay attention in the weed growing.

Land preparation is a critical determinant of crop success, influencing factors such as seed germination, root development, and overall crop health. The specific methods employed depend on the type of crop, soil characteristics, and local agricultural practices.

5.3 Important Assumptions

- The farm will conduct rotation planting in two seasons.
- Start with 100 hectares in Year 1 as testing field, then grow to 10,000 hectares in Year 3.
- Yield per hectare is considered to grow year by year, considering virgin land needs to be prepared and become mature year over year.
- Variable costs include all necessary inputs are required in actual farming scenario.
- Depreciation has considered the fixed assets depreciate in 10 years, including machines, office buildings, and processing plant and storage facilities.

Inputs & Costs per Ha	Soybean	Yellow Maize
Fertilizers	360	380

Agrochemicals	180	150
Seed/Seedling	95	60
Operations	48	50
Labor	60	90
Storage	30	50
External Transport	89	178

5.4 Investment and revenue generation

From year 1 to year 4, the expected total investment will be around USD 22 million, consisted by USD 15 million of fixed assets investment, USD 7 million of operational cash flow for agricultural inputs in the early stage, as well as people management related expenses. At year 3, when the planting farms reach to the maximum area, the farm operating income will be able to turn into positive. The investment breakdown:

Land preparation	5,000,000 – operating expense
Warehouse & Processing	5,000,000 – fixed asset
Machines & Equipment	9,000,000 – fixed asset
Farmhouses & Furniture	1,000,000 – fixed asset + operating expense
Pre-expenses	500,000 – operating expense
Working Capital	1,500,000 – operating expense
TOTAL	22,000,000

5.5 Modern agricultural facilities

Through the development of the farm, where will become an agricultural city, the Mkulazi area will not only become a modern farm, but also a storage and processing center of the surrounding grain producers. In there, Santagro will construct warehouses, silos for grain and agricultural inputs storage, as well as grain processing facilities to ensure the high quality of grains, which will be traded at a higher value in the international market.

6. CONCLUSION & PROPOSAL

Grain farming for exportation is, therefore, an income-producing undertaking. In addition, the soybean and yellow maize value chain is driven by the capacity to supply in scale, which is an element currently missing in the Tanzanian market. Therefore, Santagro will leverage its own equity to invest in agricultural inputs, farm operational management service, mechanical equipment, construction of farm infrastructures, and the human capital needed to manage the farm. Our shared drive and capacity to build a sustainable business together with the experienced industry knowledge, and the supports from TIC will give us confidence on meeting the demand to work in line with the investment commitment and business objectives.

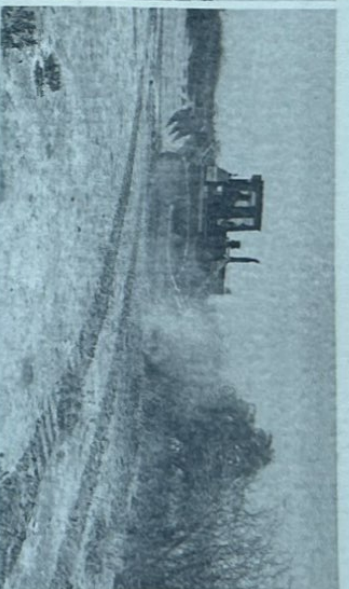
Annex 1: LIST OF MACHINES FOR FARMLAND OPERATIONS

Year of Reference	Machine/Equipment	Commercial Name
2024	Bulldozer 1	Bulldozer 220 Shantui
2024	Bulldozer 2	Bulldozer 220 Shantui
2024	Excavator 1	SY215
2024	Excavator 2	SY215
2024	Wheel Loader 1	856H
2024	Wheel Loader 2	856H
2024	Tractor 220 1	YTO2204
2024	Tractor 220 2	YTO2204
2024	Tractor 220 3	YTO2204
2024	Tractor 140 2	YTO 140
2024	Tractor 140 3	YTO 140
2024	Tractor 140 4	YTO 140
2024	Tractor 140 5	YTO 140
2024	Big Chain	Clearing Chain
2024	SelfPropelled 1	3000liters
2024	Chaser Bin 30ton 1	CB 30ton
2024	GK120 1	Lowol GK120
2024	GM100 1	Lowol GM100 1
2024	GM100 2	Lowol GM100 2
2024	Sara Planter 18r 1	Sara Pincesa 18
2024	Sara Planter 18r 1	Sara Pincesa 18
2024	Sara Planter 18r 1	Sara Pincesa 18
2024	Lime Spreader	BRJTUS 12000
2024	Heavy Harrow	GVPF TR\ 12X36X12
2024	Intermediate Harrow	SGIC\ 30-3CH TR28X7.5R
2024	Leveler Harrow	GDPH\ 68X24X4.50
2025	Hercules 4.0	Sara Hercules
2025	GK120 2	Lowol GK120
2025	GK120 3	Lowol GK120
2025	Chaser Bin 30ton 2	CB 30ton
2025	Chaser Bin 30ton 3	CB 30ton
2026	SelfPropelled 2	3000liters
2026	GK120 5	Lowol GK120
2026	GK120 6	Lowol GK120
2026	GK120 5	Lowol GK120
2026	GK120 7	Lowol GK120
2026	Chaser Bin 30ton 4	CB 30ton
2026	Chaser Bin 30ton 5	CB 30ton

Annex 2: STEPS OF FARMLAND OPERATIONS

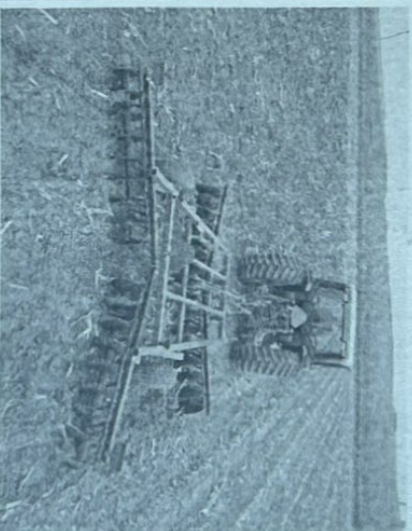
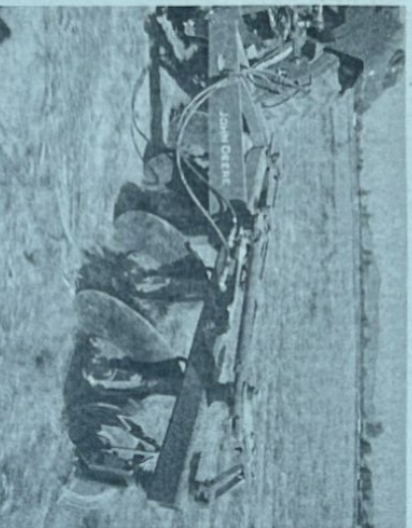
1. STEP 1 - Removing Native Vegetation

The nature of the native vegetation dictates the requirement for heavy-duty machinery in this task. If the land is covered with bushes and small savanna trees, the use of a Bulldozer becomes necessary to efficiently remove and pile the aerial parts of the trees. However, it's important to note that while these methods effectively handle the above-ground portions of the vegetation, the roots will remain in the soil. Given the potential for root remnants to cause damage to the planter, it becomes imperative to implement additional measures for root removal.



2. STEP 2 - Eliminate the Compacted Layers in the Soil

In this phase of the process, our objective is to eliminate the compacted layers within the soil. To ascertain the optimal working depth for each scenario, it is crucial to identify the depth of the compacted layer. This determination takes into account the soil texture, where the penetration of a disc plow varies – in sandy soil, it can penetrate more deeply, while in clay soil, the penetration is less pronounced, typically ranging between 20-40cm. Throughout this stage, a dedicated team will be essential to handle the removal of roots and stems, both during and after the operation, ensuring the effectiveness of the soil preparation process. This meticulous approach contributes to achieving the desired outcomes and enhancing the overall health of the cultivated land.



3. STEP 3 - Breaking the Cloes and Leveling

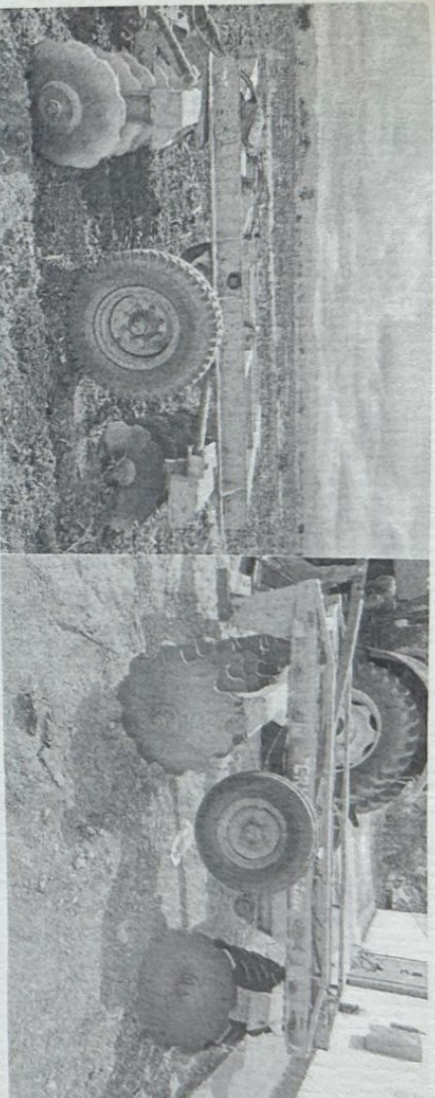
The soil operation marks a pivotal phase in our preparation for the upcoming planting season. During this critical stage, we have the flexibility to employ three types of harrows, each tailored to specific needs:

Heavy Harrow (36"-42"): In certain cases, this harrow may be positioned as a Step 2 in the soil preparation process.

Intermediate Harrow (26"-28"): Offering a balanced approach, suitable for various soil conditions.

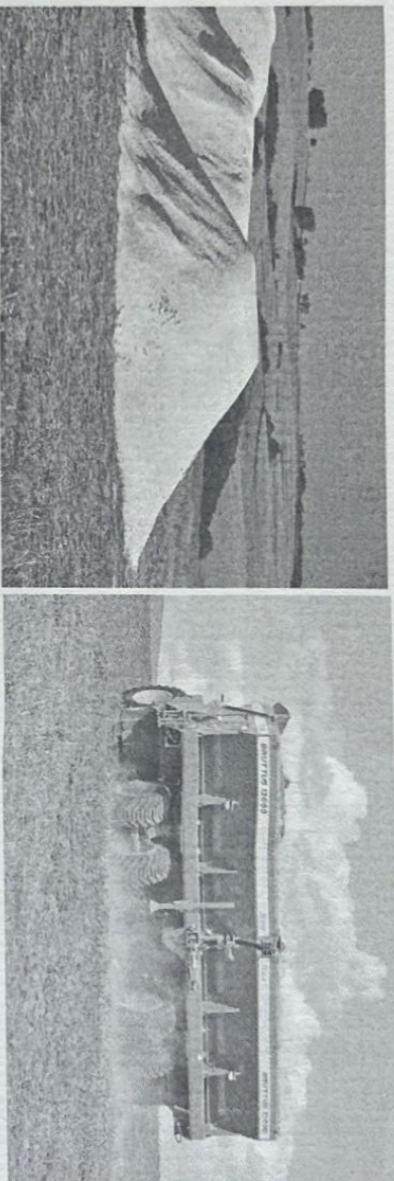
Light Harrow (22"-24", Leveler): Designed for finer leveling, providing a meticulous touch to soil.

The number of operations required during this step—ranging between 2-4—is contingent upon the nature of the soil, compaction levels, and demands specific to each scenario. To accurately gauge these requirements, an on-site technical evaluation becomes imperative. This in-person assessment ensures a tailored and effective approach, aligning with the unique characteristics of the soil, and contributing to the overall success of our field preparation endeavors.



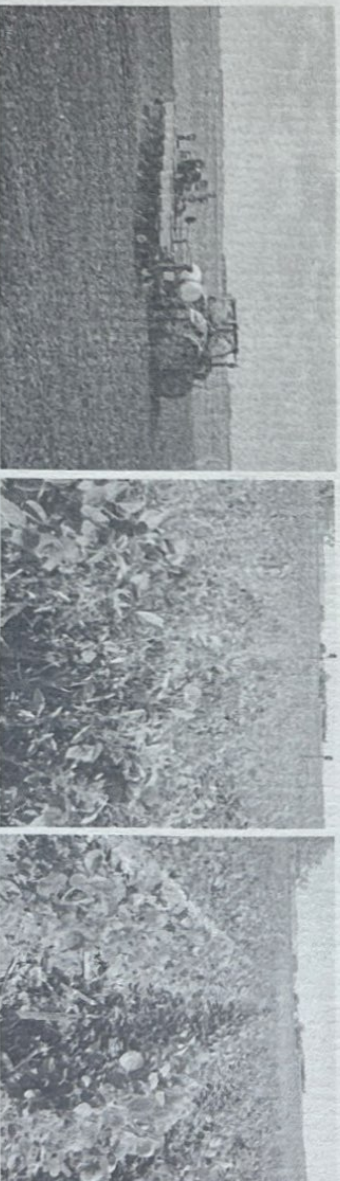
4. STEP 4 – Amendments

In a general context, the anticipated approach involves addressing 50% of the phosphorus demand before planting, achieved through the application of TSP fertilizer. Additionally, limestone, serving as an amendment, is recommended to be applied three months prior to the initial planting. This strategic timing allows for optimal nutrient availability, promoting a fertile and conducive environment for successful crop growth during the upcoming planting season.



5. STEP 5 - First Planting

After undergoing this comprehensive and meticulous soil preparation process, our field stands fully primed for the inaugural planting in the first year. The primary focus during this initial year is the cultivation of soybean or maize, with the subsequent establishment of direct planting methods in the following years.



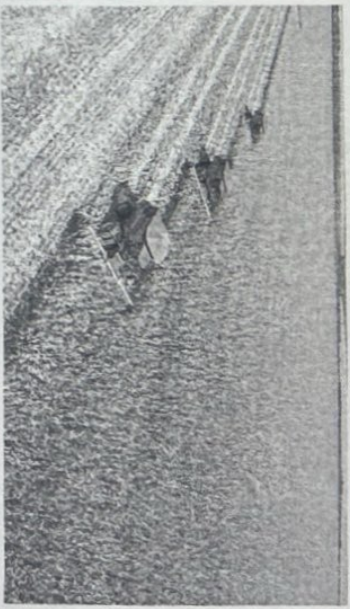
6. STEP 6- Weed Control

Implementing effective weed control measures will be essential to mitigate potential competition for resources and support the successful cultivation of the soybean plants. This proactive approach to weed

management is crucial in maintaining a conducive environment for the soybeans to thrive during their growth cycle.

7. STEP 7 – Harvest and Straw Material Broadcasting

In the first harvest, one of our focuses is to keep the straw material of top of the soil, this is one of the accomplishments of a land prepared to follow in the Direct Planting System, helping to increase the soil organic matter and covering the top of the soil, helping to avoid weeds growing.



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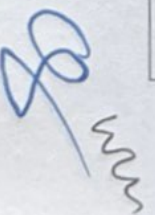
**PROJECT IMPLEMENTATION PERFORMANCE TO BE ACCOMPLISHED BY
SANTAGRO LIMITED**

(WITHIN FIRST FIVE (5) YEARS FROM THE DATE OF SIGNING LEASE AGREEMENT)

S/No.	PROJECT IMPLEMENTATION PERFORMANCE	LEVEL OF IMPLEMENTATION
1.	Total investment.	<ul style="list-style-type: none"> i. Invest a total of USD 22 Million for the whole project within five years. ii. CAPEX – USD 15 Million. (Grains processing plant investment and machines for farming) iii. Operational – USD 7 Million. (Modern farming for two seasons of soybean and yellow maize rotation planting)
2.	Activities of establishing soya bean and yellow maize plantation.	<ul style="list-style-type: none"> i. Land Development ii. Irrigation Development iii. Variety Testing iv. Farm Mechanization v. Farm Infrastructures Development vi. Crop Production vii. Harvest & Logistic

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3.	Land and Irrigation Development Plan (Area- Ha)	<p>Land Development:</p> <p>Phase I will commence from September 2024 to June 2025 by starting to clear 100 hectares and testing crop performance;</p> <p>Phase II will commence from June 2025 to June 2026 by continuing clearing 4,900 hectares; and</p> <p>Phase III will commence from July 2026 to June 2027 by clearing 5,000 hectares.</p> <p>Irrigation Development: Based on the assessment of the rain and water resource, the area of irrigation will be determined accordingly.</p>
4.	Soya bean and yellow maize plantation. (In Area-Ha)	<p>Phase I: modern farming of soybean and yellow main rotation planting (Year 2024 for 100 hectares and Year 2026 for 10,000 hectares);</p> <p>Phase II: Grain processing planting investment (Year 2026); and</p> <p>Phase III: The land will be developed into a modern Farm (Year 2025).</p>
5.	Graining processing plant construction.	<p>Year 2025 – foundation survey and designing</p> <p>Year 2026 – material purchase and construction</p> <p>Year 2027 – ready for operation</p>
6.	Expected production.	Total of 95,000 Metric Tones per year

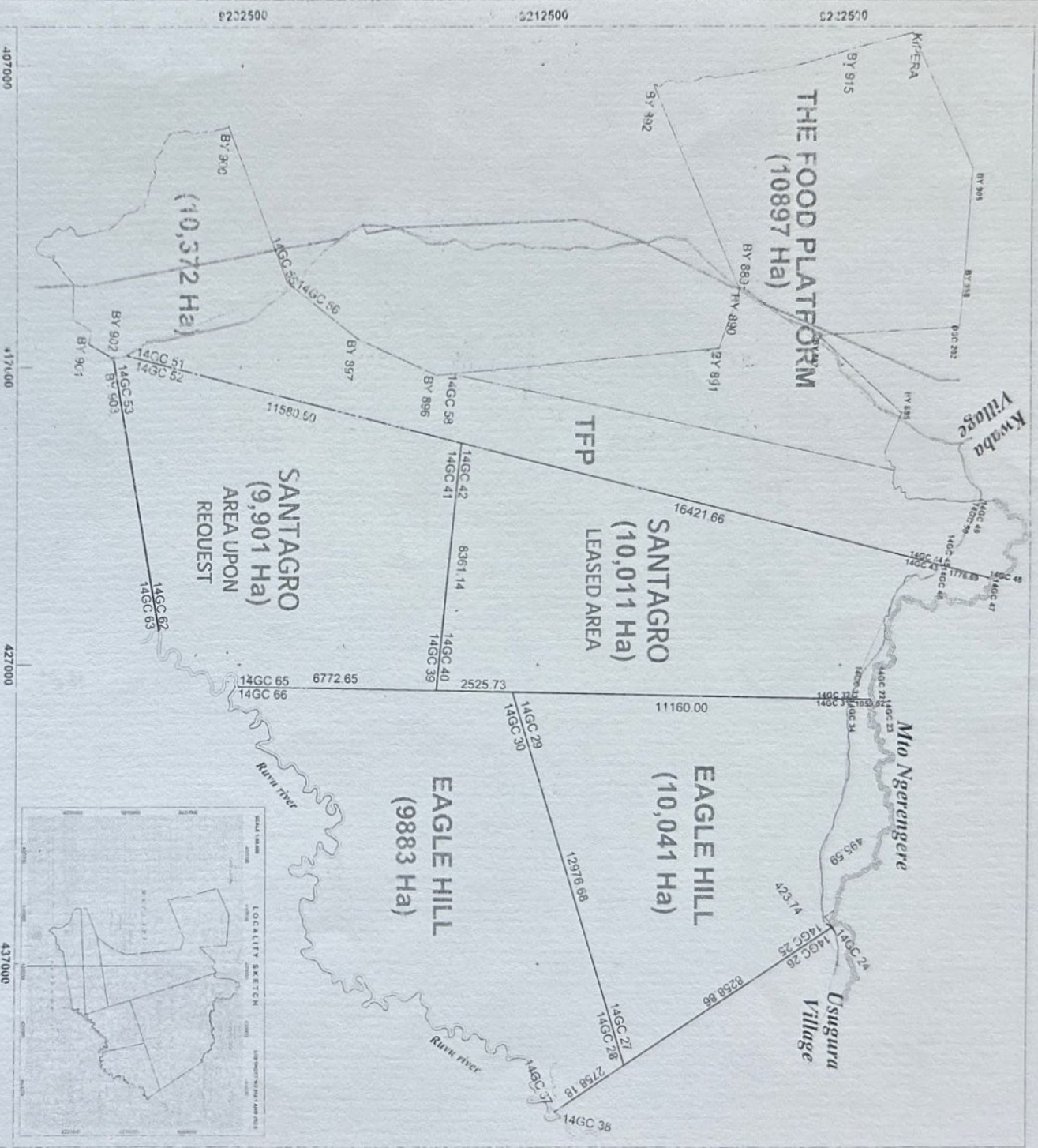


		30,000 metric tons for a single season's soya bean harvest.
		65,000 metric tons for a single season's yellow maize harvest.
7.	Employment creation	Direct Employment - 80 Seasonal Employment - 400 Indirect Employment - 500
		During plantation, construction and operation phases.
8.	Environmental principles	Adhere to environmental sustainability principles, health and safety standards.

PERFORMANCE MONITORING AND EVALUATION

- Progress will be monitored and evaluated through project visit verification.
- Investor shall submit periodical reports twice a year (semi-annual and annually).

RESURVEY OF FARM NO 2017/1-2017/6 INTO FARM NO AT MKULANZI NGERENGERE
 MOROGORO DISTICT- MOROGORO REGION



407000 417000 427000 437000

8222500 8212500 8202500

COMPSHO

MAP NO

SIT SHEET NO

ACTON C C BY

PLAN NO

AMENDMENTS MADE BY:-

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PHOTOSTATIES COPIES SENT TO

Plan Drawn By Geoffrey V Raphael

I here by certify that the survey represented by this plan was carried out in accordance with the survey regulations

Gaudence K Gabriel
 Government Land Surveyor

Date

Registered Plan No