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Obtala Limited
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Obtala Limited
("Obtala", the "Group" or the "Company")
(AIM: OBT)

Letter of Intent to Invest in Sustainable Agriculture in Tanzania

Obtala Limited (AIM: OBT), the African focused agricultural and forestry company, is pleased to announce that it has signed a Letter of Intent expressing the Company's commitment to build sustainable and inclusive business in Tanzania through investment activities associated with the Grow Africa partnership(s) in Sub-Saharan Africa.

The Grow Africa Partnership was founded jointly by the African Union (AU), The New Partnership for Africa's Development (NEPAD) and the World Economic Forum in 2011. Grow Africa works to increase private sector investment in agriculture, and accelerate the execution and impact of investment commitments. Our commitment is to Grow Africa which is promoting multi-stakeholder collaboration to advance private sector investment aligned to the Government of Tanzania's agricultural development objectives, as well as the Government of Tanzania's commitment to promote a business enabling environment that provides confidence to both the domestic and international private sector to achieve these objectives.

Obtala currently employs around 400 people and actively seeks new partnerships to scale its operations through infrastructure upgrades, extension of its farms and development of agreements with surrounding farms. Intense planning is underway for several major projects in Tanzania as the company transitions towards meaningful production, and deployment of its substantial assets. Addressing the issues of food security & nutrition, economic development & social impact and environmental sustainability through waste reduction will be priority.

Under the letter of intent, Obtala has conditionally committed to investing USD 10 million over the coming five years in new modular pack-house facility, housing of staff and training centers, scaling plantation based activities and the development of an outgrower programme, subject to sourcing of matched funding, grants, preferential loans and equity from donors, development finance institutions (DFIs) and impact investors.

To advance this commitment over the next 12 months, Obtala will take the following actions:

- Invest in the first stage of a modular packhouse facility to meet increasing demand from local markets, Kenya and Middle East.
- Engage partners for co-financing further expansion of packhouse, development of the outgrower scheme, staff housing and training centres.
- Identify local and regional partners for technical assistance to identify and build capacity at local surrounding farms.
- Collaboration with local and international Universities for upskilling, training and development of farm managers and development of a talent pipeline.
- Engage local organizations to deliver community engagement activities (health & nutrition).
- Further develop of national and international distribution networks.

Miles Pelham, Chairman of Obtala, commented:

"Obtala intends to progress our projects in Tanzania with the collaboration and partnership of the Government of Tanzania. The project is consistent with the investment priorities identified by the country-led Comprehensive Africa Agriculture Development Programme (CAADP) investment plans. In particular, this project aims to contribute to Tanzania.

"We welcome the Government of Tanzania's intent to support this investment with mechanisms for coordination with private sector, farmers, and across Government entities, that are required for a sound and sustainable policy, regulatory, administrative and enabling environment. We further welcome development partners to provide appropriate technical and financial support to accelerate implementation, helping to

build policy and provide funding or grants, with the overall goal of facilitating private investment.

"We at Obtala are committed to be part of the agricultural transformation of Tanzania and look forward to building a long and lasting relationship with the farmers, the government, the donors, the private sector, and other players in Tanzania. Accordingly we are pleased to submit this Letter of Intent to support and accelerate the development of Tanzania's agriculture and to improve the lives of Tanzania's farmers and citizens."

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This announcement contains information which was previously inside information for the purposes of Article 7 of EU Regulation 596/2014.

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