AGRITRADE LEAF TOBACCO

ALT FCV FINAL 2017 MARKET REPORT

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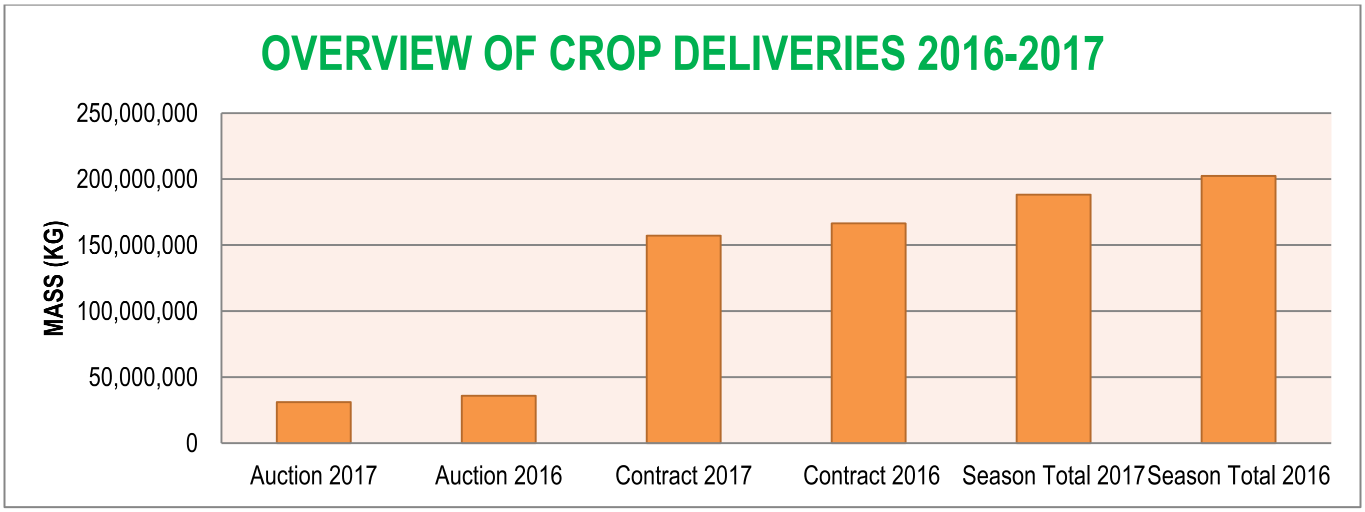
Crop Review



Total Auction Deliveries 2017 (Kgs)	Total Auction Deliveries 2016 (Kgs))	Total Contract Deliveries 2017 (Kgs)	Total Contract Deliveries 2016 (Kgs)	Season Total 2017 (Kgs)	Season Total 2016 (Kgs)
31,150,424	35,915,132	157,175,494	166,369,457	188,325,918	202,284,589

Total crop production for the 2017 season was 188,325,918 Kg.

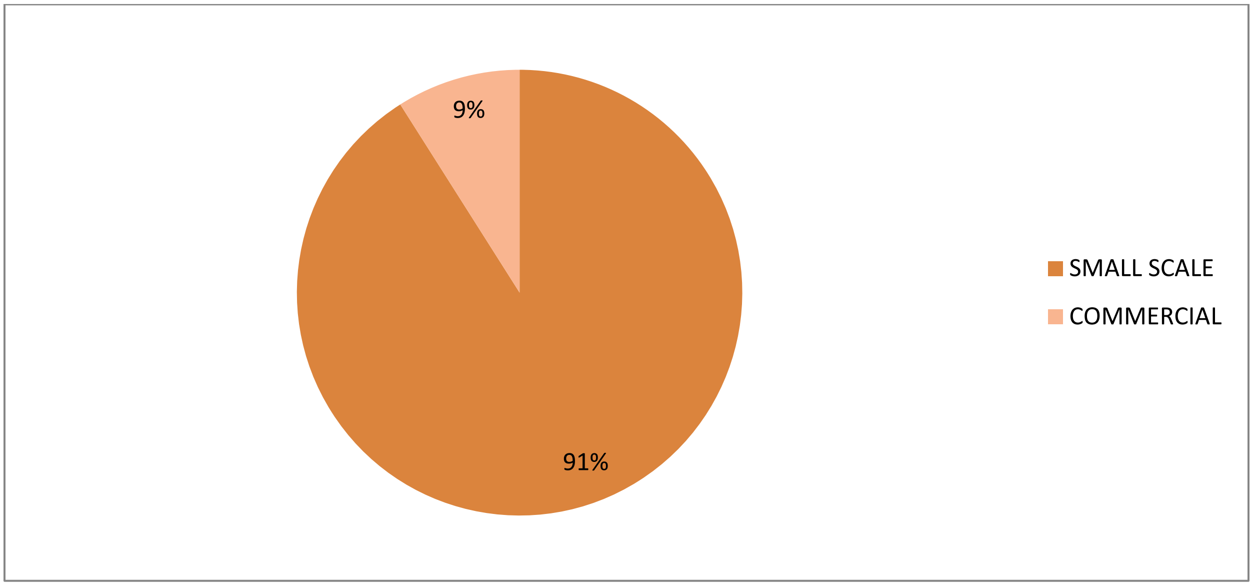
Total crop production for the 2016 season was 202,284,589 Kg.

Total crop sold (Auction floors combined with Contract floors) of 188,325,918 in 2017 season is 6.9% less than the 2016 season total which is 202,284,589.

In 2017, Agritrade Leaf Tobacco had an intake of about 4.1 Million Kilograms of tobacco.

Small Scale vs Commercial Growers

Over the 2017 season, the small scale crop has dominated the total purchases contributing 91% of the total purchases compared to 9% of the commercial crop for Agritrade Leaf Tobacco.



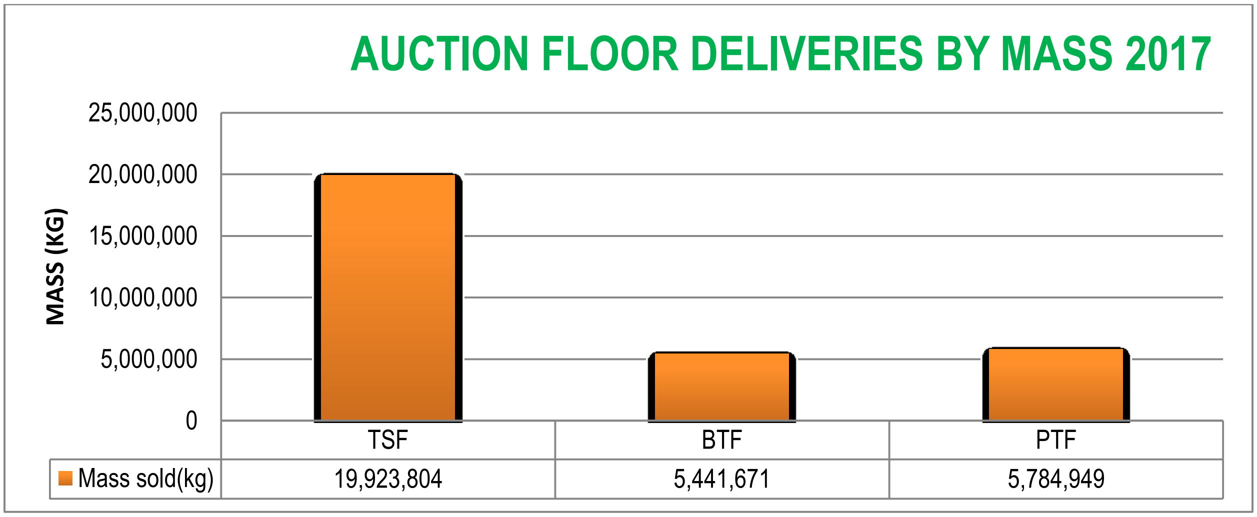
Small scale volumes dropped towards end of July. During the last 2 weeks of July the majority of the small scale crop on offer was deemed “clean up” and consisted of low quality loose leaf and strips; with scarce runs of third to fifth quality upper stalk leaf of mixed styles ranging from lemon to deep mahogany (R tobacco).

Seasonal Auction Floor Figures 2017 vs 2016

SEASONAL	TSF	BOKA	PREMIER	TOTAL AUCTION 2017	TOTAL AUCTION 2016	PERCENTAGE CHANGE
Mass sold(kg)	19,923,804	5,441,671	5,784,949	31,150,424	35,915,132	202,284,589
Avg.Price(US$/kg)	2.87	2.76	2.81	2.84	2.54	595,930,082

Auction Floors

The auction floors closed on the 11th of August 2017.

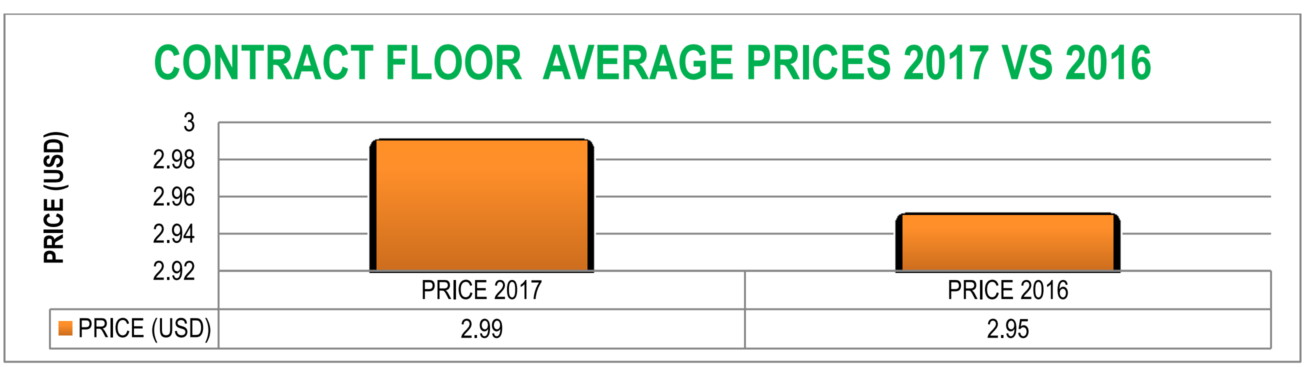


TSF led other auction floors in terms of volumes sold and average price during the 2017 season. The volume sold at TSF is 19,923,804 kg, double what the other two auction floors combined sold in the 2017 marketing season.

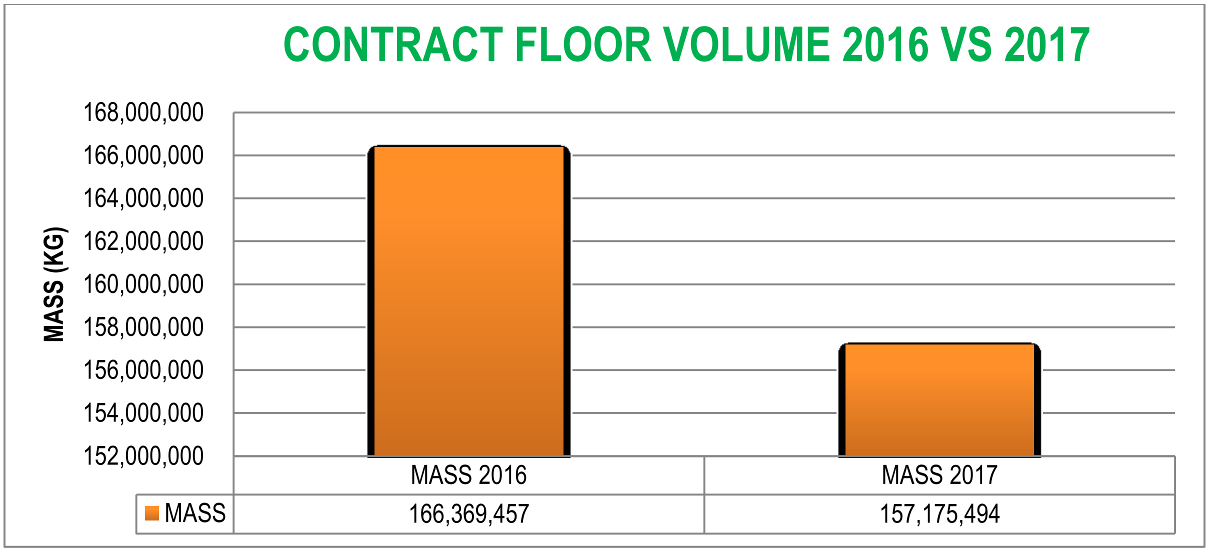
2016 Auction floor sales by volume were higher than 2017 Auction floor sales by a margin of 13 %.

Combined Seasonal Contract Floor Figures 2017 vs 2016

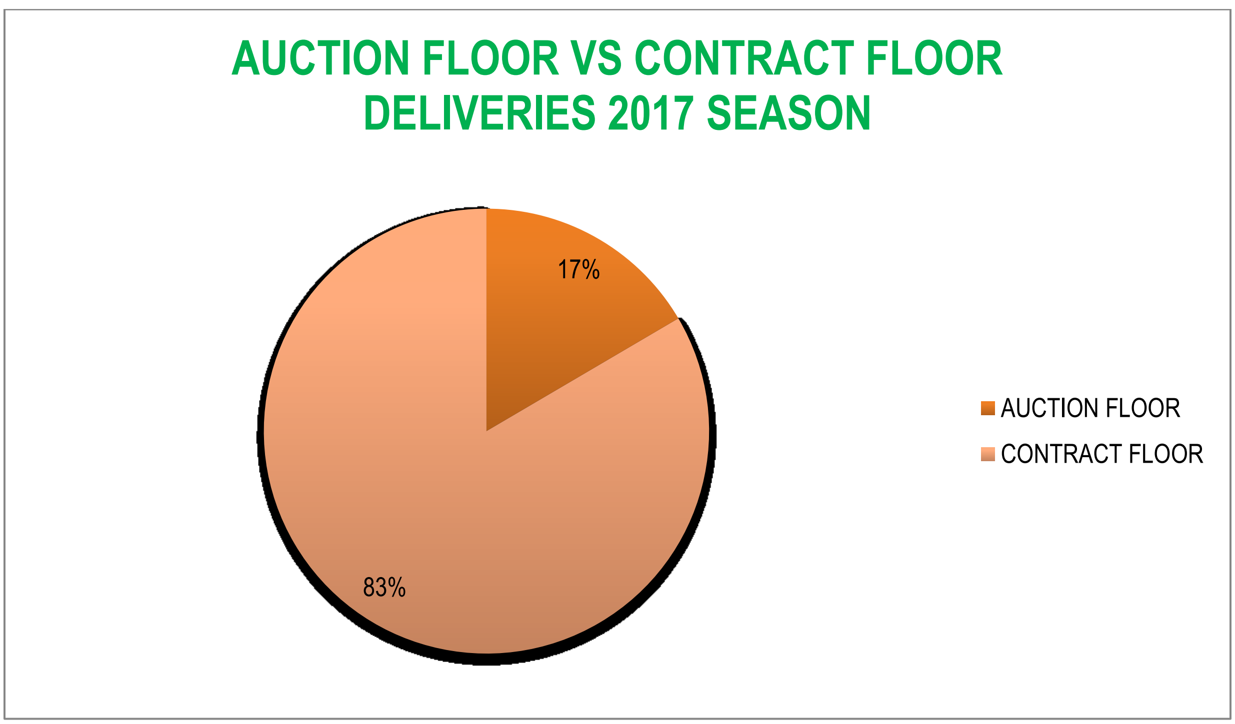
Total 2017 Contract Deliveries(Kgs)	Total 2016 Contract Deliveries(Kgs)	Percentage Change (2016 to 2017 %)	Contract Average Price 2017 ($)	Contract Average Price 2016 ($)
157,175,494	166,369,457	3%	$2.99	$2.95



Contract floor average prices in 2017 were higher compared to 2016 by a margin of approximately 1 %.



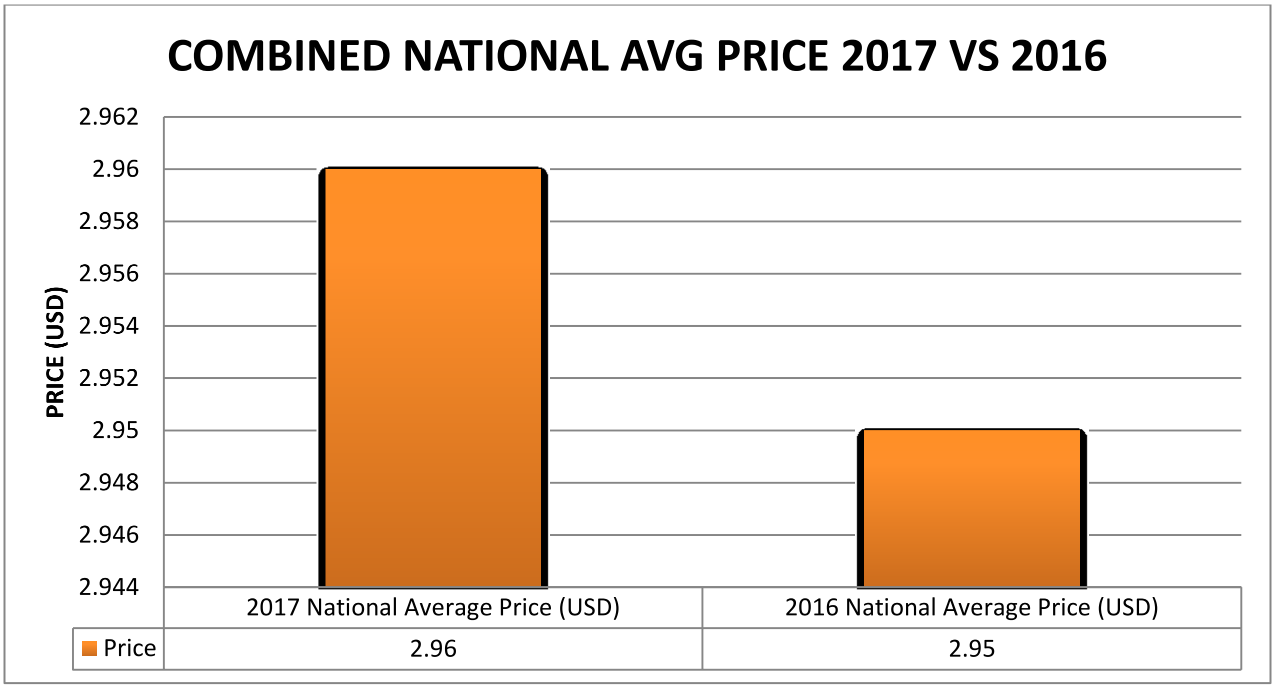
Contact floor deliveries were higher in 2016 compared to 2017 by a margin of 3%.



In the 2017 season, the volume of Contract sales has been higher than Auction sales by 66%.

Combined National Prices 2016 vs 2017

2017 National Average Price (USD)	2016 National Average Price (USD)	Percentage Change (%)
2.96	2.95	0.55



The combined national average price for the 2017 season is $2.96 compared to $2.95 for the 2016 season representing 0.55% difference.

Summary

The Tobacco purchases for the 2017 season have been less than the previous season's (2016) total purchases by 7%.

Contract tobacco farming continues to be the mainstay of the industry as 83% of the crop is sold through the contract floors.

Tobacco sales across all Auction floors closed in August and the season average price for Auction floors was $2.84 which is higher than the 2016 Auction average price of $2.54 by 10.6%

At the tail end of the 2017 season, the contract floors were still open and were dominated by low quality leaf, strips and loose leaf from both commercial and small scale crops.

Considering the heavy rains the overall 2017 crop quality was a good standard. Generally the crop was above average, soft natured, ripe with slightly lower chemistry levels than 2016. Prices in general for the crop remained firm throughout the season. Seasonal average prices showed a 0.55 % difference between the 2016 season average price of $2.95 compared to $2.96 in the 2017 season

CY2018 – currently seed sales are 7.0% ahead of 2016 overall sales. Seedbed area sown cover +/-34,800 hectares for the 2017/18 season. An increase from +/-31,100 hectares for the same period in CY2017.

2018 Season Expectation

TIMB registered 118 048 farmers for the 2018 season.

From the 118 048 farmers registered, Agritrade Leaf Tobacco managed to register 9197 farmers.

Out of the 9197 contracted farmers, Agritrade Leaf Tobacco was able to assist 6525 farmers with farming inputs.

Agritrade Leaf Tobacco of all who we assisted with inputs for the 2018 season, we expect them to bring top of the grade crop in large quantities. Out of the national expected 208 Million Kilograms, Agritrade Leaf Tobacco is looking forward to receiving at least 5% of that which would be approximately 10.4 Million Kilograms of tobacco.

General

Crop assessment survey was conducted by TIMB and AGRITEX in all tobacco-growing areas as from 22nd January to 2nd February 2018.

The late onset of rains affected the established of the dry land crop and this was also followed by a prolonged dry spell that resulted in the reduction of anticipated area planted.

A1 and Communal farms were mostly affected by the dry spell due to lack of irrigation facilities although some of the A2 farms were equally negatively affected by the prolonged dry spell.

Season Quality

Rains were late in all provinces and most areas received the first effective rains around end November to early December 2017. The delay in the onset of rains affected the establishment and growth of the dry land and late crops.

The rainfall was not uniformly distributed across all provinces. Most areas last received effective rains by the end of December 2017, up until 26 January 2018. However, most areas received meaningful rains as from 30 January 2018 with the expectation of some parts of Mashonaland West.

Crop Development

Irrigated crop

Reaping and curing of the irrigated crop is at an advanced stage with more than 80% of the crop been harvested.

Most of the cured leaf is lemon to orange in colour and to fair to good quality. Some of the farmers have already started grading.

The average yield from this planting is expected to be around 2300 kg/ha.