



FarmCoin Joint Venture Investor Presentation



Financial & Commodities Ecosystem



Block Commodities Limited and Financial & Commodities Ecosystem Limited (FinComEco) a subsidiary of GMEX Group Ltd, have formed a joint venture called FACES Blockchain and are pleased to announce a strategic alliance with Swarm Fund (Swarm). Under the alliance, the parties will provide a unique investment opportunity via the listing of the FarmCoin Venture, an asset-backed infrastructure investment coin, to help develop a pan-African financial and commodities ecosystem.

Investment Opportunity

- ▶ FarmCoin's primary aim is to provide a fully regulated financial infrastructure commodity ecosystem. This ecosystem intends to provide financial opportunities for those parts of African farming community who are either ineligible for loans or are forced to take on borrowings via moneylenders at uneconomic rates.
- ▶ In the FarmCoin model, farmers will be able to bring surplus crops to a warehouse. The surplus crops are aggregated and sold via a FinComEco-facilitated commodities exchange. Once the crops are sold, the warehouse fees and loan interest are paid and the net profit credited to the farmer in FarmCoins. The interest rates on FarmCoins will be at a mutually agreed, decentralised interest rate, expected to be up to 50 percent lower than prevailing bank lending rates and 75 percent less than the commercial rate.
- ▶ Investors will be able to participate in the FarmCoin via Swarm's fully regulated marketplace. This investment will help supply African farmers with the financing of the infrastructure needed to help them raise yields and sell crop surpluses.
- ▶ Investors who participate in Swarm's marketplace will purchase FarmCoin tokens, representing fractional ownership in the FarmCoin infrastructure, making this a true asset-backed token. FarmCoin token holders will benefit from a share in the fees and interest paid by the farmers.

Why is FarmCoin an Asset backed infrastructure Token?

- ▶ Because FarmCoin is about investing into infrastructure and can seed the development of Deep Farming Networks and agritech to connect the food system from inception to global consumer. - emphasis is not only on Banking the Unbanked but also upon supplying the farmer with the infrastructure needed for the optimisation of farmer performance including:
 - ▶ Centralised and Decentralised commodity exchange - with crypto and fiat prices/swaps untethered to Chicago and London etc. with futures and options trades. Note in this market - the barter prices are included i.e. wheat for avocados Note the markets aggregate openly making foods prices like cashews and avocado fungible;
 - ▶ Wireless communication of data - such as just in time pricing, weather, education to the farmer;
 - ▶ Data from the farmer - soil analysis for seed and fertiliser optimisation, soil nanotechnology, need for irrigation, yield updates, education, smart tractors, drone support, solar irrigation, bio waste collection for energy for processing of yield, energetic water systems, drop collection, green housing;
 - ▶ Smart warehousing for inputs and outputs and their development into general retail outlets;
 - ▶ Intelligent supply - smart pallets - and eventually autonomous vehicles
 - ▶ Trucks - smart, refrigerated, solar supported
 - ▶ Big data analysis, neural networks, deep learning - social media LinkedIn for farmers and those involved in commodity and food supply chain with online rural orientated retail, cloud internet of everything connectivity
 - ▶ Satellite balloons and upgrade of telco towers

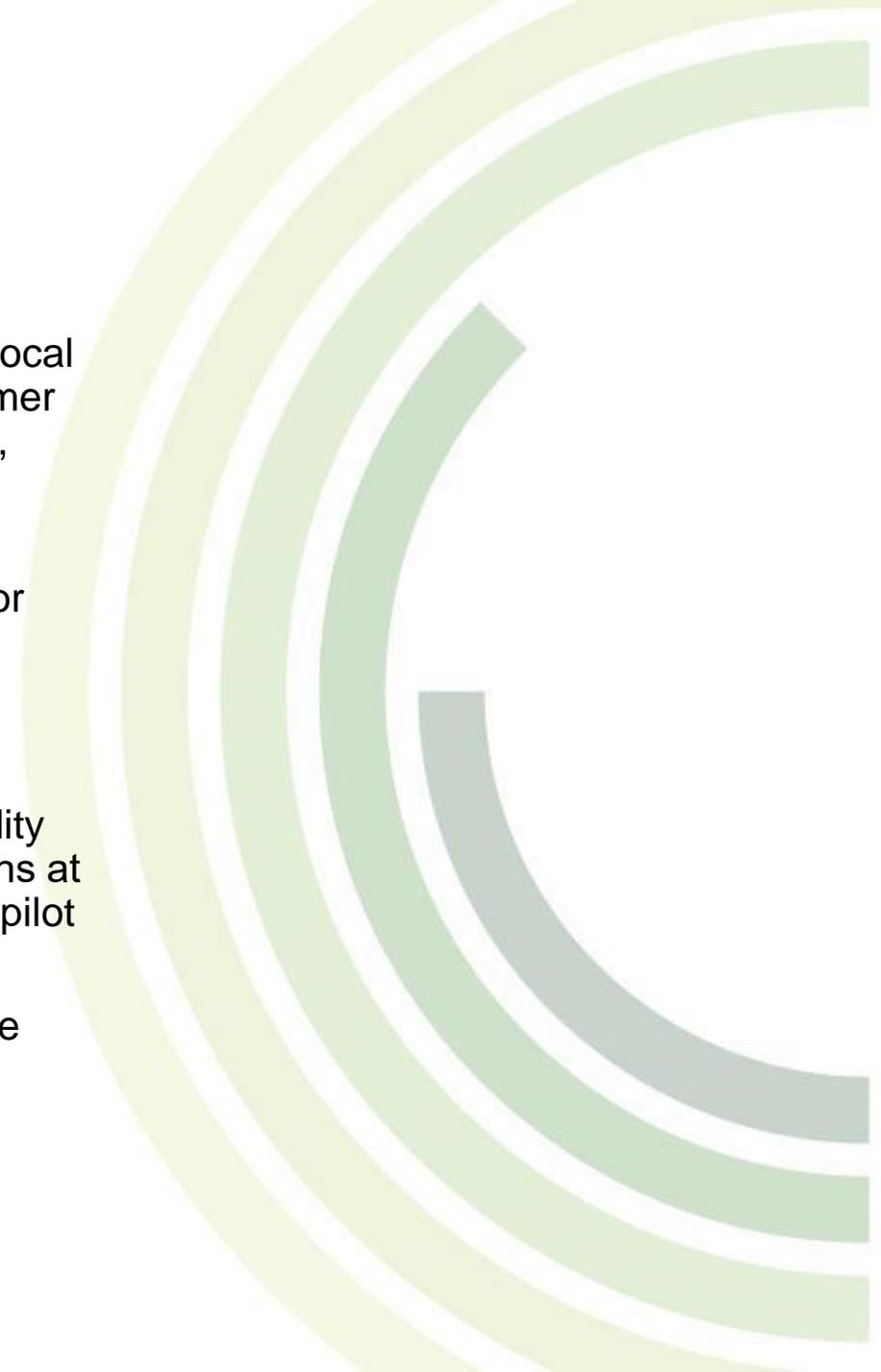
Opportunity

- ▶ Bulk of African countries lack functioning agricultural commodity exchanges.
- ▶ “Agricultural markets have an inherent tendency towards instability..supply and demand...characterised by rigidity, as food is a basic necessity...and agricultural production is seasonal. Producers of agricultural commodities are therefore much more vulnerable to price shocks than other industrial sectors¹”.
- ▶ 97% of African farms are small family farms² of which 98% are owned by low income individuals³ providing 60% of employment in Africa⁴.
- ▶ African rural population has extremely limited access to formal financing options – for example 5% of subsistence farmers in Tanzania have access⁵.
- ▶ Estimated that over \$35bn a year could be saved by African countries if they moved into food processing from raw agriculture produce⁶ and agricultural exchanges is essential to enable food processing.
- ▶ There is very little legacy technology in African agriculture - so leapfrogging to new technology such as blockchain, Big Data, IOT, drones, solar energy and irrigation is possible

[1] M. Roussillon-Montfort, 'Les marchés à terme agricoles en Europe et en France', Notes et Études Économiques, [2] FAO 2014, [3] FAO / Lowder et al 2014, [4] and [6] AfDB President March 2017, [5] IFC Partnership for Financial Inclusion

Concept

- ▶ A new Pan-African company linking the latest financial technology with local requirements in African countries down to the individual smallholder farmer level, creating a full agricultural commodity exchange, smart technology, data collection and financing ecosystem.
- ▶ Brings together exchange, banking, authentication, logistics, data, communications technology partners to provide a customised solution for each country.
- ▶ The umbrella exchange and derivatives clearing counterparty with aggregation of services will be located in Mauritius.
- ▶ The proof of concept is with ongoing work with the Agricultural Commodity Exchange (“ACE”) in Malawi and there are extensive ongoing discussions at various stages of progress in other countries, in particular the Ugandan pilot slated for launch in 3rd QTR 2018
- ▶ FinComEco (GMEX Group (GMEX subsidiary) will set up a Joint Venture (“JV”) with Block Commodities Ltd called FACES Blockchain Limited in Gibraltar to manage and develop the solution



Problem

Farmer	Local Exchange	Pan-African umbrella
Often limited capacity for selling of surplus crop, so rots and prices driven down if multiple farmers have a surplus	Few warehouses exist and lack of business to drive construction of new ones	Banks have limited demand for rural banking services and no incentive to expand
Farmers at the mercy of middlemen	Limited agro-businesses as cannot secure stable supply of surplus crops	Reduces banking asset growth, pushing up interest rates for all
Farmers and middlemen are victims of moneylenders	Lack of demand for logistics and so transportation not available	Huge lack of rural infrastructure to support or encouraging harvest scale-up
Farmers cannot plan ahead and uncertainty lowers living standards	Limits incentives for innovation	Subsistence farming predominates as risk of farming commercially too high



Solution

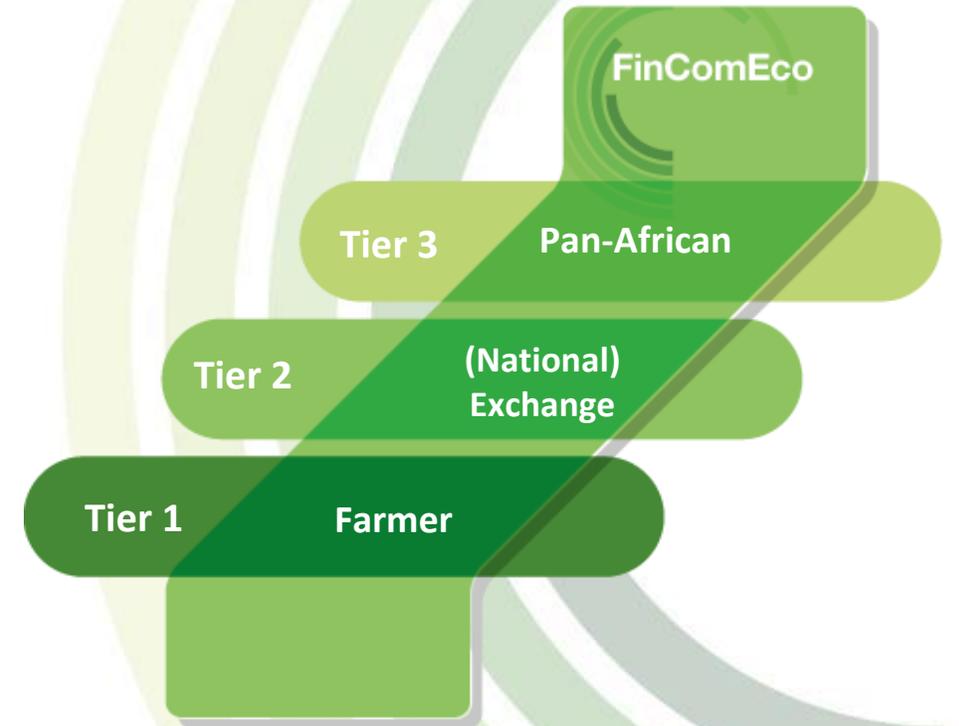
- ▶ An integrated ecosystem which brings together individual farmers and other key agricultural value chain players from origination to destination, national exchanges and an umbrella data, logistics and storage infrastructure with stock authentication whilst also facilitating wholesale trade finance, micro lending and related insurance services distribution.



- ▶ Bring in the best available financial technology globally, which can be upgraded as needed over time.
- ▶ JV provides Agri-tech and Agri-fin enablement capabilities and collaborative technologies to regional and national commodity exchanges which would be expensive and difficult for each country to implement individually.

How It Works

Farmer	Local Exchange	Pan-African umbrella
Smallholder farmer produces food and takes surplus to FinComEco approved warehouse after receiving up to date price information on his mobile phone	Local exchange becomes centre of growing agro-economy	Loans and trade finance opportunities arise for farmers, dealers, agribusinesses and infrastructure providers as well as Internet of Things blockchain solutions
The banking solution ensure he is paid via a mobile banking application	Increasing volume and diversity of products on-exchange	Growth of financing capacity for farmers, Utility of mobile solutions for data, including education.
Money used to finance his inputs such as land, seed and fertiliser	Local users such as food producers etc. arise – increasing local demand	Increased trading on local exchanges and growth in hedging and forward planning
Farmer should realise a virtuous circle of growing financial certainty and inputs	Logistics and agri tech industry grows. Increasing efficiency and community projects such as energy	Lowered financing costs as supply increases to match demand



Impact

Farmer		Local Exchange		Pan-African Umbrella	
Before	After	Before	After	Before	After
Often limited capacity for selling of surplus crop, so rots and prices driven down if multiple farmers have a surplus	Provides an access to new markets	Few warehouses exist and lack of business to drive construction of new ones	Demand for new and more sophisticated warehouses, agritech, energy and water solutions	Banks have limited demand for rural banking services and no incentive to expand	Gain large number of small farmers and in time local businesses
Farmers at the mercy of middlemen	Cuts out the middlemen	Limited agro-businesses as cannot secure stable supply of surplus crops	Agro-businesses arise and sustainable, particularly localised food processors	Reduces banking asset growth, pushing up interest rates for all	Saving grows, increasing investment assets and reducing interest rates
Farmers and middlemen are victims of moneylenders	Brings money into the system and drives down the cost of loans	Lack of demand for logistics and so transportation not available	Logistics and transportation improves, data driven solutions increase efficiency	Problems around identifying and tracking customers	FinComEco technology solves this issue
Farmers cannot plan ahead and uncertainty lowers living standards	Allows planning, reduces uncertainty and leads to improved living standards	Limits incentives for innovation	Drives innovation at the country level	Few loans and economy at rural level remains more barter based	Growth in other financial areas such as insurance

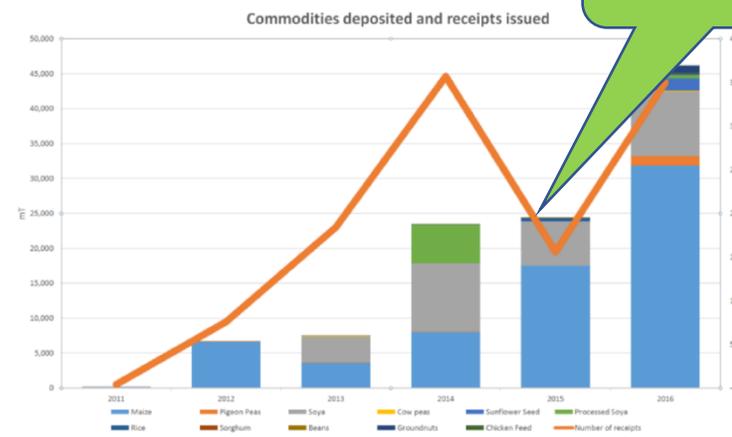
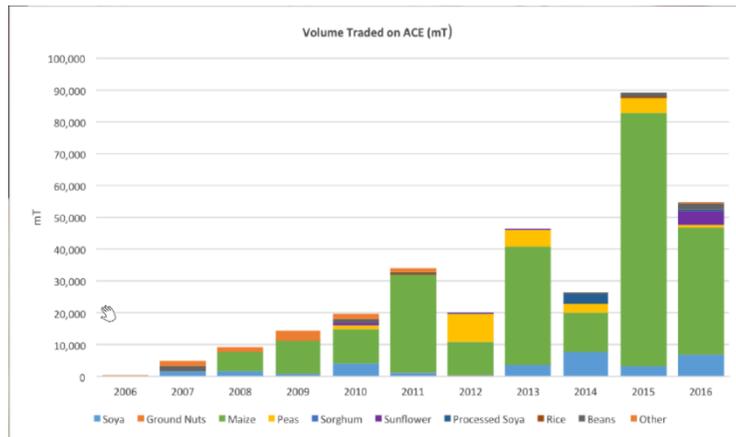
Business Model

- ▶ Each exchange will start with spot and forward trading and associated warehouse receipt financing and banking services with expansion to derivatives and clearing.
- ▶ JV will receive a 10% equity stake in each exchange it works on and a 25% share of each exchanges revenue.
- ▶ Exchange revenue consists of:
 - ▶ Spot and forwards trading;
 - ▶ Derivatives trading and clearing;
 - ▶ Exchange membership fees;
 - ▶ WHR receipts financing; and
 - ▶ Market data subscriptions.
- ▶ FinComEco will also generate revenues from banking and authentication.



ACE Example

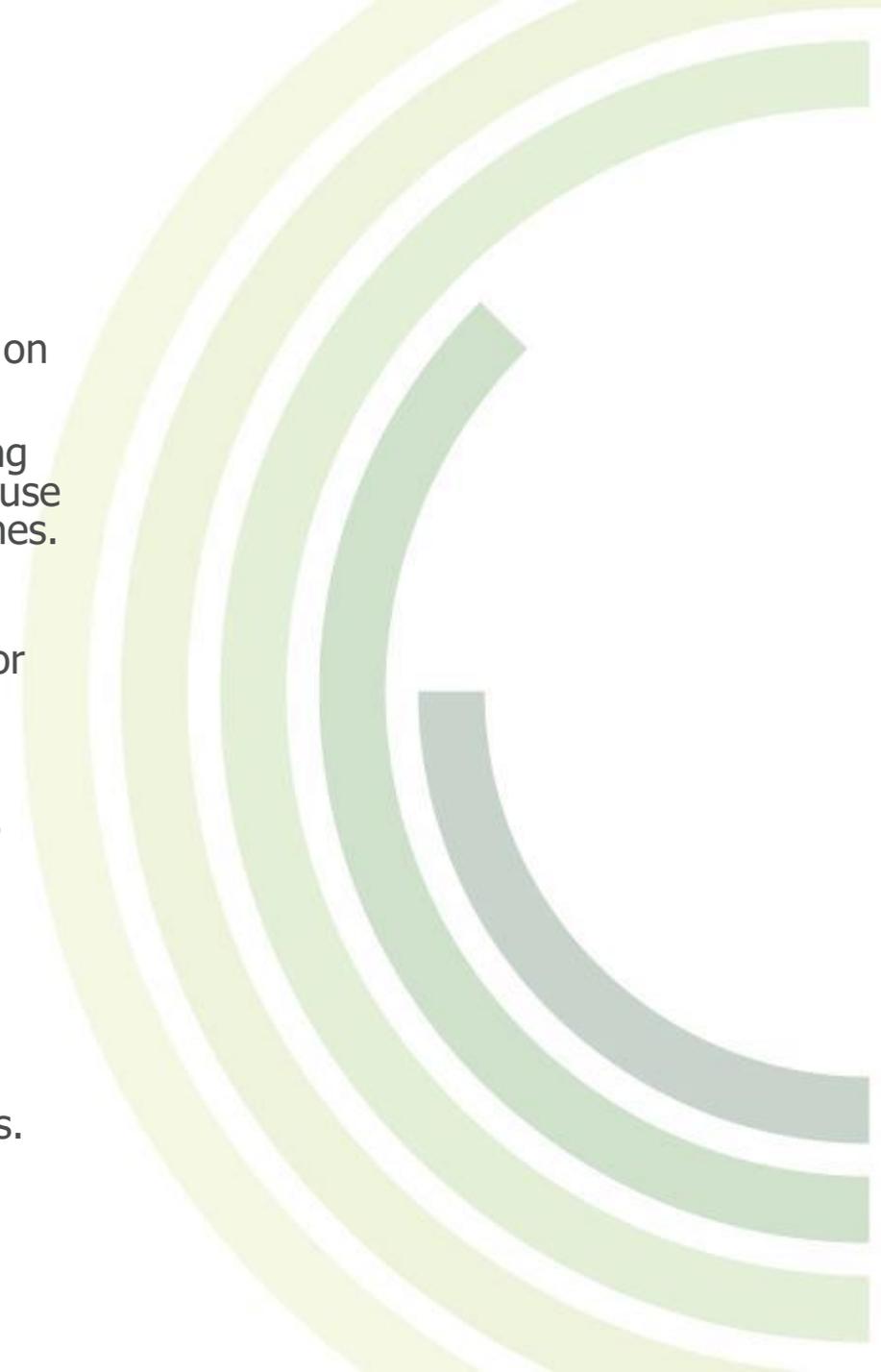
- ▶ The FinComEco model has been based on and proven by the practical example of the ACE Exchange, Malawi which has been trading since 2006.



- ▶ GMEX has been advising ACE for the last 2 years and various initiatives have been identified to scale up ACE and deploy 11 years of lessons learned via FinComEco.

ACE Lessons Learned

- ▶ FinComEco has incorporated the lessons learnt by ACE which itself built on the lessons of the Zimbabwe Exchange of the 1990s.
- ▶ ACE has seen substantial benefits delivered to smallholder farmers during 2016 with an average 31% increase in their income from use of warehouse receipts and 47,000 farmers receiving market data via their mobile phones.
- ▶ Lessons learnt include:
 - ▶ The factors causing initial low trading volumes including the need for education of all participants.
 - ▶ The adoption of the ACE Rural strategy 2020.
 - ▶ The need for certified storage/warehouses and tracking of goods to avert fraud.
 - ▶ Need for simple and cheap banking.
 - ▶ Access to collateral finance.
 - ▶ Simple, 'phone based tools for sharing prices, trading and banking.
 - ▶ Huge demand for simple futures contracts from farmers and dealers.



Technology

Technology Partner	
GMEX Technologies	Commodity Auction Software
	Commodity Spot / Physical Market Software
	Derivatives Exchange Software
	Clearing, Central Counterparty and Depository Software
	Electronic Warehouse Receipts trading, traceability and tracking system (WRS)
Saescada	Fully integrated banking platform
	Mobile phone banking application
	Full KYC to uniquely identify farmer and traders
Codel (Ascent Group)	Coding technology to uniquely identify physical assets
	Tracking of location of assets
	Detection of Fraud

Management Team

- ▶ Chairman – Rt Honourable Mark Simmonds
 - ▶ Until recently The Foreign & Commonwealth Minister with responsibilities for Africa, the Caribbean, UK Overseas Territories, International Energy and Conflict Prevention. Focused on facilitating inward investment into Africa, Deputy Chairman of the Commonwealth enterprise & Investment Council & Chairman of the Advisory Board of the Global Investment platform 'Invest Africa' and Senior Advisor to Farallon Capital, Member of Her Majesty's Privy Council.
- ▶ CEO – Hirander Misra
 - ▶ Co-founding Chairman and CEO of GMEX Group, which is a set of companies that offer sustainable and innovative solutions for exchanges, clearing houses and central securities depositories. Previously, he was the co-founder and Chief Operating Officer of Chi-X Europe Limited, instrumental in taking the company from concept to successful launch.
- ▶ Board Member – Steve Round
 - ▶ Founded the Change Account, which enables the financially excluded to access a first class banking product. He has also founded banking and payments platform provider Saescada. Chair at Ecology Building Society and at The Big Issue Foundation. Headed projects in Saudi Arabia, Kuwait, Russia and South Africa and was director at Unity Trust Bank.



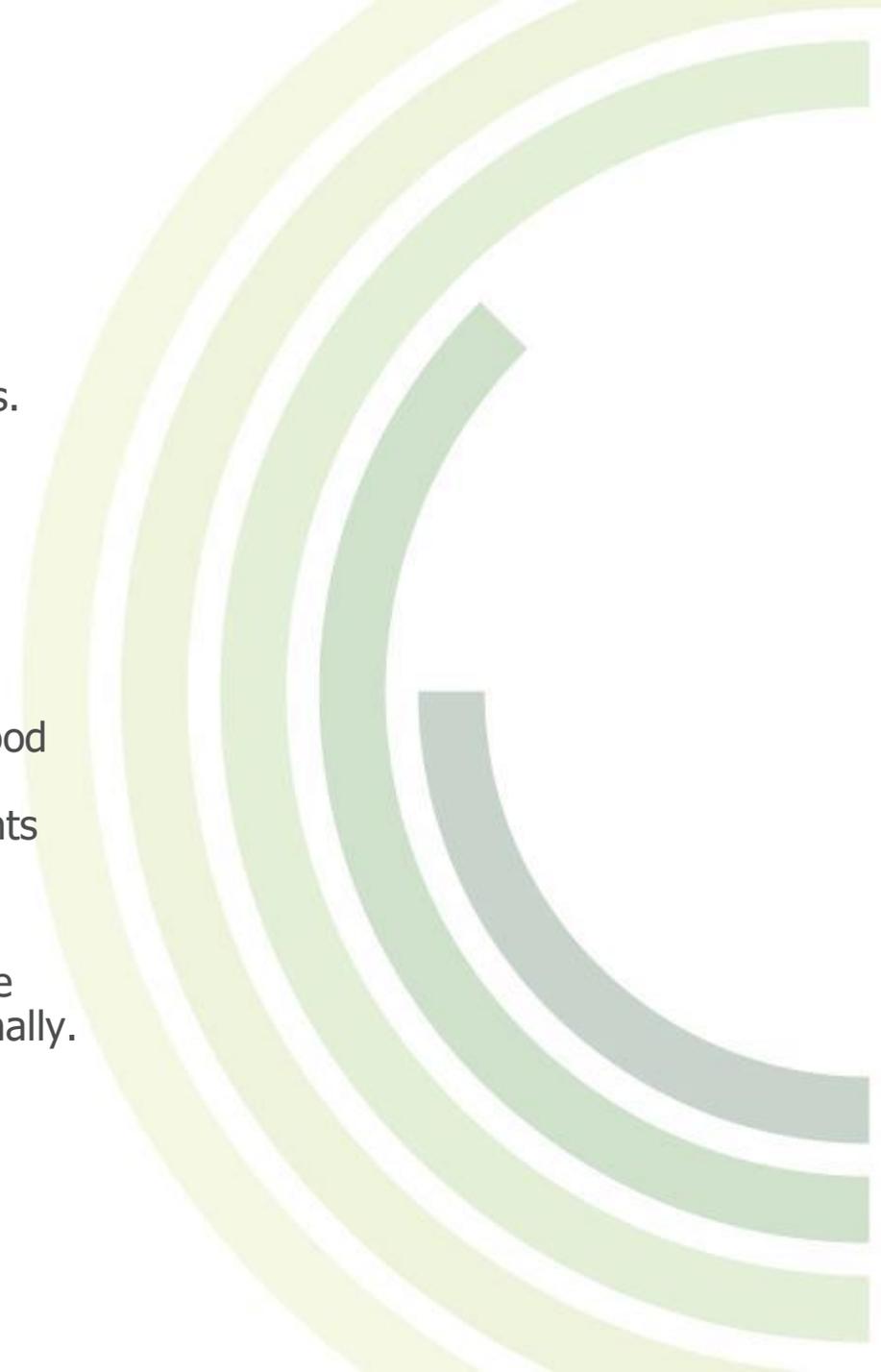
Advisors

- ▶ Board Observer and Project Director – Rory O'Brien
 - ▶ Co-founder and CEO of Abridge Consulting Partners (ACP), a specialist consultancy serving the global capital and commodity markets. ACP is currently directing the development of China's first, truly-international commodity exchange. Worked at UBS Bank, LIFFE and LCH.Clearnet. Has worked in more than 35 countries and specialises in leading projects internationally to establish and develop commodity exchanges and associated infrastructure.
- ▶ Investment Advisors – Hash S. Dave and Neeraj Bhardwaj
 - ▶ Founding partners in Houghton Street Capital, a FCA regulated corporate finance advisor. Have expertise in private investments in emerging market and entrepreneurial experience in financial services, technology, and research and analytics.



Management Team

- ▶ The management team is currently being put in place and the Board of FinComEco are in discussions with senior individuals for C-level positions.
- ▶ Examples:
 - ▶ Prospective COO: Over 25 years experience in financial services operations and project management, with extensive experience in financial exchanges in Africa and the Middle East, as well as senior banking experience in emerging markets.
 - ▶ Prospective Chief Agricultural Economist: Extensive experience in food policy, agriculture markets, local governance and public service delivery. Substantial in-country experience working with governments and the private sector sub-Saharan Africa and South Asia.
 - ▶ Prospective Head of West Africa and Banking: Head of Projects at relevant Africa arm of an international financial institution, extensive experience in banking and finance across the region and internationally. MBA and MSc.



Block Commodities

- ▶ Executive Chairman – Mr.. Chris Cleverly.
 - ▶ Mr.. Cleverly was called to the Bar in 1990, and subsequently founded Trafalgar Chambers establishing himself as the youngest head of chambers in the last century. In addition to his legal work, Mr. Cleverly is also the Chief Executive Officer of the Made in Africa Foundation, a UK non-profit organisation established to assist the development of the African continent by providing first-stage funding for the feasibility studies and business development of large-scale infrastructure projects based in the region. He is also a regular presenter on TV and radio, and a contributor to newspapers and magazines on subjects regarding Africa and African development.

Block Commodities

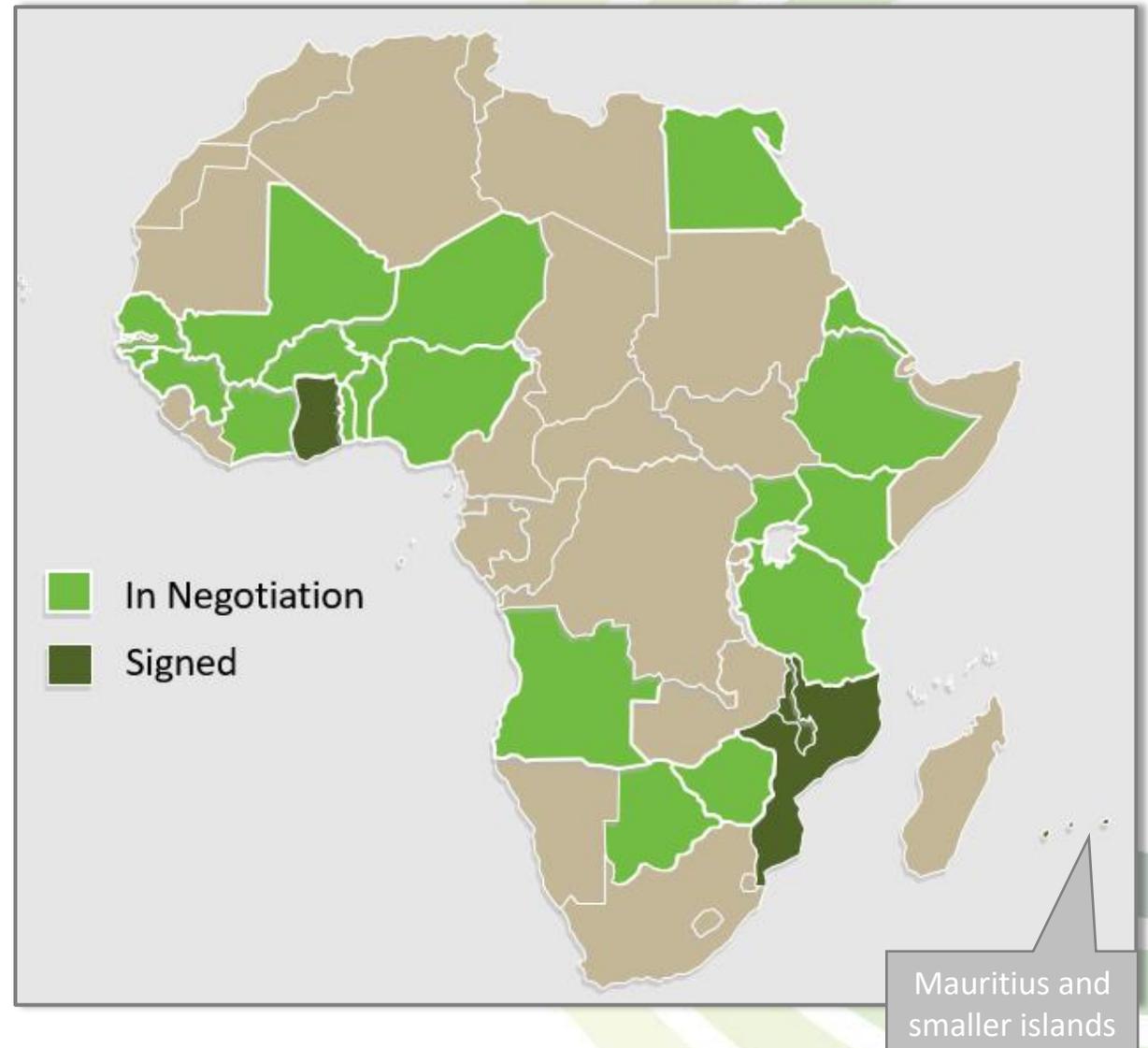
- ▶ Non-Executive Director – Mr. Elias Pungong
 - ▶ With a distinguished career spanning 25-years, Mr. Pungong has advised governments, multinationals and private sector institutions across Africa on strategy, operation, and general management issues. In his current role as Senior Partner and Oil & Gas Leader for Africa at Ernst & Young (EY), he leads the firm's transaction advisory and assurance work within the energy practice. Prior to EY, he spent 14 years at PricewaterhouseCoopers (PwC) where he was a member of PwC's Africa Leadership team, and Managing Partner for the firm's Sub-Saharan Africa Francophone team, leading the firm's expansion efforts across Francophone Africa. In his other activities and functions, Mr.. Pungong currently serves as Honorary British Consul to the Littoral Region in Cameroon. A Fellow at the Institute of Chartered Accountants of England and Wales, Mr.. Pungong, was also selected as one of the prestigious Young Global Leaders by the Davos World Economic Forum in 2009, earned an MA degree with first class honors in Mathematical Statistics from Oxford University, and received advanced executive training at the Harvard Kennedy School and the Yale School of Management in global leadership, management and organisational leadership.

Block Commodities

- ▶ Non-Executive Director - Rt Hon Mark Simmonds
 - ▶ Mr.. Simmonds is a Conservative Party politician in the United Kingdom who served as the Member of Parliament for Boston and Skegness in Lincolnshire, from 2001-2015. Most recently he held the ministerial position of Foreign and Commonwealth Minister for Africa and as such he has a deep knowledge of the business and political landscape across the continent. During his parliamentary career Mr.. Simmonds also held a number of shadow ministerial roles, including for Health, International Development, Foreign and Commonwealth Affairs, and Education. He is also the Non-Executive Deputy Chairman of Commonwealth Enterprise and Investment Council, which focusses on promoting trade and investment by facilitating engagement between Government and the private sector throughout the Commonwealth.

FinComEco Success

- ▶ 21 African countries in discussion with FinComEco
 - ▶ Adding new countries each month
- ▶ 3 countries so far have signed agreements with FinComEco
 - ▶ Malawi
 - ▶ Mozambique
 - ▶ Ghana (the Grains Council)
 - ▶ MOU in place with Zimbabwe with agreement imminent
- ▶ Malawi - Model in place and expanding



Traction

- ▶ The three technology partners are already working together to develop the integrated solution.

Malawi

ACE exchange in Malawi is committed to FinComEco and is investing in FinComEco (GMEX) technology with successful pilot completed

Mauritius

FinComEco is in discussions for listing agricultural derivatives aligned with the Mauritius International Derivatives and Commodities Exchange) MINDEX exchange initiative with the Government

Ghana

In discussion with new Government about launching the Ghana Commodities Exchange and with the Ghana Grains Council (GGC) about launching an electronic WRS through a joint venture with a collaboration agreement with GGC signed in August 2017

Nigeria

Discussing with the SWF the re-launch of the Abuja based Nigerian Commodities Exchange with a delegation led by the SEC also having visited in October and November 2017 to discuss linking this state level exchanges that FinComEco could establish

Mozambique

Majority owned FinComEco Mozambique incorporated with local partners and collaboration agreement signed with Government and Mozambique Cereals institute in July 2017 with programme underway

West Africa

Advanced discussions with West African Economic and Monetary Union (WAEMU) to set up a pan-West African commodity exchange covering; Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo with terms of reference expected to be signed in Q2 2018. Cote d'Ivoire wants to move ahead first and a proposal provided with World Bank involved

Eritrea

MOU in place with VITA (Irish DFI) to launch FinComEco in the country with discussions with the Government held in September and November 2017 by VITA and a proposal provided with the EU and UNDP involved. Could be expanded to **Somaliland** and **Ethiopia**

Uganda

Discussing at Government level facilitated by GMEX who are an active investor and technology provider to the ALTX as well as the Dala, Wala and Block Commodities initiative announced in April 2018 to provide crypto loans to farmers

Discussions also underway with **Kenya, Tanzania, Botswana** (as a JV with the national exchange, BSE), **Zimbabwe** (at the highest levels of Government with an agreement expected in Q2 2018 based on the MOU executed in April 2018), **Egypt** (with the national exchange, EGX), and **Angola**. Additionally with a large global commodities broker and their bank for the development of a multilateral trade finance platform with a parallel discussion with a large multilateral DFI to create a pan-African warehouse receipts guarantee fund for that and other clearing activity. Agreement signed with UK listed company African Potash for Blockchain joint venture to facilitate cheaper farmer finance.

- ▶ Mauritian entity incorporated, global regulated license granted by FSC and technology platform integration in progress.
- ▶ FinComEco has attracted significant interest, pre-launch from Sovereign Wealth Funds (SWFS) from African, commercial investors, socially motivated investors, development organisations and supra-nationals.

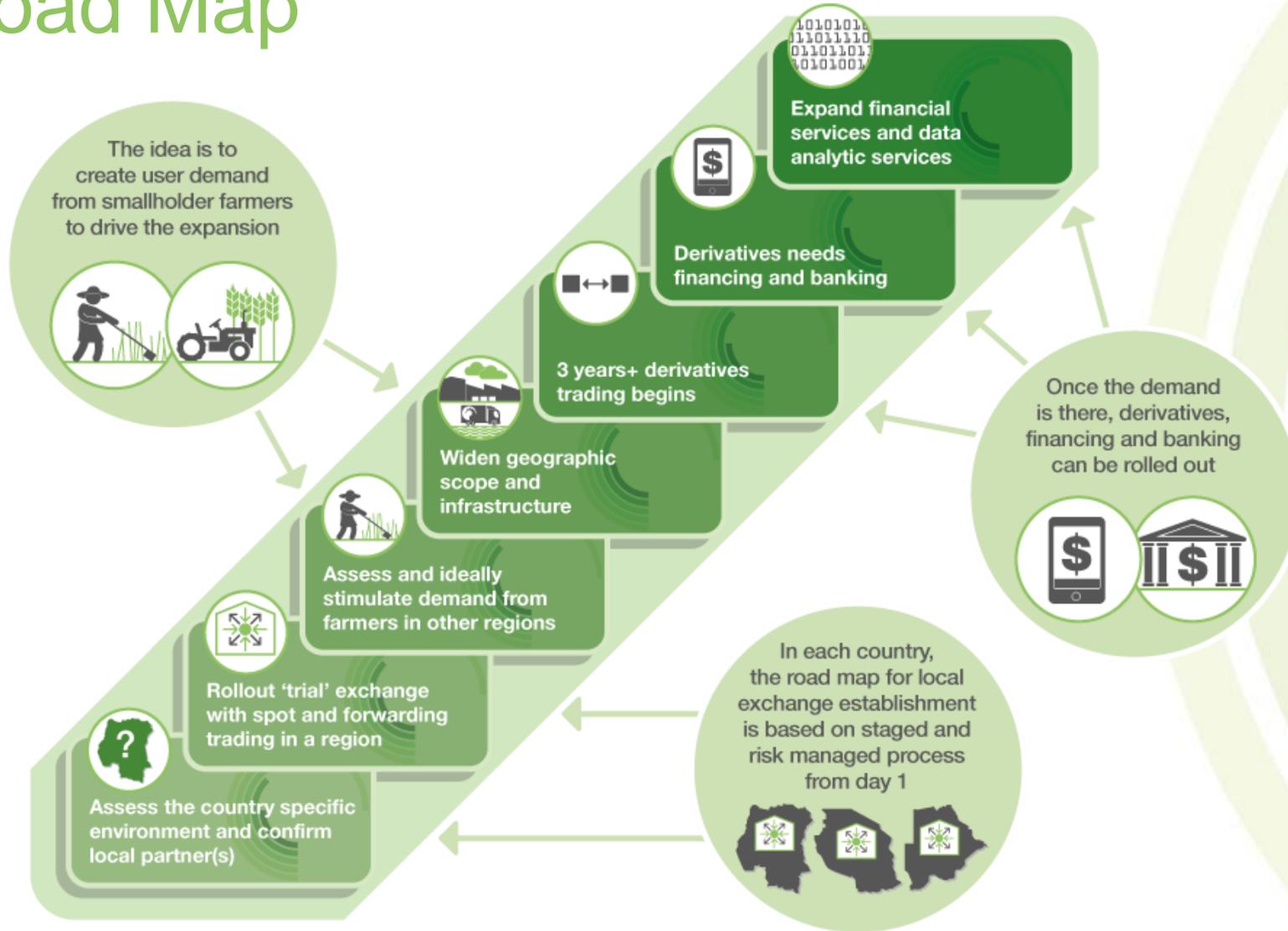
Investment

- ▶ Investment is to fund working capital and rollout of pilot projects in the three African countries where discussions are most advanced.

Use of Funds	Amount
Initial Working Capital	USD 2.5m
Pilot Project Rollout	Up to USD 7.5m

- ▶ Soft Cap of \$3mn to facilitate initial working capital followed by \$7.5mn for project roll out
- ▶ Follow-on investment will be required to expand into the other target countries leading to a total overall investment of \$25mn covering investment, Capex and Opex.
- ▶ Hard Cap of \$42mn as the additional \$17mn will be used to provide investment into Blockchain, Big Data, Internet of Things, drones, solar energy, food processing and irrigation infrastructure and solutions
- ▶ Strategic investment will be on a collaborative basis as partners to scale.
- ▶ Strategic opportunities include cross selling of other financial products, Big Data analytics, crop forecasts, weather assessments and bringing in new participants to Africa's agricultural sector.
- ▶ JV will also work with governments and other parties to provide trusted and reliable warehouse facilities and logistics. This may involve investment into physical assets with warehouses becoming local community hubs.
- ▶ Opportunities exist to invest in technology partners and selected local exchanges.

Road Map





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