

ETHICAL + ECOLOGICAL + ENVIRONMENTAL + SUSTAINABLE

TFe

Truffle Farms

Europe Ltd

Forestry for Fine Food

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Why Invest? - We offer a rare opportunity to invest in world leading Truffle Plantations at a time when 95% of global truffle production has been lost, set against near exponentially rising demand in the last few years in the United States alone. With further exponential demand for the world's premium luxury food from the tens of thousands of new wealthy from BRIC and MINT countries.

Thanks for taking the time to be interested. I hope I will have the pleasure of having you join us on this exciting, fun and lucrative journey as we create **Foresty for Fine Food**.

Yours faithfully




Martin Waddell — Founder, Truffle Farms Europe Ltd

Top Grade - Quality Tuber Melanosporum "TM" (Black Perigord Truffle), with a provenance of source at up to \$3,000 p/kg command a sustainable 30% - 90% premium in the retail market. A key range of further advantages will be set out below.

We have created a structure which leverages:

- The UK/Spanish Taxation Treaty. This provides for your investment to be treated on a low Spanish Tax base.
- The services of the World's leading truffle tree science company and the World's most successful tree inoculation experts.
- We grow all trees from acorn, utilising our world class propagation nurseries at the renowned plant research facility of the Institute Research Technology and Agronomia (IRTA) near Barcelona.
- Our Spanish plantation offers our long term operation, management and commercial crop sale services for an optional full 30 year investment returns programme. Exits from year 5 and 20 with impressive capital gains can be achieved.
- The table below shows the forecast return as per level of purchase. We forecast returns of \$3,925,867 over 30 years for a \$220,000 single hectare purchase. The table is based on a maximum crop of 906g average p/tree/annum @ €500p/kg sale price achieved from Year 15. You receive 80% of crop share annually from year 3 and a final (31st) year buy back of projected 30th year harvest.

"In summary, a combination of land, location and world leading science offers an unparalleled opportunity for Purchasers seeking to combine the value of long term investment and the tax exemptions agroforestry within the European Economic Area brings, with the world's finest and most valuable luxury food at a uniquely advantageous time."

Forecast returns table for our trees *

Land Use	Trees	Total Cost	Total Income	Profit	IRR	ROI
Hectare	500	£220,000	£3,925,867	£3,705,867	20%	1684%
Two Thirds Hectare	335	£152,364	£2,548,022	£2,395,657	20%	1572%
Acre	200	£105,138	£1,513,017	£1,407,879	18%	1339%
Third Hectare	165	£87,960	£1,248,239	£1,160,279	18%	1319%
Half Acre	100	£58,173	£752,414	£694,240	17%	1193%
Quarter Acre	50	£34,585	£372,112	£337,527	16%	976%

* Forecast returns are estimated taking into account historical data and our latest scientific developments and are not guaranteed.



Our Guiding Principles — Ethical, Ecological, Environmental & Sustainable

We focus *entirely* upon tree growth from “acorn germination, to planting and husbandry over the long term life of our trees” to produce great truffles. Fortunately, our attempt at providing the finest quality produce delivers sustainability through significant natural, mature hardwood tree reforestation. It thereby replenishes and protects a part of the natural environment under threat from climate change. This gives us as much satisfaction, as successfully producing the finest luxury food.

Land and Water - Two thirds of our planet is covered in water, which given a global population of 7.2bn means, that the one third that is land is going to become increasingly stretched to provide us with the food to sustain us. We plant trees for crops that are low water maintenance, reduce impact on water pressure, whilst having minimal impact on the soil and in fact enriching stabilisation through extensive root systems.

It is important to understand that nature itself, needs to take its time to make its core contribution to the development of our truffles.

In a post 2008 age, there is something both fulfilling and eminently right about reconnecting with the cycle of nature, represented by investing, ethically, ecologically, environmentally and sustainably in our natural resources.

Background — What is a Truffle?

A truffle is the fruiting body of an underground mushroom or tuber; spore dispersal is accomplished naturally through fungivores, (animals that eat fungi) or by natural (but pure) inoculation of the tree roots under laboratory conditions. The latter method which, we apply ensures that our trees will have no competing spores on their roots at planting and therefore have the maximum chance to develop. Almost all truffles are ectomycorrhizal and are therefore usually found in close association with a variety of tree species. We plant on Oak.

We plant the black perigord or winter truffle (*Tuber Melanosporum*) for the following reasons:

- ⇒ It is the world’s second most valuable truffle
- ⇒ It is the most successfully cultivated truffle
- ⇒ Our plantations are located where soil and climactic conditions are perfect for maximising crop levels of this truffle variety
- ⇒ Our scientific supplier is Micologia Forestal & Aplicada — the World’s premier truffle science & tree production company, with proven procedures and the best results.
- ⇒ Our trees are grown from acorn and inoculated in a clean environment at our world class nursery and plant research facilities of the IRTA, Barcelona



History — Understanding the history of truffle cultivation, helps explain the value of investing now.

Cultivation - In 1808, Joseph Talon of Apt in Vaucluse, Southern France was successful in his attempts to cultivate truffles. People had long observed that truffles were growing among the roots of certain trees, and in 1808, he had the idea to sow some acorns collected at the foot of oak trees known to host truffles in their root system.

The experiment was successful: years later, truffles were found in the soil around the newly grown oak trees. In 1847, Auguste Rousseau of Carpentras (in Vaucluse) planted 7 hectares (17 acres) of oak trees (again from acorns found on the soil around truffle-producing oak trees), and he subsequently obtained large harvests of truffles. He received a prize at the 1855 World's Fair in Paris.

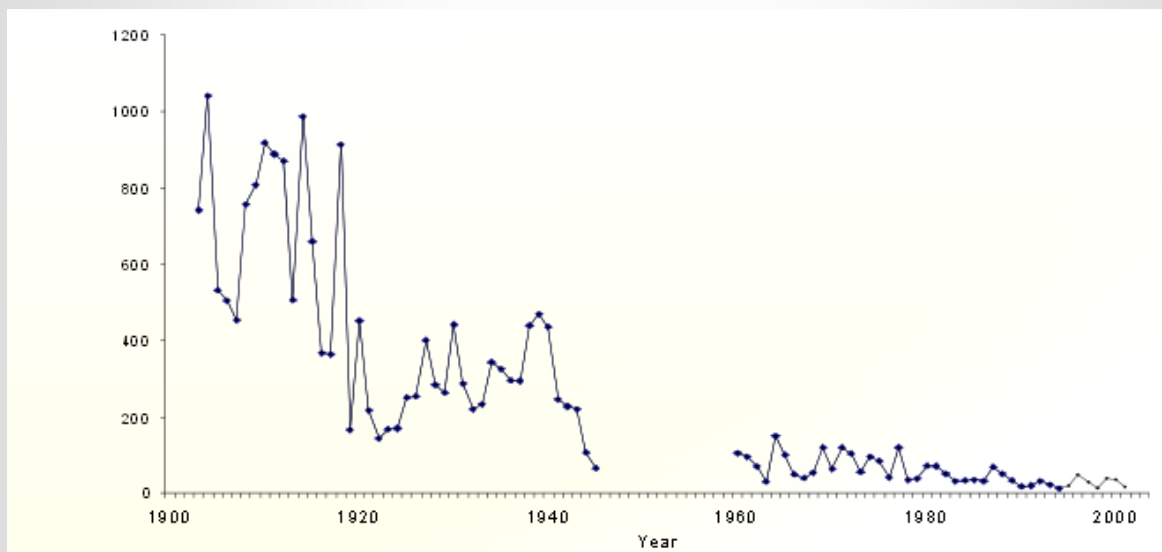
These successful attempts were met with enthusiasm in southern France, which possessed the sweet limestone soils and dry, hot weather that perigord truffles need to grow. In the late 19th century, an epidemic of phylloxera destroyed many of the vineyards in southern France. Another epidemic destroyed most of the silk farms there, too, making the fields of mulberry trees useless. Thus, large tracts of land were set free for the cultivation of truffles. Thousands of truffle-producing trees were planted, and production reached peaks of hundreds of tonnes at the end of the 19th century. In 1890, there were 75,000 hectares (190,000 acres) of truffle-plantation.



Decline – In the 20th century, with the growing industrialization of France and the consequent rural exodus, saw most of the 75,000 hectares truffle fields planted in 1870 – 1890 return to wilderness. The First World War also dealt a serious blow to the French countryside, killing over 20% of the male work force. The newly acquired techniques of trufficulture were lost. Also, between the two World Wars, the truffle fields planted above stopped being productive. After 1945, the production of truffles plummeted and prices have risen continually and dramatically.

Truffle Losses

The Graph below—shows the loss of black truffle in France from a crop of 1050 tonnes in 1905 to a crop of between 6 and 60 tonnes in the early 2,000's.



Combined French production of "Perigord" Black-Tuber Melanosporum (TM) and Tuber Brumale 1903 - 2002

Wild & Cultivated — France, Spain & Italy

The reality of truffles today is that annual crops have continued to fluctuate as per above numbers but broadly decline over the last 20 years, due to increasingly and prolonged dry summers in the Mediterranean basin and the three principle truffle producing countries there. Spain being most southern of the three is the producer of 43% of black Perigord truffle. Unfortunately, despite substantive cultivation efforts, 80% of Spain's supply is wild and vulnerable to drought. This culminated in the dramatic near total loss of the Spanish crop in winter 2012/13, sending shock waves through the truffle world and causing prices to double across all commercial black truffle markets.

Present Day - In the last 20 years Truffles have been seen as an investment crop, for those who have the time and patience. Plantations are being laid down in places as far afield as the Middle East, USA, South America, Canada, Australia and New Zealand. Some show promise, but overall it is true to say these have met with mixed success. The reality is that success takes specific advanced knowledge and science from acorn germination through to harvest. Very few growers have access to this.

The Rise of Spain — To counter the loss of wild truffle to drought above, Spain and particularly Teruel has risen as the dominant world supply capital for Perigord truffle through, effective modern plantation methods. Its clear that Teruel's increasing dominance will continue as the market price increases accelerate to the new truffle capital.

The Scientific Approach - There has been an application of improving science to truffle inoculation and much of this has been led by our tree suppliers. Their rigorous scientific approach to inoculation and plantation husbandry has shown tremendous results. Trees planted since 1989 have produced yields in excess of 90kg p/ hectare, where irrigation has been implemented and some of their husbandry advice has been followed by plantation owners.

As of 2012 there were examples of 200kg+ per hectare plantations in Teruel and we know of a 12 year old 330 tree/hectare plantation hitting 378 kg/h. They have advanced the science of inoculation and husbandry substantially since these examples were planted. All observed plantations supplied with their trees in the last 10 years have seen first truffle yield in Year 6 for example and some as early as Year 4. Now we anticipate Year 3.



Truffle Spore under microscope

Our Science Providers — Micologia Forestal & Aplicada (MF&A)

MF&A are undoubtedly the World's best truffle science team and particularly in regard to the Perigord truffle. Achievements include:

- Nearly 500,000 trees inoculated since 1989
- Leading scientific publications in key areas of truffle science & husbandry.
- Plantations supplied in 5 continents & 26 countries; ground breaking plantation successes.
- MF&A have been pioneering and testing - planting, management, monitoring & control methods globally for over 20 years, from watering, to depth, to density.



Tree Development—IRTA Feb 2014

We use the world class nursery facilities of the Institute Research & Tecnologia for Agronomia Torre Marmion (IRTA), near Barcelona. All this is commenced two seasons before planting. Trees are regularly analysed to ascertain spore development through this period and only trees which meet our required standard are selected for planting. Per 1,000 acorns propagated only 200 will make it through the rigorous analysis programme of their first year of growth to become TFE planted trees. Our 96,000 trees currently in the IRTA started out as 480,000 acorns that were originally germinated in specially prepared silica beds. We currently have 315,200 trees and offer a maximum of 10% to Members,

although less than 5% are currently sold giving a coverage of 20 times.

Operational Strategy

Plantation Development – We grow *Quercus Ilex* (Holme or Mediterranean Oak) from acorn in both traditional tree form and *Quercus Coccifera* (Kermes Oak bush) to enhance our planting densities at 500/hectare, whilst minimising pruning activities, which can effect root development. They are inoculated under the most rigorous “clean” laboratory conditions to ensure there are no other competing spores on the tree roots. They are then grown in carefully prepared substrate beds under strict nursery conditions. After 1 — 2 years they are planted-out carefully by hand.

Through our close working relationship with MF&A, we are their dominant client taking in excess of 80% of trees they have supplied over the last 4 years. This effectively provides us with a lock-out and a strong potentially locked-in future market dominant position.

Plantations - Our main plantation — El Pozuelo near Yecla, in Murcia is a former leading vineyard that was part of the Bodega Castanos holding. It provides us with in excess of 150 hectares of outstanding soil and climactic conditions. It is in Murcia Province just over the border from Alicante and around 6 hours drive to the South of our nursery facilities in Barcelona. It has substantial water rights and an existing irrigation system. As of April 2021 we are about to acquire and add an additional 40 hectares of neighbouring land.



El Pozuelo in it's vineyard days as we originally visited it.

Husbandry & Cultivation — Many factors go into successful truffle cultivation. These factors form a matrix of inter-related choices and practices including the host tree, the land type, land location, land orientation, previous use, soil types and structure, planting times, densities, pruning, soil nutrient maintenance, weed suppression, inter-planting, distance from other foliage, watering strategies, etc.

We take the optimum of each and apply it to these factors and combine them in our practice. To this, we add the latest experimental field outputs from Batea, along with analysis and understandings from other participating plantations to continually develop leading edge best science and management. By doing this successfully, we can achieve the maximum plant health and truffle yields.



The holding nursery at El Pozuelo with irrigation on prior to canopy construction

Harvests — We achieved our first harvest this winter 2020/21 and our first pay-out to early stage tree buyers May 2021. This was achieved on our seven and six year old trees held long term in nursery and planted only last season. We believe harvesting from a single year's planting is a World first.



New planting February 2014 on the experimental plantation at;

Batea in Catalunya.

All TFE plantations benefit from all the leading edge science and experimentation carried out here.

Harvesting & Processing – There is a substantive effort in harvesting and like much of the activity in our plantations it is compressed into the months of November to March. Like all modern truffle farms, we use dogs as the picture here shows. Once collected, truffles need to be cleaned, graded and packed ready for shipping. Fresh truffles have a shelf-life at full to 80% potency of 10 to 14 days.

Historic & Current Market Yields & Prices

Historic yields from data collected in Europe for the black Perigord Truffle, show that pre-science age truffle plantations produced between 30-90kg per hectare of truffles per year at an average wholesale price in Spain of €550 to €900p/kg. It is important to realise that the figures take into account old plantations, plantations with much lower planting densities than we shall be planting and that most of these are in less-than ideal conditions, without irrigation, incorrect ph levels etc. However, the full spread of historical plantation productions within Europe is 0 - 375kg per hectare. Up until the last two decades, plantations typically took from 9 -15+ years to produce a first yield with Perigord Truffle.



Lagotto Romagnolo "The" truffle hunter

Future Market Yields & Prices

Pricing at both wholesale and retail as stated above, proved to be fairly constant from 1995 to 2011. Then came the explosion of prices caused by the Spanish drought of 2012 as highlighted in some of our "Update Panels". Demand for truffles in the USA has been very strong over this period, with both leading middle market wholesalers Urbani and Sabatino growing their distribution networks there exponentially over the period. As has proven in recessions past, demand for luxury goods are rarely affected in these times.

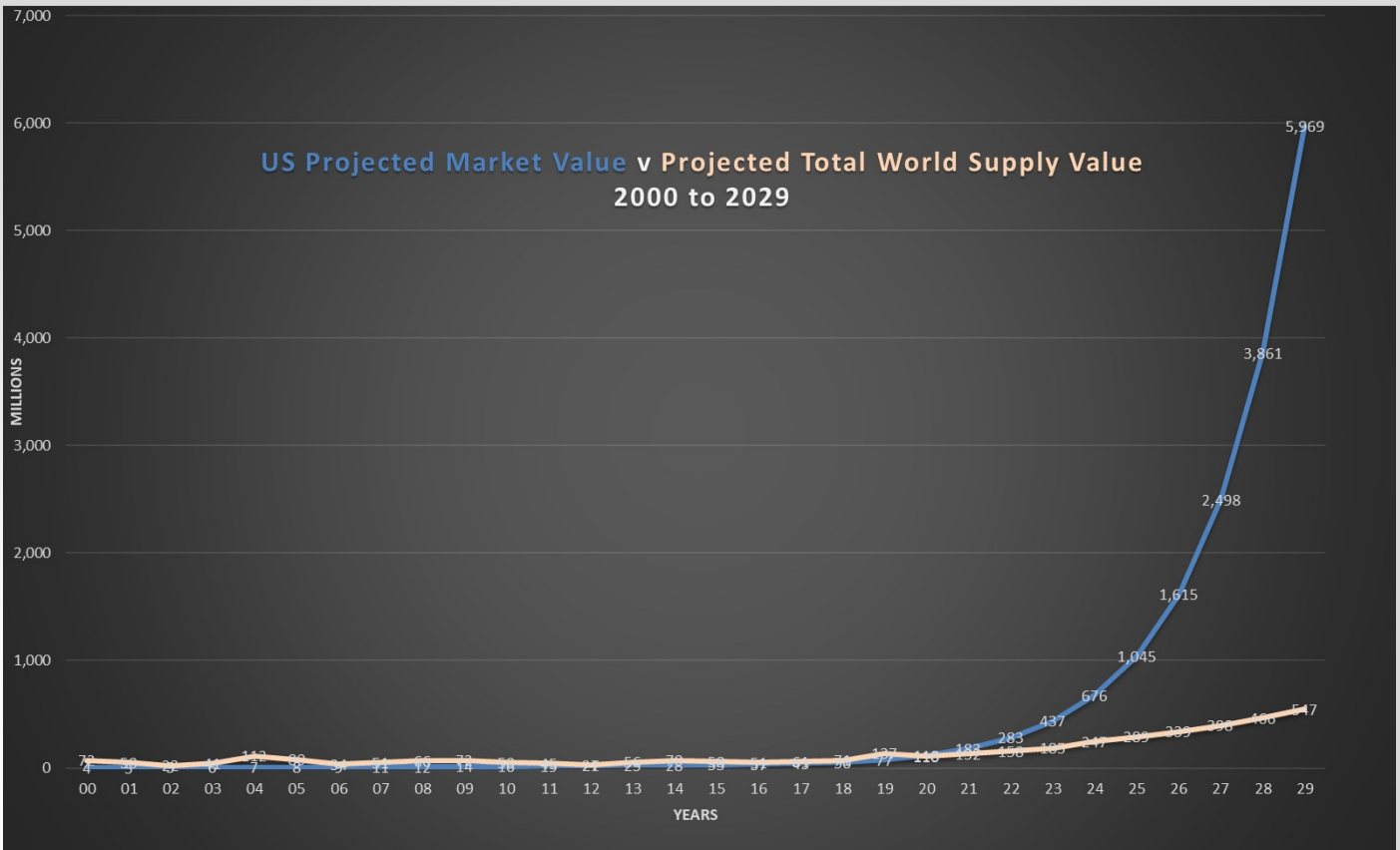
Demand for Truffles

The National Association of Truffling Societies (NATS — USA) predicts a US market demand alone of \$6bn by 2029 as our plantations come into higher yield. (see graph over) Set this against a current total global yield of 10 — 60 tonnes. However, with new truffle fields in places like Australia and New Zealand coming on stream, we forecast a generous maximum value of global supply at \$547m, including our own 90 tonnes. Thus we see no negative effect on price impact against projected volume increases we are bringing to the market. Further, it will be the highest quality "European black winter truffles" that we are producing that will command the most desirability.

Our Yield Projections - The improved science we are bringing to our plantations in all aspects of our processes will see yield and quality improvements. We anticipate these to be substantial against existing fruiting plantations anywhere else and certainly those globally that have been supplied with direct or derivative MF&A inoculated trees. Despite this, we have kept to maximum yield forecasts at 453kg/hectare (903g/tree average). Based on stated scientific and husbandry improvements yields may prove to be higher. They may of course be less.

*** Update—2015/2018 Seasons**
Drought in Italy 2015 onwards saw large shortfalls in supply of Summer Black Truffle, with wholesale prices rocketing from €220 to 480 p/kg and a disastrous supply of White Alba Truffle, wholesale prices up from €2,200 to €6,000

Spanish Drought impacts on Perigord Truffle showing current prices doubling.



US Buyers and International Markets

We are very much an international company, providing opportunities for global clients seeking ethical, sustainable and ecological mid and long-term investments. Our specific structure, is geared to allow you to enjoy those benefits also without “holding” taxes.

We operate from a UK Sterling base as a corporate entity, with plantations in Spain and the UK and plant development in Spain. The trading of truffles largely takes place in Euros unless within the US, so we are well used to coping with the multi-currency requirements of a diverse international business.

From a tax perspective, we have structured our Spanish plantation offering in accordance with our Spanish legal and tax advisers instructions to deliver the “in-hand” - post Spanish tax payments returns to you shown in the table. Thereafter, any taxes due would be subject to the prevailing laws affecting the receiver. We cannot guarantee that the position may not change to the disadvantage or advantage of ourselves or Members over the life of this plan.



Crop Commercialisation

Based on projected yield and reliability of supply from our Plantations, we will be able to develop long term supply relationships to maximise the return on our crop on an incremental basis.

*The ROI Table below is based on wholesale 'All' season prices of €500/kg. (Annual established Spanish wholesale prices sold to dealers are €700 to €900p/kg)

Your Purchase Price and Projected Annualised — Return on Investment *

Land Area		1/4 Acre	1/2 Acre	1/3 Hectare	Acre	2/3 Hectare	Hectare
Number of Trees		50	100	165	200	335	500
Yr1	Kg's/H	\$34,585	\$58,173	\$87,960	\$105,138	\$152,364	\$220,000
Yr2	0	0	0	0	0	0	0
Yr3	3	138	276	455	552	924	1,379
Yr4	8	368	736	1,214	1,471	2,464	3,678
Yr5	19	874	1,747	2,883	3,494	5,853	8,736
Yr6	37	1,701	3,402	5,614	6,805	11,398	17,011
Yr7	78	3,586	7,172	11,834	14,345	24,028	35,862
Yr8	94	3,803	7,606	12,551	15,213	25,482	38,032
Yr9	178	7,202	14,404	23,766	28,807	48,252	72,018
Yr10	288	11,652	23,305	38,453	46,610	78,071	116,524
Yr11	335	11,994	24,378	40,546	49,146	82,973	129,690
Yr12	393	14,341	29,071	48,290	58,533	98,696	153,157
Yr13	417	15,312	31,013	51,494	62,417	105,202	162,867
Yr14	436	16,080	32,551	54,031	65,492	110,352	170,555
Yr15	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr16	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr17	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr18	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr19	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr20	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr21	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr22	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr23	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr24	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr25	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr26	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr27	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr28	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr29	453	16,768	33,927	56,301	68,243	114,960	177,433
Yr30	453	16,768	33,927	56,301	68,243	114,960	177,433
Total Harvest		\$355,344	\$718,487	\$1,191,938	\$1,444,774	\$2,433,061	\$3,748,434
Tree Sale		\$16,768	\$33,927	\$56,301	\$68,243	\$114,960	\$177,433
Total Return		\$372,112	\$752,414	\$1,248,239	\$1,513,017	\$2,548,022	\$3,925,867
	IRR	16%	17%	18%	18%	20%	20%
	ROI	976%	1193%	1319%	1339%	1572%	1684%

(*) Forecast returns are estimated on historical data and the latest advances from our Scientific Team and are not guaranteed

Regulation and Authorisation — TFE is a transparent organisation and is clear in stating that the company's specific activities are not regulated by the UK Financial Conduct Authority (FCA), or the US Securities and Exchange Commission (SEC)

Each client purchases the individual number of trees they select and these are accordingly marked at the time of purchase or planting. We request our prospective clients seek out and speak with a regulated and authorised Independent Financial Advisor of their choosing, prior to making the purchase decision.

Advising, Arranging and Managing Investments — It is TFE's understanding that purchases based upon the beneficial ownership of tangible property assets as offered by TFE are not designated investment types. The company is therefore not considered to be performing the function of arranging (bringing about) deals in investments.

The alternative investment opportunities offered by TFE are not considered to be collective investment schemes, in part because there is no pooling of funds which are then collectively invested in underlying assets and the activities of the firm are therefore not considered to be a designated investment type as per the Regulated Activities Order Part III Article 81.

US Citizens and SEC Regulation

TFE are not a qualified and are not a designated "Investment Company" in relation to SEC Regulations. There are no regulatory protections for US Citizen investors as there are no protections for non-US Citizens. There is no compensation or cause of action for loss of Purchase monies except in the case where TFE can be proved to have acted negligently in their care of the assets purchased.

Self Certification (Non—US)

TFE Purchases as set out in their current form are deemed not to be appropriate for "Retail Investors" and Non-US Citizens will be required to make any purchase through our Designated Purchase Platform.

Here you will be required to Self Certify that you fall into one of the following criteria of FCA Designated, Investor Type:

- 1) Restricted Retail Investor
- 2) High Net Worth Investor
- 3) Sophisticated Investor
- 4) Elected Professional Investor

Potential clients should remain aware that the projects offered by TFE involve the direct acquisition of tangible, physical assets, rather than paper-based financial investments, and as such, regulatory compensation schemes such as the Financial Services Compensation Scheme (FSCS) or Financial Ombudsman Service (FOS) may not be available.

US Citizens no longer need to complete the Self Certification process and can click on the button on our website that allows them to move directly to Order Placement.





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