

PROPERTY DEVELOPMENT CONTRACT

- 1.0** THIS AGREEMENT made this ----- day of 2021 between LECO TOURIST RESORTS LIMITED of P.O. BOX 105362 DAR ES SALAAM, Tanzania (hereinafter referred to as “the Land Lord”) of the one part and a sister company, MEGA BUILDERS LIMITED of P.O. BOX 5767 DAR ES SALAAM, Tanzania (hereinafter referred to as “the Developer”) of the other part.
- 2.0** WHEREAS the Land Lord is the owner of two prime parcels of land measuring 391 hectares located at KEREGE VILLAGE Beach Front situated at BAGAMOYO DISTRICT, COAST REGION, and is desirous of entering into a Joint Venture Partnership with the Developer for financing and managing development of the property into Residential Housing Estate thereby constructing Residential House Units for sale (hereinafter referred to as the “Project”) on the Agreement that the two Joint Ventures Partners will share equally proceeds from sales of the House Units after the Developer’s deduction of all investment costs incurred in the process of the Project development, and;
- 3.0** WHEREAS the Developer is desirous to invest in Real Estate Development by taking charge the abovementioned Property for the same development purposes of developing a Residential Housing Estate for sale of the House Units constructed therein, and upon the conditions and the terms hereinafter appearing.
- 4.0** NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:
- 4.1** For purposes of fulfilling requirements of this contract, the construction period of the Residential Housing estate herein referred as the “Contractual Period” shall be for TWELVE YEARS years starting from the FIRST day of OCTOBER 2021 to the THIRTIETH day of SEPTEMBER 2033
- 4.2** The rate of construction will be completion of at least 140 Residential House Units per year, and development will run non-stop for the whole Contractual Period of 12 years, translating into construction of 1,680 Units for the 12 years Contractual Period;

- 4.3 Cost of construction of one 3-room Residential House Unit is agreed at at US\$ 8,052- (US\$ Eight Thousand and Fifty Two) where sales price of the Unit will be in the region of US\$ 10,052- (US\$ Ten Thousand Fifty Two) translating into a gross profit margin of US\$ 2,000- (US\$ Two Thousand only) per unit.
- 4.4 Initial investment capital that will suffice construction of 140 Units - works out at US\$ 1,155,462- during the first year of project implementation;
- 4.5 The initial project financing model will involve Developers' equity contribution of TShs 950,000,000/= (equivalent to US\$ 409,483-), equivalent to 34.43% of total investment cost for the first year of the project implementation. The balance of US\$ 745,979- (64.57%) will be sought from the Developers' Bankers;
- 4.6 Agreed that the Developer may use the property as collateral in securing long term bank financing;
- 4.7 The developer to ensure units completed will all be sold within that year, and that all proceeds from sales be ploughed back to finance further developments. Under this financing model, the project will in essence become self-financing from year two onwards.

5.0 THE LAND LORD HEREBY COVENANTS WITH THE DEVELOPER AS FOLLOWS

- 5.1 Not to assign, sublet or part with the possession of the project land or any part thereof without the written consent of the Land Lord;
- 5.2 Not to prevent the Land Lord and/or his agent, at reasonable time of the day, after reasonable notice to the Developer in that respect, to enter upon the project site to assess and/or inspect Project development on the said site by the Land Lord or appointed Agent or Representative from the Company on that behalf;
- 5.3 To use the land for development of Residential Housing Estate and related infrastructure strictly on the agreed specifications;

- 5.3 To keep the project site clean and abiding to environmental requirements and local authority building permit and similar conditions pertaining to development of such project;
- 5.4 Not to make any alterations or additions to the agreed building specifications without the written consent of the Land Lord;
- 5.5 Either party may terminate the Development Contract by giving the other party three months notice in writing of the desire to do so, any time from 12 months after this lease has become effective, on **FIRST** day of **OCTOBER 2021**. Should the Contract terminator be the Land Lord, the terminating company should compensate the Developer on all the unrecovered costs incurred in the development process subject to direct negotiations or through arbitration.

6.0 DISPUTE RESOLUTION

All the disputes arising out of the terms of this agreement shall be settled through negotiations or arbitration.

IN WITNESS WHEREOF; the parties hereto have set their respective hands on the day and the year in the manner herein below appearing:

SEALED in Dar es Salaam with the Common Seal

of the said LECO TOURIST RESORTS. LIMITED

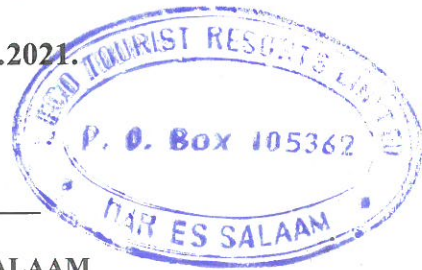
in our presence thisday of**2021**.

NAME: ASHA SELEMANI LINDONDE

SIGNATURE: Ashelem

POSTAL ADDRESS: BOX 105362 DAR ES SALAAM

QUALIFICATIONS: COMPANY SECRETARY



SEALED at Dar es Salaam with the Common Seal

of the said MEGA BUILDERS LIMITED

in our presence thisday of**2021**.

NAME: BALBIR MALIK SINGH

MEGA BUILDERS LTD.

P. O. Box 5767

SIGNATURE: Balbir

DAR ES SALAAM

POSTAL ADDRESS: BOX 5767 DAR ES SALAAM

QUALIFICATIONS: MANAGING DIRECTOR

RUBBER STAMP/SEAL



Drawn by:

**Balbir Malik Singh
Managing Director
Mega Builders Limited
P.O. Box 5767
Dar es Salaam**