

LEASE AGREEMENT

This Agreement (hereinafter referred to as "**Lease Agreement**") is made this 1st day of JULY 2021.

BETWEEN

Tanzania Sisal Board, a body corporate established under the Sisal Industry Act No.2 of 1997, having its headquarters located at Mkonge House, UHURU ROAD/USAGARA STREET, P. O. Box 277, Tanga, United Republic of Tanzania (**hereinafter referred to as "LESSOR"**) of the First part.

AND

M/S **Grosso Sisal Company Ltd**, a limited liability company registered under the Companies Act (Cap. 212) of the Laws of Tanzania with its registered office in St. Mikochehi area, Kinondoni Municipal of P.O. Box 14142, Dar es Salaam, Tanzania (**hereinafter referred to as "LESSEE"**) of the Second part.

WHEREAS:

- A. **LESSOR** is the registered owner of all that piece or parcel of land known as Plot/farm **No. 71** with total hectare **1089.8** Situated at Hale sisal Estate within Korogwe District, Tanga (hereinafter called "**The property**") and more particularly delineated on a sketch map attached herewith.
- B. **LESSOR** is desires of letting **LESSEE 11 hectares only** to the referred piece or parcel of land known as **Plot/farm No. 71** situated at Hale sisal Estate within Korogwe District, Tanga and Lessee is willing to be letting the referred property free from any encumbrances for investment purposes only
- C. Both parties after satisfied that "**LESSEE**" has Capability to invest about USD 5.7 Million in the installation of sisal processing facilities as well as agave spirits in the referred property
- D. **LESSOR** and **LESSEE** recalling memorandum of understanding in respect of investment on the development of Sisal Agronomy in Tanzania dated 20/12/2020;
- E. **LESSEE** has such capability, capacity and access to the resources necessary to invest in the property and is also willing to finance the whole development of the property.

F. The parties hereto now wish to detail more extensive provisions to apply as between themselves in relation to rights and duties, implementation of projects in the leased property

NOW THEREFORE IT IS HEREBY AGREED AS FOLLOWS:

CLAUSE 1

1.0 DEFINITIONS AND INTERPRETATIONS

In this Agreement unless the context otherwise requires the following meanings:

- a) "Act" means the Sisal Industry Act, No.2 of 1997.
- b) "Leased Land" Means the total of 11 hectares leased to Lessee
- c) "TSB" means the Tanzania Sisal Board.
- d) "Parties" means (a) and (b) hereinabove
- e) "Investment purposes" means Activities stipulated into Business plan as submitted by **LESSEE**
- f) "Sisal" meaning as defined in the Sisal Industry Act and its Regulations

1.1 Headings are included in this Agreement for convenience only and shall not be deemed to affect the interpretation of this Agreement.

CLAUSE 2

2.0 DURATION OF AGREEMENT

LESSOR AND LESSEE has agreed that, this Agreement shall be in force for a period of twenty (20) years commencing on 1/7/2021. It shall remain in full force and effect until 30th June 2041, unless terminated earlier in accordance with **Clause 11.0** below. **LESSOR** may, at its option, and upon **LESSEE** executed this Agreement in its fullest decides to extend the term of this Contract. In such case, **LESSOR** shall provide the **LESSEE** with at least three months (3) written notice of its intent to exercise this option.

CLAUSE 3

3.0 RENT

LESSEE Agreed to pay **LESSOR** the rent equal to Tanzania shilling 1,500,000/= (One Million Five Hundred Thousand Only) per year and payable yearly in advance on the 1st day of each July during the term of this agreement. In addition to

that the rent referred shall be deemed to be commencement rent and may be renewed at the option of LESSOR.

3.1 RENT PAYMENT MODE:

LESSOR and LESSEE agreed that Lessee shall pay rent having being issued Control Number each month by LESSOR

3.2 SECURITY DEPOSIT

LESSOR and LESSEE agree that prior to the commencement of this agreement the LESSEE shall pay the LESSOR the amount of TShs 500,000/= (Five hundred Thousand Only). THE LESSOR can use that amount of money as it will be needed to cover the rent that will not be paid by the LESSEE, to repair any damage caused by the LESSEE while using the leasing property. The LESSOR will reimburse the amount of the security deposit after deducting the due payment within one month after the Agreement expires. In addition, if the LESSOR has deducted any deductions from the security deposit shall provide an analysis to the LESSEE stating the deductions and its reasons.

CLAUSE 4

4.0 OWNERSHIP OF THE PROPERTY

LESSOR and LESSEE agreed that during the entire period of the Agreement, LESSOR shall solely continue to be the owner of the leased property and LESSEE shall have the rights to the development thereto unless otherwise agreed by the parties.

CLAUSE 5

5.0 MAIN FEATURES OF THE INVESTMENT

LESSOR and LESSEE agreed that, the letting property is mainly for investment purposes only and the envisaged investment into the property shall among other things include the following activities: -

- a) Preparation of Architectural drawings and designs;
- b) Installation of sisal processing facilities includes decortication machines, brash machine and press

- c) Cleaning of the site;
- d) Renovation of existing buildings
- e) Constructing staff buildings

CLAUSE 6

6.0 ESSENCE OF LEASE

LESSOR and **LESSEE** agreed that the essence of this lease Agreement is leased to the **LESSEE** for implementation of the project as stipulated under **Clause 5.0**, thus the project implementation period as mentioned under **Clause 8.0** shall be adhered to scrupulously and If **LESSEE** within the period specified under **Clause 8.0** fails to submit the detailed report then unless prove to the contrary it shall be deemed **LESSEE** to have commit material breach to this Agreement and **LESSOR** shall taking possession to the leased land

CLAUSE 7

7.0 OBLIGATION OF LESSOR

LESSOR and **LESSEE** agreed that so long as **LESSEE** abides to the terms and conditions of this lease Agreement, **LESSOR** covenant to **LESSEE** to do the following obligation:

1. To pay all rates, taxes, dues and other outgoings which are payable in respect of the land leased during the continuance of the lease
2. That at all reasonable times, to enter either personally or by agents, the leased land or buildings for the purpose of inspecting their condition
3. To ensure lessee shall be peaceably and quietly possess and enjoy the land leased during the term of the lease without any lawful interruption by the lessor or any person rightfully claiming through him
4. To ensure not to use or permit any adjoining or neighboring land of which he is the occupier under a right of occupancy or a lessee in any way which would render the leased land or any buildings on the leased land unfit or materially less fit for any purpose for which they were leased or may, consistent with the terms and conditions

7.1 OBLIGATION OF LESSEE

LESSOR and **LESSEE** agreed that, without jeopardize the terms and conditions of this lease agreement, **LESSEE** Covenant to **LESSOR** to do the following:

1. To ensure not to transfer, mortgage, charge, sublease or otherwise part with the possession of the leased land or buildings or any part of it without the previous written consent of the lessor, that consent not to be unreasonably withheld;
2. To permit the lessor or his agent or employees at all convenient times and after reasonable notice to enter on the leased land
3. To keep all boundary marks in repair;
4. To use land in a sustainable manner and in accordance with any conditions imposed on use of that land by the lease,
5. To pay the rent reserved by the lease at the times and in the manner specified in this Agreement
6. To make sure that no structure or building other than the factory buildings in terms of this agreement shall be constructed without the prior permission in writing of the **LESSOR**
7. That within (6) six months of being put in possession of the said plot/land commence construction of factory buildings after securing necessary clearances from the competent authorities, like building plan approvals

CLAUSE 8

8.0 Comprehensive Reports

LESSOR and **LESSEE** agreed that for credential investment over the leased property a preparation of compressive report shall be an integral part to this Lease agreement and more particularly the Lessee shall render diverse report under the following modus operandi:

1. Investment Phase 1 Report by June 2022
2. Investment Phase 2 Report by June 2023
3. Investment Phase 3 Report by June 2024

CLAUSE 9

9.0 DEFAULT

- a. A party shall be a defaulting party in terms of this agreement if the said party shall default in the due observance of performance of any covenant, condition or provision contained in this Agreement and such default shall continue for more than three month (3) month after written notice from the other parties specifying the default and demanding the same to be remedied.

- b. Any such default if not remedied within the provided period, may be determine in accordance with terms and conditions as provided under **clause 11.0**

CLAUSE 10

10.0 NOTICES

All notices, notifications, requests demands approvals, agreements or other communications to or by the respective parties shall be in writing and shall be deemed to be duly given or made:-

- i. In the case of delivery in person when delivered and so evidenced by acknowledgment or receipt by the recipient;
- ii. In the case of prepaid post, on the fourteenth (14) business day after the date of posting; to the party to which such communication is required to be given under this Agreement addressed to its address as shown in this Agreement or at such other address as the relevant addressee may specify for such parties.

CLAUSE 11

11.0 TERMINATION OF THE LEASE AGREEMENT

This Agreement shall be terminated in any or all of the following circumstances:

- a) In the event that this Agreement come to an end after expiry of five (5) years and the parties not intend to renew this Agreement or by reason of the default by both parties, or in consequence of force majeure.
- b) If the party is at material breach to this Agreement and having being issued with three (3) month written notice fails to rectify the stated breach as stipulated in the referred notice
- c) In the event of both parties default the party concerned shall immediately inform the other party in writing and necessary steps to minimize the loss shall be taken.
- d) For avoidance of doubt in this Agreement "force majeure" shall mean any event beyond the control of either party that shall prevent or delay the performance of the Agreement and these shall include:-

- (i) An act of God;
- (ii) War or hostility whether declared or not;
- (iii) Civil commotion or riot;
- (iv) Earthquake, flood, fire or other natural disasters;
- (v) Strikes, lockouts or other industrial actions (other than among the parties, own employees);
- (vi) Any Government order prohibiting performance of this Agreement.

CLAUSE 12

12.0 GENERAL PROVISION

12.1 GOVERNING LAW

This Agreement shall be governed by the construed in accordance with the laws for the time being in force in the United Republic of Tanzania.

12.2 ASSIGNMENT

The parties shall not assign or purport to assign any of its right, title, interest or obligations under this Agreement without the prior consent in the other parties which consent shall not be unreasonably withheld by such parties.

12.3 WAIVER

12.3.1 No delay or omission to exercise any right, power or remedy accruing to any party upon any breach or default by any other party under this Agreement shall impair any such right, power or remedy nor shall it be construed to be a waiver of any such breach or default thereafter occurring nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default.

12.3.2 Any waiver, agreement, consent or approval of any kind or character on the part of any party of provisions or condition of this Agreement must be in writing and shall be effective only to the extent it is in writing.

12.4 SEVERABILITY OF PROVISIONS

Should one or more of the provisions of this Agreement prove to be invalid and/or unenforceable, this will not affect the validity/or enforceability of the other provisions of this Agreement. In case of such invalidity and/or unenforceability the parties to this Agreement shall replace such invalid and/or unenforceable provisions.

12.5 AMENDMENTS AND ALTERATIONS

All or any of the provision of this Agreement may be amended, altered, added to or replaced by the parties by mutual agreement

12.6 DISPUTE SETTLEMENT

1. The Parties shall amicably settle all disputes arising out of or in connection with this Agreement or its interpretation through mutual dialogue and consultation.
2. In case Parties to this Agreement fail to mutually resolve the dispute, they may appoint an arbitrator. The arbitration award shall be final and binding on the parties.
3. This Agreement shall be governed by the laws of United Republic of Tanzania.

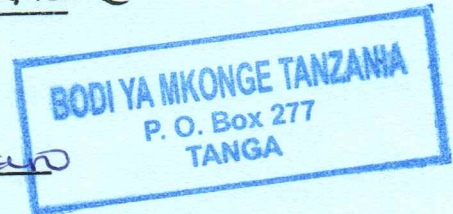
IN WITNESS WHEREOF, the duly authorized representatives of the Parties affix their signatures below:

SIGNED and DELIVERED by for and on behalf of TANZANIA SISAL BOARD

Full Name : Saddy Kambona
Signature : [Signature]
Postal Address : Box 277, TANGA
Qualification : Ag Director General

In the presence of

Full Name : Emmanuel Lwanga
Signature : [Signature]
Postal Address : 277
Qualification : LEGAL OFFICER



SIGNED and DELIVERED by for and on behalf of GROSSO SISAL CO. LTD

Full Name : HUMBIN YUSUF
Signature : [Signature]
Postal Address : P. O. BOX 14112
Qualification : DIRECTOR



In the presence of

Full Name : AGREY ERNEST
Signature : [Signature]
Postal Address : 32569 DAR
Qualification : ADVOCATE

