

COMMERCIAL LEASE AGREEMENT

This Lease Agreement (**the Agreement**) is made and effective 18th March 2022.

BETWEEN: **TANGANYIKA PLYWOOD LTD (the "landlord")** a corporation organized and existing under the laws of the United Republic of Tanzania with its head office located at Mafinga, Iringa, Tanzania

AND: **DARK EARTH CARBON TZ LTD (the "Tenant")**, a corporation organized and existing under the laws of the United Republic of Tanzania with its head office located at Dar es Salaam, Tanzania

1. DESCRIPTION OF LAND

Landlord leases to Tenant the Land located at Kinyanambo ward, Mafinga Town, Iringa, Tanzania and described more particularly as follows:

The said Land has a Total Area of 7.368 hectares (Farm number 612) Leased by the Landlord for a period of 5 (Five) Years.

2. GRANT OF LEASE

Landlord in consideration of the rents to be paid and the covenants and agreements to be performed and observed by the Tenant does hereby lease to the Tenant and the Tenant does hereby lease and take from the Landlord the property described in Exhibit "A" attached hereto and by reference made a part hereof (**the "Leased Land"**) together with, as part of the parcel, all improvements located thereon.

3. LEASE TERM

a. Total Term of Lease: The term of this Lease shall begin on the 1st day of November 2022 and shall terminate on 30th November 2027.

b. Commencement Date: The "Commencement Date" shall mean the date on which the Tenant shall commence to conduct business on the Leased Land, so long as such date is not in excess of 60 days subsequent to execution hereof

4. EXTENSIONS

The parties hereto may elect to extend this Agreement upon such terms and conditions as may be agreed upon in writing and signed by the parties at the time of any such extension.

5. DETERMINATION OF RENT

The Tenant agrees to pay the Landlord and the Landlord agrees to accept during the term hereof at such place as the landlord shall from time to time direct by notice to the Tenant rent at the following rates and times

a. Rent: Yearly rent for the term of the Lease shall be **USD Eight Thousand Five Hundred and Seventy Only to be paid in Tanzanian Shillings at the prevailing market rate (USD \$8,750) per year, with an annual increment of 3%**

b. Payment of Rent: The rent shall be payable within three months of the commencement of the period.

c. Reference to yearly rent hereunder shall not be implied or construed to the effect that this Lease or the obligation to pay rent hereunder is from year to year, or for any term shorter than the existing Lease term, plus any extensions as may be agreed upon.

d. Withholding Tax shall be remitted by the Tenant on behalf of the Landlord.

6. USE OF LAND BY TENANT



The Leased Land may be occupied and used by Tenant exclusively for manufacturing and processing of biochar and related services.

Nothing herein shall give Tenant the right to use the property for any other purpose or to sublease, assign, or license the use of the property to any Sub-Tenant, assignee, or licensee, which or who shall use the property for any other use.

7. RESTRICTIONS ON USE

Tenant shall not use the demised Land in any manner that will increase risks covered by insurance on the demised Land and result in an increase in the rate of insurance or a cancellation of any insurance policy, even if such use may be in furtherance of Tenant's business purposes. Tenant shall not keep, use, or sell anything prohibited by any policy of fire insurance covering the demised Land, and shall comply with all requirements of the insurers applicable to the demised premises necessary to keep in force the fire and liability insurance.

8. WASTE, NUISANCE, OR UNLAWFUL ACTIVITY

Tenant shall not allow any waste or nuisance on the demised Land, or use or allow the demised Land to be used for any unlawful purpose.

9. TAXES

a. Property Taxes: The Tenant shall be liable for all taxes levied against any leasehold interest of the Tenant or personal property and trade fixtures owned or placed by the Tenant in the Leased Land.

b. Real Estate Taxes: During the continuance of this lease Landlord shall deliver to Tenant a copy of any real estate taxes and assessments against the Leased Property. From and after the Commencement Date, the Tenant shall pay to Landlord not later than 30 days, after the day on which the same may become initially due, all real estate taxes and assessments applicable to the Leased Land, together with any interest and penalties lawfully imposed thereon as a result of Tenant's late payment thereof, which shall be levied upon the Leased Land during the term of this Lease.

c. Contest of Taxes: The Tenant, at its own cost and expense, may, if it shall in good faith so desire, contest by appropriate proceedings the amount of any personal or real property tax. The Tenant may, if it shall so desire, endeavor at any time or times, by appropriate proceedings, to obtain a reduction in the assessed valuation of the Leased Land for tax purposes. In any such event, if the Landlord agrees, at the request of the Tenant, to join with the Tenant at Tenant's expense in said proceedings and the Landlord agrees to sign and deliver such papers and instruments as may be necessary to prosecute such proceedings, the Tenant shall have the right to contest the amount of any such tax and the Tenant shall have the right to withhold payment of any such tax, if the statute under which the Tenant is contesting such tax so permits.

d. Changes in Method of Taxation: Landlord and Tenant further agree that if at any time during the term of this Lease, the present method of taxation or assessment of real estate shall be changed so that the whole or any part of the real estate taxes, assessment or governmental impositions now levied, assessed or imposed on the Leased Land shall, in lieu thereof, be assessed, levied, or imposed wholly or in part, as a Capital levy or otherwise upon the rents reserved herein or any part thereof, or as a tax, corporation tax, assessment, levy or charge, or any part thereof, measured by or based, in whole or in part, upon the Leased Land or on the rents derived therefrom and imposed upon the Landlord, then the Tenant shall pay all such taxes, assessments, levies, impositions, or charges. Nothing contained in this Lease shall require the Tenant to pay an estate, inheritance, succession, capital levy, gross receipts, transfer or income tax of the



Landlord, nor shall any of the same be deemed real estate taxes as defined herein unless the same be imposed in lieu of the real estate taxes.

IMPROVEMENTS BY TENANTS

Tenant may have prepared plans and specifications for the construction of improvements, so such plans and specifications must be approved by the Landlord. Tenant shall obtain all certificates, permits, licenses and other authorizations of governmental bodies or authorities which are necessary to permit the construction of the improvements on the demised Land and shall keep the same in full force and effect at Tenant's cost.

Tenant shall negotiate, let and supervise all contracts for the furnishing of services, labor, and materials for the construction of the improvements on the demised Land at its cost. All such contracts shall require the contracting party to guarantee performance and all workmanship and materials installed by it for a period of one year following the date of completion of construction. Tenant shall cause all contracts to be fully and completely performed in a good and workmanlike manner, all to the effect that the improvements shall be fully and completely constructed and installed in accordance with good engineering and construction practice.

Nothing herein shall alter the intent of the parties that Tenant shall be fully and completely responsible for all aspects pertaining to the construction of the improvements of the demised premises and for the payment of all costs associated therewith. Landlord shall be under no duty to investigate or verify, Tenant's compliance with the provision herein. Moreover, neither Tenant nor any third party may construe the permission granted Tenant hereunder to create any responsibility on the part of the Landlord to pay for any improvements, alterations or repairs occasioned by the Tenant. The Tenant shall keep the property free and clear of all liens and, should the Tenant fail to do so, or to have any liens removed from the property within 60 days of notification to do so by the Landlord.

10. UTILITIES

Tenant shall pay for all water, sanitation, sewer, electricity, light, heat, gas, power, fuel, janitorial, and other services incident to Tenant's use of the Leased Land, whether or not the cost thereof be a charge or imposition against the Leased land.

11. OBLIGATIONS FOR REPAIRS

a. Tenant's Repairs: The Tenant shall repair and maintain the Leased Land in good order and condition, except for reasonable wear and tear, the repairs required of Landlord pursuant hereto, and maintenance or replacement necessitated as the result of the act or omission or negligence of the Landlord, its employees, agents, or contractors.

b. Requirements of the Law: The Tenant agrees that if any municipal, government or any department or division thereof shall condemn the Leased Land or any part thereof as not in conformity with the laws and regulations relating to the construction thereof as of the commencement date with respect to conditions latent or otherwise which existed on the Commencement Date. Municipal or Government or any other department or division thereof, has ordered or required, or shall hereafter order or require, any alterations or, repairs thereof or installations and repairs as may be necessary to comply with such laws, orders or requirements (the validity of which the Tenant shall be entitled to contest); and if by reason of such laws, orders or the work done by the Landlord in connection therewith, the Tenant is deprived of the use of the Leased Land, the rent shall be abated or, adjusted.

c. Permits and Expenses: Each party agrees that it will procure all necessary permits for making any repairs, alterations, or other improvements for installations, when applicable. Each Party hereto shall give written notice to the other party of any repairs required of the other pursuant to the provisions of this Article and the party responsible



for said repairs agrees promptly to commence such repairs and to prosecute the same to completion diligently, subject, however, to the delays occasioned by events beyond the control of such party.

d. Each party agrees to pay promptly when due the entire cost of any work done by it upon, the Leased Premises so that the Leased Premises at all times shall be free of liens for labor and materials. Each party further agrees to hold harmless and indemnify the other party from and against any and all injury, loss, claims or damage to any person or property occasioned by or arising out of the doing of any such work by such party or its employees, agents or contractors. Each party further agrees that in doing such work that it will employ materials of good quality and comply with all governmental requirements, and perform such work in a good and workmanlike manner.

12. TENANT'S COVENANTS

Tenant covenants and agrees as follows:

a. To procure any licenses and permits required for any use made of the Leased Premises by Tenant, and upon the expiration or termination of this Lease, to remove its goods and, effects and those of all persons claiming under it, and to yield up peaceably to Landlord the Leased Premises in good order, repair and condition in all respects; excepting only damage by fire and casualty covered by Tenant's insurance coverage, structural repairs, (unless Tenant is obligated to make such repairs hereunder) and reasonable wear and tear;

b. To permit Landlord and its agents to examine the Leased Land at reasonable times and to show the Leased Land to prospective purchasers of the Building and to provide Landlord, if not already available, with a set of keys for the purpose of said examination, provided that Landlord shall not thereby unreasonably interfere with the conduct of Tenant's business;

c. To permit Landlord to enter the Leased Land to inspect such repairs, improvements, alterations or additions thereto as may be required under the provisions of this Lease. If, as a result of such repairs, improvements, alterations, or additions, Tenant is deprived of the use of the Leased Land, the rent shall be abated or adjusted, as the case may be, in proportion to that time during which, and to that portion of the Leased Land of which, Tenant shall be deprived as a result thereof.

13. INDEMNITY BY TENANT

The Tenant shall save Landlord harmless and indemnify Landlord from all injury, loss, claims or damage to any person or property while on the Leased Premises, unless caused by the willful acts or omissions or gross negligence of Landlord, its employees, agents, licensees or contractors. Tenant shall maintain, with respect to the Leased Premises, public liability insurance with limits for injury or death from one accident and property damage insurance, insuring Landlord and Tenant against injury to persons or damage to property on or about the Leased Premises. A copy of the policy or a certificate of insurance shall be delivered to Landlord on or before the commencement date and no such policy shall be cancelable without prior written notice to Landlord.

14. DAMAGE TO DEMISED LAND

a. **Abatement or Adjustment of Rent:** If the whole or any part of the Leased Land shall be damaged or destroyed by fire or other casualty after the execution of this Lease and before the termination hereof, then in every case the rent reserved and other charges, if any, shall be abated or adjusted, as the case may be, in proportion to that portion of the Leased Land of which Tenant shall be deprived on account of such damage or destruction and the work of repair, restoration, rebuilding, or replacement or any combination thereof, of the improvements so damaged or destroyed, shall in no way be construed by



any person to effect any reduction of sums or proceeds payable under any rent insurance policy.

b. Repairs and Restoration: Landlord agrees that in the event of the damage or destruction of the Leased Land, Landlord forthwith shall proceed to repair, restore, replace or rebuild the Leased Land (excluding Tenant's leasehold improvements), to substantially the condition in which the same were immediately prior to such damage or destruction. The Landlord thereafter shall diligently prosecute said work to completion without delay or interruption except for events beyond the reasonable control of Landlord.

15. LANDLORD'S REMEDIES

In the event that:

a. Tenant shall on three or more occasions be in default in the payment of rent or other charges herein required to be paid by Tenant (default herein being defined as payment received by Landlord ten or more days subsequent to the due date), regardless of whether or not such default has occurred on consecutive or non-consecutive months; or

i. Terminate this Lease as provided herein and recover from Tenant all damages Landlord may incur by reason of Tenant's default, including, without limitation, a sum which, at the date of such termination, represents the then value of the excess, if any, of (a) the Minimum Rent, Percentage Rent, Taxes and all other sums which would have been payable hereunder by Tenant for the period commencing with the day following the date of such termination and ending with the date herein before - set for the expiration of the full term hereby granted, over (b) the aggregate reasonable rental value of the Land for the same period, all of which excess sum shall be deemed immediately due and payable, or

16. TITLE

a. Subordination: Tenant shall, upon the request of Landlord in writing, subordinate this Lease to the lien of any present or future institutional mortgage upon the Leased Land irrespective of the time of execution or the time of recording of any such mortgage. Provided, however, that as a condition to such subordination, the holder of any such mortgage shall enter first into a written agreement with Tenant in form suitable for recording to the effect that:

- i.** in the event of foreclosure or other action taken under the mortgage by the holder thereof, this Lease and the rights of Tenant hereunder shall not be disturbed but shall continue in full force and effect so long as Tenant shall not be in default hereunder.
- ii.** such holder shall permit insurance proceeds and condemnation proceeds to be used for any restoration and repair required by the provisions of this Agreement respectively. Tenant agrees that if the mortgagee or any person claiming under the mortgagee shall succeed to the interest of Landlord in this Lease, Tenant will, recognize said mortgagee or person as its Landlord under the terms of this Lease, provided that said mortgagee or person for the period during which said mortgagee or person respectively shall be in possession of the Leased Premises and thereafter their respective successors in interest shall assume all of the obligations of Landlord hereunder. The word "mortgage", as used herein includes mortgages, deeds of trust or other similar instruments, and modifications, and extensions thereof. The term "institutional mortgage" as used in this Article 16 means a mortgage securing



a loan from a bank or trust, company, insurance company or pension trust or any other lender institutional in nature and constituting a lien upon the Leased Premises.

b. Quiet Enjoyment: Landlord covenants and agrees that upon Tenant paying the rent and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed hereunder, that Tenant may peaceably and quietly have hold, occupy and enjoy the Leased Premises in accordance with the terms of this Lease without hindrance or molestation from Landlord or any persons lawfully claiming through Landlord.

c. Licenses: It shall be the Tenant's responsibility to obtain any and all necessary licenses and the Landlord shall bear no responsibility therefore; the Tenant shall promptly notify Landlord of the fact that it has obtained the necessary licenses in order to prevent any delay to Landlord in commencing construction of the Leased Land.

d. Disputes: It is agreed that, if at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of the said party to institute suit for the recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said party to pay such sum or any part thereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease. If at any time a dispute shall arise between the parties hereto as to any work to be performed by either of them under the provisions hereof, the party against whom the obligation to perform the work is asserted may perform such work and pay the costs thereof "under protest" and the performance of such work shall in no event be regarded as a voluntary performance and shall survive the right on the part of the said party to institute suit for the recovery of the costs of such work. If it shall be adjudged that there was no legal obligation on the part of the said party to perform the same or any part thereof, said party shall be entitled to recover the costs of such work or the cost of so much thereof as said party was not legally required to perform under the provisions of this Lease and the amount so paid by Tenant may be withheld or deducted by Tenant from any rents herein reserved.

e. Notices: All notices and other communications authorized or required hereunder shall be in writing and shall be given by mailing the same by certified mail, return receipt requested, postage prepaid, and any such notice or other communication shall be deemed to have been given when received by the party to whom such notice or other communication shall be addressed. If intended for Landlord the same will be mailed to the address herein above set forth or such other address as Landlord may hereafter designate by notice to Tenant, and if intended for Tenant, the same shall be mailed to Tenant at the address herein above set forth, or such other address or addresses as Tenant may hereafter designate by notice to Landlord.

17. PROPERTY DAMAGE

a. Loss and Damage: Notwithstanding any contrary provisions of this Lease, Landlord shall not be responsible for any loss of or damage to property of Tenant or of others located on the Leased Land, except where caused by the willful act or omission or negligence of Landlord, or Landlord's agents, employees or contractors, provided, however, that if Tenant shall notify Landlord in writing of repairs which are the



responsibility of Landlord and Landlord shall fail to commence and diligently prosecute to completion said repairs promptly after such notice and if after the giving of such notice and the occurrence of such failure, loss of or damage to Tenant's property shall result from the condition as to which Landlord has been notified, Landlord shall indemnify and hold harmless Tenant from any loss, cost or expense arising there from.

b. Force Majeure: In the event that Landlord or Tenant shall be delayed or hindered in or prevented from the performance of any act other than Tenant's obligation to make payments of rent, additional rent, and other charges required hereunder, by reason of strikes, lockouts, unavailability of materials, failure of power, restrictive governmental laws or regulations, riots, insurrections, the act, failure to act, or default of the other party, war or other reason beyond its control, then performance of such act shall be excused for the period of the delay and the period for the performance of such act shall be extended for a period equivalent to the period of such delay. Notwithstanding the foregoing, lack of funds shall not be deemed to be a cause beyond control of either party.

18. ASSIGNMENT AND SUBLETTING

Under the terms and conditions hereunder, Tenant shall have the absolute right to transfer and assign this lease or to sublet all or any portion of the Leased Land or to cease operating Tenant's business on the Leased Land provided that at the time of such assignment or sublease Tenant shall not be in default in the performance and observance of the obligations imposed upon Tenant hereunder, and in the event that Tenant assigns or sublets this property for an amount in excess of the rental amount then being paid, then Landlord shall require as further consideration for the granting of the right to assign or sublet.

19. FIXTURES

All personal property, furnishings and equipment presently and all other trade fixtures installed in or hereafter by or at the expense of Tenant and all additions and/or improvements, exclusive of structural, mechanical, electrical and plumbing, affixed to the Leased Premises and used in the operation of the Tenant's business made to, in or on the Leased Land by and at the expense of Tenant and susceptible of being removed from the Leased Land without damage, unless such damage be repaired by Tenant, shall remain the property of Tenant and Tenant may, but shall not be obligated to, remove the same or any part thereof at any time or times during the term hereof, so provided that Tenant, at its sole cost and expense, shall make any repairs occasioned by such removal.

20. RELATIONSHIP OF THE PARTIES

Nothing contained herein shall be deemed or construed by the parties hereto nor by any third party as creating the relationship of principal and agent or of partnership or of a joint venture between the parties hereto, it being understood and agreed that neither any provision contained herein, nor any acts of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of Landlord and Tenant.

21. ENTIRE AGREEMENT

This instrument contains the entire and only agreement between the parties, and no oral statements or representations or prior written matter not contained in this instrument shall have any force and effect. This Lease shall not be modified in any way except by a writing executed by both parties.



22. GOVERNING LAW

All matters pertaining to this agreement (including its interpretation, application, validity, performance and breach) in whatever jurisdiction action may be brought, shall be governed by, construed and enforced in accordance with the laws of the United Republic of Tanzania. The parties herein waive trial by jury and agree to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in Tanzania.

23. LITIGATION

In the event that litigation results from or arises out of this Agreement or the performance thereof, the parties agree to reimburse the prevailing party's reasonable attorney's fees, court costs, and all other expenses, whether or not taxable by the court as costs, in addition to any other relief to which the prevailing party may be entitled. In such event, no action shall be entertained by said court or any court of competent jurisdiction if filed more than one year subsequent to the date the cause(s) of action actually accrued regardless of whether damages were otherwise as of said time calculable.

If Landlord files an action to enforce any agreement contained in this lease agreement, or for breach of any covenant or condition, Tenant shall pay Landlord reasonable attorney fees for the services of Landlord's attorney in the action, all fees to be fixed by the court.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written or have caused this Lease to be executed by their respective officers thereunto duly authorized.

LANDLOAD

Tanganyika plywood LTD

Signature: *A. Shangkavi*
Designation: DIRECTOR
Name: ASHOK SHANGHAVI
Address: DSM, TANZANIA

TENANT

Dark Earth Carbon Tz LTD

Signature: *A. Shangkavi*
Designation: DIRECTOR
Name: AMAR SHANGHAVI
Address: DSM, TANZANIA

