

**AGREEMENT**

DATED THIS 5<sup>TH</sup>..... DAY OF DECEMBER... 2009

**BETWEEN**

**SONGOSONGO VILLAGE COUNCIL**

**AND**

**COASTAL FANJOVE LIMITED**

**IN RESPECT OF THE DEVELOPMENT OF FANJOVE ISLAND FOR  
EXCLUSIVE TOURISM PURPOSES, SONGOSONGO VILLAGE,  
SONGOSONGO WARD, KILWA DISTRICT, LINDI REGION.**

*Handwritten signature and initials*

**AGREEMENT.**

**AGREEMENT** entered into..5.. day of..D.E.C.E.M.B.E.R....2009.

**BETWEEN**

**SONGOSONGO VILLAGE COUNCIL**, Hereinafter referred to as: "**LANDLORD**"

**AND**

**COASTAL FANJOVE LIMITED** P.O. Box 3052, Upanga Rd, Plot NO. 107, Dar es Salaam. Hereinafter referred to as "**TENANT**"

**WHEREAS**, the **Landlord** represents the residents of Songosongo Island.

**AND WHEREAS**, the Tenant is the legal entity duly organized and valid existing under the laws of Tanzania; has full capacity and authority to enter into this Agreement and perform its obligations under this Agreement and has been issued with certificate of registration No. **65173** of **21<sup>st</sup>** day of April, **2008**.

**AND WHEREAS**, the Tenant intends to lease the Island of Fanjove as indicated in **Exhibit A** to build an **Ecological Tourist Camp** within Fanjove Island. The Landlord agrees to allow construction and use of the Island by the Tenant according to this agreement for the period of **30** years.

**NOW THEREFORE**, in consideration of their mutual promises and covenants set forth herein, each party agrees to abide by the following terms and conditions.

**CLAUSE 1 – GRANT OF LEASE**

Landlord, in consideration of the rent to be paid and the covenants and obligations to be performed and observed by the Tenant;

*Handwritten signature and initials*

The landlord does here by lease to the Tenant and the Tenant does hereby lease and take from the Landlord the property as described in Exhibit "A" attached here to which shall form part of this contract (**the "Leased Island"**)

**CLAUSE 2 – LEASE TERM**

The lease period of this Lease is thirty (**30**) years. The ownership of Leased Island remains solely with Songosongo Village Council (**Landlord**)

**CLAUSE 3 – EXCLUSIVITY**

This lease is exclusive to the Tenant and no other investor shall be allowed to undertake any business of similar nature in the Fanjove Island during the whole period of this lease. In the event the villagers want to use Matambiko/sacrifice area, 30 days notice shall be given to the Tenant in order to make arrangements for the same.

**CLAUSE 4 RENEWAL OF CONTRACT**

The parties hereto may elect to renew this Agreement after the expiration of the lease period and shall be done upon such terms and conditions as may be agreed upon in writing and signed by the parties at the time of any such renewal.

**CLAUSE 5 – DETERMINATION OF RENT**

The Tenant agrees to pay the Landlord who is lawful and is in full possession of the entire Island of Fanjove and the Landlord agrees to accept, during the term hereof, at such payment indicated in table A and B. Payment will be in USD as indicated below and shall be paid yearly in advance.

**TABLE A: FIRST PHASE (15 years)**

<b>Time</b>	<b>Amount in USD (per year)</b>	<b>Total Amount in USD (in five years)</b>
First five years	6,500.00	32,500.00
Second five years	8,000.00	40,000.00
Third five years	9,500.00	47,500.00
<b>TOTAL 15 years</b>		<b>120,000.00</b>

**TABLE B: SECOND PHASE (15 years)**

<b>Time</b>	<b>Amount in USD (per year)</b>	<b>Total Amount in USD (in five years)</b>
Fist five years	11,000.00	55,000.00
Second five years	12,500.00	62,500.00
Third five years	14,000.00	70,000.00
<b>TOTAL in 15 years</b>		<b>187,500.00</b>

**Total in 30 years is USD 307,500.00 /=**

**CLAUSE 6. RENT PAYMENT SCHEDULE.**

The Tenant agrees to pay rent to the Landlord in USD yearly in advance and shall be paid within 30 days after signing of this contract. This date of payment shall be the same yearly.

*Gagan*  
*Jill*  
*1/12*

#### **CLAUSE 7.MODE OF PAYMENT**

The Tenant shall pay the Landlord in terms of Cheque or Bank transfer which shall be deposited in the Kilwa District Council Deposit account and then shall be transferred into the Village Development Account.

#### **CLAUSE 8 – SUPPORT ON SOCIAL SERVICES.**

The Tenant shall contribute to the development of social services on Songosongo Island in areas of education, health and transport as follows:-

- a. With regard to health, education and other development programs the Tenant shall contribute to the Landlord each year three percent (3%) of annual Gross income generated by project activities on the Island as fee payable to the village Government for development purpose. The audited financial report shall be the basis of such fee to be paid to the Village.
- b. The Tenant will also assist in events of natural calamities and disasters.
- c. With regards to transports the tenant shall ensure a Boat is provided for use of the Songosongo Village throughout the Lease period and the management of the boat shall be in the hands of Songosongo Village. There will be a contract between Songosongo Village Council and Coastal Fanjove Ltd with regard to the Boat operation.

#### **CLAUSE 9 – ENVIRONMENTAL MANAGEMENT**

It is agreed that the environmental management shall be a prime concern on the Leased area and parties shall ensure environmental sustainability.

#### **CLAUSE 10 – FORCE MAJURE.**

- a. No party hereto shall be considered in default of its obligations herein if the performance thereof is prevented or delayed because of war,

*Gatony*  
  


hostilities, revolution, civil commotion, because of any law, order proclamation, regulation of the Government or because of any other reasons beyond the reasonable control of the party effected, provided that notice in writing of the occurrence of such event and its effect on the performance of contract is given within thirty (30) days from the occurrence of the act constituting force majeure.

- b. As soon as the cause of force majeure has been removed, the party affected by such cause shall notify the other party. Should one of the parties hereto be prevented from fulfilling the contractual obligations by a state of force majeure lasting more than three (3) months, the parties shall consult with each other and determine the future performance of this Agreement. None of the parties shall have the right to claim any damage from the other party because of the occurrence of a force majeure event.

**CLAUSE 11 – REVIEW OF CONTRACT AND VARIATION OF TERMS.**

- a. Parties shall after every five years meet to review terms and performance of the Contract and in the course of review and if desirable may vary any term (s) of the contract.

The Review shall be limited to:

- (i) Performance of the contract, i.e. payment of rent, fees and other social services
- (ii) Mutual relationship between the people of Songosongo and the Tenant

- b. Notwithstanding clause 11 (a) above no Variation of any terms and conditions of this Agreement, and no agreement inconsistent herewith, shall be of any force or effect unless there was negotiation between parties. The agreement reached shall be recorded in writing, and signed by the parties to this Agreement

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#### **CLAUSE 12 – NON TRANSFER OF TITLE**

This lease Agreement does not transfer any title of ownership from the Landlord to the Tenant.

#### **CLAUSE 13 – VALIDITY**

This Agreement carries full force and effect upon signature.

This Agreement shall remain in force and effective until completion of thirty (30) years. Any variation agreed to in writing and signed by the parties still holds this contract valid unless the contract has been reviewed.

#### **CLAUSE 14 – LIABILITY**

The parties expressly agree that this Agreement is binding to all parties. The parties also agree to be liable for breach of performance unless such breach is caused by a supervening impossibility or circumstances as provided in clause 11 of this contract.

#### **CLAUSE 15 – TERMINATION OF CONTRACT.**

- a. The contract shall be terminated in the following circumstances:-
  - I. After lapse of the lease contract period.
  - II. When one party breaches the contract the other party shall have right to rescind after a letter of notice of breach has been sent to the breaching party and no action has resulted. The contract shall be said to have been terminated by breach of contract.
  - III. By mutual consent between parties to terminate the contract.
- b. In the event of the termination contract by any of the above in clause 15 (a) each party shall be obliged to fulfill the accrued obligations and liability up to the time when the contract was terminated.

#### **CLAUSE 16– DISPUTE SETTLEMENT**

Any dispute which may arise between the parties here to in relation to the interpretation of this Agreement, any clause or provision here of or the rights

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*[Signature]*  
*[Signature]*

or liabilities of either party here under shall be amicably settled through mutual negotiation and agreement by the parties, failing of which, by arbitration.

Each party will be allowed to elect an arbitrator, following which a final arbitrator will be chosen by the two parties. The decision of the chosen arbitrator shall be final unless one of the parties is unsatisfied in which he may then send the matter to the applicable court or Tribunal with competent jurisdiction.

#### **CLAUSE 17 – MISCELLANEOUS**

- a. **Assignment and Subletting.** Under the terms and conditions hereunder, the Tenant shall have the right to transfer and assign this lease or to sublet all or to sublet all or any portion of the Leased Island or to cease operating the Tenant's business on the Leased Island 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. In case of sublease the obligation to contribute three percent (3%) under clause 8 shall be upon sub lessee. The sub lessee shall perform the business similar to the business agreed to be preformed by the Tenant.
- b. There shall be no such sublease or assignment or exercise of such right unless Landlord consent is in writing to any such sublease, assignment or exercise of such right. Such consent shall not be unreasonably withheld and the District Council shall be consulted in case the Tenant wishes to sublease.
- c. The use of the Leased Island by such assignee or sub lessee shall be expressly limited by and to the provisions of this lease Agreement.
- d. **Fixtures.** All personal property, furnishings and equipment present and all the trade fixtures installed in or here after by or at the expense of Tenant and all additions and/or improvements, exclusive of structural, mechanical, electrical, and plumbing, affixed to the Leased Island and used in the operation of the Tenant's business made to, in or on the Leased Island without damage, unless such damage be repaired by the Tenant, shall remain the property of the Tenant and the Tenant may, but shall not be obligated to remove the same or any part there of at any



time or times during the term here of, provided that Tenant, at its sole cost and expense, shall make any repairs occasioned by such removal.

e. **Invalidity of Particular Provision.** If any term or provision of this Lease or the application here of to any person or circumstance is or shall become prohibited, held invalid or unenforceable shall be ineffective to the extent or such prohibition, held invalid or unenforceability without invalidating the remaining provisions of this provisions to the extent permitted by law.

f. **Captions and Definitions of parties.** The captions of the clauses of this Lease do not in any way limit or amplify the terms and provisions of this Lessor. The word "**Village Council**" and the pronouns referring here to, shall mean, where the context so admits or requires, the village authority in Songosongo – Fanjove village named here in as the **Landlord** or the leaser in possession at any time, of the land comprising the Leased Island. Any pronoun shall be read in the singular or plural and in such gender as the context may require. Except as in this Lease otherwise provided, the terms and provisions of Lease shall be binding upon and to the benefit of the parties here to and their respective successors and assigns.

The word "**Company**" and the pronouns referring there to, shall mean, where the context so admits or requires, the Coastal Fanjove Limited named herein as the **Tenant** or the lessor leasing the land comprising the Leased Island. Any pronoun shall be read in the singular or plural and in such gender as the context may require. Except as in this Lease otherwise provide, the terms and provisions of this Lease shall be binding upon and to the benefit of the parties here to and their respective successors and assigns.

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

**g. Entire Agreement.**

This agreement contains all covenants, stipulations and provisions agreed between the parties. No oral statements or representations or prior written matter not contained in this agreement shall have any force and/or effect. This lease shall not be modified in any way except by writing executed by both parties or operation of laws.

**h. Applicable 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.

**i. Notice.**

All notices, requests, demands and other communications under this agreement relating to the relations between the parties, shall be in writing and shall be deemed to have been duly given on the date of delivery if delivered personally to the party to whom notice is to be given or forwarded by registered or certified post, properly addressed to the party to receive the notice, at any other address given to the other party in following address or at any other address given to the other party in the manner herein provided and effective communication have been made according to the law of contract of Tanzania:

**To: Tenant**

**Coastal Fanjove Limited**

P.O. BOX 3052,

**Dar es Salaam.**

Tel: +255 2117959

Fax: 2552118647

**To: Landlord**

**The Village Executive Officer**

P.O. BOX 160,

**Kilwa – Masoko.**

Nothing contained herein shall prevent the parties from giving oral notice for the purpose of information to the other party, but it is understood that such oral notice shall not replace the requirement of a written notice.

**A: THE LANDLORD COVENANTS WITH THE TENANT:**

1. To allow the Tenant quiet enjoyment of the Island during the tenancy period.
2. Not to permit, or in any way allow other economic or holiday activities to take place on the Island apart from those undertaken by the Tenant.
3. Not to lease/sell any party of the leased land to any other party.

**B: THE TENANT COVENANTS WITH THE LANDLORD:**

1. The Tenant has assisted the Landlord to compensate all the Villagers of Fanjove Island who were cultivating some crops and those people should be moving out from the island ten days after signing of this contract. Such compensation has been made over all developments in the land such as houses, palm trees and so on. In undertaking this exercise the evaluation has already been undertaken by Kilwa District council.
2. To keep the leased land in a state of good and sustainable manner.
3. To permit the Landlord or its agents at all reasonable time of the day to view the state and condition of the Leased land on the Island.
4. Not to assign, sublet or part with the effective possession of the Leased land on the Island or any part thereof without the Landlord's written consent. Such consent should not be unreasonably withheld.

Gadani  


5. To contribute to the development or social services on the Island as per clause 8. The Tenant will also assist in events of natural calamities and disasters.
6. To assist the people of Songosongo to access funds from various Organizations and Institutions
7. To allow easement for the people of Songosongo to use Farjove Island for emergency landing only of their crafts while traveling to/from neighboring places such as Kilwa Kivinje.
8. To use local labor power from native residents of Songosongo village. Those who will be eighteen (18) years of age and above will be entitled to work with the company subject to their qualifications.
9. To ensure that people employed by the Tenant, chosen primary from resident of Songosongo, be accommodated on Farjove Island at the Tenant's discretion.

**C: IT IS FURTHER AGREED BETWEEN BOTH PARTIES THAT:**

1. The Tenant shall give the landlord three months notice before the expiration of the leased period if the tenant needs to be considered to take another lease or otherwise extend the lease.
2. Where the Landlord does not wish to renew the Lease Contract there shall be a grace period of three months after which the lease shall be deemed to have expired and the Landlord will be entitled to repossession of the Leased Island. Should, at anytime after the repossession of the Leased Island, the Landlord wish to lease the Island once more, the Tenant shall be given first preference.
3. To cooperate and have meeting regularly or whenever need be. Either party should facilitate the happening of meetings without any hesitation.

*Handwritten signature and initials*

4. To protect the environment, traditions and customs in a sustainable manner. Fishing and all related marine activities will be carried out with objective of protecting the environment and preventing over harvesting of marine resources. Illegal activities such as dynamite fishing, use of small mesh fishing nets and the like will not be allowed. A schedule of fishing periods will be established by the parties with the provision of breaks within the year for the different species to allow maximum reproductive success. Any activity involving any kind of fishing shall be governed by the laws of Tanzania.

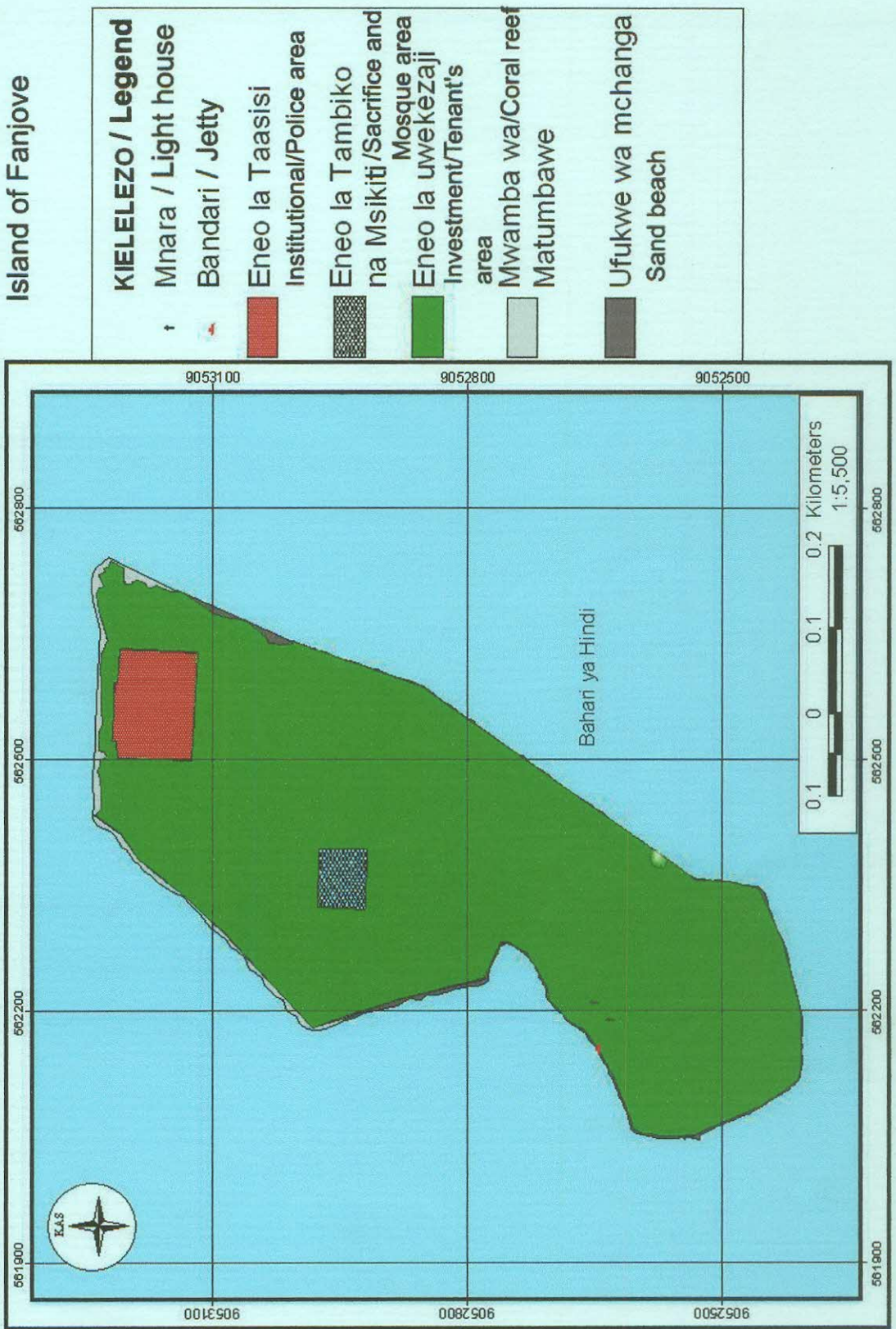
Areas will be established along the coral reef of which 50% shall be preserved for non consumptive activities such as diving, snorkeling etc.

The Company will respect all cultural, traditions, customs and buildings on Fanjove Island such as the light house.

5. Any activity carried out at Fanjove shall be legal, maintain/enhance conservation of the environment and shall not interfere with camp activities.

EXHIBIT A:

RAMANI YA KIJJI CHA SONGONGO KISIWA CHA FANJOVE MPANGO WA MATUMIZI BORA YA ARDHI / Land use plan for the Island of Fanjove



*Handwritten signature and initials*

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in the manner herein after appearing on this 5 Day of DECEMBER... 2009.

SIGNED, SEALED AND DELIVERED: for and on behalf of the **Songosongo Village Council (THE LANDLORD)** by:-

**CHAIRMAN  
SONGOSONGO VILLAGE COUNCIL**

Name: MWINYI ABDULABI MIACA

Signature: [Signature]

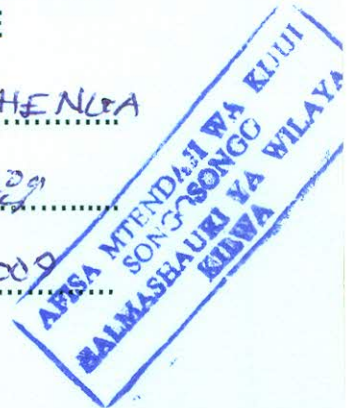
Date: 5-DECEMBER 2009

**VILLAGE EXECUTIVE OFFICER  
SONGOSONGO VILLAGE**

Name: JUMA H. MCHENGA

Signature: [Signature]

Date: 05-12-2009



**SIGNED FOR AND ON BEHALF OF COASTAL FANJOVE LTD (TENANT)**

In the presence of

Name: MALCOLM RYEN

Signature: [Signature]

Position: DIRECTOR

Date: 5-12-2009

Name: ATHANAS DAPUNDA

Signature: [Signature]

Position: SECRETARY

Date: 5/12/09

This contract is witnessed by the Council Solicitor, Kilwa District Council.

FULL NAME GODFREY JAHARY **COUNCIL SOLICITOR**  
SIGNATURE [Signature] **KILWA DISTRICT COUNCIL**  
POSTAL ADDRESS 180 KILWA MASOKO **P. O. BOX 160 KILWA MASOKO**  
DESIGNATION COUNCIL SOLICITOR/LEGAL OFFICER

**STAMP DUTY**  
Shs: 2,654.00 Collected  
Receipt No: 132/43424  
Date: 18/12/2009  
Regional Manager-Ilala Tax Region

[Signature]