

Lease Agreement

Between

Masama Mula Agricultural And Marketing Cooperative
Society Limited (MMAMCOS)

And

Mbosho Coffee Company Limited

This agreement has been entered this 19 day of December in the year two thousand and twelve; by the parties as to the terms here by stipulated.

MASAMA MULA AGRICULTURAL AND MARKETING CO OPERATIVE SOCIETY LIMITED (Registered under the Cooperative Societies act, CAP 211 of the Laws R.E 2002) with Registration No. 3080 of P.O Box 546 Moshi Tanzania Hereinafter referred to as the "Lessor" which expression, in so far as the context admits, includes assigns, representative heirs and successors in title on the one part.

AND

MBOSHO COFFEE COMPANY LIMITED (A Company incorporated under the Company Act. CAP 212 of the Laws R.E 2002) Certificate of Incorporation No: 85537 Date of Incorporation: 30/08/2011 and its address for service is P.O. Box 282 Moshi Tanzania Hereinafter referred to as the "Lessee" which expression, in so far as the context admits, includes assigns, representative heirs and successors in title on the other part.

Whereas:

- a) The Lessor, the registered proprietor of the rights of occupancy/Title Deeds for the Land listed in Schedule 1 hereto (hereinafter referred to as the "Properties" is desirous of developing the Properties as a suitable sustainable economic activity and to encourage personnel capacity building.
- b) The Lessee is interested in developing the Properties, located within Masama Mula Hai District in Kilimanjaro Region, (as defined in Clause 1 below) on a commercial basis.
- c) For the purpose herein the Lessee wishes to lease the properties from the Lessor and the Lessor is willing to lease the Properties to the Lessee, in each case in accordance with the terms and conditions stipulated in the Agreement.

Whereas:

The Lessor and the Lessee, wishing to define their mutual relationship, rights and obligations under this agreement, and they agreed as follows:

Clause 1

Definitions.

In this agreement the following terms shall have the following meanings:

"Development Plan" means a written plan to be prepared by the Lessee and approved by the Lessor in accordance with Clause 5.2 of this agreement, which plan provides for the means, methods and resources to be employed by the Lessee in developing the Properties in a manner which optimizes production.

"MMAMCOS" means Masama Mula Agricultural and Marketing Cooperative Society Limited.

"MV" means Mbosho Village Executive Committee,

"Equipment" means the equipment listed in Schedule 1 hereto.

"Project" means the agricultural development of the properties as contemplated in the Development Plan.

"Properties" means the land, together with all buildings that pertain to "the Remaining" of Certificates of Title, as listed below:

CT 1125 measuring 286 acres in respect of Mbosho Estate

CT 5756 measuring 257 acres in respect of Uwau Estate

CT 15733 measuring 0.327 in respect of water storage tank area.

Areas not included in "the Property" amount to 223.387 (two hundred and twenty three) acres that have been invested to "other Entities".

Being:

- a) **Bondeni Flowers Limited** part of registered land over C.T No. 1125 in Hai District Kilimanjaro Region demarcated and marked FBC 771, FBC 770, FBC 769, FBC 768, FBC 767, FBC 766, FBC 765, FBC 764, FBC 763, FBC 775, FBC 774, FBC 773 and FBC 772 as per attached survey plan. (Area: 87 acres)
- b) **Kuku Nzito Limited** demarcated and marked FBC 754, FBC 755, FBC 756, FBC 757, FBC 758, FBC 759, FBC 760, FBC 761, FBC 762, FBC 797. (Area 45 Acres)
- c) **William and Eleanor Stanley** demarcated and marked FBC 696, FBC 695, FBC 694, FBC 689, FBC 629, FBC 628, FBC 626. (Area: 5.7 Acres)
- d) **Secondary School**
(Area: 23.60 Acres)
- e) **Primary School**
(Area: 8.750 Acres)
- f) **Pellegrine**
(Acres: 10.0 Acres)
- g) **Community Land**
(Area: 37.6 Acres)
- h) **Villagers**

Total area available to lease amounts to 320 Acres (three hundred and twenty)

Clause 2 - The Lease

Subject to the terms of this Agreement, the Lessor hereby leases the Properties and the equipment to the Lessee and their assigns and the Lessee hereby takes the Properties and the Equipment on Lease from the Lessor.

Clause 3 - The Term of the Lease

Clause 3.1

The term of the lease contemplated in this Agreement is 33 years, commencing from 1st January 2012.

Clause 3.2

The Lessee shall, not less than Three years prior to the expiration of the term, if there shall not at that time be any existing breach of this agreement by the Lessee, show his intention in writing of extending the term for a further term or such other period as may be agreed upon. Any renewal pursuant to this clause 3.2 shall be a new Agreement and it will be upon Agreement Lessor.

Clause 3.3

If the Lessor and the Lessee are unable to agree upon the terms for an extension of the Term, the Lessor shall have the right to negotiate a lease of the Properties with a third party, provided however that, before entering into any lease Agreement with any such third party, the Lessor shall give The Lessee prior written notice of the terms of the proposed lease. The Lessee shall then have the right to extend the Term on the terms described in the Lessor's written notice which describes the terms of the proposed third party lease. All this procedure will be done within 30 (Thirty) days only.

Clause 3.4

In the event that any of the "other Entities" (see Clause 1) wish to terminate their lease agreement with the Lessor, for whatever reason, Mbosho Coffee Company, being the Lessee of "the remaining" of Mbosho Uwau Estate "may" have first option only and only if he is doing good on the 320 Acres he have, to take over the said lease so long as the terms and conditions of the lease agreement are being adhered to.

Clause 4 - The Rent Payable

Clause 4.1

The lessee shall pay in USD to the Lessor as per the following schedule of payments. All figures are based on the measured area being 320 acres.

2012 - 2014 - \$ 20.00 per acre

2015 - 2019 - \$ 35.00 per acre

2020 - 2024 - \$ 45.00 per acre

- 2025 - 2029 - \$ 50.00 per acre
- 2030 - 2034 - \$ 55.00 per acre
- 2035 - 2039 - See clause 4.3
- 2040 - 2044 - See clause 4.3

Clause 4.2

The rental payment due for the first three years shall be as indicated below:

- a) 2012 - Shall become due and payable 1st September 2013 under the conditions that:
 - i) The Lease Agreement has been signed and sealed with the common seal of The Lessor and The Lessee.
 - ii) Upon Registration of this agreement with the relevant authorities.
- b) 2013 - Shall become due and payable 1st September 2014
- c) 2014 - Shall become due and payable 1st September 2015
- d) Rent due for October 2015, November 2015 and December 2015 will be paid pro rata in September 2015.

Starting from January 2016, the rental payments for the remaining term shall be paid annually, in advance, one (1) calendar year.

Clause 4.3

To protect Lessor and Lessee from unknown circumstances, both parties have agreed that the rental payments shall be renegotiated for the period 2035 - 2044.

- i. These negotiations will take place not later than June 2034
- ii. The period of renegotiation will be divided into two equal five year periods
- iii. The negotiable rates for the period 2035 - 2039 will not vary more than ten percent (10%) above or below the rate paid for 2030 - 2034 period.
- iv. The negotiable rates for 2040 - 2044 will not vary more than ten percent (10%) above or below the rate paid for the 2035 - 2039 period.

Clause 5 - Management of The Properties

Clause 5.1

The Lessor acknowledges that The Lessee shall have exclusive management and control of the Properties during "The Term". Should the Lessor be dissatisfied with the property management they uphold the right to arbitration, the expenses of which will be shared jointly between the Lessor and Lessee

Clause 5.2

The Lessee shall, at his own cost and within thirty days of signing the contract, submit a Development Plan to the Lessor for approval.

The approved Development Plan shall form an integral part of this Agreement. If the Lessee does not submit a Development Plan or if the Lessor does not approve of the proposed Development Plan, this agreement shall become null and void except that the Lessor shall be deemed to have consented to such proposed Development Plan. If within 30 days after the Lessor receives the proposed Development Plan, and Lessor fails to show that the proposed Development Plan is not commercially viable this agreement shall become null and void.

Clause 5.3

The Lessee shall manage "the Properties" in accordance with the Development Plan. The Lessee may modify the terms of the Development Plan from time to time if the Lessee forms the view that a change in circumstances requires amendment of the Development Plan, provided that the Lessee may only modify a material term of the Development Plan with the Lessor's consent which consent shall not be unreasonably withheld or delayed.

Clause 5.4

The Lessor agrees to reasonably co operate with the Lessee in order to assist the Lessee in the implementation of the Development Plan.

Clause 5.5

The Lessor agrees to provide assistance to the lessee in obtaining any governmental licenses, permits, authorizations or approvals that are required or useful in connection with the activities contemplated in the Development Plan.

Clause 5.6

The Lessor and the Lessee agree that the Development Plan will include a section, which addresses the environmental aspects of "the project", also the aspect which will show the amount of coffee harvested annually. The Lessee will implement and manage the project at all times in accordance with the environmental standard set forth in the Development Plan.

Clause 5.7

The Lessee shall whenever possible employ local personnel within the spirit of local personnel capacity building in all aspects of management of the project.

Clause 5.8

The Lessor and the Lessee shall meet once per annum at a mutually agreed venue, where the Lessee or his designated representative, will present an annual Project Report. At this meeting the Lessee will pay sitting allowance and any other costs seen reasonable by both parties. Attendees should be limited to the members of the Board of MMAMCOS and prio to the meeting the Agenda should be prepared and be submitted to the parties one week before. If there is a matter requiring special attention then the secretary from the Board of Masama Mula shall request to the Lessee additional attendees.

Clause 6 - Financing

Clause 6.1

The Lessee has informed The Lessor that they intend to obtain financing for the project. The Lessor agrees that the Lessee may pledge This Agreement as security for such financing.

Clause 7 - Water Rights

Clause 7.1

The Lessor is the right holder to the Water Right indicated below.

Water Right No 3142, in the District of Hai, in the Water Region Kilimanjaro.

Name of Grantee: Masama Mula Agricultural and Marketing Cooperative Society Limited

Particulars of water Right: To abstract 75% flow of water in branch furrow leading from Namwi River for all purposes at farm No 307/1A Mbosho, Hai District.

As per minutes of the meeting held between Masama Mula AMCOS (MMAMCOS), and the Mbosho Village (MV) Executive Committee, it was agreed that the Water Right No 3142, be divided as per the table below.

WEEK DAY	AM (0600 - 1800)	PM (1800 - 0600)
MONDAY	MV	MMAMCOS
TUESDAY	MV	MMAMCOS
WEDNESDAY	MV	MMAMCOS
THURSDAY	MMAMCOS	MMAMCOS
FRIDAY	MV	MMAMCOS
SATURDAY	MV	MMAMCOS
SUNDAY	MMAMCOS	MMAMCOS

During days that the water allocation belongs exclusively to MMAMCOS, primary rights will be extended to Mbosho Village.

The lessee has exclusive rights to the water that was allocated to MMAMCOS

The Lessor shall have full obligation of clearing all debts concerning water and water rights before handing over the property to the Lessee.

This water right includes exclusive rights to the water storage tank covered in Title CT 15733.

Clause 7.2

The Lessor shall cooperate with the Lessee to do all within their power, to apply for and or to assist with obtaining any increased water rights which may be required in the future including the drilling of boreholes when necessary. The Lessor will do everything within their power to ensure the Lessee retains the water right that is granted to the property.

Clause 8 - Grazing

Clause 8.1

Without prejudice to "the Agreement", The Lessor and Lessee shall do everything within their power to ensure that no unregulated grazing takes place on "the properties" and that the laws of Tanzania regarding trespassing are enforced effectively in respect of "the Properties"

Clause 9 - ENVIRONMENTAL PROTECTION

Each party undertakes to ensure environmental protections over the Leased Farm.

Clause 9.1

The Lessee shall not fell any trees on the farms without seeking and obtaining the permission of the Lessor. The Lessee shall however, upon consultation with the Lessor, have the right to harvest, prune or reduce the number of trees on the farms for the purposes of on farm construction, reducing shade or removing obstructions. Ownership of the timber from the so felled trees will be negotiated between the Lessor and the Lessee.

Clause 9.2

The Lessor shall not fell any trees without prior discussion with the Lessee. Compensation for any damage caused to property of the Lessee during the operation of felling trees will be negotiated between the Lessor and Lessee.

Clause 9.3

Trees that are planted by the Lessee for the purposes of commercial timber production will be considered as belonging to the Lessee for the period of this Agreement.

Clause 9.4

Trees that fall due to natural causes shall be reported to the Lessor first, and the lessee shall be deemed the owner of such timber.

Clause 10 - Employees

Clause 10.1

The Lessor will terminate the services of the work force of the Estates and pay their severance allowances as per the law.

Clause 10.2

At the end of the lease period, it is the responsibility of the lessee to terminate all employees and pay any severance payment according to Tanzania Labour Law.

Clause 11 - Quiet Enjoyment

Clause 11.1

So long the Lessee is performing its obligations under "the Agreement", The Lessee shall have the right to quiet enjoyment of "the Properties" and the 'Equipment' throughout "the Term" without interruption by the Lessor or by any person claiming by, through, under or in trust for the Lessor. The Lessor shall protect and defend the Lessee's right to quiet enjoyment of "the properties" and the "Equipment".

Clause 12 - Payments and Taxes

Clause 12.1

The Lessor undertakes to pay when due, all statutory fees, taxes and other charges or assessments, or any other special extraordinary or one time taxes or charges which, in the case of any of the foregoing, may be due in connection with the Lessor's interest in "the Properties". This would include land rent, withholding tax and any other tax associated with ownership of the land.

Clause 12.2

The Lessee shall pay all utility expenses connected with the use of the properties and or any part relating thereto during the Term to the extent that such utility expenses were incurred for a time period, which occurs during the Term.

Clause 13 - Representations and Warranties of The Lessor.

Clause 13.1

(a) The Lessor is the registered proprietor of 99 years Rights of Occupancy for "the properties" free and clear of all mortgages, pledges, liens, charges, claims, security interests or other encumbrances.

(b) The Lessor is the owner of the equipment free and clear of all liens, charges, claims, security interests or other encumbrances.

(c) The Lessor has the sole right to occupy, use and sublease the properties and the right to grant to the Lessee all rights and privileges granted to the Lessee pursuant to the Agreement.

(d) The Lessor and Lessee have full power and authority to execute " the Agreement" and to perform its obligations hereunder;

(e) The Agreement is valid and binding on the Lessor and the Lessee is enforceable against the Lessor in accordance with its terms;

(f) The execution, delivery and performance of the Agreement by the Lessor will not result in the breach or violation by the Lessor of any law or regulation applicable to it or any contract or commitment by which it or any of its properties are bound;

(g) The Lessor has obtained all approvals, waivers and consents which are necessary or appropriate in order to enable it to execute " the Agreement" and to carry out and perform its obligations hereunder;

(h) The Lessor has exclusive occupation of "the Properties".

(i) As far as The Lessor is aware, there are no pending or threatened actions by any government or other authority which would adversely affected the Lessor's rights in "the Properties" or any of the rights granted to The Lessee in "the Agreement". This clause holds true for all circumstance with exceptional of Presidential decree.

- (j) With respect to buildings and structures on the properties, the Lessee accepts them "as is".
- (k) There are no pending or threatened disputes relating to any of the properties or any of "the Equipment"
- (l) Except with the prior written consent of The Lessee, The Lessor will not create, extend, grant or issue any mortgages, charges, liens, security interests or other encumbrances on " the Properties " or any of " the Equipment" during " the Term" or any extension of the " the Term".
- (m) The Lessor shall not unreasonably prevent, hinder or refuse to consent to any plan by the Lessee to diversify, expand or alter the projects, business activities being carried out on the Properties.
- (n) "The Agreement" is fully enforceable under Tanzanian law and The Lessor will do all such things as will be required to make it effective.

Clause 15 - Representations and Warranties of The Lessee.

Clause 15.1

- (a) Lessee has full corporate power and authority to execute "the Agreement" and to perform its obligations hereunder;
- (b) "The Agreement" is valid and binding on The Lessee and is enforceable against The Lessee in accordance with its terms.
- (c) The execution, delivery and performance of "the Agreement" will not result in the breach or violation by The Lessee of any law or regulation applicable to it or any contract or commitment by which it or any of its property is bound.
- (d) That the Board of Masama Mula Rural Cooperative Society LTD is the only organ with status to act under this agreement on behalf of Lessor.
- (e) That the Board of Masama Mula Rural Cooperative Society LTD has no power to alter this agreement or to authorize the borrowing of money under this agreement without approval by the members of the society.

Clause 15.2

The Lessor and Lessee hereby agree to indemnify and hold each other harmless from all claims, damages, liabilities, liens, costs, expenses, losses or other obligations whatsoever, together with all related costs and expenses including fees and disbursements of counsel, arising out of or caused by any claim, which arose prior to the first day of "the Term" that, may be brought against "the Properties" or "the Equipment" or against either party in relation to "the Properties" or "the Equipment".

Clause 15 - Termination

Clause 15.1

In the event that the Lessee, subject to the Lessor's approval, concludes that due to circumstances beyond its control, it can no longer manage, "the Properties" in a profitable manner it shall hand over to the Lessor control of "the Properties" free of any liabilities created by the Lessee with the exception of any equipment machinery assets or development deemed moveable property and not being a permanent fixture.

Clause 15.2

In addition to any other remedies available to the Lessee pursuant to "this Agreement", if the Lessor shall fail to perform or shall be in breach of any material term of "the Agreement" such default or breach (if capable of remedy) shall continue unremedied for sixty (60) days after the Lessee has given the Lessor notice in writing, requiring the default or breach to be remedied, then the Lessee shall have the right to elect to terminate this agreement and or to refer such matter to arbitration pursuant to clause 21 hereof.

Clause 15.3

The Lessor shall be entitled to terminate this Agreement upon sixty (60) days prior written notice to the Lessee in the event that the Lessee fails to make payment due under Clause 4 of this agreement within sixty (60) days after the Lessee receives written notice from the Lessor that such payment is due and owing.

Clause 15.4

On completion of "the Term" (including any extension of the term pursuant to clause 3.2.) the Lessee shall return control of "the Properties" and all buildings, infrastructure and other improvements affixed to " the Properties" to the Lessor at no cost.

Clause 16 - Effective Date and Duration of "The Agreement"

Clause 16.1

This Agreement shall enter into force upon its execution and registration.

Clause 16.2

All covenants, agreements, representations and warranties made by the Lessor in this Agreement or in any certificate delivered in connection herewith shall survive this Agreement regardless of any investigation made by the Lessee or on its behalf.

Clause 17 - Notices

Clause 17.1

Any notice declaration or other communication required or authorized to be given by one party under "the Agreement" to the other party shall be in writing and shall either be personally delivered or dispatched by courier and properly signed for, by or on behalf of the addressee and shall be addressed to the other party. Any notice shall operate and be deemed to have been served, if personally delivered, on the next following business day, and if by courier and

properly signed for, on the third following business day. Each party will use the Addresses provided in this Agreement.

Clause 18 - Severability

Clause 18.1

If any provision of this agreement is held to be unenforceable under applicable law, then such provision shall be excluded from this agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and each provision of this agreement shall continue to be enforceable in accordance with its terms.

Clause 19 - Governing Law

Clause 19.1

The laws of Tanzania shall govern this Agreement.

Clause 20 - Dispute resolution

Clause 20.1

- (a) In case of any dispute arising out of this agreement either party may give notice to the other with the intention to settle the matter amicably. If the dispute continues for more than 60 days, then the matter should be referred to an Arbitrator. In this case the primary Arbitrator will be district Lawyer who will sit together and examine the possibilities of settling the matter amicably within thirty days (30) from the date of reference and make joint report to the parties.
- (b) If after 60 days since the reference has been made to the arbitrator to resolve the dispute no resolution has been reached, reference of the dispute will be made to the Registrar of Cooperatives Societies.
- (c) Failure to agree will result in the matter been referred to the Minister responsible for cooperate.
- (d) If either of the parties are not satisfied by the decision of the Minister, then they will have the option of taking the matter to court in accordance with the laws of Tanzania.

Clause 20.2

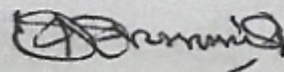
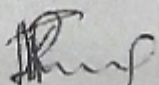
The Arbitrator shall allocate the costs of the Arbitration in Tanzanian Shillings.

Clause 20.3

Any hearing of a dispute under or relating to this Agreement shall take place in Moshi, Tanzania.

Clause 21 - Miscellaneous.

Clause 21.1 - Lease Assignment.



Subject to the approval of the Lessor, (not to be unreasonably withheld) The Lessee may assign its rights and delegate its obligations under this Agreement or any part thereof to any affiliates or third party upon giving thirty (30) days notice of such assignment to the Lessor.

Clause 21.2

The lessee is not allowed to lease or rent or sub let the "Property" without the prior consent of the lessor.

Clause 21.3 - Advocates fees

The cost in respect of drawing up this Agreement will be borne by the Lessee. Thereafter each party will bear its own cost relating to any advocate costs.

Clause 21.4

This Agreement may be executed in two counterparts each of which shall be deemed as original but both of which constitute one and the same instrument. This Agreement and the Development Plan constitute the entire Agreement between the parties with regard to the subject matter hereof and supersedes any previous agreement between the parties with respect to such subject matter.

Clause 21.5

The headings of clauses herein are provided for convenience of reference only and shall in no way affect the meaning of this Agreement. References herein to "Clauses" are to the Clauses of this Agreement unless explicitly states otherwise.

Clause 21.6

This Agreement may be amended or terminated and any of the terms waived only by a document in writing specifically referring to this agreement and executed by the parties hereto or, in the case of a waiver by the party waiving compliance. The failure or delay of either party hereto at any time or times to require performance of any provisions hereto shall in no matter affect the right at a later time.

Schedule 1

15. LIST OF ASSETS MASAMA MULA (AMCOS) as of October 2012.

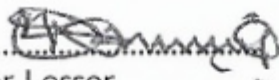
Assets:


1.0 Title No: CT 1125, CT 15733, and CT 5756

Situate at: Masama Area

Size of Parcel of Land: Measuring 320 Acres

Duration of Lease: 33 Years

Signed 
For Lessor

Signed 
For Lessee


Date 19/12/2012

Schedule 2

List of Buildings

1) Not Applicable.

Signed 
For Lessor

Signed 
For Lessee


Date 19/12/2012

Schedule 3

Inventory of Farm Equipment & Machinery

1) N/A

Signed 
For Lessor

Signed 
For Lessee

Date 19/12/2012

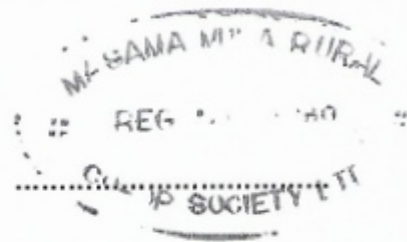




In Witness whereof, the parties to this agreement have signed and executed the same as witnessed hereunder.

SIGNED AT HAI BY THE OFFICIAL SEAL
OF MASAMA MULA AGRICULTURAL AND MARKETING
COOPERATIVE SOCIETY LTD

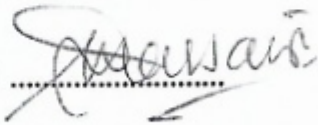
This 19 day of December 2012



1. Name: Amana Sinda Munisi
Address: Box 546 Moshi
Designation: Board Vice Chairman

Signature: 

2. Name: Duncan Ndesamburo Masawe
Address: Box 546 Moshi
Designation: Board Secretary

Signature: 

3. Name: Christopher G. Munisi
Address: Box 546 Moshi
Designation: Board Member

Signature: 

4. Name: Saria Ndesamburo Swai
Address: Box 546 Moshi
Designation: Board Member

Signature: 

5. Name: Jonathan P. Urasa
Address: Box 546 Moshi
Designation: External Board Member

Signature: 

6. Name: Marry W. Munisi
Address: Box 546 Moshi
Designation: Board Member

Signature: 

SIGNED AT HAI BY THE OFFICIAL SEAL
OF MBOSHO COFFEE & COMPANY. LTD
This ...19...day of...DECEMBER...2012



Name :James Powel
Address:Box 282 MOSHI
Designation: Director
Signature:

Name :Elizabeth Deacon
Address : Box 282 MOSHI
Designation: director
Signature:

ASSISTANT REGISTRAR OF COOPERATE SOCIETIES

SIGNATURE:.....

P.O.BOX 1500. MOSHI.

MRAJIS MSAIDIZI WA VYAMA VYA USHIRIKA
KILIMANJARO

KILIMANJARO-TANZANIA.

SIGNED AT HAI THIS ...19...DAY OF...DECEMBER...2012

BEFORE ME: LEAH PROSPER KIMARO.

SIGNATURE:.....

DISGNATION: DISTRICT COUNCIL SOLISITOR

