

Republic of Mozambique

Authorization n° /2009

for Project

“EMVEST LIMPOPO PROJECT (MATUBA FARM)”



REPUBLIC OF MOZAMBIQUE
Ministry of Planning and Development
The Office of the Minister

Order
/CPI/09

Emvest Chokwe Mauritius Ltd and Pro-Alia Investment 1 Mauritius, have submitted for approval, in terms of Law n° 3/93, of the 24th June, and its respective Regulations, an investment project designated as “EMVEST LIMPOPO PROJECT (MATUBA FARM)”, for the agricultural and cattle industry.

Pursuant to Article no. 15.1 b) of the Regulations of the Law of Investments, I hereby authorize, in accordance with the Terms of Authorization attached hereto, which shall form an integral part of this Ministerial order, the realization and subsequent operation of project “EMVEST LIMPOPO PROJECT (MATUBA FARM)”, involving the direct foreign investment of Pro-Alia Investment 1 Mauritius, Ltd and Emvest Chókwe Mauritius Ltd.

Maputo, the th August, 2009.

Aiuba Cuereneia

Minister of Planning and Development

TERMS OF AUTHORIZATION OF PROJECT “EMVEST LIMPOPO PROJECT (MATUBA FARM)”

1. Identification of the Investors

For the purposes of this Authorization the “Foreign Investor” shall be deemed to be the following companies:

- **Emvest Chókwe Mauritius Ltd**, , incorporated on the 13th April, 2009 and registered under no. 087589 C1/GBL, and with its head office in Port Louis, Mauritius; and
- **Pro-Alia Investment 1 Mauritius, Ltd**, incorporated on the 16th September, 2008 and registered under no. 083693 C1/GBL, with its head office in Port Louis, Mauritius.

2. Designation and Object of the Project

PROJECT “**EMVEST LIMPOPO PROJECT (MATUBA FARM)**” aimed for the agricultural and cattle industry activities.

3. Location of the PROJECT

The PROJECT shall be based at the District Post (*Posto Administrativo*) of Macarretane, Matuba Locality, District of Chókwe, Province of Gaza.

4. Licensing

The necessary licences and permits shall be granted by the relevant body to the PROJECT’S IMPLEMENTING COMPANY as contemplated in Clause 8 of this Authorization, and in terms of the applicable legislation for the development of the activities included in the object of the PROJECT.

5. Amount of the Investment

5.1 The minimum total amount of the investment to be effected by the Investor shall be equivalent to **USD 5 236 000.00 (Five million two hundred and thirty six thousand US Dollars)**, which shall be applied in the PROJECT within 2 (two) years effective from the date of notification of this Authorization.

5.2 Of the amount contemplated in the above clause:

- a) the amount equivalent to **USD 4.417.000, 00** (four million four hundred and seventeen thousand US Dollars) shall be the direct foreign investment to be realized and to be applied in the PROJECT through own resources disbursed by the Foreign Investor within 2 (two) years effective from the date of notification of this Authorization;

- b) the remainder amounting to the equivalent to **USD 819.000,00** (eight hundred and nineteen thousand US Dollars) shall be realized in the form of loans, with the lending conditions of the loan to be obtained abroad to be subject to prior approval by the Bank of Mozambique.

6. Form of Realization of the Direct Investment

The realization of the direct foreign investment shall be effected through the delivery of the equipment and/or freely convertible currency equivalent to **USD 4.417.000, 00** (four million four hundred and fourteen thousand US Dollars).

7. Registration of the Realized Direct Investment

7.1 The proof of the realization and application of the direct foreign investment, done through own equity, shall be produced by the Investor itself or by THE IMPLEMENTING COMPANY through the respective proof documentation issued or signed, in the Republic of Mozambique, by the Bank of Mozambique, Customs or other relevant competent authorities, according to the specific form of realization of the said investment.

7.2 The Foreign Investment shall, within 120 days from the date of notification of this Authorization, effect the PROJECT's registration with the Bank of Mozambique and thereafter the registration of each effective capital importation operation already carried out.

7.3 Failure to effect the registration set out in the previous clause may determine the non recognition of the right to profit repatriation and to the repatriation of the invested capital.

8. Project Implementing Company

In order to carry out the PROJECT, a Company to be formed in Mozambique shall be adopted with the designation **"EMVEST LIMPOPO, LDA"** (designated in these Terms of Authorization as the IMPLEMENTING COMPANY).

9. Targets to be Achieved

The IMPLEMENTING COMPANY shall ensure the execution of the following targets:

- a) the complete realization of the investment contemplated in clause 5 of these Terms;
- b) the employment of, at least, 18 Mozambican employees from the first year of the Project's execution and 100 seasonal workers;
- c) the employment of 02 expatriate employees from the first year of the Project's execution.

10. Fiscal and Customs Incentives

Subject to proof of tax registration through the Unique Tax Identification Number (*Número Único de Identificação Tributária*), the IMPLEMENTING COMPANY shall enjoy the following customs and tax incentives as contemplated in terms of the Fiscal Benefits Code, approved by Law no. 4/2009, of the 12th January:

- a) Exemption of customs duties and VAT on capital goods under class K, of the Customs Tariff, as well as the respective spares and accessories attached to them;
- b) Reduction in the profits tax by:
 - b.1) eighty per cent (80%), up to the 31st December 2015;
 - b.2) fifty percent 50%, from 2016 up to 2025.
- c) Accelerated depreciation of the new immovable property, plant and machinery used for the execution of the investment, which consists in the addition of 50% to the normal rates, legally set for the calculation of depreciation and reinstatement deemed as expenses attributable to the financial year in the assessment of the Corporate Income Tax (Rendimento das Pessoas Colectivas);
- d) Deduction of the taxable amount for the purposes of Corporate Income Tax assessment up to the maximum limit of 5% (five per cent) on the investments incurred for the training of Mozambican workers during the first 5 (five) years effective from the date of commencement of the activity;
- e) Deduction of the taxable amount for the purposes of Corporate Income Tax assessment up to the maximum limit of 50% (fifty per cent) of the expenditure on the purchase, for the purposes of own equity, of works deemed of works of art and of other objects representative of the Mozambican culture, as well as any actions considered to be for its development, in terms of Law no. 10/88, of the 22nd December (Law for the Protection of the Cultural Heritage) during a period of 5 (five) years, from the date of operation;
- f) Deduction of the taxable amount for the purposes of Corporate Income Tax assessment up to the maximum limit of 120% (one hundred and twenty per cent) of the amounts spent on all expenditure involved in the construction and rehabilitation of works deemed by the competent authorities to be of public utility and attested by the Tax Authority, for a period of 5 (five) years from the date of commencement of operation of the Project.

11. Allocation of Foreign Exchange and Transfer Abroad

11.1 The allocation of foreign exchange to the IMPLEMENTING COMPANY shall be effected in accordance to the provisions of Article 19 of Law 3/93, of the 24th June.

11.2 The Foreign Investor is authorized to transfer funds abroad, in accordance to the provisions of Articles 14 and 15 of Law no. 3/93, of the 24th June.

12. Period of Authorization

12.1 The PROJECT, whilst involving direct foreign investment, for the purposes of profits repatriation is authorized for a period of 25 (twenty-five) years renewable for equal periods of 10 (ten) years under conditions to be set at each renewal period.

12.2 Should the foreign direct investment Authorization not be renewed, the Foreign Investor may opt to:

- a) Request the repatriation of the invested equity, in terms of Articles 14 and 15 of Law 3/93, of the 24th June; or
- b) Remain in the PROJECT IMPLEMENTING COMPANY under normal conditions and enjoying its protected property rights, but without continuing to enjoy the Foreign Investor status for the purposes of profit repatriation.

13. Commencement of the Project Implementation

The PROJECT shall commence, without fail, within 120 (hundred and twenty) days from the date of notification of this Authorization.

14. Suppletive Rules

All omissions arising out of the interpretation of the provisions of this Authorization shall be settled in terms of the provisions of Law no. 3/93, of the 24th June, and relevant Regulations, approved by Decree no. 14/93, of the 21st June, and amended by Decree no. 36/95, of the 8th August, by the Tax Benefits Code, approved by Law no. 4/2009, of the 12th January, as well as by any other legislation applicable to each specific matter in question in the Republic of Mozambique._____