

**LAND RENT CONTRACTUAL AGREEMENT MADE BETWEEN
MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT**

AND

VERDANTA HARVESTS PLC

This Land Lease Agreement is made and entered by and between **Ministry of Agriculture and Rural Development** of the Federal Democratic Republic of Ethiopia having its principal office at Kirkos sub city , Addis Ababa, Ethiopia, [herein after referred to as the " Lessor"].

and

Verdanta Harvests PLC. is a Private limited company incorporated in Ethiopia under the companies act of 1960 and having its Office at **H.no 2469, Kebele 03/05, Bole sub city, Addis Ababa Ethiopia** [herein after referred to as "lessee", which expression where the context admits shall also mean and include its successors and assigns, including a company to be incorporated for the purpose here in after mentioned by the lessee in the Federal Democratic Republic of Ethiopia.

WHEREAS, the lessee a business organization incorporated to engage in Tea garden Development under the relevant laws of Ethiopia; and requires sufficient land in Gambela regional State;

WHEREAS, the Lessor is willing to provide the required land lease basis in accordance with the terms and conditions provided hereunder;

NOW THEREFORE, the parties have executed this land lease agreement on the *20th of April, 2010* under the terms and conditions indicated herein below.

Article 1

Scope of Agreement

- 1.1 The scope of this lease Agreement is to establish a long term land lease of rural land for Tea and allied farming and related activities on the land measuring **3,012** hectares, located in **Gambela** Regional State, **Mezhenger** Zone, **Godere** Weredas **Gumare and Kabu** kebeles surrounding areas together with the lease certificate serial No ----- with all rights of easement of Tea garden amenities, fittings, fixtures, structures, installations, property or other improvements standing thereon, to the said company to be incorporated for the purposes hereinafter mentioned by the lessee in the Federal Democratic Republic of Ethiopia.
- 1.2 This Lease Agreement shall be applicable to the full and exclusive use of that parcel of Rural land more particularly described in this lease [herein after referred to as the 'Lease Land'] for cultivation or development of Tea garden including eucalyptus, coffee, medicinal plants and



other crops however more than 50 % plantation will be under tea free of any other land rent other than the rent expressed under Article 2 of this agreement.

Article 2

Period of the land lease and payment rate of the land lease

- 2.1 This land lease agreement is made for period of 50 years but can be renewed for another additional years mutually agreed between the parties.
- 2.2 Land rental payment procedure
- 2.2.1 There shall be a five years grace period for the land rent, where the rent during this period will be prorated over the remaining years annually, commencing from the date of execution of this agreement .
- 2.2.2 Thereafter, the annual lease rate per hectare of land for use of agricultural investment referred to an article 1 on this contract per hectare shall be birr 111 (*Birr One Hundred Eleven Only*), and total amount payment of contract shall be birr 16,716,600 (*Birr Sixteen Million Seven Hundred Sixteen Thousand Six Hundred only*). The annual amount of payment shall be birr 334,332 (*Birr Three Hundred Thirty Four Thousand Three Hundred Thirty Two only*)
- 2.2.3 Up on payment of the lease for the amount of land contracted, the receipt should be immediately issued to Lessee and a copy of which shall be submitted to district administrative office.
- 2.2.4 There shall be one year down payment for the land indicated herein above (which will be considered as the sixth year payment), the statement on No 2.2.1 of this article being as it is.
- 2.2.5 The lessor reserves the right to revise the lease payment rate after 10 years of such last fixation as the need may arise in consultation with the lessee. However, if there might be an increment in the rate of the lease it shall not exceed 20 % the existing rate.

Article 3

Rights of the Lessee

The lessee has the right to:

- 3.1 Develop the land for Tea and allied plantation that are agreed and administer the land, in accordance with the terms of this agreement.
- 3.2 Build infrastructure such as dams, water boreholes, power houses, irrigation system, roads, bridges, offices, residential buildings, fuel/power supply stations/out lets health/Hospitals/Dispensaries , educational facilities, at the discretion of Lessee upon consultation and submission of permit



A handwritten signature in blue ink, consisting of a stylized, cursive script.

- 4.6 Lessee shall provide correct data and investment activity reports upon request by the ministry of Agriculture and Rural Development.
- 4.7 Once the annual land lease rent becomes payable up on completion of the grace period on the sixth year the lessee has the obligation to settle the current annual land rent including the prorated amount of the grace period to the Regions where the land is located during the months December up to June every year as per predetermined lease rate for rural lands.
- 4.8 Lessee shall, up on entering into the lease contract, submit an advance action plan as regards the use of the leased rural land accompanied by this contract document to the Ministry of agriculture and rural development.
- 4.9 The lessee shall in no way make any unauthorized use of the leased land beyond the predetermined purpose or objective or plan as stated in article 3 this agreement without expressed consent of the lessor in writing.
- 4.10 Unless 75% of the project land is developed the lessee has no right to transfer the land or properties developed on the land in favour of any other company or individual.
- 4.11 Up on developing 75 % of the land, the lessee can transfer the land or properties developed on the land in favour of any other company or individual only with the prior permit of the lessor.

Article 5

Right of Lessor

The lessor has exclusive right to:

- 5.1 Monitor and establish the fact that the lessee is discharging and accomplishing its obligations diligently.
- 5.2 Restore such lands, covered by this lease which are not developed by the lessee on the expiry of one year from the date specified for commencement of development in terms of clause 4.4 mentioned above, provided however that the lessee is given six months prior notice and fails to cure such failure with in such one year period.
- 5.3 The right of the lessor under article (5.1) above shall be exercised and performed in a manner that does not cause any hindrances to the work and activities of the lessee.
- 5.4 Terminate the land lease agreement subject to at least six months prior notice in written up on breach of contract.
- 5.5 Shall have a right to amend the land rent, in accordance with Article 2.2.5 of this Agreement.



Article 6

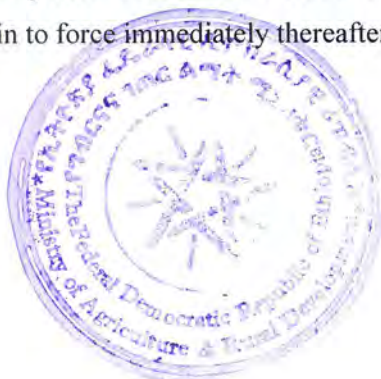
Obligations of Lessor

- 6.1 The lessor shall be obliged to deliver and hand over the vacant possession of leased land free of impediments to the lessee within thirty(30) days from the execution of this land Lease agreement.
- 6.2 In view of the importance of the proposed major investment, the lessor undertakes to provide or cause to provide special investment privileges such as exemptions from taxation and import duties of capital goods and repatriation of capital and profits granted under the investment laws of Ethiopia.
- 6.3 The lessor hereby covenants with and assures the lessee that there are no legal or other impediments whatsoever in the Lessee's clearing the land and using the same for the lessee's activities on the land covered by this Agreement, and purposes ancillary or incidental thereto.
- 6.4 To arrange access and use of facilities of the Federal government and the Regional State Research centers with fee for the purpose of soil testing and mapping.
- 6.5 The lessor shall issue 6 (six) month advance notice prior to termination of this contract on the grounds of failure to develop the land within the time limits in accordance with the contract obligation or any damage on the natural resources or non performance of due payment of lease charge and in the event of not addressing such issue, the Lessor may extend the time period for such compliance or terminate the agreement, in terms of this agreement .
- 6.6 The lessor shall ensure during the period of lease, Lessee shall enjoy peaceful and trouble free possession of the premises and it shall be provided adequate security, free of cost, for carrying out its entire activities in the said premises, against any riot, disturbance or any other turbulent time other than force majeure, as and when requested by the Lessee.

Article 7

Delivery of the lease land

- 7.1 The lessor shall, deliver to the lessees the site plan and the clear title certificate or certificates of the land within thirty days from the date of signing this contract with lessor.
- 7.2 If the delivery process cannot be effected due to and reason caused on the part of the lessee in spite of informing the Lessee in writing, to that effect the lessor shall not assume any responsibility of such failure.
- 7.3 Land handing over shall be done within thirty days of the signing of this lease agreement and it shall come into in to force immediately thereafter.



Article 8

Contract Amendment and Renewal

- 8.1 This land lease Agreement shall be renewed on the same terms and conditions.
- 8.2 If any of the parties wish to renew the agreement, it shall inform the other party at least twelve months before the expiration of the contract period.

Article 9

Grounds for contract termination

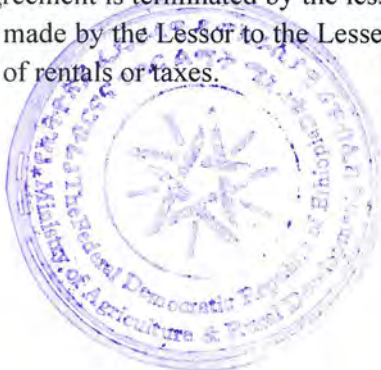
The land Lease Agreement may be terminated for the following reasons, namely:

- 9.1 Upon expiry of the Lease contract period.
- 9.2 Upon the failure of the lessor to deliver the land to the lessee due to causes other than 'Force majeure'.
- 9.3 Upon the failure of the lessor to fulfill or observe any of its obligations or covenants herein contained after the Lessee has given a written notice of six month and the Lessor fails to so observe and perform.
- 9.4 Upon the failure of the Lessee to settle the annual rental and other relevant tax payments for two consecutive years.
- 9.5 Upon the failure of the Lessee to perform its obligations, within its control under this contract after the Lessor has given to the lessee six months prior notice calling upon the lessee to observe and perform such obligations

Article 10

Consequences of Contract Termination Procedure

- 10.1 On termination of this Land Lease Agreement, the Lessee shall surrender the leased land back to the Lessor within one year from the date of termination.
- 10.2 If this Agreement is terminated by the Lessee for any of the reasons stated in Article 9 .3 the lessor shall pay to the Lessee the value of improvements effected by the Lessee on the land at then market price after setting off any dues on account of rentals or taxes.
- 10.3 If this agreement is terminated by the lessor for any of the reasons stated in article 9.4, 9.5 no payment shall be made by the Lessor to the Lessee on such termination. But the lessee shall set off any dues on account of rentals or taxes.



10.4 Where the agreement is terminated up on the expiry of the term of the lease agreement for the reasons on article 9 the lessor has priority right to purchase properties over the land in negotiation with the lessee and, if not the lessee has the right to sale it to any interested third party up on written permit of the lessor. In doing So the lessor or any concerned government authority shall expeditiously allow the lessee to do so.

Article 11

Registration

This Land Lease Agreement shall not be subject to registration and approval by a notary office. However, the lessor as a representative and the highest authority of the Federal Democratic Republic of Ethiopian government with respect to this lease agreement, shall guarantee validity of this Agreement despite absence of the registration. Furthermore copies of the contract agreement shall be sent to the lessee, District administration, finance office, investment commission and other concerned bodies through lessor enclosed with covering letter of cooperation.

Article 12

Governing Law

The governing law for operations under the agreement shall be the laws of Ethiopia.

Article 13

Force Majeure

Conditions of force majeure shall be governed by the Ethiopian Civil code.

Article 14

Covenant of peaceful possession

The lessor warrants that it has full ownership and property rights in the leased area for granting this land lease Agreement and shall protect the right of the lessee to the peaceful possession, use and quiet enjoyment thereof.

Article 15

Controlling calendar

The Ethiopian calendar shall be used and shall be controlling for the purpose of this agreement.



Article 20

Effective Date of the contract

This land lease Agreement shall remain effective for 50 years starting from the date of 20th of April 2010 and shall come to expiry as of the date of 19th of April the year 2060.

LESSOR

LESSEE

SIGNED AND SEALED and DELIVERED

SIGNED, SEALED and DELIVERED

For and on behalf of the Ministry of

For and on behalf of

Agriculture and Rural Development

Verdanta Harvests PLC

Name----- **Wefera Darbow**

Name----- **Soraj Pro**

Signature----- *[Handwritten Signature]*

Signature----- *[Handwritten Signature]*

Date-----

Date----- **21/04/20**



[Handwritten signature and stamp]
Minister of Agriculture & Rural Development
The Federal Democratic Republic of Ethiopia