

AGREEMENT

referred to as the “Agreement” between

Kwamtili Estate Ltd, P.O. Box 120, Tanga, a registered company, referred to as “Kwamtili Estate” and

Kwamtili Group, Kwamtili, Mkinga District, referred to as “Kwamtili Group”, a group of individuals listed in an annexe to this Agreement,

for a concession to manage, process and sell cocoa originating from the leaseholds held by Kwamtili Estate in Mkinga District, referred to as the “Estate”.

1. Scope of the Agreement

The scope of the Agreement comprises the following activities to be undertaken by Kwamtili Group:

- undertaking all husbandry practices necessary for the production of cocoa on the Estate’s existing trees to ensure maximum quality production;
- establishing with the agreement of Kwamtili Estate cocoa nurseries in designated areas of the Estate;
- planting with the agreement of Kwamtili Estate new cocoa on designated areas of the Estate;
- harvesting, processing, drying, grading, and storing cocoa beans for sale by Kwamtili Group using facilities provided by Kwamtili Estate;
- providing security for the entire Estate in accordance with an agreed inventory (referred to as the “Inventory”) of agreed items annexed to this Agreement;
- maintaining in good order all items specified in the Inventory.

2. Duration of the Agreement

The Agreement shall be for a period of one (1) year renewable for one-year periods thereafter.

Unless agreed otherwise, the Agreement will start on January 1st of each year.

3. Fee

In exchange for the concession to harvest, process and sell cocoa, Kwamtili Group shall pay an annual fee of TZS 100,000 (one hundred thousand Tanzania shillings) to Kwamtili Estate.

The fee must be paid before entering into or renewing the Agreement.

4. Obligations of Kwamtili Group

The Kwamtili Group shall:

- bear all the costs of seedlings, fertiliser, labour, chemicals, pesticides, tools, and machinery required for maintaining the cocoa and for processing, drying, transporting and storing the cocoa;
- be responsible for security of the entire Estate in accordance with the Inventory, guarding against theft, arson and other activities that damage the Estate's wellbeing including encroachment, the cutting of trees, the clearing of land and forested areas, and damage to habitats and watercourses;
- be responsible for maintaining in working order all items designated in the Inventory;
- provide reports on the status of all aspects of the Kwamtili Group's responsibilities fortnightly to a designated representative of Kwamtili Estate. The report is to be given verbally by at least four (4) members of Kwamtili Group, including the chairman of the Kwamtili Group.

5. Obligations of Kwamtili Estate

Kwamtili Estate:

- shall provide Kwamtili Group with unrestricted access to the areas of the Estate that are designated as nurseries or cocoa growing areas;
- shall provide Kwamtili Group with unrestricted access to use buildings, plant, machinery and tools designated in the Inventory;
- accept reasonable wear and tear of buildings, plant, machinery and tools designated in the Inventory but with no obligation to repair or replace damaged, degraded, irreparable or missing buildings, plant, machinery and tools designated in the Inventory

6. General provisions

For the purposes of implementing this Agreement:

- any and all correspondence shall be addressed to the Kwamtili Estate auditor or to another person designated in writing by Mr. Dennis Fielder, Managing Director, Kwamtili Estate, or his successors as majority shareholder;
- the only instructions upon which Kwamtili Group should act are those issued by a person designated in writing by Mr. Dennis Fielder, Managing Director, Kwamtili Estate, or his successors as majority shareholder;
- Kwamtili Group shall be responsible for all government levies and taxes related to the conduct of the activities referred to in this Agreement;
- aside from the fortnightly report, Kwamtili Estate will carry out an annual inspection to update the Inventory within one month of the annual finalisation and signature of this Agreement.

7. Kwamtili Group constitution

Kwamtili Group shall be established as follows:

- the list of individuals comprising Kwamtili Group, being the group of individuals listed in an Annexe to this Agreement, shall be established before the last signature to this Agreement;

- the number of individuals who are members of Kwamtili Group shall not exceed fifteen (15) named persons;
- Kwamtili Group shall have a duly elected Chairman, Treasurer and Secretary as officers from among its members which are designated in an Annexe to this Agreement;
- changes to the list of members and changes to the elected officers must be notified in writing to Kwamtili Estate;
- Kwamtili Group must provide written evidence that the election of officers has taken place according to the procedures established by the Tanzania Government to regulate groups;
- elections must be held each year with officers a) elected for a maximum of three consecutive terms and b) eligible for re-election after one further year has passed;
- all members of Kwamtili Group will have similar responsibilities and duties, with each working to a significant extent in maintaining the cocoa growing areas.

8. Termination of the Agreement

This Agreement may be terminated immediately in writing at any time by Kwamtili Estate if:

- Kwamtili Group carries out any activity on the Estate that is not covered by the provisions of this Agreement or is illegal in nature or not otherwise approved in writing by the designated Kwamtili Estate representative or the Kwamtili Estate Managing Director or his successors;
- Kwamtili Group does not meet its responsibilities to keep the cocoa trees and the cocoa production facilities and equipment in good order and to provide security and prevent material degradation of any aspect of the Estate.

The Agreement can be terminated by either party by giving at least three (3) months' notice in writing to the other party, at which point the parties will carry out an orderly review of the items detailed in the Inventory. Any losses or deterioration beyond reasonable wear and tear must be made good by the Kwamtili Group.

Upon termination of the Agreement, any processed cocoa in storage may be removed from the Estate by Kwamtili Group.

9. Intention of goodwill

Both parties agree to work amicably towards the successful implementation of this Agreement.

This Agreement comes into effect on:

Signed:

Managing Director
Kwamtili Estate

Chair
Kwamtili Group

Date:

Date:

Annexe: Kwamtili Group

Members (name and village of residence):

Officers (name, village of residence, and date of election)

Chair:

Secretary:

Treasurer:

Annexe: Kwamtili Estate – inventory of agreed items