

Right of Use Agreement

between

Tanzania Forest Service and Kwamtili Estate Ltd.

Outline Proposal

1. Scope of the Agreement

The Certificate of Titles to Right of Occupancy with Title Number 4722 of 18 March 1939 and Title Number 14501 of 18 July 1961 are registered in the name of Kwamtili Estate Ltd, a registered company with its office in Tanga.

Kwamtili Estate Ltd has agreed to transfer these titles to the Tanzania Forest Service (TFS) in exchange for certain exclusive rights and obligations that are detailed in this Agreement.

The exclusive rights and obligations are premised on the basis of:

- the land (the “Estate”) covered by the titles becoming gazetted as a national forest reserve and managed by the TFS;
- Kwamtili Estate Ltd continuing to carry out its existing activities under specified conditions in designated areas within a designated area of activity;
- the designated area of activity is a rectangular area, defined in the Appendix A, that is bounded:
 - in the north by an east-west line drawn slightly north the Estate factory area
 - in the south by the Estate boundary
 - in the west by the Muzi River
 - in the east by a line passing through the Estate’s north-east boundary point.

2. General responsibilities in the designated area of activity

2.1. Security

Kwamtili Estate Ltd is responsible for providing security over the designated area of activity including:

- maintenance in working order of the facilities listed in the Appendix B (Facilities);
- no interference with ecosystems apart from a minimum, state-of-the-art level of interference related to carrying out the activities described in Appendix C (Activities).

2.2. Other responsibilities

3. Activities

Kwamtili Estate Ltd is authorised to carry out the activities detailed in Appendix C (Activities).

Each of these activities takes place in areas within the designated area of activity, as specified in Appendix C.

4. Facilities

The activities designated in Section 3 require Kwamtili Estate Ltd to maintain, upgrade and keep in working order the facilities listed in Appendix B (Facilities)

5. Duration of the Agreement

The Agreement shall be for a period of five (5) years renewable for five-year periods thereafter and starting on the date of the last signature to the Agreement.

6. General provisions

For the purposes of implementing this Agreement:

- correspondence shall be addressed to Mr. Dennis Fielder, Managing Director, Kwamtili Estate, or to another person designated in writing by Mr. Dennis Fielder, Managing Director, Kwamtili Estate, or his successors as majority shareholder;
- Kwamtili Estate Ltd shall be responsible for all government levies and taxes related to the conduct of the activities referred to in this Agreement;
- Kwamtili Estate and TFS will jointly carry out an annual inspection shortly before expiry of the agreement to update the appendices to this Agreement, if necessary, and to confirm that the terms of the Agreement have been satisfied.

7. Termination of the Agreement

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

- Kwamtili Estate Ltd carries out any activity on the Estate that is not covered by the provisions of this Agreement or is illegal in nature;
- Kwamtili Estate Ltd does not meet its responsibilities to restrict activities to those described in Appendix C (Activities), to maintain the facilities described in Appendix B (Facilities) and to provide security in the designated area of activity.

The Agreement can be terminated by either party by giving at least three (3) months' notice after the end of a cocoa harvesting season in writing to the other party-

Upon termination of the Agreement, any processed cocoa or other crops in storage may be removed from the designated area of activity by Kwamtili Estate Ltd.

8. Intention of goodwill

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

This Agreement comes into effect on:

Signed:

Executive Director
TFS

Managing Director
Kwamtili Estate Ltd

Appendix A – Designated area of activity

Appendix B – Facilities

Appendix C - Activities

C.1. Cocoa

C.1.1. Cultivation

The designated area of activity contains small areas of cocoa trees growing under the forest canopy and covering about 30 hectares in total.

Soil surveys indicate that most of the Estate's land suitable for cocoa growing is located in this area and covers about 50 hectares.

Under the present agreement, areas designated in an appendix located in designated area of activity would continue to be exploited by Kwamtili Estate Ltd for growing cocoa using the cultivation practices that have been used over many years on the Estate.

These conditions mainly comprise the clearing of undergrowth, pruning of the cocoa trees and maintaining the forest canopy for shade.

C.1.2 Seedlings

Kwamtil Estate Ltd would continue to replace existing cocoa trees and extend planted areas within the areas designated for cocoa.

A small seedling nursery is required. Its location is shown in the appendix.

C.1.3. Cocoa bean storage and processing and storage

C.2. Beekeeping

C.3. Spices

C.4. Biotourism

