Mr Cuthbert Mafupa Regional Manager Tanzania Forest Services Mpingo House 40 Nyerere Road, 15472, Dar es Salaam Tanzania

D. Fielder Kwamtili Estate Ltd P.O. Box 120, Tanga, Tanzania

25 April 2015

<u>Kwamtili Estate – resurvey</u>

Dear Mr Mafupa,

Following various meetings and receipt by yourselves of the various documents that your colleagues indicated were required in the first instance by the Tanzania Forest Services (TFS) to resurvey Kwamtili Estate, Mkinga District, I wish to confirm that the Directors of Kwamtili Estate Ltd. (KEL) agree to the estate being resurveyed.

As indicated in my letter of March 10, 2015, following a joint resurvey carried out with the TFS in collaboration with KEL, the company's title of occupation would be reduced to cover the core area of its activities comprising cocoa growing, honey collection, bio-tourism and spice growing.

A representative of Kwamtili Estate Ltd, probably my mandataire, Dr Peter Boswell, would be available to supervise the joint survey in May or June 2015 on any date of your convenience and decided by the TFS.

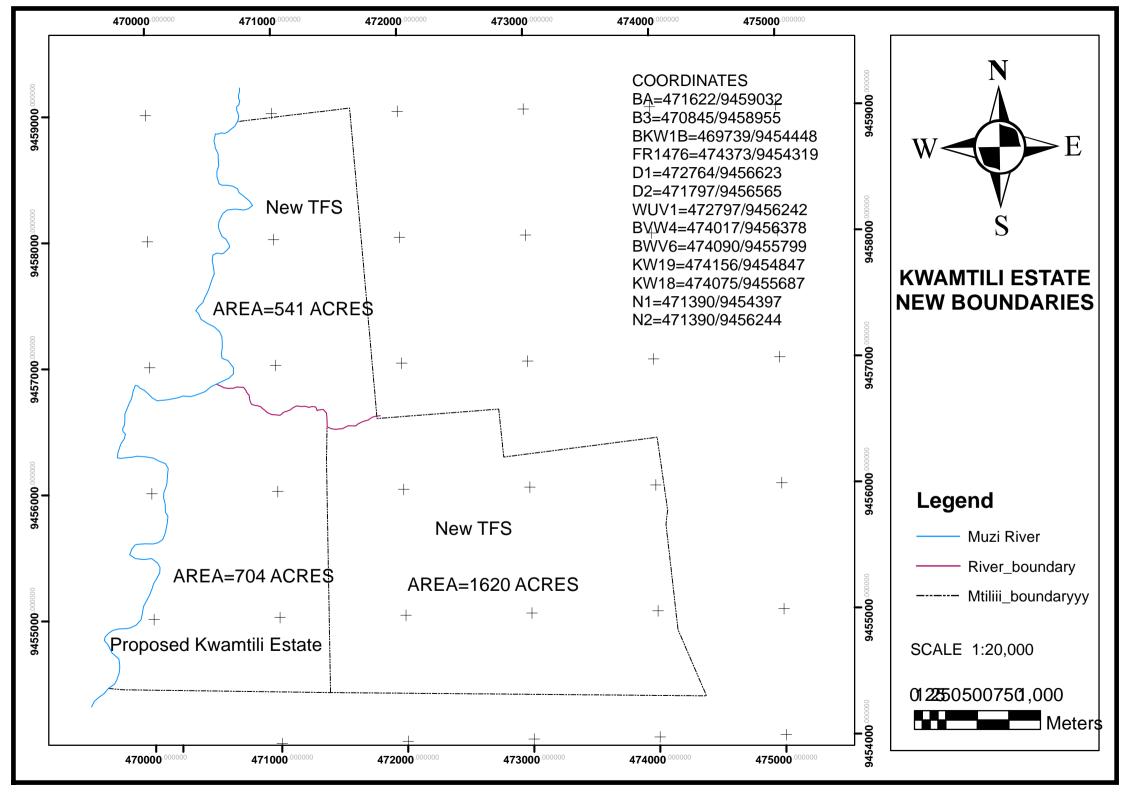
As indicated in my letter of March 10, 2015, our suggestion for a resurveyed title is to have the eastern boundary of Kwamtili Estate running northwards from a point on the existing boundary with the Kwamgumi Forest Reserve to a point that joins an old road that leads to a bamboo forested stream crossing the road from Chulwa to Kwamtili.

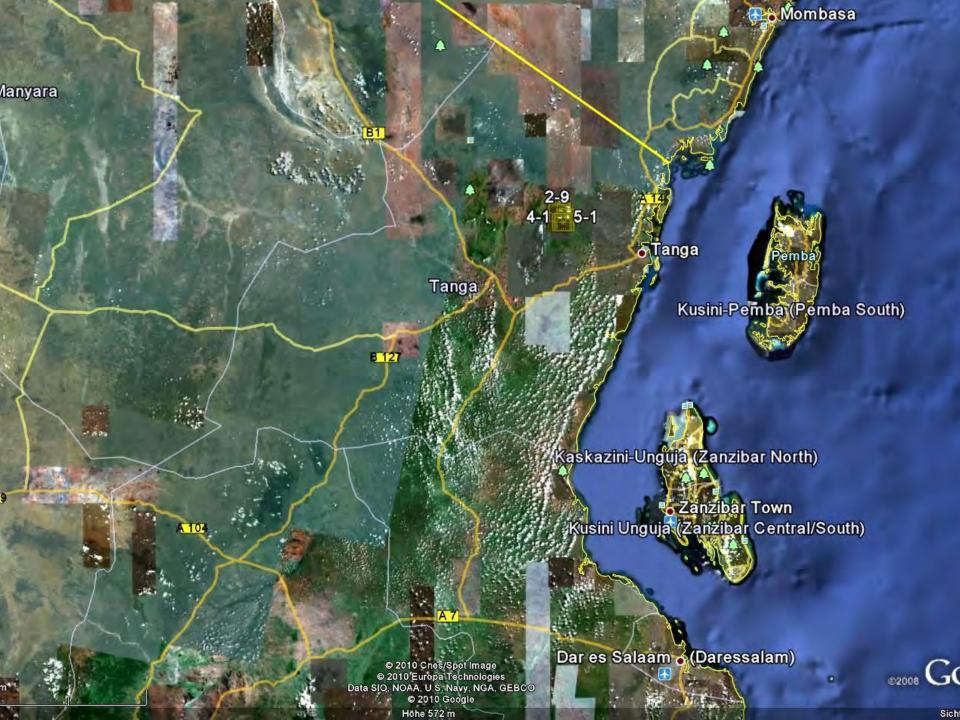
The proposed boundary would then follow the stream (which only runs in the wet season) in a north-easterly direction to the Muzi River to join the existing boundary along the Muzi River.

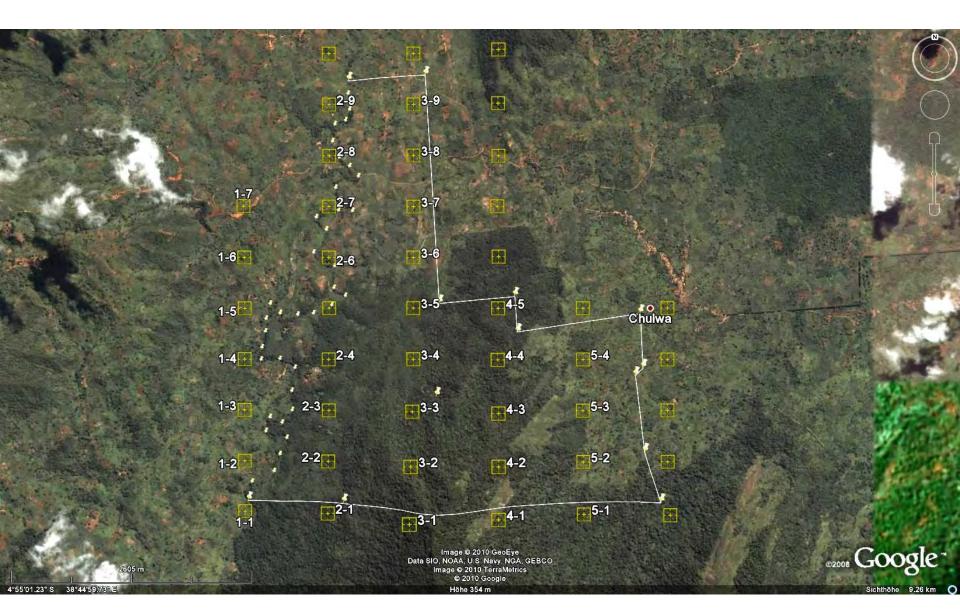
The resurveyed Kwamtili Estate would comprise a compact rectangular area, demarcated clearly by natural boundaries, that is bordered on most of two sides by the Muzi River and on most of the two remaining sides by what we expected could become forest reserve.

Sincerely,

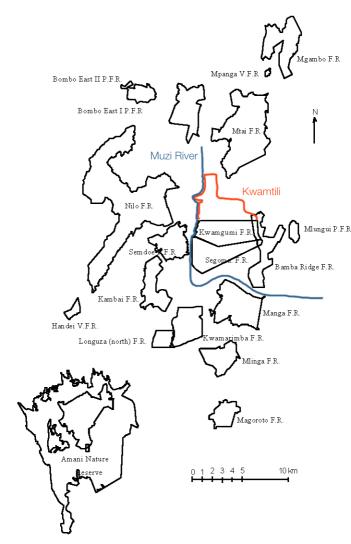
Dennis Fielder Managing Director

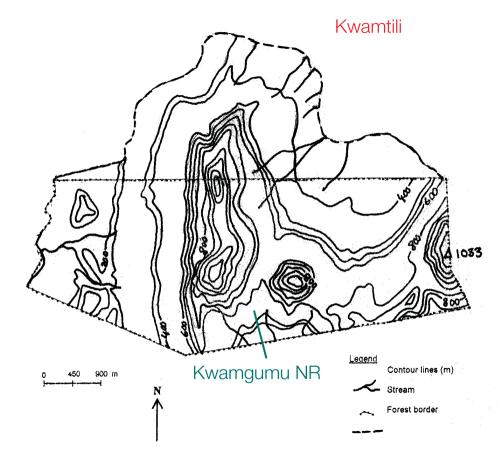






Übersicht Süd-, Ost- und Nordgrenzen durch Linien gekennzeichnet. Der Muzi River bildet die Westgrenze, durch Pins stellenweise markiert.





Kwamtili Forest Project

Kwamtili Estate is a long-established cocoa plantation located in the Usambara Mountains some 60 km west of the port of Tanga in northeastern Tanzania. The Usambara Mountains are part of the Eastern Arc, one of the world's most important environmental and biodiversity hotspots. The higher parts of the mountains are covered with natural forests populated with many rare animal and plant species.

The mountain's lower areas are farmed by smallholders, with Kwamtili Estate remaining the only significant operating agricultural venture in this comparatively remote region.

Kwamtili Forest includes both the Kwachawa Mountain, covered entirely by virgin rain forest and making up two-thirds of the Estate, but also other major forested areas surrounding the mountain which constitute crucial water catchment areas. An increasing population exerts tremendous pressure on the forest, a situation which can only be managed if the local population benefits directly from Kwamtili Forest and the accompanying estate activities.



Significant effort is therefore focussed on protecting Kwamtili Forest. Aside from ensuring surveillance by the Tanzania Forest Service and the District Council, the estate works closely with smallholders from the five surrounding villages.

Apart from cultivating their land with maize to maintain a self-sufficient lifestyle, local farmers also grow cocoa which is processed on Kwamtili and sold from there. Kwamtili also leases parts of the estate to local farmers for growing maize and other annual crops.

Historically, the UsitawiNetwork club in Bern has supported "Food for Work" emergency assistance programmes that involved and brought benefits to the local population. The first was a road repair programme. Heavy loads, often up to 100kg, are transported by bicycle. Better roads, without deep potholes, made this very arduous task much easier. The

local population took part with enthusiasm, since everyone benefited from the improvements.

The second programme involved tending the estate's cocoa trees, with different people taking part each day so that everyone could benefit.



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While the cocoa production is unique in eastern Africa it became clear in the course of these projects that protecting the environment, especially Kwamtili's outstanding forest, called for further activities based on the estate in addition to maintaining and improving cocoa production.

A successful beekeeping project with some 80 hives was launched, with the Kwamtili Community Development Project used as a framework to evaluate ways to develop and support other activities. The overriding concept considers Kwamtili Forest and the surrounding villages and their inhabitants as an integral whole, where the measures adopted benefit both the people involved and the natural environment.

Silkworm, vegetables and spice production and plantations for firewood and plywood have been evaluated in aiming to tap new and less water-dependent sources of income.

The most significant potential involves some form of "Kwamtili Private Forest Reserve" which would include using the Kwamtili Forest for a limited amount of bio-tourism. This project for a reserve would also

involve replanting indigenous trees and similar activities aimed at regenerating and maintaining Kwamtili Forest.

To better coordinate and consolidate support for Kwamtili Forest, the main shareholders of Kwamtili Estate Ltd have joined with UsitawiNetwork to strengthen activities to safeguard the forest. This includes a commitment by Kwamtili Estate Ltd to reinvest all proceeds.

Protecting Kwamtili Forest and Kwamtili Estate's unique cultural, economic and environmental heritage requires nowadays the direct support of all stakeholders together with coordination not only with local, regional and national authorities but also with international agencies, especially those active in Tanzania's Usumbara Mountains. The UsitawiNetwork aims to provide this essential framework.

As part of the UsitawiNetwork Kwamtili Forest Project, updated information and news about Kwamtili is maintained through kwamtili.org.

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, Kamtili 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:	
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Signed:

Managing Director Chair Kwamtili Estate Kwamtili Group

Annexe: Kwamtili Group
Members (name and village of residence):
Officers (name, village of residence, and date of election
Chair: Secretary: Treasurer:

Date:

Date:

Annexe: Kwamtili Estate – inventory of agreed items