

**MEMORANDUM OF UNDERSTANDING
AND AGREEMENT**

Between

THE GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE

And

SIERRA LAND DEVELOPMENT LTD.

2013

MEMORANDUM OF UNDERSTANDING AND AGREEMENT

Dated

Between

- (1) **The Government of the Republic of Sierra Leone (GOSL)** acting by each of the Ministries of Agriculture, Forestry and Food Security, Finance and Economic Development, Trade and Industry
- (2) **SIERRA LAND DEVELOPMENT LTD.**, a private limited liability company established and registered under the laws of Sierra Leone with company Certificate of Incorporation number T-1046228-8/2013 and with its registered office at Makump, Lunsar, Sierra Leone.

Recitals

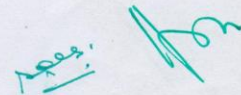
- A. **Sierra Land Development mission** is to support the agricultural sector through supplying arable farm land and farmland road infrastructure to farmers and landowners, through land development services.
- B. The production of food crops is characterized by low yields. **Sierra Land Development overall objective** is to invest in developing and supplying productive arable lands.
- C. **Sierra Land Development will** recruit, besides one technical director, Sierra Leonean staff only and provide relevant training.
- D. **Sierra Land Development** will make the obtained knowledge and experience available as contribution to the food security position of Sierra Leone. Sierra Land Development is located in Makomp (Lunsar) with access to the educational, resource centre for this purpose and for training purposes.
- E. **Sierra Land Development envisages** developing a best practice for land development.
- F. **Sierra Land Development intends** to operate exclusively in Sierra Leone.

- G. **Sierra Land Development envisages** that the Project can sustain itself after its start up period for an unlimited period of time
- H. **GOSL** seeks to promote the expansion of local agricultural production for local and export markets;
- I. **GOSL** supports the development of small farmer production and nucleus/outgrower schemes;
- J. **GOSL** welcomes labour-intensive industries which provide stable income and training to its workforce;
- K. **GOSL** promotes the establishment of sustainable economic centers in rural area;

Considering:

- L. **GOSL** has agreed the Project meets the policy objectives of GOSL;
- M. **GOSL** recognizes the expected benefits of the Project in terms of job creation, education, stable income, and infrastructures as well as the positive indirect effects.
- N. **GOSL** wants to improve the livelihood of an impoverished rural population which still suffers from the consequences of the civil war and recognized that the Project will contribute to this;
- O. **GOSL** recognizes the Project will be based on the provisional business plan attached to this memorandum.
- P. **GOSL** recognizes the benefits of additional agricultural production and processing capacity;
- Q. **GOSL** recognizes the contribution the Project is intended to make to the agricultural and other economic sectors in Sierra Leone and that it will indirectly help attract other foreign investments into the agricultural and other economic sectors;
- R. **GOSL** recognizes a readiness to grant investment incentives in the form of tax holidays and exemption of duties to Sierra Land Development Ltd. in connection with the Project;

It is agreed as follows:



1. **SIERRA LAND DEVELOPMENT** in regarding the Project as a pioneer and priority investment in the agricultural sector in Sierra Leone and taking into account its investment promotion policy, GOSL supports SIERRA LAND DEVELOPMENT's development of the project by:
 - (i) Recognizing the requirement of SIERRA LAND DEVELOPMENT to secure additional funding from investors and lenders and
 - (ii) In view of that status, to support the Project by hereby agreeing to the main incentives, exemptions and rights as set out in the Appendix below.
2. **SIERRA LAND DEVELOPMENT** in consideration of the representations and agreements in this Memorandum agrees, subject to achieving financial close and final investment approval by SIERRA LAND DEVELOPMENT to implement the Project according to its Business Plan and to meet all project-related infrastructure capital costs anticipated in that Business Plan, including but not limited to land clearance, earth moving, road construction and improvement, installation of processing plants and irrigation network and systems, factory installation an fit-out and related civil works, residential and social infrastructures.
3. **SIERRA LAND DEVELOPMENT** agrees to permit tendering by local suppliers of relevant ancillary services, such as transportation, input supplies, warehousing, engineering and shipping, from time to time on such terms and conditions as SIERRA LAND DEVELOPMENT shall reasonably specify.
4. **GOSL** agrees that SIERRA LAND DEVELOPMENT' whole business is recognized as an agricultural enterprise and that SIERRA LAND DEVELOPMENT will be granted benefits and incentives at least equivalent to those enjoyed by any other business operating in the agriculture, forestry or bio-energy sectors.
5. Insofar as SIERRA LAND DEVELOPMENT considers it necessary, GOSL agrees this Memorandum will be given further affect to or implemented in further detail by GOSL entering into such further agreements and taking such further action as SIERRA LAND DEVELOPMENT may reasonably by request.
6. Those shareholders, their affiliates and others referred to in the Appendix as having the benefit of a right, entitlement, discretion or the benefit of an obligation by by GOSL shall have direct benefit of such right, entitlement or, as the case may be, discretion and to enforce such obligation under this Memorandum.

7. This Memorandum is governed and shall be construed in accordance with the laws of the Republic of Sierra Leone and is intended to be legally binding on the parties.

8. This Clause applies to any claim, dispute or difference of any kind between the parties arising out of or in connection with this memorandum (a Dispute). That includes, without limitation, any question about the memorandum's existence, validity or termination.

- (i) All Disputes shall be referred to and finally resolved by arbitration in London before three arbitrators under the Rules of Arbitration of the International Chamber of Commerce from time to time in force. This Clause incorporates those Rules except where they conflict with its express terms.
- (ii) Each party shall nominate an arbitrator in the Request for arbitration or Answer as the case may be not later than 14 days after service of a written request by either party to do so. The parties must then seek to agree on and nominate a third arbitrator to act as Chairman within 14 days after confirmation of the second arbitrator's appointment. Failing agreement between the parties the two arbitrators already appointed must within 14 days nominate the third arbitrator. If any of the parties fail to nominate an arbitrator or the two arbitrators already appointed fail to nominate the Chairman, the appointments shall be made by the ICC Court of Arbitration.
- (iii) The proceedings shall be conducted in the English language. All documents submitted in the arbitration shall be in the English language or, if in another language, be accompanied by a certified English translation.
- (iv) None of the parties may appeal to any court on a question of law arising out of an award made in the arbitration. The parties irrevocably waive any rights of appeal they might otherwise have had.
- (v) The award shall be final and binding on the parties or anyone claiming through or under them and judgment rendered on the award may be entered in any court having jurisdiction or application may be made to such court for judicial acceptance of the award and an order of enforcement as the case may be.

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(vi) **GOSL irrevocably and unconditionally:**

(a) acknowledges that the execution, performance and delivery by each Party of this Memorandum shall constitute a private commercial transaction entered into entirely in its commercial capacity;

(b) agrees that should any other party bring legal proceedings against it or its assets in relation to this Memorandum, no immunity from such legal proceedings (which shall be deemed to include without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) shall be claimed by or on behalf of itself other than in respect of government buildings located in Sierra Leone or buildings forming part of a diplomatic or consular mission (except to the extent necessary to effect service of legal process); and

(c) consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with such proceedings including the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such proceedings, and SIERRA LAND DEVELOPMENT irrevocably and unconditionally agrees it shall not be entitled to, and shall not, take any action to enforce a judgment or arbitral award against any bank account held by GOSL (including of any of its diplomatic or consular missions) within a period of 45 days from the date of such judgment or award or such longer period granted to GOSL in the judgment or award to meet the same

9. SIERRA LAND DEVELOPMENT shall establish a Sierra Land Development Foundation when the first profits are realized, donating annually 5% of the after tax profits.

The funds will be applied to promote Corporate Social Responsibilities which would include but not limited to:

(a) **Social Infrastructure:** Construction/rehabilitation of educational, health, water and sanitation, recreational facilities, etc;

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- (b) **Employment Opportunities:** Management, middle cadre and junior staff levels.

Appendix

- 1 Government support of the Project
GOSL supports the Project and agrees to provide such assistance and enter into such agreements to ensure the successful implementation of the Project and its funding as SIERRA LAND DEVELOPMENT, its shareholders or the funders may reasonably require from time to time.
- 2 Permits
GOSL confirms that SIERRA LAND DEVELOPMENT will be granted all the required permits and other authorizations in connection with the Project and its funding provided that SIERRA LAND DEVELOPMENT complies with all published requirements of the Laws of the Republic of Sierra Leone in relation to such permits or authorizations, the details of which are generally available to the public in Sierra Leone
- 3 Further Permits
GOSL undertakes that should SIERRA LAND DEVELOPMENT (or any other person taking part or participating in the Project or its funding), at any time, be required to object any further permit or other authorization in connection with itself, its activities or the Project (or any part of the Project) or is funding, it shall take all necessary steps to ensure such permit or other authorization is issued forthwith provided that SIERRA LAND DEVELOPMENT or, as the case may be, such other person complies with all published requirements of the laws of the Republic of Sierra Leone in relation to such permits or authorizations, the details of which are generally available to the public in Sierra Leone.
- 4 Revocation of Permits
GOSL agrees that any permit or other authorization will only be cancelled, terminated or revoked, or amended or changed, in accordance with its terms and conditions only (which include the laws and published regulations, the details of which are generally available to the public in Sierra Leone, pursuant to which it was issued.
- 5 Breach of Permits
If SIERRA LAND DEVELOPMENT or other person to whom it was issued fails to abide by any terms of any permit or authorization, GOSL (or any relevant official or public authority) may exercise any power pursuant to the laws of the Republic of Sierra Leone in respect of such failure. However, GOSL agrees it will not (and will procure that no official or public authority will) exercise any such power unless SIERRA LAND DEVELOPMENT and such other person(s) it shall specify for this purpose have first been longer of two weeks' and any minimum statutory period of notice (**The Notice**) of such failure and given the opportunity, and failed within a reasonable period of time after receipt of such notice, to rectify, remedy or cure such failure unless, in the opinion of GOSL acting reasonably, there is a significant risk to life or the environment. If there is a significant risk to life or the environment, GOSL shall be entitled to suspend the relevant permit or authorization for the minimum period of time which could be anticipated as being reasonably necessary for an organization which is competent, experienced and efficient to prevent such risk occurring.

For the purposes of this paragraph, "reasonable period" means at a minimum period of twelve weeks from date of delivery of the notice.

6. Environmental and Social Assessment

The Environmental License for the project will be granted to the Company, subject to conditions only which are typical for an Environmental License, no later than 4 weeks after the application is lodged unless (a) it is withheld for one or more lawful reasons which are objectively reasonable for withholding such Environmental License under the relevant laws of the Republic of Sierra Leone or (b) The company's environmental management plan (including ESIA) is not being implemented to a material extent and any of these reasons have been communicated to the company in written form by the appropriate body.

7. Fiscal Concessions for the Agricultural sector

7 (a) Personal Income Tax for Local Employees:

All local employees are subject to Pay As You Earn Tax (PAYE) consistent with the provisions of the Income Tax Act 2000 as amended [Part V of the first schedule]. This includes rules relating to Benefit -in- Kind [sections 23 and 176(9)] subject to the provisions of the National Social Security and Insurance Trust Act of 2001.

7 (b) Personal Income Tax for Foreign Employees:

Income earned from a source in Sierra Leone by foreign nationals is subject to tax at the rate of 25% [part ii of the Second Schedule]. This will be based on the requirements for residency as provided for in sections 10-13 of the Income Tax Act 2000 as amended.

7 (c) Corporation Tax

The Chargeable Business income of agricultural activities shall be exempt from corporation tax for a period of 10 years. This includes all activities such as rice farming, tree crop farming such as cocoa, coffee, rubber, and palm oil etc. from the date of commencement of such activity.

7 (d) Dividend Tax Exemption

50% of dividend paid during the qualifying period will be exempt from withholding and other taxes.

7 (e) Exemption from export sales

5% of total income derived from export sales will be exempt from corporation tax after the qualifying period.

7 (f) Capital Allowance

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All Fixed Assets shall be subject to capital allowance up to 40% as provided for in the Income Tax Act 2000 (as amended).

7 (g) Investment Allowance

An additional 5% investment allowance will be given on the procurement of any new qualifying asset and investment in each year of assessment.

7 (h) Customs duty

All plants, equipments and machinery shall be imported free of any duty and taxes (except for ECOWAS levy currently at 0.5% of CIF value) for any five years selected by the taxpayer (FA 2011)

7 (i) Importation of Agricultural inputs

Importation of all agricultural inputs shall not be subject to import duty for a period of five years from the date of commencement of business (FA 2013). For the purpose of this MOU, Agricultural inputs include the following:

- (i) Fertilizers
- (ii) Pesticides
- (iii) Insecticides
- (iv) Seeds and seedlings
- (v) Hybrid Tree Seeds
- (vi) Day-old-chicks
- (vii) Animal semen

7 (j) Importation of feed, vaccine and veterinary drugs for livestock and poultry:

Importation of feeds, vaccine and veterinary drugs for livestock and poultry shall attract import duty free concessions for a period of five years from the date of commencement of business (FA2013)

7 (k) Other concessions on expenses incurred in Trade:

The following allowable deductions shall be granted in respect of the following expenses in any year of assessment:

- Research and development cost – 100%
- (i) Training expenses for local staff – 100%
- (ii) Social and development expenses – 100%
- (iii) Expenses on promoting exports – 100%
- (iv) Expenses incurred in engaging disable persons including salaries – 200%

Note: Allowable deductions are only effective in a current year of

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assessment. Unclaimed charges for current year are disallowable in future year of assessments.

7 (l) Trading losses.

Trading losses can be recouped for a maximum period of 10 years.

7 (m) GST

GST shall be administered consistent with the GST Act of 2009.

Chemicals used as agricultural inputs, including all forms of fertilizers, acaricides, fungicides, rematicides, growth regulators, pesticides, veterinary drugs, vaccine and animal feed unfit for human consumption shall be exempt supply for the purpose of GST. The supply of arable land and land development works shall be exempt supply of GST

8. Exchange Control

8 (a) Inflows and Outflows of foreign Exchange

All inflows and outflows of foreign exchange shall be done through the banking system in compliance with the Exchange Control Act, 1965 and the Anti-Money Laundering/Countering the Financing of Terrorism Act, 2012 (AMT/CFT).

8 (b) Export Revenue

All revenue derived from export must first be channeled through Sierra Leone Banking System before they are repatriated to any other bank of the investors' choice. This is just a way to improve the country's Balance of Payment position.

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| 9. | Water and Utilities | GOSL agrees to enter into a water rights agreement with Sierra Land Development Ltd. Shall be charged at a fixed rate of 3 Leone per cubic metre of water extracted from rivers and other water courses. There shall be no restriction on the volume of water extracted by Sierra Land Development Ltd. From rivers, other water courses, wells and boreholes. |
| 10. | Change in Law | If any law applied in Sierra Leone comes into effect or is amended, nullified, repeated, withdrawn or replaced (3 Change in Law) which has a material adverse effect on the ability of Sierra Land Development Ltd. , its contractors, sub-contractors, any shareholder or funder to perform their respective obligations under any document relevant to the development, operation of funding of the project or the cost of or return from so doing, after taking into account the benefits associated directly and expressly with any such Change in Law, then GOSL undertakes to grant to the project. Sierra Land |

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Development Ltd. is contractors, sub-contractors, the shareholders and the funders any exemption or license or other authorization necessary or desirable to ensure that such interests, rights, obligations and economic return are not materially adversely affected.

If there is a dispute between the Parties in relation to whether the Change in Law has the effect described above, it shall be referred to the arbitration procedures as agreed and set out in this Memorandum or PPA, once the PPA is in full force and force and prior to the date as set out in the Agreement.

11. Nationalization or Expropriation
GOSL agrees that it will not, nor attempt to, nationalize, expropriate or confiscate all or any part of the assets or rights of **Sierra Land Development Ltd.**, its sub-contractor or their respective contractors or any other party to the documents relevant to the development, operation and funding of the Project or the share capital of **Sierra Land Development Ltd.** other than on the basis of full compensation (including loss of profit) to the affected parties, including an amount not less than that required to repay all principles, interest, fees, costs and expenses amounts outstanding to the funders under or pursuant to the funding documents.
12. Compliance with Laws
Each Party confirms that it does not intend and will not engage in any illegal activity and **Sierra Land Development Ltd.** agrees that it will comply with national standards in relation to environmental protection and health and safety as required for the type of activities carried out under the Project and/or by **Sierra Land Development Ltd.** in general. **Sierra Land Development Ltd.** agree that it will take reasonable steps to ensure that none of its group companies will enter into without the prior written consent of GOSL (which shall not be unreasonably withheld) the business activity of the production in Sierra Leone of palm oil and other agricultural products outside of that outlined in this Memorandum or the Business Plan in force at the relevant time. In the event that **Sierra Land Development Ltd.** or any of its shareholders, contractors, sub-contractors or funders are in breach of this Memorandum such breach shall not be grounds for suspending or terminating this Memorandum, or any obligation or provision binding on GOSL under this Memorandum. The penalty for any such breach shall be, insofar such breach is a criminal or civil offence in Sierra Leone the penalty imposed following the application of the applicable criminal or civil procedure and applicable damages for breach of contract.
In the event that GOSL is in breach of this Memorandum such breach shall not be grounds for suspending or terminating this Memorandum, or any obligation or provision binding on **Sierra Land Development Ltd.** under this Memorandum. The penalty for any such breach shall be, insofar such breach is a criminal or civil offence in Sierra Leone the penalty imposed following the application of the applicable criminal or civil procedure, and applicable damages for breach of contract.

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igned on: 25th April2014 at Freetown, Sierra Leone

For
the Government of Sierra Leone

For
Sierra Land Development Ltd..



Boesaw 27.04.14
Ministry of Agriculture, Forestry and Food Security

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Director

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Minister of Trade and Industry

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[Signature] 21/5/14
Minister of Finance and Economic Development

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