

APPENDIX II

Land Title Agreement

This Agreement is valid when it has been signed by both parties.
Between Ministry of Agriculture & Forestry, Central Equatoria State (CES) hereinafter referred to as the CES, and Tree Farms Sudan Ltd. hereafter referred to as TFSL the following has been agreed upon:

PREAMBLE

Whereas the CES owns a property (hereinafter referred to as community land with an area of 250,000 ha of land approved in Tindilo Payam in Terekeka County, Central Equatoria State) and Tree Farms Sudan Ltd is desirous of developing the total area of 179,999.1 Ha in accordance with State's forestry development policies.

Whereas the TFS has accepted the offer and expressed its desire and competency and that it is qualified technically, ready and financially capable to invest and develop the property into a tree farms production.

Whereas both the CES and the TFS are desirous of entering into partnership in developing the property into an economically productive firm.

Now therefore this agreement witnesses that in consideration of the prosperity and the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

LEASE PERIOD

1.1. The CES shall lease to the TFS to hold and use its property for a term of 99, ninety nine years, commencing from ---/---/2008 and expiring on ---/---/2106 AD.

1.2. After the expiry of the agreed upon (99) years, the CES and the TFS may renew the terms of the lease on new term basis of mutual agreement.

COMMUNITY SUPPORT

2.1. TFS reserves the land title and CES acknowledges the right of the public interests and the social benefits to the local community in the following areas/social sectors:

- (i) Health
- (ii) Education
- (iii) Clean water
- (iv) Agriculture extension service
- (v) Community housing services
- (vi) Road maintenance

OBLIGATION OF CES

- 3.1. Provide the property to the TFS free from any disputes, claims or whatsoever by a third party.
- 3.2. Facilitate through the local authorities and the concerned technical ministries/ institutions all the necessary permits, licenses, concessions and guarantees, required for the development of the property.
- 3.3. Facilitate exemptions of state taxes, fees, and other relevant local rates imposed on machinery, equipment, plants, chemicals, fertilizers and other materials, supplied for the development of the property. This has to be done through the relevant ministry, Ministry of Finance.
- 3.4. With the assistance from the technical departments, monitor, review and carry out evaluation of the progress of work.

OBLIGATION OF THE TFS

TFS subject to provisions of this agreement shall:

- 4.1. Invest a total of USD 3 million, over the next five years, to develop the property.
- 4.2. Furnish CES, the technical ministry and the local authorities with the relevant project documents and annual progress reports.
- 4.3. To submit to the technical ministry through the CES, a descriptive list of equipments, machinery, materials and other supplies, implements its plans to import for the use of the property.
- 4.4. Provide professional skills, expertise knowledge and capacity building of the local community.
- 4.5. Provide employment opportunities and training to the community.
- 4.6. During the first 25, twenty five, years of the lifespan of the lease, TFS shall support as it's contribution to the community, basic, social services as mention in article 2.1 above, for which details of such projects have been set out in the Appendix (Community Support document).
- 4.7. Within a timeframe of 10 years, TFS shall also support the Directorate CES according to Appendix (Forestry Support document).
- 4.8. For the purpose of holding and the use of the property TFS shall pay the Tindilo local community, the sum of USD 12,500, US dollars twelve thousand only per annum. The Community shall by the end of the year present proper accounting

showing how the money has been spent, before new payment is done. The TFS is paying the annual amount within 30 June the year after.

- 4.9 The annual rent shall be increased by 2 % every year through the lifespan of the lease to cover for inflation.
- 5.0 The TFS shall have the right to harvest, market, and sell the Products and proceeds of the plantation.

SELLING OUT/TERMINATION

- 5.1. TFS has the right at any time during the lease period, to sell out and /or transfer the whole or part of the plantation to new owner(s).
- 5.2. CES reserves the right to terminate the lease should:
 - (i) TFS is declared bankrupt and unable to conduct its business, which termination shall have immediate effect without further judicial intervention
 - (ii) TFS fails to provide the support to the community social service projects/forestry projects as agreed upon

FORCE MAJEURE

- 6.1. Notwithstanding the provisions of this agreement, either parties shall not be liable for forfeiture of it's performance security, liquidated damages of termination for default, if and to the extent that it's delay in performance or failure to perform it's obligation under this agreement are the results of an event of force majeure.
- 6.2. For the purpose of this agreement force majeure means act of God, fire, explosions, flood, lightning, act of terror, war, rebellion, void, sabotage or strikes or similar labor disputes or event or circumstances outside the reasonable control of the affected party.
- 6.3. As soon as any event or circumstance of force majeure takes place, the affected party shall give notice thereof to the other party giving full details including but not limited to the nature of the event or circumstance, the date of it's occurrence, the anticipated duration and the likely effect of the force majeure events or circumstances.

ARBITRATION

- 7.1. All disputes, controversies or differences of any kind which may arise between the two parties in connection with or arising from this agreement shall in the first place be amicably settled by and between the parties. If the two parties fail to amicably resolve such disputes, controversies or differences, they shall finally be settled by arbitration under the laws of the Government of Southern Sudan. Arbitration shall take place outside Southern Sudan, preferably Uganda.
- 7.2. The award of such arbitration body shall be final and binding on the parties to this agreement.

APPLICABLE LAWS

- 8.1 This agreement shall be governed and construed by and in accordance with the laws of Southern Sudan.

MISCELLANEOUS

- 9.1 This agreement shall be in writing and signed by an authorized representative of both parties.
- 9.2. All attachments, annexes to this agreement are integrated part of this agreement and in case of contradicting wording, this agreement shall prevail.
- 9.3. Any notice required to be served hereunder shall be in writing and shall be sufficiently served upon either parties if left addressed to any of the parties at the premises/offices or forwarded to the party concerned by registered post address which shall be deemed to have been delivered.
- 9.4 There shall be a member representative of Tindilo Payam Community in the established Board of Directors.
- 9.5 Any assignment, cession or transfer of any right or obligation arising under this agreement shall be made with mutual consent of both parties.

EFFECTIVENESS OF THE LEASE

10.1 This lease agreement shall come into force from the date of its signature.

In witnesses whereof the CES and the TFS hereto have
Affix their respective signatures and seals to execute this Land Title Agreement on the
xxxx in the year 2008 AD.

CES [Land lord]

TFS [TENANT]



Witnesses



CERTIFICATE DE AUTHENTICATION

This is to certify that CES and the TFS to this Land Title Agreement in presence of the witnesses have appeared before me and signed it with their full knowledge and understanding of the provisions on ----- in the year ---- AD.

Head of Legal Administrator Public Prosecutor and Attorney,
Central Equatoria State, Juba, Southern Sudan

Agreement about

Community Support Program (CSP) Between Tindilo Payam Community/Terekeka County-CES, Juba.andTreeFarms Sudan Ltd (TFSL) Appendix to MoU (Land Lease Agreement) dated 1st / February/ 2008.

- The following agreements about Community Support constitute part of MoU (Land Lease Agreement) for 250,000 ha land; lease No ___ dated ___/___/___ issued by ___ to TreeFarms Sudan Ltd. In addition to the obligations outlined in the MoU (Land Lease Agreement), TreeFarms Sudan Ltd has committed to provide Tindilo Community with certain investments, as outlined below. These investments represent TreeFarms Sudan Ltd's obligations for support to the local community during the 99 years of the MoU (Land Lease Agreement).

TreeFarms Sudan Ltd will provide investments for new buildings, facilities and equipment. The operational costs of the facilities shall be covered by the local Government.

Based on information provided by the Tindilo Community to TreeFarms Sudan Ltd. in various meetings with Tindilo Community since December 2007, the company will implement the support during three different time periods, 0 – 5 years, 5 – 10 years and 10 – 25 years. The commitment periods start on the date of the final approval and legal registration of the MoU (Land Lease Agreement).

If 250,000 ha suitable land is not found in Tindilo Payam and the plantation is expanded into neighboring payam(s), this Community Support has to be shared with other specified payam(s), based on their part of the 250,000 ha.

Areas of support.

- Education (infrastructure)
- Dispensary (infrastructure)
- Village Office/Community House (infrastructure)
- Clean water access (boreholes)
- Agriculture
- Forest
- Roads
- Sport activities

SPECIFICATION FOR PERIOD 0 – 5 YEARS

Education:

- Build 6 classrooms primary school
- Build houses for 6 teachers
- Build 1 school office (administration building)
- Build latrines/washing facilities matching number of students
- Establish contact with UNICEF/Education Authorities for getting schoolbooks/material supplies

Dispensary:

- Build a dispensary (place chosen by the Community), following national specification for village dispensaries.
- Supply basic furniture and medical equipment, dispensary style

Village Office:

- Build a Village Office/Community House
- Supply solar panel equipment, satellite antenna, TV and video player

Clean Water Access:

- Drill 2 boreholes (places chosen by the Community)

Agriculture:

- Supply 1 ton fertilizer annually through the period
- Supply relevant seeds (quantity to be decided later)
- Establish contact with NPA in Tindilo/Tali/Juba to see how we can coordinate agriculture training

Forestry:

- Supply up to 100,000 seedlings of relevant specie each year to small scale farmers
- Arrange a two days tree planting session for the Primary School students each year (supply drinks, food, tools, seedlings, supervisors and so on)

Roads:

- Once a year, all able men and women from Tindilo, including our permanent staff/casual labor shall contribute two days unpaid work on the road distance Mundari Buda (Tindilo) to Rokon (border of Juba county). Whereupon the company provides food to the people for these two days and also provide two trucks (including our own) for ferrying murrum and people. The company also provides 2 culverts each year to improve problematic places.
- The main task each year is to clear bush growing close to the road, straight sharp corners, take out sharp stumps/stones from the road and dig ditches where water damages the road each year.

Sport activities:

- Sport equipment like soccer balls, volleyballs, and basketballs, two balls of each per year and whistles and pumps supplied to Primary school and also to local teams. Provide t-shirts for three school teams and the community soccer team. Provide for soccer goals, volleyball net and basketball baskets, one every two years.

SPECIFICATION FOR PERIOD 5 – 10 YEARS

Education:

- Build 2 more classrooms Primary School, if necessary
- Build 2 teacher houses, if necessary
- Build latrines/washing facilities according to number of students

Forestry

- Continue as under the 0 – 5 years period

Roads:

- Evaluate the experience from the previous period and consider support with grader due to more heavy traffic. Although local volunteer support should continue, clearing bush along the road being one important activity.

Sport activities:

- Evaluate and continue support as in the previous period

SPECIFICATION FOR PERIOD 10 – 25 YEARS

Education:

- Support building a Secondary School in Tindilo and the County/CES school authorities will provide skilled personnel/salaries for such a school.

Clean Water Access:

- Drill 4 more boreholes, places chosen by the community

Roads:

- Due to heavy log traffic out from Tindilo towards Rokon/Juba, both eucalyptus and thinning logs teak, main support should now go to roads. Through the period buy and put in place all necessary culverts and murrum the worst 10 km part annually. Voluntary support from the Community continues annually as in previous period

Sport activities:

- Continue the support as in previous period

SPECIFICATION FOR PERIOD 26-99 YEARS

From year 26 onwards the full responsibility is with the public administration and government of GOSS, CES, County and Payam to provide the normal infrastructure and roads, and the running costs of these, for the local community.

This document is legal and valid and fully agreed upon by both parties as soon as the MoU (Land Lease Agreement) is signed.

Dated: _____

For Tindilo Payam Community

for Central Equatoria State

Name:

Name:

Name:

Position:

Position:

Position:

Signature:

Signature:

Signature:

Witness:

Witness:

Witness: