

LAND RENT CONTRACT AGREEMENT MADE BETWEEN
MINISTRY OF AGRICULTURE
AND
OMO VALLEY FARM COOPERATION PLC.

This Land Lease Agreement is made and entered by and between **Ministry of Agriculture** of FDRE having its principal office at Bole sub city , Addis Ababa, Ethiopia, [herein after referred to as the " Lessor"].

and

Omo Valley Farm Cooperation Plc. is a company incorporated and registered under the Ethiopia commercial law, having its Registered Office at H.no **306**, Kebele **13**, **Bole** sub city, Tel.No **0116632845** , Fax No **0116632852**, **Addis Ababa Ethiopia** [herein after referred to as "lessee", which expression where the context admits shall also mean and include its successors and assigns, including a company to be incorporated for the purpose here in after mentioned by the lessee in the Federal Democratic Republic of Ethiopia.

WHEREAS, the lessee, a business organization incorporated to engage in **Cotton Farm** development under the relevant laws of Ethiopia; and requires sufficient land in **South Nations, Nationalities and Peoples** Regional State;

WHEREAS, the Lessor is willing to provide the required land lease basis in accordance with the terms and conditions provided hereunder;

NOW THEREFORE, the parties have executed this land lease agreement on **25th June, 2012** under the terms and conditions indicated herein below.

Article 1

Scope of Agreement

- 1.1** The scope of this lease Agreement is to establish a long term land lease of rural land for **Cotton** farming and related activities on the land measuring **10,000** hectares, located in **South Nations, Nationalities and Peoples** Regional State, **South Omo Zone, Hammer** District **Karo Dus** kebele together with all rights of easement of amenities, fittings, fixtures, structures, installations, property or other improvements standing thereon.
- 1.2** This Lease Agreement shall be applicable to the full and exclusive use of that parcel of Rural land more particularly described in this lease [herein after referred to as the 'Lease Land'] free of any other land rent other than the rent expressed under Article 2 of this agreement.



Article 2

Period of the land lease and payment rate of the land lease

- 2.1 This land lease agreement is made for period of 25 years but can be renewed for another additional year mutually agreed between the parties.
- 2.2 Land rent payment procedure
 - 2.2.1 There shall be a 3 years grace period for the land rent, where the rent during this period will be prorated over the remaining years annually, commencing from the date of execution of this agreement.
 - 2.2.2 Thereafter, the annual lease rate per hectare of land for use of agricultural investment referred to an article 1 on this contract per hectare shall be birr 158 (*Birr One Hundred Fifty eight Only*), the annual amount of payment shall be birr 1,580,000 (*Birr One Million Five hundred Eighty Thousand only*) and total amount payment of contract shall be birr 39,500,000 (*Birr Thirty Nine Million Five Hundred Thousand only*).
 - 2.2.3 Up on payment of the lease for the amount of land contracted, the receipt should be immediately issued to Lessee and a copy of which shall be submitted to district administrative office.
 - 2.2.4 There shall be one year down payment for the land indicated herein above, the statement on No 2.2.1 of this article being as it is.
 - 2.2.5 The lessor reserves the right to revise the lease payment rate as the need may arise.

Article 3

Rights of the Lessee

- 3.1 Develop the land as agreed and administer in accordance with the terms and conditions of this agreement.
- 3.2 Build infrastructure such as dams, water boreholes, power houses, irrigation system, roads, bridges, offices, residential buildings, fuel/power supply stations/out lets health/Hospitals/Dispensaries , educational facilities, at the discretion of Lessee upon consultation and submission of permit request with concerned offices subject to the type and size of the investment project whenever it deems so appropriate.
- 3.3 Develop or administer the leased land on his own or through a legally delegated person/ agency.
- 3.4 Develop and cultivate the land and harvest the crop and carry on all other activities by mechanization or such other means that the lessee shall in its own discretion deem fit and proper in the circumstances.
- 3.5 Get additional land based on the performance, accomplishment and need of the company.
- 3.6 Terminate the land lease agreement subject to at least six months prior written notice up on justified good cause.

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Article 4
Obligations of Lessee

- 4.1 Lessee shall bear the obligation to provide good care and conservation of the leased land and natural resources thereon, with particular obligations to:
- a) Conserve tree plantations that have not been cleared for earth works.
 - b) Apply appropriate working methods to prevent soil erosion in slopping areas.
 - c) Observe and implement the entire provision of legislations providing for natural resource conservation.
 - d) Conduct environmental impact assessment and deliver the report with in three months of execution of this agreement.
- 4.2 The lessee should take over the leased land with in 30 days of execution of this agreement by settling the required down payment as indicated in article 2.2.4
- 4.3 The lessee is expected to start to develop the land within six months from the date of execution of the land lease Agreement or from the date of receipt of last of all the clearances from the government and other agencies are received by the lessee which ever is latter.
- 4.4 The lessee has to execute all development activities as per the agreed business plan. In case of any change or deviation from the business plan it has to be reported with justification to the lessor.
- 4.5 Under the contract, the lessee shall develop $1/5$ of the leased plot of land within the first year from the date of signing of this land lease contract or from the date of receipt of all the clearances from the government and other agencies, as may be required are received by the lessee, whichever is later; accordingly, it shall develop the entire plot of leased land within a period of not more than 5 years starting from the date as specified above.
- 4.6 Up on expiry or termination of land lease contract or revocation of investment license, lessee shall remove assets installed on the leased land in good order and hand over the leased land to lessor within a period not exceeding one year.
- 4.7 Lessee shall provide correct data and investment activity reports upon request by the Ministry of Agriculture.
- 4.8 Once the annual land lease rent becomes payable up on completion of the grace period, the lessee has the obligation to settle the current annual land rent including the prorated amount of the grace period to the Regions where the land is located during the months December up to June every year as per predetermined lease rate for rural lands.
- 4.9 Lessee shall, up on entering into the lease contract, submit an advance action plan as regards the use of the leased rural land accompanied by this contract document to the Ministry of agriculture.

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- 4.10 The lessee shall in no way make any unauthorized use of the leased land beyond the predetermined purpose or objective or plan as stated in article 3 this agreement without expressed consent of the lessor in writing.
- 4.11 Dividing the leased land among the share holders to develop in an independent way or sub leasing to any party is strictly forbidden and shall result in termination of the lease agreement.
- 4.12 Unless 75% of the project land is developed the lessee has no right to transfer the land or use right of the land and properties developed on the land in favour of any other company or individual by forming a new company or transferring/sharing part of individuals company's share.
- 4.13 Upon developing 75 % of the land, the lessee can transfer the land or properties developed on the land in favour of any other company or individual only with the prior consent and written permit of the lessor.
- 4.14 However having the right of sub article 4.13 being as it is, the lessee shall not have the right to transfer the remaining land which is not developed.

Article 5
Right of Lessor

- 5.1 Monitor and establish the fact that the lessee is discharging and accomplishing its obligations diligently.
- 5.2 Restore such lands, covered by this lease which are not developed by the lessee on the expiry of one year from the date specified for commencement of development in terms of clause 4.4 mentioned above, provided however that the lessee is given six months prior notice and fails to cure such failure with in such one year period.
- 5.3 The right of the lessor under article (5.1) above shall be exercised and performed in a manner that does not cause any hindrances to the work and activities of the lessee.
- 5.4 Terminate the land lease agreement subject to at least six months prior notice in written up on justified good cause for better public interest.
- 5.5 Shall have a right to amend the land rent, in accordance with Article 2.2.5 of this Agreement.

Article 6
Obligations of Lessor

- 6.1 The lessor shall be obliged to deliver and hand over the vacant possession of leased land free of impediments to the lessee within thirty (30) days after the down payment is effected.
- 6.2 In view of the importance of the proposed major investment, the lessor undertakes to provide or cause to provide special investment privileges such as exemptions from taxation and import duties of capital goods and repatriation of capital and profits granted under the investment laws of Ethiopia.

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- 6.3 The lessor hereby covenants with and assures the lessee that there are no legal or other impediments whatsoever in the Lessee's clearing the land and using the same for the lessee's activities on the land covered by this Agreement, and purposes ancillary or incidental thereto.
- 6.4 To arrange access and use of facilities of the Federal government and the Regional State Research centers with fee for the purpose of soil testing and mapping.
- 6.5 The lessor shall issue 6 (six) month advance notice prior to termination of this contract on the grounds of failure to develop the land within the time limits in accordance with the contract obligation or any damage on the natural resources or non performance of due payment of lease charge and in the event of not addressing such issue, the Lessor may extend the time period for such compliance or terminate the agreement, in terms of this agreement.
- 6.6 The lessor shall ensure during the period of lease, Lessee shall enjoy peaceful and trouble free possession of the premises and it shall be provided adequate security, free of cost, for carrying out its entire activities in the said premises, against any riot, disturbance or any other turbulent time other than force majeure, as and when requested by the Lessee.

Article 7

Delivery of the lease land

- 7.1 The lessor shall, deliver to the lessees the site plan within thirty days from the date of signing this contract with lessor.
- 7.2 If the delivery process cannot be effected due to and reason caused on the part of the lessee in spite of informing the Lessee in writing, to that effect the lessor shall not assume any responsibility of such failure.
- 7.3 Land handing over shall be done within thirty days of the signing of this lease agreement and it shall come into in to force immediately thereafter.

Article 8

Contract Amendment and Renewal

- 8.1 This land lease Agreement shall be renewed on the same terms and conditions.
- 8.2 If any of the parties wish to renew the agreement, it shall inform the other party at least six months before the expiration of the contract period.

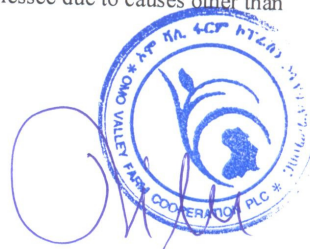
Article 9

Grounds for contract termination

The land Lease Agreement may be terminated for the following reasons, namely:

- 9.1 Upon expiry of the Lease contract period, or such extended period as may be agreed by the parties.
- 9.2 Upon the failure of the lessor to deliver the land to the lessee due to causes other than

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'Force majeure'.

- 9.3 Upon the failure of the lessor to fulfill or observe any of its obligations or covenants herein contained after the Lessee has given a written notice of six month and the Lessor fails to so observe and perform.
- 9.4 Upon the failure of the Lessee to settle the annual rental and other relevant tax payments for two consecutive years.
- 9.5 Upon the failure of the Lessee to perform its obligations, within its control under this contract after the Lessor has given to the lessee six months prior notice calling upon the lessee to observe and perform such obligations
- 9.6 Up on giving at least a six month advance notice by the lessor in writing to the lessee to terminate this lease contract for better public interest as indicated on sub article 5.4.
- 9.7 Up on giving at least a six month advance notice by the lessee in writing to the lessor to terminate this lease contract for its own good reasons as indicated on sub article 3.6.

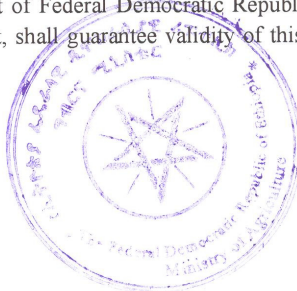
Article 10

Consequences of Contract Termination Procedure

- 10.1 On termination of this Land Lease Agreement, the Lessee shall surrender the leased land back to the Lessor within one year from the date of termination.
- 10.2 If this Agreement is terminated by the Lessee for any of the reasons stated in Article 9.3 and 9.6 the lessor shall pay to the Lessee the value of improvements effected by the Lessee on the land at then market price after setting off any dues on account of rentals or taxes.
- 10.3 If this agreement is terminated by the lessor for any of the reasons stated in article 9.4, 9.5 and 9.7 no payment shall be made by the Lessor to the Lessee on such termination.
- 10.4 Where the agreement is terminated up on the expiry of the term of the lease agreement for the reasons on article 9 the lessor has priority right to purchase properties over the land in negotiation with the lessee and, if not the lessee has the right to sale it to any interested third party up on written permit of the lessor. In doing so the lessor or any concerned government authority shall expeditiously allow the lessee to do so.

Article 11 Registration

This Land Lease Agreement shall not be subject to registration and approval by a notary office. However, the lessor as a representative and the highest authority of the Government of Federal Democratic Republic of Ethiopian with respect to this lease agreement, shall guarantee validity of this Agreement despite absence of the



registration. Furthermore copies of the contract agreement shall be sent to the lessee, District administration, finance office, investment commission and other concerned bodies through lessor enclosed with covering letter of cooperation.

Article 12
Governing Law

The governing law for operations under the agreement shall be the laws of Ethiopia.

Article 13
Force Majeure

Conditions of force majeure shall be governed by the Ethiopian Civil code.

Article 14
Covenant of peaceful possession

The lessor warrants that it has full ownership and property rights in the leased area for granting this land lease Agreement and shall protect the right of the lessee to the peaceful possession, use and quiet enjoyment thereof.

Article 15
Controlling calendar

The Ethiopian calendar shall be used and shall be controlling for the purpose of this agreement.

Article 16
Annex to the Agreement

The documents listed below shall be annexed and considered as part and parcel of this Agreement.

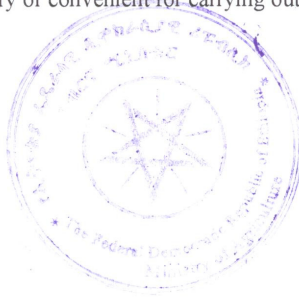
- 16.1 The site plan of the leased land,
- 16.2 Environmental code of practice issued by Ministry of Agriculture.

Article 17
Settlement of Disputes

In the event of a dispute between the lessor and the lessee arising out of or in connection with this Land Lease Agreement, both parties will do their utmost to resolve the dispute amicably and to their mutual satisfaction and if they are unable to achieve such a settlement the dispute shall be referred to Ethiopian Federal Court.

Article 18
Office and Notices

- 18.1 The Lessee shall establish and maintain an office in Ethiopia as may be necessary or convenient for carrying out operations.



18.2 All communications and notice required to be sent from one party hereto to the other shall be in writing in the English or Amharic language and shall be delivered in person or sent by mail at address indicated in the preamble of this Agreement.

Article 19
Effective Date of the contract

This land lease Agreement shall remain effective for **25 years** starting from the date of **25th June, 2012** and shall come to expiry as of the date of **24th June, 2037**

LESSOR

LESSEE

SIGNED AND SEALED and DELIVERED

SIGNED, SEALED and DELIVERED

For and on behalf of the

For and on behalf of

Ministry of Agriculture

Omo Valley Farm Cooperation Plc.

Signature: *[Signature]*
Date: 25/06/2012
Tefera Derbew
Minister

Signature: *[Signature]*
Date: 25/06/2012


Witnesses

	Name	Address	Signature
1.	<i>Fekke</i>	<i>Addis Ababa</i>	<i>[Signature]</i>
2.	<i>Birhanu Tesfaye</i>	<i>M/A</i>	<i>[Signature]</i>
3.	<i>Ashenafi</i>	<i>MOA</i>	<i>[Signature]</i>

14/10/04
Esayas Kebede Amare
Agricultural Project Support
Directorate Director

Wondirad
15/10/2004
Wondirad
State Minister

