

**Contractual agreement of land lease between
the Ministry of Agriculture and Rural Development
and
Ato (Mr.) Daniel Fasil Bihon**

This land lease contractual agreement is made between the Ministry of Agriculture and Rural Development located in Kirkos Sub-city, Addis Ababa, Ethiopia herein after referred as the “Lessor”

and

Ato (Mr.) Daniel Fasil Bihon whose address is located in Addis Ababa, Bole Sub city, Kebele 07, House No. 205, henceforth referred as “Lessee”. Whereas, the term Lessee may also include successors/beneficiaries and/or representatives assigned accordingly, and since for the purpose of this contract, this association is going to establish a private limited company in the Federal Democratic Republic of Ethiopia and hence such a company established accordingly will be referred as “Lessee”;

Whereas, the lessee and the lessor are wanting to establish long term land lease contractual agreements and according to the agreement 5,000 hectares of land located in Southern Nation, Nationalities and Peoples Regional State, South Omo zone, Dassanech district (*wereda*), Belucho Ber kebele and the land with lease certificate No. _____ will be leased accordingly; and this may include all rights of easements of amenities, fittings, fixtures, structures, installations, property or establishments standing; and since this land is leased to a private limited company that will be established for similar purpose in the Federal Democratic Republic of Ethiopia;

Now therefore, the parties involved have executed this land lease contractual agreement on 20/12/2001 (Ethiopian Calendar EC or August 26, 2009) according to the terms and conditions indicated below.

Article 1

Scope of Agreement

This lease agreement shall be applicable to what is hereinafter referred as “lease land” which allows full and exclusive use of rural land and to make payments pertaining to the rent that is specifically stated in article 2 of this lease agreement.

Article 2

Period of the Land Lease and the rate

2.1 This land lease is made and shall be in effect for the period of 25 years. However, it can be renewed for additional year/s.

2.2 Payment procedure of the Land Lease:-

- 2.2.1 Starting from the day this land lease is signed, (the lessee) shall make no payments for the first three years for the land leased according to this contractual agreement.
- 2.2.2 Hereinafter, the lease rate shall be Birr 158 (Birr one hundred fifty eight only) per hectare of land for the purpose of agricultural investment that is stated on article 1 of this contract. The total amount of payment for the lease period shall be Birr 19,750,000 (Birr nineteen million seven hundred fifty only).
- 2.2.3 In accordance with this lease agreement, up on payment of the rent for the land that is leased, a receipt shall immediately be submitted to the district (*wereda*) administration office.
- 2.2.4 While the statement on number 2.2.1 above is kept as it is, there shall be a prepayment (down payment) of one year rent of the land that is indicated above.
- 2.2.5 This land lease may be amended or improved by the lessor at any time.

Article 3

Rights of the Lessee

The lessee shall have the right to:

- 3.1 Develop and administer the land in accordance with the terms of this agreement.
- 3.2 Build, whenever deemed appropriate, infrastructures such as dams, water boreholes, power houses, irrigation systems, roads, bridges, offices, residential buildings, ways of fuel supplies, health and educational institutions by submitting permit request to the concerned authorities with their consultation and subject to the type and size the investment project.
- 3.3 Develop or administer the leased land by himself or through a legally represented individual. (A person with the power of attorney)
- 3.4 Develop, cultivate the leased land and collect the harvest by employing modern machineries (tools) and other appropriate methods.
- 3.5 Obtain additional land based on the performance, achievement and need of the company.

Article 4

Obligations of the Lessee

- 4.1 The lessee shall accept the obligation to provide good care and to conserve the leased land and natural resources thereon. The lessee shall also bear particular obligation to:
 - a. Conserve trees that have not been cleared during the leased land preparation.
 - b. Utilize various methods that are appropriate to prevent soil erosion especially in sloppy areas.

- c. Respect and implement legislations that are put into effect with regards to natural resource conservation.
- 4.2 The lessee shall start developing the land within six months from the signing of this land agreement provided that all licenses from the concerned governmental agencies are issued.
- 4.3 Pursuant to this contractual agreement, the lessee has an obligation to start developing 1/3rd of the leased land within one year from the signing date of this lease. Accordingly, the lessee also has an obligation to develop the entire leased land within a period that is not more than three years from the date this agreement is signed.
- 4.4 Upon termination or expiry of the this land lease or cancellation of the investment license, within a period of time not exceeding six months, the lessee shall remove assets that are installed on the leased land in good order and hand over the leased land to the lessor.
- 4.5 Upon the request of the Ministry of Agriculture and Rural Development, the lessee shall provide accurate data and report investment activities.
- 4.6 At the time to pay the annual land rent, the lessee shall settle the annual land rent to the regional (office) where the land is located every year between the months of December and June in accordance with the predetermined land lease rate for rural lands.
- 4.7 Up on entering into this land lease contractual agreement, the lessee shall submit, with this contract, an action plan regarding the utilization of the leased land.
- 4.8 Without a written consent of the lessor, the lessee, in any way, shall not use the land for any purpose or plan other than stated in this agreement.
- 4.9 The lessee has no right to transfer the land to another company or individual unless 75% of the land is developed. If the lessee wants to develop 75% of it and transfer the land to another (company or individual) permission from the lessor should be obtained.

Article 5

Rights of the Lessor

The lessor has exclusive rights to:-

- 5.1 Control and follow up that the lessee is executing all of the obligations diligently.
- 5.2 Take over undeveloped areas of the leased land upon expiry of the one year limit from the date the land is handed over to the lessee. This will be implemented when the lessee fails to correct such a failure within one year period after a six month notice of warning is served.
- 5.3 Exercise the right mentioned under article 5.1 above without causing hindrances to the work and activities of the lessee.
- 5.4 Amend the land rent at anytime.

Article 6

Obligations of the Lessor

- 6.1 The lessor shall be obliged to hand over the leased land to the lessee, within ten days from the date this lease agreement is signed, free from any obstructions and other impediments that may hinder the activities of the project.
- 6.2 The lessor, considering the fact that this is a major investment operation, shall be obliged to provide and execute special privileges, to the lessee, such as exemptions from taxation and import duties on capital goods, and repatriation of capital and profits in accordance with the laws of Ethiopia.
- 6.3 The lessor shall ensure the lessee that there are no legal or other limitations whatsoever that may restrict the lessee from executing its duties as far as clearing the land or implementing the objectives or other appropriate auxiliary duties that are covered under this agreement.
- 6.4 The lessor shall arrange to the lessee to use facilities of federal government and regional state administration research centers with fee for the purpose of soil testing and surveying.
- 6.5 If the lessee, in accordance with the obligations of this contract, fails to develop the leased land within the time limits stated in this contract or causes damage to the natural resources or becomes unable to pay rental fees timely, the lessor may decide to terminate the lease contract due to the failures of the lessee stated above by providing a six month prior notice of warning.

Article 7

Delivery of the leased land

- 7.1 The lessor shall deliver to the lessee the land (site) plan, title certificate and other certificates within 30 days from the signing of this lease contract.
- 7.2 If the delivery of the land cannot be actualized due to the reasons caused by the lessor, even after the lessor was informed in writing, the lessor shall not assume any responsibility for such a failure.
- 7.3 The land shall be handed over or the handing over shall become effective starting from the 16th day of the signing of this lease agreement.

Article 8

Amendment and Renewal of the Contract

- 8.1 This land lease agreement shall be renewed on similar contractual words, (terms) and conditions.
- 8.2 If the lessee wishes to renew the agreement, it shall notify 6 months before the expiration of the contract period.

Article 9

Grounds for Termination of the Contract

This land lease agreement may be terminated for the following reasons:

- 9.1 When the land lease contract period expires.
- 9.2 When the lessor is unable to deliver the land to the lessee due to causes that are beyond any reasonable control (force majeure).
- 9.3 When the lessor fails to fulfill any of its obligations or covenants stated under this contract even after the lessee has submitted a one month prior written notice. Or when the lessee is unable or fails to fulfill any of its rental obligations.
- 9.4 When the lessee fails to make annual rental and other tax payments for two consecutive years.
- 9.5 When the lessee fails to perform its contractual obligations even after the lessor has given a six month prior notice to the lessee.
- 9.6 When the lessee, by giving a six month prior notice, states that it is going to terminate the contract.
- 9.7 When other stated obligations of the contract are breached, this contract terminates.

Article 10

Results of Contract Termination Procedure

- 10.1 Upon termination of the land lease contract, the lessee shall return back the leased land to the lessor within six months period of time from the date of termination of the contract.
- 10.2 Any party that wants to terminate this lease contract shall give at least a six month prior notice to the other party.
- 10.3 When this lease agreement is terminated for any reasons by the lessee in accordance to article 9.3 and by the lessor based on article 9.6, the lessor shall pay to the lessee the market value of improvements made.
- 10.4 If this contractual agreement is terminated for any of the reasons stated in articles 9.4 and 9.5, the lessor shall not be obliged to make any payments to the lessee.

Article 11

Registration

This land lease agreement shall be subject to registration and approval by the designated entity to do so. Copies of this contract agreement and other carbon copies shall be sent to the lessor, the lessee, district (*wereda*) administration, finance office, investment commission and other concerned entities with a covering letter of cooperation provided by the lessor.

Article 12

Governing Law

The Ethiopian law shall be the governing law for operations under this agreement.

Article 13

Force Majeure

Regarding matters of conditions that pertain to forces of majeure, the Ethiopian Civil Code shall be applicable.

Article 14

Covenant for Peaceful possession/usage

The lessor guarantees that the lessee has full ownership and property rights in the land leased. Hence, the lessor confirms that the leased land continues to be under its possession peacefully and the lessee shall make use of it without any problem thereof.

Article 15

Calendar

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

Article 16

Annexes to the Agreement

The following items listed below shall be annexed and be considered as part of this agreement.

- 16.1 The decision letter and minute for the land lease.
- 16.2 The land development schedule.
- 16.3 The site plan of the leased land.
- 16.4 Photocopy of ID card or passport of the lessee.
- 16.5 Photocopy of the memorandum and Articles of Association of the lessee.
- 16.6 The memorandum of the company to be established and Articles of Association (the one submitted when the company is established).

Article 17

Settlement of Disputes

When dispute arises between the lessor and the lessee in connection with or arising out of this land lease agreement, both parties shall endeavor and do their utmost efforts to resolve the dispute peacefully and to the benefit of both parties. If the dispute cannot be resolved accordingly as stated above, then it shall be referred to the Ethiopian Federal Court.

Article 18

Language

This agreement has been signed between the contracting parties in Amharic and English languages. When discrepancies occur, the Amharic document overrules.

Article 19

Notices and establishing offices

- 19.1 The lessee shall establish an office in Ethiopia in order to perform its duties as may be necessary or convenient for carrying out its operations and shall notify the lessor accordingly.
- 19.2 All communications and notices of warning sent to one party or another shall be in writing either in English or Amharic. Such notice shall be delivered in person or sent via mail at the address in the preamble of this agreement.

Article 20

Effective Date of this Contract

This land lease agreement shall remain in effect for 25 years starting from the date 20/12/2001 (according to the Ethiopian calendar – EC) or August 26, 2009. It shall come to an expiry on 19/12/2026 or (August 25, 2034).

Lessor

Ministry of Agriculture and Rural Development

Name: Tefera Deribew, Minister

Signature: illegible

Date: not stated

Lessee

Ato (Mr.) Daniel Fasil

Name: Daniel Fasil (Hand written)

Signature: illegible

Date: 11/01/2002 EC or September 21, 2009

UNOFFICIAL TRANSLATION

(Note: No witnesses or additional signatories on this contract. Each page of the contract is signed by the Minister, Tefera Deribew and initialed by Daniel Fasil Bihon.)