

THIS MEMORANDUM OF UNDERSTANDING is made the 24th day of September 2012

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, and Trade and Industry;

And

- (2) **SOCFIN AGRICULTURAL COMPANY (S.L) LIMITED** Liability Company, established and Registered under the laws of Sierra Leone with company certificate of Incorporation number C.T. 626/2010 and with its registered office Hurley Beach Road, Freetown Sierra Leone hereafter called S.A.C.

Recitals

- A. **SAC** proposes to set up large scale oil palm plantations, and an oil extraction mill, in the Sahn Malen Chiefdom in the Pujehun District, Bum Chiefdom in the Bonthe District, Bagbo and Lugbu Chiefdoms in Bo the District, Southern Province (hereinafter referred to as "the project areas")
- B. That these investment projects must be registered with all relevant GoSL Ministries, Departments and Agencies, whose business is to encourage, attract, coordinate, and actualize private sector investments in the agriculture sector in Sierra Leone.
- C. **SAC** intends to distribute the bulk of its future palm oil production to the local Sierra Leone market until such time that local marketers can no longer absorb the produced quantities at market conditions
- D. It is intended by SAC that the first phase of the project is implemented over a 5 years period 2011 to 2016

Cultivated plantation size: 12,000 hectares

Oil mill capacity: 30 tons of FFB/hr, extended to 60 tons by 2018

Estimated new investment: 111 million US Dollars (2011-2019)

Estimated labour and contractors force: 2,414 by 2020

- E. **SAC** will seek to improve the livelihood of the local population by



providing transportation for the movement of fruit, building and improving social infrastructure, employing and/or contracting staff and training its workforce;

- F. **SAC** has elected to set up its project in Sierra Leone because of its favorable climatic conditions, the opportunity to improve the efficiency of production, local and regional market demand, and GOSL's commitment to improve the investment climate, the track record of the SAC's shareholders and directors and their experience of doing business in West Africa and in the palm oil sector worldwide;
- G. **SAC** has finalized the technical and environmental studies which confirm the feasibility of the project from the perspective of soil quality, climate and environmental conditions, and transport logistics.
- H. **SAC** has negotiated land lease agreements covering the project area with GoSL, the Chiefdom Councils and landowners of the Chiefdoms of Malen, Bagbo, Lugbu and Bum and will continue to do so with the help of the GoSL in order to secure sufficient concession areas for its development plan;
- I. This Memorandum of Understanding and Agreement shall be renewed after every five (5) years in line with the land lease agreements

And whereas,

- J. It is the policy objective of GoSL to attract large-scale foreign investments to the Agricultural sector of Sierra Leone;
- K. **GOSL** seeks to promote the expansion of local agricultural production for the local and export markets;
- L. **GOSL** seeks to increase the established production capacity of palm oil as to alleviate its dependency on imported products and boost its exports;
- M. **GOSL** welcomes labour-intensive industries which provide stable income and training to its workforce;
- N. **GOSL** promotes the establishment of sustainable economic centers in rural areas;

Considering:

- O. **GOSL** has agreed the project meets the policy objectives of GoSL
- P. **GOSL** recognizes the expected benefits of the project in terms of



job creation, education, stable income, and infrastructure, as well as the positive indirect effects of a large economic center in Bo, Bonthe and Pujehun Districts.

- Q. **GO SL** wants to improve the livelihood of an impoverished rural population which still suffers from the consequences of the civil war and recognizes that the project will contribute to this;
- R. **GO SL** recognizes the project will be based on
- (i) the comprehensive business plan attached to this Memorandum, and
 - (ii) the Environmental and Social Impact Assessment (ESIA) report based on the forthcoming GoSL Environmental and Social Performance Standards for Agribusiness Investments attached to the Memorandum;
- S. **GO SL** recognizes the benefits of additional agricultural production and processing capacity;
- T. **GO SL** 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,
- U. **GO SL** recognizes a readiness to grant investment incentives in the form of tax holidays and exemption of duties to SAC in connection with the project. This will be based on the relevant provisions in the Acts, Laws, regulations and policies of the GoSL
- V. **GO SL** and SAC have agreed to enter into the Memorandum of Understanding and Agreement, which is intended to have legal effect;

It is agreed as follows;

1. 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 SAC's development of the project by;
 - (i) recognizing the requirement of SAC to secure sufficient funding (capital and loans)
 - (ii) and 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. **SAC** in consideration of the representation and agreements in this Memorandum agrees, to implement the project according to its business plan and to meet all project-related capital expenditures

Institution	Fiscal Regime	Legal Provisions	Provisions in Agreement	Comment
SOCFIN Agricultural Company (S.L.) Ltd	Personal income Tax on Expatriates	National Investment Incentive legislation was agreed by cabinet but did not pass through parliament, and therefore did not become law. Second Schedule of the ITA, 2000 as amended states that the rate of tax on employment income of non-residents is 25%	Expatriates exempt from personal income tax as set out in National Investment Incentive legislation for agricultural businesses	The relevant legislation is the ITA, 2000 as the National Investment Incentive legislation did not become law.
	Charges On Imports	The ECOWAS Common External Tariff, referenced in the amended Customs Tariff Act 1978, is set at 5% for 'goods of primary necessity, raw materials and specific inputs'; 10% for 'intermediate goods'; and 20% for 'final goods'. Some deviations from this exist, but none are relevant for personal and household effects. Section 14 (3) of GST Act, 2009 states: 'The rate of GST applicable to a taxable supply or import is (a) if the supply or import is zero-rated under the First Schedule, zero per cent; (b) in any other case, 15 per cent'	Expatriates able to import personal and household effects (including one vehicle per family) free of all taxes and all custom duties (other than any prevailing ECOWAS tax which is currently set at 0.5% of the value of the applicable goods).	No legal basis for importing personal and household effects free of custom duty or import GST.

		<p>The ECOWAS Common External Tariff, referenced in the amended Customs Tariff Act 1978, is set at 5% for 'goods of primary necessity, raw materials and specific inputs'; 10% for 'intermediate goods'; and 20% for 'final goods'. Section 12 of The Finance Act, 2011 amends the rate for raw materials to 3%.</p> <p>Section 14 (3) of GST Act, 2009 states: 'The rate of GST applicable to a taxable supply or import is (a) if the supply or import is zero-rated under the First Schedule, zero per cent; (b) in any other case, 15 per cent'</p> <p>Second Schedule (section 13) states: Machinery, apparatus and appliances designed for use exclusively in (a) Agriculture, veterinary, fishing and horticulture, (b) Manufacturing, and (c) Mining and classified as exempt under the Harmonized System Commodity Classification Code are exempt from GST'</p>	<p>The import of any agricultural inputs shall not be subject to any tax or duty</p>	<p>The liability of the input for custom duty and import GST will differ depending on the type of product it is, but no input should be completely exempt.</p>
		<p>Section 11 of The Finance Act, 2011 states: 'Any person importing plant, machinery or equipment for any business purpose, excluding resale, shall be entitled to import them duty-free for any period of five years chosen by that person'.</p>	<p>The import of all plants, machineries, vehicles and equipment which are not agricultural inputs are eligible for duty-free from between 2011-2018</p>	<p>The agreement allows the import of these items for a period that is longer than that set out in legislation. Vehicles are also not duty free by the provision in law.</p>

	Withholding Tax on Dividends	Section 118 of the ITA, 2000 as amended states that the rate of withholding tax payable on dividends to residents/non-residents shall be 10% of the gross amount	Withholding tax of 10% to be paid on only 50% of any dividend until 2021. From 2022, all dividends shall be subject to a withholding tax of 10%.	There is no legal basis for this. Inconsistent with the law.
	Withholding Tax on Rents	Section 120 of the ITA, 2000 as amended states that the rate of withholding tax payable on rents to residents shall be 10% and to non-residents 25%	Payments of rent not subject to any withholding tax	There is no legal basis for this for this exemption. Inconsistent with the law.
	Withholding Tax on Interest	Section 119 of the ITA, 2000 as amended states that the rate of withholding tax payable on interest to residents/non-residents shall be 15%	Withholding tax of 5% to be paid on interest	There is no legal basis for this reduced rate. Inconsistent with the law.
	GST	Section 14 (3) of GST Act, 2009 states: 'The rate of GST applicable to a taxable supply or import is (a) if the supply or import is zero-rated under the First Schedule, zero per cent; (b) in any other case, 15 per cent' Second Schedule (section 13) states: Machinery, apparatus and appliances designed for use exclusively in (a) Agriculture, veterinary, fishing and horticulture, (b) Manufacturing, and (c) Mining and classified as exempt under the Harmonized System Commodity Classification Code are exempt from GST'	Institutional relief of GST on supplies until 2015 inclu. or any such period thereafter, when production is scheduled to start	With the exception of those supplies listed in the Second Schedule of the GST Act, 2009, there is no legal basis for this. Inconsistent with the law.

	Corporate Income Tax	Section 5 of the ITA, 2000 as amended states that the rate of income tax applicable to resident companies for the year of assessment shall be 30%	100% exemption for corporate tax on income received or accrued prior to 31 December 2022; a 50% exemption for 2023 and 25% exemption on the result of 2024.	There is no legal basis for this. Inconsistent with the law.
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anticipated in that business plan on a best effort basis, including but not limited to the clearance, earth moving, road construction and improvement, planting of oil palms, installation of a processing plant and a nursery irrigation network and system, factory installation and fit-out and related civil works, residential and social infrastructure, warehouses and workshops;

3. **SAC** 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 SAC shall reasonable specify.
4. **GO SL** agrees that SAC's whole business is recognized as an Agricultural enterprise and that SAC will be granted duty waiver benefit on all agricultural inputs and incentives at least equivalent to those enjoyed by any other business operating in the agriculture, forestry or bio-energy sectors
5. Insofar as SAC considers it necessary, GoSL agrees this Memorandum will be given further effect to or be implemented in further detail by GoSL entering into such further agreement and taking such further action as SAC may reasonably request.
6. Those shareholders, their affiliates and others referred to in the Appendix as having the benefit of a right, entitlement, discretion or benefit of an obligation 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 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 or 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 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:
- (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 issues 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.

- (d) agrees to help the project in all ways on a best effort basis to have access to long term development funding
- (e) SAC agrees to provide electricity and necessary grid connection to the project if available presently or in future
- (f) agrees to confer all benefits including but not limited to granting of duty waivers and other investment incentives as detailed in the required laws, regulations and policies enacted and/or approved by GoSL within a particular timeframe which will not cause undue delays to implementing the projects

Investor's Obligations

1. The investor shall develop a Corporate Social Responsibility (CSR) plan based on an assessment of community needs in collaboration with local government officials, Paramount Chiefs, Representatives of land owning families, and the communities themselves;
2. The investor shall provide feasible timeframes for implementation of its agreed upon CSR responsibilities which will be agreed upon by all stakeholders;
3. The investor shall submit quarterly progress reports on its obligations based on a pre-determined monitoring plan; GoSL representatives (including but not limited to the Ministry of Agriculture, Forestry and Food Security) will conduct periodical monitoring visits;
4. Investor shall develop a smallholder or outgrower scheme as per the Guidance of GoSL. The aim of the scheme shall be to achieve food self sufficiency and ultimately security. Activities to be developed will include but not limited to providing basic agricultural inputs, training, market access, etc. in line with the Smallholder Commercialization Programme (SCP) and the Food Security flagship programme of GoSL
5. Investor shall develop a collection mechanism to collect the agricultural products of the smallholder. The investor shall have exclusive right to collect the raw material (Fresh Fruit Bunches in case of crude palm oil extraction mill) from the small holders. The price for such raw material shall be market determined.



6. Investor shall also develop
 - a) Farmer's Training schools in the chiefdoms where its Project has leased/acquired lands. Such training schools shall focus on the crops cultivated by the investor and other cash crops with particular emphasis on rice and other food crops
 - b) The investor shall also exclusively develop areas to showcase advanced farming of one or two crops, mutually agreed with the GoSL.
 - c) The investor shall develop model farms to showcase and train people in the most appropriate irrigation techniques for the land type of its Project location
 - d) The investor undertakes to collaborate with the Ministry of Agriculture, Forestry and Food Security (MAFFS) on the Smallholder Commercialization Programme to closely work with smallholders/outgrowers in the project areas
7. Investor shall develop camp sites complete with housing for its staff and amenities. Such amenities such as hospitals, schools, drinking water and drainages shall be open for the local population. In the business plan of each Project, an amount should be earmarked for these purposes.
8. Employment opportunities:
The investor should provide the government with a detailed Human Resource plan which includes projections for the hiring of Sierra Leonean staff at all management, middle cadre and junior levels (direct employment). Included in this Human Resource plan should be information on internship or apprenticeship opportunities and a detailed training and succession plans.
9. Investor irrevocably and unconditionally agrees that 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.
10. Compliance with Local Content Policy:
11. Consistent with the policy objectives and strategic framework of



the Local Content Policy, the Investor is obliged to among others:

- Promote the utilization of locally available Sierra Leonean goods in the industrial and manufacturing sectors.
- Facilitate the development of indigenous service providers by promoting linkages with more advanced and experienced domestic and foreign firms.
- Support the growth of small and medium enterprises through targeted procurement.
- Promote employment of Sierra Leoneans.
- Develop the human and institutional capacity of Sierra Leoneans through training and transfer of knowledge and technology

12. Compliance with Environmental and Social Performance standards for agribusiness investments (forthcoming policy);

The Investor shall adhere to the Environmental Protection Agency Act (as amended) 2008, and other environmental regulations developed by GoSL and in line with International best practices

The Investor shall develop environmental management plan to address afforestation issues, water management, etc





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 SAC, its shareholders or the Funders may reasonably require from time to time.
2. Permits
GOSL confirms that SAC will be granted all the required permits and other authorizations in connection with the project and its funding provided that SAC 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 SAC (or any other person taking part or participating in the Project or its funding), at any time, be required to obtain any further permit or other authorization in connection with itself, its activities or the project (or any part of the project) or its funding, it shall take all necessary steps to ensure such permit or other authorization is issued forthwith provided that SAC 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 **SAC** or other person to whom it was issued fails to abide by any terms any permits 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 SAC and such other person (s) it shall specify for this purpose have first been given 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 purpose of this paragraph, 'reasonable period' means at a minimum period of six weeks from date to delivery of the notice.

6. Environmental and Social Assessment

The Environmental License for the project will be granted to SAC, subject to conditions only which are typical for an Environmental Licence, no later than six (6) 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) SAC 's environmental management plan (including the ESIA) is not being implemented to a material extent

7. Expatriates

GOsL agrees that the Directors, Consultants and employees (including their immediate families) of SAC and its contractors and sub-contractors shall be entitled to:

- (a) enter into, leave and reside in Sierra Leone for the purposes of the project
- (b) work in Sierra Leone (excluding immediate families who are only entitled to apply to work in relation to the same conditions that apply to other expatriates);
- (c) that SAC shall pay NASSIT contributions for Sierra Leoneans employees working for the company
- (d) be exempt from personal income tax, subject to the general rules on expatriate taxation as defined in the general benefits laid down in National Investment Incentive legislation for agricultural businesses.
- (e) bring into or import, and to export following or in anticipation of the ending of their period of residence or work, such



personal and household effects (including one vehicle per family), free of all taxes and all customs duties (other than any prevailing ECOWAS tax which is currently set at 0.5% of the value of the applicable goods) but otherwise subject to GoSL's usual terms and conditions being applied and without any discrimination and for the same to be processed through the port of entry or exit, including any customs procedures, without delay, and

GOSL agrees that it shall deliver without delay all documents, permits and licenses required to give effect to the foregoing.

SAC agrees that it will comply with all labour laws in Sierra Leone including the General Law (Business Start-Up) Amendment Act 2007.

8. Import and
Export of
Equipment
and materials

GOSL agrees that SAC, its contractors and sub-contractors are entitled to import into and export from Sierra Leone without restriction all seeds, plants, fertilizers, agricultural materials relevant to crop cultivation, plant, equipment, machinery, spare parts, materials and supplies required for the construction, completion, operation and maintenance of the project (or any thereof), and that each of the same will be processed through the port of entry including any customs procedures, without delay, unless GoSL considers, acting reasonably, that there is material danger to life, property or the environment arising there from and any restriction imposed applies equally to all persons in Sierra Leone, GoSL agrees that it shall, and that it shall procure that all relevant officials or public authorities shall, deliver without delay all documents, permits and licenses required to give effect to the foregoing.

GOSL agrees that the import of any agricultural inputs shall not be subject to any tax or duty whatsoever.

GOSL agrees that all plants, machineries, vehicles and equipment which are not agricultural inputs are eligible for duty free imports from 2011 till 2018 including.

GOSL agrees that all duty waivers be granted at the time of import and not as a duty claw-back



GOSL agrees that the following tax treatment will apply to and in respect of SAC and the other entities referred to below (but only in relation to an activity in connection with the project)

(a) **SAC** shall be entitled to claim tax deduction in respect of depreciation of its capital assets of the project from the date of commencement of commercial operations of the project. GoSL will exempt from withholding tax interest payments made by SAC to other lenders, or indirectly by SAC to SAC's shareholder's which is then paid to other lenders, which are at least 20 per cent directly or indirectly owned by a Foreign government and which has as one of its primary objectives the provision of development finance in emerging markets (**Qualifying Lender**)

(b) Subject to paragraph 9(d), SAC shall otherwise deduct withholding tax at a reduced rate of 5% from interest payments.

(c) **SAC** shall be entitled to an exemption from deduction of withholding tax on 50% of any dividend paid until 2021 provided that SAC maintains records of its financial transactions and records relevant to the sale during this period of palm oil and other agricultural products (such records to be retained by SAC for 6 years). It's agreed that the accounts are kept in USD only, all transactions in Leones or other currencies being converted at the relevant exchange rate. The remaining 50% of any dividend shall be subject to the withholding tax deduction of 10%. From 1st January 2022 all dividends shall be subject to a withholding tax 10%

(d) Payments of rent by SAC in connection with any land lease or right shall be allowable deductions for corporation tax purposes and not subject to any withholding tax.

GOSL and SAC agree that until 31st December 2018, direct head-office cost and management fees, which for the avoidance of doubt exclude payments for goods or services provided by a third party that is not an affiliate of SAC or the SOCFIN Group (the 'Overhead Allocation') that can be demonstrated to be properly incurred for the specific purpose or benefit of SAC's business and reimbursed by SAC will be treated as bona fide business payment and expenses representing an allowable deduction for corporate tax purposes and

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not subject to any withholding tax subject to (i) the submission of invoices, and as laid out in a detailed schedule of expenses verified by independent auditors, and (ii) the approval of the board of the directors SAC. After 1 January 2019, any Overhead Allocation over the Overhead Cap will be subject to corporate tax and withholding tax at the applicable rate. The Overhead Cap for each applicable fiscal period will be 6% of SAC revenues (as stated in the audited income statement) provided that it can be demonstrated by SAC that each reimbursement up to the Overhead Cap was properly incurred for the specific purpose or benefit of SAC business, and is subject to (i) the submission of invoices, and as laid out in a detailed schedule of expenses verified by independent auditors, and (ii) the approval of the board of the directors of SAC.

(e) No company doing business with SAC or SAC's funders or any affiliate company of SAC will be deemed to be, resident, domiciled, carrying on business or otherwise subject to taxation in Sierra Leone solely due to the entering into, delivery, performance or enforcement of any document in connection with any part of the Project or its funding.

(f) Employees of SAC, employees of its contractors and employees of their respective sub-contractors shall be subject to tax on their locally received income only and shall be taxed on that income at a rate no higher than the same rate applied to employees with the same tax status in Sierra Leone of other local companies or, if lower, the rate applied to employees with the same tax status in Sierra Leone of international companies, and for such purpose only shall be treated as tax resident.

(g) SAC shall be entitled to a full 100% exemption from corporate tax on income received or accrued prior to 31 December 2022. a 50% exemption for 2023 and 25% exemption on the result of 2024. For the avoidance of doubt, any losses accrued during this period will be entitled to be carried toward beyond 2024.

11 (h) No amount payable or receivable by SAC, its shareholders and their affiliated companies and the funders shall be subject to a transfer pricing adjustment or otherwise which is not consistent with the principles set out in Article 9 of the OECD Model Tax Convention and the OECD Transfer Pricing Guidelines, as amended from time to time.



(i) **GOSL** will not withhold or reject any clearances or consents applied for by SAC in respect of tax or duties so long as such clearances or consents are consistent with what is agreed in this Memorandum.

(j) Determination of the taxable basis of SAC, which is agreed to by SAC and GoSL, will be issued by GoSL, before 30 June 2011.

(k) Each of SAC's shareholders shall (subject to the provisions of any double tax treaty to which that shareholder may benefit from) be subject to tax in Sierra Leone on any capital gain realized by that shareholder in relation to the Project, including the sale of all or part of the business or the shares of SAC. For the avoidance of doubt, a transfer of shares by any person or company (for these purposes, a Seller) of any of the shares in any company which owns any shares of SAC (for these purposes, an Intermediate Company) will not be subject to capital gains tax in Sierra Leone on any capital gain realized by the Seller by reason of such transfer, provided neither the Seller or the intermediate Company is resident in Sierra Leone for tax purposes other than solely by reason of the Seller or, as the case may be, the Intermediate Company owning shares of SAC.

(l) **GOSL** shall grant SAC an institutional relief of Good and Services Tax (GST) on supplies until 2015 incl. or any such period thereafter, when production is scheduled to start.

For the purpose of this Appendix references to "tax" includes all present and future taxes, charges, imposts, duties, levies, customs duties, excise, deductions or withholdings of any kind whatsoever, or any other tax or charge having the effect of a tax, or any amount payable on account of or as security for any of the foregoing, by whomsoever on whomsoever and whenever imposed, levied, collected, withheld or assessed, together with any penalties, additions, fines, surcharges or interest relating thereto.

10. Exchange
Control

GOSL, agrees that the Central Bank shall agree at all times (whether by reason of such actions being compliant with the Exchange Control Regulations or otherwise) that SAC, its shareholders, the funders to any documents relevant to the development, operation and funding of the project shall be entitled to:

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(a) receive and make payment in accordance with the relevant document including outside of Sierra Leone in foreign currency.

(b) convert Leones to foreign currency and remit foreign currency outside of Sierra Leone as permitted under the Exchange Control Regulations in force and in respect of the relevant regulations referred to in those Regulations at the date of this Memorandum.

(c) maintain Leones and foreign currency bank accounts inside and outside of Sierra Leone and deposit, retain and deal with Leones and foreign currency utilizing such accounts. For the avoidance of doubt, both foreign and local accounts may be used indiscriminately to receive and make payments including but not limited to: i) proceedings from export sales (credit), ii) capital payments by shareholders (credit), iii) payments made for the acquisition of imported capital goods (debit) and imported consumables (debit), with all transactions on these accounts duly documented in the accounts of the company

(d), comply with their respective obligations under the documents relevant to the development, operation and funding of the Project, and GoSL agrees that it shall, and that it shall procure that all relevant officials or public authorities shall, deliver without delay all documents, permits and licenses required to give effect to the foregoing. GoSL shall procure that the Central Bank shall make available to SAC such amounts of foreign currency as are necessary for SAC to comply with its obligations under the documents relevant to the development, operation and funding of the Project at the official rate of exchange or, if no such rate exists, the rate at which transactions are legally and customarily effected in accordance with any laws or regulations currently in force in Sierra Leone.

11. Water and utilities

GoSL agrees to enter into a water rights agreement with SAC and SAC shall be charged at a fixed rate of 3 Leone per cubic metre of water extracted from rivers and other watercourses. There will be no restriction on the volume of water extracted by SAC from rivers, other watercourses, wells and boreholes.

12. Change in Law

If any law applied in Sierra Leone comes into effect or is amended, modified, repealed, withdrawn or replaced (a Change in Law) which has a material adverse effect



on the ability of SAC, its contractors, sub-contractors, any shareholder or funder to perform their respective obligations under any document relevant to the development, operation or funding of the Project or the cost of or return from so doing after taking into account the effects associated directly and expressly with any such Change in Law, then GoSL undertakes to grant to the Project, SAC, its contractors, sub-contractors, the shareholders and the funders any exemption or license or other authorization necessary or desirable to ensure that such interest, 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 procedure as agreed and set out in the Memorandum or PPA, once the PPA is in full force and force and prior to the date as set out in this Agreement.

13. Nationalization
or
Expropriation

GOGL agrees that it will not, nor attempt to, nationalize, expropriate or confiscate all or any part of the assets or rights of SAC, its sub-contractors 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 SAC 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 principal, interest, fees, costs and expenses, amounts outstanding to the funders under or pursuant to the funding documents.

Each Party confirms that it does not intend and will not engage in any illegal activity and SAC agrees to take reasonable steps that its shareholders affiliates and its expatriate employees also do not do so.

Being a pioneer project in Sierra Leone, SAC agrees that it will comply with all 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 SAC in general. SAC agrees 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 SAC or any of its shareholders, contractors, sub-



contractors or funds 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 SAC 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.

Signed on *24 September* 2012 in Freetown, Sierra Leone

For the Government of Sierra Leone

[Signature]
Minister of Agriculture, Forestry & Food Security

20/09-12

[Signature]
Minister of Finance and Economic Development

21/9/12

[Signature]
Minister of Trade and Industry

24/9/12

For SAC

For SAC Holding





**GOVERNMENT OF SIERRA LEONE
ENVIRONMENT PROTECTION AGENCY SIERRA LEONE**

ENVIRONMENTAL IMPACT ASSESSMENT LICENCE

It is Hereby Certified That

The Institution/ Business SOCFIN AGRICULTURAL COMPANY (SL) LIMITED

Has fulfilled the requirements for obtaining an Environmental Impact Assessment Licence.

The EIA Licence is valid for Twelve months from 19/01/13 to 19/01/14

OIL PALM DEVELOPMENT

Under Terms and Conditions approved by the Board of the
ENVIRONMENT PROTECTION AGENCY

EPA-SL 017

Haddijatou Jallow (Mrs)
Executive Chairperson



PHYSICAL BUSINESS PLAN

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Planting (Industrial)	ha in production	0	0	0	0	0	3 000	7 000	11 000	12 000	12 000	12 000
FFB - own production	ton	0	0	0	0	0	15 000	50 000	102 000	149 000	184 000	204 000
FFB - 3rd-party purchases	ton	0	0	0	0	0	0	10 000	10 000	10 000	10 000	10 000
CPO - total production	ton	0	0	0	0	0	3 600	13 500	25 980	37 260	45 660	50 460
Total factory capacity required	ton/hour	0	0	0	0	0	4,2	16,8	31,36	44,52	54,32	59,92
Workforce	headcount	0	39	189	389	589	600	1 414	2 214	2 414	2 414	2 414

FINANCIAL BUSINESS PLAN

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Capital		0	10 000 000	13 500 000	16 000 000	22 500 000	22 000 000	0	0	0	0	84 000 000
Investments		0	7 083 600	12 015 900	14 041 900	20 685 700	22 317 500	5 475 500	12 745 600	12 394 000	4 168 000	110 927 700
Admin. & Overheads		100 000	1 768 761	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000	2 198 000	4 200 000	6 009 500	24 276 261
Variation in "Working Capital"		100 000	0	0	0	0	275 750	876 750	1 302 600	1 177 350	876 750	4 609 200
Turnover		0	0	0	0	0	3 757 500	14 160 000	27 186 000	38 959 500	47 727 000	

MOU between the Gost and SAC

19/21

[Handwritten signature]

Comprehensive Business Plan

Appendix 2

PARLIAMENT LIBRARY
TOWER HILL FREETOWN

