

Appendix II B.O.T System Land Lease Agreement

**B.O.T System
Military-Owned Military Museum Land
(9.028 acres)**

Lease Agreement

Between

**Office of the Commander-in-Chief (Army)
Office of the Quartermaster General**

&

Yangon Technical & Trading Co., Ltd

Venue: Nay Pyi Daw
Date: 15th October 2013

B.O.T Lease Agreement of Military-Owned Military Museum Land (9.028 acres), Shwedagon Paya Road, Dagon Township, Yangon Division

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This agreement (hereinafter referred to as the AGREEMENT) was made on 15th October 2013.

This AGREEMENT was made between

Colonel Aung Min Thein (Officer No. Army 17642), Vice Quarter Master General, Office of the Quartermaster General, Commander-in-Chief (Army), Naypyidaw (hereinafter referred to as the "LESSOR", the expression which shall, unless repugnant to the context of the meaning legally thereof, be deemed to include its successors, permitted assignees, and legal representatives)

and

U Ar Yu (N.R.C No. 14/Ha Tha Ta (Naing) 044244), representing the Director of Yangon Technical & Trading Co. Ltd., established in accordance with the governing laws and regulations, regarding companies, located at Room 1104, Level 11, Block 531, Lower Kyi Myint Taing Road, Kyi Myint Taing Township, Yangon Division (hereinafter referred to as the "LESSEE", the expression which shall, unless repugnant to the context of the meaning legally thereof, be deemed to include its successors, permitted assignees, and legal representatives).

WARRANTY AND REPRESENTATION

3. Whereas the LESSOR represents and warrants that it is the legal and beneficial owner of the land and the buildings on the land, which is the military-owned Military Museum land (9.028 acres). Whereas the LESSEE has strong financial capabilities to abide by the terms of this AGREEMENT, both the LESSOR and LESSEE hereby represent to have both the legal capacity and authority to sign this document as below.

LAND LOCATION AND TERM OF LEASE

4. The location of the leased land, term of lease and use of land are as below:

- (a) **Land location:** The exact leased area is the area marked in red, as appeared in Annex 1 attached. It is located at military-owned Military Museum land (9.028 acres), Shwedagon Paya Road, Dagon Township, Yangon Division.
- (b) **Term of lease:** The lease is for an initial period of fifty (50) years renewable for ten (10) years at every renewal for maximum of two times.


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- (c) **Business conducted on land:** The LESSEE, using his own funding, is to build two (2) nine-(9)-story buildings and operation of a hotel, office, and shopping complex services.
- (d) **Investment amount:** _____

LEASE AND PAYMENT PLAN

5. The LESSEE shall make the following payments for lease of the above paragraph 4 leased land (9.028 acres) as below:

- (a) The lease shall be rent-free for the first two years, during which construction and renovation are going on. Subsequently, the rent fee will start to run from 15th October 2015.
- (b) The land use premium shall be calculated at the rate of US\$ ___ million per acre. The leased land premium shall thus be US\$ ___ million, which shall be paid in four parts: first 25% to be paid within the one (1) month from the date which this AGREEMENT was signed; second 25% to be paid within eight (8) months from the date which this AGREEMENT was signed; third 25% to be paid within sixteen (16) months from the date which this AGREEMENT was signed; and fourth 25% to be paid within twenty-four (24) months from the date which this AGREEMENT was signed.
- (c) Failure to make timely payments as per paragraph 5(b) above shall result in penalty of 0.05% of the payment due, for every day the payment was delayed.
- (d) The annual rent calculated at the rate of _____ must be made for a sum of three (3) years rent within the initial three (3) years of the lease. Subsequently, the remaining terms of the lease are to be calculated at the rate of _____ every year. The payment of annual rent depends on the changes in annual exchange rate, and as such payment could be made in Myanmar Kyat equivalent of the US dollar amount to be paid for the initial three years and the Myanmar Kyat equivalent of the US dollar amount to be paid for the remaining terms of the lease.
- (e) The payment of annual rent as per paragraph 5(d) above shall be made once a year in either US dollars or Myanmar Kyat.
- (f) The payment, whether in Myanmar currency or foreign currency shall be made to the Defence Account No. MD 010424. The original documents recording the payment made shall be submitted as well.
- (g) Within thirty (30) days starting from the date on which the rental is due, the LESSEE shall make payment to the account mentioned in paragraph 5(f).
- (h) Failure to make timely payments as per above paragraphs 5(d) shall result in penalty of 0.05% of the payment due, for every day the payment is delayed.
- (i) The rental fees shall be reviewed once every five (5) years. In the event of increase in rental fees, the increase shall not exceed five percent (5%) of the original rental fees.


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- (j) Where buildings are demolished, the LESSEE is to make payment for the depreciated value of the buildings that are demolished.

RIGHTS AND RESPONSIBILITIES OF THE LESSEE

6. The LESSEE hereby covenants as follow:
- (a) The LESSEE shall construct and renovate only as per the attached site plan and drawing. Any changes deviating from the original must be reported to and approved by the LESSOR before the changes could be effected.
 - (b) Throughout the term of the lease, the LESSEE shall not sublet, divide and sell, assign, transfer, or dispose of the land in any other way, the whole or part of the land and the business operation.
 - (c) The LESSEE shall take any necessary insurance, including fire insurance, in accordance with the Myanmar insurance laws and regulations, for any of the buildings to be constructed, throughout the term of the lease.
 - (d) The LESSEE shall duly and promptly make payment for any tax or charges in relation to the running of the business, excluding land tax but including tax or charges from the Yangon City Development Committee.
 - (e) The LESSEE shall account for and keep systematic records of any income in relation to the operation of the hotel, office, and shopping complex.
 - (f) The LESSEE shall abide by all laws and regulations of Myanmar and shall avoid any activities that will contravene the laws and regulations of Myanmar.
 - (g) In carrying out the agreed operations as per this AGREEMENT, the LESSEE may cooperate with any other company for technical knowledge or management or investment of the operations.

RESPONSIBILITIES OF THE LESSOR

7. The lessee hereby covenants as follow:
- (a) The LESSOR is to make payment for the land tax.
 - (b) The LESSOR is to provide any necessary assistance required for the operation of the hotel, office, and shopping complex.
 - (c) The LESSOR shall ensure that the LESSEE has the full peaceful use and enjoyment of the land throughout the term of lease.
 - (d) The LESSOR shall ensure that any permits and licenses required by law for the operation of the business are obtained from any relevant ministry or department.
 - (e) With regard to buildings to be constructed, the LESSOR shall consider and carry out on changing and reconstructing of the buildings when YCDC imposes restrictions on height limits of buildings.

TRANSFER OF TITLE OF LAND AND BUILDING



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8. As per this AGREEMENT, upon expiry of the lease or termination of the lease, within three (3) months from expiry or termination, the LESSEE is to return the LESSOR the leased land, including its buildings, without any compensation payable to the LESSEE. In returning as such, the LESSEE is entitled to remove any movable items, not including fixtures, already installed to the buildings constructed by LESSEE for hotel, office and shopping complex on the land.

RENEWAL OF LEASE

9. The LESSEE shall inform by post the intention to renew the lease within three (3) months before the expiry of the initial lease. The lease shall be renewable for ten (10) years for a maximum of two (2) times upon the expiry of the initial lease of fifty (50) years, upon agreement between the LESSEE and the LESSOR, and the approval from Myanmar Investment Commission.

EFFECTIE DATE OF THIS AGREEMENT

10. This AGREEMENT comes into effect from the date which this AGREEMENT was signed by both parties.

DISPUTE RESOLUTION

11. Any dispute arising from this AGREEMENT must first be resolved through mutual consultations and amicable settlement between two parties. Failure to resolve dispute by such means, both parties agree to follow the decision of competence Court which has jurisdiction according to law.

TERMINATION OF THE LEASE

12. In the event of the following, the parties may terminate this AGREEMENT.

- (a) Breach or failure to perform material terms of the AGREEMENT by either party
- (b) Occurrence of a force majeure or unanticipated event for a period of more than six (6) months
- (c) Incapability to perform the objectives of the AGREEMENT as agreed at the time of signing
- (d) Mutual agreement to terminate between both parties
- (e) The intention to terminate operations of the business must be presented in writing to the Myanmar Investment Commission and must subsequently be approved by the Myanmar Investment Commission for the termination to take effect.



- (f) The LESSEE shall return, without any compensation, the leased land, including the buildings on the land and the fixtures on the buildings, within three (3) months from the termination of the lease, due to any of the reasons stated above.

RENEGOTIATION AND AMENDMENTS

13. In the event that the terms of this AGREEMENT require any modification due to changing circumstances that may contravene the existing terms of this AGREEMENT due to changing circumstances of the business operation, both parties are required to renegotiate and mutually arrive at amendments agreeable to both parties. The amendments shall only take into effect upon approval from Myanmar Investment Commission.

NATURAL RESOURCES

14. Any unexpected discovery of rare earths, gems, antique treasures, and any other natural resources in or under the leased land shall immediately be informed to the Government of the Republic of Union of Myanmar. Such rare earths, gems, antique treasures, and any other natural resources are the property of the Government of the Union of Myanmar and shall only be extracted by the LESSOR and the relevant authorities only upon the approval granted from the Government of the Union of Myanmar.

FORCE MAJEURE

15. Force majeure shall include any natural events, including floods, storms, fires, earthquakes, as well as any limiting laws issued by the government, civil unrest, outbreak of war, protest, or any other event which are unpreventable by any of the party taking due diligence and caution in prevention of the event. In the event that such force majeure event has occurred, and affected and damaged the operation of the leased land and the business on the leased land, the LESSEE shall not be entitled to compensation from the LESSOR. In such force majeure event, the LESSEE shall promptly inform the LESSOR by writing within fourteen (14) days from which the force majeure event has occurred. The LESSOR may allow exemption on the rental fees for the period during which the use and operation of business on the land was affected by the force majeure event.

EMPLOYMENT

16. Yangon Technical & Trading Co., Ltd. shall employ any staff necessary and shall make payment and allowance for salary, wages, transport costs, and any other allowances for the staff, in accordance with the laws and regulations of Myanmar. The LESSEE shall obtain prior approval from the Myanmar Investment Commission for employment of any foreigner and shall undertake that the foreign employee's family abide by the domestic laws and regulations of Myanmar, and will not interfere with any of internal affairs of Myanmar, throughout the stay of the foreign employee and his family members.


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EXEMPTION AND RELIEVES

17. The LESSOR shall ensure that the LESSEE enjoy any relief of tax, duties, or any other reliefs in accordance with Myanmar Citizen Investment Law, as permitted by the Myanmar Investment Commission.

ENVIRONMENTAL CARE

18. The LESSEE shall ensure that any solid waste is disposed of properly, and waste water are drained away systematically, and that the buildings are well equipped with a proper plumbing and sanitation system. The LESSEE shall ensure that the leased land and its surrounding environment are maintained and taken care of without causing any environmental pollution, in accordance with the existing environmental laws and regulations of Myanmar.

CORRESPONDENCE

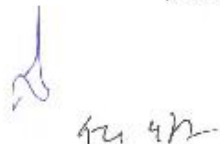
19. Any correspondence between the parties shall be communicated in either Burmese or English, via registered mail or airmail or courier service or teletext or email or fax, to the addresses provided below. Any party who changes the address as originally stated shall promptly inform the other party.

(a) LESSOR
Office of the Commander-in-Chief (Army)
Office of the Quartermaster General
Nay Pyi Daw
Contact No. (036-31138/ 036-31120)
Fax No. (03-31120)

(b) LESSEE
U Ar Yu (Managing Director)
Yangon Technical & Trading Co., Ltd
No. 1104, Level 11
Block 531, Lower Kyi Myint Taing Road
Kyi Myint Taing Township
Yangon Division

REPOSSESSION OF THE LAND

20. Upon failure to perform or observe any of the terms in this AGREEMENT by the LESSEE, the LESSOR, after serving notice to the LESSEE by post, may enter and repossess the land and any of its buildings, for the duration as stated in the notice, for the purposes of rectifying such non-performance or non-observance by the LESSEE. Such entry or repossession



shall not prejudice the rights of the LESSOR to demand for rental fees or damages from the LESSEE.

INSURANCE

21. The LESSEE shall procure any form of insurance necessary in accordance with provisions of Myanmar Insurance Law of the Union of Myanmar.

MISCELLANEOUS

22. The attached documents on map of the land, history of the land, blueprint of the hotel, office, and shopping complex, and any other supporting documents shall form part of this AGREEMENT.

SIGNING

23. Both parties have read and fully understand, and agree to the terms of this AGREEMENT and hereby sign below, in front of witnesses, on 15th October 2013.

FOR AND ON BEHALF OF		FOR AND ON BEHALF OF	
Signature	_____	Signature	_____
Desination/Name	Colonel Aung Min Thein	Name	U Ar Yu
Gazetted office No.	Army 17642	NRC No.	14/Ha Tha Ta (Naing) 044244
Rank	Vice Quartermaster General (1)	Rank	Managing Director
Address	Office of the Quartermaster General Ministry of Defence	Address	No. 1104 Level 11 Block 531, Lower Kyi Myint Taing Road Yangon Division

IN THE PRESENCE OF

FOR AND ON BEHALF OF		FOR AND ON BEHALF OF	
Signature	_____	Signature	_____
Desination/Name	Lieutenant Colonel Toe Tun Myint	Name	U Htin Lin Naing
Gazetted office No.	Army 24104	NRC No.	12/Tha Ya Ka (Naing) 000530
Rank	Assistant	Rank	Director
		Address	No. 1104 Level 11

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