

LEASE AGREEMENT

MEMORANDUM OF AGREEMENT ENTERED BETWEEN

PIXLEY KA SEME DISTRICT MUNICIPALITY

Represented by

Mr. Z. SAUL

In his capacity as MUNICIPAL MANAGER

(Hereinafter referred to as "the LANDLORD") as the one party;

AND

NORTHERN CAPE PROVINCIAL ADMINISTRATION:

DEPARTMENT OF SAFETY AND LIASON

Represented by

Ms. E. BOTES

In her capacity as HEAD OF DEPARTMENT

(Hereinafter referred to as "the LESSEE") as the other party;

Handwritten signatures of Mr. Z. Saul and Ms. E. Botes. There are two distinct signatures, one above the other, both in black ink.

WHEREAS the Department of Safety and Liaison, wishes to rent the property of the Pixley Ka Seme District Municipality for office accommodation on the terms and conditions set-out in this agreement;

WHEREAS the Pixley Ka Seme District Municipality is willing and able to lease the property to the Department of Safety and Liaison;

WHEREAS both parties to this agreement herein confirms their commitment and co-operation for the successful achievement of the objective of this agreement;

AND WHEREAS this agreement is entered into solely in the interests of continued service delivery.

THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. HEADINGS AND INTERPRETATION

- 1.1 All headings herein are inserted for the sake of convenience and shall not be taken into account for purposes of interpretation of this Agreement.
- 1.2 Any reference to the singular may be interpreted to include a reference to the plural and a reference to any one gender shall include the other gender.
- 1.3 Where words have been defined in the body of this Agreement, such words shall, unless otherwise required by the context, have the meanings so assigned to them throughout this Agreement.
- 1.4 Where any number of days is prescribed it shall, unless otherwise specifically stated, be reckoned exclusively of the first day and inclusively of the last day.
- 1.5 Any reference to any enactment is to that enactment as at the date of signature hereof and as amended or re-enacted from time to time.
- 1.6 Any reference to a party includes that party's successors.
- 1.7 Any reference to natural persons includes legal persons and vice versa.
- 1.8 If any provision in a definition or recital in this Agreement is a substantive provision conferring rights or imposing duties on any party, notwithstanding that it is only in the definition or recital clause, effect shall be given to it as if it were a substantive provision in the operative part of this agreement.



2. DEFINITIONS

2.1 In this agreement, unless the context indicates otherwise, the following words have the meanings assigned to them hereunder:

“adjustment date” – the date, or the last day of the period, mentioned in Schedule 1 on which the escalation rate comes into operation;

“agreement documents” means this agreement and all annexures hereto including any written communication between parties to this agreement and regarding the agreement;

“building” – the structure known by the name mentioned in Schedule 1 and situated on the property described in Schedule 1;

“commencement rental” – the monthly rental payable in respect of the first year of the lease or, in the event of the first fixed period of the lease being less than one year, the rental determined for the period, the amount of which is stipulated in Schedule 1;

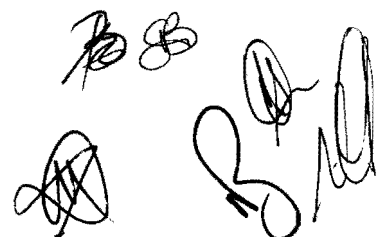
“commencement date” – the date stipulated in Schedule 1 on which the lease commences;

“escalation rate” – the percentage or other index, mentioned in Schedule 1, which adjusts the rental on every adjustment date;

“landlord” – means the Pixley Ka Seme District Municipality herein represented by Mr. Z Saul in his capacity as the Municipal Manager;

“option period” – the period mentioned in Schedule 1 for which this lease can be extended at the option of the tenant;

“premises” – the building and/or the land, or portions thereof, mentioned in Schedule 1 which from the subject of this lease;

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“review date” – the last day of the fixed period(s) mentioned in Schedule 1 on which the rental is reviewed in terms of 6.2;

“termination date” – the date stipulated in Schedule 1 on which the lease terminates;

“tenant” – the Northern Cape Provincial Department of Safety and Liason, herein represented by Ms. E. Botes (HOD) in her capacity as the Head of Department;

3. PARTIES

The parties to this agreement shall be the Northern Cape Department of Safety and Liaison (hereinafter referred to as “the Tenant”); and the Pixley Ka Seme District Municipality (hereinafter referred to as “the Landlord”).

4. THE OBJECTIVE OF THIS AGREEMENT

4.1 The objective of this agreement is to govern the relationship between the Department and the Municipality in respect of the lease of the property.

5. THE LEASE

The landlord hereby leases the premises to the tenant who hires the premises on the terms and conditions of this agreement, which incorporated the Schedules.

6. THE PERIOD

6.1 The period of the lease commences on the commencement date and terminates on the termination date as reflected in the Schedule 1 hereto.

6.2 If the landlord wishes to terminate this lease on the termination date, or, in the event of the exercise by the tenant of his option to extend the lease, on the expiry of the option period, the landlord shall notify the tenant thereof in writing at least that number of months mentioned in item 14 of Schedule 1 before the

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arrival of the said date. Unless the tenant receives notice in the manner aforesaid, the lease shall automatically be extended on the then operation conditions of this agreement, until one party terminates the lease with at least three calendar months' written notice to the other party.

7. OPTION

- 7.1 The tenant has an option to extend the lease for the option period.
- 7.2 In the event of the tenant exercising the option, he shall be obliged to give the landlord written notice thereof as provided in 7.3 hereunder. When the tenant gives such notice any notice, which the landlord has given or may give in terms of 6.2, shall lapse automatically.
- 7.3 At least six months prior to the expiry of the lease period the landlord shall advise the tenant in writing of the rental payable for the period. Within three months of such advice the tenant shall be entitled to exercise the option referred to in clause 7.2 above.

8. THE RENTAL

- 8.1 The lease commences with the commencement rental. Thereafter the rental shall escalate with the escalation rate on each adjustment date.
- 8.2 The rental shall be payable from the commencement date monthly in advance on or before the seventh day of each month at the address of the landlord or at such other address in the Republic of South Africa as may be nominated in writing by the landlord.
- 8.3 The parties agree that all rentals payable in terms of this agreement shall include value-added tax where such tax is payable. The landlord shall specify such tax separately from the basic rental.
- 8.4 Costs incurred as a result of an –



- 8.4.1 increases in the assessment rates in respect of the property which compromises the premises or on which the premises are situated;
- 8.4.2 increase in the value-added tax levied on the rental;
- 8.4.3 imposition of new statutory taxes or levies on leasing ; during the period of the lease, shall be refunded by the tenant to the landlord on the submission by the landlord of the property detailed accounts together with sufficient proof thereof if required.

9. USE OF PREMISES

- 9.1 The tenant records that he will use the premises for the purpose specified in Schedule 1 and for no other purpose, except with the written consent of the landlord, which consent shall not be withheld unreasonably.
- 9.2 The landlord shall be obliged to obtain such consents and authorisations (excluding trade and other licenses) as may be required by competent authorities or title conditions to enable the tenant to use the premises for the purpose referred to in 9.1. The tenant shall, prior to the conclusion of this lease, be informed of such restrictions.

10. CONDITION OF THE PREMISES AT THE COMMENCEMENT DATE AND AT THE TERMINATION DATE

- 10.1 Schedule 2 contains details of the user-installations required, of the party responsible for effecting those installations and of the party who bears the costs thereof. Schedule 2 also contains the obligations, if any, of the tenant in regard to the removal thereof at the termination date.
- 10.2 Should the tenant, when occupying the premises, discover that any of the keys, locks, doors, windows, washbasins, taps, sanitary conveniences, sewerages or other pipes, electrical equipment or other appliances or equipment belonging to



the premises are not in working order, he shall within thirty days of taking occupation advise the landlord in writing of such defects. The landlord shall within fourteen days after receipt of such notice repair the defect(s).

- 10.3 Should the landlord fail to comply with his obligations in respect of user-installations, if any, or fail to repair the defects of which notice was given in terms of 10.2, the tenant shall notify the landlord in writing of such failure and unless the landlord so complies within fourteen days, the tenant shall be entitled to rectify those matters at his own expense and to recover the costs thus incurred by way of set-off against the rental.
- 10.4 On the termination date the tenant shall comply with his obligations, if any, in regard to the user-installations referred to in 10.1 as well as his obligations in regards to fixtures as defined in 11.1 Inasmuch as the obligation regarding the maintenance and operation of lifts and the air-conditioning system rests with the landlord, the tenant has no obligations in this regard at the termination date. For the rest, the tenant shall comply with his obligations in respect of maintenance as defined in 12.1 so that the tenant at the termination date returns the premises to the landlord in the condition there were in at the commencement date, fair wear and tear excepted.

11. FIXTURES

- 11.1 The parties agree that for the purpose of interpretation of this clause and of this lease, fixtures shall refer to movable or immovable fittings installed by the tenant and required for his purposes, such as computer cables, telephone systems and fire detection equipment. The tenant shall be entitled, at his expense and with the written consent of the landlord, which consent shall not be unreasonably withheld (alternatively, as arranged in Schedule 2), to install fixtures (which shall remain the property of the tenant) on the premises provided that, at the termination of this lease –



11.1.1 fixtures may be removed by the tenant on condition that the premises are restored before the termination date to the condition in which they were before the installation of the fixtures, fair wear and tear excepted;

11.1.2 the landlord may demand that fixtures which have not been thus removed, shall be removed by the tenant, in which event the same requirements regarding the restoration of the premises shall apply;

11.1.3 the tenant shall not be entitled to compensation for fixtures which are not removed.

12. EXPENSES, MAINTENANCE AND REPAIRS

12.1 For the purpose of the interpretation of this clause and of the lease, the parties agree that the words in the heading bear meanings assigned to them hereunder:

12.1.1 "**expenses**" – those disbursements in respect of the premises which are occasioned by the ownership or the operation thereof, e.g. assessment rates, municipal levies, air-conditioning and lift maintenance, insurance premiums, etc;

12.1.2 "**maintenance**" – everything which is required to be done in order to enable the tenant to return the premises to the landlord on the termination date in the condition they were in at the commencement date, fair wear and tear excepted. This includes the cleaning of the premises, general daily upkeep such as the replacement of electric bulbs and washers for taps, the repair of locks, etc, i.e. everything short of "repairs" as defined hereunder;

12.1.3 "**repairs**" – everything which is required to be done in order to achieve the same goal as that envisaged in the definition of "maintenance", but which requires more labour and more expense than maintenance, such as the replacement of cables, taps, locks, floor tiles and the like. The parties are agreed that normal wear and tear may require repairs with the passing of time.



- 12.2 Unless agreed to the contrary and then recorded herein, the tenant is liable and the landlord is liable for the responsibilities as set out in Schedule 3 hereto.
- 12.3 It is specifically recorded that the Tenant has borne the responsibility for the drafting of this agreement and the Tenant shall not be liable for the cost of any amendments, additions or changes effected to the agreement.
- 12.4 In the event of the premises being a portion of a building and it consequently being necessary to determine the tenant's pro rata share in respect of maintenance or the consumption of necessary services, the pro rata share of the tenant, for the purpose of this agreement, shall be determined by calculating the area of the premises as a fraction of the total area of the building. For the purposes of such calculation areas shall be determined from time to time by the Sapoa-method for the calculation of rentals areas. Where the pro rata share or portion thereof is payable to the landlord, the tenant shall pay on receipt of a properly substantiated account.
- 12.5 Should the landlord fail to pay expenses or to undertake repairs the tenant may remind the landlord in writing, and should the landlord still be in default thirty days after receipt of such reminder, the tenant shall be entitled to demand specific performance or to pay such expenses or to undertake such repairs and to recover the amounts thus disbursed from the landlord by way of set-off against future rental. A certificate by the tenant of such expenses shall be prima facie proof thereof.

13. LIMITATION OF THE LIABILITY OF THE LANDLORD

- 13.1 The landlord shall not be liable for any damage which the tenant may suffer as a consequence of rain, wind, hail, lightning, fire, earthquake, storm, riots, strikes, actions by enemies of the State or in consequence of the interruption of any facility or service supplied to the premises by third parties, unless such damage is caused by the intent or negligence of the landlord, his employees or agents.

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13.2 Notwithstanding the provisions of 13.1 the tenant shall be entitled to a reduction of rental for any period (normal disconnection for maintenance) during which the central air-conditioning system or the lifts, if any, are out of order.

13.3 The landlord shall not be liable for any accident, injury or damage suffered by the tenant, his employees, agents or visitors, in or near the premises, irrespective of the cause thereof, unless caused by the intent or negligence of the landlord, his employees or agents.

14. FIRE FIGHTING

The landlord shall be obliged to install fire-extinguishing equipment on the premises complying with the National Building Regulations, and the tenant will be responsible to maintain it.

15. DAMAGE TO OR DESTRUCTION OF THE PREMISES

15.1 In the event of the premises being destroyed owing to circumstances beyond the control of the landlord and therefore rendered totally unfit for occupation, this lease shall be terminated automatically.

15.2 In the event of the premises being damaged owing to circumstances beyond the control of the landlord, but remaining wholly or partially suitable for the purpose of the tenant, either party shall be entitled to terminate this agreement by written notice to the other party. Should the parties continue with the agreement, the tenant shall be entitled to a reduction in rental to the extent to which the tenant is deprived of the full use of the premises.

16. GENERAL

16.1 The parties respectively choose as domicilium citandi et executandi and as the address for the serving of notices the address appearing opposite their names in Schedule 1.



16.2 This lease contains the whole agreement between the parties. Representations or guarantees, which are not contained herein, shall not be binding on the parties. Amendments to this lease or agreements contrary to the provisions hereof shall bind the parties only if they are reduced to writing and signed by the duly authorised representatives of both parties.

16.3 Notices pursuant to the provisions of this lease shall be given in writing. Notices by email or fax shall be deemed to be in writing, provided the original copies thereof are dispatched and received at the earliest possible date.

17. DEFAULT BY THE LANDLORD

In the event of the tenant alleging that the landlord is in default, the tenant shall not be entitled to take steps for the cancellation of this lease unless the default continues for thirty days after receipt by the landlord of a written notice from the tenant setting out the alleged default. Should the landlord fail to remedy such default within the thirty day period, the tenant shall, without prejudice to any other rights it may have, be entitled to cancel this lease by written notice, which notice shall indicate the date of termination.

18. DEFAULT BY THE TENANT

18.1 In the event of the tenant failing to pay rental or to comply with any other provision of this lease, the landlord shall give written notice to the tenant of the alleged breach of contract and of the landlord's intention to cancel this lease.

18.2 Should the tenant still be in default thirty days after receipt of the notice referred to in 18.1, the landlord shall be entitled to cancel this lease in writing, to evict the tenant from the premises and to retake possession of the premises once again. In such an event the provisions of 10.4 shall remain valid.



19. STAMP DUTY

The stamp duty on this lease shall be payable by the landlord.

20. SIGNATURE

Signed at KIMBERLEY on this 25 day of AUGUST 2008

WITNESSES

1. Botes



TENANT
E BOTES

2. Arnon

Signed at DE AAK on this 08 day of AUGUST 2008

WITNESSES

1. Daagi


LANDLORD

2. Surges

SCHEDULE 1

1. Addresses (CL. 16)

- 1.1 Landlord: Pixely Ka Seme District Municipality
Private Bag X1012
De Aar
7000
- 1.2 Tenant & Invoice address: P O Box 1368
KIMBERLEY
8300
(ATT: Ms. E. Botes)
2. Adjustment date(Cl. 2.1): 1 March 2008
3. Building (Cl. 21.1): Erf No 30, Richmond
4. Commencement date (Cl. 2.1): 1 March 2007
5. Commencement rental (Cl. 2.1): R1 879.76 (76.32 sq meters X R24.63)

Period	Rental	VAT	Total Rent
6. 1 March 2007 – Month to Month	R1 879.76	R 236.17	R2 142.93
7. Escalation rate (Cl. 2.1):	8%		
8. Option period (Cl. 2.1):	1 month		
9. Purpose for which the premises are let (Cl. 2.1):	Office accommodation		
10. Property (part of the definition			



of "building") (Item 3 above): Erf no: 30, Richmond

11. Review date (Cl. 2.1): 1 March 2009

12. Termination date (Cl. 2.1): Month to Month (subject to month's notice)

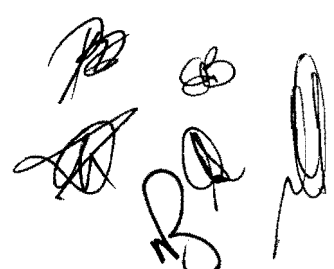
13. The landlord's representative (Cl. 2.1): Mr. Z. Saul

14. The number of months required for the notices by Cl. 6.2: 1 Month

SCHEDULE 2

Details of user installations (C1.10.1) and/or fixtures (C1.11.2)

1. What do they consist of?
N.A
2. Who to effect? N.A
3. On whose account? N.A
4. Arrangements in respect thereof on the termination date. N.A
5. Further information. N.A



SCHEDULE 3

RESPONSIBILITIES:

LANDLORD

1. Water consumption

2. Electricity consumption

3. Sanitary Services

4. Refuse removal

5. Domestic Cleaning and Sanitary Services

6. Cleaning Materials

7. Operating Costs

8. Maintenance:

Interior: General

Inside: Normal wear and tear

Exterior

Garden

9. User installations

	LANDLORD	TENANT
		X
		X
		X
		X
		X
		X
		X
	X	
	X	
	X	
	X	
		X

	LANDLORD	TENANT
10. Air Conditioning Maintenance		X
11. Lift Maintenance	N.A	N.A
12. Alarm Maintenance	N.A	N.A
13. Floor covering: Normal wear and tear		X
14. Contract Cost	X	
15. Stamp Duty (Act 77 of 1968-state the landlord will be responsible)	X	
16. Tax increases (vat)	X	
17. Insurance increases	X	
18. SASRIA insurance	X	
19. Municipality Service Charge increases	X	
20. Fire Fighting (paragraph 14)	X	

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PARTICULARS OF LEASE PAYMENTS

Company to which cheque shall be issued to

Pixely Ka Seme District
Municipality

Postal Address

Private Bag X1012
De Aar

Postal Code

7000

INCOME TAX REFERENCE NO:

(In terms of Section 69B of Income Tax Act 58 of 1962 as revised)

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