

LEASE AGREEMENT

By and between

THE LEPHALALE LOCAL MUNICIPALITY

Herein represented by

FEZIWE NOGILANA-RAPHELA

In her capacity as the Municipal Manager of Lephalale Local Municipality duly authorized thereto by virtue of a resolution of the Council dated.....

(Hereinafter named the LESSOR)

AND

NAREMOTHO TRADING AND ENTERPRISE cc

Registration Number:

(Hereinafter named the LESSEE)

1. INTERPRETATION

1.1 In this lease, except in a context indicating that some or other meaning is intended,

1.1.1. "Day" means any day of the week, excluding Sundays and public holidays.

1.1.2. "The farm" means the property and the improvements.

1.1.3. "The lease period" means the period for which this lease subsists, including any period for which it is renewed.

1.1.4. "Month" means a calendar month.

1.1.5. "The property" means (Erf 851 Marapong);

1.1.6. "Year" means a period of 12 consecutive months, and "yearly" refers to a year commencing on the date on which the lease comes into operation or any anniversary of that date.

1.1.7. "Party" means the Lessor and the Lessee.

1.1.8. References to notices, statements and other communications by or from the Lessor include notices by or from the Lessor's agent.

1.1.9. Expressions in the singular also denote the plural, and vice versa;

1.1.10. Pronouns of any gender include the corresponding pronouns of the other gender.

1.1.11. This lease shall be interpreted and applied in accordance with South African law.

2. PARTIES

The Parties to this lease are

2.1. Lephalale Local Municipality (The Lessor) and

2.2. Naremotho Trading and Enterprise(The Lessee)

3. DESCRIPTION OF LEASED PROPERTY

3.1. The property leased is described as follows:

Erf 851 Marapong (1.6198ha)

Lephalale Municipal area, Waterberg District, Limpopo Province

- 3.2. The Lessor leases 1.6198 hectares of land as identified and documented in the site layout plan annexed hereto as Annexure A.

4. LETTING AND HIRING

- 4.1. The Lessor lets and the Lessee hires the land on the terms of this lease.

5. LEASE PERIOD.

- 5.1. The Lease period is for 20 years with possible extension of 10 years.

6. VARIABLE RENT

- 6.1. The Lessee shall pay a base rent of R..... per month, payable in advance from the first day of each and every month. This amount shall not be reduced, regardless of performance or output.
- 6.2. In addition to the base rent, the Lessee shall pay a variable rent equal to% of the gross revenue received from electricity produced and sold from the renewable energy infrastructure established on Erf 851 Marapong.
- 6.3. The variable rent shall be paid monthly, together with the base rent, and shall be calculated based on the actual revenue received from electricity produced and sold during the previous month.
- 6.4. The percentage applicable to the variable rent may be reviewed and adjusted by mutual agreement every years.
- 6.5. The base rent payable will escalate with 10% annually, which means that the first escalation will be applicable after the first year of this lease contract running.

7. DEPOSIT

- 7.1. On entering into this lease the Lessee shall pay the Lessor a deposit of R....., which amount the Lessor may apply, in whole or part, in meeting any payment due by the Lessee to the Lessor at any time during the Lease Period or after the termination of this lease.
- 7.2. Whenever during the Lease period the deposit is so applied in whole or part, the Lessee shall on demand reinstate the deposit to its original amount.

7.3. As soon as all the obligations of the Lessee to the Lessor have been discharged following the termination of this lease, the Lessor shall refund to the Lessee, free of interest, so much of the deposit as has not been applied in terms of the above provisions.

8. ADDITIONAL CHARGES

8.1. In addition to paying the base rent, the Lessee shall either pay the cost of electricity and water as well as other levies consumed on the Farm directly to whomsoever shall have levied such charges; or

8.2. Reimburse the Lessor monthly in arrear within 30 days after receiving an account from the Lessor reflecting the amount(s) so payable, with the cost of the electricity and water and other levies so consumed.

9. USE OF THE PROPERTY

9.1. The property is let to the Lessee for the purpose of the Development of Marapong Strip Mall and shall not be used for any other purposes whatsoever.

9.2. The Lessee therefore also safeguards the Lessor against any claim or claims, and the costs therefore, that may occur against the Lessor by any third party, that results from the utilization of the leased property by the Lessee.

9.3. The Lessee undertakes specifically to do nothing on the leased property and undertakes to prevent anything from being done on the land which will be detrimental to the Lessor.

10. UPKEEP OF THE PROPERTY

10.1. The Lessor undertakes within reasonable limit to maintain the border fence, inside fences and other improvements on the leased property that needs maintenance according to normal wear and tear.

10.2. The Lessee shall be held responsible for any damage, as well as improvements including border fences on the leased property that is damaged by the Lessee's solar plants. The Lessee shall be responsible for insurance of all assets on the farm

10.3. By commencement of the lease period the Lessee, if it finds that any improvement on the property is damaged, it will within 14 (fourteen) days after the commencement of the lease agreement notify the Lessor in writing that it has received all property in such condition.

11. MAINTENANCE AND REPAIRS

11.1. The Lessee shall at its own expense and without recourse to the Lessor throughout the lease period maintain in good order and condition the land and all its parts thereof.

11.2. Promptly repair or make good all damage occurring to the improvements and equipment from time to time during the lease period, whatever causes of such damage, and replace all such items which have been broken, lost or destroyed, again regardless of cause.

11.3. On termination of the lease, howsoever and whenever it terminates, return the farm and all such parts thereof aforementioned to the Lessor in good order, condition and repair, fair wear and tear excepted, provided that the Lessor shall not be obliged to compensate the Lessee for any expenditure incurred by the Lessee in complying with its obligations of maintenance, repair and replacement under this lease.

11.4. The Lessor shall be responsible for the maintenance of, and for all repairs and replacements becoming necessary from time to time in or to, all systems, works and installation which are part thereof of the property or the improvements on the property.

11.5. Should the Lessee fail to carry out any of its obligations under this lease with regard to any maintenance, repair and replacement, the Lessor shall be entitled, without prejudice to any of its other rights or remedies, to effect the required item or maintenance, repair or replacement and to recover the cost thereof from the Lessee on demand.

12. EXCLUSIONS OF LESSOR FROM CERTAIN LIABILITY AND INDEMNITY

12.1. The Lessee shall have no claim for damages against the Lessor and may not withhold or delay any payment due to the Lessor by reason directly or indirectly of;

- 12.1.1. A breach by the Lessor of any of its obligations under this lease;
 - 12.1.2. Any act or omission of the Lessor or any agent or servant of, or contractor to, the Lessor, whether or not negligent, or otherwise actionable at law;
 - 12.1.3. The condition or state of repair at any time of the farm, any of the improvements or any part of the farm;
 - 12.1.4. Any failure or suspension of, or any interruption in, the supply of water, electricity, or any other amenity or service to the farm, whatever the cause;
 - 12.1.5. Any breakdown of, or interruption in the operation of, any of the improvements and equipment or any system situated in or on, or serving the farm or the improvements, again regardless of the cause;
 - 12.1.6. Any interruption of or interference with the enjoyment or beneficial occupation of the farm or any part thereof;
 - 12.1.7. Any other event or circumstance occurring, or failing to occur upon, in, or about the farm, whether the Lessor could otherwise have been held liable for such occurrence or failure,
 - 12.1.8. And the Lessee indemnifies the Lessor against all liability to any other person who may occupy or be entitled to occupy the farm or any parts thereof through or under this lease, in consequence of any such matter as referred to in clause 12.1.1. to 12.1.7. above.
- 12.2. The Lessor shall not, however be excused from specific performance of any of its obligations under this lease, whether express or implied, and particularly (but not only) its obligations to afford the Lessee occupation and enjoyment of the farm as contemplated by this lease and to carry out such maintenance and repairs as are incumbent upon the Lessor in terms hereof, and if the Lessee fails to carry out any such obligation of maintenance or repair with reasonable speed and efficiency, and persists in such default after reasonable notice in writing requiring that it be remedied, the Lessee may cause the necessary maintenance or repair (including any incidental or necessary replacement to be carried out and may then recover the reasonable cost thereof from the Lessor on demand.

13. LESSOR'S RIGHT OF ENTRY AND CARRYING OUT WORKS

13.1. The Lessor's representatives, agents, servants and contractors may at all reasonable times, without thereby giving rise to any claim or right of action on the part of the Lessee or any other occupier of the farm, enter the farm in order to inspect any part of it, to carry out any necessary repairs, replacements or other works, or to perform any other lawful function in the bona fide interests of the Lessor or any of the occupiers of the farm, but the Lessor shall ensure that this right is exercised with due regard for, and a minimum of interference with, the beneficial enjoyment of the farm by the Lessee and those in occupation thereof.

14. ASSIGNMENT AND SUBLETTING

14.1. The Lessee shall not be entitled, except with the prior written consent of the Lessor, to cede or assign all or any of the rights and obligations of the Lessee under this lease;

14.2. Sublet the farm in whole or in part; or

14.3. Give up possession of the farm to any third party.

15. REZONING AND RENTAL ADJUSTMENT

15.1. The Lessor and Lessee acknowledge that the leased property is currently zoned for Public Open Space and is not in active commercial operation.

15.2. In the event that the zoning of the property is amended to permit commercial use during the term of this Lease, the Parties agree to:

15.2.1. Jointly appoint an independent valuer to determine the revised market value of the property, taking into account its new zoning status;

15.2.2. Renegotiate the rental payable by the Lessee, based on the updated valuation, with the adjusted rental to become effective from the date on which the rezoning takes legal effect;

15.2.3. Negotiate and agree upon a revised percentage of gross revenue derived from electricity generated and sold by the Lessee on the leased property, which shall be payable to the Lessor.

15.3. Should the Parties fail to reach an agreement on any of the matters in clause 15.2. within thirty (30) days of the rezoning taking effect, the dispute shall be resolved in accordance with the dispute resolution provisions of this Lease.

16. BREACH OF CONTRACT

16.1. In the event of the Lessee failing on due date any of the terms and conditions of this agreement, the Lessor shall have the right either to:

16.1.1. Cancel the contract by registered letter (after 90 days written notice) addressed to the Lessee, in which event the Lessee shall, at the option of the Lessor, and without prejudice to any other rights which the Lessor may have, either forfeit all monies paid to the Lessor or his agent in terms hereof or alternatively be liable to the Lessor for damages. In the latter event the Lessor shall be entitled to withhold any monies repayable to the Lessee until damages have been determined and then to apply setoff against such damages; or

16.1.2. Claim immediate payment of the whole of the rent and the fulfilment of all the terms and conditions thereof.

16.2. In the event of the Lessor failing to fulfil on due date any of the terms and conditions of this agreement, the Lessee shall have the right either:

16.2.1. To cancel the lease by registered letter addressed to the Lessor such damages he may have suffered; or

16.2.2. To claim the immediate fulfilment of all the terms and conditions hereof;

16.2.3. This clause will be mutatis mutandis applicable to the Lessor.

17. OPTION OF RENEWAL

17.1. The Lessee shall have the right to renew this lease upon the terms and subject to the conditions set out below.

17.1.1. The period for which the lease may be so renewed is three (3) months commencing on the date immediately following the date of expiry of the initial term of this lease.

17.1.2. All the terms of this lease shall continue to apply during the renewal period, save that

17.1.3. The rent shall be R..... and

17.1.4. There shall be no further right of renewal.

17.2. The right of renewal shall be exercised by notice in writing from the Lessee to the Lessor given and received not later than three (3) months prior to the date on which the renewal period is to commence and shall lapse if not so exercised.

17.3. If the right of renewal is duly exercised, this lease shall be renewed automatically and without the need for any further act by the parties.

17.4. The Lessee may not, however, exercise the right of renewal while in breach or default of any of the terms of this lease.

17.5. If this lease does not endure at least for the full term for which it is initially contracted, the right of renewal shall lapse, and any notice of exercise thereof given prior to such lapsing shall be null and void.

18. DOMICILIA AND NOTICES

18.1. The parties choose as their *domicilia citandi etexecutandi* the addresses mentioned in clause 18.1.1. below, provided that such *domicilium* of either party may be changed by written notice from such party to the other party with effect from the date of receipt or deemed receipt by the latter of such notice.

18.1.1. The Lessor: Cnr Joe Slovo Street & Douwater Avenue,
Lephalale

The Lessee:
.....
.....

18.2. Any notice, acceptance, demand or other communication properly addressed by either party to the other party at the latter's *domicilium* in terms hereof for the time being and sent by prepaid registered post shall be deemed to be received by the latter 1st business day following the date of posting thereof. This provision shall not be construed as precluding the utilization of other means and methods for the transmission or delivery of notices, acceptances, demands and other communications, but no presumption of delivery shall rise if any such other means or method is used.

19. MAGISTRATE COURT JURISDICTION

19.1. The parties hereby consent to the jurisdiction of the Magistrate's Court in respect of all proceedings arising out of this agreement, notwithstanding the amounts claimed or the nature of the claim. Notwithstanding the foregoing provision and in no way derogating from the generality thereof, the Lessor shall be entitled to institute any action arising out of this agreement in any other Court of competent jurisdiction.

20. ATTORNEY AND CLIENT COST

20.1. If the Lessor, in accordance with any breach of the contract by the Lessee incurs, any legal costs to protect its rights, the Lessee safeguards the Lessor by paying such costs including attorney and client costs and collection commission that is payable by the Lessee at any given time to the Lessor.

21. WATER SOURCE

21.1. The Lessor guarantees no responsibility for the upkeep of current water sources on the leased property and will also accept no responsibility if any of the water sources diminish or dry up. In this case the Lessee must at its own cost supply additional or new water sources to comply with its needs.

22. SELLING AND LEASING

22.1. If the Lessor, during any time of the lease contract, decides to sell the property, either personally or by a representative, the property may be shown to the buyers at any reasonable time.

22.2. The Lessor or a representative has the right to show the property to interested Lessees and purchasers.

23. DAMAGE BY THE LESSEE

23.1. The Lessor is not responsible for any damage that the Lessee has incurred during the usage of the leased property. The Lessor accepts no responsibility for the extinguishing of any fire that occurs on the leased property or that may spread to and from the leased property. It remains the responsibility of the

Lessee to ensure that all assets on the property are adequately insured and protected.

24. FIRE BREAKS

- 24.1. The Lessee shall, at its own cost, establish, maintain and keep in good condition fire breaks on the leased property.
- 24.2. Fire breaks shall be of such width and condition as reasonably required to prevent the spread of fire to or from neighbouring land.
- 24.3. The Lessee shall ensure that fire breaks are properly maintained at all times and shall take all reasonable precautions to prevent and control the outbreak or spread of fire on the leased property.
- 24.4. The Lessor shall have the right to inspect the fire breaks at any reasonable time and may, upon written notice, require the Lessee to remedy any noncompliance within a reasonable period.
- 24.5. The Lessee shall be liable for any loss, damage or claims arising from its failure to establish or maintain fire breaks as required under this clause.

25. SALE OF PROPERTY

- 25.1. In the event that the Lessor sells or otherwise disposes of the leased property during the term of this Lease, such sale or disposal shall not terminate or affect the validity of this Lease, and the purchaser or transferee shall be bound by the terms and conditions of this lease as if it were the original Lessor.
- 25.2. The Lessor shall ensure that any sale agreement entered into in respect of the property recognises and upholds the Lessee's rights under this Lease.
- 25.3. The Lessee shall not be required to vacate the property, nor shall its rights be diminished or interfered with by reason of such sale or transfer, provided that the Lessee continues to comply with the terms of this Lease.

26. TERMINATION CLAUSE

- 26.1. This Lease may be terminated under the following circumstances: 26.1.1.
It shall automatically terminate on the expiry date unless renewed or extended in writing.

26.2. The Lessor may terminate by written notice if:

26.2.1. The Lessee fails to pay any rental or other amounts due within thirty (30) days of demand;

26.2.2. The Lessee breaches any material term of this Lease and fails to remedy such breach within fifteen (15) days of written notice;

26.2.3. The Lessee conducts activities that are unlawful, unsafe, or contrary to legislation, regulations, or municipal by-laws;

26.2.4. The Lessee becomes insolvent, is placed under business rescue, or is liquidated.

26.3. The Lessee may terminate by giving six (6) months' prior written notice if:

26.3.1. It is unable, despite reasonable efforts, to obtain or maintain the required licences, permits, or approvals;

26.3.2. Continuation of the Lease becomes commercially unfeasible due to changes in legislation, regulation, or government policy affecting renewable energy generation.

26.4. Upon termination of the lease for any reason:

26.4.1. The Lessee shall vacate the property and either remove the solar plants and restore the property to substantially the same condition as at commencement, fair wear and tear excepted, or transfer ownership of the solar plants to the Lessor on agreed terms;

26.4.2. All outstanding amounts shall become immediately due and payable;

26.5. Termination shall be without prejudice to any rights or remedies accrued by either party prior to the date of termination.

27. WHOLE AGREEMENT

27.1. This lease constitutes the entire agreement between the parties.

27.2. Neither party relies in entering into this agreement on any warranties, representations, disclosures or expressions of opinion which have not been incorporated into this agreement as warranties or undertakings.

27.3. No variation or consensual cancellation of this agreement shall be of any force or effect unless reduced to writing and signed by both parties.

28. NON-WAIVER

28.1. Neither party shall be regarded as having waived, or be precluded in any way from exercising, any right under or arising from this lease by reason of such party having at any time granted any extension of time for, or having shown any indulgence to, the other party with reference to any payment or performance hereunder, or having failed to enforce, or delayed in the enforcement of, any right of action against the other party.

28.2. The failure of either party to comply with any non-material provision of this lease shall not excuse the other party from performing the latter's obligations hereunder fully and timeously.

29. SEVERABILITY CLAUSE

29.1. In the event that any clause of this agreement is found to be invalid, illegal or unenforceable for any reason, such clause shall be severed from this agreement, and the remaining clauses shall continue in full force and effect.

29.2. The Parties agree that any such invalid, illegal or unenforceable clause shall where possible be replaced with a valid and enforceable clause that reflects the original intent of the Parties.

30. WARRANTY OF AUTHORITY

30.1. The persons signing this lease on behalf of the Lessor and the Lessee expressly warrant their authority to do so.

Entered into and signed at Lephalale on this _____ day of _____ 2025.

WITNESSES

1. _____

LESSOR

2. _____

Entered into and signed at Lephalale on this _____ day of _____ 2025.

WITNESSES

1. _____

2. _____

LESSEE