

LEASE AGREEMENT (PROPERTY
DESCRIPTION)

Entered into between

MAKANA MUNICIPALITY herein represented by
RIANA MEIRING in her capacity as an Acting Municipal Manager,
(hereinafter called the **LESSOR**)

And

**EASTERN CAPE
DEPARTMENT OF RURAL
DEVELOPMENT &
AGRARIAN REFORM** herein
Represented by **SIBONGILE MZANTSI** in her
capacity as General Manager: Supply Chain
Management of the Department
(Hereinafter called the **LESSEE**)

Handwritten initials and signatures:
RM
S.M. Mzantsi

WHEREAS the **LESSEE** has applied to the **LESSOR** to lease a certain premises situated on Erf 4904, Port Alfred Road, Grahamstown, for the purpose of Diagnostic Centre and residence for a Technician.

NOW THEREFORE the **LESSOR**, pursuant to the Municipal Ordinance 20 of 1974, hereby agrees to lease to the **LESSEE** and the **LESSEE** hereby agrees to hire from the **LESSOR** the property, subject to the following terms and conditions:

1. PREAMBLE, INTERPRETATIONS AND DEFINITIONS

- 1.1. The head notes to the clauses of this lease are inserted for reference purposes only and shall in no way govern or affect the interpretation hereof.
- 1.2. Unless inconsistent with the context, any expression contained in this lease, including any expression and any definition.
 - 1.2.1. any gender, includes the other gender;
 - 1.2.2. a natural person, includes an artificial person and vice versa;
 - 1.2.3. the singular, includes the plural and vice versa.
- 1.3. All annexures to this lease form an integral part hereof and expressions defined in this lease shall, unless the context otherwise requires, bear the same meaning in such annexures
- 1.4. Unless inconsistent with the context, the expressions set forth below shall bear the following meanings:
 - 1.4.1. **"accommodation"** as referred to in the policy, shall have the same meaning as property and building.
 - 1.4.2. **"lease/this lease"** the agreement of lease concluded between the lessor and the lessee and to which these conditions are annexed;
 - 1.4.3. **"lessee"** the lessee defined as such in schedule 1 of this lease
 - 1.4.4. **"lessor"** Makana Municipality;
 - 1.4.5. **"property"** the official property as described under property

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1.4.6. "VAT" the tax, known as value added tax, which is required to be levied and paid for the benefit of the State Revenue Fund in terms of Section 7 of the Value Added Tax Act, No 89 of 1991, as amended;

2. USE OF PROPERTY

2.1. It is hereby specifically declared and acknowledged that the property hereby let is registered in the name of the LESSOR and that this lease is accordingly entered into for the sole purpose of Diagnostic Centre and residence for Department of Rural Development & Agrarian Reform Technician.

2.2. The LESSEE shall not do, nor allow to be done, anything, which may in the opinion of the LESSOR damage the property, or permit to be committed, any act that may constitute a nuisance or inconvenience to, or affect the peace and/or comfort enjoyed by any person.

2.3. The LESSEE in his use of the property, shall

2.3.1. conform with all laws and statutory, municipal and other by- laws and regulations relating to lessees or occupiers of the property;

2.3.2. not knowing nor negligently cause nor allow to be caused any blockage or failure in any sewerage pipes, water pipes, drains and other supply equipment and installations serving the property, and

2.3.3. not do, nor permit to be done, any act, matter or thing which may render the LESSOR'S insurance of the property and/or the property against risk of loss or damage attributable to any of the causes insured against from time to time, either void or voidable, or which may increase the rate of premiums payable by the LESSOR in respect of the property with regard to such insurance.

3. LEASE PERIOD

3.1. This lease shall commence on 01 July 2013 for the period not exceeding three (3) years with an option to renew for further

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three (3) years, unless terminated by operation of law or by virtue of the provisions contained in this Agreement of Lease.

- .2. This lease may be terminated by either party giving the other one (1) Months written notice to this effect.
- 3.3. In the case of the LESSEE wishing to purchase the property at the end of the period stated in Clause 3.1 above, such property shall be transferred to the LESSEE on payment of an initial amount to be agreed upon, but which shall not be less than any loss sustained by the LESSOR by reason of the rental being based on interest at the rate of 17.25% per annum.

4. RENTAL AMOUNT

- 4.1. The monthly rental to be paid by the Department of Rural Development & Agrarian Reform shall be **R22 000.00 plus vat** , increased annually by 10%, payable monthly on the last day of each month upon receipt by the Regional Representative, Department of Department of Rural Development & Agrarian Reform, Port Elizabeth, of a demand from the LESSOR for payment of same.
- 4.2. The Department of Rural Development & Agrarian Reform shall pay all Municipal and Divisional Council assessment rates.
- 4.3. The Department of Department of Rural Development & Agrarian Reform shall be liable for the payment of charges for water, electricity, sanitation, refuse removals and for the daily domestic cleaning of the hired premises.

5. MAINTENANCE

- 5.1. The Department of Department of Rural Development & Agrarian Reform shall, during the currency of this lease, maintain the said premises in a good and proper condition and state of repair, internally as well as externally and shall repair all damage to and rectify all deterioration of the said premises, within a reasonable time; damage or deterioration caused by the wilful or

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negligent act, omission of persons in the employ of the Municipality alone being excepted.

- 5.2. The **LESSOR** shall be responsible for the maintenance of the garden, including the regular mowing of lawns, for an amount of R896.96 per annum.
- 5.3. The **LESSOR** shall also clear the adjoining forest area twice annually for an amount of R76.16 per annum.
- 5.4. The amount reflected in 5.2 and 5.3 shall be paid by the Department of Department of Rural Development & Agrarian Reform at the end of each year upon receipt of an account for same. The aforementioned amounts shall be subject to adjustment from time to time as mutually agreed. **ESSEE** shall be entitled to make and affix to the walls, ceilings and floors such fittings and fixtures in the said premises as it may consider necessary or suitable for its purposes, which fittings and fixtures shall be and remain the property of the **LESSEE** which shall be entitled to remove and dispose of the same during the currency of this lease, or at the expiry thereof. The **LESSEE** shall, however, repair and make good any damage caused to the said premises by the removal of any such fittings or fixtures.
- 5.2. Should the **LESSEE** neglect to undertake such repair within a stipulated period on written notification from the **LESSOR**, the **LESSOR** shall have the right to undertake such repair at the expense of the **LESSEE**.
- 5.3. The **LESSEE** shall also be responsible for the replacement during the lease and at his own expense to the satisfaction of the **LESSOR** with new as the old wear out or become broken, damaged or lost, of all light bulbs and globes, fluorescent or otherwise, starters, ballasts and incandescent bulbs, where applicable, whether used in relation to the property internally or externally.
- 5.4. to treat all internal woodwork with the appropriate varnishes required

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to maintain all such woodwork in good condition and to repaint the interior of the walls of the property, where this becomes necessary, with good quality paint in the same colour as at the commencement date;

5.5. The **LESSEE** shall not make any structural alterations to the hereby leased property without the written consent of the **LESSOR** thereto being first had and obtained.

5.7. The **LESSOR** and/or its duly authorized servants and/or nominees shall have the right to enter upon the hereby leased property at all reasonable times for the purpose of inspecting the same and of ensuring that the conditions of this lease are being properly carried out and/or observed by the **LESSEE**.

6. DUTIES OF THE LESSEE

6.1. The **LESSEE** shall not have the right to cede or assign any of his interest in and to this lease, nor to sub-let the whole or any portion thereof without the written consent of the **LESSOR**. In particular, the **LESSEE** undertakes and agrees not to use the said property, or any portion thereof, as a boarding or lodging house or as a place of business of whatsoever kind; the intent and purpose being that the said property shall be used solely as Diagnostic Centre and residence of a Technician (Department of Department of Rural Development & Agrarian Reform).

6.2. The **LESSEE** undertakes at all times to keep the hereby leased property in a clean and sanitary condition and at all times to observe all the by-laws of the **LESSOR** in so far as such by-laws relate to the property hereby let.

6.4. Upon vacation of the property it shall be the responsibility of the **LESSEE** who is vacating the property to ensure that all services with the exception of sewerage be discontinued and all meters are read, failing which the **LESSEE** shall be held responsible for any wastage, damage or loss which may take place between the date of vacation of the premises and the date of re-occupation of same.

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6.5. The **LESSEE** who is vacating the property shall ensure that the property is left in a clean and neat state to the satisfaction of the Property Administration Department, failing which, the Municipality may recover any cost incurred in rendering the said premises clean and habitable from the said **LESSEE**.

6.6. The **LESSEE** herewith accepts the responsibility to deliver to the Property Administration Department of the Makana Municipality all keys to the property on the first business day following the day of vacating the property.

7. BREACH

7.1. In the event of the **LESSEE** failing to pay the monthly rental on the due date as aforesaid, or in the event of his committing a breach of any of the terms and conditions of this agreement of lease, the **LESSOR** shall, notwithstanding anything to the contrary herein contained, have the right to forthwith terminate this lease upon giving the **LESSEE** twenty four (24) hours written notice to this effect.

7.2. The **LESSEE** undertakes to pay all attorney- and own client costs plus VAT, collection commission and tracing costs plus VAT which the **LESSOR** may incur in collecting any amount owing in terms of this agreement by the **LESSEE** and which is not paid on the due date thereof, including interest on such amount at the maximum rate allowed from the date such amount becomes due, until receipt of payment.

8. GENERAL

8.1. The **LESSEE** shall be liable for the installation of an alarm system and payment of the alarm premium pertaining to the leased property. The buildings and/or structures will be insured against damage or loss by the **LESSOR** in terms of this lease.

8.2. For the purpose of this lease any notice in writing intended for the

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LESSEE shall be deemed to have been validly given if addressed to and delivered at the property hereby let.

- 8.6. The **LESSEE** and the **LESSOR** shall inspect the property jointly to determine the condition of the property and to list all defects or damage. Such inspection shall take place before the **LESSEE** takes a week of evacuation of the dwelling. The cost of repairing any damage to the property, determined at a final inspection on the date that the **LESSEE** evacuates the property, will be invoiced to the **LESSEE**.
- 8.8. The **LESSOR** reserves the right to lay and use and to allow third parties to lay and use such underground service on or across the property without being liable to pay compensation to the **LESSEE** or to grant any reduction in rent where the property are thereby affected.
- 8.9. The **LESSEE** shall at all times well and sufficiently indemnify the **LESSOR** and keep the **LESSOR** indemnified against all liability howsoever caused or arising that may be the direct or indirect result of the use of the land in question, and against all actions, suits, proceedings, claims, demands, costs and expenses whatsoever which may be taken or made against the **LESSOR** or incurred or become payable by the **LESSOR** at the suit of any person.
- 8.10. The parties hereto acknowledge that this agreement constitutes the entire contract between the parties and that no other conditions, stipulations, warranties or representations whatsoever have been made by or on behalf of either party other than such as are included herein.
- 8.11. No agreement at variance with the terms and conditions of this agreement shall be binding on the parties unless contained in writing by the parties hereto and any indulgence which the **LESSOR** in accepting any payments after due date or in accepting a lesser sum than the amount due, shall not in any way prejudice his rights or be construed as a waiver of same by the **LESSOR**.

9. LESSOR'S LIABILITY LIMITED

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9.1. The LESSOR shall not be responsible for;

9.1.1. any loss or damage to any goods or property of the LESSEE and/or his employees caused by water, rain, storm, gas or electricity which may leak into or flow from any part of the property or by any reason of any defect in the property or by any cause whatsoever;

9.1.2. Any loss or damage suffered to the LESSEE and/or his employees possessions in or about the property arising from any act of omission or commission by any tradesmen, servant of the LESSOR or any other party;

9.1.3. any damage to, or any loss of, any property of any nature owned by whomsoever as may from time to time be in or about the property, or any injury or death caused to anyone whomsoever who may be in the property howsoever such damage, loss, injury or death may be caused, specifically including damage, loss, injury or death caused by falling objects, and the LESSEE hereby waives any claim which, but for this waiver, it may have had against the LESSOR arising out of any such damage, loss, injury, illness or death, and

9.1.4. any failure, suspension or interruption of any water, electricity or other supplies to the property or any loss thereby suffered by the LESSEE, whether consequential or otherwise.


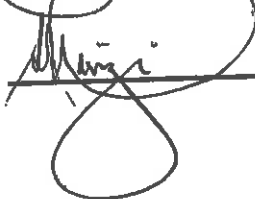
10. PROPERTY REMAINS PROPERTY OF LESSOR


10.1. The grant of the lease hereby constituted, shall under no circumstances be deemed to confer any real right or servitude of any kind in favour of the LESSEE. Upon a demand made by the LESSOR, in terms of this lease, for quiet possession of the property, the LESSEE shall be bound to give such possession without any right to compensation, whether for useful, necessary expenses or other improvements.

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THUS DONE and agreed to at BHISHO this 23 day
of June 2015.

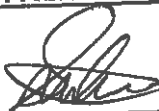
AS WITNESSES:

1.  A SINGH
2.  Mlingi


(LESSEE)

THUS DONE and agreed to at Grahamstown this 24 day
of June 2015.

AS WITNESSES:

1.  SAKHELA
2. _____


(LESSOR)
MAKANA MUNICIPALITY