

7 April 2017



OBC CHICKEN

Ref: MO/SHOP01_OBC CHICKEN

Corner Main Office Park, 2 Payne Road, Block A
Bryanston, 2128 • www.finlayml.co.za • 011 568 3424

Attention: Robbie Capazorio

Telephone: 0861 622 622

Cell: 082 337 7747

Fax: 086 665 0047

E mail: robbie@obcgroup.co.za

Dear Robbie,

OFFER TO LEASE BETWEEN MORENA MALL (PTY) LTD (REG. NO. 2016/124740/07) REPRESENTED HEREIN BY OLIVIA KILIAN ("the landlord") AND OBC GROUP (PTY) LTD trading as OBC CHICKEN ("the tenant"), IN RESPECT OF MORENA MALL ("the building"), SITUATED IN MMABATHO, MAHIKENG.

We refer to recent discussions between the parties and have pleasure in detailing hereunder the terms and conditions, which if signed by the tenant will constitute an irrevocable offer to lease, upon which the landlord will consider entering into an agreement of lease.

Please ensure that this Offer to Lease is signed by the tenant and reaches us no later than **14 (Fourteen)** days from the date of this Offer (or such longer period as may be agreed by the landlord in its sole discretion), failing which we will accept that the tenant is not interested in the premises and same shall be offered to the open market.

1. The Tenant

Name: _____

Reg. No.: _____

Vat Reg. No.: _____

2. Trade Name

OBC Chicken

3. The Premises

Shop No 01 measuring approximately **710m² (Seven Hundred and Ten Square Metres)** in extent situated in the building as demarcated on Annexure A hereto. This is based on the latest drawing and is subject to change and will be based on the final drawings

4. The Property

Portion 466 of Erf 9631 Mafikeng Extension 39 Township, situate at Hamerkop Street, Mafikeng, North West Province.

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5. Permitted Use of the Premises

The Leased Premises are to be used for an **OBC Chicken and Meat** outlet selling mainly fresh and frozen chicken, red meat and related, complementary and other products sold, from time to time, under the OBC franchise concept, which concept the Landlord acknowledges being acquainted with, which will include but not be limited to a cooked foods delicatessen, processed meats, maize meal, oil and other groceries.

6. Commencement date and Rental Obligation Date

The commencement date of the agreement is the first day of the month following the trading date, and is currently estimated to be **1 April 2018**. The conditions of the lease agreement will be applicable from the beneficial occupation. Rental, property expenses and other charges will be raised from the opening date of the centre, and will be pro-rated should such date not commence on the 1st day of the month.

The tenant shall be obliged to trade on the opening date of the centre, currently estimated to be **November 2018** or no later than the expiry of the beneficial occupation period, whichever is the earlier.

7. Beneficial Occupation

The tenant shall be granted beneficial occupation of the premises at least **60 (Sixty) days** prior to the opening date, subject to the completion of the development or such later date as the landlord may on **60 (Sixty) days'** notice advise the tenant in writing. Such occupation shall be free of any rental charges save for electricity, refuse and water charges, which shall be for the tenant's account, notwithstanding the provisions of clause 12.

If at the beneficial occupation date the premises are incomplete and/or otherwise not available for occupation the beneficial occupation date shall be deemed to be the date the landlord is able to give the tenant occupation of the premises. The landlord gives no warranties, express or implied, in regard to the size (10% tolerance either way) and shape of the premises on completion. Any variation required by the tenant to the premises from the landlord's plan shall be for the tenant's account.

Notwithstanding anything to the contrary contained herein, all risk in respect of this lease and arising from the tenant's occupation of the premises shall pass to the tenant with effect from the beneficial occupation date.

8. Period of Lease

The agreement of lease shall endure for a period of **5 (Five) years** after the commencement date.

9. Basic Monthly Rent (Exclusive of VAT)

The tenant shall pay the greater of -

R140.00/m² (One Hundred and Forty Rand Square Metre) of the premises per month for the first year of the agreement of lease escalating upon the anniversary of the said date and annually thereafter at a rate of **7% (Seven Percent)** per annum compounded. Should the lease not commence within 3 (three) months of the abovementioned commencement date, then in such an even the rental will increase by a pro rata portion of the escalation. Pro rata means the number of months in a year divided by 12 (twelve) and multiplied by the escalation rate.

Or

Turnover Percentage

Calculated at **5.00% (Five Percent)** of the tenant's annual turnover.

10. ~~Property Expenses (Exclusive of VAT)~~

~~In addition to the basic monthly rent stipulated above, the tenant shall pay property expenses calculated at **R0/m² ()** of the premises per month for the first year of the agreement of lease escalating upon the anniversary of the said date annually thereafter at a rate of **0% (Percent)** per annum compounded.~~

11. ~~Marketing Fund Contribution~~

~~The tenant shall pay to the marketing fund an amount calculated at **0% (0Percent)** of the basic monthly rent.~~

12. Other Charges

In addition to the basic monthly rent and property expenses, the tenant will be liable from the opening date or the commencement date of the agreement of lease, whichever occurs first, in respect of the building for -

- the tenant's pro rata contribution of refuse removal and any direct costs charged by refuse removal supplier;
- the tenant's pro rata contribution of assessment rates and city improvement district levies and thereafter, the tenant's contribution of all increases or such other amount as may be applicable at the time;

- the tenant's contribution of sewerage and effluent disposal charges as metered and calculated in accordance with the metered water consumption for the premises and if not metered, the tenant's pro rata contribution of the sewerage and effluent disposal charges;
- electricity (including but not limited to electricity consumed by air-conditioning and external signage), effluent/sewerage disposal and water (including but not limited to water consumption of air-conditioning) and meter reading costs, if separately metered and if not separately metered, the tenant's pro rata contribution thereof;
- the tenant's contribution of common area electricity and water (including electricity consumed by signage on common areas and air conditioning serving the common areas), common area sewerage and effluent disposal charges and the tenant's contribution of all meter reading costs of all common areas;
- R500 per month for one tenant parking bay; 1 bay per 100m² (or part thereof);
- if applicable and without the landlord being obliged thereto, back-up power system consisting of a fixed monthly charge per m², as well as the tenant's electricity rate percentage share of variable costs associated with the back-up power system; and
- for the purpose of this Offer to Lease, the tenant's pro rata contribution will be calculated as a proportionate share of the ratio which the rentable area of the premises bears to the rentable area of the building.

13. Penalty Rate (Exclusive of VAT)

R 2,000.00 (Two Thousand Rand) per day.

14. Lease Fees

The cost of preparation of the agreement of lease amounting to **R 2,500.00 (Two Thousand Five Hundred Rand)** shall be paid by the tenant on demand.

15. Financial Year End Date

Month: _____

16. Offer to Renew

Provided that the tenant shall have duly complied with each term and condition contained in the agreement of lease, the tenant shall be entitled to make an irrevocable offer, on or before **3 (Three) months prior** to the expiry of the initial period to the landlord to renew the agreement of lease for a further period of **5 (Five) years** with effect from the expiry date ("the renewal period"), on the same terms and conditions as contained herein save and except that the basic monthly rent and the tenant's monthly contribution to property expenses (as well as the annual escalations of the basic monthly rent and the tenant's monthly contribution to property expenses) for the renewal period shall be mutually agreed between the parties and that there shall be no further offer to renew.

The tenant's offer shall lapse and be of no force and effect if –

- 16.1 the landlord does not accept such irrevocable offer; and
- 16.2 the negotiation in respect of the basic monthly rent and the tenant's monthly contribution to property expenses (as well as the annual escalations of the basic monthly rent and the tenant's monthly contribution to property expenses) is indecisive and not reduced to writing and signed by both parties 2 (two) months prior to expiry of the initial lease period.

In the event that the tenant's offer lapses, the agreement of lease will terminate on the expiry date.

17. Deposit

The landlord will require a deposit in the amount of **R 390,879.37** calculated based on the final 3 (Three) months of the lease agreement, in a form acceptable to the landlord. The deposit amount is subject to change, and will be confirmed in the formal lease agreement after a credit check has been conducted on the tenant.

The deposit referred to in this clause 18 is payable **within 30 (Thirty) days of the signature of the lease agreement by the landlord or before beneficial occupation of the premises by the tenant, whichever occurs first.**

18. Surety

All directors of companies, members of close corporations and spouses married in community of property will be required to sign surety to guarantee the full obligations of the tenant.

19. Landlord Specification

- 19.1 The landlord will provide the premises in accordance with the tenant's specification document attached hereto as Annexure D and a tenant installation allowance of R 1,700.00 per square meter.
- 19.2 The tenant shall submit the necessary drawings and specifications for the landlord's prior approval detailing the tenant's work, prepared in accordance with the TCD by qualified designers and conforming to good design and engineering practice in a format acceptable to the landlord or its agents, on a future agreed date between both parties.
- 19.3 The tenant's work will be executed -
- 19.3.1 in accordance with approved working drawings and specifications;
 - 19.3.2 at all times in compliance with all applicable legislation, by-laws and regulations;
 - 19.3.3 by contractors and sub-contractors approved by the landlord in writing who shall be competent and legally entitled to perform the tenant's work;
 - 19.3.4 with new materials, such materials and workmanship to be of a uniformly high quality and used and/or performed in accordance with the very best standards of practice; and
 - 19.3.5 any damage to the premises or the building caused by the tenant or any of its employees, contractors or workmen shall be repaired forthwith by and at the expense of the tenant.

20. Alterations to the Premises

The tenant may not undertake any alterations to the premises without the landlord's prior written consent.

21. New Tenants

- 21.1 The tenant acknowledges that it will not be granted access to the premises until such time as the agreement of lease has been signed and the deposit and the first month's rental has been paid to the landlord.
- 21.2 The shop front, signage and shop fitting will be installed in accordance with the TCD.
- 21.3 The tenant shall be responsible for constructing the interior of the premises at its sole cost and expense.
- 21.4 The tenant undertakes to commence with the actual and physical fit out of the premises within 72 (Seventy Two) hours after being granted access to the premises.
- 21.5 Without limiting the generality of the foregoing, the tenant shall comply with all statutory requirements including but not limited to the Occupational Health and Safety Act as amended during the fit out of the premises and whilst occupying the premises. The tenant shall at its own cost procure a Certificate of Electrical Compliance and an Occupation Certificate within 7 (Seven) days after completion of the construction of the interior of the premises;

22. Cleaning Services

The tenant will be responsible for cleaning the inside of the premises (including but not limited to windows and shop fronts) to the reasonable satisfaction of the landlord.

23. Security and Insurance

The owner of the building provides building security. The tenant must, however, arrange and maintain at its own cost and be responsible for its own security (at all times co-operating with the building security) and insurance in respect of the premises.

24. Limitation of Liability

The landlord, its agents or employees, shall not be liable for -

- 24.1 any direct or indirect loss, damage or injury, irrespective of the cause, suffered by the tenant, its directors, agents, employees, invitees or any other person; or
- 24.2 any direct or indirect loss, damage or injury, whether direct or consequential, or inconvenience which the tenant may suffer owing to any difficulties from time to time in the interruption and/or supply of electricity, water, gas or any other amenities or services or the complete cessation of such amenities or services, nor shall the tenant be entitled to cancel the agreement of lease nor be entitled to an abatement of rent in respect of any such occurrence.

25. Assignment and Sub-Letting

The tenant will not cede or assign any of its rights or obligations arising out of this Offer to Lease to any other party and/or sub-let the whole or any portion of the premises.

26. FICA Requirements

The tenant acknowledges the landlord's duty to comply with the Financial Intelligence Centre Act, 38 of 2001, as amended, and agrees to provide the landlord with the relevant documents as required by law and in terms of our FICA request letter.

27. Consent to Credit Verification

- 27.1 The tenant (and all sureties by their signature hereto) irrevocably consent/s to the landlord and/or its agents requesting any information available on any credit bureau regarding the tenant stipulated herein from time to time.
- 27.2 This consent includes, but is not limited to, the consent to the landlord and/or its agents, as the case may be -
 - 27.2.1 to perform a credit search on the tenant's (or the surety's as the case may be) credit profile with more than one registered credit bureau at any time during the currency of the agreement of lease;
 - 27.2.2 should the tenant/surety fail to meet its commitments in terms of the agreement of lease, to record the tenant's non-performance to any credit bureau;
 - 27.2.3 to request a report where the landlord and/or its agents are monitoring the tenant's payment behaviour by researching the tenant's profile;
 - 27.2.4 to use any new information and data obtained from any registered credit bureau in respect of future applications to the agreement of lease (in applicable);
 - 27.2.5 to record the details in respect of the tenant/surety's account with any registered credit bureau; and
 - 27.2.6 to record and transmit details of the tenant/surety's performance in terms of this Offer to Lease and how the account is conducted by the tenant/surety in meeting its obligations in terms of the agreement of lease.
- 27.3 The landlord will give to the tenant/surety 20 (Twenty) business days' written notice prior to the forwarding of the details as set out above to any registered credit bureau.

28. Health Audit

The landlord shall be entitled at any time to conduct a hygiene inspection of the premises similar to the hygiene inspection conducted by the Department of Health at similar premises, on such intervals as the

landlord may in its sole discretion determine in order to maintain the integrity of the building and/or the property and by an independent at service provider appointed by the landlord from time to time.

29. Trading Hours

The tenant shall, subject to any statutory restrictions, keep the premises open during the following trading hours -

Mondays to Fridays: 09h00 - 18h00;
Saturdays, Sundays and public holidays: 09h00 - 17h00,

or any such hours as the landlord may from time to time determine in writing.

30. Remaining Terms and Conditions

These will be in accordance with the landlord's standard agreement of lease implemented from time to time, read together with the contents of this Offer to Lease. A copy of the landlord's standard agreement of lease is available upon request.

31. Signature of the Agreement of Lease

The landlord will have the right, in its sole discretion, to cancel this Offer to Lease if the formal agreement of lease is not signed and returned to the landlord together with the Tenant Criteria Document within **30 (Thirty) days** of delivery of the lease agreement to the tenant.

32. Value-Added Tax

Any amount charged by the landlord to the tenant in terms of any provision of the agreement of lease which, in terms of any legislation in force from time to time, is subject to Value-Added Tax ("VAT"), shall be charged together with the relevant VAT applicable at the relevant time to such amount and the tenant shall pay the landlord not only the said amount, but also the said VAT.

33. Energy

Should any future legislation introduce a penalty or an extra charge or levy on electricity and/or water consumption based on usage of electricity and/or water or as directed in such legislation, the landlord shall be entitled to recover such penalty or extra charge or levy from the tenant if such tenant's usage of electricity and/or water results in a penalty or extra charge or levy. A certificate issued by the landlord shall constitute *prima facie* proof of the tenant's liability and the amount stated therein.

34. Offer

- 34.1 This Offer to Lease records the basis upon which the tenant is prepared to enter into an agreement of lease with the landlord for the hire of the premises and does not constitute an offer by the landlord to let the premises to the tenant on the terms and conditions contained herein.
- 34.2 We confirm that we require you to sign the endorsement appearing below, and once signed, this Offer to Lease will constitute an irrevocable offer by the tenant to enter into an agreement of lease with the landlord on the terms and conditions contained herein.
- 34.3 Should the landlord convey its acceptance in writing, the essential elements of an agreement of lease will have been agreed and the parties hereby agree to be bound accordingly. **The landlord will not be bound by any variations of the terms hereof which are not contained in the written agreement of lease contemplated in this clause nor by any statements, warranties, promises, representations, agreements or waivers, which are not recorded herein or in the standard agreement of lease.**
- 34.3 In the case of a company, the signed offer should be accompanied by a Board resolution authorising the signatory to bind the company in the format attached as Annexure B.
- 34.4 Please enclose all FICA documents required in terms of the FICA act, are forwarded with the signed offer.

34.5 Annexures to this Offer:

- "A" Plan of the premises
- "B" Tenant's Board Resolution
- "C" FICA Compliance Checklist
- "D" Tenant Specification Document
- "E" Tenant Criteria Document

35. Suspensive Condition

This agreement is suspensive upon the landlord proceeding with the development. Should the landlord not proceed with the development, this Offer to Lease will lapse and be of no further force and effect and neither party will have any claim whatsoever against the other party.

36. Breach Provision

Should the tenant fail to comply with any provision of this Offer to Lease the landlord shall be entitled, without prejudice to any other rights it may have in terms of the agreement of lease, to collect from the tenant in addition to any other rent payable, a penalty at the rate stipulated above for each business day the tenant remains in breach and/or vary the agreement of lease by making it terminable thereafter on 1 (one) month's written notice by the landlord to the tenant.

Yours faithfully,

FINLAY MALL LEASING (ON BEHALF OF THE LANDLORD)

Marianka Victor
Managing Director

Telephone: 011 568 3424
E Mail: marianka@finlayml.co.za

Theuns Lindeque
Leasing & Projects Director

Telephone: 011 568 3424
E Mail: theuns@finlayml.co.za

I/We, being duly authorized hereto, acknowledge having received the original hereof and hereby agree to be bound and entitled accordingly.

For and on behalf of the tenant:

**For and on behalf of MORENA MALL (PTY)
LTD (REG. NO. 2016/124740/07)**

who warrants that he/she is duly authorised
hereto

who warrants that he/she is duly authorised
hereto

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

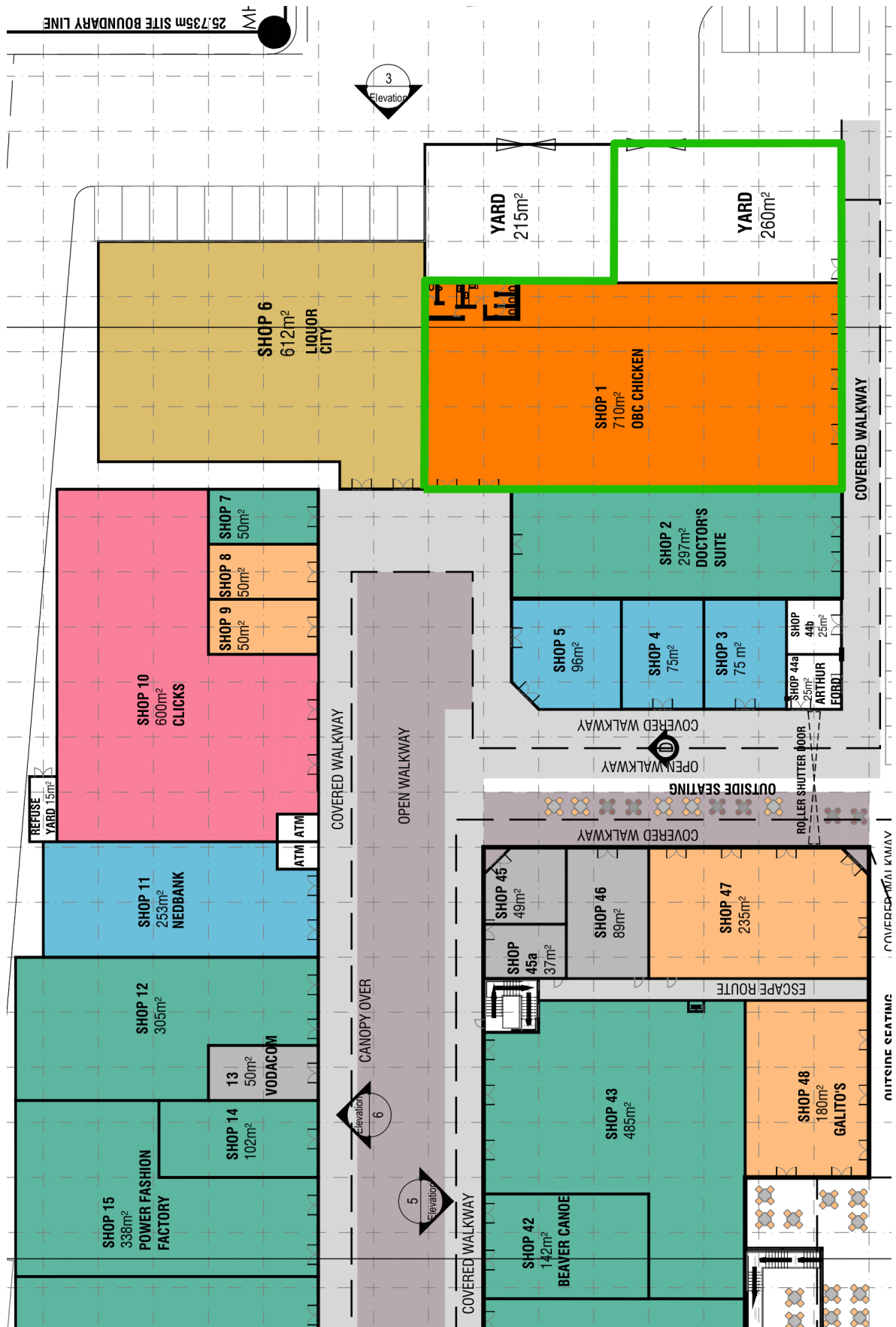
**Tenant's chosen domicile (address for
service of notices, court process or other
documents or communications relating to
this offer):**

Postal Address:

Physical Address:

Email address:

ANNEXURE A – PLAN



ANNXURE B – RESOLUTION

EXTRACT OF MINUTES OF A MEETING/OR RESOLUTION

OF MEMBERS/DIRECTORS OF

Reg. No. _____

HELD AT _____ ON THE _____ DAY OF _____ 20____

IT WAS RESOLVED

That this Close Corporation/company enters into an Agreement of Lease with Morena Mall (Pty) Ltd and its successors in title and assigns, in respect of Shop 01 measuring 650 square metres in extent, on the terms and conditions set out in the Agreement of Lease laid before the Meeting and approved.

IT WAS FURTHER RESOLVED

That _____

in his/her/their capacity as _____

be, and he/she/they is/are, hereby authorised to execute the Offer to Lease & Agreement of Lease.

CHAIRMAN

CERTIFIED A TRUE COPY

ANNEXURE C – FICA COMPLIANCE CHECKLIST

1. Certified copy of the Certificate of Incorporation (CM1) and Notice of Registered Office and Postal Address (CM22) or CIPC Certificate of confirmation	
2. If the trading business address is different to the registered address, certified recent copies of independent documentary evidence of the address (e.g. utility bill – for a complete list, see attached schedule).	
3. Original or certified documentation from SARS reflecting the VAT registration number and income tax registration number	
4. Name the person with the authority to act on behalf of the Company and for this person:	
4.1 Clear certified copy of a bar-coded identity document	
4.2 Residential address and contact numbers (including original or certified copies of documentary evidence of residential address) (not older than 6 months) (Per Annexure A)	
4.3 Clear certified copy of documentary evidence authorizing the person to act on behalf of the Company (e.g. members' resolution or signatory list)) *Check whether this is signed as per offer	
5 If the Managing Director/CEO is different to the person identified in 4 above, for this person:	
5.1 Clear certified copy of a bar-coded identity document	
5.2 Residential address and contact numbers (including original or certified copies of documentary evidence of residential address) (not older than 6 months) (Per Annexure A)	
6. Does any one person or entity more than 25% of the voting rights in the Company? YES or NO If yes:	
6.1 Clear certified copy of bar-coded identity document	

6.2 Residential address and contact numbers (including original or certified copies of documentary evidence of residential address)(less than 6 months) (Per Annexure A)	
If the shareholder identified in 6 above is not a natural person then the identification and verification requirements for the entity into which its falls must be applied.	

ADDITIONAL INFORMATION:

1. Proof of Residential Address and Contact Numbers -
 - 1.1 Utility Bill (not older than 6 months);
 - 1.2 Bank Statement (not older than 6 months);
 - 1.3 Municipal Rates and Taxes invoice (not older than 6 months);
 - 1.4 TV license documentation (not older than 6 months);
 - 1.5 Current mortgage bond statement from a bank or other recognized lending institution (not older than 6 months);
 - 1.6 Telkom Account (not older than 6 months);
 - 1.7 Motor vehicle license and motor cycle documentation (not older than 6 months);or
 - 1.8 Copy of short terms insurance documents showing the risk address (not older than 6 months);
 - 1.9 Correspondence (not older than 6 months) from a body corporate or share block association, retirement village or retirement scheme governed by the housing development Scheme for Retired Persons, Act 65 of 1988;
 - 1.10 A letter (not older than 6 months) from the bank manager of a registered bank, medical practitioner, accountant, or attorney on a formal letterhead stating that he/she has known him/her for more than 3 years, confirming his/her residential address;
 - 1.11 Spouse's utility bill (not older than 6 months) and marriage certificate.

ANNEXURE D – TENANT SPECIFICATION DOCUMENT

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ANNEXURE E – TENANT CRITERIA DOCUMENT

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