ON-SITE MANAGEMENT AGREEMENT

The Operator hereby agrees to manage the Property for the purpose of establishing a commercial rental hospitality enterprise and the Lessor hereby agrees to participate in the On-site Management Agreement on the terms and conditions set out in this Agreement.

SCHEDULE

1 Operator

1.1.	Full name:	SAXON SQUARE RENTAL POOL (PTY) LTD
1.2.	Registration number:	2025 / 729737 / 07
	Physical Address:	1ST FLOOR, CONSTANTIA VILLAGE COURTYARD, CONSTANTIA VILLAGE, CONSTANTIA MAIN ROAD, CONSTANTIA, WESTERN CAPE,
1.3.		7806
1.4.	Email:	JULIA@FLYTPROPERTY.CO.ZA
1.5.	Telephone:	

2 Lessor

2.1.	Full name:	
2.2.	Registration number:	
2.3.	Physical Address:	
2.4.	Email:	
2.5.	Telephone:	

3 Property:

3.1.	**Unit:**	A unit consisting of (a) section no. _____, and (b) an undivided share in the common property in the Scheme
3.2.	**Scheme:**	**Scheme Name:**
		SS Number:
		Physical Address:
		Parking Bay Number:

4 Participation Quota: _____%, which quota may be adjusted by the Operator from time to time as Properties join and leave the Arrangement envisaged herein.

5 Applicability of Terms and Conditions

This Schedule, the Terms and Conditions and all Annexures attached hereto shall form the agreement between the Operator and the Lessor.

OPERATOR herein represented by	**LESSOR** herein represented by
(Print name) who warrants that she/he is duly authorised	(Print name) who warrants that she/he is duly authorised
DATE: _____	**DATE:** _____
PLACE: _____	**PLACE:** _____

PLEASE NOTE:

1. The Parties are required to sign in full above and initial all other pages, including the Schedule, the Terms and Conditions and all Annexures hereto.
2. By its signature above, each Party is deemed to have read all pages of this Agreement, the full and exact meaning of which the Party acknowledges it understands and accepts, notwithstanding the fact that its representative may not have initialled all such pages.

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None.	

TERMS AND CONDITIONS OF ON-SITE MANAGEMENT AGREEMENT

1 INTERPRETATION

1.1 In this Agreement, unless inconsistent with or otherwise indicated by the context –

1.1.1 **"Arrangement" –** means an arrangement in which the Lessor or other such ownerships in a large community agrees to participate by making the Participating Properties available for letting by the Operator, in accordance with this Agreement;

1.1.2 "**Agreement**" means the On-Site Management Agreement as set out in this document, together with the Schedule and all annexures hereto;

1.1.3 "**Auditors**" means the auditors of the Operator from time to time;

1.1.4 "**Body Corporate**" means the collective owners of all the properties in the Scheme, as contemplated in section 36 of the Sectional Titles Schemes Management Act, No. 8 of 2011;

1.1.5 "**Building**" means, collectively, all properties forming part of and under management by the Operator, the General Areas and any other sections, exclusive use areas or rights of extension pertaining to the Scheme in respect of which the Operator has a right of use or control to carry on its Business;

1.1.6 "**Business**" means the commercial rental hospitality enterprise conducted by the Operator at the Building;

1.1.7 "**Commencement Date**" means the date on which the Property is registered in the name of the Lessor in the Johannesburg Deeds Office (but subject to clause 3);

1.1.8 "**Cut-off Date**" means, only once 1 July 2026 has occurred, 12h00 on the 5th Business Day succeeding the date on which one Party has received written notice from another Party specifying that the latter requires the fulfilment and/or the waiver of all the unfulfilled and not waived Suspensive Conditions;

1.1.9 "**Developer**" means the developer of the Scheme;

1.1.10 "**Effective Date**" means the earlier of –

1.1.10.1 the first day of the month in which the Operator accommodates a paying Guest at the Property; and

1.1.10.2 120 days after the Commencement Date;

1.1.11 "Flyt Property" means Flyt Property Investment Proprietary Limited, bearing registration number 2017/012860/07, who is responsible for setting-up the Business carried on at the Scheme on behalf of the Developer;

1.1.12 "**Fixtures and Fittings**" means the furniture, fixtures, equipment and movable property installed or erected at the Property and hospitality areas of the Building to operate the Business;

1.1.13 "**General Areas**" means the sections or common areas of the Scheme demarcated as such by the Operator;

1.1.14 "**Gross Revenue**" means the total revenue, proceeds and receipts received by the Operator in the operation of the management of the Property during any given month;

1.1.15 "**Guaranteed Rental**" means the guaranteed monthly rental payable to the Lessor during the Initial Period as set out in the Schedule;

1.1.16 "**Guest**" means any transient occupant of the Property who has contracted with the Operator to rent any of the properties under management by the Operator on a short-term basis;

1.1.17 "**Initial Period**" means a period of two (2) years commencing on the Transfer Date of the Unit. Thereafter, the Agreement shall automatically renew on an annual basis, unless terminated by the Lessor by giving not less than six (6) months' prior written notice of cancellation.;

1.1.18 "**Lessor"** means , the party described in Clause 2 of The Schedule;

1.1.19 "**Manager**" means, to the extent applicable, the entity appointed by the Operator in its sole discretion to act as an on-site operator for the day-to-day management of the Business;

1.1.20 "**Net Revenue**" means the Gross Revenue received by the Operator in respect of a given month less –

1.1.20.1 the Operating Expenses; and

1.1.20.2 the aggregate of the monthly amounts due by Participants to the City of Johannesburg (and/or any other authority, if applicable) in respect of rates and taxes for the Participating Properties, insofar as such amounts are paid by the Operator on behalf of the Participants; and

1.1.20.3 the monthly levies, special levies, and any other amounts due and owing by the Participants to the Body Corporate in respect of the Participating Properties, insofar as such amounts are paid by the Operator on behalf of the Participants; and

1.1.20.4 the monthly Reserve Fund contributions by each Participant;

1.1.21 "**Operating Expenses**" means all costs and expenses incurred by the Operator, directly or indirectly, in respect of the operation, maintenance, marketing and management of the Property, including but not limited to –

1.1.21.1 all fees payable by the Operator to the Manager in relation to the management of the Property;

1.1.21.2 the maintenance of the interior of all Participating Properties;

1.1.21.3 the payment of third party booking commissions;

1.1.21.4 the repair or replacement of Fixtures and Fittings;

1.1.21.5 the premiums payable in respect of the insurance policies taken out by the Operator to protect the Participating Properties, the Fixtures and Fittings, and any other assets of the Property under management against fire, theft, damage and such other perils as the Operator deems necessary;

1.1.21.6 the premiums payable in respect of public liability insurance policies taken out by the Operator in respect of any claims that may be brought against the Developer and/or the Operator and/or the Lessor and/or the Manager and/or the Participants, and the agents, employees and assigns of the foregoing;

1.1.21.7 the supply to the Participating Properties of appropriate guest amenities, services and supplies, including the provision of a daily cleaning service and laundry service for the use by Guests;

1.1.21.8 in respect of Participating Properties which are let for periods of less than a month at a time, electricity, water, telephone and similar consumption charges incurred in respect of such Participating Properties and the General Areas including, to the extent applicable, the rental payable in respect of any General Areas (provided that, if any Participating Property is let for longer than a month in duration, the Guest shall be directly liable for payment of the said utilities);

1.1.21.9 the replacement, repair and maintenance of equipment in the Participating Properties and the General Areas, including without limitation televisions, WIFI routers, door locks, light bulbs, and air-conditioning units;

1.1.21.10 the costs of leasing, purchasing or subscribing for software, information technology and electronic communication equipment necessary for the conduct of the Business, including without limitation computers, computer software, PABX communication system;

1.1.21.11 all expenses reimbursed by the Operator to the Manager in respect of the day-to-day management of the Property under management by virtue of this Agreement;

1.1.21.12 the rental payable in respect of commercial unit leased by the Operator as administrative support areas;

1.1.21.13 the marketing and advertising costs incurred in relation to the Participating Properties;

1.1.21.14 the auditing of the Business pertaining to the Property under management by the operator; and

1.1.21.15 payroll and employee expenses, including contractor fees;

1.1.22 "**Operator**" means the Party described in item 1 of the Schedule, a private company with limited liability incorporated in accordance with the laws of the Republic of South Africa, and its successors in title and assigns;

1.1.23 **"Parking Bay Rental"** means monthly rental payable to the Lessor as consideration for the use of the Parking Bay/s linked to the Property under management by the Operator, calculated in accordance with Clause 7.

1.1.24 "**Participants**" means the owners of the Participating Properties, including the Lessor, who enter into on-site management agreements with the Operator on terms substantially similar to this Agreement;

1.1.25 "**Participating Properties**" means accommodation properties in the Scheme forming part of the , including the Property;

1.1.26 "**Participation Quota**" means the area of each Participating Property expressed as a percentage of the total area of all Participating Properties, which in the case of the Property is the percentage set out in item 4 of the Schedule, and which Participation Quota may be adjusted by the Operator from time to time on notice to the Lessor in response to Participating Properties joining and leaving the Arrangement described in this Agreement;

1.1.27 "**Parties**" means the Lessor and the Operator; and "**Party**" means either one of them as the context may indicate;

1.1.28 "**Pre-Opening Expenses**" means the costs incurred by the Developer in respect of the establishment of the Business and the Scheme, together with all expenses incurred in connection with commercially setting up and managing the Property, including but not limited to marketing costs and staff training costs;

1.1.29 "**Property**" means the Lessor's property described in item 3 of the Schedule;

1.1.30 "**Published Rates**" means the rate at which the Participating Properties are leased to Guests from time to time, as determined by the Operator;

1.1.31 "**Rental**" means monthly rental payable to the Lessor as consideration for the use of the Property under management by the Operator, calculated in accordance with clause 7;

1.1.32 "**Reserve Fund**" means the maintenance and replacement reserve fund established by the Operator in accordance with clause 14;

1.1.33 "**SARS**" means the South African Revenue Service;

1.1.34 "**Schedule**" means the schedule to which to these Terms and Conditions are attached;

1.1.35 "**Scheme**" means the sectional title scheme described in item 3.2 of the Schedule;

1.1.36 "**Signature Date**" means the date on which this Agreement is signed by the Party signing last in time;

1.1.37 "**Suspensive Conditions**" means the suspensive conditions contained in clause 3.1;

1.1.38 "**VAT**" means value added tax payable in terms of the Value Added Tax Act, No. 89 of 1991;

1.1.39 words importing the singular shall include the plural and vice versa;

1.1.40 words importing natural persons shall include legal persons and partnerships and vice versa;

1.1.41 words importing one gender shall include the other genders;

1.1.42 any reference to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time; and

1.1.43 where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

1.2 The clause headings in this Agreement have been inserted for reference purposes only and shall not affect the interpretation of any provision of this Agreement.

1.3 Words and expressions defined in any sub-clause shall, for the purpose of the clause of which the sub-clause forms part, bear the meaning assigned to such words and expressions in that sub-clause.

1.4 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, effect shall be given to it as if it were a substantive clause in the body of the Agreement, notwithstanding that it is only contained in this interpretation clause.

1.5 If any period is referred to in this Agreement by way of reference to a number of days, the days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the day shall be the next succeeding Business Day.

1.6 The rule of construction that the contract shall be interpreted against the Party responsible for the drafting or preparation of this Agreement, shall not apply.

1.7 This Agreement shall be governed by and construed and interpreted in accordance with the law of the Republic of South Africa.

2 INTRODUCTION

2.1 The Operator has identified the Scheme as an ideal location to operate the Business.

2.2 The Lessor is or will be the registered owner of the Property on the Commencement Date.

2.3 The Operator is desirous of obtaining the use of the Property from the Lessor, together with the use of the other Participating Properties, to enable the Operator to conduct the short-term commercial letting of Participating Properties to members of the public.

2.4 The Lessor wishes to participate in the Arrangement described in this Agreement and is prepared to lease the Property to the Operator, subject to the terms and conditions of this Agreement.

2.5 It is recorded that:

2.5.1 the Property forms part of the Scheme, but not all properties in the Scheme will necessarily be managed by the Operator according to this Agreement;

2.5.2 the management of the Property shall be operated as a separate and distinct commercial rental enterprise; and

2.5.3 the Lessor shall contribute towards the management of the Property in accordance with its Participation Quotas.

3 SUSPENSIVE CONDITIONS

3.1 This Agreement (save for clauses 1, 3, 17, and clauses 20 to 27 (inclusive), which shall be of full force and effect from the Signature Date) is subject to the fulfilment of following suspensive conditions by no later than the Cut-Off Date –

3.1.1 the registration of the transfer of the Property into the name of the Lessor in the Johannesburg Deeds Registry; and

3.1.2 the Operator furnishing written notice to the Lessor that it has entered into management agreements with a sufficient number of Participants such that it is feasible for the Operator to conduct on-site management of the Property and to operate the Business.

3.1.3 The Lessor shall be obliged to fund the procurement and installation of a furniture pack as provided by the Operator, which furniture pack shall conform to the minimum specifications prescribed by the Operator.

3.2 The Suspensive Condition contained in clause 3.1.2 may be waived by the Operator in its sole discretion on written notice to the Lessor.

3.3 If the Suspensive Conditions have not been fulfilled (or waived, if applicable) before the Cut-Off Date, then this Agreement will not be of any force and effect (save for clauses 1, 3, 17, and clauses 20 to 27 (inclusive)). No Party shall have any claim arising against the other Party in respect of the failure of this Agreement as aforesaid, other than in terms of clause 3.4.

3.4 The Parties shall use their respective best endeavours to procure the timeous fulfilment of the Suspensive Conditions.

4 COMMENCEMENT AND DURATION

4.1 Subject to the fulfilment or waiver of the Suspensive Conditions, this Agreement shall commence on the Commencement Date and shall subsist until it is terminated in accordance with its terms.

4.2 Neither Party shall be entitled to terminate this Agreement during the Initial Period, unless –

4.2.1 The Operator fails to achieve the Operating Budget in the first 12 months of operations, in accordance with Clause 12.4

4.2.2 terminated in accordance with clause 17; or

4.2.3 the Operator receives written notice from the Participants (or any one of them) confirming that the majority of the Participants have voted in favour of the termination of the Arrangement. For the purposes of this clause 4.2.3, a majority of Participants shall mean:

4.2.3.1 Participants representing at least 80% of the Participation Quota in the Arrangement who are entitled to vote at meetings of the Body Corporate; and

4.2.3.2 at least 80% in number of the then current Participants who are entitled to vote at meetings of the Body Corporate.

4.3 After the Initial Period, this Agreement may be cancelled by either Party on 90 days' written notice to the other Party.

5 LEASE

5.1 With effect from the Commencement Date, the Lessor leases the Property to the Operator for the duration of this Agreement, and the Operator hires same from the Lessor, subject to the terms and conditions of this Agreement.

5.2 The Property shall form part of the on-site management to be conducted by the Operator in respect of the Scheme. Accordingly, the Lessor acknowledges that –

5.2.1 the Operator will conclude management agreements with other Participants for the lease of the Participating Properties;

5.2.2 the Operator shall pay the Rental in terms of clause 7; and

5.2.3 all Participating Properties shall be managed for the purpose of determination of the Rental payable to the Lessor in terms of this Agreement.

5.3 The Property is leased to the Operator "voetstoots", in the condition that it stands as at the Commencement Date, it being recorded that the Lessor shall not be obliged to make any alterations, repairs or replacements of whatsoever nature to the Property, provided that –

5.3.1 the Lessor shall not remove any fixtures and fittings (if any) which are installed or situated at the Property as at the date of transfer of the Property to the Lessor; and

5.3.2 the Lessor shall ensure that the Property is in a clean condition and that all refuse is removed from the Property.

5.4 The Lessor shall give possession of the Property to the Operator on the Commencement Date.

6 PROPERTY MANAGEMENT

The Property shall be managed on the following basis:

6.1 the Participating Properties shall be let to Guests as short-term accommodation;

6.2 the Participating Properties shall, as far as possible, be let to Guests on a rotation basis to ensure that Participating Properties are not used to the exclusion of others which may result in over-use. The Operator shall implement appropriate systems to monitor and regulate the use and rotation of the Participating Properties;

6.3 the Operator shall determine the Published Rates from time to time, provided that such rates are consistent with comparable facilities and are market related. The Operator shall communicate the

Published Rates to the Participants as and when they are determined and/or amended from time to time; and

6.4

6.5 the Parties shall be obligated to amend this Agreement in accordance with any amendments agreed to by the Operator and the majority of Participants.

7 RENTAL

7.1 The Operator will pay rental to each Participant in accordance with the Participants' respective Participation Quotas ("**Rental**").

7.2 With effect from the Effective Date, the Rental payable by the Operator to the Lessor shall be calculated in accordance with the following formula:

$$R = NR \times PQ$$

where:

7.2.1 **R** represents the monthly Rental due to the Lessor by the Operator;

7.2.2 **NR** represents the Net Revenue; and

7.2.3 **PQ** represents the Participation Quota of the Lessor in relation to the Property.

7.2.4 The Parking Bay Rental for the initial period shall be equal to a fixed amount that will be paid to the Lessor in addition to the Rental amount, which shall be equal to R500/bay/month for the initial period. The Parking Bay Rental shall form part of the operating expenses of the Operator and deducted accordingly.

7.3 The Operator shall pay the Rental to the Lessor monthly in arrears within 21 days after the last day of the month for which the Rental is due by way of electronic funds transfer into the South African bank account nominated by the Lessor in writing.

7.4 The Operator shall procure that –

7.4.1 all receipts in the course of the Business carried on at the Scheme, whether in cash, by credit card or otherwise, are recorded;

7.4.2 full and accurate books of account and records and other pertinent data of and relating to the calculation of the Gross Revenue for each month are kept and maintained, and that such records are retained for 5 years;

7.4.3 a statement is delivered to the Lessor, simultaneously with the payment of the Rental, reflecting the calculation of the Rental; and

7.4.4 the Lessor is furnished with a certificate by the Auditors certifying the previous year's total Rental calculations and deductions, within 120 days of each financial year end, provided that –

7.4.4.1 to the extent that such certified Rental exceeds the amount of Rental actually paid to the Lessor in such financial year, the Operator shall pay to the Lessor such excess within 30 days of receipt of the Auditor's certificate; and

7.4.4.2 to the extent that the certified Rental is less than the amount of Rental actually paid to the Lessor, such shortfall shall be set-off against the Rental payments due to the Lessor in the subsequent financial year.

7.5 The Rental payable by the Operator to the Lessor under this Agreement shall be net of VAT. The Lessor agrees that it shall not register as a VAT vendor for the purposes of the Arrangement or for the operation of the Property as an incoming-generating activity, unless required to do so by law.

7.6 Any dispute between the Parties as to the amount of Rental payable to the Lessor shall be referred to the Auditors for final determination on the request of either Party. The Auditors shall make a determination of the Rental payable to the Lessor in respect of the particular period in accordance with the formula set out in clause 7.2, and in doing so, shall act as an expert and not as an arbitrator. The Auditor's determination shall be final and binding on the Parties and not be subject to appeal or review, save in the event of manifest error or fraud.

7.7 The Parties shall review the formula set out in clause 7.2 annually with reference to the profitability of the Arrangement. Any amendments to such formula will be effective from the date on which such amendments are recorded in writing by the Parties.

8 COMMERCIAL AREAS AND PRE-OPENING EXPENSES

8.1 The Operator shall incur certain Pre-Operating Expenses related to setting up the business . The Operator shall recover such costs from the Lessor, pro rata to their Participation Quotas, as contemplated herein, as per the pre-opening budget annexed hereto (Annexure [###])

8.2 (

9 FURNISHING OF UNITS

9.1 Condition of Entry into Rental Pool -

9.1.1 In order for any Unit to be admitted into and managed under the Rental Pool, the Unit shall be furnished to a standard and specification acceptable to the Operator.

9.2 Furniture Pack Requirement -

9.2.1 The Lessor shall be obliged to fund, by way of cash contribution to the Operator at least 6 weeks prior to the effective date, the procurement and installation of a furniture pack as provided by theOperator , which furniture pack shall conform to the minimum specifications prescribed by the Operator.

9.3 Annexure of Specifications –

9.3.1 The detailed specifications and requirements of the furniture pack shall be recorded in **Annexure [###]** to this Agreement. The Lessor undertakes to ensure that such furniture pack is fully installed and in place prior to the Unit's admission into the Rental Pool.

9.4 Operator's Approval –

9.4.1 The Operator shall have the right to inspect the Unit to confirm that the furniture pack has been installed in accordance with the prescribed specifications and may withhold admission of the Unit into the Rental Pool until such compliance is achieved.

10 INSURANCE

10.1 The Operator shall procure that the Body Corporate insures the Building, and maintains such insurance, for the full replacement value of the Building, against all risks of loss or damage from fire, storm or such other perils which the Operator may in writing direct from time to time, including SASRIA extension.

10.2 The Lessor shall be liable for the payment of all additional insurance premiums payable in respect of the Property to the extent same is not covered by the insurance policies taken out by the Body Corporate.

11 LESSOR'S RIGHT TO OCCUPY

11.1 The Lessor shall be entitled to book and enjoy unrestricted use, enjoyment and occupation of the Property for a maximum number of nights in each calendar year (non-cumulative) as per the unit type/s owned by the Lessor:

11.2 Studio: 5 Nights

11.3 1-Bed: 7 Nights

11.4 2-Bed: 12 Nights

11.5 The following conditions shall apply to the Lessor's reservation and occupation of the Property as aforesaid:

11.5.1 the Lessor shall reserve the Property for the use of its invitees on not less than 30 days' prior notice to the Operator;

11.5.2 the Operator may accept the Lessor's reservation subject to availability, should the reservation be made on short notice of less than 30 days;

11.5.3 during the peak season between 1 October and 31 March, the Lessor shall be required to make a reservation at least 90 days prior to date of arrival;

11.5.4 the Operator shall accommodate the Lessor or its invitees at the Property, if it is available, failing which the Operator shall accommodate the Lessor at any other similar Participating Property;

11.5.5 the Lessor shall have full use of the Property (or similar Participating Property) and its amenities at a discounted rate, as determined by the Operator from time to time (which rate may be amended by the Operator in its sole discretion, on at least 1 month's prior written notice to the Participants); and

11.5.6 the Lessor shall make payment of all amounts owing to the Operator in respect of its use and occupation of the Property (or other Participating Property), without deduction or set-off, prior to the Lessor or its invitees' occupation thereof, against receipt of a valid tax invoice for such amount from the Operator.

11.6 The Lessor acknowledges that, save as provided for in this clause 11, it shall have no further rights to use or occupy the Property or to make available the Property to any other person or party during this Agreement.

11.7 Any days not utilised by the Lessor in accordance with clause 11.1 during a calendar year, shall be forfeited at the end of that calendar year.

11.8 The Lessor shall not publicly advertise the Property for letting or use, by any means whatsoever, including but not limited to social media platforms, property letting platforms, newspapers, magazines, radio or flyers.

11.9 Should the Lessor commit a breach of any of the provisions of this clause 11, the Operator shall be entitled, without prejudice to any rights and remedies it may have in terms of this Agreement and at law, to disregard any such reservations made or procured by the Lessor in breach hereof and to deny the Lessor or its invitees access and occupation to the Property or any other Participating Property.

11.10 The Lessor undertakes to observe all rules relating *inter alia* to the use of the Property and the Scheme and to procure that its invitees similarly comply with such rules, including all rules relating to reservations, deposits, cancellations, check-in and check-out times and security protocols imposed by the Operator.

12 OPERATOR'S OBLIGATIONS

12.1 Subject to receipt of the necessary funding described in 9.2.1, the Operator shall install the furniture pack in the Lessor's property prior to the effective date.

12.2 The Operator shall operate, administer and manage the Participating Properties in accordance with the provisions of this Agreement.

12.3 The Operator will endeavour to rent all Participating Properties to Guests as often as possible to maximise the Gross Revenue.

12.4 The Operator shall be entitled, in its sole discretion, to set the Published Rates for the Property for the duration of this Agreement.

12.5 The Operator shall prepare the annual operating budget to be presented to Participants within one month of the commencement of the Agreement and within one month of subsequent anniversaries of the commencement date. Should the Operator fail to achieve the budget in a given financial year,,

the Participants shall have the option to terminate the agreement before the end of the initial period, subject to a minimum management period of 12 calendar months and 30 Day's notice to the Operator.

12.6 The Operator shall be entrusted with the possession, control and management of the Property and General Areas and shall be responsible for attending to all matters normally attended to by an owner or manager of such a property including, without limitation –

12.6.1 the maintenance of the Property and the Building (interior and exterior);

12.6.2 the maintenance, repair and, where necessary, the replacement of the Fixtures and Fittings and ensuring that all facilities situated at the Property and the General Areas are in good working order;

12.6.3 the control of all Guests;

12.6.4 ensuring that the Participating Properties, the General Areas and the Fixtures and Fittings contained therein are adequately insured against the risks of fire, theft, damage and such other perils as the Operator deems necessary from time to time;

12.6.5 procuring adequate public liability insurance coverage in respect of any claim that might be brought against the Lessor, the Operator, the Manager, the Body Corporate or any of the agents or employees of the said entities in relation to the management of Participating Properties under the Arrangement set out in this management agreement. The Operator indemnifies the Lessor against any claims instituted against it by any person insofar as such claims are covered by such public liability insurance;

12.6.6 payment of all levies due by the Lessor to the Body Corporate in respect of the Property, including rates and taxes and insurance as aforementioned;

12.6.7 the appointment of a Manager (which appointment shall be at the Operator's sole discretion) to manage and/or market and/or promote the Business;

12.6.8 the employment and control all staff, and the engagement of all service providers, as may be required from time to time for the operation of the Business;

12.6.9 the procurement of cleaning services, cleaning materials and other Guest supplies and amenities;

12.6.10 the provision of guest services required for the proper conduct of the Business including *inter alia* airport transfers, DSTV and internet access for Guests;

12.6.11 the marketing and advertising of the Rental with the objective of ensuring maximum levels of occupancy of the Participating Properties;

12.6.12 obtaining all licences, permits, approvals and consents necessary to operate and market the Property under management, as well as the Business in accordance with the management agreement; and

12.6.13 administering, managing and controlling the Reserve Fund.

12.7 For the sake of clarity, it is recorded that the Lessor shall not be liable for any maintenance of the interior of the Property or the General Areas for the duration of this Agreement.

12.8 The Lessor specifically acknowledges that the Operator, in making payments on behalf of the Lessor of rates, levies, special levies and/or any other amount owing by the Lessor to the Body Corporate, assumes no obligations in that regard and that the Lessor, as the registered owner of the Property, remains liable to the Body Corporate and the City of Cape Town, as the case may be, for all such rates, taxes, levies and other amounts payable in respect of the Property.

13 LESSOR'S OBLIGATIONS

13.1 The Lessor undertakes –

13.1.1 in the event that a mortgage bond is registered against the Property, to notify such mortgagee of the existence of this Agreement and, insofar as may be necessary, procure the mortgagor's consent to enter into this Agreement;

13.1.2 at all times comply with the conduct and management rules of the Body Corporate;

13.1.3 not to interfere in any way whatsoever with the control and management of the Business;

13.1.4 not to alter any lock or install any new locks on any doors in the Property;

13.1.5 not to remove from nor add any Fixtures and Fittings at the Property, or change the layout, décor or mix of design of the Property;

13.1.6 not to use, occupy, lease or advertise the letting of nor to permit anyone else to use, occupy, lease or advertise the letting of the Property other than through the Operator as provided for in this Agreement;

13.1.7 not to cause or allow its invitees to cause any damage to the Property and/or the Building and/or the General Areas and to make good any such damage or to reimburse the Operator with the cost of making good such damage;

13.1.8 not alienate, sell or transfer any of its Participating Properties without the Operator's prior written consent (which consent may not be unreasonably withheld), provided that any consent shall be subject to the condition that the transferee accedes to this Agreement by signing a deed of accession in a form specified by Operator;

13.1.9 to ensure that the Lessor's invitees and guests abide by the Lessor's obligations set out in this clause 13.

13.2 The Lessor understands and agrees to bind its successors-in-title and/or assigns to the provisions of this Agreement whether in any deed of sale or other document in which the Lessor sells or otherwise alienates and/or transfers the Property during the term of this Agreement.

14 RESERVE FUND

14.1 The Operator will establish a replacement and maintenance reserve fund into which the Operator shall allocate, as part of the Operating Expenses, a specified percentage of the Gross Revenue received by the Operator in respect of that financial year.

14.2 The Reserve Fund may only be applied towards the payment of –

14.2.1 general repairs and maintenance of the Participating Properties under management in accordance with the management agreement;

14.2.2 refurbishment of Participating Properties;

14.2.3 replacement or refurbishment of Fixtures and Fittings in the Participating Properties; and

14.2.4 any other costs or expenditure specifically relating to the Participating Properties which the Operator, in its reasonable discretion, deems necessary.

14.3 The Operator shall keep the Reserve Fund in a separate interest-bearing account and shall not use the Reserve Fund other than as specifically set out in this Agreement. All interest thereon shall be reinvested in the Reserve Fund.

14.4 In the event of a shortfall in the Reserve Fund, the Participants shall replenish the Reserve Fund upon receipt of a written demand to do so by the Operator. The Operator shall stipulate in such notice the total amount required from the Participants to cover the shortfall, and the Lessor shall be liable to contribute thereto in proportion to its Participation Quota.

14.5 In the event that the Lessor terminates the Arrangement in respect of a Property, the Lessor shall be entitled to a portion of the Reserve Fund calculated with reference to its Participation Quota in respect of such Property, which shall be paid to the Participant by the Operator within 30 days of the end of the financial year in which this Agreement is terminated in respect of such Property, subject to the provisions of clause 15.

15 VAT

15.1 VAT Election

15.1.1 The Parties record that, as the Rental Pool constitutes a commercial enterprise, the Operator is entitled, through the right-of-use asset structure, to claim input value-added tax ("VAT") on the purchase price of the Property on behalf of the Lessor in respect of the Lessor's acquisition of the Property. The Lessor shall, however, have the election whether or not to make use of the resultant VAT claim on their specific unit value, subject always to the provisions of clause 15.2 and clauses 15.3, 15.4, 15.5 below.

15.1.2 The Lessor is accordingly required to make the following election (please tick one):

☐ Yes – I hereby elect to make use of the VAT claim as contemplated in clause 15.2 and clauses 15.3, 15.4, 15.5 below, and acknowledge that I shall, upon exit from the Rental Pool, be liable to repay

the full VAT liability as determined by the South African Revenue Service ("SARS") at the prevailing market value at the time of such exit.

☐ No – I do not elect to make use of the VAT claim. In such event, the provisions of clause 15.2,15.3, 15.4, 15.5 shall not apply to me.

INITIAL HERE: _____

15.2 For the purpose of securing the Lessor's obligation to pay to the Operator the amounts set out in clause 15.1.2, and only where the Lessor has elected "**Yes**" in clause 15.1.2 above, the Lessor hereby –

15.2.1 irrevocably cedes as an out-and-out cession, assigns and makes over outright to the Operator all of the Lessor's rights, title and interest in and/or claim to and/or proceeds of any claim it may have against SARS in relation to the refund of any VAT (including notional VAT) paid in respect of the Lessor's acquisition of the Property ("VAT Claim");

15.2.2 irrevocably appoints and authorises the Operator on its behalf and in its name, place and stead to apply for and to receive in the name of the Lessor all proceeds receivable from SARS pursuant to the VAT Claim;

15.2.3 undertakes, where required to do so by the Operator, to notify SARS of the cession of the VAT Claim in terms of this Agreement and furnish SARS with all related documentation as SARS may require;

15.2.4 undertakes, whenever called upon to do so by the Operator, to furnish the Operator with all information and make such entries in its books which the Operator may reasonably require in respect of the VAT Claim;

15.2.5 ensure that its auditors include a note in its annual financial statements recording the cession of the VAT Claim as contemplated herein, where applicable; and

15.2.6 undertakes, immediately upon request, to sign all such further documents as may be necessary to procure payment of the VAT Claim to the Operator.

15.3 Where the Lessor has elected "Yes" in clause 15.1.2 and the Operator receives the proceeds of the VAT Claim from SARS, the Operator shall utilise such proceeds as follows:

15.3.1 an amount equal to 10% of the total VAT Claim refunded by SARS shall be paid to Flyt Property Investment;

15.3.2 an amount equal to 90% of the total VAT Claim refunded by SARS shall be allocated towards settlement of any outstanding Pre-Opening Expenses and the costs of the Fixtures and Fittings, and the balance thereof (if any) shall be paid out to the Lessor, either in a lump sum or in monthly installments, at the election of the Lessor.

15.4 The Operator is registered as a VAT vendor.

15.5 The Lessor agrees that it will not register as a VAT vendor in respect of its participation in the Arrangement, unless required to do so by law.

15.6 The Lessor hereby acknowledges that the Operator will be liable for the payment of VAT calculated at the greater of the market value of the Property as at the date when the Property leaves the Arrangement set out in the management agreement and the purchase price paid by the Lessor for such Property. The Lessor agrees subject to the election chosen in 15.1.2 to pay to the Operator an amount equal to the VAT liability incurred by the Operator pursuant to the exit of the Property from the Arrangement, immediately upon receipt of a written confirmation by the Operator confirming the amount of such VAT liability.

15.7 The Lessor agrees that the Operator shall have no obligation to release the property from the agreement until such time as the VAT liability has been fully settled. Should the agreement be cancelled, the Operator shall still have the right to maintain control over the unit and shall have the right to utilise the Net Rental to defray this VAT liability until fully settled. The Parties acknowledge that this clause shall survive the cancellation/termination on the agreement.

INITIAL HERE: _____

15.8 The Lessor agrees that such payment shall be discharged –

15.8.1 by way of set-off against the portion of the Reserve Fund due to the Lessor upon the Property's exit from the Arrangement, as envisaged in clause 14.5;

15.8.2 the balance, if any, shall be paid by the Lessor on receipt of written demand for payment by the Operator.

15.9 As security for such payment, the Lessor undertakes to provide personal sureties or where the Lessor is a juristic person to procure that its shareholders cede *in securitatem debiti* and pledge to the Operator their shares in the Lessor.

15.10 The Lessor further specifically undertakes to advise a purchaser of the Property of such VAT consequence when a Property leaves the Arrangement.

15.11

16 POWER OF ATTORNEY

16.1 Notwithstanding the further provisions of this Agreement, the Lessor herewith irrevocably and *in rem suam* appoints the Operator and its successors in title (acting through any of their managers or directors from time to time), hereby ratifying such appointment to the extent that same may be necessary, with effect from the Commencement Date and for the duration of this Agreement as its attorney with power of substitution to in the Lessor's name, place and stead exercise all the Lessor's rights arising from the Lessor's membership of the Body Corporate and in particular, but without limitation, the Lessor hereby authorises the Operator to –

16.1.1 represent the Lessor in all matters at meetings of the Body Corporate from time to time;

16.1.2 appoint proxies to represent the Lessor in all matters at meetings of the Body Corporate from time to time;

16.1.3 speak and vote in the Operator's discretion on behalf of the Lessor at all meetings of the Body Corporate from time to time;

16.1.4 vote in favour amendments to the Body Corporate rules that ownership of a property in the Scheme shall be subject to the provisions of this Agreement; and

16.1.5 vote in favour of amendments to the Body Corporate rules that the Lessor or its successors in title shall not sell or alienate the Property without ensuring compliance with the provisions contained in this Agreement.

16.2 The Lessor shall, upon receipt written demand by the Operator, ratify and confirm all and any things done and steps taken by the Operator pursuant to the powers conferred upon it in terms of clause 16.1

16.3 The Lessor shall, for the duration of this Agreement, at all times refrain from voting at any meetings of the Body Corporate.

17 BREACH

17.1 In the event of any of the Parties ("**Defaulting Party**") committing a breach of any of the terms of this Agreement and failing to remedy such breach within a period of 10 Business Days after receipt of a written notice from the other Party ("**Aggrieved Party**") calling upon the Defaulting Party so to remedy, then the Aggrieved Party shall be entitled to –

17.1.1 claim specific performance of the terms of this Agreement and without further notice, claim and recover damages from the Defaulting Party;

17.1.2 if the breach consists of any of the following events listed below and the Defaulting Party fails to remedy the breach in time, the Aggrieved Party may elect to cancel this Agreement and claim damages from the Defaulting Party –

17.1.2.1 the Operator not paying the levies and/or rates, taxes and municipal services charges of the Lessor where same are due and payable;

17.1.2.2 the Operator ceases carrying on the Business;

17.1.2.3 the Operator failing to pay Rental when same is due and payable;

17.1.2.4 the Lessor denies access or occupation of the Property to the Operator.

17.2 It is recorded for the avoidance of any doubt that –

17.2.1 any claim for damages is independent of and separate to any claim for specific performance; and

17.2.2 save in the circumstances set out in clause 17.1.2, the Aggrieved Party shall not be allowed to cancel the Agreement pursuant to any other breaches committed by the Defaulting Party.

18 ENFORCEMENT BY BOND-HOLDER OF THE PARTICIPATING PROPERTY

18.1 Notwithstanding clause 13.2 above, it is explicitly agreed between the parties that in the event that the bond-holder (should one exist) be forced to take transfer of any Participating Property belonging to the Lessor or sell any Participating Property via a sale in execution to enforce its rights as bond-holder, that this Agreement shall terminate as regards those only those Participating Properties ("Terminated Participating Properties") on and with effect from the date that the bond-holder obtains a court order authorising such sale or transfer and shall be of no force or effect on successors in title. The Lessor shall however remain liable to repay the VAT to the Operator in terms of Clause **Error! Reference source not found.**, **Error! Reference source not found.** and 15 of the Agreement in respect of the Terminated Participating Properties; including, but not limited to Pre-Opening Expenses, set-up fees and the costs of Fixtures and Fittings in cash if the Lessor is not successful in obtaining a VAT Claim in terms of Clause **Error! Reference source not found.**. The Lessor agrees that the Operator may instruct to the transferring attorney to settle this VAT liability from the proceeds of the sale, after first settling the bond-holder.

19 INDEMNITY

19.1 The Lessor hereby acknowledges that it does not have the authority to bind the Operator in any way whatsoever. The Lessor irrevocably and unconditionally accepts full financial responsibility for, and indemnifies the Operator against, any loss or harm suffered as a consequence of any unauthorised commitment that the Lessor may enter into on the Operator's behalf, irrespective of whether such loss or harm arises directly or indirectly as a result of such action.

19.2 The Lessor indemnifies the Operator against any claims, demands, losses, damages, liabilities or expenses (including legal costs on an attorney own client scale) incurred by the Operator as a result of, or arising from any breach by the Lessor of any of its duties, functions or obligations under this Agreement, however and whenever arising.

19.3 The Operator indemnifies the Lessor against any claims, demands, losses, damages, liabilities or expenses (including legal costs on an attorney own client scale) arising from the Arrangement and/or any breach by the Operator of any of its duties, functions or obligations under this Agreement, however and whenever arising. Notwithstanding the foregoing, the Operator shall not be liable to the Lessor in respect of any operating loss suffered in the operation of the Participating Properties under management in accordance with this Agreement.

20 DISPUTE RESOLUTION

20.1 Any Party may demand that a dispute be determined in terms of this clause 20 by written notice given to the other Parties in accordance with the Expedited Rules ("**Rules**") of the Arbitration Foundation of Southern Africa ("**AFSA**").

20.2 This clause shall not prevent any Party from obtaining interim relief on an urgent basis from a court of competent jurisdiction, pending the decision of an arbitrator.

20.3 The Parties hereby consent to the arbitration being dealt with on an urgent basis in terms of the Rules should either Party, by written notice, require the arbitration to be held on an urgent basis. In such event, either Party may apply to the AFSA Secretariat as required in terms of the said Rules to facilitate such urgent arbitration.

20.4 The arbitration shall be held –

20.4.1 at Cape Town;

20.4.2 with only the legal and other representatives of the Parties to the dispute present thereat; and

20.4.3 otherwise in terms of the Rules, unless otherwise provided for herein.

20.5 The arbitrator shall be a practising advocate of the Cape Bar of at least ten years' standing, appointed by agreement between the Parties. Should the Parties fail to agree on an arbitrator within 14 days after the giving of notice in terms of clause 20.1, the arbitrator shall be appointed by the Secretariat of AFSA at the request of any Party.

20.6 The decision of the arbitrator shall be final and binding on the Parties and may be made an order of the High Court of South Africa at the instance of any Party. The Parties hereby consent to the jurisdiction of the High Court of South Africa, Western Cape Division, Cape Town, in respect of any such proceedings.

20.7 The Parties agree to keep the arbitration including the subject matter of the arbitration and the evidence heard during the arbitration confidential and not to disclose it to anyone except for purposes of obtaining an order as contemplated herein.

20.8 It is recorded that it is the intention of the Parties, that any dispute referred to arbitration in terms of clause 20.1 shall be resolved strictly in accordance with the provisions of this clause 20. The Parties accordingly agree and undertake as follows –

20.8.1 that it shall not make any application to Court as contemplated in terms of section 3(2) of the Arbitration Act, No. 42 of 1965 ("**Arbitration Act**");

20.8.2 that it shall not make any application to Court as contemplated in terms of section 20(1) of the Arbitration Act; and

20.8.3 the periods set out in section 23 of the Arbitration Act shall not be applicable to any arbitration proceedings arising out of this Agreement.

20.9 The provisions of this clause 20 are severable from the rest of this Agreement and shall remain in effect despite the termination of or invalidity for any reason of this Agreement.

21 MUTUAL SUPPORT

The Parties undertake at all times to do all such things, perform all such actions and take all such steps as may be reasonably necessary for the fulfilment and implementation of this Agreement in accordance with its spirit and intent.

22 CONFIDENTIALITY

The Parties agree not to disclose details of this Agreement or any other matter in relation to the transactions set out herein to any third party at any time and further undertake not to make any public announcement relating to the matters contemplated herein without the prior written approval of the other Parties first being had and obtained (which approval shall not be unreasonably withheld) save if such disclosure or announcement is required in terms of the rules of some applicable authority.

23 NOTICES AND ADDRESSES FOR SERVICES

23.1 Each of the Parties choose their respective addresses set out in the Schedule for the purposes of the giving of any notice, the serving of any process and for any other purpose arising out of or in connection with this Agreement.

23.2 Each of the Parties shall be entitled from time to time to vary its address for service to any other address within the Republic of South Africa which is not a post office box or *post restante.*

23.3 Any notice given in terms of this Agreement shall be in writing and shall -

23.3.1 if delivered by hand, be deemed to have been duly received on the date of delivery;

23.3.2 if transmitted by electronic mail message, be deemed to have been received on the date on which it is sent;

23.3.3 if sent by courier, be deemed to have been received on the date of delivery by the courier service concerned,

unless the contrary is proved.

23.4 Notwithstanding anything to the contrary contained or implied in this Agreement, a written notice or communication actually received by one of the Parties from the other including by way of electronic mail shall be adequate written notice or communication to such Party.

24 SEVERANCE

Each of the provisions of this Agreement is separate and severable and enforceable accordingly. If any such term or condition is or becomes unenforceable for any reason whatsoever, that term or condition is severable from and shall not affect the validity of any other term or condition contained in this Agreement.

25 OPERATION

25.1 The expiration, cancellation or other termination of this Agreement shall not affect those provisions of this Agreement which expressly provide that they will operate after such expiration, cancellation or other termination or which of necessity must continue to endure after such expiration, cancellation or other termination, notwithstanding that the relevant clause may not expressly provide for such continuation.

25.2 If the operation of this Agreement is suspended or conditional upon the happening of any event, and if any obligation or restriction imposed on the Parties, or any one of them, is clearly intended to be

implemented and given effect to notwithstanding the fact that this Agreement in its entirety may at that time not yet be unconditional, then the relevant obligation or restriction shall nevertheless apply and be given effect to, and the relevant provisions shall create binding obligations on the Parties.

26 GENERAL

26.1 This Agreement constitutes the entire agreement between the Parties as to the subject matter hereof and save as may be expressly set out herein, no agreements, representations or warranties between the Parties regarding the subject matter hereof other than those set out herein are binding on the Parties.

26.2 To the extent that there is a conflict between the provisions of these Terms and Conditions and the Schedule, the Schedule will prevail.

26.3 No indulgence, leniency or extension of time which any Party may give or allow to the other Party in respect of the performance of any obligation hereunder, shall in any way prejudice the Party giving or allowing the indulgence, leniency or extension or preclude such Party from exercising any of its rights and enforcing the obligations of the other Party in terms of this Agreement.

26.4 No addition to, alteration, cancellation, variation or novation of this Agreement and no waiver of any right arising from this Agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by all the Parties or their duly authorised representatives.

27 CESSION AND ASSIGNMENT

27.1 The Lessor shall not be entitled to cede, assign or delegate any of its rights and/or obligations in terms of or arising from this Agreement to any third party without the prior written consent of the Operator.

27.2 The Operator shall be entitled to cede, assign or delegate any of its rights and/or obligations in terms of or arising from this Agreement to any third party on written notice to the Lessor.

28 SIGNATURE

28.1 This Agreement is signed by the Parties on the dates and at the places indicated on the Schedule.

28.2 This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which shall be taken together and deemed to be one instrument.

28.3 The persons signing this Agreement in a representative capacity warrant their authority to do so.