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Lease Agreement with a related party

JASCO ELECTRONICS HOLDINGS LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration Number: 1987/003293/06)  
Share Code: JSC                      ISIN: ZAE000003794  
("Jasco" or "the Group")

LEASE AGREEMENT WITH A RELATED PARTY

1. INTRODUCTION AND BACKGROUND

On 25 January 2022, Integer Properties 1 Proprietary Limited (previously Genesis Property Proprietary Limited) entered into a sale agreement with CIH Projects no 55 Proprietary Limited, through which Integer Properties 1 Proprietary Limited (the "Seller") would sell to CIH Projects no 55 Proprietary Limited (the "Purchaser"), Portion 198 (a portion of portion 2) of Farm Waterval 2, Registration Division I.R Gauteng, known as Jasco Park (the "Property") (the "Sale Agreement").

Jasco Trading Proprietary Limited ("Jasco Trading"), a wholly owned subsidiary of Jasco, entered into a lease agreement with the Seller on 16 August 2012. In terms of the Sale Agreement, this lease agreement was ceded by the Seller to the Purchaser. The Sale Agreement provides that any arrear lease payments owing by Jasco to the Seller is included in the purchase price for the Property.

The Purchaser is an associated company of Community Investment Holdings Proprietary Limited ("CIH"). CIH is Jasco's effective controlling shareholder with an aggregate 55% shareholding in Jasco. CIH is therefore considered a related party of Jasco in terms of section 10 of the JSE Listings Requirements.

The Sale Agreement further provides that the Purchaser shall pay occupational rental of R350 000 per month (excluding VAT), to the Seller, for an Interim period of six months or until the Property is transferred to the Seller. Jasco will remain obligated to repay the monthly

occupational rental of R350 000 to CIH in terms of an unsecured loan agreement on normal commercial terms. In the event that legal title to the Property is not transferred from the Seller to the Purchaser, then all parties will be restored to their original positions. Accordingly, Jasco will remain legally obligated to the Seller for the total rental amount due in terms of the existing lease agreement, until the transfer of ownership is registered.

## 2. RELATED PARTY LEASE AGREEMENT BETWEEN JASCO AND CIH

Subject to the implementation of the Sale Agreement between the Seller and the Purchaser and

the transfer of the Property to the Purchaser, Jasco, together with Jasco Trading, has entered

into a new commercial lease agreement with the Purchaser ("Related Party Lease Agreement").

The terms of the Related Party Lease Agreement are detailed below.

### 2.1 Key Terms of the Related Party Lease Agreement

- The initial period of the Related Party Lease Agreement will be for a period of 10 years ("Initial Lease Period").
- Jasco will have an option to renew the Related Party Lease Agreement for a further period of five years from the termination of the Initial Lease Period.
- The commencement date of the Related Party Lease Agreement is the date upon which the sale of the Property is registered with the deeds office in the name of the Purchaser ("Commencement Date").
- The monthly rental payable during the Initial Lease Period will be an amount of R950 000 (excluding VAT), escalating by the average consumer price index for the preceding year on the anniversary of the Commencement Date.
- Where the Commencement Date occurs on a day other than the first business day of a month, the Jasco shall pay to CIH a pro rata rental and other service charges from the Commencement Date to the last day of that month, based on the commencing monthly basic net rental specified above.
- Jasco shall be entitled to use and occupy the Property for the purpose of administrative offices, or for any purpose whatsoever which does not change the general character of the Property and other such uses as may be considered or become incidental to and are part of those businesses and/or activities currently

conducted by Jasco in the Property and at any future time. Such use and occupation

shall also include the ability to erect telecoms masts, lighting structures and

advertising boards on and around the Property. Jasco shall not be entitled to use the

Property for any other purpose whatsoever without prior written consent from CIH

which consent shall not unreasonably be withheld.

- Jasco shall be liable for the payment of the actual monthly municipal rate taxes and

charges all water and electricity and other consumption charges, sanitary fees,

effluent charges, and charges for rubbish and refuse removal levied in respect of the

Property and the building insurance charges, provided that these charges are

included in the monthly rental invoice or alternatively billed separately.

- Jasco provides itself in favour of Jasco Trading (as the lessee) as surety for and co-

principal debtor, for the proper, full and punctual payment and performance of all the

present and future obligations to CIH arising out of or in terms of the Related Party

Lease Agreement.

- Jasco was granted a pre-emptive right to purchase the Property from CIH, in the event

that CIH wish to sell the Property, at any time during the Initial Lease Period or a

renewal thereof. The option to purchase the Property is solely at Jasco's discretion.

The Related Party Lease Agreement further contains clauses considered standard for a

commercial lease agreement applicable to a property of this nature, including but not

limited to the use of the property; licensing; municipal valuations; rates and taxes; other

service charges; defects, maintenance, repairs and replacements; alterations, additions

and reinstatement; provisions in respect of occupational health, safety and environmental

matters; signs and structures; and cession, assignment and sub-letting.

## 2.2 Suspensive Conditions

The Related Party Lease Agreement is subject to the following suspensive conditions to

be fulfilled on or before the Commencement Date, or such later date agreed between CIH

and Jasco:

- Resolutions (to the satisfaction of CIH) is passed to the extent applicable or required, authorising Jasco to enter into the Related Party Lease Agreement;
- Jasco and CIH shall obtain the prior written approval of its shareholders as well as its board of directors in order to enter into the Related Party Lease Agreement, while complying with the applicable regulatory requirements. CIH and Jasco accordingly indemnifies the other party against any loss or damages suffered as a result of failure to fully comply with the requirements of this provision; and
- The property is registered in the name of the Purchaser pursuant to the Sale Agreement.

If any Suspensive Condition is not fulfilled for any reason whatsoever and is not waived,

the Related Party Lease Agreement shall be of no force or effect. The parties shall be

entitled to be restored as near as possible to the positions in which they would have been,

had this Related Party Lease Agreement not been entered.

### 2.3 Rationale for the Interim arrangement and Related Party Lease Agreement

The Related Party Lease Agreement as outlined above, will provide immediate cash flow

benefits over the next 6 to 18 months to Jasco following the recent restructure of the Group

Borrowings, relief from the current rental cash cost, and the future flexibility of working

with Jasco's majority shareholder which will allow Jasco to complete its turnaround.

### 3. BACKGROUND TO CIH

CIH was established in 1995 by Dr Anna Mokgokong and Joe Madungandaba; whose foresight,

dynamism and entrepreneurial talents have enabled the company to move from its humble origins

to a leading empowerment concern. CIH is a 100% black owned company, women led company

with a consolidated turnover in excess of R9 billion, diversified between Healthcare, ICT, Power

& Energy, Logistics, Mining and Infrastructure development.

### 4. CATEGORISATION OF THE RELATED PARTY LEASE AGREEMENT

The Related Party Lease Agreement constitutes a related party transaction in terms of the

Listings Requirements of the JSE Limited and is therefore subject to shareholder approval. In

accordance with the Listings Requirements, an independent expert will be appointed to provide

a fair and reasonable opinion in relation to the terms of the Related Party Lease Agreement. A

circular containing, inter alia, the details of the Related Party Lease Agreement, the report of the

independent expert and a notice of general meeting will be distributed to Jasco shareholders in due course.

Midrand

22 April 2022

JSE Sponsor

Grindrod Bank Limited

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