

LEKHETHO AND SONS
TRADING cc

EQUIPMENT LEASE AGREEMENT

For
Mantsopa Local Municipality

CELL: 073 216 4283 / 078 574 8540
TEL : 051 448 3220
FAX: 086 541 5017

CO Kolbe Ave & Victoria RD, Office 11 Science Park

EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement is made and effective [DATE], (the "Lease Agreement")

BETWEEN: **Lekhetho and Sons Trading CC** (the "Lessor"), a corporation organized and existing under the laws of the Republic of South Africa, with its head office located at:

c/o Kolbe ave/ Victoria Road
Office: 11, Science Park
Central University of Technology, Free State
Bloemfontein 9301

AND: **Mantsopa Local Municipality** (the "Lessee"), a government body organized and existing under the laws of the Republic of South Africa, with its head office located at:

38 Joubert Street
Ladybrand, 9745

RECITALS

WHEREAS, the Lessor is the owner of certain equipment and software described in Exhibit "A" attached hereto;

WHEREAS, Lessee is desirous of availing leasing equipment provided by the Service Provider.

WHEREAS, the Lessee agrees to keep and maintain the Equipment only at the location described in Exhibit "B" attached hereto ("Equipment Location");

WHEREAS, Service Provider is a qualified lessor of equipment and maintenance services and is willing to provide such services to Lessee as per the terms herein.

WHEREAS, the Lessee agree to comply with all other terms and conditions set forth in this Agreement and to limit use of the Property to the use described in Exhibit "C" attached hereto.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the parties hereto agree as follows:

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1. RATE FOR SERVICES

A three year rental amount is R2, 523 531.24 and a deposit of R 500,000.00 shall be paid in advance not later than the 20th of July 2012. The deposit shall be followed by monthly installments of R120, 000.00 for 6 months beginning from the 1st of August 2012 and further installments of R43, 451.04 for 30 remaining months shall begin on the 1st of February 2013 and on the first day of each succeeding month throughout the term hereof, at the account number 62183785933, First National Bank or at such other place as Lessor may designate from time to time. Any installment payment not made by the 8th day of the month shall be considered overdue and in addition to Lessor's other remedies, Lessor may levy a late payment charge equal to 5% per month on any overdue amount.

2. MAINTENANCE CALLS

Lessor agrees to provide maintenance service calls annually and interim calls as required at the installation address specified above on the equipment listed. All charges specified are those currently in effect and are subject to change only at the time of subsequent annual renewal. If the charges are increased, the customer may, as of the effective date of such increase, terminate this Agreement by written notice to the Lessor. Otherwise, the new charges shall become effective upon the date specified in the renewal invoice. This Agreement is limited to equipment regularly operated during a single eight hour shift per day, and all Lessor calls hereunder are restricted to the normal working hours of the Lessor.

All service commenced outside of Lessor's normal working hours will be charged at published rates for service time and expense only.

3. SERVICES

Optimum performance of the equipment covered by this Agreement can be expected only if supplies provided by, or meeting the specifications of Lessor are used. Lessor shall have full and free access to the equipment to provide service thereon. If persons other than Lessor's representatives perform maintenance or repairs, and as a result further work is required by Lessor to restore the equipment to operating condition, such repairs will be billed at Lessor's published time and material rates then in effect.

4. PAYMENTS

For service as specified above on the equipment listed, the undersigned agrees to pay in advance the total annual charge specified below to Lessor, in accordance with the terms specified on the face of the invoice.

5. PLACEMENT OF PROPERTY

The Lessor agrees to place the Property (described in Exhibit "A") on temporary loan to the Lessee at the Equipment Location for the limited use by the Lessee within the terms of this Agreement. The Property shall be maintained only at the Equipment Location described in Exhibit "B" and shall not be moved from the Equipment Location without the written consent of the Lessor. If at any time the Lessor delivers additional property to the Lessee, such additional property shall be subject to the terms and conditions of this Agreement unless specifically agreed by the parties in writing.

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6. ACCESS TO EQUIPMENT

Lessee shall provide Lessor with access to its premises to Lessor or its agents at any time during normal business hours or after normal business hours in the event of a bona fide emergency for the purpose of inspecting, maintaining or otherwise accessing the Property.

7. LIMITATIONS ON USE

Lessee shall use the equipment as they wish. Access to the Property shall be limited to the Lessee employees and authorized agents.

8. NO LIENS OR ENCUMBRANCES

Lessee shall not create nor permit any lien, security interest, or other encumbrance of any nature or kind, whether voluntary or involuntary, to attach to the Property. In the event that any such encumbrance attaches to the Property, Lessee shall immediately and without delay cause such encumbrance to be discharged.

9. TERM AND TERMINATION

The operation of this Agreement shall continue for 36 Months and after 36 Months for so long as the Lessor has not received the termination request.

10. NO INTERFERENCE WITH TITLE

Lessee agrees that it shall take no action whatsoever that is inconsistent with the ownership of the Lessor in and to the Property. Lessee shall take any and all steps that are required to defend the title of the Lessor in and to the Property and shall execute any and all documents requested by the Lessor confirming the Lessor's title in and to the Property.

11. CARE AND MAINTENANCE

Lessee shall take all necessary actions to assure that the Property is not misused, damaged, or subject to risk of harm.

Upon delivery to the Location, Lessee shall be responsible for any and all risk of loss, damage, destruction, theft or any other diminution in value or any damage or injury caused directly or indirectly by or as a result of the Property or the operation thereof and shall hold the Equipment harmless from and against the same. Lessee shall pay to Lessor for any damage, loss or destruction, regardless of the cause therefore. In the event of the destruction of the Property, Lessee shall pay to the Lessor the entire replacement cost of the Property.

12. ALTERATIONS, ADDITIONS

Lessee shall not alter the Property in any manner without Owner's prior written approval.

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13. WARRANTY DISCLAIMER

The Property is being provided for the use of Lessee as an accommodation to the Lessee. Lessor makes to representations or warranties as to the condition or operation of the Property. THE PROPERTY IS PROVIDED AND LESSEE ACCEPTS THE EQUIPMENT ON AN "AS IS" BASIS AND WITH ALL FAULTS AND DEFECTS. LESSOR HEREBY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Lessee agrees that it shall indemnify and hold the Lessor harmless from and against all damages, claims, liabilities, actions, suits, threats, demands and settlements arising directly or indirectly from the use and operation of the Property, made by Lessee or any other party, including but not limited to incidental and consequential damages, lost profits, business interruptions damages, injury related damages, special and punitive damages, even if Lessor is advised that such damages are possible or reasonably anticipated.

14. CONFIDENTIALITY

For purposes hereof, "Confidential Information" means customer information, operating programs, and data or technology incorporated in the Loaned Property, but does not include, however, any information (1) Customer develops or acquires independent of any contact with Owner and the Loaned Property; (2) already in Customer's possession prior to contact with Owner or the Loaned Property; or (3) generally available to the public on an unrestricted basis in the form provided by Owner. All such Confidential Information shall be held in strictest confidence and may not be accessed, used, or disclosed except as strictly necessary to execute the Authorized Use.

Customer agrees to report promptly to Owner any unauthorized access, use, or disclosure of Owner's Confidential Information, as well as any action (or attempt to take action) of any person to delete, disable, deactivate, intercept, interfere with, or otherwise access, modify, or disrupt the Loaned Property or the safe and secure operation thereof.

15. NOTICES

Any notification or written communication required by or contemplated under the terms of this Agreement shall be in writing and shall be deemed to be delivered if transmitted via Email at the Email addresses listed below, except for any notice of termination of this Agreement which shall be in writing and sent by Certified Mail, Return Receipt Requested and shall be deemed to have been delivered 3 business days after the date of mailing. Addresses and Email addresses for such notices shall be:

If To Lessor: lekhethot@yahoo.com
If To Lessee: supplychain@mantsopa.co.za

16. ASSIGNMENT

Neither this Agreement nor any right, interest, duty or obligation hereunder may be assigned, transferred or delegated by Lessee without the express written consent of Lessor which consent may be withheld in the discretion of the Lessor.

17. GOVERNING LAW

This Agreement shall be interpreted under the laws of the Republic of South Africa. Any and all legal actions relative hereto shall be in the small claims courts of the Republic of South Africa.

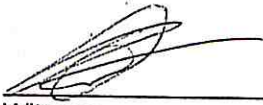

18. ENTIRE AGREEMENT

This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supercedes and replaces all prior discussions, agreements, proposals, understandings, whether orally or in writing, between the parties related to the subject matter of this Agreement. This Agreement may be changed, modified or amended only in a written agreement that is duly executed by authorized representatives of the parties. If any provisions hereof is deemed to be illegal or unenforceable by a court of competent jurisdiction, the enforceability of effectiveness of the remainder of the Agreement shall not be effected and this Agreement shall be enforceable without reference to the unenforceable provision. No party's waiver of any breach or accommodation to the other party shall be deemed to be a waiver of any subsequent breach.


IN WITNESS WHEREOF, the parties hereto have duly entered and executed this Agreement as of the day and year first above written and represent and warrant that the party executing this Agreement on their behalf is duly authorized.

LESSOR


Authorized Signature
THATO THEODOR LEKHETHO MR
Print Name and Title


Witness

Witness

LESSEE


Authorized Signature
SEEBJ MOMMENNA SEERE
Print Name and Title

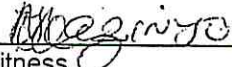


Witness

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EXHIBIT A
THE LEASED EQUIPMENT

Notebooks	
Description	Quantity
HP Elitebook - 8560p - Intel Core i7-2620M, Docking Station, Monitor, Keyboard & Mouse	4
HP Probook - 6560b - Intel Core i5-2410M, Docking Station, Monitor, Keyboard & Mouse	8
HP Probook 4530s	8
Tablets	
Description	Quantity
HP Tablet - Slate 2, Bluetooth keyboard & Case	10
Desktops	
HP Desktop Pro 3400 MT, Mouse, Keyboard & Monitor	60
Software	
Description	Quantity
Microsoft Windows Pro ALNG UpgrdSAPk OLV D 1Y Pltfrm	80
Microsoft CoreCAL ALNG LicSAPk OLV D 1Y Pltfrm UsrCAL	80
Microsoft Windows Server Standard ALNG LicSAPk OLV D 1Y AP	3
Microsoft Exchange Server Standard ALNG LicSAPk OLV D 1Y AP	1
Microsoft Forefront Threat Mmanagement Standard ALNG LicSAPk OLV D 1Y AP 1Proc	1
Microsoft SharePoint Server ALNG LicSAPk OLV D 1Y AP	1

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EXHIBIT B
EQUIPMENT LOCATION

Town: Ladybrand

Offices:

- Head office
- Technical
- Stores
- Manyatseng

Town: Hobhouse

Offices:

- Hobhouse office

Town: Tweespruit

Offices:

- Tweespruit office

Town: Exelsior

Offices:

- Exelsior office

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