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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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