

STANDARD OPERATING PROCEDURE: INGONYAMA TRUST LEASE ADMINISTRATION PROCESS

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1. INTRODUCTION:

This Standard Operating Procedure (SOP) outlines the mandatory steps and requirements for the administration of all lease and tenure agreements held by the Ingonyama Trust. The process is designed to ensure compliance with the Ingonyama Trust Act, No. 3KZ of 1994 (as amended), as well as the directives of the Ingonyama Trust Board (ITB).

The scope of this SOP aims to cover the identified categories of land tenure and agreements but not limited to:

- Traditional Council Consents
- Commercial Leases
- Institutional Leases
- Agricultural Leases
- Development Rights Agreements
- Servitude Agreements
- General Tenure Applications
- Lease Renewals
- Expired Leases
- Lease Transfers
- Management of Outstanding Debt
- Tariff Structures
- Cooling-Off Periods

The SOP is therefore applicable to all Ingonyama Trust staff, and any external stakeholders involved in land access, tenure formalisation, or land rights administration on Ingonyama Trust land.

2. GUIDING PRINCIPLES:

- **Legal Compliance:** Alignment with the Ingonyama Trust Act No. 3K of 1994 (as amended), Spatial Management and Land Use Management Act No. 16 of 2013, Municipal By-Laws, and all other applicable legislation.
- **Community Protection:** Ensuring Traditional Council and Community interests are safeguarded.
- **Transparency:** Consistent communication with applicants and stakeholders.
- **Fairness:** Ensuring equitable access to land and clarity in decision-making.
- **Due Diligence:** Proper assessment of land use, environmental impacts, and cultural considerations.

3. TRADITIONAL COUNCIL CONSENTS (ITB2 & ITB 4):

The Traditional Council Consent (ITB2 & ITB4) is a critical component of the application process, ensuring that the Traditional Council has been consulted and agrees to the proposed land use.

3.1 TC Consent Requirements:

The ITB Consent Forms must be completed and signed by the Chairman (iNkosi), Members, and Secretary of the Traditional Council. The consent must confirm the following:

- The Traditional Council has held a meeting and resolved that it has no objection to the application.
- The Traditional Council confirms that all persons occupying or having an interest in the said land have been consulted and have no objections to the proposals.
- The consent is given in terms of Section 2(5) of the Ingonyama Trust Act.

Further to the above, it must be noted that the Ingonyama Trust Secretariat does not get involved in the signing of the ITB Consent Forms, this process must be

undertaken by the applicant concerned independently to safeguard undue influence in applications.

3.2 ITB Verification of Traditional Council Consent:

The Secretariat must verify the authenticity and completeness of the ITB Consent Form by:

- Confirming the document is an original.
- Verifying the presence of the Traditional Council Date stamp.
- **Verifying all signatures against the specimen signature.**

3.3 Expiry and Renewal of ITB Consent Forms:

Consent forms submitted to the Ingonyama Trust, must ensure that they are not older than 12 Months at the time of submission.

4. GENERAL LEASE PROCESS:

The lease application process is structured into three distinct phases, beginning with the Traditional Council and concluding with the registration of the lease agreement.

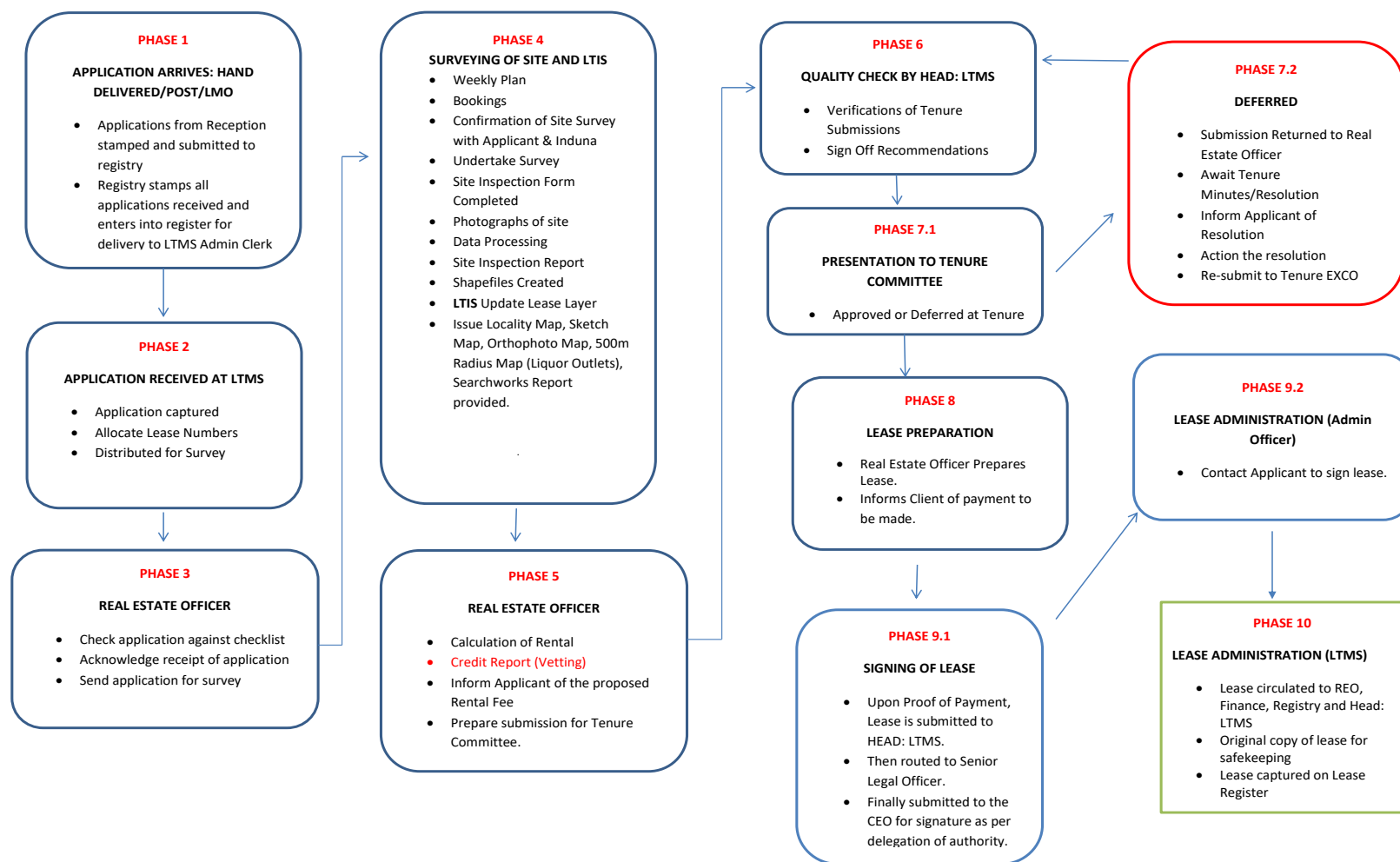
4.1 Phase 1: ITB Process Overview:

The Secretariat processes the application, conducts due diligence, and secures final approval from the Tenure Committee.

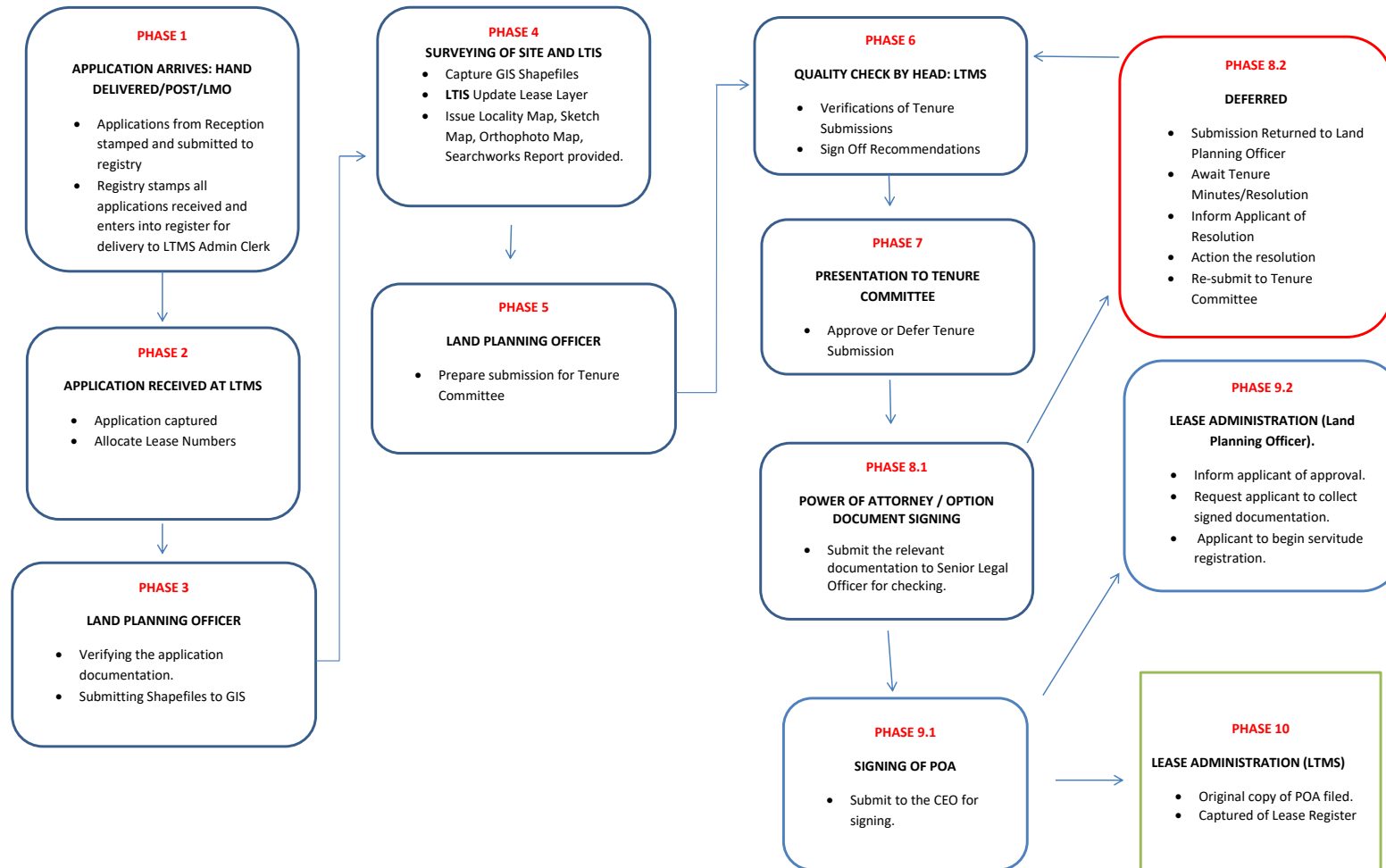
Step	Activity	Responsibility	Desired Output
1.	Application Registration	Secretariat	Registration of the application and issuance of a Lease Number.
2.	Site Inspection and Verification	Land Management Officer	Site Visit, Measurement, GPS Capture, and Site Report.
3.	Preparation of Tenure Submission	Real Estate Officer	Duly prepared report incorporating the necessary information pertaining to rental, site extent, traditional council, local and district municipality, and all other supporting information.

4.	Tenure Committee Review	Tenure Committee	Review of the application, presentation (large scale commercial), supporting documentation, and site report.
5.	Decision	Tenure Committee	Resolution undertaken in relation to the application in terms of lease period, outstanding documentation, and any other requirements.
6.	Lease Preparation	Real Estate Officer	Preparation of the Lease Document together with the Heads of Terms in relation to the application.
7.	Certification of the Legality of the Lease Terms	Legal Services – Contracts and LMS Official	Review the standard lease to ensure customisation to the nature of usage, record contract management milestones (suspensive conditions, resolutive conditions, 5 year review, etc) alerts, ensure the legality thereof.
7.	Lease Finalisation	Secretariat/Applicant	Payment of initial lease fee's and signing of the formal lease agreement.

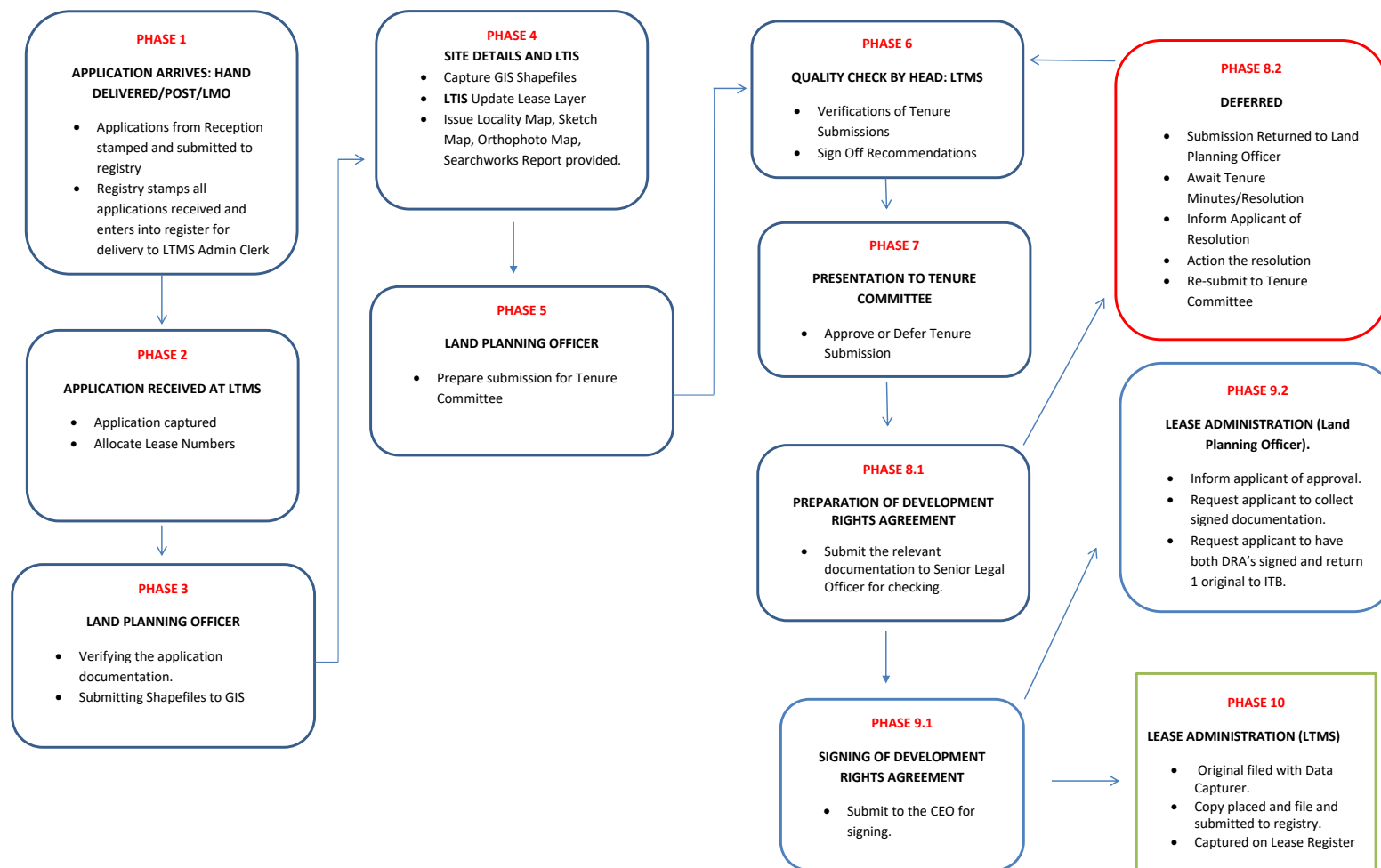
APPLICATION PROCESS FOR AGRICULTURAL/COMMERCIAL/INSTITUTIONAL APPLICATIONS WITHIN LAND MANAGEMENT SERVICES



APPLICATION PROCESS FOR SERVITUDE APPLICATIONS WITHIN LAND MANAGEMENT SERVICES



APPLICATION PROCESS FOR DEVELOPMENT RIGHTS APPLICATIONS WITHIN LAND MANAGEMENT SERVICES



4.2 Finalisation and Development:

Step	Activity	Responsible Party	Desired Output
1.	Notarial Registration	ITB Legal/Applicant	Registration of the lease agreement at the Deeds Office. To be undertaken at the cost of the Lessee.
2.	Commencement of Development	Applicant	Development begins in accordance with the proposed plans and lease terms.

5. REQUIRED DOCUMENTATION CHECKLIST:

The following documents must be submitted with the ITB1 (Tenure Option Application Form):

Category	Required Documents	Applicability
Tenure	- Completed ITB1 or ITB3 (Mining Applications) Form - Original ITB2 or ITB4 (Mining Applications) Forms – Must be stamped and signed by all parties	All Applications
Natural Person / Sole Traders	- ID copy of Applicant/s - Business Case and Project Sustainability	Individual Applicants
Corporate	- Company Registration Documents (CIPC). - Memorandum of Incorporation - Board/AGM Resolution or CIPC Director Certificate for Authorised Representative. - NPO / NPC's/ PBO's/ MHC Trusts Registration Documents, Constitution and Resolutions authorising the Representatives. - Declaration of Multiple Applications. - Business Case and Project Sustainability.	Corporate Applicants
Project	- Items enlisted above - Presentations (As required)	Commercial/Institutional/Large Scale Developmental Projects.

6. SPECIFIC LEASE AND AGREEMENT PROCEDURES:

6.1 Commercial, Institutional and Agricultural Leases:

These tenure applications do follow the General Lease Application Process (Section 3). The distinction relates to the requirements by the Tenure Committee for the proposed development. The Tenure Committee may request Presentations and/or additional information to be provided to deliberate on the matter at hand. *It is imperative to note that Commercial and Agricultural Leases have a wide variety of categories and/or land use.*

- 6.1.1 Small scale commercial applications (<5000m²), applicants must submit a **Business Case** which focuses on the justification of the proposed project.
- 6.1.2 Large scale commercial applications (>5000m²), applicants must submit a **Business Plan** outlining the strategy, and roadmap for the proposed project.

6.2 Development Rights Agreements:

Development Rights Agreements are treated as a specialised form of Long-Term Tenure and therefore must adhere to the following requirements:

- 6.2.1 **Feasibility Study:** Submission of a comprehensive feasibility study detailing the economic viability and social impact of the proposed development.
- 6.2.2 **Statutory Consents:** Applications must ensure that the necessary statutory approvals in terms of Town Planning and Environmental Authorisations are submitted.
- 6.2.3 **Performance Guarantees:** The ITB may require performance guarantees or a development timeline to ensure that the project is completed as per the agreement.
- 6.2.4 **Community Beneficiation:** The ITB requires all developmental rights agreements to comprise an element of community beneficiation either through jobs, skills development, and/or other opportunities.

6.3 Servitude Agreements:

Servitude Agreements, which generally grant a right of way or use over the land for a specific purpose (eg. Transmission lines, access roads, water pipelines, etc.) follow due process:

- 6.3.1 Application: Submission of the ITB1 and ITB2 to the secretariat.
- 6.3.2 Technical Documentation: Applications must be accompanied by the Surveyors Diagram, Valuation from a Registered Property Valuer (not older than 6 months), and the relevant Servitude Agreement.
- 6.3.3 Registration: The Servitude Agreement, once approved, must be registered against the Title Deed of the affected land parcel at the cost of the applicant.

6.4 Telecommunication Agreements:

Telecommunication leases are contracts where a property owner grants a telecommunication company the right to use a portion of their land to install and operate equipment like cell towers or antennas. In exchange for this access, the property owner receives regular payments, typically monthly rent, over the duration of the lease.

- 6.4.1 Application: Completed ITB1 and ITB2 Forms submitted to the secretariat.
- 6.4.2 Company Registration Documentation: Proof of existence of the Telecommunication Service Provider.
- 6.4.3 Site Plan and Technical Drawings: Detailed layout, including dimensions, and specifications of the proposed Mast and Infrastructure.
- 6.4.4 Landowner Consent: In certain instances, the Telecommunication Service Provider may request a Landowner Consent to undertake the Development Application processes with the Local Authority, these can be provided by the secretariat but must be signed by a Designated Signatory of the Board.

6.4.5 Access Fee: In instances where access is restricted and requires way through, an access fee of up to R2 000 is payable on signing of an access agreement.

6.4.6 Cooling Off Period for the construction of MAST's: The Secretariat provides a Power of Attorney to the applicant which allows for the preliminary studies, and development applications to be undertaken prior to a lease being issued to the company concerned.

7. LEASE RENEWALS:

The lease is granted for a period as determined in **Clause 13** of the document. It is imperative to note that all leases being renewed after the lease period must be accompanied by an updated Traditional Council Consent.

Step	Activity	Responsible Party	Timeline
1.	Renewal Notice	ITB Secretariat	Issue a formal notice to the Lessee 6 months prior to the lease expiry date.
2.	Application for Renewal / Extension	Lessee	Submit a formal application for renewal, including an updated business plan no later than 3 months prior to expiry.
3.	Lease Administration Audit	ITB Real Estate Officer	Obtain lessee file to ascertain any correspondence that may have been entered into between the Secretariat and the Lessee. Further obtain a Statement of Account from the Finance Department to ensure that rental payments are up to date.
4.	Compliance Audit	ITB Land Management Officer	Conduct a full compliance audit, verifying the site boundaries and usage as per original lease.
5.	Breach / Dispute Resolution / Termination	Legal – Contracts and LMS Official	Take the appropriate steps to manage breach, disputes, or termination of the lease.
6.	Tenure Committee Review	ITB Tenure Committee	Deliberate and make a decision on the renewal application.
7.	Renewal Approval/Refusal	ITB Real Estate Officer	Issue a letter of approval for renewal, specifying any revised terms, or a letter of refusal with clear reasons.
8.	New Lease Agreement	ITB Admin Officer / Lessee	Signing and registration of the new lease agreement for the renewed term.

8. EXPIRED LEASES:

8.1 Leases which have expired shall continue on a *month-to-month* basis.

8.2 In cases where leases have expired, the Secretariat must inform the lessee in writing that such lease has expired and request that a new application be undertaken. Should no response be received within 21 Days of the date of such letter, the Secretariat must communicate same to the respective Traditional Council.

9. LEASE TRANSFERS (CESSION AND ASSIGNMENT):

A lease agreement is a personal right, and its transfer (cession of rights and delegation of obligations) to a third party requires the express written consent of the Ingonyama Trust Board (ITB) as the lessor and the Traditional or Community Authority concerned in accordance with Section 2(5).

It is the policy of the Ingonyama Trust Board that any cession, assignment, or transfer of a lease agreement, whether direct or indirect, to a foreign national is strictly prohibited without the express prior written approval of the Ingonyama Trust Board and/or Secretariat. Non-compliance with this policy shall render any such purported cession, assignment, or transfer null and void from its inception, and may result in the immediate termination of the lease agreement, in addition to any other remedies available under applicable law.

Step	Activity	Responsible Party	Desired Output
1.	Application for Transfer	Lessor (Transferor)	Submission of a formal application to the ITB, requesting consent to transfer the lease to the new Lessee (Transferee).
2.	Transferee Documentation	Transferee	Submission of all documentation required for a new lease application, including ITB 1 & 2, ID Copies, company documents, and a business plan (where applicable).
3.	Traditional Council Consent	Transferee/Traditional Council	Submission of a new Traditional Council Consent (ITB2) for the Transferee, confirming the TC's approval of the new lessee.
4.	Compliance Check	ITB Finance/Legal	Verification that the existing lease is in good standing (no outstanding debt, no breaches of lease terms). All outstanding debt must be settled prior to approval. Legal to ensure no conflict exists in the cessions or transfer of rights.
5.	Tenure Committee Review	ITB Tenure Committee	Review of the application, Transferee's suitability, and TC Consent.
6.	Transfer Agreement	ITB Land Management Services	Drafting and signing for a formal Deed of Cession, transferring all rights and obligations to the Transferee.
7.	Notarial Registration	ITB Legal/Transferee	Registration of the transfer agreement at the Deeds Office.

10. TRANSFER OF LEASE UPON DEATH OF LESSEE:

In the event of the death of a lessee, the lease agreement does not automatically terminate, the rights and obligations pass to the deceased's estate. The ITB will only process the transfer of the lease once the estate has been formally wound up.

Step	Activity	Responsible Party	Desired Output
1.	Notification of Death	Executor/Family	Submission of a certified copy of the Death Certificate and letter of Executorship to the ITB.
2.	Estate Administration	Executor	The Executor must administer the deceased's estate including the settling of outstanding debt and thereafter identifying the lawful heir/beneficiary of the lease.
3.	Final Estate Documentation	Executor	Submission of the final, Master-approved Liquidation and Distribution Account to the ITB, outlining the new party to whom the lease is to be transferred.
4.	Transferee Application	Heir/Beneficiary	The Heir/Beneficiary must submit a formal application for transfer, inclusive of a new ITB2 Consent.
5.	Transfer Finalisation	ITB/Heir	Signing of a formal transfer agreement (Cession and Assignment) between the Executor (Acting on behalf of the Estate) and the Heir/Beneficiary.
6.	Notarial Registration	ITB Legal/Heir	Registration of the Transfer Agreement in the Deeds Office.

11. MANAGEMENT OF OUTSTANDING DEBT:

The ITB reserves the right to cancel a lease agreement for failure to pay rental amounts as breach of agreement. This procedure ensures a consistent and legally sound approach to debt recovery.

Step	Activity	Responsible Unit	Timeline (from due date)	Action
1.	Initial Reminder	ITB Finance	7 Days overdue	Send an automated SMS/Email Reminder.
2.	Formal Notice of Arrears	ITB Finance	30 Days overdue	Send a formal letter of arrears, including the total outstanding amount and a 14-day period to settle debt or make payment arrangements.
3.	Final Letter of Demand	ITB Legal Department	60 Days Overdue	Send a final Letter of Demand, warning of legal action and potential lease cancellation, and providing a 7-day period to respond.
4.	Report to TC	Finance/LMS	60 Days Overdue	Report to TC's on the defaulting party
5.	Lease Cancellation/Legal Action	ITB Legal	90 Days Overdue	Initiate the process for lease cancellation and/or commence legal proceedings for debt recovery. Notice must be sent to the Traditional Council concerned, informing them of the reasons for lease cancellation.
6.	Payment Arrangement	ITB Finance	Any time before Step 4.	If the Lessee proposes a payment arrangement, the ITB Finance Department must approve the arrangement, which must include a clear schedule for settling the outstanding debt whilst maintaining current payments. Payments Arrangement options in Section 9.

12. PAYMENT ARRANGEMENT OPTIONS:

To facilitate the debt recovery process as well as to assist with the Lease Renewal Process, a three-pronged approach is put forward to address the issue. The Lessee is to propose which option suits them best:

- 12.1 Full Settlement Requirement:** This option requires that full settlement of outstanding debt be undertaken.
- 12.2 Payment Plan:** A payment plan can be granted on condition that the lessee enters a legally binding Acknowledgement of Debt together with a structured payment plan. This is to be determined by the ITB Finance Department.
- 12.3 Partial Write-Off/Incentive:** With certain arrear amounts, the organisation may consider a partial write-off for the immediate settlement of the principle amount.

13. PROPOSED TARIFF STRUCTURE:

Land Use	Description	Administration Fee	Lease Preparation Fee	Rental	Site Extent	Frequency	Escalation	Lease Term
Spaza Shops/Micro Enterprise	Small Informal Traders, household retail.	R1000	R1500	R1000	<1000m ² >1000m ² + R3.25m ²	Monthly	10% PA	5 Years
Churches/Religious Facilities/Creches/Institutional	Non-profit organisation s/Public Schools	R2000	R2500	R1000	<5000m ² >5000m ² + R0.33m ²	Monthly	10% PA	10 Years
Liquor Outlets (Taverns, Bottle Store, Lounges)	Retail or on-site alcohol consumption	R5000	R5000	R5000	<1000m ² >1000m ² + R3.25m ²	Monthly	10% PA	5 Years
Standard Commercial	SME's/Work shops/General Businesses	R5000	R5000	R5000	<1000m ² >1000m ² + R3.25m ²	Monthly	10% PA	10 Years
Agricultural	Crop Farming, livestock, poultry, aquaculture, agro processing	R3000	R4000	R325 Per Hectare	<10 000m ² >10 000m ² R500 Per HA	Monthly	10% PA	9 Years, 11 Months
Hotels/Lodges/Bed & Breakfast/ Large Scale Accommodation Establishments	Lodges, Resorts, and other Accommodation Facilities	R10 000	R10 000	R15 000	<10 000m ² >10 000m ² + R3.25m ²	Monthly	10% PA	20 Years
Petrol Filling Stations	Fuel and Associated Services	R10 000	R10 000	R15 000	<10 000m ² >10 000m ² + R3.25m ²	Monthly	10% PA	20 Years

Land Use	Description	Administration Fee	Lease Preparation Fee	Rental	Site Extent	Frequency	Escalation	Lease Term
Shopping Centres/Large Commercial Nodes	Malls, Plazas, Multi-Tenant Developments	R10 000	R10 000	R15 000	<10 000m ² >10 000m ² + R3.25m ²	Monthly	10% PA	20 Years
Servitudes	Access, pipelines, electricity, fibre, etc.	R5000	R5000	As per Valuation and to be verified with OVG as per MOU.	N/A	Once Off	N/A	N/A
Development Rights Agreements	Public Housing	R5000	R5000	R50 per unit	N/A	Once Off	N/A	N/A
Telecommunications	Cellphone masts, fibre masts, signal boosters, satellite hubs.	R10 000	R2000	R8000	Maximum of 100m ²	Monthly	Annual CPI	
Mining	Surface Lease Agreement	R5000	R5000	5% of Revenue	N/A	Annual	N/A	5 Years
Others	SDF's / Dams, etc.	R2000	R5000	As determined by the Tenure Committee		Monthly	10% PA	10 Years

- The escalation of rental comes into effect on the Annual Anniversary of the lease signature date.

- *The final Tariff Structure will come into effect upon the completion of a Rental Valuation Framework currently being undertaken by the Secretariat. This aims to expand on Valuations/Rentals based on Land Use, Location, and Intensity of Use.*

14. DEVELOPMENT RENT DEFERRAL AND CONDITIONS (COOLING-OFF PERIOD):

14.1 Grant of Deferral Period: Upon the Applicants written request, the Lessor may grant a Development Rent Deferral Period (the “Deferral Period”) for a stipulated duration, not exceed twenty-four (24) months. The grant of the Deferral Period is strictly conditional upon the Applicant providing and adhering to a mutually agreed-upon schedule of Development Milestones and Performance Benchmarks (the “Milestones”).

14.2 Nature of Obligation: The Deferral Period shall constitute a postponement of the obligation to pay rent, and shall not be construed as a rent abatement, rent holiday, or a waiver of the Applicants financial obligations within their lease. The Applicant must acknowledge that the Premises are not being utilized *free of charge*, and the full amount of the deferred rent remains an outstanding liability.

14.3 Repayment Commencement: The aggregate amount of rent deferred during the Deferral Period shall be fully repayable. Repayment shall commence on or the earlier of: (i) the Commencement of Commercial Operations by the Applicant, or (ii) the date of Substantial Completion of Development as defined in the Milestones.

14.4 Amortization Schedule: The Deferred Rent shall be amortized and repaid in equal monthly instalments over a period not exceeding 40% of the remaining lease period. Each monthly instalment of the Deferred Rent shall be added to and payable concurrently with the Applicant’s regular monthly rental payment, effectively recovering the outstanding balance over the stipulated Repayment Period.

14.5 Event of Default: Failure by the Applicant to achieve any of the agreed-upon Milestones by the stipulated deadline, or failure to make any scheduled repayment of the Deferred Rent, shall constitute and Event of Default within the specific lease agreement. In such an event, the organisation will institute debt recovery processes against the defaulting party.

14.6 In addition to the lease agreement, the Lessor and the Lessee shall enter into an Acknowledgement of Debt in respect of the deferred payments.

15. IMPLEMENTATION & REVIEW:

- The conditions and processes of this Standard Operating Procedure shall be effective from _____.
- The Standard Operating Procedure shall be reviewed annually, unless otherwise required by the Ingonyama Trust Board's Tenure Committee.

16. CONCLUSION:

This Standard Operating Procedure serves as a definitive guide for the administration of all lease and tenure agreements on Ingonyama Trust land. Adherence to these procedures is mandatory for all stakeholders, including the Ingonyama Trust Board, staff, applicants, and affected Traditional Councils. The SOP is designed to ensure transparency, consistency, and compliance with the Ingonyama Trust Act and related legislation.

By strictly following the outlined steps – from securing the essential Traditional Council Consent to managing lease renewals, transfers, and outstanding debt – the ITB can effectively fulfil its mandate to hold the land for the benefit, material welfare, and social well-being of the traditional communities.

Continuous review and strict application of this SOP are critical to promoting responsible land development and tenure security within the Trust area.