

RIGHT OF RENEWAL OF LEASE

1. Provided that the tenant shall have not been in breach of the agreement during the initial period of the agreement, the tenant shall have the right to renew this lease for a further period of _____ years, (“the renewal period”) on the same terms and conditions as the initial period of this lease (except where it is necessary to change such terms and conditions), save and except for the following:
 - (a) there shall be no further automatic right of renewal.
 - (b) the tenant shall give the landlord at least 12 (twelve) calendar months’ notice in writing of its intention to exercise its right of renewal, failing which such right shall lapse.
 - (c) The monthly rent payable in respect of the renewal period, subject to clause 3, below, shall be a market rent agreed between the landlord and the tenant and, in the event of the landlord and the tenant failing to agree on the market rent, then the rent shall be determined by an independent arbitrator acting as an expert, who shall be appointed by the President for the time being of the South African Institute of Estate Agents, whose decision shall be final and binding on the parties.
2. In the event of the monthly rent for the renewal period not having been determined by the commencement of the renewal period, then the total monthly rent which shall be payable by the tenant to the landlord during the first year of the renewal period shall comprise the total, gross rent (that is, each component of the rental) payable in the last month of the initial period of this agreement escalated by 15% (fifteen percent). The total monthly rental which shall be payable by the tenant to the landlord in the second and subsequent years of the renewal period shall escalate by 15% (fifteen percent) compounded. Following final agreement in writing by the parties as to the total, gross rental to be paid by the tenant to the landlord during the renewal period, the parties shall reimburse each other any under- or over-payment in accordance with this clause 2 as may be necessary.
3. Notwithstanding anything to the contrary contained or implied herein the monthly rental in the first year of the renewal period shall not be less than one hundred and ten per centum of the monthly rental paid in the final year of the initial period of this lease and shall escalate by not less than ten per centum per annum compounded during the remainder of the renewal period.

Initial Here