

Memorandum of Agreement
entered into between

UGUSCT–SouthCoast Tourism (Pty) Ltd
(Co. Reg: 2009/003419/07)
(herein referred to as UGUSCT)

And

HibiscusCoast Municipality
A Local Municipality as envisaged in terms of the Local Government:
Municipal Structures Act 117 of 1998
(herein referred to as HCM)

And

UGUDistrict Municipality
A District Municipality as envisaged in terms of the Local Government:
Municipal Structures Act 117 of 1998
(herein referred to as UGUDM)

And

Harley-Davidson Middle East & Africa (Pty) Ltd
(Co. Reg: 2007/030773/07)
(herein referred to as H-D MEA)

1. Preamble

WHEREAS H-D MEA has selected the town of Margate situated within the HibiscusCoastMunicipality as a host site to hold the Africa Bike Week event;

AND WHEREAS the UGUSCT has previously agreed to sponsor Africa Bike Week event presented by H-D MEA with the purpose of utilising the Africa Bike Week event to market and promote Margate and the SouthCoast;

AND WHEREAS the UGUSCT has already sponsored the Africa Bike Week event for 2009 and 2010, and has agreed to sponsor the annual Africa Bike Week event for a further period of 5 years on the terms and conditions contained in this Agreement;

NOW THEREFORE the Parties agree with each other as follows:

2 Definitions

In this Agreement, the following expressions shall, unless otherwise stated

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or inconsistent with the context in which they appear, bear the following meanings:

- 2.1 "Agreement" shall mean the agreement recorded in this document, together with any attachments or annexes hereto;
- 2.2 "Branding" shall mean the use of UGUSCT's, HCM's and UGUDM's official imagery; symbols, positioning statements and bylines/pay-off lines associated with the SouthCoast brand;
- 2.3 "Event" shall mean the annual event presented by H-D MEA and known as the "AFRICA BIKE WEEK";
- 2.4 "H-D MEA" shall mean Harley-Davidson Middle East & Africa (Pty) Ltd (registration number 2007/030773/07), being a limited liability company registered as such in South Africa;
- 2.5 "H-D Michigan LLC" shall mean H-D Michigan, LLC., an affiliate of H-D MEA, being a limited liability company registered as such in the USA;
- 2.6 "HCM" shall mean HibiscusCoastMunicipality;
- 2.7 "Parties" shall mean H-D MEA, UGUSCT, HCM and UGUDM, and "Party" shall mean any one of them as the context may indicate;
- 2.8 "Event Period" shall, during the period of this Agreement, be the period from 06h00 on the first day of the Event until 18h00 on the last day of the Event;
- 2.9 "The Designated Area" shall be the area designated in the town map of HCM, annexed to this Agreement marked Annexe A, in which the Event shall be held and which may, by agreement by all Parties be extended but not reduced in size;
- 2.10 "UGUSCT" shall mean UGU – SOUTH COAST TOURISM (PTY) LTD (Registration number: 2009/003419/07), being a limited liability company duly incorporated in the Republic of South Africa; and
- 2.11 "UGUDM" shall mean UGUDistrictMunicipality.

3. Appointment

For the duration of this Agreement, UGUSCT, HCM and UGUDM hereby undertakes to sponsor and provide H-D MEA with funding towards the marketing, presenting and promotion of the Event, and municipal infrastructure and/or services required, and in exchange H-D MEA undertakes to promote UGUSCT, HCM and UGUDM and their Brands for the whole duration of, and within, the Event, in accordance with the terms and conditions contained in this Agreement.

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4 Period

This Agreement shall commence on the date of the signature hereof by the last Party signing and shall continue (subject to the provisions for earlier termination as contained in clause 15 hereof), for a period of five (5) years with the first of these years being 2011. This initial period shall automatically be extended by a further five (5) years on the same terms and conditions as contained in this Agreement, unless amended in writing with the consent of all Parties (subject to the provisions for early termination as contained in clause 15 hereof).

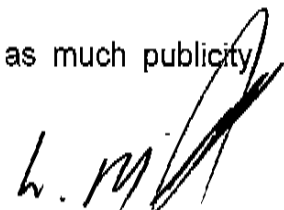
5 Applicable law

Regardless of the place of execution, this Agreement and all modifications and amendments thereof shall be governed by and construed under and in accordance with the laws of the Republic of South Africa.

6 Duties of H-D MEA

In exchange for the sponsorship by UGUSCT (subject to the provisions in clause 7.1) and logistical requirements supplied by HCM and UGUDM (as set out in Annexures B and C respectively) as contemplated in this Agreement, H-D MEA shall for the duration of this Agreement, as part of the marketing, promotion and presentation of the Event, provide or allow for the following in relation to the Event:

- 6.1 UGUSCT, HCM and UGUDM shall be individually and separately acknowledged as official major sponsors of the Event, and will be listed as such in all communications regarding the Event, including but not limited to media, media interviews TV and radio broadcast, press, etc;
- 6.2 H-D MEA, UGUSCT, HCM and UGUDM shall separately agree on the extent of communication and branding whereby the Event is associated with the SouthCoast – Paradise of the ZuluKingdom;
- 6.3 UGUSCT, HCM and UGUDM shall be afforded the opportunity to provide content in any "Goodie Bags" or marketing material, if any, to be distributed by H-D MEA (or any party appointed by H-D MEA) to attendees of the Event, such as amongst other things, the Zulu Kingdom Travel Guides maps, welcome letters and the like. The costs of these items shall be funded by UGUSCT, HCM and UGUDM respectively;
- 6.4 UGUSCT, HCM and UGUDM shall be entitled to various Branding opportunities throughout the Designated Area. While the media space for the aforesaid opportunities shall be allocated to UGUSCT, HCM and UGUDM as part of the sponsorship and at no additional charge, the production cost of any Branding selected and approved by UGUSCT, HCM and UGUDM will be covered by each of them respectively;
- 6.5 UGUSCT, HCM and UGUDM shall be free to generate as much publicity

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around the Event and to publish its involvement with the Event, and shall be entitled to Event information and schedules to plan for pre-and-post tours;

- 6.6 UGUSCT, HCM and UGUDM shall have the right to participate in media leveraging opportunities such as press releases, photo opportunities and VIP functions during the duration of the Event;
- 6.7 Neither H-D LLC nor H-D MEA or any of its affiliates shall give anybody access to their databases in relation to the Event (other than in the ordinary course in order to manage or administer the Event). Insofar as use is made by an appointed logistical agent for the Event, any handover of the booking information in relation to local hotels, resorts and guesthouses to the logistic agent shall be made available to the Parties;
- 6.8 UGUSCT, HCM and UGUDM shall receive exposure on the official website of the Event which will be linked to www.tourismsouthcoast.co.za, or any other address specified by UGUSCT and agreed thereto by H-D MEA.

All Parties will actively ensure that unapproved signage is not displayed within the Designated Area.

6.10 Legacy Conditions and Responsibilities

H-D MEA recognizes the need for the Event to leave a legacy in the region and will endeavour to provide legacy elements as part of its activities. Potential activities may include but are not limited to:

- 6.10.1 the utilisation of no less than 50 local students and/or residents, especially from a disadvantaged background, in Event activities, including activities conducted by third-party organisers;
- 6.10.2 the utilisation and promotion of local artists and the accommodation of local cultural crafters in specified and designated areas within the Designated Area.

The details of the legacy activities will annually be agreed upon by the Parties jointly in a separate annexure to this Agreement with reference to the previous year's report (as per clause 16).

7 Duties and obligations of UGUSCT, HCM and UGUDM

UGUSCT shall be responsible for the following:

- 7.1 UGUSCT shall pay a total annual sponsorship fee to H-D MEA, in accordance with clause 9. The sponsorship fee in respect of the first Event for 2011 shall be an amount of R440 000.00 excluding value added tax (VAT) (Four hundred and Forty Thousand Rand only) for which H-D MEA is to provide UGUSCT with an appropriate VAT invoice.
- 7.2 UGUSCT shall furnish to H-D MEA the correct logos and approval, subject to UGUSCT being satisfied therewith, of all material, which carries UGUSCT's

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Branding. UGUSCT hereby grants to H-D MEA the right to reproduce and use its logos and other Branding (provided same has been approved by UGUSCT).

HCM shall be responsible for the following:

- 7.3 HCM shall, from the time of the signing of this Agreement, at its costs, become responsible to provide the items set out in Annexure B to this Agreement to H-D MEA. The contents of Annexure B may thereafter from time to time be amended in writing by the Parties.
- 7.4 HCM shall furnish to H-D MEA the correct logos and approval, subject to HCM being satisfied therewith, of all material, which carries HCM's Branding. HCM hereby grants to H-D MEA the right to reproduce and use its logos and other Branding (provided same has been approved by HCM).

UGUDM shall be responsible for the following:

- 7.5 UGUDM shall, from the time of the signing of this Agreement, at its costs, become responsible to provide the items set out in Annexure C to this Agreement to H-D MEA. The contents of Annexure C may thereafter from time to time be amended in writing by the Parties.
- 7.6 UGUDM shall furnish to H-D MEA the correct logos and approval, subject to UGUDM being satisfied therewith, of all material, which carries UGUDM's Branding. UGUDM hereby grants to H-D MEA the right to reproduce and use its logos and other Branding (provided same has been approved by UGUDM).

8 Implementation

- 8.1 Five working days prior to each Event, the Designated Area will be handed to H-D MEA in order to enable it to commence with the construction of the stages, vendor areas, readying of the Designated Area and the displaying of Branding and promotional advertising of the Event. During the same period the items listed in Annexures B and C (as amended in terms of clauses 7.3 and 7.5 *supra*) shall also, under the direction and supervision of H-D MEA and to its satisfaction and specifications, be erected or implemented.
- 8.2 During the Event full control of the Designated Area shall be handed to H-D MEA, save for the administrative function of the local authority and policing functions of the HCM and the South African Police Force.

9 Terms of payment

In accordance with UGUSCT's financial policies and procedures:

- 9.1 UGUSCT shall pay H-D MEA 75% (seventy five percentum), of the sponsorship fee referred to in clause 8.1 before or on the 28th February 2011 in respect of the Event for 2011 and thereafter before or on the 31st October preceding the Event for each successive year;

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- 9.2 UGUSCT shall annually retain 25% (twenty five percent) of the sponsorship fee referred to in clause 8.1, which shall annually be payable after completion of all obligations of H-D MEA in terms of this Agreement in respect of the Event for that year, including the reporting requirements as set out in clause 16 of this Agreement, within thirty (30) days of receipt by UGUSCT of an appropriate invoice. If not made sooner, this payment shall be made no later than sixty (60) days following the completion of the reporting requirements as set out in clause 16 of this Agreement.
- 9.3 The sponsorship fee referred to in clause 8.1 *supra*, shall be subject to an annual increase linked to the consumer price index (CPI) as published from time to time by Statistics South Africa (or its successor in title) in each successive year.

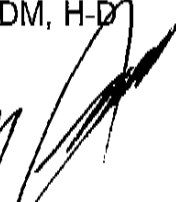
10 Assignment

No Party shall be entitled to cede, assign, delegate or otherwise dispose of its rights and obligations or any of its responsibilities, title or interest under this Agreement or any part thereof to any other person without the prior written consent of the other Parties. In applying for such consent, the applicant therefore shall make known to the other Parties the identity of such proposed person together with particulars of the rights or obligations, title or interest or portion thereof proposed to be transferred. Excluded from this term is H-D MEA's aforesaid logistical agent (Wozani Africa Events or any other logistical agent appointed by H-D MEA from time to time) who will be handling the Event's administration and logistical aspects thereof.

11 Intellectual property

- 11.1 All original drawings and documents received from UGUSCT, HCM and UGUDM together with all other drawings, including photographic reductions and negatives thereof, computer programmes and other data prepared by UGUSCT, HCM and UGUDM in connection therewith shall be produced at the expense of UGUSCT, HCM and UGUDM (as the case may be), and the intellectual property rights in relation thereto shall remain vested in UGUSCT, HCM and UGUDM (as the case may be). Similarly, the intellectual property rights in relation to *inter alia* all original drawings and documents received from H-D MEA and H-D Michigan LLC together with all other drawings, including photographic reductions and negatives thereof, computer programmes and other data prepared by H-D MEA shall remain vested in H-D MEA and H-D Michigan LLC (as the case may be). All intellectual property and copyrighted material belonging to, and provided by, H-D MEA and/or H-D Michigan LLC and their associates (and any adaption thereto) shall remain the property of, and shall remain vested in, H-D MEA and H-D Michigan LLC (as the case may be). H-D MEA and H-D Michigan LLC make no warranties, express or implied, in respect of any intellectual property made available by them for purposes of this Agreement. None of the aforementioned data, drawings or intellectual property of the Parties shall be made available to any third party, for whatever reason, without prior approval of UGUSCT, HCM, UGUDM, H-D

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MEA and H-D Michigan LLC (as the case may be) and the Parties shall take the necessary steps to safeguard against this happening.

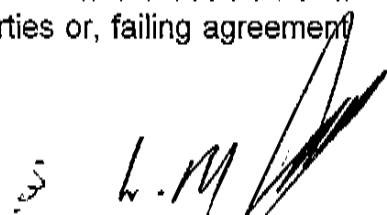
- 11.2 All Harley-Davidson and Buell trademarks, logos, service marks or other intellectual property ("**Marks**") are the exclusive property of H-D Michigan, LLC. H-D MEA and H-D Michigan LLC make no warranties, express or implied, in respect of the Marks. UGUSCT, HCM and UGUDM shall not at any time during or after the expiration or termination of this Agreement (i) take any action that jeopardizes or diminishes the value of the Marks; (ii) contest the right, title and interest of H-D Michigan LLC in and to the Marks (or counsel or assist any other person to do so); and (iii) use any Mark in any manner without the prior written consent of and in accordance with the instructions of Harley-Davidson. With regard to the intellectual property owned by and vested in H-D MEA and H-D Michigan LLC: UGUSCT, HCM, and UGUDM indemnify and hold Harley-Davidson, H-D MEA and H-D Michigan LLC harmless from and against any and all loss, damages, cost or expense suffered or incurred by Harley-Davidson, H-D MEA and/or H-D Michigan LLC in connection with, or as a result of, a breach by UGUSCT, HCM and/or UGUDM of the provisions of this clause 11.2 and clauses 11.1 and 11.4.
- 11.3 All intellectual property materials prepared for the Event in terms of this Agreement shall be displayed within the Designated Area as designated by H-D MEA, and UGUSCT and HCM shall have unlimited access and free use of the material as and when required in relation to this Event.
- 11.4 Neither Party shall use the other Party's intellectual property in any manner which reflects unfavourably upon the good reputation and image of that Party and in any manner which is contrary to the provisions of this Agreement or any applicable laws.

12 Limitation of liability

- 12.1 In no event whatsoever shall H-D MEA be liable to any of the other Parties to this Agreement for any incidental, indirect, special, consequential or punitive damages or lost profits under any tort, contract, strict liability or other legal or equitable theory arising out of or pertaining to the subject matter of this Agreement. In all other cases H-D MEA's liability to the other Parties to this Agreement for any matter pertaining to the subject matter of this Agreement shall be limited, to the fullest extent permissible by law, to the total annual amount paid by UGUSCT to H-D MEA pursuant to this Agreement during the year in which any claim is made against H-D MEA. This clause 12 shall survive the expiration or termination of this Agreement.

13 Disputes

Any dispute, difference or question which may arise at any time hereafter between UGUSCT, HCM, UGUDM and H-D MEA regarding the interpretation of this Agreement, or the rights and liabilities of the Parties hereto, shall, unless otherwise herein expressly provided, be referred to the decision of a single arbitrator to be agreed upon between the Parties or, failing agreement

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within ten (10) days of either Party requesting such agreement, by the Registrar of the Arbitration Foundation of South Africa (AFSA), in accordance with and subject to the provision of the rules of AFSA.

The dispute negotiations will be held in the magisterial district of Port Shepstone.

14 Language

This Agreement has been drafted in the English language and may be translated to any of the other official languages of the Republic of South Africa. In the event of any conflict between English and other language, the English version of this Agreement shall prevail.

15 Termination of contract

15.1 Any Party may, after the expiry of the first five years of the Agreement (up to and including the 2015 Event) and during the period of automatic extension as provided for in clause 4 *supra*, terminate this Agreement at any time on six months' notice to the other Parties provided that no such notice may be given within a six month period preceding the commencement of each annual Event. Should the Agreement be terminated by UGUSCT, HCM and UGUDM, the balance of any unutilised amount then already released or paid to H-D MEA shall be repaid within 60 days after date of termination and any dispute about the amount or repayment thereof shall be determined in terms of clause 13 of this Agreement.

15.2 Notwithstanding the above, any Party may terminate this Agreement at any time on written notice to the other Parties if any of the non-terminating Parties commits a material breach of this Agreement and does not remedy that breach within thirty days of receiving written notice of the breach and the requirement to remedy from the terminating Party. Material breaches shall include but not be limited to (a) the failure to make timely payments of sums due under this Agreement, (b) in the case of UGUSCT, HCM and UGUDM, doing anything which would have the effect of materially prejudicing Harley-Davidson's (including H-D MEA's and H-D Michigan LLC's) reputation, (c) in the case of HCM, to fail to provide the items set out in Annexure B to this Agreement to H-D MEA, (d) in the case of UGUDM to fail to provide the items set out in Annexure C to H-D MEA, (e) in the case of H-D MEA, to fail to comply with the terms of clause 6.

16 Reporting requirements

By no later than sixty (60) calendar days after the conclusion of each annual Event, H-D MEA shall use its best efforts to procure that its logistical agent provide to UGUSCT, HCM and UGUDM a comprehensive report relating to UGUSCT, HCM and UGUDM participation as sponsors to the Event. The report shall include a detailed assessment of the return on investment to UGUSCT, HCM and UGUDM relating UGUSCT's, HCM's and UGUDM's Branding and statistical information including TV and media coverage that is available to H-D MEA on guests who attended the Event.

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h. m. [Signature]

17 Agreement

This Agreement embodies the entire undertaking of the Parties and there are no promises, terms, conditions or obligations, oral or written, express or applied, other than those contained herein. No variation or consensual cancellation of this Agreement shall be of any force or effect unless reduced to writing and signed by both Parties and those signing this Agreement warrant that they are duly authorised to do so.

18 Cost of preparation

The Parties will be responsible for their own costs incurred in the preparation of this Agreement.

19 Domicilia and notices

19.1 The Parties choose as their *domicilia et adiecta* these addresses below at which documents in legal proceedings in connection with this Agreement may be served or to which other written notices in connection with this Agreement may be addressed:

UGU – SOUTHCOAST TOURISM (PTY) LTD
16 Bisset Street, Port, KwaZulu-Natal, 4240

HARLEY-DAVIDSON MIDDLE EAST & AFRICA (Pty) Ltd
7th Floor, Montclare Place, Cnr of Campground and Main Rds,
Claremont, Cape Town, 7708

HIBISCUS COAST MUNICIPALITY
10 Connor Street, Port Shepstone, 4240

UGU DISTRICT MUNICIPALITY
28 Connor Street, Port Shepstone, 4240

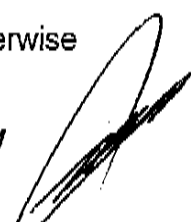
19.2 The notice shall be deemed to have been duly given:

19.2.1 5 business days after posting (15 business days if the address is not in the Republic of South Africa), if posted by registered post (airmail, if available) to the Party's address in terms of this sub-clause;

19.2.2 on delivery, if delivered to the Party's physical address, during normal business hours (or on the first business day after that if delivered outside such hours);

19.2.3 on despatch, if sent to the Party's then fax number or e-mail address during normal business hours (or on the first business day after that if despatched outside such hours);

19.2.4 unless the addressor is aware, at the time the notice would otherwise

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be deemed to have been given, that the notice is unlikely to have been received by the addressee through no act or omission of the addressee.

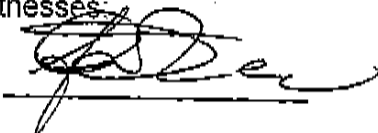
20. Co-operation

Each of the Parties undertakes at all times to do all such things, perform all such acts and take all such steps, and to procure the doing of all such things, within its power and control, as may be open to it and necessary for and incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.

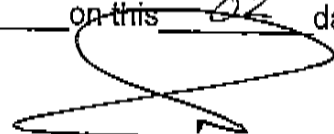
THIS DONE AND SIGNED at OXFORD, UK on this 14 day of 03 2011.


For and on behalf of Harley-Davidson
Middle East & Africa (Pty) Ltd

Witnesses:

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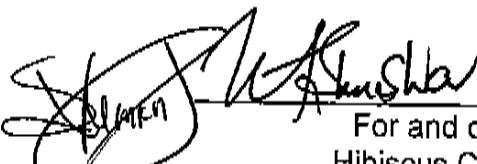
THIS DONE AND SIGNED at MARGATE on this 02 day of 03 2011.


For and on behalf of UGU
South Coast Tourism (Pty) Ltd

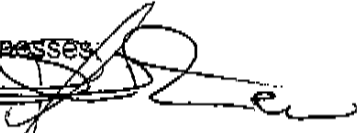
Witnesses:

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2. _____

THIS DONE AND SIGNED at MARGATE on this 02 day of 03 2011.


For and on behalf of HCM
Hibiscus Coast Municipality

Witnesses:

1. 



2. _____

THIS DONE AND SIGNED at MARGATE on this 02 day of 03 2011.

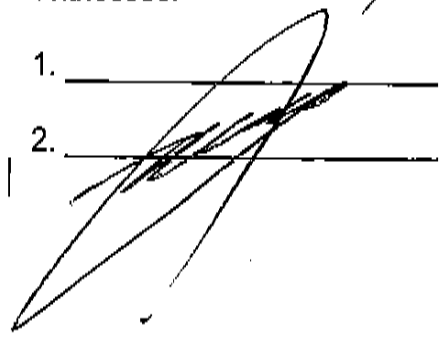


For and on behalf of UGU District Municipality

Witnesses:

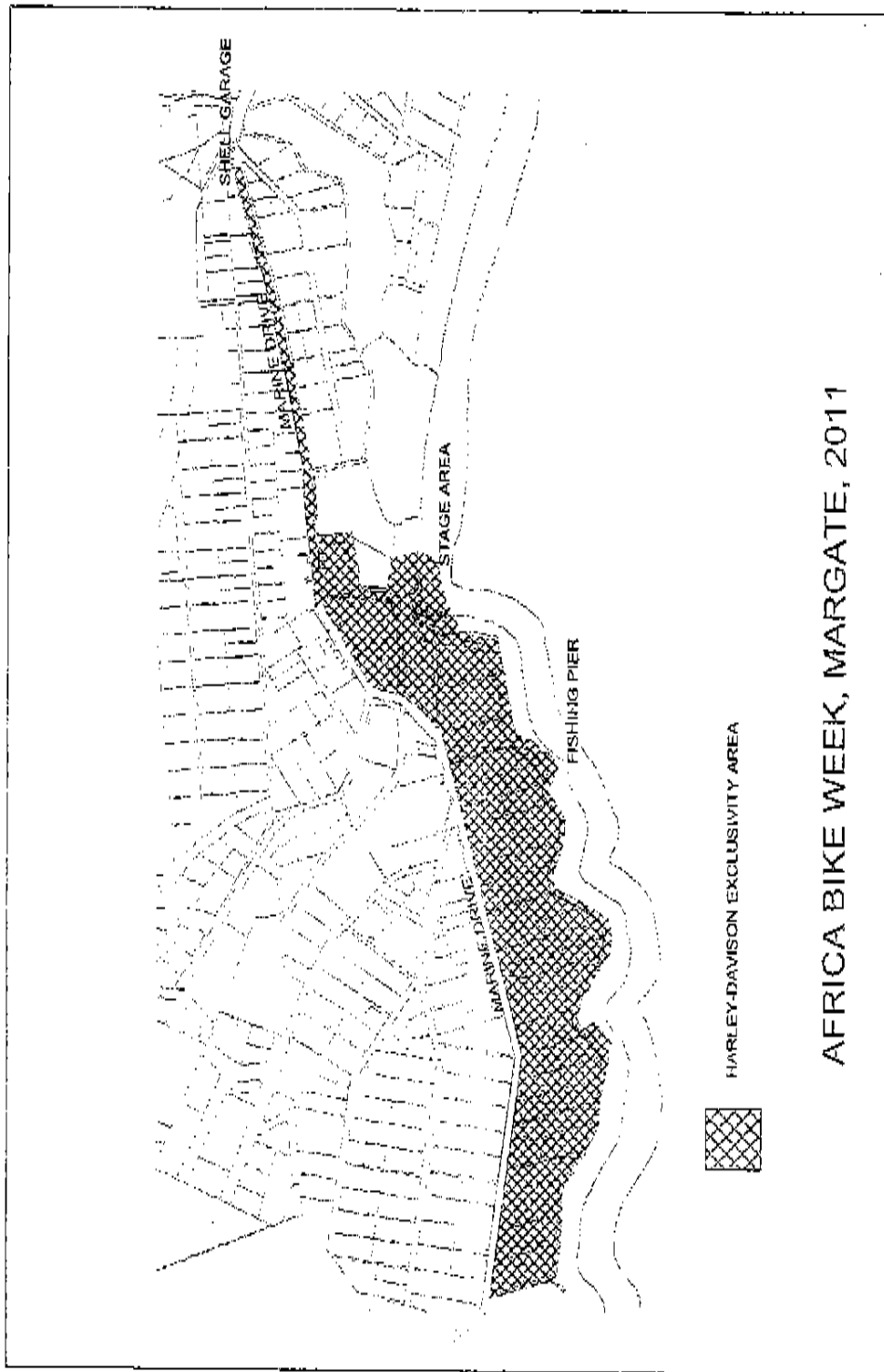
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ANNEXE A: MAP



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ANNEXURE B: HIBISCUS COAST MUNICIPALITY DUTIES ITO CLAUSE 7:

HCM agrees, in terms of clause 7.3 of the Agreement with H-D MEA, to provide or procure, be it from the Hibiscus Coast Municipality, the Town of Margate or otherwise, as the case may be, the following:

1. The providing of a centralised security operations centre and, subject to the prescriptions of the South African Police Services;
2. The closure and pedestrianisation of Panorama Road during the Event;
3. The closure of the roads as indicated on the town map of Margate in Annexe A to public vehicles during the Event;
4. The provision of fixed/permanent pedestals upon which advertising poles/banner posts at the entrances to the Designated Area;
5. The provision of the following as indicated by H-D MEA:
 - temporary speed humps
 - road closures/entry booms
 - a stunt show area of at least 170m Marine Drive
 - alternative parking for members of the public outside the designated area
 - assistance and traffic control during the mass ride
 - additional cleaners for open and public areas
 - general beautification of the Designated Area and Marine Drive
 - additional refuse removal services
 - sufficient temporary public toilet facilities as approved by H-D MEA
 - electrical supply to stages and vendors
 - equipment and cherry picker for banners, bunting and advertising material
 - general maintenance
 - temporary bollard installation if necessary
 - permission to erect event stages on the beach/beach area as indicated by HDMEA
 - lead vehicle cavalcade during mass ride
 - mayoral presence, salute and ribbon ceremony
 - for the MM of HCM to supply the logistics organisers with letters of support to obtain liquor licenses within the legislative framework;
 - the temporary relocation of vendors to a covered area as designated and agreed by all parties within the designated area
6. The widening of the parking area exit/Panorama Road and the repairs of roads in the designated area over a period of five years and as agreed with the HCM;
7. Ensure that no advertising of products competitive to the Harley-Davidson brand or to the event take place during the Event Period in the HCM Municipal area, save for the advertising of existing businesses on their business premises. The area under consideration is Streetpoles, bridges, airports and any other property under municipal control.

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- 8. To police non-compliance with advertising bylaws.

S. J. L. M. 

ANNEXURE C: UGU DISTRICT MUNICIPALITY DUTIES ITO CLAUSE 7:

UGUDM agrees, in terms of clause 7.5 of the Agreement with H-D MEA, to provide or procure, be it from the Hibiscus Coast Municipality, the Town of Margate or otherwise, as the case may be, the following:

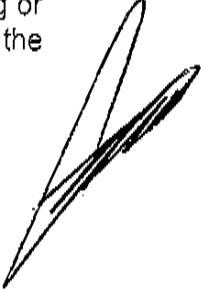
1. The provision of the following as indicated by H-D MEA:

- co-ordination of Disaster Management preparations for the duration of the Event
- water point installation
- temporary grandstand installation
- mayoral presence, salute and ribbon ceremony

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ANNEXURE D: H-D MEA INSURANCE COVER:

H-D MEA shall satisfy UGUSCT, HCM and UGUDM that it is insured with an insurance company registered in the Republic of South Africa or as otherwise approved by UGUSCT, HCM and UGUDM under Professional Indemnity Insurance Policy and/or other policy providing cover for public liability limited to \$2 000 000.00 (Two Million dollars only) or to such other amount as the Parties may agree to in writing including for loss or damage suffered by UGUSCT, HCM and UGUDM or any employee of UGUSCT, HCM and UGUDM or any third party by reason of error, omission or neglect occurring or committed in connection with the conduct H-D MEA in connection with the Event.

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