



**(TERM LOAN: R 225 000 000.00)**

**LOAN AGREEMENT**

entered into between

**NEDBANK LIMITED**

(Registration Number 1951/000009/06)

and

**OVERSTRAND MUNICIPALITY**



## 1. DEFINITIONS AND INTERPRETATION

1.1. In this Agreement unless clearly inconsistent with or otherwise indicated by the context the following expressions shall bear the meanings ascribed to them hereunder and cognate expressions shall bear corresponding meanings -

1.1.1. "**Accounting Officer**" will have the meaning given to it in the MFMA;

1.1.2. "**Advance Date**" means each of the Disbursement Dates, as per clause 4, for each such disbursement and the Final Disbursement, as may be applicable in each circumstance;

1.1.3. "**Agreement**" means the agreement set out in this document;

1.1.4. "**Applicable Laws**" means and includes common or customary law and any constitution, decree, judgement, legislation, order, ordinance, statute, treaty or other legislative measure applicable to any of the Parties and includes any present or future directive, regulation, guideline, practice, concession, instruction, request or requirement issued by any national, regional or local government or any governmental, administrative, fiscal, judicial or government owned body, department, agency, public or regulatory authority, corporation or commission, court or tribunal or any person having jurisdiction within the Republic of South Africa, whether or not government owned or controlled and howsoever constituted;

1.1.5. "**Amortising Schedule**" means the amortisation schedule contained in schedule 1, indicating the repayment amounts, consisting of Capital and interest, payable in semi-annual instalments in arrears on the respective Interest and Capital Payment Dates, in terms of this Agreement, to be provided on the Interest Rate Quotation Date;

1.1.6. "**Basic Municipal Service**" will have the meaning given to it in the MFMA;

1.1.7. "**Banks Act**" means the Banks Act 94 of 1990;

1.1.8. "**Base Rate**" means Nedbank's internal funding rate from time to time;

Base Rate	8.79% (Eight Comma Seven Nine Percent)
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The said Base Rate is indicative and will be confirmed in writing on Advance Date

1.1.9. "**Basis Point**" means 1/100 (One Hundredth) of 1 (One) percentage point;

1.1.10. "**Borrower**" means Overstrand Municipality;

1.1.11. "**Borrower Account**" means the Borrower's bank account as advised to Nedbank in writing by the Borrower;

1.1.12. "**Breakage Costs**" means the aggregate of all loss, premiums, penalties, fees, costs, charges, expenses and disbursements incurred or suffered by Nedbank or successful claims made against Nedbank in closing out, settling or unwinding any hedging arrangements, including, *inter alia*, any loan, swap, forward interest rate agreement, foreign exchange contract or other financial instrument relating directly or indirectly to the financing in terms of the Agreement;

1.1.13. "**Breakage Gains**" means the aggregate of all gains, premiums, penalties, fees, costs, charges, expenses and disbursements saved by Nedbank in closing out, settling or unwinding any hedging arrangements, including, *inter alia*, any loan, swap, forward interest rate agreement, foreign exchange contract or other financial instrument relating directly or indirectly to the financing of the Loan;

1.1.14. "**Business Day**" means any day other than a Saturday, Sunday or an official public holiday in the Republic of South Africa;

1.1.15. "**Capital**" means an amount of R 225 000 000.00 (Two Hundred and Twenty Five Million Rands);

1.1.16. "**Capital Budget**" shall have the meaning ascribed to it in the MFMA, as approved in terms of Section 5, 16, 17, 19 and 24;

1.1.17. "**Capital Outstanding**" means that portion of the Capital that is at any time outstanding, reduced in accordance with any repayment thereof made in terms of this Agreement;

1.1.18. "**Capital Projects**" means the Borrowers capital projects for the 2024/2025 (MTREF - Medium-term Revenue and Expenditure Framework) financial year;

1.1.19. "**Capital Project Assets**" means the assets that will be acquired by the Borrower as identified in the Capital Project;

1.1.20. "**Capital Repayments**" means the semi-annual repayments of the Capital Outstanding as per the Amortising Schedule;

1.1.21. "**Companies Act**" means the Companies Act, 71 of 2008;

1.1.22. "**Confidential Information**" shall have the meaning set out in clause 23;



- 1.1.23. **"Default Rate"** means the applicable Interest Rate plus 300 (Three Hundred) Basis Points per annum expressed as a NACS rate;
- 1.1.24. **"Dispose"** means to sell, transfer, cede, assign, lease, alienate, donate, renounce, surrender, waive, relinquish, exchange or otherwise dispose of;
- 1.1.25. **"Encumbrance"** means any mortgage, pledge, hypothecation, lien, lease, option restriction, right of first refusal, right of pre-emption, right of retention, right of set-off, right of consolidation or merger (excluding any right of set-off, consolidation or merger arising in favour of Nedbank by operation of law) third party right or interest, assignment, title extension, trust arrangement, cession, security interest or any kind or any other encumbrance or any other type of preferential arrangement having the effect of creating a security interest or right of retention;
- 1.1.26. **"Event of Default"** means any of the events described in clause 13;
- 1.1.27. **"Final Repayment Date"** means 29 June 2035 as stipulated in the Amortising Schedule;
- 1.1.28. **"GRAP"** means Generally Recognised Accounting Practice;
- 1.1.29. **"Indebtedness"** shall be construed as widely as possible so as to include any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent and shall include, without limitation –
- 1.1.29.1. monies borrowed or raised;
- 1.1.29.2. the outstanding principal amount of any bond, note, loan stock, debenture or similar instrument;
- 1.1.29.3. any amount raised pursuant to any issue of shares which are expressed to be redeemable; and
- 1.1.29.4. deferred payments for assets or services acquired;
- 1.1.30. **"Integrated Development Plan"** will have the meaning given to it in Chapter 5 of the Local Government: Municipal Systems Act No 32 of 2000;
- 1.1.31. **"Interest Rate"** means a fixed rate equal to the base rate as confirmed on the Advance Date plus Margin of 1.40% (One Comma Four Zero Percent);
- 1.1.32. **"Interest Rate Quotation Date"** means the day on which Nedbank advises the Borrower of the Interest Rate applicable to the Loan, which will be on the Advance Date;
- 1.1.33. **"Interest Period"** means –
- 1.1.33.1. the period commencing on the Advance Date and ending on the first Repayment Date thereafter;
- 1.1.33.2. each period after the period described in clause 1.1.33.1 commencing on the previous Repayment Date and ending on the next Repayment Date, inclusive of the final Interest Period commencing on the last Repayment Date and ending on the Final Repayment Date;
- 1.1.34. **"JIBAR"** means, on any applicable date and in respect of the relevant period described in this Agreement –
- 1.1.34.1. the arithmetic mean (rounded, if necessary, to the nearest 3<sup>rd</sup> (Third) decimal place) of the mid-market rates for Rand deposits for the relevant period as they appear on the Reuters display page designated as "SAFEY" (or such other page as may replace such page on such service) at or about 11:00am Johannesburg time on such date; or
- 1.1.34.2. if no such service is available, "JIBAR" shall mean the arithmetic mean (rounded, if necessary, to the third decimal place and excluding (to the extent applicable) the 2 (Two) highest rates and the 2 (Two) lowest rates) of the mid-market deposit rates, as supplied to Nedbank and confirmed by Nedbank to the Borrower in reasonably sufficient detail, quoted by the JIBAR Reference Banks in the ordinary course of business in the Johannesburg interbank market at or about 11:00am (Johannesburg time) on such date for Rand deposits for the relevant period, provided that if any of the JIBAR Reference Banks shall be unable or otherwise fail to supply such rate by 11:00am (Johannesburg time) on the required date, JIBAR for the relevant period shall be determined, on the basis of the quotation(s) of the remaining JIBAR Reference Bank(s), on the same basis, to the extent possible, as set out above;
- 1.1.35. **"JIBAR Reference Banks"** means the principal Johannesburg offices of the banks that quote deposit rates to the South African Futures Exchange from time to time, it being recorded that as at the Signature Date the JIBAR Reference Banks are Standard Bank of South Africa Limited, First National Bank of Southern Africa Limited, Absa Bank Limited and Investec Bank Limited;
- 1.1.36. **"Loan"** means the term loan in an amount equal to the Capital which is made available by Nedbank to the Borrower in terms of this Agreement;
- 1.1.37. **"Margin"** means 1.40% (One Comma Four Zero Percent) per annum expressed as an NACS rate;
- 1.1.38. **"Market Disruption Event"** means an event or circumstance specified as such in clause 7.



- 1.1.39. **"Market Disruption Premium"** means the difference between the Nedbank Liquidity Premium on the Interest Rate Quotation Date and the Nedbank Liquidity Premium on the Advance Date;
- 1.1.40. **"Material Adverse Change"** means an event, circumstance or matter or combination of events, circumstances or matters, including but not limited to:
- 1.1.40.1. **Serious Financial Problems**  
The criteria for determining serious financial problems shall be those stipulated in section 138 of the MFMA, singularly or in combination occurs or the criteria for determining serious or persistent material breach of financial commitments occurs as contemplated in section 140 of the MFMA.
- 1.1.40.2. **Provincial Intervention**  
It is necessary for a provincial intervention in terms of section 136 of the MFMA, whether it is a discretionary intervention (section 137) or a mandatory provincial intervention (section 139).
- 1.1.40.3. **Financial Recovery Plan**  
A financial recovery plan, as contemplated in Chapter 13 of the MFMA, is in relation to the Borrower.
- 1.1.40.4. **Stay of Legal Proceedings**  
If the Borrower applies for an order to stay legal proceedings and/or for extraordinary relief, as contemplated in Chapter 13 of the MFMA, which has or, in the reasonable opinion of Nedbank, will have or would be likely to have a material adverse effect on –
- 1.1.40.5. the business, operations, property, assets, condition (financial or otherwise) or prospects of the Borrower; or
- 1.1.40.6. the ability of the Borrower to conduct its business in the normal, regular and ordinary course; or
- 1.1.40.7. the ability of the Borrower to perform its obligations under this Agreement; or
- 1.1.40.8. the legality, validity or enforceability of this Agreement;
- without derogating from the foregoing, **"Material Adverse Change"** will also include any significant change in the MFMA and/or other Applicable Laws;
- 1.1.41. **"Mayor"** will have the meaning given to it in the MFMA;
- 1.1.42. **"MFMA"** means the Local Government Municipal Finance Management Act, No. 56 of 2003;
- 1.1.43. **"NACS"** means nominal, annual, compounded monthly in arrears on the first day of the month immediately following the calendar period in which the interest has accrued;
- 1.1.44. **"Nedbank"** means Nedbank Limited, (registration number 1951/000009/06), a company registered and incorporated in accordance with the Companies Act and registered as and conducting the business of a bank in terms of the Banks Act;
- 1.1.45. **"Nedbank Liquidity Premium"** means, at 9h00 on a specified date, the difference between the 1 (One) year NCD rate as quoted on the Reuters NEDMM screen, as a nacq (nominal annual compounded quarterly) rate and the 1 (One) year swap rate as quoted on the Reuters NDIRS screen, as a nacq (nominal annual compounded quarterly).
- 1.1.46. **"Outstanding Capital"** means the balance of the Capital from time to time as it is reduced in terms of clauses 9 and 10;
- 1.1.47. **"Outstandings"** means at any given time, and from time to time, the aggregate of –
- 1.1.47.1. the Outstanding Capital;
- 1.1.47.2. any other amounts due from time to time under this Agreement which have not been paid; and
- 1.1.47.3. any unpaid interest accrued or capitalised on the amounts described in clauses 1.1.47.1 and 1.1.47.2 in terms of this Agreement;
- 1.1.48. **"Parties"** means Nedbank and the Borrower;
- 1.1.49. **"Permitted Encumbrances"** means any encumbrance which is existing prior to the advance date of the Agreement and which has been disclosed to Nedbank prior to the advance date or provided for in the audited annual financial statements of the Borrower;
- 1.1.50. **"Permitted Indebtedness"** means –
- 1.1.50.1. indebtedness accruing from capital and operational expenditure, incurred in implementation of approved budgets of the Borrower; and
- 1.1.50.2. indebtedness which complies in all respects with the provisions of the MFMA and other Applicable Laws;
- 1.1.51. **"Potential Event of Default"** means any event which may become (with the passage of time, the giving of notice, the making of a determination hereunder or any combination thereof) an Event of Default;



- 1.1.52. **"Prepayment Date"** shall have the meaning set out in clause 9.1.2;
- 1.1.53. **"Repayment Dates"** means, with the exception of the Final Repayment Date, the date on which the Borrower has the obligation to make payment of Capital plus interest as specified in the Amortising Schedule, provided that where such dates fall on a date which is not a Business Day, the relevant Repayment Date shall be the immediately preceding Business Day;
- 1.1.54. **"Signature Date"** means the date on which this Agreement is signed by the Party signing last in time;
- 1.1.55. **"Suspensive Conditions"** means the suspensive conditions described in clause 2;
- 1.1.56. **"Taxes"** means any tax, charge, impost, duty, deduction, withholding, fee or levy of any kind whatsoever (or any amount payable on account of or as security for any of the foregoing) levied, imposed, collected, withheld or assessed, or which may after the Signature Date become levied, imposed, collected, withheld or assessed by any central, provincial or local government body or other organ of state on any other person, whether under the Income Tax Act, 58 1962 or any other present or future legislation, including any interest, additions, fines, surcharges or other penalties imposed by the applicable body in respect thereof, and **"Tax"** shall have a corresponding meaning;
- 1.1.57. **"Term"** means the period of 10 (Ten) years commencing on the Advance Date and terminating on the Final Repayment Date or such earlier date on which this Agreement is otherwise terminated in accordance with its terms;
- 1.1.58. **"Unpaid Sum"** means any sum due and payable but unpaid by the Borrower under this Agreement;
- 1.1.59. **"VAT"** means value added tax levied in terms of the Value Added Tax Act 89 of 1991; and
- 1.1.60. **"Warranties"** shall have the meaning set out in clause 11.
- 1.1.61.
- 1.2. any reference to a statute or statutory provision includes a reference to that statute or statutory provision as amended, extended or re-enacted and to any regulation, order, instrument or subordinate legislation under such statute or statutory provision;
- 1.3. any reference to any other agreement, document or instrument shall be to that agreement, document or instrument as amended, varied, novated or replaced from time to time;
- 1.4. words and expressions defined in any clause shall, notwithstanding that they are not defined in clause 1.1, bear the meanings assigned to such words and expressions in such clause wherever they are used in this Agreement;
- 1.4.1. when any number of days is prescribed, such number shall be calculated inclusively of the first and exclusively of the last day;
- 1.4.2. any reference to days (other than a reference to Business Days), months or years shall be a reference to calendar days, months or years, as the case may be;
- 1.4.3. where any act is to be performed on a day which is not a Business Day, such act shall be performed on the next Business Day save for Repayment Dates;
- 1.5. words importing the singular shall include the plural and vice versa;
- 1.6. words referring to one gender shall include a reference to the other genders;
- 1.7. any reference to a person shall include a reference to an individual, a firm, a body corporate, a trust, an unincorporated association, government or a partnership and that person's legal representatives and successors;
- 1.8. if any provision in clause 1.1 is a substantive provision conferring rights or imposing obligations on any Party, effect shall be given to that provision as if it were a substantive provision in the body of this Agreement;
- 1.9. clause headings have been inserted for convenience only and shall not be taken into account in its interpretation;
- 1.10. the rule of construction that a contract or any term thereof shall be interpreted against the party responsible for the drafting of or preparation of that contract or term, shall not apply; and
- 1.11. the use of the word "including" followed by a specific example shall not be construed as limiting the meaning of the general wording preceding it.

## 2. **SUSPENSIVE CONDITIONS**

- 2.1. The rights and obligations of the Parties under this Agreement (other than those set out in this clause 2, and clauses 15 and 18 to 24, which shall be of immediate force and effect) are subject to and conditional upon the fulfilment of the following Suspensive Conditions on or before the Advance Date ("**Fulfilment Date**") or such later date as may be determined in terms of clause 2.3–



- 2.1.1. Nedbank has been provided with a certified copy of a resolution of the Municipal Council, signed by the Mayor approving the Transaction contemplated by this Agreement and authorising the Accounting Officer, on its behalf, to sign this Agreement and all documents and notices to be signed by it under or in connection with this Agreement;
- 2.1.2. receipt by Nedbank of a specimen of the signature of each person authorised by the resolution referred to in clause 2.1.1;
- 2.1.3. written confirmation by the Borrower that it has complied with the requirements of the MFMA and all other Applicable Laws in so far as it relates to the Agreement inclusive of copies of:
  - 2.1.3.1. an information statement, setting out the particulars of the debt, the amount, the purpose of the debt and that the public, the national treasury and the provincial treasury has been invited to submit written comments to the council, has been made public 21 (Twenty-One) days prior to the meeting of the council;
  - 2.1.3.2. a copy of the information statement has been submitted to the municipal council 21 (Twenty-One) days prior to the meeting together with particulars of the repayment terms, the anticipated payment schedule and the anticipated total costs.
- 2.1.4. Execution of necessary legal documentation relating to the funding by all parties;
- 2.1.5. the Borrower having complied with all requests for information made by Nedbank in terms of the Financial Intelligence Centre Act, No. 38 of 2001, the Prevention of Organised Crime Act, No 121 of 1988, the Banks Act and any other money laundering legislation applicable at the time such requests are made;
- 2.1.6. written confirmation by the Borrower that no Event of Default or Potential Event of Default or Material Adverse Change has occurred and is continuing.
- 2.1.7. The Borrower having provided the correct budgeted figures for 2025/2026 and 2026/2027 and must include the additional debt.
- 2.2. the Borrower shall use its best endeavours to procure the fulfilment of the Suspensive Conditions.
- 2.3. The Suspensive Conditions are stipulated to be for the benefit of Nedbank, which shall, by written notice to the Borrower to that effect given by not later than the Fulfilment Date, be entitled to waive some or all of the Suspensive Conditions and/or to extend the date by which some or all of the Suspensive Conditions are to be fulfilled.
- 2.4. If any of the Suspensive Conditions are not fulfilled (and fulfilment thereof is not waived in terms of clause 2.3) on or before the Fulfilment Date, this Agreement will terminate and be of no further force or effect and, to the extent that this Agreement may have been partially implemented, the Parties shall be restored as nearly as may be possible to the positions in which they would have been had this Agreement not been entered into and neither Party shall have any claim against the other Party as a result of the failure of the Suspensive Conditions, save for such claim as may arise out of a breach of this clause 2 or under any clause which remains in force and effect.

### 3. PURPOSE

The Loan shall be used by the Borrower to finance its Capital Projects for the 2024/2025 (MTREF - Medium-term Revenue and Expenditure Framework) financial year. Without prejudice to the foregoing obligations of the Borrower, Nedbank shall be entitled but shall not be obliged to ascertain whether or not the Borrower has applied the Loan for the aforesaid purposes.

### 4. ADVANCE

- 4.1. Nedbank, relying upon each of the representations, undertakings and Warranties included in this Agreement, hereby agrees to lend and advance to the Borrower, which agrees to borrow, an amount equal to the Capital.
- 4.2. Nedbank shall advance the Capital to the Borrower by paying to the credit of the Borrower Account an amount equal to R225 000 000.00 (Two Hundred and Twenty Five Million Rands) as follows and as indicated in the Disbursement Dates as stipulated in Schedule 1:
  - 4.2.1. R65,000,000.00 (Sixty five million rand) – 30 June 2025;
  - 4.2.2. R90,000,000.00 (Ninety million rand) – 30 June 2026;
  - 4.2.3. R70,000,000.00 (Seventy million rand) – 30 June 2027.



- 4.3. The payment by Nedbank of this amount as aforesaid shall discharge the obligation of Nedbank to make the advance described in clause 4.1.
- 4.4. Against payment by Nedbank of the Capital in terms of clause 4.2 Nedbank shall be deemed to have advanced the entire Loan to the Borrower.

## 5. INTEREST

- 5.1. Interest shall be calculated on the Outstandings at the Interest Rate during each Interest Period in accordance with clause 5.2.
- 5.2. Interest shall accrue daily, on the basis of actual days elapsed and a 365 (Three Hundred and Sixty Five) day year, irrespective of whether such year is a leap year or not.
- 5.3. Interest shall be due and payable by the Borrower to Nedbank on each Repayment Date and the Final Repayment Date.
- 5.4. Interest shall be calculated and levied on a NACS basis.
- 5.5. Fixed to variable: The Borrower is entitled to exercise a once-off option to amend the fixed rate to a variable rate subject thereto that:
  - 5.5.1 such amendment would not occur within 90 (Ninety) days after disbursement date;
  - 5.5.2 the Bank is informed in writing with a 7 (Seven) days' notice period to amend such rate;
  - 5.5.3 the amendment would be from the present rate agreed upon to a variable rate, based on the Prime rate at that point in time and in addition an all-in margin to be determined on the date of change;
  - 5.5.4 the Borrower will in addition be liable for a penalty calculated on the breakage cost formula.

## 6 INTEREST RATE AND/OR FEE INCREASE

- 6.1 Each time during the term of this Loan that the long-term local rating attributed by the Global Credit Rating Company Proprietary Limited (or any other rating agency registered with the Financial Services Board) which is currently [BB] (ZA), to the Sovereign is lowered in aggregate by two notches, then Nedbank shall be entitled to review the interest rate applicable to the Loan and shall notify the Borrower in writing (**the New Interest Rate**) of the revised interest rate (**the New Interest Rate**) by no later than 28 Business Days after becoming aware of such rating downgrade.
- 6.2 If the Borrower:
  - 6.2.1 accepts, in writing, the rate prescribed by Nedbank as constituting the New Interest Rate (**the New Interest Rate**) by not later than 28 Business Days after receipt of the New Interest Rate, then the New Interest Rate shall be effective from the date which is 90 days after the most recent Interest Period or, if such 90 day period has elapsed, the first day of the next Interest Period, together with any Breakage Costs that may be applicable; or
  - 6.2.2 fails to accept in writing the rate prescribed by Nedbank as constituting the New Interest Rate by not later than 28 Business Days after receipt of the New Interest Rate Notice, then Nedbank may, on prior written notice to the Borrower, cancel the Facilities and declare all Outstanding Amounts (including, for the avoidance of doubt, any contingent liabilities), together with accrued interest, Breakage Costs and all other amounts accrued under the Loan due and payable within 180 days, whereupon the Facility will be cancelled and all such outstanding amounts will become due and payable within 180 days.
  - 6.2.3 Should the long-term rating referred to in clause 6.1 above increase in aggregate by two notches immediately after any two notch downgrade (and Nedbank has elected to impose the Interest Rate increase as a result of that two-notch downgrade), then Nedbank shall return the Interest Rate to the Interest Rate applicable prior to the relevant two notch downgrade by sending a notice to the Borrower by no later than 28 Business Days after becoming aware of such rating increase. The revised Interest Rate shall similarly be effective from 90 days after the most recent Interest Period.
  - 6.2.4 The rights afforded to Nedbank in terms of this clause are in addition to the rights stipulated in clause 16 below.

## 7 MARKET DISRUPTION



- 7.1 A Market Disruption Event is deemed to have occurred if:
- 7.1.1 at or about noon on the quotation day for the relevant Interest Period the screen rate is not available and none or only one of the reference banks supplies a rate to determine JIBAR for the relevant Interest Period; or
- 7.1.2 before close of business on the quotation day for the relevant Interest Period, Nedbank notifies the Borrower that the cost to it of obtaining matching deposits in the market would be in excess of JIBAR.
- 7.2 If, for any Interest Period, a Market Disruption Event occurs as contemplated in terms of clauses 7.1.1 in respect of the Loan then the Interest Rate shall be the percentage rate per annum which is the sum of:
- 7.2.1 the rate notified to the Borrower by Nedbank as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to Nedbank of funding its participation in that loan from whatever source it may reasonably select;
- 7.2.2 mandatory costs (cost of funds plus liquid asset cost); and
- 7.2.3 the All-in Margin.
- 7.3 Notwithstanding anything to the contrary contained in this Agreement, the Market Disruption provisions may only be applied in the event that the Interest Rate Quotation Date is a date other than the Advance Date.

## 8 CAPITAL REPAYMENTS

- 8.1 The Outstandings in respect of the Loan shall be repaid by the Borrower to Nedbank, in the amounts and on the Repayment Dates set out in the Amortising Schedule. The Repayment Dates will be semi-annually.
- 8.2 Once the whole or any part of the Capital has been repaid in accordance with this clause 8, Nedbank will not be obliged to re-advance any such repaid amount.
- 8.3 Notwithstanding the provisions of clause 8.1, the Borrower shall ensure that all Outstandings in respect of the Loan, have been repaid in full by no later than the Final Repayment Date.
- 8.4 Should any payment of the Outstanding Capital or Interest as set out in the Amortising Schedule not be made on a Repayment Date or Final Repayment Date, the Interest Rate shall be amended to the Default Rate, which shall be calculated and levied in the same manner as the Interest Rate until date of payment of any amounts due which have not been paid ("the arrears"). After the arrears have been settled, the Default Rate will be amended to the Interest Rate.

## 9 PREPAYMENT OR EARLY SETTLEMENT

### 9.1 Prepayment

- 9.1.1 Subject to the clauses hereunder, the Borrower shall be entitled to prepay any part of the Outstandings not then due for payment.
- 9.1.2 Should the Borrower wish to prepay any part of the Outstandings it shall, not less than 1 (One) month prior to the date on which it wishes to prepay any part of the Outstandings, furnish Nedbank with written notice to that effect and shall specify the date on which any part of the Outstandings shall be prepaid ("**Prepayment Date**") and the amount of its intended prepayment. Once such written notice of prepayment has been issued by the Borrower, it shall be irrevocable, and the amount stipulated in such notice shall be due and payable on the Prepayment Date specified therein.
- 9.1.3 No amount shall be deemed to have been prepaid unless and until Nedbank has irrevocably received payment of all amounts due but not paid in terms of this Agreement.
- 9.1.4 The Borrower shall be entitled to prepay any part of the Outstandings subject to the payment of a prepayment penalty of-
- 9.1.4.1 2% (Two Percent) of the amount prepaid if the prepayment is made within 12 (Twelve) months from the Advance Date; and
- 9.1.4.2 1% (One Percent) of the amount prepaid if the prepayment is made on a date which falls within the period which is more than 12 (Twelve) months from the Advance Date but less than the full Term of the Loan.
- 9.1.5 In addition to the prepayment penalty contemplated in clause 9.1.4, the Borrower will be liable for such Breakage Costs as Nedbank may have incurred or will incur as a consequence of such prepayment, whilst Nedbank shall pass on any Breakage Gains to the Borrower. Within 10 (ten) Business Days of receipt by Nedbank of any notice in terms of clause 9.1.2, Nedbank shall certify in writing to the Borrower the amount of any Breakage Costs, or Breakage Gains, as the case may be, arising in respect of the prepayment so notified.





## 9.2 Settlement

- 9.2.1 Subject to the clauses hereunder, the Borrower shall be entitled to settle the whole of the Outstandings not then due for payment.
- 9.2.2 Should the Borrower wish to settle the whole of the Outstandings it shall, not less than 1 (one) month prior to the date on which it wishes to settle the whole of the Outstandings, furnish Nedbank with written notice to that effect and shall specify the date on which the whole of the Outstandings shall be settled ("**Settlement Date**"). Once such written notice of settlement has been issued by the Borrower, it shall be irrevocable and the settlement amount in such notice shall be due and payable on the Settlement Date specified therein.
- 9.2.3 No amount shall be deemed to have been settled unless and until Nedbank has irrevocably received payment of all amounts due but not paid in terms of this Agreement.
- 9.2.4 The Borrower shall be entitled to settle the Outstandings subject to the payment of a settlement penalty of -
- 9.2.4.1 2% (Two Percent) of the settlement amount if the settlement is made within 12 (Twelve) months from the Advance Date; and
- 9.2.4.2 1% (One Percent) of the settlement amount if the settlement is made on a date which falls within the period which is more than 12 (Twelve) months from the Advance Date but less than the full Term of the Loan.
- 9.2.5 In addition to the settlement penalty contemplated in clause 9.2.4, the Borrower will be liable for such Breakage Costs as Nedbank may have incurred or will incur as a consequence of such settlement, whilst Nedbank shall pass on any Breakage Gains to the Borrower. Within 10 (Ten) Business Days of receipt by Nedbank of any notice in terms of clause 9.2.2, Nedbank shall certify in writing to the Borrower the amount of any Breakage Costs, or Breakage Gains, as the case may be, arising in respect of the settlement so notified.

## 10 PAYMENTS

- 10.1.1 Any payments to be made by the Borrower in terms of this Agreement shall be made before 12h00 on due date to the credit of the following Nedbank account number 1979373078, branch code 198605, IB Lending Settlement Account, Reference: Overstrand Municipality or in such other manner as Nedbank may timeously notify the Borrower in writing from time to time.
- 10.2 Any payment made by the Borrower under this Agreement shall be made free of exchange or right of deferment, avoidance or set-off and without deduction for or on account of any Tax unless the Borrower is, under law, required to make such payment subject to the deduction or withholding of Tax, in which case the amount payable by the Borrower in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, Nedbank receives and retains (free from any liability in respect of such deduction or withholding) a net amount equal to the amount which it would have received and so retained had no such deduction or withholding been required to be made.
- 10.3 All amounts received in terms of this Agreement shall be appropriated, first to the payment of costs (including Breakage Costs) and any other amounts other than Capital and interest outstanding in terms of this Agreement, then towards the payment of interest (whether interest or default interest) and thereafter in reduction of the Outstanding Capital.
- 10.4 The Borrower's obligation to repay the Outstandings in accordance with this Agreement shall be unconditional (except as otherwise expressly provided herein or prohibited by law) irrespective of any contingency whatsoever including, but not limited to –
- 10.4.1 any right of set-off, counterclaim, recoupment, defence or other right unless and to the extent that the law entitles such right to be exercised;
- 10.4.2 any insolvency, bankruptcy, administration, judicial management, reorganisation, arrangement, readjustment of debt, dissolution, liquidation or similar proceedings by or against Nedbank;
- 10.4.3 any invalidity or unenforceability of any part of this Agreement, or lack of due authorisation of any signatory to this Agreement,
- 10.5 Once the whole or any part of the Outstandings has been repaid or prepaid in terms of this Agreement, Nedbank shall not be obliged to re-advance any such repaid or prepaid amount.



- 10.6 While the funds drawn down by the Borrower in terms of this Agreement are to be used solely for the purpose of funding the Borrower's Capital expenditure programme, Nedbank's recourse in terms of this facility is to be to the Borrower and is in no way limited by the success or progress of the Integrated Development Plan.

## 11 REPRESENTATIONS AND WARRANTIES

- 11.1 The Borrower represents and warrants on a continuous basis from the Signature Date for the duration of the Term to Nedbank that –
- 11.1.1 **Status:** It is a Municipality, as contemplated in section 155 of the Constitution of the Republic of South Africa Act no. 108 of 1996.  
It is compliant with the terms of the Financial Intelligence Centre Act No. 38 of 2001 and to the best of its knowledge, all Applicable Laws.  
The obligations assumed by it in terms of this Agreement are legal and valid obligations binding upon it and enforceable against it in accordance with the terms hereof;
- 11.1.2 **Non-conflict with other Obligations**
- 11.1.2.1 The entry into and performance by it of and the transactions contemplated by this Agreement to which it is a party do not and to the best of its knowledge, will not –
- 11.1.2.1.1 conflict with or result in a breach of any of the terms or provisions of, constitute a default under any agreement, deed, mortgage, bond or other instrument or treaty to which it is a party or which is binding upon it or any of its assets or revenues; and/or
- 11.1.2.1.2 does not and to the best of its knowledge, will not conflict with any Applicable Laws, including, without limitation, the MFMA.
- 11.1.3 **Power and Authority:** It has taken all necessary action and has complied with Applicable Laws and relevant applicable procedures to authorise, and has obtained all necessary authorisations in respect of its entry into, performance and delivery of this Agreement and the transactions contemplated by this Agreement.
- 11.1.4 **Long-term debt:** The Borrower undertakes to incur long term debt in accordance with the provisions of the MFMA and such long term debt shall be raised after approval by the Borrower's bid adjudication committee and a resolution by the Borrower's Municipal Council signed by the Mayor passed at a duly constituted meeting approving the debt agreement.
- 11.1.5 **No Proceedings pending or threatened:** No litigation, arbitration or administrative proceedings are presently current or pending against the Borrower or, to the knowledge of the Borrower, threatened against it which, if adversely determined, would result in a Material Adverse Change.
- 11.1.6 **No Misleading Information**
- 11.1.6.1 All of the information supplied by it in connection with this Agreement is true, complete and accurate in all material respects.
- 11.1.6.2 It has disclosed to Nedbank any and all material information relating to the Borrower as well as such other information within its personal knowledge which, in the reasonable opinion of Nedbank would have affected Nedbank's decision to advance the Loan.
- 11.1.6.3 Nedbank can rely on any representation made by any person on behalf of the Borrower that has interacted with Nedbank for the purpose of this Agreement and disclosed information, as being true and correct and has furnished such information with the due authorisation.
- 11.1.7 **Pari Passu Ranking:** Its payment obligations under this Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, save those whose claims are preferred solely by insolvency liquidation or other similar laws of general application.
- 11.1.8 **Assets:** As at the Signature Date and subsequent to such date, it has not sold or otherwise disposed of its assets which disposal may directly or indirectly impact on the Borrower's ability to operate as a going concern, save as are disclosed in writing to Nedbank prior to the Signature Date, or as may be disposed of in the ordinary course of its operations, the nature of which it shall fully disclose to Nedbank.
- 11.1.9 **Financial Statements:** Its financial statements will be prepared in accordance with GRAP and in line with the National Treasury guidelines (as updated from time to time) for the 2020 / 2021 financial year and thereafter.
- 11.1.10 **Compliance with Laws:** It has complied in all material respects with all Applicable Laws to the extent that a failure to comply would result in the Borrower not being able to comply with its payment obligations to Nedbank in terms of this Agreement.



- 11.1.11 **Compliance with MFMA:** Notwithstanding anything to the contrary contained herein, it has complied with the MFMA in respect of the provisions pertaining to the conclusion and enforceability of this Agreement.
- 11.1.12 **Indebtedness:** All Indebtedness incurred by the Borrower shall constitute Permitted Indebtedness.
- 11.1.13 **Serious Financial Problems:** As at the Signature Day, none of the factors contained in sections 138 and 140 of the MFMA, indicating serious financial problems and/or persistent material breach of financial commitments, has occurred in relation to the Borrower.
- 11.1.14 **Provincial Intervention:** As at the Signature Date, no steps have been taken to bring about any provincial intervention whatsoever in relation to the Borrower, whether or not discretionary or mandatory, as contemplated in Chapter 13 of the MFMA.
- 11.1.15 **Financial Recovery Plan:** As at the Signature Date, no financial recovery plan, as contemplated in Chapter 13 of the MFMA, is being prepared in relation to the Borrower.
- 11.1.16 **Stay of Legal Proceedings:** As at the Signature Date, the Borrower has not applied for an order to stay legal proceedings and/or for extraordinary relief, as contemplated in Chapter 13 of the MFMA.
- 11.1.17 **No Default**
- 11.1.17.1 No Event of Default or Potential Event of Default has occurred and is continuing or might reasonably be expected to result from any utilisation of the Loan.
- 11.1.17.2 No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or to which its assets are subject which might result in a Material Adverse Change.
- 11.1.18 **Withdrawal of Municipal Bank Accounts:** Any withdrawal from the Borrower's bank accounts for the purpose of payment in terms of this Agreement, complies with section 11 of the MFMA in that the official withdrawing the money is duly authorised and that such withdrawal is for an authorised purpose.
- 11.1.19 **Approved Expenditure:** The expenditure incurred for the payment in terms of this Agreement has been incurred in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.  
The long term debt is consistent with the Borrower's Capital Budget as stipulated in its annual budget.
- 11.1.20 **Proceeds of the Agreement:** The proceeds of the Agreement is solely to be spent on Capital Projects that have been approved in compliance with section 19 of the MFMA.
- 11.1.21 **Maintenance of Systems:** The Accounting Officer has taken all reasonable steps to ensure compliance with subsection 63(2)(a), (b) and (c) (the maintaining of information systems, the correct valuation of the Borrower's assets and liabilities and the maintaining of internal control of assets and liabilities) of the MFMA.
- 11.1.22 **Encumbrance:** No Encumbrance exists in respect of Capital Project Assets except for permitted Encumbrances.
- 11.2 Each of the Warranties and representations ("**Warranties**") given by the Borrower in terms of clause 11.1 shall
- 
- 11.2.1 *prima facie* be deemed to be a Warranty of fact inducing Nedbank to enter this Agreement;
- 11.2.2 insofar as any of the Warranties is promissory or relates to a future event, be deemed to have been given as at the due date for the fulfilment of the promise or the happening of the event, as the case may be; and
- 11.2.3 be a separate Warranty and in no way limited or restricted by reference to or influence from the terms of any other Warranty.

## 12 UNDERTAKINGS

In addition to such other undertakings as the Borrower may have made elsewhere in this Agreement, the Borrower hereby irrevocably agrees and undertakes to Nedbank from Signature Date for so long as any amount is due and payable under this Agreement that it shall-

### 12.1 Financial Statements

The Borrower shall supply to Nedbank:

- 12.1.1 as soon as the same are available (and in any event by the end of October each year) its unaudited annual consolidated financial statements; and
- 12.1.2 the audited annual consolidated financial statements within 6 (Six) months after the end of its financial year; and



- 12.1.3 such material information as Nedbank may from time to time require in respect of the financial condition of the Borrower within 30 (Thirty) calendar days of request being made therefore, or such earlier date as agreed in writing between Nedbank and the Borrower.
- 12.2 **Compliance with Applicable Laws**  
In as far as the Borrower needs to fulfil its obligations in terms of this Agreement, the Borrower undertakes to comply at all times in full with all relevant Applicable Laws, including, without limitation, the MFMA.
- 12.3 **Proof of Compliance**  
Forthwith upon request by Nedbank, the Borrower shall provide Nedbank with such proof as Nedbank may reasonably require indicating compliance by the Borrower with all Applicable Laws, including, without limitation, the MFMA.
- 12.4 **Capital Budget**  
The Borrower shall at all times comply with the Borrower's approved Capital Budget and/or approved adjustment budget as contemplated in section 28 of the MFMA ("Adjustment Budget") and shall provide Nedbank, forthwith after it has become available, with a copy of the Capital Budget and Adjustment Budget as the case may be.
- 12.5 **Notification of Default**  
Forthwith upon becoming aware thereof the Borrower shall inform Nedbank in writing of any occurrence of which it becomes aware which may result in any Event of Default or Potential Event of Default or any Material Adverse Change and will, from time to time, if so requested by Nedbank, confirm to Nedbank in writing that, save as otherwise stated in such confirmation, no such Event of Default or Potential Event of Default or Material Adverse Change has occurred and/or is continuing.
- 12.6 **Information: Miscellaneous**
- 12.6.1 The Borrower shall forthwith inform Nedbank if legal proceedings which will or may materially and adversely affect the Borrower's ability to perform its obligations in terms of this Agreement (including, without limitation, arbitration proceedings) are instituted or threatened against it.
- 12.6.2 The Borrower shall forthwith upon becoming aware thereof inform Nedbank in writing of any occurrence of which it becomes aware which will or may adversely affect the Borrower's ability to perform or observe its obligations in terms of this Agreement.
- 12.7 **Authorisations**  
The Borrower shall obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents required in or by the Applicable Laws and regulations of South Africa to enable it lawfully to enter into and perform its obligations under this Agreement and to conduct its business and affairs, including, without limitation any authorisations, approvals and consents required by the MFMA.
- 12.8 **Disposals**  
The Borrower shall not, contrary to the provisions of the MFMA and in any event to the detriment of Nedbank, or in contravention of its obligations, whether express or implied herein, dispose of, whether by one or more transactions or series of transactions any of the Capital Project Assets.
- 12.9 **Positive Undertakings**  
The Borrower undertakes for the duration of the Agreement to do the following:
- 12.9.1 to make provision in its budgets for the payment of its financial obligations in terms of this Agreement, including Capital and interest;
- 12.9.2 to retain revenues, other charges, fees or funds at a level sufficient to meet its financial obligations in terms of the Agreement;



- 12.9.3 to ensure that the Accounting Officer furnishes a copy of a report written to the municipal council (in compliance with section 70 of the MFMA) in respect of impending shortfalls, overspending and overdrafts to Nedbank;
- 12.9.4 to furnish Nedbank by no later than 10 (Ten) working days after the end of each month with a copy of a statement in the prescribed format (as prescribed in section 71 in respect of monthly budget statements) on the state of the Borrower's budget;
- 12.9.5 to furnish Nedbank with a copy of the midyear budget and performance assessment (in compliance with section 72 of the MFMA);
- 12.9.6 to furnish Nedbank with the information that must be placed on the website as referred to in section 21(A) of the Municipal Systems Act within 5 (Five) days after its tabling in the council or on the date on which it must be made public, whichever occurs first as contemplated in section 75 of the MFMA;
- 12.9.7 to furnish Nedbank with an annual report in accordance with Chapter 12 of the MFMA and within 7 (Seven) days after the adoption of the oversight report in respect of aforementioned annual report, furnish Nedbank with same;
- 12.9.8 to notify Nedbank, prior to encumbering any of the Capital Project Assets as security for its creditors, that the Borrower intends to do so.

#### 12.10 Covenants

- 12.10.1.1 Debt to income of  $\leq 45\%$ .

Debt to income is calculated as follows:

Total interest-bearing Debt (Short term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term lease) / (Total Operating Revenue – Operating Conditional Grant).

- 12.10.1.2 Debtor collection rate not to reduce below 85%.

The Collection rate is calculated as follows:  $\frac{\text{Gross Debtors Opening Balance} + \text{Billed Revenue} - \text{Gross Debtors Closing Balance} - \text{Bad Debts Written Off}}{\text{Billed Revenue}} \times 100$ .

#### 13 EVENTS OF DEFAULT

Each of the following events or circumstances is an Event of Default –

- 13.1 **Non-Payment:** The Borrower fails to pay any amount due by it in terms of this Agreement on the due date for payment therefore, unless the failure to pay is solely due to technical or administrative reasons and the relevant amount is duly paid within 3 (Three) Business Days of its due date.
- 13.2 **Misrepresentation:** A representation, warranty, statement made or deemed to be made or repeated, or undertaking given in connection with this Agreement or in any document delivered by or on behalf of the Borrower under or in connection with this Agreement, is or proves to have been incorrect or misleading in any material respect when made or deemed to be made or repeated or given and as a consequence results in a Material Adverse Change.
- 13.3 **Material Adverse Change:** Any event (or any series of events) or circumstance occurs (or any existing circumstance continued) which will result in a Material Adverse Change provided that such Material Adverse Change will have or would be likely to have a material adverse effect on the Borrower's ability to perform its obligations under this Agreement.
- 13.4 **Cessation of Delivery of Minimum Level of Basic Municipal Services :** The Borrower becomes unable or ceases, for any reason whatsoever, to deliver a minimum level of Basic Municipal Services, or any material part thereof, as contemplated in section 73(1)(c) of the Local Government: Municipal Systems Act, No. 32 of 2000, in an ordinary and regular manner provided that such cessation will have or would be likely to have a material adverse effect on the Borrower's ability to perform its obligations under this Agreement..
- 13.5 **Repudiation:** The Borrower repudiates this Agreement or does or causes to be done any act or thing evidencing an intention to repudiate this Agreement.
- 13.6 **Cross Default:** Any material Indebtedness or obligation or any loan, debt or guarantee constituting Indebtedness of the Borrower becomes due and payable prior to its specified maturity by reason of default, or



is not paid when due, whether or not Nedbank is concerned therewith or any creditor of the Borrower becomes entitled to declare any Indebtedness due and payable prior to its specified maturity.

13.7 **Judgements:** Any judgement to the value of R500 000,00 (Five Hundred Thousand Rand) or more, of any court or arbitration awarded against the Borrower, respectively, remains unsatisfied for a period of 10 (Ten) Business Days after it has been granted against the Borrower, respectively, and has not been the subject of an application for rescission or review or appealed against within the period allowed for such rescission, review or appeal, which in each instance is diligently pursued and, in the event of such application, review or appeal being unsuccessful, the Borrower, respectively, fail to make immediate payment thereof.

13.8 **Unlawfulness:** It be or become unlawful for the Borrower to perform or comply with any or all of their obligations under this Agreement or any of the obligations of the Borrower not be or cease to be legal, valid, binding and enforceable.

13.9 **Adverse Determination by the Auditor General:** If the Auditor General or its successor after performing its audit on the Borrower raises a going concern issue with regards to the affairs of the Borrower.

13.10 **Other Obligations:** The Borrower does not comply with any provision of this Agreement (including for the avoidance of doubt, any of the undertakings set out in clause 12 of this Agreement).

In the event the Borrower fails to comply with the undertakings set out in clause 12, and fails to provide a written proposal to Nedbank setting out the remedial action to be taken in respect of such non-compliance within 10 (Ten) Business Days after delivery by Nedbank to the Borrower of a written notice requiring the Borrower to provide such a proposal and in the event that such a proposal is received by Nedbank within the stated period, the Borrower failing to remedy such non-compliance within the period stipulated in the Borrower's written proposal or such other period as may be agreed by the Parties.

#### 13.11 **Additional Default Events**

It would be an Event of Default if:

13.11.1 the municipal council of the Borrower has not approved the annual budget by the start of the budget year or any revenue raising measures necessary to give effect to the budget;

13.11.2 the national treasury stop the transfer of funds to the Borrower as contemplated in section 38(1) of the MFMA (funds due to the Borrower as its share of the local government's share or transfer of funds due to the Borrower as an allocation referred to in section 214(1)(c) of the Constitution;

13.11.3 the Borrower faces any serious financial problems as contemplated in section 54(2) of the MFMA, in terms of which the Mayor must respond to and initiate steps;

13.11.4 the Accounting Officer fails to submit financial statements to the auditor general in accordance with section 126(1) or (2) of the MFMA or if the Mayor fails to table the annual report of the Borrower in accordance with section 127(2).

### 14 **ACCELERATION**

On or at any time after the occurrence of an Event of Default, Nedbank shall, in addition to and without prejudice to any rights it may have in terms of this Agreement or in law, including its rights to claim damages, be immediately entitled, without further notice to the Borrower, to –

14.1 cancel the Loan; and/or

14.2 re-price the Loan; and/or

14.3 immediately claim and recover from the Borrower –

14.3.1 the Outstandings; and/or

14.3.2 Breakage Costs arising on the Event of Default; and/or

14.3.3 any other charges, costs or expenses incurred by Nedbank and/or payable in terms of this Agreement, including but not limited to arrear payments and any default interest; and/or

14.4 subject to clause 8.4, levy finance charges calculated in accordance with the Default Rate, if the Borrower does not remedy a breach within 20 (Twenty) days of written notice to do so;

14.5 enforce compliance with the terms and conditions of all or part this Agreement and claim such damages as Nedbank may have suffered as a result of the Event of Default.

### 15 **INDEMNITIES**

15.1 Without prejudice to the other remedies of Nedbank under this Agreement and/or in law, the Borrower hereby irrevocably indemnifies and holds Nedbank harmless against any costs, claim, loss, expense (including legal fees on the scale as between attorney and own client) or liability, together with any VAT thereon, which may



be suffered or incurred by Nedbank as a result of the occurrence of any Event of Default or the operation of clause 13.

- 15.2 For the purposes of this clause 15, "loss" shall include (but not be limited to) any amounts of Capital, interest, fees, Break Costs or other sums whatsoever paid or payable on account of any funds borrowed by Nedbank in order to enable Nedbank to advance the Loan to the Borrower.
- 15.3 The rights of Nedbank in respect of the indemnities contained in this clause 15 shall continue in full force and effect in favour of Nedbank for a period terminating on the 3<sup>rd</sup> (Third) anniversary of the last day of the Term.

## 16 CHANGE IN COSTS

16.1 If, at any time during the Term, there occurs –

- 16.1.1 any adoption, amendment, variation, replacement or change in interpretation of any of the Applicable Laws or of any authorisation with which commercial banks generally in the Republic of South Africa are required to comply or any change in circumstances occurs or any duties are imposed on such commercial banks at any time after the Signature Date; and/or
- 16.1.2 any directive, requirement, request or guidance (whether or not having the force of law but if not having the force of law, one which applies generally to a class or category of financial institutions and/or financial service companies directly or indirectly) of any central bank or any other fiscal, monetary, regulatory or other authority in the Republic of South Africa; and/or
- 16.1.3 any change in banking practice, as it affects or is applied generally to or by any financial institution directly or indirectly in the Republic of South Africa; and/or
- 16.1.4 a requirement by any statutory or monetary authority in the Republic of South Africa, to –
- 16.1.4.1 pay levies or any other amounts whatsoever or to maintain special deposits or reserve assets, in addition to those paid or maintained or reserved by Nedbank as at the Signature Date; or
- 16.1.4.2 comply with any reserve, cash ratio, special deposit or liquid requirements (or any other similar requirements) in respect of this Agreement in addition to those anticipated by Nedbank at the Signature Date; or
- 16.1.4.3 to pay any Tax; and/or
- 16.1.5 any compliance by Nedbank with any capital adequacy, reserve, cash ratio, special deposit, liquidity or similar requirements of a statutory or monetary authority, howsoever arising in South Africa in respect of this Agreement, including any increase in the amount of the Capital to be allocated by Nedbank to the amount advanced under this Agreement or a change of weighting of the commitment under this Agreement; or
- 16.1.6 any compliance by Nedbank with "International convergence of capital measure and capital standards, a revised framework" published by the Basel Committee on banking supervision in June 2004 in the form existing hereof (Basel II) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by government, regulator or Nedbank but excluding any increases as would ordinarily be excluded), incurred by it in making, maintaining or funding its obligations under the Agreement arising by reason of a change in law or the interpretation thereof, or compliance with any central bank or similar request occurring after the Interest Rate Quotation Date ; or
- 16.1.7 any other event attributable to a statutory or monetary authority which is beyond control of Nedbank, with the result that –
- 16.1.7.1 Nedbank is subjected to any Tax, duty or other charge in respect of the Loan or a change in the basis of taxation of Nedbank in respect of amounts payable to Nedbank in terms of this Agreement; or
- 16.1.7.2 any reserve, special deposit or similar requirement is imposed against the assets or deposits with or for the account of, or credit extended by Nedbank; or
- 16.1.7.3 any other obligation or condition directly affecting the cost of Nedbank is imposed on Nedbank of maintaining or funding its commitment under this Agreement; or
- 16.1.7.4 the cost to Nedbank of making or maintaining the Loan is increased or any amounts received or receivable by Nedbank under this Agreement are reduced; or
- 16.1.7.5 Nedbank's rate of return on its capital is reduced by reason only of change in the manner in which it is required to allocate capital resources to its obligations under this Agreement; or
- 16.1.7.6 Nedbank is required to make a payment or forego the return on any amount received or receivable by it under this Agreement;



16.1.8 And the result of any of the above is to increase the net after Tax cost to Nedbank of maintaining or funding its commitment under this Agreement or reduces the net after Tax return to Nedbank in respect of maintaining or funding its commitment under this Agreement, the Parties shall consult in relation to the manner in which such increased costs or the reduction of the return to Nedbank may be recovered, to place Nedbank in the same position in which it would have been if such increase or reduction had not taken place.

Nedbank will promptly notify the Borrower of such increased costs or reduction, disclose the event giving rise to such increased costs or reduction and certify the calculation of such amount to the Borrower. The Borrower shall have the right to have such amount verified by the auditors of Nedbank. The Parties will meet to discuss means of reducing the impact of any increased costs or aforesaid reduction on the Borrower.

If no solution is found within 30 (Thirty) days after receipt of the written notification, the Borrower has the choice between paying the additional costs, provided they could not have been avoided by Nedbank, and repaying the Loan.

16.2 This clause 16 does not apply to any increased cost arising in terms of clause 16.1–  
16.2.1 on account of Tax payable on any income, profits or gains of Nedbank to the extent arising from amendments or changes which affect corporate taxpayers generally; or

16.2.2 resulting from any breach or violation by Nedbank of, or breach by Nedbank of any limits imposed by, any provision of any law, ruling, regulation or practice by any relevant monetary or fiscal authority or court or competent official, arising as a consequence of any action or omission by Nedbank after the introduction of such provision and/or imposition of such limits or after the relevant change in the interpretation thereof has become known to Nedbank and/or generally known amongst banks operating in the Republic of South Africa.

16.3 If Nedbank is entitled to any tax benefit by reason of any circumstance in respect of which the Borrower has paid the fee as contemplated in clause 16.1, Nedbank shall pay to the Borrower such amount, limited to the maximum of the fee paid by the Borrower as aforesaid, as will leave Nedbank with the same net after Tax return as it would have received in respect of maintaining or funding its commitment under this Agreement had the tax benefit not been granted. Payment of such sum shall be made within 10 (Ten) Business Days of Nedbank becoming entitled to such tax benefit.

16.4 If any of the events or circumstances envisaged in clause 16.1 occur with the result that the net after Tax cost to Nedbank of maintaining or funding its commitment under this Agreement reduces or the net after Tax return to Nedbank in respect of maintaining or funding its commitment under this Agreement increases, then Nedbank shall pay to the Borrower such fee as would be necessary to place Nedbank in the same position in which it would have been if such increase or reduction had not taken place, which fee shall be payable within 10 (Ten) Business Days of receipt by Nedbank of a written demand from the Borrower, and accompanied by the requisite documentation to substantiate the Borrower's entitlement to such fee.

## 17 ILLEGALITY

### 17.1 Nedbank Illegality

17.1.1 If, at any time, it becomes unlawful, or contrary to any request from or requirement of any fiscal, monetary or other similar authority compliance with which is in accordance with the general practice of persons to whom such request or requirement is intended to apply, for Nedbank to make, fund or allow to remain outstanding all or any of the Outstandings then Nedbank shall, as soon as reasonably practicable after becoming aware of the same, deliver to the Borrower a certificate to that effect and if Nedbank so requires, the Borrower shall on such date as Nedbank shall have specified repay all the Outstandings. The Borrower shall be liable for any Breakage Costs arising as a consequence of such prepayment, which Breakage Costs the Borrower shall be required to pay to Nedbank within 10 (ten) days of receipt of such certificate.

17.1.2 If Nedbank becomes entitled to give notice pursuant to clause 17.1.1, it will endeavour to avoid the circumstances therein referred to, but nothing in this clause 17.1.2 shall oblige Nedbank to incur any costs or expenses or to take or refrain from taking any action where, in its reasonable opinion, to take or refrain from taking (as the case may be) such action would be materially prejudicial to its interests.



## 17.2 Borrower Illegality

- 17.2.1 If at any time it is or becomes unlawful for the Borrower to perform or comply with any or all of its obligations hereunder the Borrower shall as soon as reasonably possible notify Nedbank in writing. If the Borrower is unable, within 10 (Ten) days of the aforesaid notice of the performance becoming unlawful, to procure that a replacement Borrower is substituted for it on such terms as may be reasonably acceptable to Nedbank, then Nedbank shall, after the expiry of such 10 (Ten) day period be entitled to deliver to the Borrower a notice requiring the Borrower to repay all Outstandings on a date specified in such notice and the Borrower shall on such date as Nedbank shall have specified repay all Outstandings together with any Breakage Costs arising as a result of the early termination.
- 17.2.2 If Nedbank becomes entitled to give notice pursuant to clause 17.2, it will endeavour to avoid the circumstances therein referred to, but nothing in this clause 17.2.2 shall oblige it to incur any costs or expenses or to take or refrain from taking any action where, in its reasonable opinion, to take or refrain from taking (as the case may be) such action would be materially prejudicial to its interests.

## 18 CERTIFICATE OF INDEBTEDNESS AND OTHER NOTICES

- 18.1 A certificate signed or purporting to be signed by a manager or director of Nedbank (whose appointment it shall not be necessary to prove) shall be *prima facie* proof of –
- 18.1.1 the amount of any debt owing by the Borrower to Nedbank (including, without limitation, accrued interest and default interest) in terms of this Agreement;
- 18.1.2 the due dates of performance in respect of any obligations of the Borrower in terms of this Agreement;
- 18.1.3 any Interest Rate; or
- 18.1.4 the fact that the debts are due and owing and have not been paid or otherwise discharged.
- 18.2 In addition to and in application of the provisions of clause 18.1, any schedule, certificate or other document provided by Nedbank in terms of this Agreement shall, if signed by any manager or director of Nedbank, be deemed to be *prima facie* proof of the correctness of its contents.

## 19 ASSIGNMENT

- 19.1 This Agreement shall be binding upon and enure to the benefit of each Party and its or any subsequent successors-in-title.
- 19.2 The Borrower shall not be entitled to cede, delegate or assign (as the case may be) all or any of its rights, benefits and obligations under this Agreement to any person, without the prior written consent of Nedbank.
- 19.3 Nedbank reserves the right to change its lending office and transfer its right and obligations under the Loan in whole or in part to third party banks and/or financial institutions at any point during the Term of the Loan, subject to the Borrower's written consent and provided that this does not give rise to any additional costs being incurred by the Borrower.

## 20 RENUNCIATION OF BENEFITS

The Borrower hereby renounces any benefits to which it is entitled in law, including without in any way limiting or affecting the generality of the foregoing the benefits of the legal exceptions "*non numeratae pecuniae*", "*exceptio non causa debiti*", "revision of accounts", "*beneficio ordinis seu excussionis*", splitting of claims and "*de duobus vel pluribus reis debendi*" and declares itself to be fully acquainted with the full meaning and effect of the same.

## 21 DOMICILIUM CITANDI ET EXECUTANDI

- 21.1 The Parties choose the addresses set out opposite their names below as their *domicilium citandi et executandi* (whether in respect of notices, court processes or any other documents or communications of whatsoever nature) for all purposes of this Agreement:

- 21.1.1 Nedbank
- |                   |  |
|-------------------|--|
| Physical Address: | 135 Rivonia Road<br>Sandown<br>Sandton<br>2196                 |
| Email address:    | <a href="mailto:levfin@nedbank.co.za">levfin@nedbank.co.za</a> |
| Attention:        | Team Manager   |
| the Borrower:     |  |



Physical Address: 1 Magnolia Street  
Hermanus  
7200  
Email address: [bking@overstrand.gov.za](mailto:bking@overstrand.gov.za)  
Attention: Bernard King

- 21.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing. It shall be acceptable to give notice by fax provided that proof of such fax transmission is provided to the Party to whom notice is addressed and physical copies of the notice or communication are delivered to the aforesaid address of the Party to whom such notice is addressed within 3 (three) Business Days of such fax transmission.
- 21.3 Any Party may by written notice to the other Parties change its chosen address to another physical address, provided that the change shall become effective on the 7th (Seventh) day after delivery of such notice to the addressee.
- 21.4 Any notice to a Party contained in a correctly addressed envelope and delivered by hand to a responsible person during ordinary business hours at its chosen address shall be deemed to have been received, unless the contrary is proved, on the first Business Day after delivery.
- 21.5 Notwithstanding anything to the contrary contained in this clause 21, a written notice or communication actually received by a Party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address.

## 22 COSTS AND EXPENSES

- 22.1 Each Party shall be responsible for its own costs of negotiating, drafting and implementing this Agreement.
- 22.2 The Borrower shall on demand reimburse Nedbank for all reasonable costs and expenses (including legal fees on the attorney and client scale) incurred as a result of its unremedied breach of this Agreement.

## 23 CONFIDENTIAL INFORMATION

- 23.1 The Parties acknowledge that for the duration of this Agreement information will be required and furnished in terms of this Agreement.
- 23.2 The Parties undertake to utilise such information solely for the purpose of the administration of this Agreement.
- 23.3 This undertaking will be effective for the duration of this Agreement and will survive the termination of this Agreement. It will be irrespective for what reason the Agreement is terminated.

## 24 MISCELLANEOUS

- 24.1 **Partial Invalidity:** The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction will not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.
- 24.2 **Waivers and Remedies Cumulative:** Unless condoned in writing, no failure to exercise, and no delay in exercising on the part of either Party, of any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or

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further exercise thereof, or the exercise of any other right, power or privilege. No waiver by either Party shall be effective unless it is in writing and duly executed by the Party granting such waiver.

24.3 **Entire Contract:** This Agreement contains all the express provisions agreed on by the Parties with regard to the subject matter of the Agreement and the Parties waive the right to rely on any alleged express provision not contained in this Agreement.

24.4 **Duration:** This Agreement shall endure for the Term.

24.5 **No Partnership:** Nothing in this Agreement shall be deemed to constitute a partnership, or establish a relationship of principal and agent or any other relationship of a similar nature between any of the Parties or, unless expressly provided, entitle either Party to commit or bind the other Party in any manner.

24.6 **No Representations:** A Party may not rely on any representation or warranty which allegedly induced it to enter into this Agreement, unless the representation or warranty is recorded in this Agreement.

24.7 **Variation, Cancellation and Waiver:** No contract varying, adding to, deleting from or cancelling this Agreement, and no waiver of any right under this Agreement, shall be effective unless reduced to writing and signed by or on behalf of the Parties.

24.8 **Indulgences:** The grant of any indulgence by a Party under this Agreement shall not constitute a waiver of any right by the grantor or prevent or adversely affect the exercise by the grantor of any existing or future right of the grantor.

24.9 **Severability:** Any provision in this Agreement which is or may become illegal, invalid or unenforceable in any jurisdiction affected by this Agreement shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be treated *pro non scripto* and severed from the balance of this Agreement without invalidating the remaining provisions of this Agreement or affecting the validity or unenforceability of such provision in any other jurisdiction.

24.10 **Applicable Law:** This Agreement is to be interpreted and implemented in accordance with the law of the Republic of South Africa.

24.11 **Jurisdiction:** Each of the Parties irrevocably agrees that the High Court of the Republic of South Africa shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Agreement and, for such purposes, irrevocably submits to the non-exclusive jurisdiction of such court.

24.12 **Counterparts:** This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

24.13 **Independent Advice:** The Parties hereby acknowledge and agree that they have been free to secure independent legal and other professional advice (including legal, financial and taxation advice) as to the nature and effect of the provisions of this Agreement and the Security Documents and that they have either taken such independent advice or has dispensed with the necessity of doing so.

Signed at \_\_\_\_\_ on this the \_\_\_\_\_ day of \_\_\_\_\_

**As Witnesses:**

1. \_\_\_\_\_

**For: Nedbank Limited**

2. \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Capacity: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Capacity: \_\_\_\_\_



Signed at Hermanus on this the 27<sup>th</sup> day of June 2025

As Witnesses

1.  ID: 821265144082  
S. KLEIN STR. GAWAMA  
BERNARD KING
2. \_\_\_\_\_

For: Overstrand Municipality



Name: SEAN O'NEILL

Capacity: MUNICIPAL MANAGER

Name: \_\_\_\_\_

Capacity: \_\_\_\_\_

## SCHEDULE 1 - AMORTISATION SCHEDULE

Overstrand Municipality	
Client Name	R 65 000 000.00
1st Drawdown	R 90 000 000.00
2nd Drawdown	R 70 000 000.00
3rd Drawdown	R 225 000 000.00
TOTAL	
Indicative Base Rate (Wedbank Internal)	8.79%
Funding Curve - NACM)	1.40%
All-in Margin	10.19%
All-in Rate (NACM)	10.00
Number of Years	0.00
Outstanding Balance at end of period	

Number of Days (From Inception)	Date	Balance Outstanding	Cumulative Interest/ Interest Accrued	Capital Repaid	Total Repayment	Payment Indicator
0	30 June 2025	65 000 000.00				1st Drawdown
184	31 December 2025	65 000 000.00	3 337 453.33	3 337 453.33	3 337 453.33	Capital + Service Interest 1
181	30 June 2026	155 000 000.00	3 283 038.33	3 283 038.33	3 283 038.33	2nd Drawdown + Capital + Service Interest 2
184	31 December 2026	155 000 000.00	7 958 542.56	7 958 542.56	7 958 542.56	Capital + Service Interest 3
181	30 June 2027	225 000 000.00	7 828 783.71	7 828 783.71	7 828 783.71	3rd Drawdown + Capital + Service Interest 4
184	31 December 2027	215 646 668.66	11 552 723.07	9 353 331.34	20 906 054.40	Capital + Service Interest 5
182	30 June 2028	205 682 733.49	10 952 119.23	9 953 935.17	20 906 054.40	Capital + Service Interest 6
182	29 December 2028	195 233 764.50	10 446 585.41	10 459 468.99	20 906 054.40	Capital + Service Interest 7
182	29 June 2029	184 242 586.97	9 915 376.87	10 980 677.53	20 906 054.40	Capital + Service Interest 8
185	31 December 2029	172 847 961.63	9 511 429.06	11 394 625.34	20 906 054.40	Capital + Service Interest 9
179	28 June 2030	160 575 693.92	8 633 786.70	12 272 267.70	20 906 054.40	Capital + Service Interest 10
186	31 December 2030	148 004 086.22	8 334 446.70	12 571 607.71	20 906 054.40	Capital + Service Interest 11
181	30 June 2031	134 573 463.94	7 475 432.12	13 430 622.28	20 906 054.40	Capital + Service Interest 12
184	31 December 2031	120 577 142.69	6 909 733.16	13 996 321.24	20 906 054.40	Capital + Service Interest 13
182	30 June 2032	105 794 879.82	6 123 791.53	14 782 262.87	20 906 054.40	Capital + Service Interest 14
184	31 December 2032	90 320 809.64	5 432 084.22	15 473 970.19	20 906 054.40	Capital + Service Interest 15
181	30 June 2033	73 976 809.21	4 561 953.97	16 344 100.43	20 906 054.40	Capital + Service Interest 16
183	30 December 2033	56 848 482.99	3 777 728.19	17 128 326.22	20 906 054.40	Capital + Service Interest 17
182	30 June 2034	38 829 611.44	2 887 182.85	18 018 871.55	20 906 054.40	Capital + Service Interest 18
182	29 December 2034	19 895 609.46	1 972 052.42	18 934 001.99	20 906 054.40	Capital + Service Interest 19
182	29 June 2035	-0.00	1 010 444.95	19 895 609.46	20 906 054.40	Capital + Service Interest 20