

Loan Agreement

Entered into between

ABSA BANK LIMITED

(Registration Number: 1986/004794/06)

(Hereinafter referred to as "Absa")

And

OVERSTRAND MUNICIPALITY

(Hereinafter referred to as "Borrower")

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1. **PARTIES**

The parties to this loan agreement are:

1.1 **ABSA BANK LIMITED; and**

1.2 **Overstrand Municipality**

2. **DEFINITIONS AND INTERPRETATION**

2.1 The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

2.2 Unless the context dictates otherwise, the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:

2.2.1 **"Absa"** means Absa Bank Limited (Registration No. 1986/004794/06), a company with limited liability duly incorporated in accordance with the laws of the Republic of South Africa;

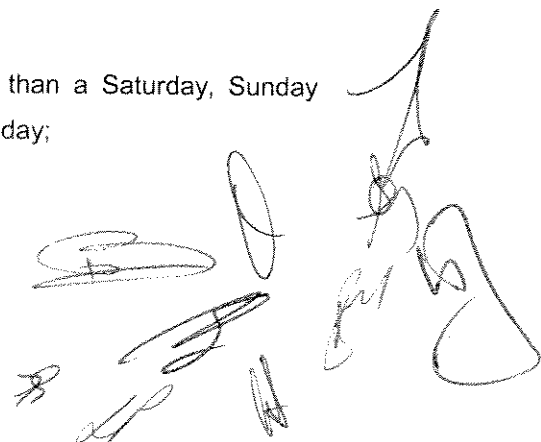
2.2.2 **"Act"** means the Local Government: Municipal Finance Management Act No. 56 of 2003;

2.2.3 **"Agreement"** means this loan agreement together with all annexures and schedules hereto;

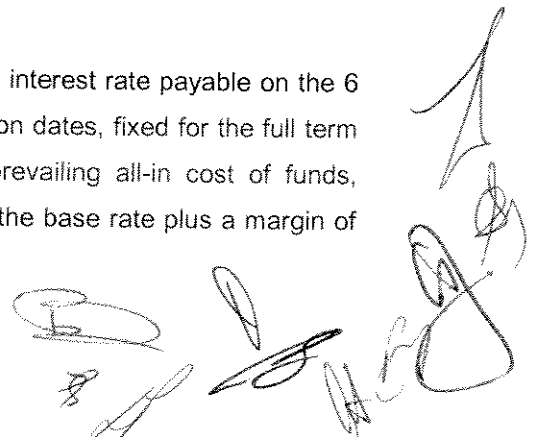
2.2.4 **"Applicable Laws"** means all applicable laws, ordinances, writs, regulations, judgments and orders of any competent court, central bank or governmental agency or authority in any relevant jurisdiction;

2.2.5 **"Borrower"** means Overstrand Municipality being a municipality duly established in terms of the Local Government: Municipal Structures Act 117 of 1998 as amended;

2.2.6 **"Business Day"** means any day, other than a Saturday, Sunday and/or any official South African public holiday;

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- 2.2.7 **“Capital Sum”** means R82,000,000. 00 (Eighty Two Million Rand_), or any lesser amount as may be Drawdown by the Borrower from time to time ;
- 2.2.8 **“Change in Law”** means any implementation, introduction, abolition, withdrawal or variation of any Applicable Laws, published practice, concession, official directive, ruling request, notice, announcement (including, but not limited to, any budget speech), guideline by any government entity (whether or not having the force of law) or any change in interpretation, or the introduction or providing of any new or further interpretation, or any new or different competent authority or compliance with any new or different request or direction (in each case, whether or not having the force of law) from any government entity;
- 2.2.9 **“Dispose”** means any sale, transfer, cession, assignment, lease, alienation, donation, renunciation, surrender, waiver, relinquishment, exchange or any other disposal;
- 2.2.10 **“Drawdown”** means withdrawal by the Borrower of the Capital Sum in the manner set out in this agreement;
- 2.2.11 **“Effective Date”** means the date of signature of this Agreement by the party signing it last in time;
- 2.2.12 **“Event of Default”** means an event specified as such in **clause 11**;
- 2.2.13 **“Income Generating Asset”** means any asset that provides a revenue stream to the Borrower and, particularly, includes the assets funded, or to be funded by the Capital Sum;
- 2.2.14 **“Interest Period”** means a 6_____ monthly period for the duration of the agreement, being _15_____ years;
- 2.2.15 **“Interest Rate”**
- “Fixed Interest Rate”** means a fixed interest rate payable on the 6 monthly capital and interest redemption dates, fixed for the full term of the loan, calculated on Absa's prevailing all-in cost of funds, applicable to the actual loan term as the base rate plus a margin of



0.80% on the 15 year loan on a nominal annual compounded six monthly interest rate , at the time of draw down;

2.2.16 **“Material Adverse Effect”** means an event, circumstance or matter or combination of events, circumstances or matters, which has or will have a material adverse impact on:

2.2.16.1 the ability of the Borrower to comply with its obligations in terms of this Agreement; and/or

2.2.16.2 the business, operations, property, condition (financial or otherwise) or prospects of the Borrower taken as a whole and includes any substantial restructuring, or Disposal of material assets; and/or

2.2.16.3 the validity and/or enforceability of this Agreement and/or the rights and/or remedies of Absa in terms of this Agreement;

2.2.17 **“month”** means a calendar month and **“monthly”** shall be construed accordingly;

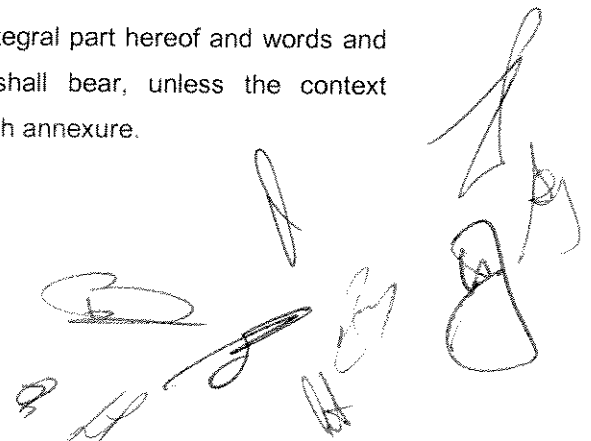
2.2.18 **“NACM”** means nominal annual compounded monthly;

2.2.19 **“NACS”** means nominal annual compounded six monthly;

2.2.20 **“TERM LOAN”** means the Capital Sum together with interest thereon advanced to the Borrower by Absa.

2.3 Unless the context dictates otherwise, an expression which denotes any gender includes the other; and to a natural person includes a juristic person and to the singular includes the plural, and vice versa in each case.

2.4 The annexure to this Agreement form an integral part hereof and words and expressions defined in this Agreement shall bear, unless the context otherwise requires, the same meaning in such annexure.

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2.5 When any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day.

3. **SUSPENSIVE CONDITIONS**

3.1 This Agreement is subject to fulfilment of the following suspensive conditions:

3.1.1 receipt by Absa of a certified copy of a municipal council resolution of the Borrower, signed by the Mayor:

o 3.1.1.1 approving the terms of this Agreement with specific mention of the Capital sum and which Agreement must be signed by the Municipal Manager and

o 3.1.1.2 confirming authority of any specified person or persons to sign and/or despatch all documents and notices to be signed and/or despatched by the Borrower in terms of this Agreement, in the event such authorised persons are not the Municipal Manager;

3.1.2 In the event other specified persons as mentioned above in 3.1.1.2 are authorised to act on behalf of the Municipality, Absa must receive in writing the delegation of powers from the Municipal Manager, together with the specimen signatures of the authorised persons.

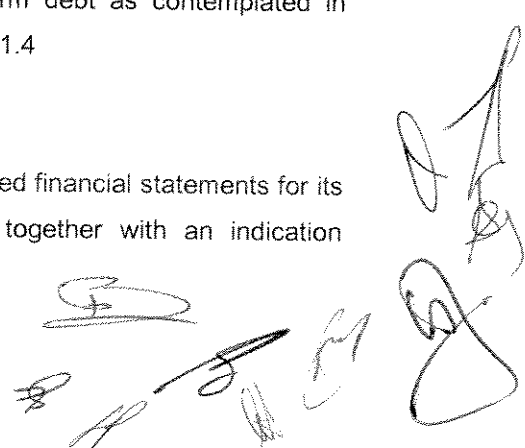
3.1.3 Receipt by Absa of a written disclosure by the Borrower signed by the Municipal Manager, indicating whether the purpose of this Term Loan is for -

o 3.1.3.1 Capital expenditure on property, plant or equipment as contemplated in section 46 (1) (a) of the Act; or

o 3.1.3.2 Re-financing existing long-term debt as contemplated in section 46 (1) (b) of the Act.3.1.4

3.1.4 Receipt by Absa of the Borrower's audited financial statements for its financial year ended 30 June 2008, together with an indication

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whether the audit deadline referred to in section 126 (1) and section 126 (2) of the Act has been met;

2006/2007

3.1.4.1 the Borrower's approved annual budget; 2008

3.1.4.2 the Borrower's integrated development plan; and 2008

}

3.1.4.3 the Borrower's repayment schedules pertaining to its existing short-term and long-term debt.

✓ 3.1.5 Receipt by Absa of written confirmation by the Borrower, signed by the Municipal Manager, that it has complied with the requirements of section 46 (3) of the Act relating to the publishing of an information statement;

✓ 3.1.6 Receipt by Absa of written confirmation by the Borrower, signed by the Municipal Manager, that this Term Loan is not to be paid from revenues linked to a particular municipal service;

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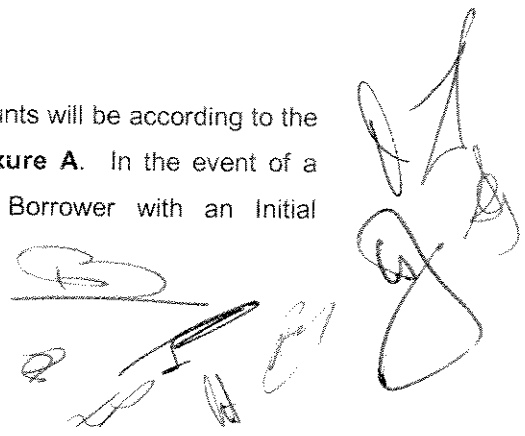
3.2 Absa shall be entitled to waive the suspensive conditions by written notice to the Borrower.

4. **THE LOAN**

4.1 Absa hereby lends to the Borrower, which hereby borrows, the Capital sum for a maximum period of 15 _____ years.

4.2 Absa shall advance the amount mentioned in clause 4.1 to the Borrower by permitting drawdown by the Borrower of the Capital Sum in accordance with a draw down schedule to be provided by the Borrower to Absa, which draw down schedule must be acceptable to Absa. The draw down schedule must indicate when the draw downs are anticipated and the amounts involved. The Borrower may amend the draw down schedule, subject to one month written notice to Absa and provided that the amendments are acceptable to Absa.

4.3 The Payment term as well as the Instalment Amounts will be according to the Repayment Schedule, attached hereto as **Annexure A**. In the event of a variable interest rate, Absa will provide the Borrower with an Initial



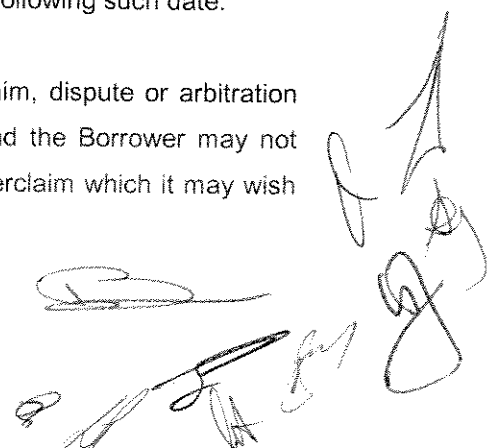
Repayment Schedule calculated at the variable interest rate at the Effective Date, in order to calculate the regular capital redemptions over the loan period. Absa will provide the Borrower with a manually prepared statement prior to each payment date showing the interest calculations based on the set capital redemptions and the total amount then due and payable by the Borrower.

5. INTEREST

- 5.1 Interest shall be payable by the Borrower at the Interest Rate calculated on the Capital Sum, and payable 6_____ monthly on the last day of each Interest Period.
- 5.2 The Capital Sum owing by the Borrower to Absa shall bear interest at a fixed rate or variable interest rate to be determined by Absa on the day following the end of the Draw down Period (or the day prior to the draw down or interest payment frequency), provided that such rate shall be determined according to the cost to Absa of funding the Borrower under this Agreement for a () year, or six monthly period, and that an appropriate interest margin shall be applicable to such rate.
- 5.3 Any amount due by the Borrower in terms of this Agreement that is not paid on due date, shall bear default interest at the Prime Rate plus 2___% from the due date to date of payment.

6. PAYMENTS

- 6.1 All payments due by the Borrower in terms of this Agreement will be made by the Borrower to Absa before or on the relevant due date, in the currency of the Republic of South Africa, free of exchange or other deductions in a manner as may be agreed upon by the Parties from time to time in writing.
- 6.2 Where any payment to be made by the Borrower in terms of this Agreement is due on a date which is not a Business Day, then such payment shall become due and payable on the first Business Day following such date.
- 6.3 The Borrower may not raise any claim, counter-claim, dispute or arbitration proceedings as a reason for deferring payment and the Borrower may not withhold any payment or set-off any claim or counterclaim which it may wish to raise against any amount payable to Absa.

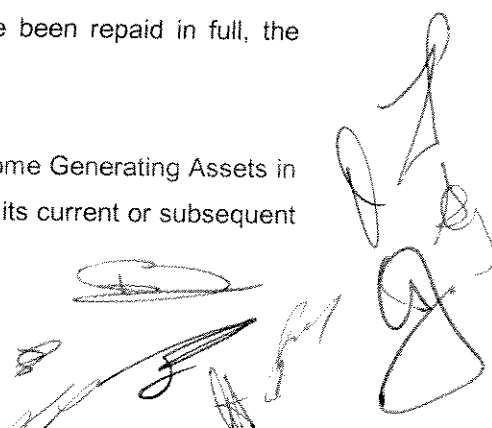


7. **PREMATURE CAPITAL PAYMENT**

- 7.1 The Borrower may repay the outstanding Capital Sum prematurely subject to 6 (six) months written notice of its intention to do so to Absa, provided that such premature repayment or repayments shall coincide with the agreed upon capital and interest redemption sequence as provided for in this Agreement.
- 7.2 The Borrower may not give notice of early repayment to Absa until at least 90 (ninety) days, calculated from the Effective date, have elapsed. The latter notice shall state the date on which the Borrower intends to repay the Capital Sum and, notwithstanding anything to the contrary contained herein, the date thus stated shall be deemed to be the date on which the Capital Sum is due and payable.
- 7.3 Upon early repayment of the Capital Sum for any reason whatsoever, the Borrower shall pay the Capital Sum to Absa, together with all the accrued interest thereon from the date of the last Interest Period to the date on which the Capital Sum shall be deemed to be due and payable in accordance with clause 7.2
- 7.4 The Borrower shall be liable for any and/or all unwinding costs in respect of any fixed rate Swap agreement entered into by Absa. In the event that such a Swap agreement is cancelled, and depending on the interest rate levels at that time of cancellation, Absa may have to be credited or debited with funds due to such cancellation and *vice versa* with reference to the Borrower's position in terms hereof.

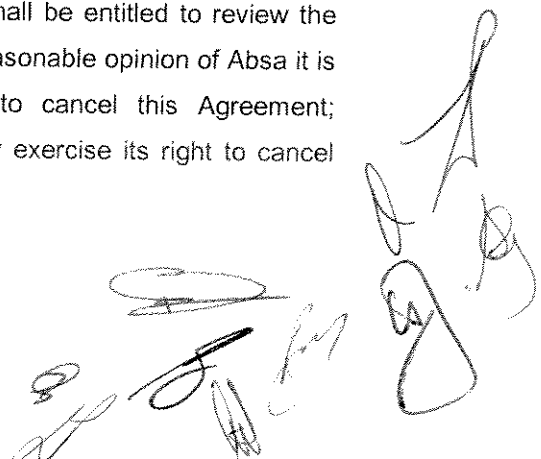
8. **UNDERTAKINGS**

- 8.1 As at the Effective Date, the date of Drawdown and (if applicable) the date of advance of the Term Loan, the Borrower undertakes to Absa that, until all amounts payable in terms of this Agreement have been repaid in full, the Borrower shall:
- 8.1.1 not encumber its cash flows, income or Income Generating Assets in favour of, nor utilize the same to pay any of its current or subsequent

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creditors in respect of such cash flows, income or Income Generating Assets in which Absa may have an interest and/or right;

- 8.1.2 shall send its audited annual financial statements to Absa as soon as they are available, but in any event not later than 30 (thirty) days from the date of consideration by the Borrower's council, which consideration shall take place after finalisation thereof by the Auditor-General;
- 8.1.3 not give subsequent creditors preferential creditor status;
- 8.1.4 not ring-fence or cede without Absa's prior written approval having been obtained, any income stream on which it relies upon to fulfil its repayment obligations in terms of this Agreement.
- 8.1.5 furnish Absa with such financial information and relevant credit information as may be required by Absa from time to time on 30 (thirty) days' notice from Absa;
- 8.1.6 furnish Absa with management accounts and a cash flow report, on a six monthly basis, reflecting actual income and expenditure compared to the annual budget of the Borrower as approved. Upon receipt of the accounts from the Borrower, Absa shall be entitled to peruse the account and to determine any negative variances in respect of which it may require the Borrower to provide explanations. The Borrower shall also provide Absa with a detailed outline of corrective action which is to be taken by the Borrower;
- 8.1.7 not cede any of its rights or delegate any of its obligations in terms hereof to another person without the prior written approval of Absa;
- 8.1.8 immediately notify Absa of any statutory change to the functions, powers, duties, rights or obligations of the Borrower which may materially affect the Borrower's ability to meet its obligations in terms of this Agreement, whereupon Absa shall be entitled to review the terms of this Agreement and, if in the reasonable opinion of Absa it is a necessary step, shall be entitled to cancel this Agreement; provided, however, that Absa shall only exercise its right to cancel this Agreement in terms hereof, after:

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- 8.1.8.1 Absa has given the Borrower written notice of its intention to that effect; and
- 8.1.8.2 the Borrower has failed to satisfy Absa within 10 (ten) days after receipt of said notice that it shall have the ability to continue to meet its financial obligations under this Agreement.
- 8.1.9 In the event that it disposes of the whole or a major portion of its assets to a third party, the Borrower shall ensure that such third party maintains those assets in a satisfactory working condition; and
- 8.1.10 Implement reasonable measures to ensure that, while this agreement is in force, it honours its obligations in other existing loan agreements with third parties;
- 8.1.11 Provide written notification to Absa as soon as possible after becoming aware of:
 - 8.1.11.1 any event which is likely to affect the ability of the Borrower to meet its repayment or security obligations in respect of this Term Loan;
 - 8.1.11.2 any failure by the Borrower to meet its repayment obligations on the due date other than non-payment for technical reasons which is remedied within 72 hours;
 - 8.1.11.3 any failure by the Borrower to meet –
 - 8.1.11.3.1 any of its obligations pertaining to security provided by the Borrower; or
 - 8.1.11.3.2 any other obligation constituting a default as defined for purposes of a debt transaction;
 - 8.1.11.4 any new debt incurred by the Borrower;
 - 8.1.11.5 the provision of any additional security by the Borrower to an existing creditor; or

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8.1.11.6 any mandatory intervention by the provincial executive in terms of Chapter 13 of the Act.

8.2 In the event of the Borrower requiring the written consent or approval of Absa before it can pursue a certain course of action, Absa undertakes:

8.2.1 that it shall not unreasonably withhold such consent or approval; and

8.2.2 that it shall provide the Borrower with its written response within 30 (thirty) days from the date on which it received such request;

8.3 The Borrower shall maintain its capital charges ratio (hereinafter referred to as "financing costs") within the norm prescribed by National Treasury of not more than 10% (ten percent) of operating expenditure. In the event of new accounting standards being adopted, the financing costs shall not exceed 8% of operating expenditure.

8.4 The Borrower's debtors' collection rate shall not decrease to below 90% (ninety percent) of the amounts outstanding for less than 60 (sixty) days (that is, currently thirty days and sixty days).

8.5 The ratio of the Borrower's consumer debtors to operating income may not exceed 15% (fifteen percent) year on year.

8.6 The Borrower's debt to equity ratio shall be maintained at a level less than 60% (sixty percent).

Once a debt equity ratio in excess of 60% is reached, Absa reserves the right to renegotiate the terms and conditions of this agreement including a demand for immediate repayment of the capital sum, accrued interest and all relevant costs.

8.7 It is hereby agreed that cross default shall apply to all debt.

9. **INCREASED COSTS**

9.1 If by reason of: -



9.1.1 the introduction of, or a change in the capital requirements by means of governmental regulation or the monetary or fiscal requirements or regulations of any authority; and/or

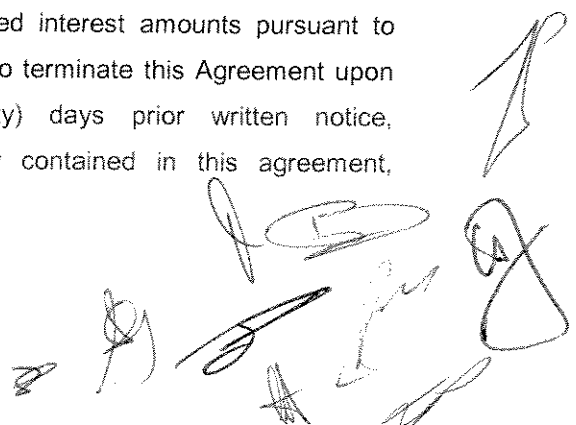
9.1.2 compliance by Absa with a requirement from the South African Reserve Bank, its successor/s in title or other fiscal, monetary or other authority;

there is an increase in the cost or a decrease in the pre- or post-tax income of Absa as a result of Absa agreeing to advance or having advanced the Capital sum in terms of this Agreement, then on written notice to the Borrower, the interest payable by the Borrower to Absa in terms of this Agreement shall be increased to an amount that would compensate Absa for such increase in cost or decrease in income, with effect from the date when the change causing such increase in cost or decrease in income becomes effective. Such an increase will apply irrespective of whether the interest rate that is payable is based on the fixed rate for the fixed period.

9.2 Prior to increasing the interest rate payable by the Borrower following such an increase in cost or a decrease in the pre- or post-tax income as aforesaid, Absa shall give the Borrower 7 (seven) days written notice inviting the Borrower to negotiate and discuss with Absa the effect of the events contemplated in clauses 9.1.1 and 9.1.2 of this agreement. The Parties shall have 90 (ninety) days within which to reach agreement on the increased cost or decrease in Absa's pre- or post-tax income, failing which Absa shall be entitled, without prejudice to any rights which it may have in law, to implement its proposed increase on the interest rate payable by the Borrower, subject to the Borrower's right in terms of clause 9.3.

9.3 If by reason of a decrease in the cost to Absa as a result of events as contemplated in clause 9.1, then the interest payable by the Borrower to Absa in terms of clause 9.1 shall be decreased to an amount that will give Absa the same income as it received prior to such decrease.

9.4 If the Borrower is required to pay adjusted interest amounts pursuant to clause 9.1, the Borrower shall be entitled to terminate this Agreement upon giving Absa not less than 90 (ninety) days prior written notice, notwithstanding anything to the contrary contained in this agreement,

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provided that, should Absa have actually incurred any costs, the Borrower shall be obliged to make payment thereof on demand.

- 9.5 In the event that the change in legislation has the effect of lowering the costs mentioned herein, the Borrower should be entitled to be a charged lesser percentage than the percentages that would currently be applicable. In an event that such a change in legislation necessitates the cancellation of a Swap agreement, then the consequences described in clause 7.4 shall apply.

10. **CERTIFICATE**

A certificate by any Director and/or General Manager of Absa (who's appointment as such need not be proved) showing the amount due and owing by the Borrower to Absa at any given time as a result of:

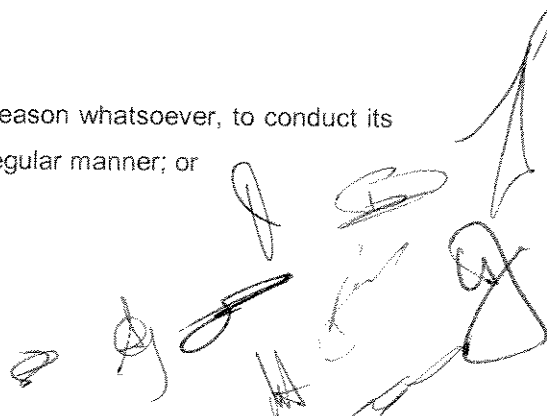
- 10.1 termination in terms of any relevant clause of this Agreement;
- 10.2 any increase or decrease in interest payable in terms of clause 9; and
- 10.3 any Event of Default in terms of clause 11;

shall be *prima facie* proof of the facts stated therein for the purposes of all legal proceedings including provisional sentence or summary judgment against the Borrower.

11. **EVENTS OF DEFAULT**

An Event of Default shall occur if any one of the following events, each of which shall be severable and distinct from the others, occurs:

- 11.1 the Borrower fails to pay any amount due in terms of this Agreement on the due date thereof;
- 11.2 the Borrower breaches any undertaking given in terms of this Agreement or renders any representation or warranty made in terms of this Agreement untrue and/or incorrect; or
- 11.3 the Borrower is unable, or ceases for any reason whatsoever, to conduct its ordinary line of business in the ordinary or regular manner; or



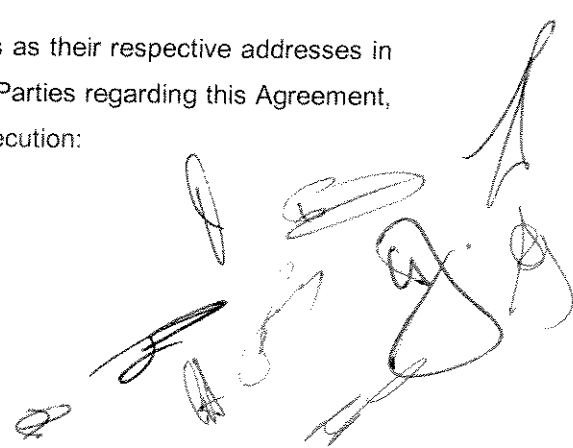
- 11.4 any event or series of events occurs which, in the reasonable opinion of Absa, may have a Material Adverse Effect; or
- 11.5 any judgment of any court or arbitration order is granted against the Borrower in respect of any debt, and the Borrower fails within 14 (fourteen) days after the date of such judgment or order either to satisfy same or to take steps, and thereafter actively pursue such steps, to appeal or set aside such judgment and in the event of such steps being unsuccessful, the Borrower fails to make immediate payment thereof; or
- 11.6 any property of the Borrower being attached in execution for any debt; or
- 11.7 the Borrower having made any materially incorrect or untrue statement or representation in connection with this Agreement or its financial affairs or any particulars thereof and such statement or representation has not been remedied within 14 (fourteen) days after delivery to the Borrower of a written notice requiring such remedy; or
- 11.8 the Borrower committing any act or allowing any omission which might prejudice Absa's rights under this Agreement; or
- 11.9 the Borrower defaulting on any of its obligations with other financial institutions or creditors;
- 11.10 the Borrower defaulting on any other clause of this Agreement;

Then, and in any such event, Absa shall be entitled, without prejudice to any other rights which it may have in law, to claim immediate repayment of the Capital Sum, together with the accrued interest thereon then owing by the Borrower to Absa, including unwinding costs as referred to in clause 7 and calculated in accordance with the relevant clauses of this Agreement, notwithstanding that the due date for payment of such amount has not yet arrived.

12. **DOMICILIUM AND NOTICES**

12.1 The Parties choose the following addresses as their respective addresses in respect of all correspondence between the Parties regarding this Agreement, domicile for the service of summons and execution:

12.1.1 Absa Bank Limited

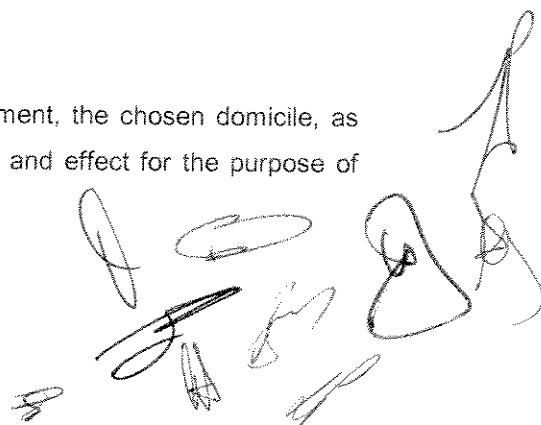


Tijgerpark IV _____
Willie Van Schoor Drive _____
Bellville
7530 _____
Telephone No:
Facsimile No:

12.1.2 The Borrower

__ Magnolia Street _____
__ Hermanus _____
__ 7200 _____
Telephone No:
Facsimile No:

- 12.2 Either Party may change its domicile by written notice to the other Party with effect from the date of receipt or deemed receipt by the latter of such notice. A domicile may not be a post box number or a *poste restante*, but will always be a physical address.
- 12.3 Any notice or communication required or permitted to be given in terms of this agreement shall be valid and effective only if in writing.
- 12.4 Any notice, demand or other communication in terms hereof properly addressed by either Party to the other Party at the latter's domicile for the time being and sent by prepaid registered post shall be deemed to be received by the latter on the 5th (fifth) day following the date of posting thereof. This provision shall not be construed as precluding the utilisation of other means and methods, including telefax, for the transmission or delivery of notices acceptances, demands and other communications, and shall, where applicable, be deemed to have been received on the day of delivery or telefax transmission, as the case may be.
- 12.5 Notwithstanding anything to the contrary herein contained 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 domicile.
- 12.6 Notwithstanding the termination of this Agreement, the chosen domicile, as set out in this clause, will remain of full force and effect for the purpose of enforcing any rights that a Party may have.



13. **MISCELLANEOUS**

13.1 **No waiver**

No waiver by a Party of any breach, failure or default in performance by the other Party, and no failure, refusal or neglect by a Party to exercise any right hereunder or to insist upon strict compliance with or performance of the other Party's obligations under this Agreement, shall constitute a waiver of the provisions of this Agreement and a Party may at any time require strict compliance with the provisions of this Agreement.

13.2 **Variation**

No amendment, consensual cancellation or other modification of this Agreement, including this clause, shall be valid or binding on a Party unless reduced to writing and signed on behalf of all Parties hereto.

13.3 **Governing law and Jurisdiction**

13.3.1 This Agreement shall be governed in all respects by and shall be interpreted in accordance with the laws of the Republic of South Africa.

13.3.2 The Parties hereby consent and submit to the jurisdiction of any High Court of South Africa in respect of all proceedings connected with this Agreement, notwithstanding the value of the claim or the matter in dispute.

13.4 **Costs**

The Borrower shall be liable for and pay all costs, on the scale as between an attorney and his own client, arising out of or in connection with any demand or legal proceedings by instituted by Absa for the recovery of any amount owing in terms hereof, including tracing fees, collection commission and disbursements.

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SIGNED at Harare on this 9th day of January 2009.

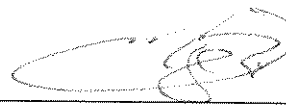
AS WITNESSES:

1. NOMBECHAYA BOGEMANA

Full Names



Identity No: 8202010707083


For and on behalf of Absa Bank
Limited
Duly Authorised thereto

2. LIZBE PASOROVIS

Full Names



Identity No: 5309070129083

SIGNED at Bellville on this 9 day of January 2009.


AS WITNESSES:

1. SHREEN GALANT

Full Names

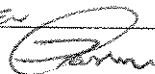


Identity No: 7305070132083


For and on behalf of Absa Bank
Limited
Duly Authorised thereto

2. FRED GORSEN

Full Names



Identity No: 72075084080

SIGNED at HERMANNUS on this 9th day of January 2009.

[SIGNED BY MUNICIPAL MANAGER FOR AND ON BEHALF OF BORROWER]

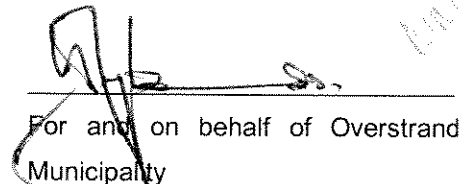
AS WITNESSES:

1. A. Moore (Anin)

Full Names



Identity No: 680617009088


For and on behalf of Overstrand
Municipality
Duly Authorised thereto

2. Magdalena Wilhelmina Potgieter

Full Names



Identity No: 7008290049085

SIGNED at HERMANNUS on this 9th day of _____ 2009.

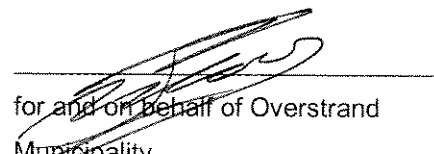
AS WITNESSES:

1. Anin Moore

Full Names



Identity No: 680617009088


for and on behalf of Overstrand
Municipality
Duly Authorised thereto

2. Magdalena Wilhelmina Potgieter

Full Names



Identity No: 7008290049085

**ADDENDUM TO
LOAN AGREEMENT**

entered into between

ABSA BANK LIMITED
(Registration Number: 1986/004794/06)
(Hereinafter referred to as "Absa")

and

OVERSTRAND MUNICIPALITY
(Hereinafter referred to as "Borrower")

Handwritten signatures and initials at the bottom right of the page, including a large signature, a smaller signature, and a set of initials.

1. **BACKGROUND**

- 1.1 The parties entered into a loan agreement dated 09 JANUARY 2009 ("the Main Agreement").
- 1.2 The parties wish to amend the Main Agreement to include specific provisions regarding Drawdowns.
- 1.3 Words, expressions and definitions in the Main Agreement will have the same meanings in this Addendum.

2. **AMENDMENTS**

- 2.1 Clause 4.2 of the Main Agreement is hereby amended to read as follows:
- "4.2 Absa shall advance the Capital sum to the Borrower by permitting drawdown by the Borrower in the following manner:
- The Borrower may draw down any amount up to the Capital sum over a period of six months from the first drawdown, in accordance with a drawdown schedule to be provided by the Borrower to Absa. However, the Borrower reserves the right to choose to drawdown the total amount of R82,000,000 (Eighty Two Million Rand) or a lesser amount. The Borrower may amend the drawdown schedule, subject to one month written notice to Absa, provided that the amendments are acceptable to Absa."
- 2.2 Clause 4.3 of the Main Agreement is hereby amended to read as follows:
- "4.3 Each drawdown will have a capital and interest Redemption Schedule calculated on the relevant interest rate and loan period, which Redemption Schedules will form part of this Agreement as Annexures. Absa will provide the Borrower with a consolidated statement prior to each 6-monthly capital and interest redemption, showing the different capital and interest redemption amounts in accordance with the period and fixed interest rate of each drawdown, and which will demand one consolidated payment for every six monthly period."

2.3 Clause 5.2 of the Main Agreement is hereby amended to read as follows:

"5.2 The Capital Sum owing by the Borrower to Absa shall bear interest at a fixed rate to be determined by Absa on the day of each drawdown, calculated on Absa's prevailing all-in cost of funds for that particular drawdown plus a margin of 0,80% nacs above that particular cost of funds. However, it is a condition that the loan period of every new drawdown may not exceed 15 years from the date of the first drawdown."

SIGNED at _____ on this _____ day of _____ 20__.

AS WITNESSES:

1. _____

Full Names

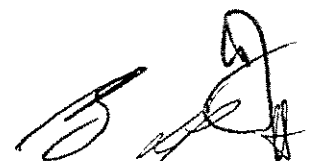
Identity No: _____

For and on behalf of Absa Bank
Limited duly authorised thereto

2. _____

Full Names

Identity No: _____

Handwritten signatures in black ink, appearing to be two distinct signatures.

SIGNED at _____ on this _____ day of _____ 20__.

AS WITNESSES:

1. _____

Full Names

Identity No: _____

For and on behalf of Absa Bank
Limited duly authorised thereto

2. _____

Full Names


Identity No: _____

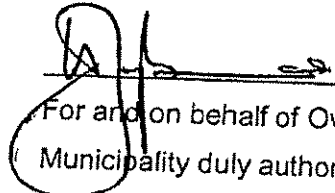
SIGNED at HEERMANUS on this 13th day of JANUARY 2009
[SIGNED BY MUNICIPAL MANAGER FOR AND ON BEHALF OF BORROWER]

AS WITNESSES:

1. ANIN MOORE


Full Names


Identity No: 680617 0092 088


For and on behalf of Overstrand
Municipality duly authorised thereto


2. Magdalena Wilhelmina Potjete

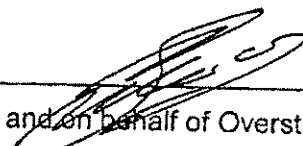
Full Names



Identity No: 7008290069085

SIGNED at HEERMANUS on this 13th day of JANUARY 2009.

AS WITNESSES:

1. ANIN MOORE
Full Names

Identity No: 680617 0092 088


For and on behalf of Overstrand
Municipality duly authorised thereto

2. Magdalena Wilhelmina Potgieter
Full Names

Identity No: 7008290049085

OVERSTRAND

MUNICIPALITY / MUNISIPALITEIT / U-MASIPALA

**MINUTES OF A SPECIAL MEETING OF THE MAYORAL COMMITTEE
HELD IN THE AUDITORIUM, CIVIC CENTRE, HERMANUS, ON
6 NOVEMBER 2008, AT 09:30**

PRESENT/ TEENWOORDIG

Councillors were present as per attached attendance register.

**OFFICIALS PRESENT/
AMPTENARE TEENWOORDIG**

Adv W Zybrands, Municipal Manager
Mr C Groenewald, Head : Management Services
Dr M Venter, CEO, Overstrand Local Economic Development Agency
Mr S Madikane, Director, Economic Development
Mr H Kleinloog, Director : Finance
Mr T Olivier, Liaison Officer/Interpreter
Ms E Verrij, PA : Executive Mayor
Ms H van Tonder, Senior Administrative Officer: Council Support Services
Mr B King, Manager : Accounting & Budget Services
Mr D Lakey, Legal Advisor
Ms D Olivier : Secretariat
Ms G Erasmus : Senior Clerk

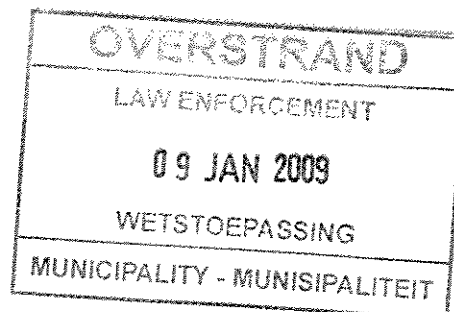
**ALSO PRESENT/
OOK TEENWOORDIG**

Members of the public was present.

MINUTES/....

EK SERTIFISEER DAT HIERDIE DOKUMENT 'N WARE AFDRUK (AFKSRIF) IS VAN DIE OORSPRONKLIKE DOKUMENT WAT AAN MY WAARNEMING VOORGELE IS. EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMING, DAAR NIE 'N WYSING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE. I CERTIFY THAT THIS DOCUMENT IS A TRUE (REPRODUCTION COPY) OF THE ORIGINAL DOCUMENT WHICH WAS HANDED TO ME FOR AUTHENTICATION, I FURTHER CERTIFY THAT, FROM MY OBSERVATIONS, AN AMENDMENT OR A CHANGE WAS NOT MADE TO THE ORIGINAL DOCUMENT.	
<i>A.M. Lucas</i> HANDTEKENING / SIGNATURE	
HOEDANIGHEID / CAPACITY LAW ENFORCEMENT OFFICER	
NAAM IN DRUKSKRIF / NAME IN PRINT ANDRE MARK LUCAS	

P.11625



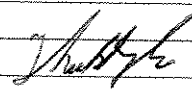
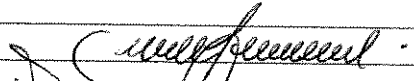
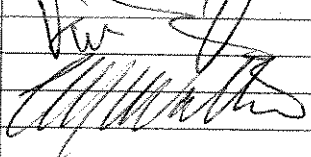
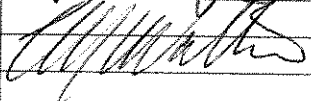
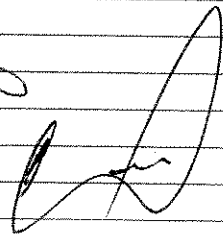
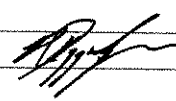
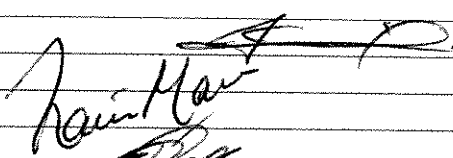

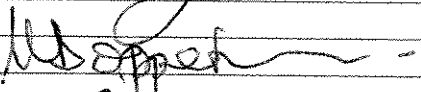
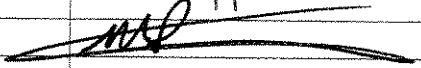
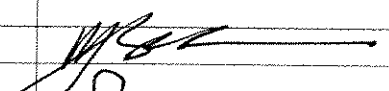
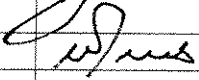

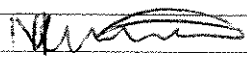
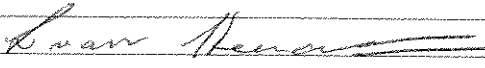
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 I CERTIFY THAT THIS DOCUMENT IS A TRUE (REPRODUCTION COPY) OF THE ORIGINAL DOCUMENT WHICH WAS HANDED TO ME FOR AUTHENTICATION. I FURTHER CERTIFY THAT, FROM MY OBSERVATIONS, AN AMENDMENT OR A CHANGE WAS NOT MADE TO THE ORIGINAL DOCUMENT.
 H. W. Lucas
 HANDTEKENING / SIGNATURE
 HOEDANIGHEID CAPACITY **LAW ENFORCEMENT OFFICER**
 NAAM IN DRUKSKRIF NAME IN PRINT **ANDRÉ MARK LUCAS P. 11625**

OVERSTRAND
 LAW ENFORCEMENT
 09 JAN 2009
 WETSTOEPASSING
 MUNICIPALITY - MUNISIPALITEIT

**MUNICIPALITY OVERSTRAND MUNISIPALITEIT
 BYWONINGSREGISTER/ATTENDANCE REGISTER**

MAYORAL COMMITTEE MEETING / BURGEMEESTERSKOMITEE VERGADERING **SPECIAL SPESIALE**

DATE OF MEETING/DATUM VAN VERGADERING 6 NOVEMBER 2008

MAYORAL COMMITTEE:	
BEYLEVELDT T (Executive Mayor)	
HERBERT VR (Deputy Executive Mayor)	
SCHOLTZ PA	
WALTERS MC	
COETSEE A (Speaker)	
COUNCILLORS:	
APPELGREIN P	
GELDERBLOM J	
KHOHLAKALA F	
KRIEL J	
MARAIS F	
OOSTHUIZEN LD	
OPPERMAN M	
PONOANE M	
SOLOMON B	
SMUTS WJ	
STEVENS D	
TSHANDU M	
TUTU NV	
VAN HEERDEN L	

MINUTES : SPECIAL MAYORAL COMMITTEE MEETING**6 NOVEMBER 2008****1. OPENING**

The Municipal Manager, Adv W Zybrands read the notice convening the meeting.

2. APPLICATIONS FOR LEAVE OF ABSENCE

None

3. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE EXECUTIVE MAYOR/EXECUTIVE DEPUTY MAYOR

None

EK SERTIFISEER DAT HIERDIE DOKUMENT 'N WARE AFDRUK (AFKSRIF) IS VAN DIE OORSPRONKLIKE DOKUMENT WAT AAN MY WAARNEMING VOORGELE IS. EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMING, DAAR NIE 'N WYSING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE. I CERTIFY THAT THIS DOCUMENT IS A TRUE (REPRODUCTION COPY) OF THE ORIGINAL DOCUMENT WHICH WAS HANDED TO ME FOR AUTHENTICATION. I FURTHER CERTIFY THAT, FROM MY OBSERVATIONS, AN AMENDMENT OR A CHANGE WAS NOT MADE TO THE ORIGINAL DOCUMENT.	
<i>A.M. Lucas</i> HANDTEKENING / SIGNATURE	
HOEDANIGHEID CAPACITY	LAW ENFORCEMENT OFFICER
NAAM IN DRUKSKRIF NAME IN PRINT	ANDRÉ MARK LUCAS

P.N 1625



MINUTES : SPECIAL MAYORAL COMMITTEE MEETING 6 NOVEMBER 2008

4. RAISING OF EXTERNAL LOAN – R82 000 000

5/15/11/2/1
BA King (028) 313 8154 Corporate Head Office
22 October 2008

EXECUTIVE SUMMARY

Report prepared for the awarding of a tender for the raising of an external loan amounting to R82 000 000 to finance various capital projects.

RECOMMENDATION TO THE COUNCIL

1. that, as they scored the highest points, in terms of the PPPFA preference points system, **council** approves the awarding of tender number **SC 408/2008**, for the provision of external loan finance for the amount of **R82 000 000** to ABSA Bank at a fixed interest rate of the nominal annual compounded six monthly interest rate (NACS) plus a margin of 0,80% at the time of draw down, for a period of 15 (fifteen) years, and
2. that clause 11.4 of the draft loan agreement relating to "Material Adverse Effect in reasonable opinion of ABSA" be negotiated with ABSA to refer to "Material Adverse Effect by joint agreement"

The meeting adjourned at 09:40

6 November 2008
DATE :

[Signature]
T BEYLEVELDT – EXECUTIVE MAYOR

EK SERTIFISEER DAT HIERDIE DOKUMENT 'N WARE AFDRUK (AFKSRIF) IS VAN DIE OORSPRONKLIEKE DOKUMENT WAT AAN MY WAARNEMING VOORGELÉ IS. EK SERTIFISEER VERDER DAT VOLGENS MY WAARNEMING, DAAR NIE 'N WYSING OF VERANDERING OP DIE OORSPRONKLIEKE DOKUMENT AANGEBRING IS NIE.

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[Signature]
HANDTEKENING / SIGNATURE

HOEDANIGHEID / CAPACITY: LAW ENFORCEMENT OFFICER
NAAM IN DRUKSKRIF / NAME IN PRINT: ANDES MARK LUCAS

OVERSTRAND
LAW ENFORCEMENT
09 JAN 2009
WETSTOEPASSING
MUNICIPALITY - MUNISIPALITEIT

P.N 1635

**ADDENDUM TO
LOAN AGREEMENT**

entered into between

ABSA BANK LIMITED

(Registration Number: 1986/004794/06)

(Hereinafter referred to as "Absa")

and

OVERSTRAND MUNICIPALITY

(Hereinafter referred to as "Borrower")

Handwritten signatures and initials in the bottom right corner, including a large signature, a smaller signature, and several initials.

1. **BACKGROUND**

- 1.1 The parties entered into a loan agreement dated 09 JANUARY 2009 ("the Main Agreement").
- 1.2 The parties wish to amend the Main Agreement to include specific provisions regarding Drawdowns.
- 1.3 Words, expressions and definitions in the Main Agreement will have the same meanings in this Addendum.

2. **AMENDMENTS**

- 2.1 Clause 4.2 of the Main Agreement is hereby amended to read as follows:
- "4.2 Absa shall advance the Capital sum to the Borrower by permitting drawdown by the Borrower in the following manner:
- The Borrower may draw down any amount up to the Capital sum over a period of six months from the first drawdown, in accordance with a drawdown schedule to be provided by the Borrower to Absa. However, the Borrower reserves the right to choose to drawdown the total amount of R82,000,000 (Eighty Two Million Rand) or a lesser amount. The Borrower may amend the drawdown schedule, subject to one month written notice to Absa, provided that the amendments are acceptable to Absa."
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Absa
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Absa
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SIGNED at Bethlehem on this 14th day of January 2007.

AS WITNESSES:

1. ANGELO ANDREW BIGGS

Full Names

Angelo

Identity No: 750613 5099 082

[Signature]

For and on behalf of Absa Bank
Limited duly authorised thereto

2. CINDY-LOU BEELDERS

Full Names

Cindy Lou

Identity No: 680629 032 083

[Handwritten initials]

SIGNED at Bellville on this 14th day of January 2009

AS WITNESSES:

1. [Signature]
Full Names

Identity No: 7305270132083

[Signature]
For and on behalf of Absa Bank
Limited duly authorised thereto

2. [Signature]
Full Names

Identity No: 6109220139086

SIGNED at HERMANUS on this 13th day of JANUARY 2009
[SIGNED BY MUNICIPAL MANAGER FOR AND ON BEHALF OF BORROWER]

AS WITNESSES:

1. ANVIN MOORE
Full Names

[Signature]
Identity No: 680617 0092088


[Signature]
For and on behalf of Overstrand
Municipality duly authorised thereto

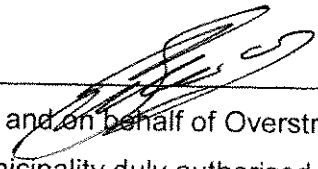
2. Magdalena Wilhelmina Potgieter
Full Names


[Signature]
Identity No: 7008790069085

SIGNED at HERMANUS on this 13th day of JANUARY 2009.

AS WITNESSES:

1. ANIN MOORE
Full Names

Identity No: 080617 0093 088


For and on behalf of Overstrand
Municipality duly authorised thereto

2. Magdalena Wilhelmina Potgieter
Full Names

Identity No: 7008790049085