



AGREEMENT

LOAN AGREEMENT

in respect of

BEAUFORT WEST: PURCHASE OF OFFICE SPACE

entered into by and between

BEAUFORT WEST MUNICIPALITY

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

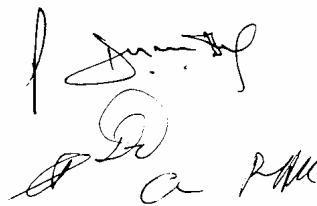
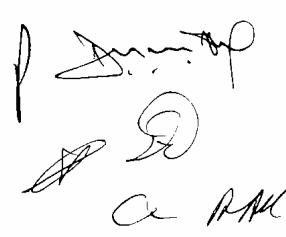


TABLE OF CONTENTS

PAGE

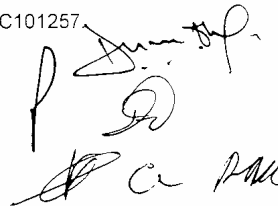
MEMORANDUM OF LOAN	1
CLAUSE	
1. INTERPRETATION	2
2. THE LOAN	5
3. INTEREST	6
4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST	7
5. COMMITMENT FEE	8
6. LATE PAYMENT	8
7. EARLY REPAYMENT	9
8. PAYMENTS/REPAYMENTS	10
9. CANCELLATION/TERMINATION OF DRAWDOWNS	10
10. EVENTS OF DEFAULT	11
11. SUSPENSIVE TERMS AND CONDITIONS	12
12. FURTHER TERMS AND CONDITIONS	12
13. ARBITRATION	12
14. GENERAL	13
14.1 PROJECT NOTICE BOARDS	13
14.2 DOMICILIUM	13
14.3 WHOLE AGREEMENT	14
14.4 NON-VARIATION	15
14.5 NON-ENFORCEMENT/INDULGENCE	15
14.6 TERMS AND CONDITIONS OF DISBURSEMENT	15
SIGNING PAGE	16
ANNEXURE A PROJECT DESCRIPTION	17
ANNEXURE B APPLICATION AND SOURCE OF FUNDS STATEMENT	18
ANNEXURE C PROJECT CO-OPERATION	19
ANNEXURE C I LIST OF CONTRACTORS	21
ANNEXURE D AUTHORISATION – BORROWER	22
ANNEXURE E AUTHORISATION – DBSA	23
ANNEXURE F SUSPENSIVE TERMS AND CONDITIONS	25
ANNEXURE G FURTHER TERMS AND CONDITIONS	26

Handwritten signatures and initials in black ink, including a large signature at the top, a circular stamp in the middle, and the initials 'C' and 'RAK' at the bottom.

SUMMARY

- | | | | |
|-------|------------------------------------|---|--|
| 1. | LOAN AMOUNT | : | R1 600 000-00. |
| 2. | LOAN PERIOD | : | 15 years. |
| 3. | INTEREST RATE | : | |
| 3.1 | INITIAL FIXED RATE | : | 10.46%, nominal, per annum, payable six-monthly; |
| 3.2.1 | FLOATING RATE | : | 3 (three) months ZAR-JIBAR-SAFEX; plus the sum, from time to time, of the Operating Cost Margin and the Funding Cost Margin (presently, 95 basis points); plus, in respect of risk, 30 (thirty) basis points; or |
| 3.2.2 | | : | 6 (six) months ZAR-JIBAR-SAFEX; plus the sum, from time to time, of the Operating Cost Margin and the Funding Cost Margin (presently, 115 basis points); plus, in respect of risk, 30 (thirty) basis points. |
| 3.3 | CONVERTED FIXED RATE | : | the DBSA Base Rate, then applicable; plus, in respect of risk, 30 (thirty) basis points. |
| 4. | GRACE PERIOD FOR CAPITAL REPAYMENT | : | Nil. |
| 5. | CAPITAL REPAYMENT | : | 30 equal six-monthly instalments, commencing on the last day of the 1st (first) Half-year after the Half-year during which the first disbursement was advanced to the Borrower. |
| 6. | PROJECT FILE NO. | : | WC101257. |

{Legal}[Word]<WC101257>Agree



Handwritten signatures and initials, including a large signature at the top and initials 'P', 'D', and 'C' below it.

1. INTERPRETATION

1.1 In this Agreement, unless the contrary appears from the context, the following words shall have the meanings, as stated -

- 1.1.1 "the Borrower" Beaufort West Municipality;
- 1.1.2 "the DBSA" the Development Bank of Southern Africa Limited, reconstituted and incorporated in terms of Section 2 of the Development Bank of Southern Africa Act No. 13 of 1997;
- 1.1.3 "the Parties" the Borrower and the DBSA;
- 1.1.4 "the Project" Beaufort West: Purchase of office space, as described in more detail in Annexure A, attached hereto;
- 1.1.5 "the Loan" the financing granted to the Borrower in terms of Clause 2;
- 1.1.6 "the Project Agent" a person nominated, in writing, by the Borrower, to act on its behalf, in respect of the Project;
- 1.1.7 "On-lending" the transfer, by the Borrower, of any amount to any third parties, from the proceeds of the Loan, excluding payments for the procurements of goods and services;
- 1.1.8 "Half-year" from the first day of January to the 30th day of June and/or from the first day of July to the 31st day of December during the same calendar year;
- 1.1.9 "Business Day" any day, other than a Saturday, Sunday or a Public Holiday;
- 1.1.10 "the Interest Payment Date" the last Business Day of each Interest Period;
- 1.1.11 "the Interest Period" each period of 3 (three), or 6 (six), months, commencing on 1 January, 1 April, 1 July or 1 October (as the case may be, depending upon which option is exercised), of each calendar year. The first Interest Period shall begin

running from the date of the first disbursement to whichever of the above dates immediately following such first disbursement. Each Interest Period, thereafter, shall begin running from the date of expiry of the preceding Interest Period, notwithstanding that such first day of such Interest Period is not a Business Day. Notwithstanding the foregoing, any period less than 3 (three) or 6 (six) months (as the case may be), running from the date of a disbursement to one of the above dates, immediately following such first disbursement, shall be deemed to be an Interest Period;

- 1.1.12 "the Reset Date" shall mean the first Business Day of January, April, July or October, of each calendar year, or such other dates as may be agreed, in writing, between the Parties;
- 1.1.13 "the Reset Period" a period of 3 (three) or 6 (six) months, as the case may be, commencing from the Reset Date;
- 1.1.14 "the Floating Rate Portion of the Loan" that amount of the Loan, disbursed, and outstanding, from time to time, in respect of which the Floating Rate is applicable;
- 1.1.15 "the Floating Rate" the floating interest rate, from time to time, as determined in Clause 3.2 of the Summary;
- 1.1.16 "the Initial Fixed Rate Portion of the Loan" that amount of the Loan, disbursed, and outstanding from time to time, in respect of which the Initial Fixed Rate is applicable;
- 1.1.17 "the Initial Fixed Rate" the fixed interest rate, as determined in Clause 3.1 of the Summary;

- 1.1.18 "the Converted Fixed Rate Portion of the Loan" that amount of the Loan, disbursed, and outstanding from time to time, in respect of which the Converted Fixed Rate is applicable;
- 1.1.19 "the Converted Fixed Rate" the fixed interest rate, as determined in Clause 3.3 of the Summary;
- 1.1.20 "the Conversion Option" the option, in terms of which, the Borrower may convert from the Floating Rate to the Converted Fixed Rate, but not vice versa, pursuant to Clause 3.9;
- 1.1.21 "the DBSA Base Rate" the DBSA fixed interest rate for fixed rate loans, ruling at the time of exercise, by the Borrower, of the Conversion Option;
- 1.1.22 "the Reference Banks" the four major Banks in the Johannesburg Interbank market, selected by the DBSA;
- 1.1.23 "ZAR-JIBAR-SAFEX" in relation to each Interest Period, for the Floating Rate Portion of the Loan, shall mean the mid-market yield rate (rounded upwards, if necessary, to the nearest one thousandth of a percentage point), for deposits in South African Rands, for a three or six month period, as the case may be, which appears on the Reuters Screen, SAFEX Page, as of 11h00, Johannesburg time, two Business Days prior to the commencement of the relevant Interest Period;
- 1.1.24 "ZAR-JIBAR-Reference Banks Rate" in relation to each Interest Period, for the Floating Rate Portion of the Loan, shall mean the yield rate, determined on the basis of the mid-market deposit rate, for South African Rands, for a three or six month period.

Handwritten signatures and initials, including a large signature on the left, initials 'P' and 'D' in the middle, and 'a' and 'RAM' on the right.

as the case may be, quoted by the Reference Banks, at or about, 11h00, Johannesburg time, two Business Days prior to the commencement of the relevant Interest Period;

1.1.25 "the Operating Cost Margin" the margin for operating expenses, as shall be determined, by the DBSA, from time to time, in its reasonable discretion;

1.1.26 "the Funding Cost Margin" the margin representing an average cost of borrowing, to the DBSA, as shall be determined, by the DBSA, from time to time, in its reasonable discretion;

1.1.27 "this Agreement" this Agreement, together with any Annexures hereto.

1.2 Headings to the Clauses of this Agreement and the Table of Contents are for reference purposes only and are not intended to affect the interpretation hereof.

1.3 Any reference to:-

1.3.1 the singular shall include the plural and vice versa;

1.3.2 a natural person shall include an artificial or corporate person and vice versa;

1.3.3 one gender shall include the other.

1.4 Any reference to ZAR-JIBAR and/or ZAR-JIBAR-Reference Banks Rate shall include any other substitute rate, calculated in the same manner as either of these two rates, whether such substitute rate appears on the Reuters Screen SAFEX Page, or on some other screen page.

1.5 This Agreement shall bind the Borrower and its successors-in-title and/or successors-in-law.

2. THE LOAN

2.1 The Loan shall be:-

{Legal}[Word]<WC101257>Agree

Handwritten signatures and initials, including a large signature at the top, and initials 'DP' and 'PAA' below it.

2.1.1 an amount not exceeding, in aggregate, R1 600 000-00 (one million, six hundred thousand Rand) and

2.1.2 utilised exclusively for the Project, and the Borrower, hereby, undertakes that it shall comply with all provisions of this Agreement.

2.2 The Loan proceeds shall be paid by the DBSA to, and on the order of, the Borrower in such disbursements and in accordance with all provisions contained in this Agreement.

2.3 No On-Lending shall be effected by the Borrower, unless provided for in this Agreement.

3. INTEREST

3.1 The Loan shall bear interest on the amounts outstanding, from time to time, at the Initial Fixed Rate, or the Floating Rate (from time to time) or the Converted Fixed Rate, as the case may be, at the election of the Borrower.

3.2 The Borrower shall, subject to this Clause, indicate its choice, in writing, of the interest rate option to be applied to the Loan. The document, in which the Borrower indicates its option, shall be deemed to form part of this Agreement.

3.3 In the event that the Borrower, initially, exercises its option in favour of a fixed rate, then the Initial Fixed Rate shall apply to the Loan.

3.4 Interest, pursuant to the Initial Fixed Rate, on the amount outstanding, from time to time, shall be compounded six-monthly and payable on the last Business Day of each Half-year. Payment shall commence on the last Business Day of the Half-year following the Half-year during which the first disbursement was advanced to the Borrower from the proceeds of the Loan.

3.5 In the event that the Borrower, initially, exercises its option in favour of a floating rate then the Floating Rate, from time to time, shall apply to the Floating Rate Portion of the Loan.

3.6 The rate of interest applicable to the Floating Rate Portion of the Loan, disbursed, and outstanding, from time to time, (expressed as a percentage rate, per annum) shall be the three or six month ZAR-JIBAR-SAFEX, as the case may be, plus the sum, from time to time, of the Operating Cost Margin and the Funding Cost Margin, plus, in respect of risk, the basis points enumerated in Clause 3.2 of the Summary. If, for any reason, it shall

{Legal}[Word]<WC101257>Agree

Handwritten signatures and initials, including a large signature, a star-like mark, and the initials 'RME'.

become impossible to determine ZAR-JIBAR-SAFEX, or ZAR-JIBAR-SAFEX rates shall become unavailable, by reason of market disfunction, then the rate of interest applicable to the Floating Rate Portion of the Loan shall be the three or six month ZAR-JIBAR-Reference Banks Rate, as the case may be, plus the sum, from time to time, of the Operating Cost Margin and the Funding Cost Margin, plus, in respect of risk, the basis points enumerated in Clause 3.2 of the Summary.

- 3.7 The DBSA will be entitled to request the principal Johannesburg office of each of the Reference Banks to provide a quotation of their rates. If, at least, 2 (two) quotations are provided, the rate will be the arithmetic mean (rounded upwards, if necessary, to the nearest thousandth of a percentage point) of the quotations.
- 3.8 The interest rate for each Interest Period shall be compounded three-monthly or six-monthly, based on the actual number of days elapsed and a 365-day year, and shall be payable, in arrears, on each Interest Payment Date.
- 3.9 The Borrower may, on any Reset Date, convert all of the Floating Rate Portion of the Loan into a Converted Fixed Rate Portion of the Loan, provided that the Borrower shall give, to the DBSA, no less than 30 (thirty) Business Days' notice of its intention to do so. Upon the exercising of the Conversion Option, by the Borrower, as contemplated herein, the amount outstanding from the date on which the Borrower shall have exercised the Conversion Option shall bear interest at the Converted Fixed Interest Rate. The DBSA shall notify the Borrower, in writing, of the DBSA Base Rate applicable, at the time. The Converted Fixed Interest Rate shall, for the purpose of this Clause, be calculated on the same basis as in Clause 3.4, above.

4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST

- 4.1 The capital amount of the Loan shall be repaid in 30 (thirty) equal six-monthly instalments, commencing on the last day of the 1st (first) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan, and, thereafter, at the end of each succeeding Half-year, until the Loan, together with interest thereon, shall have been fully repaid. Provided that, subject to the provisions of Clause 7, the Borrower may, with 1 (one) month's written notice to the DBSA, make repayments in excess of the abovementioned or repay the full amount outstanding. Provided, further, that the Borrower shall not be entitled to make any repayments prior to the date on which the first instalment shall fall due, in terms of this Agreement and provided, further, that this shall not jeopardise the proper completion of the Project.

Handwritten signatures and initials, including a large signature and the initials 'CR' and 'RAM'.

4.2 An instalment shall be:-

- 4.2.1 an amount, determined as at the outset of the 1st (first) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan;
- 4.2.2 calculated as being sufficient to amortise the outstanding capital amount, together with interest at the rate set out in clause 3. above, in 30 (thirty) six-monthly payments.

4.3 Should, at the outset of the said 1st (first) Half-year, part of the Loan still not be drawn by the Borrower, the amount of instalments shall be adjusted, as and when drawings take place, in order to achieve amortisation over the original period of the Loan.

5. COMMITMENT FEE

5.1 The DBSA shall be entitled, in respect of the Fixed Rate Portion of the Loan, to charge a commitment fee of 0,5% (nought comma five per centum), per annum, on all the undisbursed portions of the Loan, as follows:-

- 5.1.1 in the case where the Borrower has elected the Initial Fixed Rate option, the DBSA shall be entitled to charge such commitment fee, effective 3 (three) months from the date of signature of this Agreement; or
- 5.1.2 in the case where the Borrower has exercised the Conversion Option, the DBSA shall be entitled to charge such commitment fee, effective 3 (three) months from the date of the exercise of the Conversion Option, by the Borrower.

6. LATE PAYMENT

6.1 The Borrower shall be liable, to the DBSA, for the payment of penalty interest on all amounts payable, yet unpaid, in terms of this Agreement, should the Borrower:-

- 6.1.1 fail to pay, on the due date for payment thereof, any amount owing, or which may become owing, to the DBSA, in terms of this Agreement; or
- 6.1.2 with the DBSA's written consent, defer the payment of any amount so owing.

6.2 Penalty interest shall be calculated with regard to the actual period during which the amount payable remained unpaid, at the ruling prime overdraft rate, charged by The

(Legal)[Word]<WC101257>Agree

Handwritten signatures and initials, including what appears to be 'P. D. D.', 'C. 2', and 'RAK'.

Standard Corporate and Merchant Bank, Sandton, South Africa, on its overdraft accounts, from time to time. Penalty interest shall all be compounded six-monthly and shall be payable, on demand.

7. EARLY REPAYMENT

7.1 In respect of the Fixed Interest Rate, the Borrower may prepay all, or part of, the Loan, on payment dates and subject to prior written notice of, at least, 30 (thirty) days. The amount prepaid shall be equal to a full payment of any instalments, of the Loan. In such case, and, in the event of the Borrower having elected a Fixed Interest Rate, or having exercised the Conversion Option:-

7.1.1 where the Loan interest rate is less than, or equal to, the reinvestment rate (defined below), no prepayment fee shall be payable;

7.1.2 where the interest rate of the Loan is greater than the reinvestment rate, each prepayment shall give rise to payment, by the Borrower, to the DBSA, of a prepayment fee, equal to the difference, calculated on a present value basis, to the DBSA's prejudice, between the interest, which the Loan would have produced, had there been no prepayment, and the interest, which would be produced by a reinvestment of the same amount, having the same amortisation schedule as the prepaid portion of the Loan.


7.2 For the purposes of Clause 7.1, above:-

7.2.1 the reinvestment rate shall be the rate at which the DBSA lends out funds to Borrowers, at the date of such prepayment;

7.2.2 the discount rate shall be equal to the reinvestment rate, used above. The date used for the present value calculation shall be that of the prepayment;

7.2.3 payment of the prepayment and prepayment fee shall take place for value on the payment date.

7.3 In respect of the Floating Interest Rate, the Borrower may, on any interest payment date, and subject to, at least, 30 (thirty) days' written notice, prepay all, or a portion, of the Loan, provided that the Borrower shall be liable to pay, to the DBSA, a once-off

Handwritten signatures and initials in black ink, including a large signature at the top and several initials below it.

prepayment fee, equating to the risk margin, on any amount prepaid, in terms of this Clause.

8. PAYMENTS/REPAYMENTS

8.1 All payments, in terms of this Agreement:-

- 8.1.1 to, or by, the Parties shall be effected in South African Rands;
- 8.1.2 to the Borrower, shall be effected to the credit of such banking account of the Borrower, as the Borrower may, from time to time, direct, in writing;
- 8.1.3 to the DBSA, shall be effected to the credit of such banking account of the DBSA, as the DBSA may, from time to time, direct, in writing;
- 8.1.4 to the DBSA, shall be effected without deduction and free from any taxes, charges, fees or other costs, whatsoever.

8.2 The Borrower shall furnish the DBSA, in writing, with all the necessary information regarding its officials, who are authorised to apply for drawdowns, on the Borrower's behalf.

8.3 Whenever any payment falls due on a Saturday, Sunday or Public Holiday under the laws to which either of the Parties are subject, such payment shall be made on the next succeeding business day.

9. CANCELLATION/TERMINATION OF DRAWDOWNS

9.1 The Borrower may, by giving 30 (thirty) days' written notice to the DBSA, cancel any undrawn portion of the Loan, provided that such cancellation shall not jeopardise the proper completion of the Project, it being understood that, upon the giving of such notice, the instalments referred to in clause 4.1, above, shall be reduced pro rata.

9.2 If the DBSA, after consultation with the Borrower, reasonably concludes that any portion of the Loan will not be required to finance the Project, the DBSA may, by written notice to the Borrower, terminate the right of the Borrower to make drawdowns in respect of such undrawn portion, it being understood that, upon giving of such notice, the instalments referred to in clause 4.1, above, shall be reduced pro rata.

9.3 If the DBSA has not received a final application for a drawdown under the Loan from the Borrower at the end of the 1st (first) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan, the DBSA may terminate further disbursements to the Borrower on 30 (thirty) days' written notice to

the Borrower, unless the DBSA, after consideration of the reasons for the delay, has determined a later date for the purposes of this Clause. The DBSA shall only consider an extension on receipt of a written request from the Borrower and shall notify the Borrower of its decision.

10. EVENTS OF DEFAULT

- 10.1 The DBSA shall be entitled, after giving the Borrower 30 (thirty) days' written notice, to suspend drawdowns from the Loan, or to terminate this Agreement, and to claim, from the Borrower, immediate payment of all the outstanding amounts, should the Borrower commit any breach of this Agreement, provided that the DBSA may, at its entire discretion, dispense with the giving of the 30 (thirty) days' notice.
- 10.2 Without derogating from the generality of the foregoing, the DBSA shall be entitled to exercise its rights in terms of clause 10.1, above, upon the happening of any of the following events:
- 10.2.1 the Borrower failing to repay the capital amount and to pay interest in terms hereof, and failing to remedy such breach within the notice period referred to in 10.1, above, requiring it to do so;
 - 10.2.2 any attachment being made, or any execution being levied, against the Borrower;
 - 10.2.3 the Borrower failing to repay any of the DBSA's loans or breaching any agreement entered into between the Borrower and the DBSA;
 - 10.2.4 any fact or circumstance shall have occurred, which, in the opinion of the DBSA, may affect the ability, or willingness, of the Borrower to comply with all, or any, of its obligations, pursuant to this Agreement;
 - 10.2.5 the Borrower proposing any rescheduling, reorganisation or rearrangement of the whole, or part, of its indebtedness with the DBSA, or any of the Borrower's creditors;
 - 10.2.6 the Borrower's business operations, or any significant part thereof, being interrupted for a continuous period of, at least, 3 (three) months;
 - 10.2.7 any approval, licence, authorisation, or other requirement, necessary to enable the Borrower to comply with any of its obligations, in terms of this Agreement, is modified, revoked or withdrawn, whilst this Agreement is still in force;
 - 10.2.8 any order is made, or resolution passed, or other action taken, for the dissolution, or termination, of the existence of the Borrower; and

Handwritten signatures and initials, including a large signature on the left, a signature in the middle, and initials 'Ce' and 'PME' on the right.

10.2.9 any representation, warranty or statement made in, or in connection with, this Agreement, or any opinion delivered by, or on behalf of, the Borrower, pursuant to this Agreement, is found to be incorrect.

10.3 The exercise of the rights by the DBSA, in terms hereof, shall be without prejudice and/or in addition to any other rights which the DBSA may, then, have against the Borrower, in law, including the right to demand specific performance by the Borrower of its obligations in terms of this Agreement.

11. SUSPENSIVE TERMS AND CONDITIONS

The Suspendive Terms and Conditions are set out in Annexure F.

12. FURTHER TERMS AND CONDITIONS

The Further Terms and Conditions are set out in Annexure G.

13. ARBITRATION

13.1 Any dispute arising out of, or relating to, this Agreement, concerning the interpretation of the terms and conditions of this Agreement, or of compliance, by any Party, with any terms and conditions of this Agreement, which is not resolved amicably, through consultation or negotiation, shall, subject to the other provisions of this Clause, be settled by arbitration, in terms of the Arbitration Act No. 42 of 1965, as amended, from time to time. Provided that a claim by the DBSA for the repayment of any monies due, in terms of this Agreement, shall not be regarded as a dispute for the purpose of this Clause and neither Party shall, therefore, be obliged to refer such a claim to arbitration.

13.2 In the case of arbitration, a tribunal shall be comprised of one arbitrator, who shall be appointed by the Parties, by agreement, or, failing such agreement, by the chairperson of the Association of Arbitrators, who shall, in appointing such arbitrator, have regard to the qualifications and experience of the appointee in relation to the nature of the dispute over which he has to adjudicate. In the event that the arbitrator resigns, or becomes unable to act, a successor shall be appointed in the same manner as prescribed, above, for the appointment of the original arbitrator and the successor shall have all the powers and duties of his predecessor.

- 13.3 The arbitration shall be held at Johannesburg, and in accordance with whatever procedures, the arbitrator considers appropriate. In particular, the arbitrator, may, if he deems appropriate, conduct the arbitration in an informal and summary manner and without requiring pleadings or discovery of documents and without observing the rules of evidence. The proceedings shall be confidential and, neither the Parties, nor the arbitrator, shall disclose to third parties, any information, regarding the proceedings, the award, or settlement terms, unless the Parties otherwise agree, in writing.
- 13.4 After the institution of arbitration proceedings, the tribunal may proceed with the arbitration, notwithstanding any failure, neglect or refusal of either Party to comply with the provisions hereof, or to take part, or to continue to take part, in the arbitration proceedings. The arbitrator shall, within 30 (thirty) days of the termination of the proceedings, render a final and binding written award, including interest and costs, and furnish the Parties with written reasons for his judgment.
- 13.5 The provisions of this Clause may be invoked by any Party, by delivering, to the other Party, a demand, in writing, that an arbitrator be appointed, to adjudicate in respect of a specified dispute.

14 GENERAL

14.1. PROJECT NOTICE BOARDS

The Borrower shall, at its own cost, ensure that, immediately upon commencement of construction/building operations, contemplated by this Agreement, if it is decided to erect a project notice board, the said board shall clearly advertise the fact that such construction/building operations, have been financed or co-financed, as the case may be, by the DBSA.

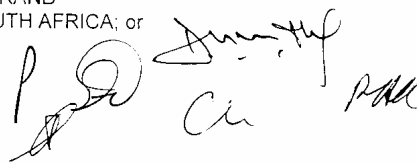
14.2. DOMICILIUM

- 14.2.1 The Parties, hereby, choose domicilium citandi et executandi ("domicilium"), for all purposes arising from, or pursuant to, this Agreement, as follows:

In case of the DBSA:

Physical address: Development Bank of Southern Africa Limited
1258 Lever Road
Headway Hill
MIDRAND
SOUTH AFRICA; or

{Legal}[Word]<WC101257>Agree



Postal address: P O Box 1234
HALFWAY HOUSE
1685; or

Telefax number: (011) 313 3086

In case of the Borrower:

Physical address: Beaufort West Municipality
15 Church Street
BEAUFORT WEST
6970; or

Postal address: Private Bag X582
BEAUFORT WEST
6970; or

Telefax number: (023) 415 1373

14.2.2 Each of the Parties shall be entitled, from time to time, by written notice to the other, to vary its domicile to any other address, which is not a Post Office or Poste Restante.

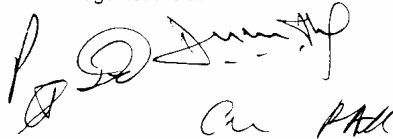
14.2.3 Any notice addressed by either Party to the other ("the addressee"), which:-

14.2.3.1 is delivered by hand, during the normal business hours of the addressee, at the addressee's domicile, for the time being, shall be presumed to have been received by the addressee at the time of delivery;

14.2.3.2 is posted by prepaid registered post to the addressee at the addressee's domicile, for the time being, shall be presumed to have been received by the addressee on the seventh day, after the date of posting. Provided that the Parties may agree that all other forms of correspondence and/or requests may be effected, via telefax and/or electronic mail (e-mail).

14.3. WHOLE AGREEMENT

This Agreement constitutes the entire agreement between the Parties and no representations, warranties, undertakings or promises, of whatever nature, which may have been made by any of the Parties, their agents or employees, other than those hereincontained, shall be binding or enforceable against them.



14.4. NON-VARIATION

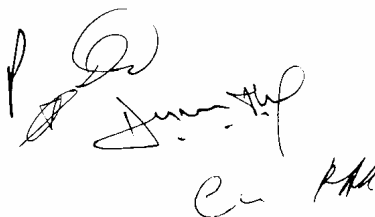
No variation, amendment, consensual cancellation or addition to this Agreement shall be valid, unless the same has been reduced to writing and signed by, or on behalf, of the Parties.

14.5. NON-ENFORCEMENT/INDULGENCE

The non-enforcement of any provision of this Agreement, or any indulgence which either Party may grant to the other Party, shall be without prejudice to the rights of such first-mentioned Party to insist upon strict compliance by such other Party with all the provisions of this Agreement, or to enforce its rights, in respect of which such indulgence was granted.



14.6 TERMS AND CONDITIONS OF DISBURSEMENT

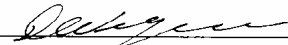
Disbursement of each progress claim, in respect of the amount financed by the DBSA, is to be effected as a ratio of the actual cost of each item (for each phase), in accordance with the Application and Source of Funds Statement (Annexure B), read together with the Project Description (Annexure A), to the maximum amount of R1 600 000-00. The transferring attorney shall submit a specified account, to the DBSA, together with copies of documents for the registration of change of ownership of the building, including the mortgage bond, that have been submitted to the Deeds Office for registration. The DBSA will disburse the full amount claimed, up to a maximum of R1 600 000, into the trust account of the transferring attorney, on the date of registration of transfer.

Handwritten signatures and initials in black ink. There are three distinct signatures: one at the top left, one in the middle, and one at the bottom right. The bottom right signature appears to be 'C. P. H.'.

SIGNED AT Beaufort West ON THE 6th DAY OF April 2004.

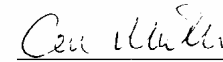

AS WITNESSES:

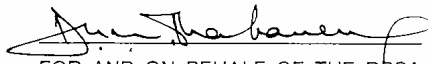
1. 
2. 


FOR AND ON BEHALF OF THE
BORROWER, DULY AUTHORISED
THERE TO, IN TERMS OF ANNEXURE D.

SIGNED AT Midrand ON THE 23rd DAY OF April 2004.

AS WITNESSES:

1. 
2. 


FOR AND ON BEHALF OF THE DBSA.
DULY AUTHORISED THERE TO, IN
TERMS OF ANNEXURE E.

PROJECT DESCRIPTION

1. PROJECT GOAL

To alleviate an office space problem and make office management more efficient, to serve the public better.

2. PROJECT OBJECTIVE

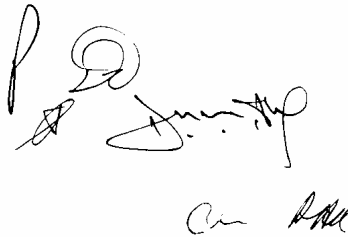
To take up available space capacity in the town, by purchasing an available and appropriate building for the Borrower's immediate additional office requirements, to improve its office efficiency and service to the public. This purchase further counters the possibility of empty office space in the town, brought about by slow economic growth.

3. PROJECT OUTPUTS

The purchase of a two storey building (ground floor plus one), with a gross built area of 2486m², comprising shops and offices. The net lettable area is 1862m². Of the nett area, 865m² is let to existing established businesses with leases, netting an income of R21 350. per month. The Borrower will occupy the 997m² of office space, on the first floor.

The increased office space will ensure the continued efficiency of the Borrower, which is dedicated to service-delivery for the inhabitants of the town. The additional space requires increased connectivity for electronic communication, further enhancing efficiency. The eventual output will be measured with the changes in management procedures currently being implemented.

The functions of the Borrower are, hereby, increased for it to continue playing its pivotal role in the implementation of Central Government and Provincial Government strategies to support the ailing economic growth of the Karoo. Increased office space will improve its capacity to fulfill this role.



ANNEXURE B

SOURCE AND APPLICATION OF FUNDS STATEMENT

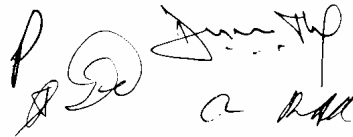
FIXED ASSETS	TOTAL (R)	MAXIMUM PROJECT COSTS (R)	FUNDING AMOUNT		
			COSTS	AMOUNT (R)	ITEM
Purchase of building	R1 600 000	1 600 000	100%	1 600 000	100.00%
TOTAL PROJECT RELATED COSTS	R1 600 000	1 600 000	100%	1 600 000	100.00%



 CH. NAK

PROJECT CO-OPERATION

1. To ensure that the purposes of the Loan are accomplished, the Parties shall:-
 - 1.1 periodically, and at the request of either Party,:-
 - 1.1.1 exchange views, with regard to the progress of the Project, the benefits derived therefrom and the performance of their respective obligations, in terms of this Agreement, as well as other matters relating to the purposes of the Loan; and
 - 1.1.2 furnish each other with all such information, as may be reasonably requested, with regard to the progress of the Project, the benefits derived therefrom and the general status of the Loan;
 - 1.2 promptly inform each other of any fact, which interferes with, or threatens to interfere with, the progress of the Project, the accomplishment of the purposes of the Loan, any related matter, and, in particular, the performance, by either Party, of its obligations, in terms of this Agreement;
 - 1.3 confirm that they have determined the technical, financial and organisational requirements, in respect of planning, management and control of the Project, to ensure the efficient and effective execution and maintenance of the Project and related matters; and
 - 1.4 jointly, determine the criteria to be taken into consideration, when awarding contracts for items and services to be financed by the Loan.
2. The Borrower shall:-
 - 2.1 grant representatives of the DBSA the opportunities reasonably necessary, to visit any relevant area, for purposes related to the Loan;
 - 2.2 in addition to the amount made available, in terms of this Agreement, be responsible for the provision of all other funds necessary for the successful execution of the Project, as set out in Annexure B, including funds to be supplied by third parties, as reflected in the said Annexure B;
 - 2.3 be responsible for the management and maintenance of work carried out, within the context of the Project;



- 2.4 with regard to the procurement of goods and services for the Project, in consultation with the DBSA, invite participation, in tender or quotation procedures on an open bid basis (such documentation to be drawn up, in consultation with the DBSA's Project Team and ratified by the DBSA), from natural persons and bodies corporate, respectively;
- 2.5 ensure that contractors, to whom contracts are awarded, are insured, and remain insured, in terms of contractors-all-risk-insurance policies, in a manner reasonably acceptable to the DBSA;
- 2.6 insure, and keep insured at the replacement value thereof, such of its interests in the Project, against such risks, as may be agreed upon by the Parties;
- 2.7 maintain, or cause to be maintained, records, adequate to identify the operations carried out by means of the Loan, and furnish the DBSA with all such information (e.g. progress reports), concerning the implementation of the Project;
- 2.8 apply the Loan, in accordance with Annexure B;
- 2.9 require each contractor, to whom a contract is awarded, to furnish a performance guarantee acceptable to the DBSA, in terms whereof the completion of such contract is guaranteed; and
- 2.10 preserve all documents and accounting records, relating to the Project, up to the expiry of a period of 3 (three) years, after completion of the Project, and shall allow the DBSA, at the DBSA's cost, at any reasonable time, to have such documents and records audited by a person, nominated by the DBSA.
3. Where the Parties agree that the further appointment of consultants, or the revision of the brief of appointed consultants, is necessary, the following criteria shall obtain:-
- promotion and/or support of the SMME sector;
 - past experience with similar projects;
 - knowledge of local conditions;
 - abilities and qualifications;
 - membership of professional institutions.
4. It is, hereby, placed on record that the Borrower has appointed the contractors, listed in Annexure C I, in respect of the Project, and these are acceptable to the DBSA.

LIST OF CONTRACTORS

Not Applicable
P

Dr. C. P. R.



MUNISIPALITEIT – MUNICIPALITY – UMASIPALA-WASE
BEAUFORT-WES/BEAUFORT WEST/BHOBOFOLO

Munisipale Bestuurder / Munisipale Bestuurder

Verwysing
Reference 712722
Isalathiso

Navrae
Enquiries DE Wagemoen
Imibuzo

Datum
Date 2004-04-06

Privaatsak/Private Bag 582
Faks/Fax 023-415-1373
Tel 023-4152121

E-pos / E-mail bwes_admin@telkomsa.net
Kerkstraat 15 Church Street
BEAUFORT-WES
BEAUFORT WEST
BHOBOFOLO
6970

Ontwikkelingsbank van Suia-Afrika
Posbus 1234
Midrand
Halfway House
1685

Meneer

Mr/ou
Con.

Subject to comments,
below, Dennis can

Aandag: Mnr Con Muller

Sign

Tks

DL

VOORGESTELDE LENINGSOOREENKOMS : OBSA/BEAUFORT-WES MUNISIPALI-
TEIT: AANKOOP VAN KANTOORRUIMTE

U skrywe gedateer 30 Maart 2004 verwysing WC101257, verwys.

Hierby aangeheg vind asseblief die volgende:-

1. Duplikaat oorspronklike skrywe gedateer 30 Maart 2004 met erkenning van ontvangs. *retained in legal file*
2. Volledig ondertekende leningsooreenkoms in duplikaat. — *ready for signature*
3. Volledig ondertekende sessie ooreenkoms as sekuriteit in duplikaat. — *ready for signature*
4. Gesertifiseerde uittreksel van Raadsbesluit wat die aankoop van die Sanlam gebou magtig.
5. Gesertifiseerde uittreksel van Raadsbesluit wat gedelegeerde magte aan Munisipale Bestuurder verleen tesame met gesertifiseerde afskrif van delegasie van bevoegdhede aan die Munisipale Bestuurder. } *retained in legal file*


Voorts word u in kennis gestel dat die rentekoers op die lening teen 'n vaste koers oor die betrokke termyn bereken moet word.

* (a) On page 2 (Clause 1.1.4): insert date of Dennis's signature and Dennis and witnesses to initial

(b) Substitute and "extra witness" o.b.o. client —

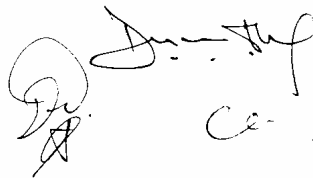

Ik vertrouw dat u die voormelde in orde zal vind.

Die uwe


De Weigemoed
Munisipale Bestuurder

AUTHORISATION - BORROWER

See annexures to cover letter



Ce- PNA

AUTHORISATION**DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED****MANDLA SIZWE GANTSHO**

in his capacity as Chief Executive of the Development Bank of Southern Africa, in terms of authority delegated to the incumbent of this post by the Board of Directors of the Development Bank of Southern Africa on 19 September 1985, determined on 23 January 2004 that:

MANDLA SIZWE GANTSHO
in his capacity as Chief Executive

OR

JACOB HENRY DE VILLIERS BOTHA

OR

ABDUL-KADER MOHAMED

OR

LEWIS MAXWELL MUSASIKE

OR

ZANELE JOYCE MATLALA

OR

SNOWY JOYCE KHOZA
in their capacity as Executive Managers

OR

MAGARE LUTHER MASHABA
In his capacity as Chief Operating Officer, DBSA: Development Fund

OR

PULE LESAILANE MOKHOBO
in his capacity as Manager: Legal Services

OR

TLADI PHILEMON DITSEGO

OR

Handwritten signatures of the authorized individuals, including MANDLA SIZWE GANTSHO, JACOB HENRY DE VILLIERS BOTHA, ABDUL-KADER MOHAMED, LEWIS MAXWELL MUSASIKE, ZANELE JOYCE MATLALA, SNOWY JOYCE KHOZA, MAGARE LUTHER MASHABA, PULE LESAILANE MOKHOBO, and TLADI PHILEMON DITSEGO.

LANDIWE JACKIE MAHLANGU

OR

CHRISTINA JOANNA GOLINO

OR

BANE MOEKETSI MALEKE

OR

MDUDUZI DENNIS NAPOLEON THABANENG

OR

PUMLA MANNYA

OR

TLADI JOSIAS RAMUSHU

OR

PHUTI MALABIE

OR

MAKGOTLA DANIEL PETER MOKUENA

OR

FRENCIEL FRANKTON GILLION

OR

JANINE THORNE

OR

REMBULUWANI BETHUEL NETSHISWINZHE

in their capacity as Managers: Business Units (DSP Related)

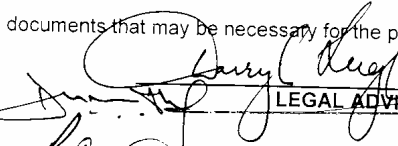
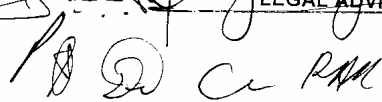
be authorised for and on behalf of the Development Bank of Southern Africa to enter into agreements in terms whereof money is:-

1. lent, or
2. granted for the purpose of technical assistance,

and to perform all acts and sign all documents that may be necessary for the purpose

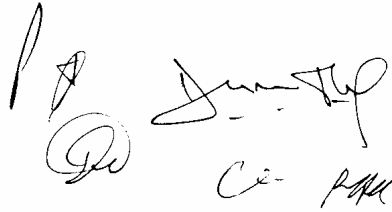
25/04/04
DATE

{Legal}[Word]<WC101257>Agree


LEGAL ADVISOR


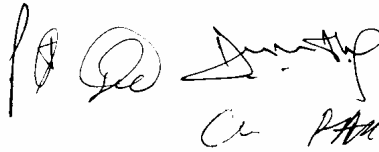
SUSPENSIVE TERMS AND CONDITIONS

1. The operation of this Agreement is subject to:
 - 1.1 a first mortgage bond, in favour of DBSA, being registered over the relevant property;
 - 1.2 a cession of the income stream from the rentals of the building, in favour of DBSA, and
 - 1.3 the income stream from the rentals of the building being ring-fenced and paid into a separate banking account, which shall be used exclusively for the repayment of the Loan.

Handwritten signatures and initials. On the left, a signature that appears to be 'PA' with a circular stamp below it. To the right, a larger signature, possibly 'Jungthip', with the initials 'Ce' and 'PAA' written below it.

FURTHER TERMS AND CONDITIONS

- 1.1 Credit Control shall be applied more stringently, by the Borrower.
- 1.2 The Borrower shall procure that budgetary contributions are made to the Bad Debts Provision, to cover amounts outstanding for 120 days and more.
- 1.3 The Borrower shall procure that, during this Agreement, the building (the subject matter of this Agreement) shall remain insured at full replacement value and the Borrower shall furnish written proof, to the DBSA, to this effect.

Handwritten signatures and initials in black ink. There are three distinct signatures/initials arranged horizontally, with some overlapping. Below them are the letters 'C' and 'PA'.