

LOAN AGREEMENT

Made and entered into by and between:

FIRSTRAND BANK LIMITED
Registration Number: 1929/001225/06
(Hereinafter referred to as "the Bank")

and:

BEAUFORT WEST LOCAL MUNICIPALITY
(Hereinafter referred to as "the Borrower")

Handwritten initials and signatures:
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1. **INTERPRETATION**

In this Agreement, unless the context otherwise indicates –

- 1.1 the singular shall include the plural and vice versa;
- 1.2 words indicating one gender shall import and include the other gender;
- 1.3 the headings to this Agreement are used for the sake of convenience and shall not govern the interpretation hereof;
- 1.4 "the/ this Agreement" means the agreement as set out in this document;
- 1.5 "Bank" means FirstRand Bank Limited (Registration No. 1929/001225/06), acting through any of its divisions as the context may indicate and includes any of FirstRand Bank Limited's wholly owned subsidiaries and divisions which make any part of the Facility available to the Borrower;
- 1.6 "Base Rate" means the Bank's funding rate that shall be fixed at drawdown date or as agreed between the parties;
- 1.7 "Business Day" means any day which is not a Saturday, Sunday or public holiday recognised as such under the Public Holidays Act, 1994 (Act No 36 of 1994);
- 1.8 "GRAP" means Generally Recognised Accounting Practice
- 1.9 "Interest Cover Ratio" means cash generated by operations divided by the interest paid
- 1.10 "Interest Period" means a period of 6 (six) months commencing from Drawdown Date, and every 6 (six) months thereafter;
- 1.11 "Interest Rate" means the sum of the Base Rate and the Margin (specified in clause 1.13) that will be embodied in an appendix to the main legal agreement, which appendix or addendum will be signed by the authorized signatories or both parties;
- 1.12 "the Loan" means the loan specified in clause 2;
- 1.13 "Margin" means an interest margin which shall be fixed at at a percentage as embodied in an appendix to the main legal agreement, which appendix or addendum will be signed by the authorized signatories of both parties;

- 1.14 "Payment Date" means the last day of each Interest Period on which the interest and capital will be paid;

2. **THE LOAN**

- 2.1 Upon and subject to the terms and conditions hereinafter set out, the Bank will provide or procure for the Borrower who hereby borrows the sum of **R1 932 871.30 (One Million Nine Hundred and Thirty Two Thousand Eight Hundred and Seventy One Rand and Thirty Cents).**
- 2.2 Subject to the fulfilment of any conditions precedent, the Borrower shall be entitled to draw down the Loan in one single drawdown of the full facility amount forthwith upon the execution of this Agreement, but no later than 31 May 2012.
- 2.3 If the Borrower fails to draw down the Loan on or before 31 May 2012, the Bank shall be entitled on 7 (seven) Business Days written notice to terminate the Agreement.

3. **INTEREST**

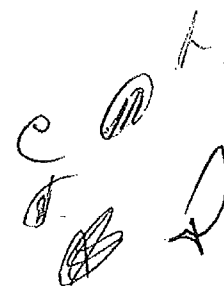
The Loan shall bear interest at a non-varying rate that will be fixed on drawdown and that will be embodied in appendix to the main legal agreement, which appendix or addendum will be signed by the authorized signatories or both parties. Interest shall be calculated for a period of 6 (six) months commencing from the Drawdown Date, and every 6 (six) months thereafter, plus any interest thereon outstanding from time to time. Any calculation of interest referred to herein shall be done on a NACS (nominal annual, compounded semi-annually) basis. Interest will be payable on the capital amount on a quarterly basis with the first payment being due 6 (six) months after the Drawdown Date.

4. **REPAYMENT**

- 4.1 The Loan will be repaid in 10 (ten) equal, semi-annual amortizing amounts of capital and interest over a period of 5 (five) years, on the last day of each Interest Period, as set out in an appendix to the main legal agreement, which appendix or addendum will be signed by the authorized signatories or both parties.
- 4.2 All payments pursuant to this Agreement will be made by means of debit order, authorisation whereof is contained in this Agreement in clause 19 below. The Bank reserves the right, in its sole discretion, to accept payment made other than by debit order.

5. **CONDITIONS PRECEDENT**

- 5.1 Notwithstanding anything to the contrary in this Agreement, the Borrower shall not be entitled to draw down the Loan unless and until the following conditions precedent have been complied with / fulfilled:
- 5.1.1 a certified copy of a resolution of the Municipal Council, signed by the Mayor of the Borrower, approving the execution and performance of this Agreement together with its annexures, to which it is a party and the terms and conditions thereof; and stipulating:
- 5.1.1.1 the Capital Amount;
- 5.1.1.2 that amendment to this Agreement may only be effected following a resulting resolution of the Municipal Council, in respect of such changes.
- 5.1.2 a certified copy of the notice given by the Municipal Manager 21 days prior to the meeting of the Council at which approval for the Loan was to be considered, in which notice:
- 5.1.2.1 it made public an information statement setting out the particulars of the proposed Loan and specifically the amount of the Loan, the purpose for which the Loan is obtained, any security provided, repayment terms and schedule, total cost of the Loan;
- 5.1.2.2 the public, the National Treasury and the relevant provincial treasury were invited to submit written comments to the Council;
- 5.1.3 a certified copy of the advertisement of the notice and information statement in 5.1.2 above;
- 5.1.4 evidence to the satisfaction of the Bank as to the identity and office bearing of the Municipal Manager, and in respect of whom the Borrower shall have delivered to the Bank certified specimens of the Municipal Manager's signature;
- 5.1.5 the Municipal Manager of the Borrower having signed and initialled each page of the duplicate copy of this Agreement together with annexures and any concomitant schedule(s) (if any), and returning same to the Bank at its earliest convenience. Availability is furthermore subject to the Bank receiving the duly signed originals of the required collateral and/or further agreements (if any);
- 5.1.6 a written statement from the Municipal Manager confirming that the Loan is consistent with its capital budget;
- 5.1.7 the audited financial statements of the Borrower for the immediately preceding Financial Year;



- 5.1.8 as soon as this Agreement is signed, but in any event by no later than 180 (one hundred and eighty) Business Days after the end of the Signature Date, the Borrower shall provide the Bank with the Budget and audited financial statements of the Borrower for the immediately preceding Financial Year.
- 5.1.9 The Borrower will ensure that:
- 5.1.9.1 each Budget delivered by it pursuant to clause 5.1.8 is prepared in accordance with GRAP;
- 5.1.9.2 the financial statements delivered by it pursuant to clause 5.1.8 are prepared in accordance with GRAP;
- 5.1.9.3 the financial statements delivered by it pursuant to clause 5.1.8 are certified by the Municipal Manager as giving a true and fair view of the financial condition of the Borrower as at the end of the period to which those financial statements relate and of the result of its operations during such period; and
- 5.1.9.4 each set of financial statements delivered by it pursuant to clause 5.1.8 has been audited by the Auditor-General (being that person appointed as Auditor-General in terms of Section 193 of the Constitution of the Republic of South Africa, 1996).

Provided that in the event of the above conditions precedent not having been complied with / fulfilled by the **31 May 2012** or any other date that may be agreed upon between the parties in writing, then the Bank may terminate this Agreement.

- 5.2 The Borrower renounces all benefits arising from the legal exceptions *non causa debiti* (the defence that there are no grounds for the debt), *errore calculi* (the defence that there was an error in calculation in the amount paid over), *de duobus vel pluribus reis debendi* (the defence which would assist the co-debtor or co-surety to claim that he/she or it is only liable for his/her or its proportionate share of the debt), revision of accounts (the defence that the Borrower or surety did not examine the accounts), and no value received (the defence that no money was paid over to the debtor in the first place), the meaning, effect and legal consequences with which the Borrower has declared that he/she is fully acquainted. (Take note that the English translations given in this clause are used loosely and are not comprehensive.)

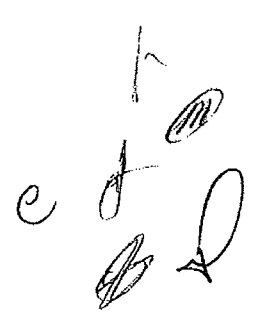
6. SPECIAL CONDITIONS

- 6.1 The Borrower undertakes to ensure that all collateral documentation is signed and perfected.

- 6.2 The Borrower undertakes to supply the Bank, with audited Financial Statements that do not materially differ from the drafts already provided within 6 (six) months of its financial year-end.
- 6.3 The Borrower shall not, without the prior written consent of the Bank:
- encumber any of its assets by way of mortgage, pledge, lien, charge, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security on the assets;
 - otherwise than in the ordinary course of business, either in a single transaction or in a series of transactions, whether related or not and whether voluntarily or involuntarily, sell, transfer or otherwise dispose of the whole or the substantial part of its assets or the whole or the substantial part of its undertaking.
- 6.4 The Borrower hereby waives preference in respect of its other unsecured and unsubordinated creditors so that the Bank shall rank *pari passu* and equal in all respects with the aforesaid creditors.
- 6.5 This Loan will be subject to the interest cover ratio at all times exceeding 2 times.
- 6.6 The Borrower represents and warrants that –
- 6.6.1 the Borrower is not in default in respect of any of its obligations in respect of money advanced and no event specified as constituting an event of default as set forth above has occurred and is continuing;
- 6.6.2 since applying for the facility there has been no Material Adverse Change in the financial or other condition of the Borrower. For the purposes hereof, "Material Adverse Change" means an event, circumstance or matter or combination of events, circumstances or matters which has or, in the reasonable opinion of FirstRand Bank, will have or would be likely to have a material adverse effect on –
- 6.6.2.1 the business, assets, operations, property, condition (financial or otherwise) or prospects of the Borrower;
- 6.6.2.2 the ability of the Borrower to conduct its business and activities in the normal, regular and ordinary course;
- 6.6.2.3 the ability of the Borrower to perform their obligations under the Loan Agreement; and/or
- 6.6.2.4 the legality, validity or enforceability of the Loan Agreement.
- 6.6.3 it shall comply with the laws of South Africa, and in particular, but not limited to the provisions of the Local Government: Municipal Finances Management Act of 2003 ("MFMA")

7. **EVENTS OF DEFAULT**

- 7.1 If any of the following events, each of which shall be severable and distinct from the others, shall occur, namely –
- 7.1.1 the Borrower commits an act of insolvency, as defined in the Insolvency Act, 1936 (Act No. 24 of 1936); or
 - 7.1.2 the Borrower fails to make any scheduled payments required to be made by it under this Agreement within 2 (two) Business Days of the applicable due date; or
 - 7.1.3 the Borrower commits a breach of any of the terms and conditions of this Agreement or any of the terms and conditions of any securities which may have been given in respect of this Agreement and such breach is not remedied within a period of 5 (five) days after receipt of written notice of such breach; or
 - 7.1.4 the Borrower is liquidated whether provisionally or finally, and whether voluntarily or compulsorily, or is placed under judicial management, or is wound up; or
 - 7.1.5 the Borrower enters into any compromise, composition or arrangement with any of its creditors or attempts to do so; or
 - 7.1.6 the Borrower ceases to carry on its business in a normal and regular manner; or
 - 7.1.7 the Borrower defaults in the due payment or due performance of any amount payable or obligation to be performed under any agreement which amount or which obligation the Bank considers to be material; or
 - 7.1.8 any material indebtedness or obligation for monies borrowed constituting indebtedness of the Borrower shall become due and payable prior to its specified maturity by reason of default, or shall not be paid when due; or
 - 7.1.9 the Borrower shall default in the due payment of any amount falling due for payment under any suretyship or other guarantee to which it is a party; or
 - 7.1.10 the Borrower suffers any default judgment against it to remain unsatisfied for 30 (thirty) days, or is refused a rescission of any default judgment; or
 - 7.1.11 the Borrower stops payment of any liquid document made payable to the Bank; or
 - 7.1.12 the Borrower fails for whatever reason, at any time during the duration of this Agreement, to record a trading profit during any one or more year's trading; or

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- 7.1.13 the Borrower permits any of its assets to be attached under a warrant of execution which is not set aside within a period of 30 (thirty) days after service thereof upon the Borrower.

Then, without prejudice to any other rights that might thereupon be available to the Bank, the full amount owing in terms of this Agreement together with all interest then accrued but unpaid and other charges shall forthwith become due and payable by the Borrower.

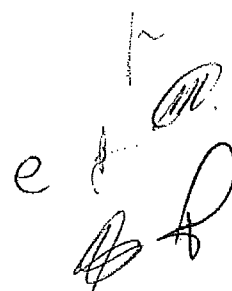
AND

With or without acceleration in terms hereof the margin agreed upon in clause 1.13 above shall no longer apply and the Bank shall be entitled to recover the maximum finance charge rate as prescribed from time to time in respect of finance charges and additional finance charges.

- 7.2 If any of the events specified above in this "events of default" clause become applicable (where possible) in respect of any person, other than the Borrower, who provides the Bank with any form of security in respect of this Agreement (and for such purpose, a reference to "Borrower" in this "events of default" clause shall be read and construed as a reference to such person), then, upon the occurrence of such event, an event of default shall be deemed to have taken place for the purposes of this Agreement, thereby entitling the Bank and its wholly owned subsidiaries and divisions to avail itself of the remedies specified in this "events of default" clause.

8 REPRESENTATIONS AND WARRANTIES

- 8.1 The Borrower represents and warrants that –
- 8.1.1 its acceptance of the terms of this Agreement has been duly authorised and does not contravene any law or any contractual obligation binding upon it;
- 8.1.2 there is no material litigation or similar proceedings, to the knowledge of the Borrower, presently pending or threatened which would have a material adverse effect on the business or assets of the Borrower;
- 8.1.3 the Borrower is not in default in respect of any of its obligations in respect of money advanced and no event specified as constituting an event of default as set forth above has occurred and is continuing;
- 8.1.4 all information supplied or to be supplied to the Bank by the Borrower concerning the Borrower's business as contained in the Borrower's balance sheets, trading and profit and loss accounts, cash flows and other financial statements or accounts, is true and correct in all material respects and will in future be true and correct in all material respects;



- 8.1.5 all consents, licences, permits, registrations, or declarations required to be obtained or made in order to render the loan agreement legal, valid, binding and enforceable have been made or obtained;

9 **ACCELERATED REPAYMENT**

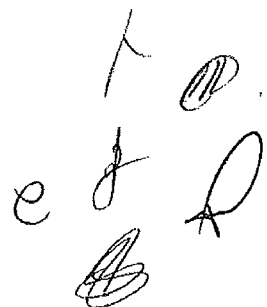
- 9.1 If there is a Change in Law which renders, will render or may have the effect of rendering this Agreement and/or any of the agreements or anything done or to be done pursuant thereto illegal, invalid or unenforceable and the Parties in good faith fail to rectify such illegality, invalidity or unenforceability (provided such illegality, invalidity or unenforceability is capable of being rectified), or agree upon alternative acceptable provisions, within 10 (ten) Business Days or such longer period as may be agreed to between the Parties, after receipt of notice from the Bank advising the Borrower of the relevant change, then the Bank shall, in addition to and without prejudice to any other rights it may have in terms of this Agreement or in law, be entitled to call upon the Borrower without further notice to repay the outstanding Loan at such date together with all accrued interest thereon plus any other amounts outstanding in terms of this Agreement, which amounts shall immediately become due and payable.
- 9.2 In addition to clause 9.1, the Borrower shall have the right to prepay the Loan upon it:
- 9.2.1 giving the Bank at least 5 (five) Business Days prior written notice to such effect, and
- 9.2.2 only out of internally generated cash flows,
- 9.2.3 with the provision that all financial covenants as contained in this Agreement shall not in any way be breached after the making of such prepayment, and
- 9.2.4 with the provision that the Borrower shall be liable for the payment to the Bank of:
- 9.2.4.1 a prepayment penalty which shall be equal to 3% (three percent) of any amount prepaid (plus any VAT attributable thereto) ("the Prepayment Penalty"); plus
- 9.2.4.2 an additional amount to compensate the Bank for any Breakage Costs, if any. For the purposes hereof, "Breakage Costs" shall mean any costs, charges, interest, expenses, liabilities, losses and disbursements actually suffered or incurred by or successful claims made against the Bank in relation to the termination or modification of any hedging arrangements (including *inter alia*, any loan, swap, forward interest rate agreement, foreign exchange contract or other financial instrument relating directly or indirectly to the transaction) on account of any funds borrowed, contracted for or utilised to fund any amount payable or advanced under the Loan.

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- 9.3 Any Prepayment Penalty or Breakage Costs due in terms of clause 9.2.4, above shall be made by the Borrower to the Bank simultaneously with the date that the prepayment is made.
- 9.4 In addition to any Prepayment Penalty or Breakage Costs made by the Borrower as contemplated in clause 9.2.4 above, if the Borrower early settles the full Loan:
- 9.4.1 within 2 (two) years of date of draw down of the Loan or as a result of obtaining finance from another financial institution then an early settlement penalty shall be payable which shall be equal to 3% (three percent) of the outstanding Loan as at the date that the Borrower early settles the full Loan;
- 9.4.2 at any time after 2 (two) years of date of draw down of the Loan or as a result of obtaining finance from another financial institution then an early settlement penalty shall be payable which shall be equal to 2% (two percent) of the outstanding Loan as at the date that the Borrower early settles the full Loan;
- 9.4.3 subject to the payment of any additional amount to compensate the Bank for any Breakage Costs.
- 9.5 In addition, further to any Prepayment Penalty or Breakage Costs made by the Borrower as contemplated in clause 9.2, above, the Borrower will also be liable to the Bank for the present value of all the future total margins, calculated by using the appropriate risk free discount rates. Any early settlement penalty and Breakage Costs due and payable in terms of clause 9.4, above shall be made by the Borrower to the Bank simultaneously with the date that early settlement of the full Loan is made.
- 9.6 No prepayments or early settlement made by the Borrower pursuant to this clause 9 shall discharge or release the Borrower from any contingent liability arising out of this Agreement.
- 9.7 No prepayments or early settlement as contemplated in this clause 9 shall be available to be redrawn by the Borrower

10 **CHANGE(S) IN CIRCUMSTANCES**

- 10.1 If at any time or times during the currency of this Agreement –
- 10.1.1 any new law, ruling or regulation is promulgated, given or adopted;
- 10.1.2 there are any changes to any present or future law, ruling or regulation;

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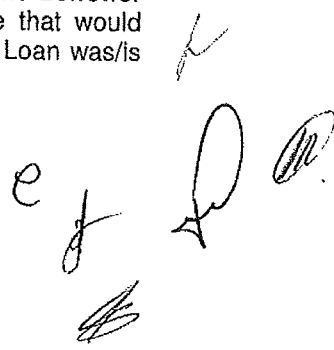
- 10.1.3 there are any changes in the interpretation or administration of any law, ruling or regulation by any relevant monetary or fiscal authority, including, without limitation, Basel II;
- 10.1.4 there are any amendments to the Banks Act, 1990 (Act No. 94 of 1990);
- 10.1.5 there is any compliance by the Bank with any directive or request, whether or not having the force of law, from any monetary or fiscal authority;

which would or does –

- (a) subject the Bank to any taxes, duties, or other charges in respect of this Agreement or change the basis of taxation of the Bank in respect of payments of principal or interest / fees payable to the Bank (except for changes in the rate of taxation on the overall net income of the Bank); or
- (b) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank; or
- (c) impose on the Bank any other obligation or condition affecting the Loan or its commitment in terms of this Agreement;

and the result of any of the above is to increase the cost to the Bank of making any advance or maintaining this Agreement or to reduce any amount or amounts received or receivable or loanable by the Bank hereunder by a sum which the Bank deems material, then the Borrower shall reimburse the Bank, on demand and while such circumstances continue, such increased costs, liquidity costs, margin, reduction in rate of return, or decrease in rate as the Bank may require or such additional amount or amounts which will compensate the Bank for such additional cost or reduced receipts.

- 10.2 The Bank shall give the Borrower 30 (thirty) days notice of all amounts payable in terms of this clause 10. A certificate signed by any manager of the Bank (whose appointment it shall not be necessary to prove) as to such additional amount/s shall be prima facie proof for all purposes in the absence of manifest error.
- 10.3 If the Borrower is required to pay additional amount/s to the Bank pursuant to clause 9 above, it shall be entitled to prepay any amounts owed in terms hereof without penalty, or to forthwith cancel any unutilised portion of the Loan by giving the Bank 30 (thirty) days written notice thereof.
- 10.4 Without detracting from any other rights that the Bank may have, the Borrower furthermore acknowledges that the Bank has approved and is providing the Loan based on the present circumstances of the Borrower as well as the industry and environment within which it operates. The Borrower understands and agrees that certain circumstances may arise that would have the effect of materially altering the basis upon which said Loan was/is



given. Should any event or series of events accordingly occur which, in the reasonable opinion of the Bank, has or may be expected to have an adverse effect on the ability of the Borrower to comply with its obligations hereunder, the Bank shall, by giving written notice, have the right to change the terms of the Loan with the Borrower. Should the new terms upon which the Bank is prepared to continue to make the Loan available not be acceptable to the Borrower, all outstanding amounts will, without further notice, immediately become due and payable and the Borrower, or any other entities indebted in terms of this Agreement will immediately effect payment of such outstanding amounts.

11 CERTIFICATE OF INDEBTEDNESS

A certificate signed by any manager of the Bank (whose appointment it shall not be necessary to prove) as to any indebtedness of the Borrower hereunder, or as to any other fact, shall be prima facie evidence of the Borrower's indebtedness to the Bank or of such other fact for the purpose of any application or action, judgment or order or for any other purpose whatsoever.

12 DOMICILIA

12.1 The parties respectively choose their domicilia citandi et executandi for all notices and processes to be given or served in pursuance hereof at the following addresses:

12.1.1 **THE BANK:** 6th floor, 2 FirstPlace BankCity
Cnr Jeppe and Simmonds Streets
JOHANNESBURG
2001;
Telefax: (011) 371 8856

12.1.2 **THE BORROWER:** MUNICIPALITY BEAUFORT WEST
112 DONKIN STREET
BEAUFORT WEST 6970
Telefax: 023 414 3105

12.2 Any notice or communication required or permitted to be given in terms of this Agreement will be valid and effective only if given in writing and delivered by hand or by post or telefax.

12.3 Either party may by written notice to the other party change its chosen domicilium to another physical address, provided that the change will become effective on the 7th (seventh) day after the receipt of the notice by the addressee and provided such other physical address is in the Republic of South Africa.

12.4 Any notice to a party sent by post and contained in a correctly addressed envelope and:

12.4.1 sent by prepaid registered post to it at its chosen address; or

12.4.2 delivered by hand to a responsible person during ordinary business hours at its chosen domicilia;

will be deemed to have been received, in the case of registered post as set forth above, on the 7th (seventh) Business Day after posting (unless the contrary is proved) and, in the case of delivered by hand as abovesaid, on the day of delivery.

Any notice by telefax to a party at its telefax number will be deemed, unless the contrary is proved, to have been received within 12 (twelve) hours of transmission where it is transmitted during normal business hours or within 12 (twelve) hours of the 1st (first) Business Day after it is transmitted where it is transmitted outside those business hours.

13 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties and any amendment, addition, alteration or cancellation to the provisions hereof shall only be deemed to be of force and effect if such amendment, addition, alteration or cancellation is reduced to writing and signed by the parties.

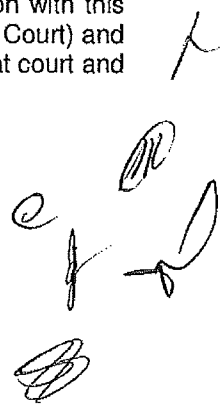
14 COSTS AND EXPENSES

All legal costs as between attorney and his own client, charges and disbursements and fees of a like nature incurred by the Bank in successfully enforcing or defending any of the provisions of this Agreement, or any claim thereunder, shall be for the account of the Borrower and be payable on demand.

15 JURISDICTION

15.1 The Borrower hereby consents and submits to the jurisdiction of the Magistrate's Court having jurisdiction over its person in respect of all proceedings connected with this Agreement, notwithstanding that the amount claimed or the value of the matter in dispute exceeds such jurisdiction: Provided that the Bank shall not be obliged to institute action in the Magistrate's Court.

15.2 Notwithstanding the provisions of this clause, the Bank shall be entitled to institute all or any proceedings against the Borrower in connection with this Agreement in the High Court of South Africa (South Gauteng High Court) and the Borrower hereby consents and submits to the jurisdiction of that court and



agrees that any costs and/or expenses awarded against the Borrower be awarded or paid in accordance with clause 14 above on the High Court tariff.

16 **INDULGENCE**

No relaxation or indulgence granted by the Bank to the Borrower from time to time shall be deemed to be a waiver of the Bank's rights in terms hereof, nor shall any such relaxation or indulgence be deemed to be a novation or waiver of the terms and conditions of this Agreement.

17 **APPLICABLE LAW**

This Agreement shall in all respects be governed by and construed in accordance with the law of the Republic of South Africa, and all disputes, actions and other matters in connection therewith shall be determined in accordance with such law.

18 **CESSION**

The Bank shall be entitled, without notice to the Borrower, to cede all or any of its rights in terms hereof.

19 **DEBIT ORDER AUTHORISATION**

19.1 The Bank shall be entitled to originate debits to the Borrower's current account at:

BANK: ABSA
BRANCH: BENICFORT WEST
ACCOUNT NUMBER: 4050 538 936

or any other bank or branch to which the Borrower may subsequently transfer its account, with all amounts due or which might at any future time become due by the Borrower under this Agreement.

19.2 This authority shall in no way be construed as substituting, varying or novating the Borrower's obligation under this Agreement.

19.3 The Borrower acknowledges that the withdrawals hereby authorised may be processed by debiting the Borrower's account, in which event the Borrower will not receive any voucher if its account is computerised, but details of each withdrawal will be reflected on its bank statement.

20 **EXECUTION**

This Agreement is executed for and on behalf of –

20.1 THE BANK by CAROL VAN DER SLOOT and _____ in their capacities as REGIONAL and _____ of the Bank; DIRECTOR

20.2 THE BORROWER by J. BOUYSEN and A. KOUW in his/their capacity(ies) as MUNICIPAL MANAGER and CHIEF FIN OFFICER of the Borrower, he/they being duly authorised hereto under and by virtue of a resolution passed by the Municipal Council of the Borrower on the 13 day of DECEMBER 2012.
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THUS DONE AND SIGNED AT ROOND BOSCH on this the 17 day of JUNE 2012 in the presence of the undersigned witness:

AS WITNESS:

for and on behalf of:
THE BANK

[Signature]

CROSPUY (Caro)
(Initial, surname and signature)

(Initial, surname and signature)

THUS DONE AND SIGNED AT BEAUFORT WEST on this the 28 day of MAY 2012 in the presence of the undersigned witness:

AS WITNESS:

for and on behalf of:
THE BORROWER

[Signature] M. de Strampfer

[Signature] J. BOUYSEN
(Initials, surname and signature)

[Signature] L.L. De Wet

[Signature] A. KOUW
(Initials, surname and signature)

Indicative pricing for Beaufort West Local Municipality

Fixed Rate Option

Note 1: The Base Rates and repayment amounts quoted below are indicative and will be fixed at drawdown date or as agreed between the parties.

Note 2: The rates are dependant upon the Borrower taking up the full Loan Amount in one drawdown.

Note 3: All base rates are as at 25 May 2012. They are indicative and are subject to change. They will be fixed at Drawdown Date.

	5 Year Loan
Amount:	R 1,932,871.30
Term (Years):	5
Drawdown Date:	28-May-12
Repayment:	Amortising semi-annually
Base Rate:	Fixed
Base Rate (As at 25 May 2012) (Indicative):	6.200%
Total Margin (Indicative):	3.450%
Total Rate (Indicative):	9.650%

Date	Monthly Payment	Cap Outstanding	Capital Portion	Interest portion
28 May 2012		-R 1,932,871.30		
01 December 2012	R 248,475.00	-R 1,779,956.92	R 162,914.38	R 95,580.63
01 June 2013	R 248,475.00	-R 1,617,129.55	R 162,827.38	R 85,647.63
01 December 2013	R 248,475.00	-R 1,446,894.81	R 170,234.73	R 78,240.27
01 June 2014	R 248,475.00	-R 1,268,041.22	R 178,853.60	R 69,621.41
01 December 2014	R 248,475.00	-R 1,080,916.83	R 187,124.39	R 61,360.61
01 June 2015	R 248,475.00	-R 884,463.17	R 196,463.66	R 52,011.35
01 December 2015	R 248,475.00	-R 678,769.95	R 205,683.22	R 42,791.78
01 June 2016	R 248,475.00	-R 463,135.32	R 216,634.63	R 32,840.38
01 December 2016	R 248,475.00	-R 237,067.82	R 226,067.50	R 22,407.60
01 June 2017	R 248,475.00	R 0.00	R 237,067.82	R 11,407.18
	R 2,484,750.04			

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MINUTES OF THE MEETING OF THE BEAUFORT WEST LOCAL MUNICIPALITY
("the Local Municipality")

TAKEN AT BEAUFORT WEST ON 13 DECEMBER 2011

IT IS RESOLVED THAT:

- a) The Local Municipality enters into negotiations with FIRSTRAND BANK LIMITED (Reg. No. 1929/001225/06) acting through its FNB Public Sector Banking division ("the Bank"), regarding the granting of facilities by the Bank to the Local Municipality, including but not limited to Short-term and Long-term Direct, Contingent and Settlement Facilities and subject to the terms and conditions of the Bank;
- b) The Local Municipality may negotiate as per a) above up to a maximum capital exposure of R1 932 871.30 (One Million Nine Hundred and Thirty Two Thousand Eight Hundred and Seventy One Rand and Thirty Cents).
- c) The Local Municipality furthermore resolves that any amendment to the facility will only be effected following a resolution by the Local Municipality authorising such amendments.

Draft copies of the aforementioned documents were tabled at the meeting and the terms and conditions thereof approved.

It was further resolved that:

MR. JHETA BOOTSSEN and MR. DAVY KOUW in his/their

capacity/ies as MUNICIPAL ENGINEER and CHIEF FINANCIAL OFFICER of the Local Municipality, be authorised and empowered to sign all documents and do all things necessary to give effect to the above on behalf of the Local Municipality.



MAYOR OF THE BEAUFORT WEST
LOCAL MUNICIPALITY