

# DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

## <sup>1</sup> LOAN INTEREST RATE

PROJECT NUMBER :

NC  
WC 102952/1

PROJECT TITLE:

UPGRADING OF MUNICIPAL INFRA.

Loan Period

20 years

Client Signature Date:

23 June 2008

Government Yield Rate: Ref:

R186

Interest Rate

10,340%

(Two days prior to the date of signing  
of this agreement by the Borrower)

Which is 19/06/2008 (21 June 08 was a Saturday)

Basis Points

2.25%

Total Interest Rate

12,590%

Please confirm by signing  
(TREASURY)

Sg Madigoo

Date:

21/07/2008

**Interest to be calculated as at 19 June 2008**

LOAN AGREEMENT

in respect of

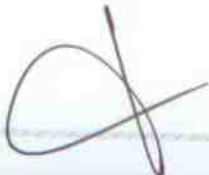


UPGRADING OF MUNICIPAL INGRASTRUCTURE

made and entered into by and between

//KHARA HAIS MUNICIPALITY (KHM)

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED



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*[Handwritten signatures and initials]*



**SUMMARY**

- 1. LOAN AMOUNT : R36 625 000.00.
- 2. LOAN PERIOD : 20 years.
- 3. FIXED INTEREST RATE : R186 plus 225 (two hundred and twenty five) basis points (final rate to be determined two days prior to the date of signing of this agreement by the Borrower).
- 4. GRACE PERIOD FOR CAPITAL REPAYMENT : 1 year.
- 5. CAPITAL REPAYMENT : 38 (thirty eight) equal Six-monthly instalments, commencing on the last day of the 3<sup>rd</sup> (third) Half-year after the Half-year during which the first disbursement was advanced to the Borrower.
- 6. PROJECT FILE NO. : NC 102952.1.



## 1. INTERPRETATIONS

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

- 1.1.1 "this Agreement" means this Agreement together with any Annexures thereto;
- 1.1.2 "Borrower" means //Khara Hais Municipality;
- 1.1.3 "Business Day" means any day other than a Saturday, Sunday and a Public Holiday;
- 1.1.4 "the DBSA" means the Development Bank of Southern Africa Limited, a juristic person reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act 13 of 1997;
- 1.1.5 "Fixed Rate Loan" means the amount of Loan disbursed and outstanding from time to time in respect of which the Fixed Interest Rate as determined in clause 3.1 shall apply;
- 1.1.6 "Half-year" or "Six-monthly" means from the first day of July to the 31<sup>st</sup> day of December and/or from the first day of January to the 30<sup>th</sup> day of June during the next calendar year;
- 1.1.7 "Interest Payment Date" means the last day of each Interest Period;
- 1.1.8 "Interest Period" means each period of 6 (six) months commencing on 1 July or 1 January of each calendar year. The first Interest Period shall begin to run from the date








of the first disbursement to 30 June or 31 December, whichever immediately follows disbursement. Each Interest Period thereafter shall begin to run from the date of expiry of the preceding Interest Period, even if the first day of this Interest Period is not a Business Day. Notwithstanding the foregoing, any period less than six months running from the date of a disbursement to the date of 30 June or 31 December immediately following this disbursement shall be deemed an Interest Period;

1.1.9 "Loan"

means the financing granted to the Borrower in terms of clause 2;

1.1.10 "On-lending"

means the transfer, by the Borrower, of any amount(s) to any third parties, from the proceeds of the Loan, excluding payments for the procurements of goods and services;

1.1.11 "Parties"

means collectively, the Borrower and the DBSA;

1.1.12 "Project Agent"

means a person nominated in writing by the Borrower to act on its behalf in respect of the Project;

1.1.13 "Project"

means Upgrading of Municipal Infrastructure, as described in more detail in Annexure A attached hereto;

1.1.14 "Reference Banks"

means four major Banks in the Johannesburg Interbank market selected by the DBSA;

1.1.15 "Reset Date"

means the first day of July and January of each calendar year or such other dates as may be agreed to in writing by the Parties;

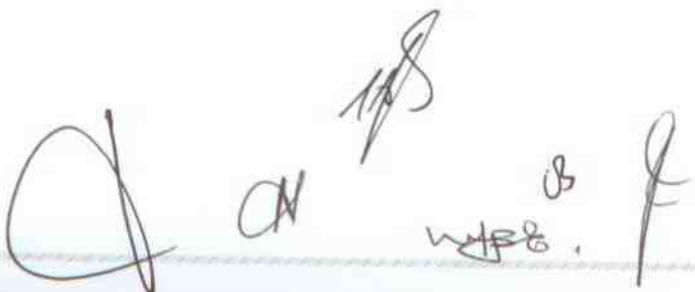
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- 1.1.16 "Reset Period" means a period of 6 (six) months commencing from each Reset Date; and
- 1.1.17 "Unwinding Costs" means any and all actual costs, expenses and disbursements incurred by the DBSA in taking out a new hedge position, closing out, settling or unwinding any hedge transaction deposits or funding transactions that may have been entered into by the DBSA or reacquiring any negotiable instruments that have been issued by the DBSA, in respect of funding any part or all of the Loan.
- 1.2 Headings to the clauses of this Agreement, the table of contents and summary are for reference purposes only and are not intended to affect the interpretation thereof.
- 1.3 Any reference to the singular shall include the plural and vice versa.
- 1.4 Any reference to a natural person shall include an artificial or corporate person and vice versa.
- 1.5 Any reference to one gender shall include the other.
- 1.86 This Agreement shall bind the Borrower and its successors-in-title.

## 2. THE LOAN

- 2.1 The Loan shall be:-
- 2.1.1 an amount not exceeding, in aggregate, R36 625 000.00 (thirty six million six hundred and twenty five 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.

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- 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 unless provided for in this Agreement.

### 3. INTEREST

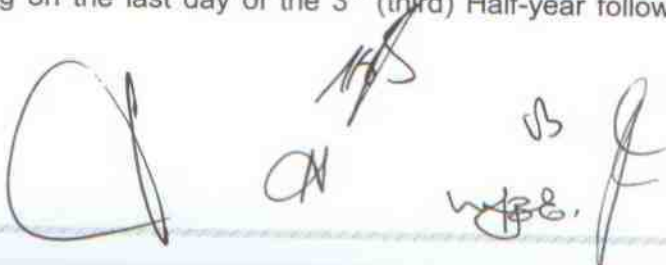
The Loan shall bear interest on the amount from time to time outstanding at a Fixed Rate as follows:

#### 3.1 FIXED INTEREST RATE

- 3.1.1 The Capital shall bear interest on the amount from time to time outstanding at a nominal fixed rate of R186 plus 225 (two hundred and twenty five) basis points (final rate to be determined two days prior to the date of signing of this agreement by the Borrower).
- 3.1.2 Interest on the amount from time to time outstanding shall be compounded Six-monthly and shall be due and payable on the last day of each Half-year. If payment of interest falls on a day other than a Business Day, such interest shall be payable on the next succeeding Business Day.
- 3.1.3 The interest rate for each Interest Period shall be compounded Six-monthly based on the actual number of days elapsed and a 365-day year (irrespective of whether it is a leap year) and shall be payable in arrears on each Interest Payment Date.
- 3.1.4 Payment shall commence on the last day of the Half-year during which the first disbursement was advanced to the Borrower.

### 4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST

- 4.1 The capital amount of the Loan shall be repaid in 38 (thirty eight) equal Six-monthly instalments, commencing on the last day of the 3<sup>rd</sup> (third) Half-year following the

Handwritten signatures and initials in black ink, including a large stylized signature, the initials 'CN', 'MS', 'B', and 'WFB'.



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 be fully repaid; provided that subject to the provisions of clause 7, the Borrower may, with 30 (thirty) days 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; provided further that this shall not jeopardise the proper completion of the Project.

- 4.2 An instalment shall be a fixed amount, determined as at the outset of the 3<sup>RD</sup> (third) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan; calculated as being sufficient to amortise the outstanding amount, plus interest at the rate set out in clause 3.1 above, in 38 (thirty eight) equal Six-monthly payments. Should, at the outset of the said 3<sup>RD</sup> (third) 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, to charge a commitment fee of 0,5% (nought comma five per centum) per annum on all the undisbursed portion of the Loan effective 3 (three) months from the date of conclusion of this agreement.
- 5.2 Payment of the commitment fee shall be made on the same terms and conditions as the other amounts due in terms of this Agreement.

## 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 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 Fixed Rate/interest rate of the Loan plus 2% (two per centum). Penalty interest shall be compounded Six-monthly and payable on demand.

## 7. EARLY REPAYMENT

### 7.1 FIXED RATE LOANS

7.1.1 The Borrower shall, subject to thirty (30) days written notice to the DBSA, be entitled to prepay any portion or the entire principal amount of the DBSA Loan, subject to the payment of a prepayment fee on the principal amount being prepaid. The prepayment fee shall be determined or calculated as follows:

7.1.1.1 where the interest rate of the Loan is less than or equal to the Reinvestment Rate (defined herein below), the Borrower shall be liable to pay Unwinding Costs only (if any) on the prepaid amount;

7.1.1.2 where the interest rate of the Loan is greater than the Reinvestment Rate, the Borrower shall pay to the DBSA an amount equal to the difference (calculated on a present value basis to the DBSA's prejudice) between the interest which the prepaid principal amount 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 repayment schedule as the prepaid principal amount of the Loan as well as any Unwinding Costs.

7.1.2 The Reinvestment Rate shall be the rate at which the DBSA can invest the funds in the relevant Interbank Market, for the period equal to the remaining Loan Period as determined at the relevant Interest Payment Date of such prepaid principal amount.



