

LOAN AGREEMENT

in respect of

INFRASTRUCTURE PROGRAMME 2007/08

made and entered into by and between

SWARTLAND MUNICIPALITY

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED



Handwritten signatures of representatives from both the Swartland Municipality and the Development Bank of Southern Africa. To the right of the signatures is the official logo of the Development Bank of Southern Africa (DBSA), which includes the acronym 'DBSA' and the full name 'Development Bank of Southern Africa' below it.

TABLE OF CONTENTS**PAGE**

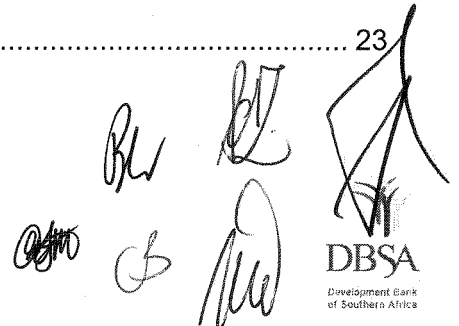
MEMORANDUM OF LOAN

SUMMARY

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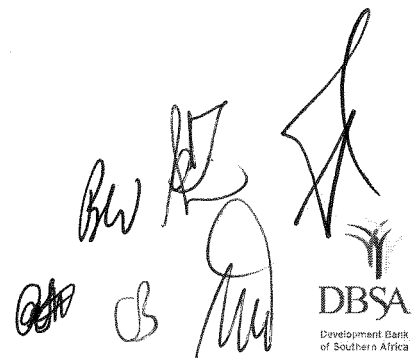
1.	INTERPRETATIONS	1
2.	THE LOAN	3
3.	INTEREST	4
4.	REPAYMENT OF LOAN AND PAYMENT OF INTEREST	4
5.	COMMITMENT FEE	5
6.	LATE PAYMENT	5
7.	EARLY REPAYMENT FOR FIXED RATE LOANS	6
8.	PAYMENT(S)	7
9.	CANCELLATION/TERMINATION OF DRAWDOWNS	7
10.	EVENTS OF DEFAULT	8
11.	CONDITIONS PRECEDENT	9
12.	FURTHER TERMS AND CONDITIONS	10
13.	ARBITRATION	11
14.	GENERAL	12
14.1	PROJECT NOTICE BOARDS	12
14.2	DOMICILIUM	12
14.3	WHOLE AGREEMENT	13
14.4	NON-VARIATION	13
14.5	NON-ENFORCEMENT/INDULGENCE	13
14.6	TERMS AND CONDITIONS OF DISBURSEMENT	14
	SIGNATURE PAGE	15
	ANNEXURE A PROJECT DESCRIPTION	16
	ANNEXURE B SOURCE AND APPLICATION OF FUNDS STATEMENT	19
	ANNEXURE C PROJECT CO-OPERATION	20
	ANNEXURE D AUTHORISATION - BORROWER	22
	ANNEXURE E AUTHORISATION - DBSA	23



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SUMMARY

1. LOAN AMOUNT : R43 113 100.00.
2. LOAN PERIOD : 20 years.
3. FIXED INTEREST RATE : 9.575%.
4. GRACE PERIOD FOR CAPITAL REPAYMENT : 1 (one) year.
5. CAPITAL REPAYMENT : 38 (thirty eight) equal Six-monthly instalments, commencing on the last day of the 3rd (third) Half-year after the Half-year during which the first disbursement was advanced to the Borrower.
6. PROJECT FILE NO. : WC 102966.2.

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1. INTERPRETATIONS

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

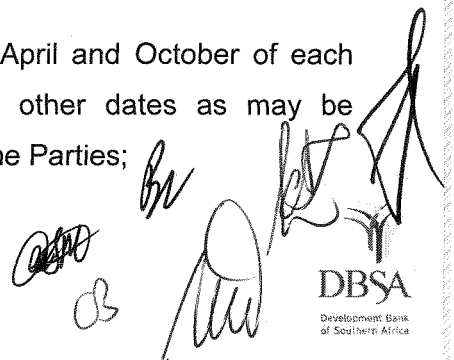
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|-------|---------------------------------|--|
| 1.1.1 | "this Agreement" | means this Agreement together with any Annexures thereto; |
| 1.1.2 | "Borrower" | means Swartland Municipality; |
| 1.1.3 | "Business Day" | means any day other than a Saturday, Sunday and a Public Holiday; |
| 1.1.4 | "the DBSA" | means the Development Bank of Southern Africa Limited, reconstituted and incorporated in terms of Section 2 of the Development Bank of Southern Africa Act No. 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 April to the 30th day of September and/or from the first day of October to the 31st day of March 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 April or 1 October of each calendar year. The first Interest Period shall begin to run from the date |



Handwritten signatures and the DBSA logo (Development Bank of Southern Africa) are present at the bottom right of the page.

of the first disbursement to 31 March or 30 September, 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 31 March or 30 September 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 Infrastructure Programme 2007/08, 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 April and October of each calendar year or such other dates as may be agreed to in writing by the Parties;



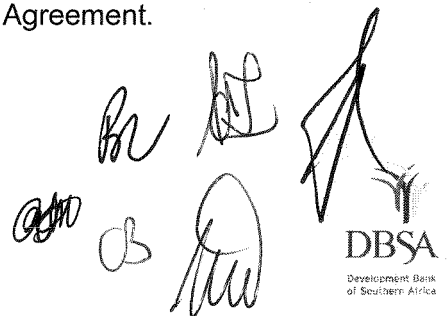
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- 1.1.16 "Reset Period" means a period of 6 (six) months commencing from each Reset Date; and
- 1.1.17 "Unwinding Costs" means any and all actual costs, expenses and disbursements incurred by the DBSA in taking out a new hedge position, closing out, 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.
- 1.6 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, R43 113 100.00 (fourty three million one hundred and thirteen thousand one hundred 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 outstanding at a nominal fixed rate of 9.575% per annum.

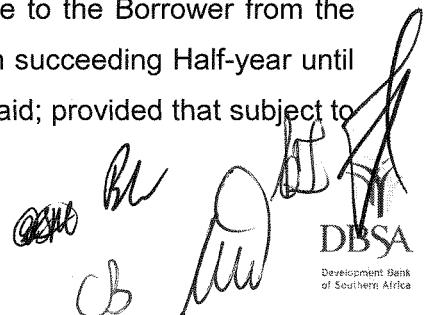
3.1.2 Interest on the amount outstanding shall be compounded Six-monthly and shall be due and payable on the last day of each Half-year. If payment of interest falls on a day other than a Business Day, such interest shall be payable on the next succeeding Business Day.

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 three) equal Six-monthly instalments, commencing on the last day of the 3rd (third) 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 be fully repaid; provided that subject to

The block contains several handwritten signatures in black ink. To the right of the signatures is the logo of the Development Bank of Southern Africa (DBSA), which includes the acronym 'DBSA' in a bold, sans-serif font and the full name 'Development Bank of Southern Africa' in a smaller font below it.

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.

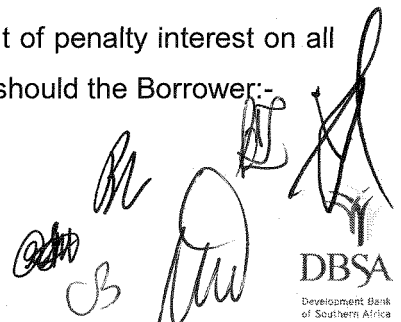
- 4.2 An instalment shall be a fixed amount, determined as at the outset of the 3rd (third) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan; calculated as being sufficient to amortise the outstanding amount, plus interest at the rate set out in clause 3.1 above, in 38 (thirty eight) equal Six-monthly payments. Should, at the outset of the said 3rd (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 Borrower shall furnish the DBSA with Disbursement Schedules. In the event that the Borrower deviates from the Disbursement Schedules, 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.
- 5.2 In the event that no Disbursement Schedules are furnished, 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.
- 5.3 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:-



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

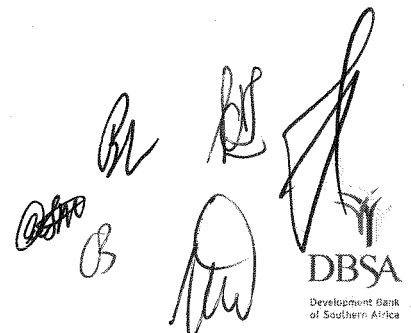
7. EARLY REPAYMENT

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.

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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.

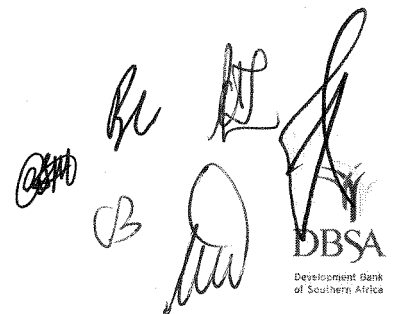
7.1.3 The discount rate used shall be equal to the Reinvestment Rate.

8. PAYMENT(S)

- 8.1 All payments to or by the Parties under this Agreement shall be effected in South African Rand.
- 8.2 All payments under this Agreement to the Borrower shall be effected to the credit of such banking account(s) of the Borrower as the Borrower may from time to time direct, in writing.
- 8.3 The Borrower shall furnish the DBSA with all the necessary information regarding its officials who are authorised to apply for drawdowns on the Borrower's behalf.
- 8.4 All payments under this Agreement to the DBSA shall be effected to the credit of such banking account(s) of the DBSA as the DBSA may from time to time direct, in writing.
- 8.5 Payments to the DBSA in terms of this Agreement shall be effected without deduction and free from any taxes, charges, fees or other costs whatsoever.
- 8.6 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 supra shall be reduced pro rata.

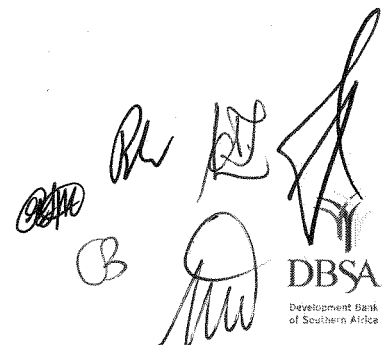


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- 9.2 If the DBSA reasonably concludes, after consultation with the Borrower, that any portion(s) of the Loan will not be required to finance the Project, the DBSA may by notice to the Borrower terminate the right of the Borrower to make drawdowns in respect of such undrawn portion; it being understood that upon giving of such notice the instalments referred to in clause 4.1 supra 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 3rd (third) 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 sub-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;

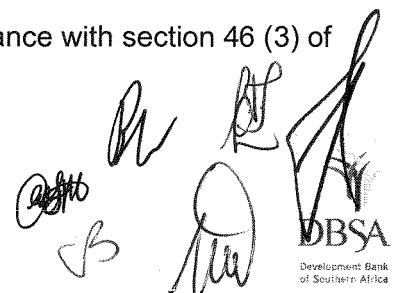


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- 10.2.3 any failure to repay any of the DBSA's loans or breach of any agreement entered into between the Borrower and the DBSA and/or with any other lender/creditor;
- 10.2.4 any fact or circumstance shall have occurred which in the opinion of the DBSA may affect the ability or willingness of the Borrower to comply with all or any of its obligations under 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 its 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
- 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 under 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. CONDITIONS PRECEDENT

- 11.1 The Borrower shall furnish the DBSA with proof of compliance with section 46 (3) of the MFMA.

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- 11.2 The Borrower shall furnish the DBSA with a certified copy of the Council Resolution, signed by the Mayor, authorizing the Borrower to conclude the Loan Agreement with the DBSA.
- 11.3 The operation of this Agreement is subject to the Borrower, contemporaneously with the signing of this Agreement, having, as its reference, WC 102966/2, conclude Loan Agreements WC102966/1, to the total amount (two agreements) of R 45 375 100 with the DBSA.

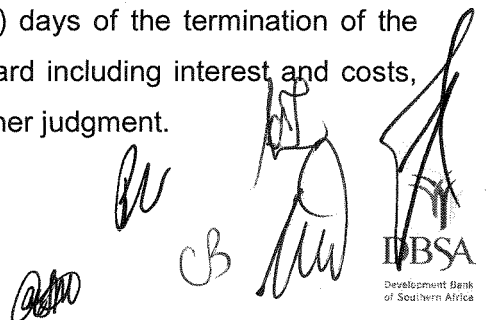
12. FURTHER TERMS AND CONDITIONS

- 12.1 The Borrower, hereby, undertakes to provide the DBSA with its Audited Annual Financial Statements within six (6) months from the end of its financial year.
- 12.2 The Borrower, hereby, acknowledges that, in the event of it defaulting, in any manner, whatsoever, in respect of any of its obligations, pursuant to the agreements that it has concluded with the DBSA, in respect of all projects previously funded by the DBSA in the Borrower's area of jurisdiction, such default shall be ipso facto deemed to be a default in respect of this loan and the DBSA shall accordingly, when it becomes aware of the relevant facts or circumstances, be entitled to exercise any of its rights in terms of this loan and the Loan Agreement previously concluded with the Borrower. The exercise of the rights by the DBSA, may, in law, have against the Borrower, including the right to demand specific performance by the Borrower of its obligations in terms of the Agreement.
- 12.3 The Borrower hereby undertakes to comply with the provisions of the MFMA in all its activities, including using the procurement processes in appointing contractors for the project.
- 12.4 The Borrower, hereby, undertakes not to enter into any further debt obligations, which will result in the servicing of external loans ~~in excess of 20% (twenty percent) of the Borrower's operating income, without consulting and obtaining written consent from the DBSA.~~

informing in writing the DBSA
of such external loans.

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 the terms/conditions of this Agreement which is not resolved amicably through consultations or negotiations shall, subject to the other provisions of this Agreement, 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 under 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 case of arbitration a tribunal shall be composed 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/she has to adjudicate. In case the arbitrator resigns or becomes unable to act, a successor shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and the successor shall have all the powers and duties of his/her predecessor.
- 13.3 The arbitration shall be held at the place and in accordance with whatever procedures the arbitrator considers appropriate. In particular, the arbitrator, may, if he/she 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/her judgment.



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

- (i) In case of the DBSA:-

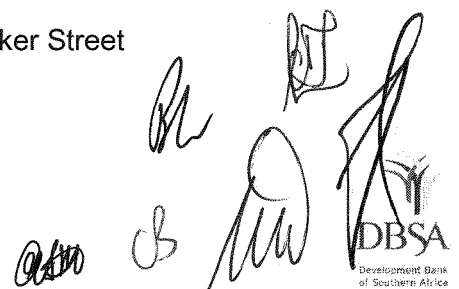
Physical address: Development Bank of Southern Africa Limited
1258 Lever Road
Headway Hill
MIDRAND
SOUTH AFRICA; or

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

Telefax number: (011) 313 3086

- (ii) In case of the Borrower:-

Physical address: Swartland Municipality
Municipal Head Office
c/o Church and Voortrekker Street
Malmesbury; or



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Postal address: Private Bag X52
Malmesbury
7299

Telefax number: (022) 482 2935

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

14.2.3 All notices made by either Party to the other ("the addressee") which:-

- (i) is delivered by hand during the normal business hours of the addressee at the addressee's domicilium for the time being shall be presumed to have been received by the addressee at the time of delivery;
- (ii) is posted by prepaid registered post to the addressee at the addressee's domicilium 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 agree that all other forms of correspondence and/or requests may be done through fax and/or electronic mail (e-mail).

14.3 **WHOLE AGREEMENT**

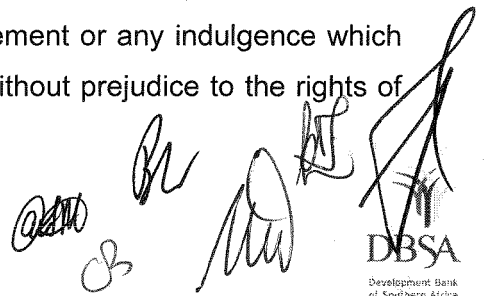
This Agreement (including the Annexures) constitutes the entire Agreement between the Parties and no representations, warranties, undertakings or promises of whatever nature which may have been made by any of the Parties, their agents or employees, other than those herein contained, shall be binding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

14.4 **NON-VARIATION**

No variation, amendment 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



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such first-mentioned Party to insist upon strict compliance by such other Party with all the provisions of this Agreement or to enforce its right in respect of which such indulgence was granted.

14.6 TERMS AND CONDITIONS OF DISBURSEMENT

14.6.1 Claims will be made 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 R 43 113 100.00.

14.6.2 This is subject to submission to DBSA of fully documented proof of expenditure by the Borrower to supplier(s), consultant(s) and/or contractor(s), of actual claims (or in-house expenses incurred), as approved by the Borrower or its authorised representative.

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THUS DONE AND SIGNED AT MALMESBURY ON THE 6th DAY OF August 2008.

AS WITNESSES:

1. [Signature]

2. [Signature]

[Signature]
FOR AND ON BEHALF OF THE
BORROWER, DULY AUTHORISED
THERETO IN TERMS OF ANNEXURE D
ATTACHED HERETO

THUS DONE AND SIGNED AT MIDRAND ON THE 2nd DAY OF September 2008.

AS WITNESSES:

1. Benedict Winiwe

2. [Signature]

[Signature]
FOR AND ON BEHALF OF THE DBSA,
DULY AUTHORISED THERETO IN
TERMS OF ANNEXURE E ATTACHED
HERETO

PROJECT DESCRIPTION

1. PROGRAMME GOAL

To capacitate Swartland Municipality to improve service delivery and address development needs within its communities through the IDP prioritised upgrading of existing and installation of new bulk and reticulation infrastructure as well as the purchasing of special purpose vehicles and equipment needed by the Municipality's Service Departments.

2. PROGRAMME OBJECTIVE

The objectives of the Programme elements are:

- 2.1 Through the upgrading of bulk infrastructure and the development of affordable residential sites, to target the delivery of basic services to the poorest communities in the Swartland municipal area;
- 2.2 Through the provision of service delivery infrastructure, to ensure that municipal services are delivered and the infrastructure is operated and maintained in the Swartland communities; and
- 2.3 Through the capital programme, in an equitable way, increase the socio-economic profile of about 12 000 households in the Swartland area, and strengthen service delivery.

3. PROGRAMME OUTPUTS

The Programme comprises individual projects and procurements, included in Swartland Municipality's Capital Development Programme, that are predominantly a continuation (phases) of the Municipality's multi-year bulk and service infrastructure upgrading programmes that will address backlogs related to:

Description	INVESTMENT VALUE	
Electricity projects	R 7 364 956	Loan 2
Water projects	R 1 789 200	Loan 2
Sewage projects	R14 202 882	Loan 1 and 2
Roads projects	R 8 242 456	Loan 1 and 2
Urban services projects	R10 949 606	Loan 2
Buildings and related projects	R 2 826 000	Loan 1 and 2
Total Programme Amount	R 45 375 100	

The borrower has grouped separate projects in terms of two economic life categories, as stipulated in the original tender, indicated below.

Loan	Amount	Term(years)
1	R 2 262 000	15
2	R 43 113 100	20

Total Amount R45 375 100.

4. INSTITUTIONAL ARRANGEMENTS

- 4.1 The DBSA will be assisted by the Technical Department to control and manage implementation and ensure, through ongoing monitoring, that the Projects are implemented, according to the Project Description and conditions contained in the Loan Agreements.
- 4.2 The Borrower shall ensure that reports be submitted to the DBSA reflecting progress made with the Projects.
- 4.3 The Borrower shall have the responsibility for maintaining and operating the infrastructure, after full implementation of the Projects.

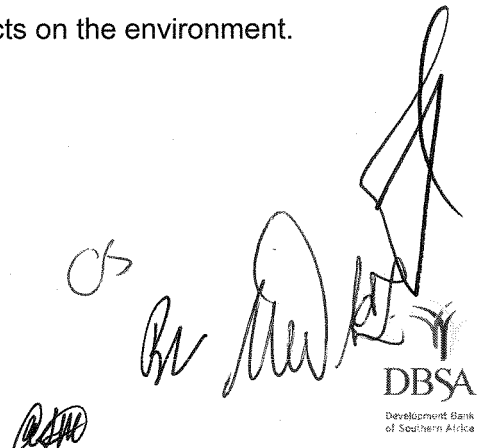
5. IMPLEMENTATION FRAMEWORK

- 5.1 The SM undertakes to utilize the maintenance budget in order to preserve the economic life of the infrastructure assets funded by these Loans.
- 5.2 DBSA will, with regular intervals, but not less than once per annum, assess the institutional and financial capacities of the SM to operate and maintain the projects.

6. ENVIRONMENTAL IMPACT MANAGEMENT

- 6.1 Environmental management will be integrated into the management of all the Projects. The mechanisms that will guide the implementation of the Projects will, therefore, include in its monitoring, all possible impacts on the environment.

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LOGFRAME

	SUMMARY	INDICATORS	VERIFICATION	ASSUMPTIONS
GOAL	To improve the provision of municipal services to the communities residing within the Swartland Municipality through the funding of a portion of the 2007/08 Capital Budget of the Municipality. This will contribute to the improvement of socio-economic conditions of these communities	Services both appropriate and affordable	Annual monitoring by DBSA team as part of Project Monitoring	SM accepts the DBSA loan agreements
PURPOSE	To support socio-economic development in the urban and semi-urban areas within this area of jurisdiction, through the provision of new infrastructure, and the upgrading of existing fixed assets, that will benefit the communities served by the SM	* Increase consumer base * Alignment with Provincial/ National directives	Annual monitoring as part of Project Monitoring	All developments are approved by stakeholders
OUTPUTS	▪ Moveable Assets ▪ Bulk Water ▪ Bulk Sanitation ▪ Bulk Electrical ▪ Urban services	▪ Improved service delivery. ▪ Hygiene related diseases. ▪ Electricity consumption. ▪ Community utilisation.	▪ Improved living conditions. ▪ Reduced hygiene related diseases. ▪ Household consumption.	▪ Improved health conditions. ▪ Increased water quality (run-off). ▪ Records kept by clinics.
ACTIVITIES	Monitoring project implementation	Project elements implemented according to engineering specifications	Construction and quality to be verified by responsible consultant engineers.	All role players that can contribute to a successful implementation will be involved

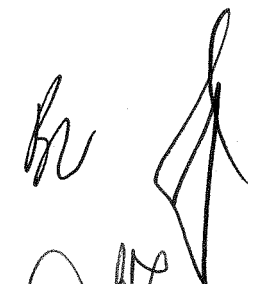







SOURCE AND APPLICATION OF FUNDS STATEMENT

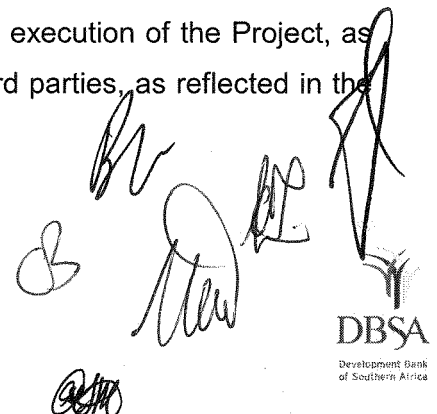
SECTOR	DBSA LOAN R	Borrower	TOTAL R
Electrical Projects	7 364 956	0	7 364 956
Water Projects	1 789 200	0	1 789 200
Sewage Projects	14 150 882	0	14 150 882
Roads/Stormwater Projects	7 142 456	0	7 142 456
Buildings and Equipment	1 716 000	0	1 716 000
Urban Infrastructure	10 949 606	0	10 949 606
Total Amount	43 113 100	0	43 113 100






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;



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- 2.3 be responsible for the management and maintenance of work carried out, within the context of the Project;
- 2.4 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;
- 2.5 apply the Loan, in accordance with Annexure B; and
- 2.6 preserve all documents and accounting records, relating to the Project, up to the expiry of a period of 9 (nine) years, after signature of this Agreement, 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.

The bottom right corner of the page contains several handwritten signatures in black ink. Below the signatures is the logo of the Development Bank of Southern Africa (DBSA), which consists of a stylized tree icon above the letters 'DBSA' and the full name 'Development Bank of Southern Africa' in smaller text below.

**AUTHORISATION
BORROWER**

Handwritten signatures and initials are present in the bottom right corner of the page.



**DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED: DELEGATIONS OF SIGNING AUTHORITIES
FOR INVESTMENT LOANS AND TECHNICAL ASSISTANCE**

PAUL CAMBO BALOYI

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 Limited on 20 March 1997, as amended and read with section 5 of the Development Bank of Southern Africa Act No 13 of 1997, determined on 1 October 2006 that:

PAUL CAMBO BALOYI

in his capacity as Chief Executive Officer
and Managing Director

OR

LEONIE VAN LELYVELD

in her capacity as Chief Risk officer
and Acting as Chief Financial Officer

OR

ADMASSU YILMA TADESSE

OR

SAMSON GWEDE MANTASHE

OR

ERNEST ARTHUR DIETRICH

OR

LOYISO PITYANA

OR

LEWIS MAXWELL MUSASIKE

OR

SNOWY JOYCE KHOZA

OR

MAGARE LUTHER MASHABA

OR

JEANETTE SIBONGILE NHLAPO

in their capacities as Executive Managers

OR

SAMUEL RAPULANE MOGOTOTOANE

in his capacity as Manager: Legal Services

