

LOAN AGREEMENT

Made and entered into by and between:



INCA

Portfolio Managers

INCA Portfolio Managers (Pty) Limited
(Reg. No 2008/024107/07)

(hereinafter referred to as "the Lender")

and

Swartland Municipality
(hereinafter referred to as "the Borrower")

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IT IS AGREED AS FOLLOWS:

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 "Business Day" – means any day which is not a Saturday, Sunday or official public holiday recognised as such under the Public Holidays Act, No 36 of 1994;
- 1.5 Loan means the loan specified in clause 2.1;
- 1.6 "Prime Rate" – means the interest rate (per cent, per annum, compounded monthly) from time-to-time published by FirstRand Bank Limited (herein referred to as FirstRand) as being its prime overdraft rate, as certified by any manager of FirstRand whose appointment and designation need not be proved;
- 1.7 "Draw down Date(s)" – means the date(s) on which capital amounts of the Loan are drawn down by the Borrower as stipulated in Annexure A.
- 1.8 "Maturity Date" – means the date of the final payment in respect of each of the Loan in terms of this agreement.
- 1.9 "Nominated bank account" – means the bank account nominated by the Lender as the account to which the Borrower may make payments for the credit of the Lender.

2. THE LOAN

- 2.1 Upon and subject to the terms and conditions set out hereinafter, the Lender will provide or procure for the Borrower who hereby borrows from the Lender the amount of R 35 million on the drawdown date(s), stipulated in Annexure A.
- 2.2 Subject to the provisions of clauses 5 and 6.1, the Borrower shall be entitled to draw down the Loan after execution of this Agreement in the amounts and on the drawdown date(s) stipulated in Annexure A.

3. INTEREST

- 3.1 The Loan shall bear interest at a rate of 10.96% (ten point ninety six) per cent) per annum (compounded semi-annually – NACS).
- 3.2 Interest shall be calculated on the outstanding balance of the amount of the Loan, plus any interest thereon outstanding or already capitalized from time-to-time.
- 3.3 Interest on the Loan shall be paid to the Lender (as stipulated in Annexure A) six monthly in arrears on the first day of the month, the first of such payments to be made on 31 December 2011, and thereafter on the last day of each and every successive six monthly period, provided that if any such day of the month is not a Business Day, then such payment shall be made on the preceding Business Day.
- 3.4 If at any time or times during the currency of this Agreement –
- 3.4.1 any new law, ruling or regulation is promulgated, given or adopted;
 - 3.4.2 there are any changes to any present or future law, ruling or regulation;
 - 3.4.3 there are any changes in the interpretation or administration of any law, ruling or regulation by any relevant monetary or fiscal authority;
 - 3.4.4 there is any compliance by the Lender with any directive or request, whether or not having the force of law, from any monetary or fiscal authorities, which would or does –

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- (a) subject the Lender to any taxes, duties or other charges in respect of this Agreement or change the basis of taxation of the Lender in respect of payments of principal or interest/fees payable to the Lender (except for changes in the rate of taxation on the overall net income of the Lender); or
- (b) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets or deposits with or for the account of, or credit extended by the Lender; or
- (c) impose on the Lender 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 Lender of making this advance or maintaining this Agreement or to reduce any amount or amounts received or receivable or loanable by the Lender hereunder by a sum which the Lender deems material, then the Borrower shall pay to the Lender on demand and while such circumstances continue, such fee as the Lender may impose or such additional amount or amounts which will compensate the Lender for such additional cost or reduced receipts.

3.5 The Lender shall give the Borrower 30 (thirty) days notice of all amounts payable in terms of clause 3.4, and a certificate signed by any Director of the Lender (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.

4. REPAYMENT

- 4.1 The capital amount of the Loan and any accrued but unpaid interest thereon shall be repaid to the Lender as stipulated in Annexure A.
- 4.2 All payments to be made pursuant to this Agreement must be made by means of transfer to the Lender's nominated bank account, nominated in writing, for credit on the date on which such payment is due, with proof of such payment provided to the Lender.

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5. CONDITIONS PRECEDENT

Notwithstanding anything to the contrary in this Agreement, the Borrower shall not be entitled to draw down the Loan unless and until the Borrower has fulfilled the following conditions precedent:

- 5.1 The Borrower shall provide the Lender with a copy of the resolution authorising the Loan in accordance with the requirements of the Municipal Finance Management Act, No 56 of 2003, and / or the Public Finance Management Act, No 1 of 1999, if applicable, as well as authorising the accounting officer or official(s) to sign the documents, also in accordance with the requirements of the Municipal Finance Management Act, No 56 of 2003, and / or the Public Finance Management Act, No 1 of 1999, if applicable, on behalf of the Borrower.
- 5.2 The Borrower and the Lender shall each provide the other with a signed copy of this Agreement and its Annexure(s).

Provided that in the event of the above conditions precedent not having been fulfilled by the 31st day of July 2011 or any other date, which may be agreed upon between the parties in writing, then the Lender may terminate this Agreement and any amount paid by the Lender to the Borrower will immediately become due and payable.

6. CONDITIONS

- 6.1 Unless the Lender notifies the Borrower that the Borrower has not fulfilled the conditions precedent, the Borrower is obliged to draw down the Loan on the draw down date(s).
- 6.2 Subject to the Borrower having fulfilled the conditions precedent, the Lender is obliged to disburse the amounts to the Borrower on the draw down dates.
- 6.3 The Borrower will during the currency of this Agreement not incur additional long-term debt or borrowings without the prior written consent of the Lender, which consent will not be unreasonably withheld. The basis for such consent being withheld or granted will be the adherence by the Borrower to the covenants stipulated in section 7 hereafter.

7. COVENANTS

- 7.1 The Debt Service to Income Ratio of the Borrower, (where Debt Service is defined as the sum of External Interest Paid per the cash flow statement of the Borrower plus External Debt Repayment (net of transfers to and from redemption funds) in any one year per the cash flow statement of the Borrower and where Income is defined as the Total Income per the Income Statement of the Borrower minus conditional grants) shall not exceed 15% (fifteen per cent).
- 7.2 The total capital amount of long-term loans due by the Borrower, on any financial year-end date of the Borrower, to all financial institutions and investors in debt of the Borrower, inclusive of the short-term portion of long-term debt, if any, shall not exceed 50% of the annual operational revenue of the Borrower as published in the financial statements of the Borrower.

8. EVENTS OF DEFAULT

If any of the following events, each of which shall be severable and distinct from the others of them, shall occur, namely –

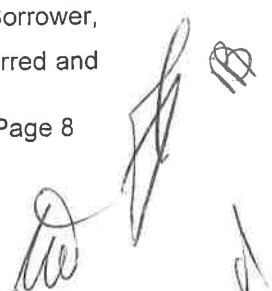
- 8.1.1 the Borrower commits a breach of any of the terms and conditions of this Agreement or any of the terms and conditions of any securities which may have been given in respect of this Agreement and such breach is not remedied within a period of 30 (thirty) days after receipt of written notice of such breach; or
- 8.1.2 the Borrower enters into any compromise, composition or arrangement with any of its creditors or attempts to do so; or
- 8.1.3 the Borrower defaults in the due payment or due performance on any amount payable or obligation to be performed under any agreement which amount or which obligation the Lender considers to be material; or
- 8.1.4 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
- 8.1.5 the Borrower defaults in the due payment of any amount falling due for payment under any suretyship or other guarantee to which it is a party; or

- 8.1.6 the Borrower suffers any default judgement against it to remain unsatisfied for 30 (thirty) days, or is refused a rescission of any default judgement; or
- 8.1.7 if such judgment is appealable, the Borrower fails to appeal against such judgment within the prescribed time limits or fails to diligently prosecute such appeal thereafter or ultimately fails in such appeal; or
- 8.1.8 if such judgment is reviewable, the Borrower fails to initiate proceedings for the review thereof within the prescribed time limits or fails to diligently prosecute such proceedings thereafter or ultimately fails in such proceedings; or
- 8.1.9 the Borrower stops payment of any liquid document made payable to the Lender; or
- 8.1.10 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; or
- 8.1.11 the Borrower is dis-established as a municipality, or incorporates into its jurisdiction other municipalities, or its powers are materially affected as a result of Provincial or National legislation that is aimed at changing the present status of local government and by implication directly or indirectly the powers of the Borrower; or
- 8.1.12 the Borrower fails to pay any indebtedness on the due date for payment and fails to remedy same within the remedy period applicable thereto (if any) or should any party be entitled to claim repayment of any indebtedness of the Borrower prior to the scheduled date for the repayment thereof; or
- 8.1.13 the Borrower is deemed to be in breach or default of, or commit or permit a material breach of any of the terms, warranties, undertakings, representations, commitments or conditions of this agreement (other than a term relating to payment of an amount referred to above) and fail to remedy such breach within fourteen days after receipt of notice from the Lender of such breach, or commit any breach mentioned in this after having previously committed any such breach on more than one occasion and the lender has given notice in terms of this in respect of each such occasion; or
- 8.1.14 the Borrower has any application or other proceedings brought against or in respect of it in terms of which it is sought to be provisionally or finally wound-up, liquidated, dissolved, dis-established or placed under judicial management or have any equivalent

application or proceedings brought against it in terms of any equivalent applicable legislation; or

- 8.1.15 the Borrower alienates or encumbers any of its assets other than in the ordinary course of its business; or
- 8.1.16 the Borrower makes any materially incorrect or untrue statement or representation to the Lender in connection with this agreement or its financial affairs or in any relevant particulars thereof; or
- 8.1.17 the Borrower does anything which may reasonably prejudice the Lender's rights in terms of this agreement; or
- 8.1.18 the Borrower incurs any indebtedness to any third party other than in the ordinary course of business; or
- 8.1.19 save as contemplated in this agreement, the Borrower issues, or becomes bound by, any guarantee, suretyship, indemnity or similar intercession other than in the ordinary course of its business; or
- 8.1.20 the Lender, in its reasonable discretion, determines that a material adverse change in the conditions surrounding the Borrower has occurred; or
- 8.1.21 any amendments be made to or proposed to be made to any applicable laws which may or does affect the authority, ability, business and/or operations of the Borrower which could adversely affect the ability of the Borrower to comply with its obligations under this agreement; or
- 8.1.22 the Borrower requests the intervention of the Municipal Financial Recovery Service, as per Chapter 13 of the Municipal Finance Management Act, No 56 of 2003; or
- 8.1.23 the covenants contained in clause [7] are breached;

Then, without prejudice to any other rights which might thereupon be available to the Lender, the full amount owing in terms of this Agreement together with all interest then accrued but unpaid and other charges and unwinding costs, together with any amounts due or claimable by the Lender from the Borrower in terms of any other loan or agreement, whether initially entered into directly between the Borrower and the Lender, or whether acquired by the Lender from any third party in terms of any financial transaction, shall forthwith become immediately due and payable by the Borrower, following the Lender's written notification to the Borrower that an event of default has occurred and



claiming the amounts due to the Lender in terms of this Agreement or in terms of any other loan or agreement as contemplated in this clause.

8.2 If any of the events specified in clause 8.1 become applicable in respect of any person, other than the Borrower, who provides the Lender or whose security have been ceded to the Lender, if any, with any form of security in respect of this Agreement (and for such purpose, a reference to "Borrower" in clause 8.1 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 Lender to avail itself of the remedies specified in clause 8.1.

9. REPRESENTATIONS AND WARRANTIES

9.1 The Borrower represents and warrants that –

9.1.1 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;

9.1.2 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;

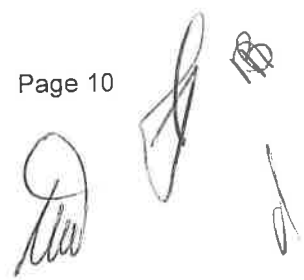
9.1.3 the Borrower is not in default in respect of any of its obligations in respect of money advanced and no event specified in clauses 7 and 8 has occurred and is continuing;

9.1.4 all information supplied or to be supplied to the Lender by the Borrower concerning the Borrower's business as contained in the Borrower's balance sheets, trading and profit and loss accounts or income statement, cash flow statements 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 and in compliance with Generally Accepted Municipal Accounting Policies, to the extent applicable;

9.1.5 that this Agreement will not result in the Borrower exceeding its borrowing powers or budgeted loan requirements as approved by the Council of the Borrower for the financial year to which it applies;

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- 9.1.6 that the Borrower will at all times comply with all the requirements of section 21A of the Municipal Systems Act, No 32 of 2000, which requirements are set out in section 46 of the Municipal Finance Management Act, No 56 of 2003;
- 9.1.7 that the Borrower will comply with the requirements relevant to this Agreement, of the Municipal Finance Management Act, No 56 of 2003;
- 9.1.8 that with regard to the projects being funded by the proceeds of the Loan and generally with regard to its operations, that there will be compliance with all environmental legislation (which includes but is not limited to the provisions of the Environmental Conservation Act, No. 73 of 1989, any legislation passed pursuant to or envisaged in Section 24 of the Constitution of the Republic of South Africa, any provincial ordinances and the common law), and hereby indemnifies all of the Lender's servants and directors, in respect of any and all claims, penalties, fines or forfeitures, of whatever nature, arising from a breach of the aforesaid warranty and undertaking;
- 9.1.9 that or as long as any amount in respect of the Borrower's commitment to the Lender remains outstanding, the Borrower shall not create or permit to subsist any mortgage, pledge, lien or other encumbrance of whatsoever nature on any of its assets or revenues, the nature of which is that it would deteriorate the solvency and or liquidity of the Borrower to the detriment of the Lender, without the prior written agreement of the Lender, the latter which shall not be unreasonably withheld;
- 9.1.10 that for the duration of the Agreement on at least an annual basis provide the Lender free access to all information in order to enable the Lender to do a credit review and the Borrower shall fully co-operate with the Lender in this process;
- 9.1.11 that despite any financial or other emergencies that may arise in the operations of the Borrower, that interest due to the Lender in terms of this Agreement will continue to accrue;
- 9.1.12 that the Borrower will acknowledge any cession or sale of the Lender's rights in terms of this agreement to a third party.

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10. CESSION AND ASSIGNMENT

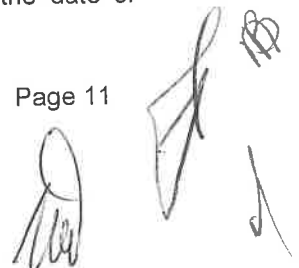
- 10.1 The Lender shall be entitled to sell, cede or assign all, or a portion, of its rights pursuant to this Agreement to any third person or persons,
- 10.2 The Borrower hereby consents to such sale, cession or assignment.
- 10.3 Should any such sale, cession or assignment result in a splitting of claims against the Borrower, the Borrower hereby consents to such splitting of claims.
- 10.4 The Lender shall inform the Borrower in writing of any sale, cession or assignment and shall provide the Borrower with the relevant domicilia and bank account details, which the Borrower undertakes to acknowledge in writing without delay.
- 10.5 The Borrower shall not cede, pledge, assign, transfer, make over, hypothecate or in any other way alienate or encumber all or any of its rights, benefits, interests and/or obligations under this Agreement to any third person without the prior consent of the Lender.

11. EARLY REDEMPTION

- 11.1 The Borrower may at any time by written notice to the Lender request the Lender to agree to early redemption of the Loan on a date ("the Prepayment Date") specified in such notice.
- 11.2 In the event that the Lender agrees to the Prepayment Date the Borrower and the Lender shall first negotiate and agree to the compensation, which the Lender shall be entitled to for such early repayment. Such compensation shall fully compensate the Lender for the costs, expenses, liabilities or losses incurred or suffered in connection with, or following the modification, breaking, or unwinding, or funding from other sources, or any arrangement which the Lender may have made for investing any repayments of the Loan and for hedging the Loan during the period from draw down date to maturity date.

12. PENALTY INTEREST

Should the Borrower fail to pay on due date any amount falling due or payable to the Lender under or arising from this Agreement then, without prejudice to such other rights that may accrue to the Lender consequent upon such failure, such overdue amounts shall bear additional finance charges at whatever rate is the greater from time-to-time of 2% (two percent) above the Prime Rate or of 19% (nineteen percent) per annum compounded half yearly from the due date to the date of payment to the Lender.



13. CERTIFICATE OF INDEBTEDNESS

A certificate signed by any director of the Lender (whose appointment 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 Lender or of such other fact for the purpose of any application or action, judgement or order or for any other purpose whatsoever.

14. DOMICILIA

14.1 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:

THE LENDER:	Building 3, Pinewood Office Park 33 Riley Road Woodmead Ext. 3 Sandton Telefax: 011 202 2232 Attention: Chief Executive Officer
THE BORROWER:	Swartland Municipality Municipal Building Church Street Malmesbury Telefax: 022 487 9440 Attention: Municipal Manager

14.2 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.

14.3 Either party may by written notice to the other party change its chosen *domicilium* to another physical address or change its fax number, provided that the change will become effective on the 7th day after the receipt of the notice by the addressee and provided such other physical address is a South African address.

14.4 Any notice to a party contained in a correctly addressed envelope and –

14.4.1 sent by prepaid registered post to its chosen address; or

14.4.2 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 clause 13.4.1, on the seventh business day after posting (unless the contrary is proved) and, in the case of clause 13.4.2, 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 2 hours of transmission, provided that, if the deemed time of receipt is not during normal business hours then it is deemed to have been received one hour after the commencement of normal business hours on the next Business Day.

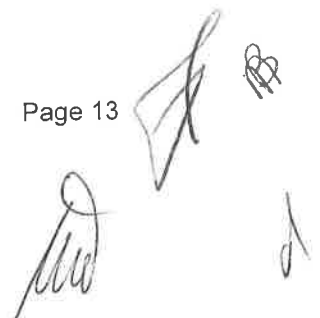
15. ENTIRE AGREEMENT

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

16. COSTS AND EXPENSES

16.1 All stamp duties payable in respect of this Agreement or in respect of any guarantees or securities given in respect hereof and all costs and expenses incurred by the Lender in connection with the preparation of this Agreement and any securities relating thereto shall be for the account of the Borrower and shall be payable on demand.

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

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17. JURISDICTION

17.1 The Borrower hereby consents and submits to the jurisdiction of the Magistrate's Court having jurisdiction in the area where the Borrower has its offices, 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 Lender shall not be obliged to institute action in the Magistrate's Court.

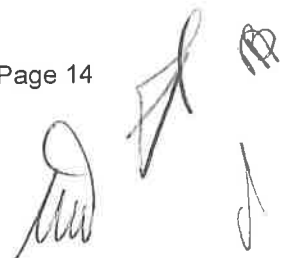
17.2 Notwithstanding the provisions of clause 16.1 the Lender shall be entitled to institute any proceedings against the Borrower in connection with this Agreement in the High Court of South Africa and the Borrower hereby consents and submits to the jurisdiction of that court and agrees that any costs awarded against the Borrower be awarded or paid in accordance with clause 15.2 hereof on the High Court tariff.

18. INDULGENCE

No relaxation or indulgence granted by the Lender to the Borrower from time-to-time shall be deemed to be a waiver of the Lender'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.

19. 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 be determined in accordance with such law.

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20. EXECUTION

This Agreement is executed for and on behalf of –

20.1 The Lender by Adriaan Johannes van Zyl, in his capacity as Chief Executive Officer of the Lender.

20.2 The Borrower by JOACHIM JACOBUS Smit (full names), in his capacity as the Municipal Manager (designation) of the Borrower, he being duly authorised hereto under and by virtue of a resolution passed by the Council of the Borrower on the 5 day of MAY 2011

THUS DONE AND SIGNED AT MALMESBURY
on this the 28th day of JULY 2011
In the presence of the undersigned witness:

AS WITNESS:

Patra

for and on behalf of:

THE LENDER

Adriaan Johannes van Zyl

THUS DONE AND SIGNED AT MALMESBURY
on this the 28th day of JULY 2011
In the presence of the undersigned witness:

AS WITNESS:

[Signature]

for and on behalf of:

THE BORROWER

[Signature]

ANNEXURE A to the LOAN AGREEMENT dated 28 July 2011 entered into by and between
INCA PORTFOLIO MANAGERS (PTY) LTD and SWARTLAND MUNICIPALITY

#	Date	Interest	Capital	Repayment	Balance
	05-Aug-11				35 000 000.00
1	30-Dec-11	1 544 909.59	268 410.65	1 813 320.24	34 731 589.35
2	29-Jun-12	1 898 076.60	277 907.69	2 175 984.29	34 453 681.66
3	31-Dec-12	1 913 925.61	262 058.67	2 175 984.29	34 191 622.98
4	28-Jun-13	1 837 766.95	338 217.34	2 175 984.29	33 853 405.64
5	31-Dec-13	1 890 745.17	285 239.12	2 175 984.29	33 568 166.52
6	30-Jun-14	1 824 416.06	351 568.23	2 175 984.29	33 216 598.29
7	31-Dec-14	1 835 230.71	340 753.58	2 175 984.29	32 875 844.70
8	30-Jun-15	1 786 788.65	389 195.64	2 175 984.29	32 486 649.06
9	31-Dec-15	1 794 900.71	381 083.58	2 175 984.29	32 105 565.49
10	30-Jun-16	1 754 564.76	421 419.53	2 175 984.29	31 684 145.95
11	30-Dec-16	1 741 048.16	434 936.13	2 175 984.29	31 249 209.82
12	30-Jun-17	1 707 765.04	468 219.25	2 175 984.29	30 780 990.57
13	29-Dec-17	1 682 176.92	493 807.37	2 175 984.29	30 287 183.20
14	29-Jun-18	1 655 190.41	520 793.88	2 175 984.29	29 766 389.32
15	31-Dec-18	1 653 543.31	522 440.97	2 175 984.29	29 243 948.35
16	28-Jun-19	1 571 834.18	604 150.11	2 175 984.29	28 639 798.24
17	31-Dec-19	1 599 560.19	576 424.09	2 175 984.29	28 063 374.14
18	30-Jun-20	1 533 659.55	642 324.74	2 175 984.29	27 421 049.41
19	31-Dec-20	1 515 024.25	660 960.04	2 175 984.29	26 760 089.37
20	30-Jun-21	1 454 399.86	721 584.43	2 175 984.29	26 038 504.94
21	31-Dec-21	1 438 638.10	737 346.19	2 175 984.29	25 301 158.75
22	30-Jun-22	1 375 107.58	800 876.71	2 175 984.29	24 500 282.04
23	30-Dec-22	1 346 293.85	829 690.44	2 175 984.29	23 670 591.60
24	30-Jun-23	1 293 594.59	882 389.70	2 175 984.29	22 788 201.90
25	29-Dec-23	1 245 372.11	930 612.18	2 175 984.29	21 857 589.72
26	28-Jun-24	1 194 514.28	981 470.01	2 175 984.29	20 876 119.72
27	31-Dec-24	1 165 951.30	1 010 032.98	2 175 984.29	19 866 086.73
28	30-Jun-25	1 079 713.65	1 096 270.64	2 175 984.29	18 769 816.09
29	31-Dec-25	1 037 040.05	1 138 944.24	2 175 984.29	17 630 871.86
30	30-Jun-26	958 230.64	1 217 753.65	2 175 984.29	16 413 118.21
31	31-Dec-26	906 831.53	1 269 152.76	2 175 984.29	15 143 965.44
32	30-Jun-27	823 068.30	1 352 915.99	2 175 984.29	13 791 049.45
33	31-Dec-27	761 961.15	1 414 023.14	2 175 984.29	12 377 026.31
34	30-Jun-28	676 402.79	1 499 581.50	2 175 984.29	10 877 444.82
35	29-Dec-28	594 450.87	1 581 533.42	2 175 984.29	9 295 911.40
36	29-Jun-29	508 020.28	1 667 964.00	2 175 984.29	7 627 947.39
37	31-Dec-29	423 737.70	1 752 246.59	2 175 984.29	5 875 700.80
38	28-Jun-30	315 813.28	1 860 171.01	2 175 984.29	4 015 529.80
39	31-Dec-30	224 271.19	1 951 713.10	2 175 984.29	2 063 816.70
40	30-Jun-31	112 167.59	2 063 816.70	2 175 984.29	0.00

Building 3
Pinewood Office Park
33 Riley Road, Woodmead
Ext 3
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P.O. Box 1847
Gallo Manor 2052

Tel: (011) 202-2200
Fax: (011) 202-2231/2

25 July 2011

The Municipal Manager
Swartland Municipality
C/O Rainier Street and Church Street
Malmesbury
7299

For attention of: Mr. Joggie Scholtz

cc. Mr. Kenny Cooper

Sent by e-mail: joggie.scholtz@swartland.gov.za
cooper@swartland.gov.za

Dear Joggie

NOTICE FQ02/10/11: FINANCING OF MULTI YEAR CAPITAL BUDGET FOR 2011-2014

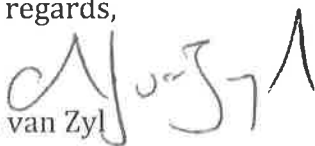
On 29 June 2011, INCA Portfolio Managers (IPM) submitted bid documents for the above tender to your Council.

On page 2 of our proposal under the conditions of the proposal, it was stipulated that the offer is subject to obtaining credit approval. We hereby formally confirm that IPM has obtained credit committee approval.

We look forward to the conclusion of the loan agreement in due course.

Kind regards,

Attie van Zyl
CEO




Nicolette Botha
Portfolio Manager

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For attention of: Mr. Joggie Scholtz

cc. Mr. Kenny Cooper

Sent by e-mail: joggie.scholtz@swartland.gov.za
cooper@swartland.gov.za

Dear Joggie

LOAN OF R35 MILLION FOR DISBURSEMENT ON 5 August 2011

This letter sets out the agreement reached between:

- Swartland Municipality ("Swartland") and
- INCA Portfolio Managers ("IPM")

regarding the loan of R35 000 000 for 20 years.

1. The proposed transaction

It is recorded and agreed that IPM intends to procure the above amounts for Swartland. The loan is a fixed rate loan and accordingly, IPM wishes to arrange for a hedge on the underlying cash-flows against interest rate movements. The loans repayments will be in equal semi-annual instalments for the indicated periods.



The agreement to be signed by the parties will be the Loan Agreement as previously circulated to yourselves.

The process to be followed is:

- Signature of this letter, which allows IPM to arrange for the hedge of the cash-flows;
- Once IPM has arranged for the hedge, the interest rate will be determined according to the stipulations in the tender submission and inserted in the Loan Agreement;
- The Loan Agreement will be signed before 31 July 2011;
- Once the Loan Agreement has been signed and all suspensive conditions contained therein have been fulfilled, and against delivery of the necessary documentation, IPM will arrange for the payment of the funds to Swartland on 5 August 2011;

2. Participation by Swartland

Swartland hereby agrees to the following:

- 2.1. Swartland accepts the terms and conditions established under paragraph 1 above; and
- 2.2. Swartland requests IPM to arrange for such hedging transactions (subject to paragraph 5 below) that will determine and fix the interest rate.

3. Support

Swartland and IPM shall do whatever may be necessary to facilitate the conclusion and signature and implementation of all necessary documents to implement the terms of the Loan Agreement.

4. Suspensive conditions

The conclusion, implementation and finalisation of the transaction shall be conditional upon the conclusion of the Loan Agreement (and addendums thereto) and all conditions precedent specified in such agreement.

5. Failure

It is recorded that on acceptance of the terms of this letter by Swartland and subject to the provisions of paragraph 1 hereof, IPM may arrange for the various hedging transactions to enable it to fix the interest rate.

Should the Loan Agreement not be concluded and/or implemented for whatever reason (other than the non-performance of IPM under the Loan Agreement), Swartland hereby indemnifies and holds IPM harmless against all costs, losses and expenses which may be incurred by IPM and parties acting in conjunction with IPM, in procuring the cancellation (or amendment) of any hedging transactions referred to in this paragraph 5.

6. In writing

The terms of this letter may not be varied otherwise than in writing signed by both parties.



INCA Portfolio Managers

7. Acceptance

Acceptance of the terms of this letter shall be evidenced by appending of the signature(s) of the duly authorised representative(s) of Swartland and the delivery of the signed document to IPM.

N. Botha
Nicolette Botha
Portfolio Manager

Dirkje du-Pont-Bouma
for: Dirkje du-Pont-Bouma
Executive Director

We hereby accept the terms as set out in this letter.

Signature: *[Signature]*
FOR: SWARTLAND MUNICIPALITY

Name: JACHTIM JACOBUS SCHLITZ

Capacity: MUNICIPAL MANAGER

Date: 28/7/11

