

ATT. MR. MEMORY PIKININ
FAX. (021) 807 4625
FROM: FARIED MANUEL



INCA

LOAN AGREEMENT

Made and entered into by and between: —

*Infrastructure Finance Corporation Limited
Trading as "INCA"
(Reg. No. 96/01482/06)
(hereinafter referred to as "INCA")*

and

*Paarl Municipality
(hereinafter referred to as "the Borrower")*

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 public holiday recognised as such under the Public Holidays Act, 1994 (Act No. 36 of 1994);
- 1.5 "Loan" - means the loan specified in clause 2;
- 1.6 "Prime Rate" - means the interest rate (per cent, per annum, compounded monthly) from time to time published by First National Bank of Southern Africa Ltd (herein referred to as FNB) as being its prime overdraft rate, as certified by any manager of FNB whose appointment and designation need not be proved;

2. THE LOAN

- 2.1 Upon and subject to the terms and conditions hereinafter set out, INCA will provide or procure for the Borrower who hereby borrows the sum of R 15 000 000-00.
- 2.2 Subject to the provisions of clause 5, the Borrower shall be entitled to drawdown the Loan forthwith upon the execution of this Agreement.

3. INTEREST

- 3.1 The Loan shall bear interest at a rate of 16.95 per cent per annum (compounded half yearly).

3.2 Interest shall be calculated on the balance of the amount of the Loan, plus any interest thereon outstanding from time to time.

3.3 Amortised loan repayments on the Loan shall be paid to INCA 6 monthly in arrear on the 17 th day of the month, the first of such payments to be made on the 17 th day of February 2000, and thereafter on the 17 th day of each and every successive 6 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;

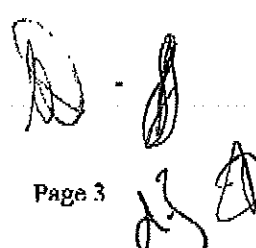
3.4.4 there is any compliance by INCA with any directive or request, whether or not having the force of law, from any monetary or fiscal authorities,

which would or does -

(a) subject INCA to any taxes, duties or other charges in respect of this Agreement or change the basis of taxation of INCA in respect of payments of principal or interest/fees payable to INCA (except for changes in the rate of taxation on the overall net income INCA); 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 INCA; or

(c) impose on INCA any other obligation or condition effecting the loan or its commitment in terms of this Agreement;



and the result of any of the above is to increase the cost of INCA of making any advance or maintaining this Agreement or to reduce any amount or amounts received or receivable or loanable by INCA hereunder by a sum which INCA deems material, then the Borrower shall pay to INCA on demand and while such circumstances continue, such fee as INCA may impose or such additional amount or amounts which will compensate INCA for such additional cost or reduced receipts.

3.5 INCA 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 INCA (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 Loan shall be repaid to INCA as stipulated in Annexure 1 to this Agreement.

4.2 All payments to be made pursuant to this Agreement may be made by means of transfer to INCA's bank account, with proof of such payment faxed to INCA.

5. CONDITIONS PRECEDENT

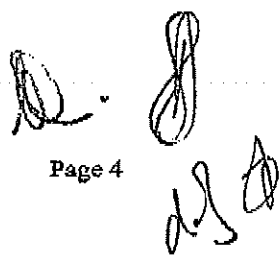
Notwithstanding anything to the contrary in this Agreement, the Borrower shall not be entitled to drawdown the Loan unless and until the Borrower has fulfilled the following conditions precedent:

5.1 The Borrower shall provide INCA with a copy of the Council resolution authorising the official to take up this loan.

5.2 The Borrower shall provide INCA with a signed copy of this Agreement.

Provided that in the event of the above conditions precedent not having been fulfilled by 17th day of August 1999 or any other date which may be agreed upon between the parties in writing, then INCA may terminate this Agreement.

5.3 The Borrower shall provide INCA with the security, if any, as agreed by the Borrower when accepting INCA's funding offer.



Provided that in the event of the above conditions precedent not having been fulfilled by 17 th day of August 1999 or any other date which may be agreed upon between the parties in writing, then INCA may terminate this Agreement.

6. **CONDITIONS**

6.1 The Borrower warrants (with regards 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 INCA'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.

6.2 For as long as any amount in respect of the Council's commitment to INCA 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, without the agreement of INCA, the latter which shall not be withheld unduly.


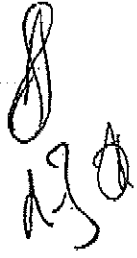
6.3 The Borrower shall for the duration of the Loan on at least an annual basis provide INCA free access to all information in order to enable INCA to do a credit review and the Borrower shall fully co-operate with INCA in this process.

7. **EVENTS OF DEFAULT**

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

7.1.1 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, if any, which may have been given in respect of this Agreement and such breach is not remedied within a period of 7 days after receipt of written notice of such breach; or

7.1.2 the Borrower enters into any compromise, composition or arrangement with any of its creditors or attempts to do so; or



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- 7.1.3 the Borrower defaults in the due payment or due performance or any amount payable or obligation to be performed under any agreement which amount or which obligation INCA considers to be material; or
- 7.1.4 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
- 7.1.5 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
- 7.1.6 the Borrower suffers any default judgement against it to remain unsatisfied for 30 days, or is refused a rescission of any default judgement; or
- 7.1.7 the Borrower stops payment of any liquid document made payable to INCA; or
- 7.1.8 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 days after service thereof upon the Borrower; or
- 7.1.9 the Borrower is dis-established as a municipality, or incorporates into its jurisdiction other municipalities or its powers is 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
- 7.1.10 Should the borrower's information and other systems not be Year 2000 compliant in due time it will constitute a default and INCA has the right to reconsider its support to the borrower.

then, without prejudice to any other rights which might thereupon be available to INCA, 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.

- 7.2 Should, in the opinion of INCA, a material adverse change occur in relation to the legal status or financial affairs of the Borrower, INCA will have the right to claim immediate payment of all amounts due in respect of the loan.

7.3 If any of the events specified in clause 7.1 become applicable in respect of any person, other than the Borrower, who provides INCA with any form of security, if any, in respect of this Agreement (and for such purpose, a reference to "Borrower" in clause 7.1 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 INCA to avail itself of the remedies specified in clause 7.1.

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 authorized and does not contravene any law or any contractual obligation binding upon it;

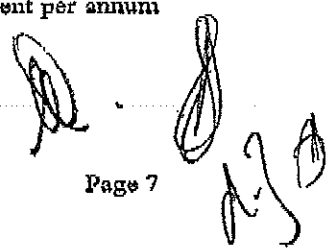
8.1.2 there is no material litigation or similar proceedings, to the knowledge of the Borrower, presently pending or threatened which would have a material adverse effect on the business or assets of the Borrower;

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 in clause 7 has occurred and is continuing;

8.1.4 all information supplied or to be supplied to INCA 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.

9. PENALTY INTEREST

Should the Borrower fail to pay on due date any amount falling due or payable to INCA under or arising from this Agreement then, without prejudice to such other rights that may accrue to INCA consequent upon such failure, such overdue amounts shall bear additional finance charges at whatever rate is the greater from time to time of 2 per cent above the Prime Rate or of 20 per cent per annum compounded half yearly from the due date to the date of payment to INCA.



10. CERTIFICATE OF INDEBTEDNESS

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

11. DOMICILIA

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:

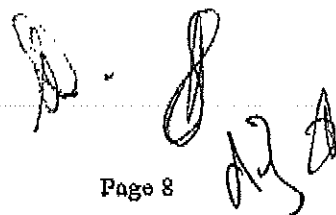
11.1.1 INCA : 12th Floor
66 Sauer Street
Johannesburg
2001

Telefax: (011) 352-9678

11.1.2 THE BORROWER: Berg River Boulevard
Paarl
7622

Telefax: (021) 872-8054

11.2 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.


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11.3 Either party may by written notice to the other party change its chosen domicile 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.

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

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

11.4.2 delivered by hand to a responsible person during ordinary business hours at its chosen domicile;

will be deemed to have received, in the case of clause 11.4.1, on the seventh business day after posting (unless the contrary is proved) and, in the case of clause 11.4.2, on the day of delivery.

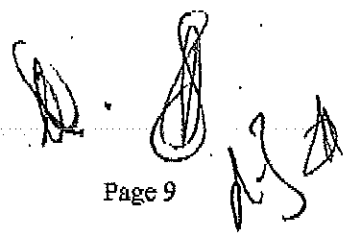
11.5 Any notice by telefax to a party at its telefax number will be deemed, unless the contrary is proved, to have been received within 2 hours of transmission, provided that, if the deemed time of receipt is not during normal business hours then it is deemed to have been received one hour after the commencement of normal business hours on the next business day.

12. ENTIRE AGREEMENT

This Agreement constitutes 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.

13. COSTS AND EXPENSES

13.1 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 INCA 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.


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13.2 All legal costs as between attorney and his own client, charges and disbursements and fees of a like nature incurred by INCA 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.

14. JURISDICTION

14.1 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 INCA shall not be obliged to institute action in the Magistrate's Court.

14.2 Notwithstanding the provisions of clause 14.1, INCA shall be entitled to institute any proceedings against the Borrower in connection with this Agreement in the High Court of South Africa (Witwatersrand Local Division) 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 12 hereof on the High Court tariff.

15. INDULGENCE

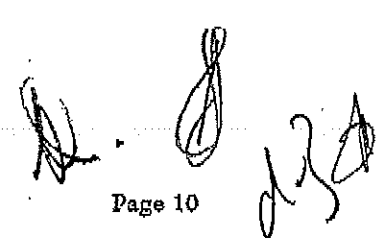
No relaxation or indulgence granted by INCA to the Borrower from time to time shall be deemed to be a waiver of INCA's rights in terms hereof, nor shall any such relaxation or indulgence be deemed to be a novation or waiver of the terms and conditions of this Agreement.

16. 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.

17. EXECUTION

This Agreement is executed for and on behalf of -


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17.1 INCA by ADRIAN JOHANNES VAN ZYL
in his capacity as Executive Director of INCA.

17.2 THE BORROWER by ANTHONY JOHN SAULS
in his capacity as Town Clerk of the
Borrower, he being duly authorised hereto under and by virtue of a resolution passed by
the Council of the Borrower on the 10th day of August 1999.

THIS DONE AND SIGNED AT JOHANNESBURG
on this the 12th day of August 1999
In the presence of the undersigned witness:

AS WITNESSES:

for and on behalf of:

INCA

[Signature]

[Signature]

THIS DONE AND SIGNED AT PAARL
on this the 13th day of August 1999
In the presence of the undersigned witness:

AS WITNESSES:

for and on behalf of:

THE BORROWER

[Signature]

[Signature]

Prepared by INCA

ANNEXURE 1

**Paarl Municipality
Amortised Repayment Expiry 17 August 2009**

Funding at 16.38% (NACM)
 equal to 16.95% (NACH) 1.176682563
 Amount 15,000,000
 Settlement date 17-Aug-99

Date	Days	Drawdown	Interest	Payment	Balance
17-Aug-99		15,000,000			15,000,000
17-Feb-00	184.00		1,281,698.63	1,583,604.03	14,698,095
17-Aug-00	182.00		1,242,250.74	1,583,604.03	14,356,741
17-Feb-01	184.00		1,226,734.38	1,583,604.03	13,999,872
17-Aug-01	181.00		1,176,737.16	1,583,604.03	13,593,005
17-Feb-02	184.00		1,161,475.71	1,583,604.03	13,170,876
17-Aug-02	181.00		1,107,057.27	1,583,604.03	12,694,330
17-Feb-03	184.00		1,084,687.00	1,583,604.03	12,195,413
17-Aug-03	181.00		1,025,066.20	1,583,604.03	11,636,875
17-Feb-04	184.00		994,331.11	1,583,604.03	11,047,602
17-Aug-04	182.00		933,719.10	1,583,604.03	10,397,717
17-Feb-05	184.00		888,449.31	1,583,604.03	9,702,562
17-Aug-05	181.00		815,533.59	1,583,604.03	8,934,492
17-Feb-06	184.00		763,421.73	1,583,604.03	8,114,310
17-Aug-06	181.00		682,035.51	1,583,604.03	7,212,741
17-Feb-07	184.00		616,304.02	1,583,604.03	6,245,441
17-Aug-07	181.00		524,950.71	1,583,604.03	5,186,788
17-Feb-08	184.00		443,193.25	1,583,604.03	4,046,377
17-Aug-08	182.00		341,990.91	1,583,604.03	2,804,764
17-Feb-09	184.00		239,657.47	1,583,604.03	1,460,817
17-Aug-09	181.00		122,786.70	1,583,604.03	0

8/12/99

9:19 AM