

Execution

SECOND ADDENDUM TO THE LOAN AGREEMENT

made and entered into by and between

DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

(the DBSA)

and

GREATER TZANEEN LOCAL MUNICIPALITY

(the Recipient)

in respect of funding the Capital Programme 2018/19 – 2019/20

DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity

[Handwritten signature]

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[Handwritten initials: MR MB]

1 Definitions and Interpretation

- 1.1 Unless otherwise defined in this Second Addendum, words and expressions used herein shall bear the meaning ascribed to such words and expressions in the Loan Agreement.
- 1.2 All capitalised terms in this Addendum not defined in terms of clause 1.4 below shall have the meaning ascribed thereto in the Loan Agreement and, unless otherwise indicated herein, any reference to the word "clause" refers to a clause of the Loan Agreement.
- 1.3 Save, as set out herein, all the terms and conditions contained in the Loan Agreement remain unaltered and of full force and effect.
- 1.4 The following terms shall have the following meanings and cognate expressions shall bear corresponding meanings in this Second Addendum:
- 1.4.1 "**Loan Agreement**" means the Loan Agreement, as may be amended from time to time, entered into between the Parties on or about 12 July 2018 in an amount of R 90 000 000 (ninety million Rand) for the purpose of funding the Recipient's 2018/19 – 2019/20 capital programme;
- 1.4.2 "**Date of Signature**" means the date on which this Second Addendum is signed by the Party doing so last;
- 1.4.3 "**First Addendum**" means the First Addendum to the Loan Agreement entered into between the Parties on or about 19 September 2018;
- 1.4.4 "**Parties**" means the DBSA and the Recipient and "**Party**" means either one of them as the context may indicate; and
- 1.4.5 "**Second Addendum**" means this agreement and all annexes thereto entered into between the Parties in order to amend certain provisions of the Loan Agreement.

2 Recordal

- 2.1 Clause 30 of the Loan Agreement provides, *inter alia*, that no addition to or variation, addition, consensual cancellation or novation of the Loan Agreement and no waiver of any rights arising from the Loan Agreement deletion or agreed or its breach or termination shall be of any force or effect unless reduced to writing and signed by all Parties or their duly authorised representatives.
- 2.2 The Parties accordingly enter into this Second Addendum to amend the Loan Agreement as follows:

3 Amendments

The Parties agree that with effect from the Signature Date, the Loan Agreement is amended as follows:

- 3.1 Ad clause 1.1.5, the Parties hereby delete this clause in its entirety and replace it with the following clause:

"1.1.5 "Availability Period" means the period from the CP Fulfilment Date until 31 December 2020"

- 3.2 Ad clause 1.1.14, the Parties hereby delete this clause in its entirety and replace it with the following clause:

"1.1.14 "Capital Grace Period" means a grace period commencing from the date of the first Disbursement until 30 March 2021;"

- 3.3 Ad clause 3.1.3, the Parties hereby delete this clause in its entirety and replace it with the following clauses:

"3.1.3 utilised exclusively for the Project and the DBSA shall be under no obligation to monitor or verify the application of any amount borrowed hereunder; and

"3.1.4 notwithstanding clause 3.1.3 above, to extent that the Borrower utilises less than the Loan for the purposes of the Project, the Borrower shall prepay the unutilised amount in accordance with clause 9.5 of the Loan Agreement. For the avoidance of doubt, the Borrower shall not be liable for Breakage Costs and or Unwinding Costs in respect of a prepayment made pursuant to this clause 3.1.4."

- 3.4 Ad clause 3.4, the Parties hereby insert the following new clause as sub-clause 3.4.5:

"3.4.5 The Recipient may, subject to the prior written consent of the DBSA, withdraw funds from the Debt Service Reserve Account but only to the extent that the funds standing to the credit of the Debt Service Reserve Account after such withdrawal equals or exceeds the four quarterly instalments required in terms of clause 3.4.2 of the Loan Agreement."

- 3.5 Ad Annexure B (*Programme/ Project Description*), the Parties hereby delete this annexure in its entirety and replace it with a new Annexure B (*Project Description*) attached hereto as Annexure A.

- 3.6 Ad Annexure E (*Repayment / Amortisation Schedule*), the Parties hereby delete this annexure in its entirety and replace it with a new Annexure E (*Amortisation Schedule*) attached hereto as Annexure B.

4 Non-variation of the Agreement

- 4.1 The Borrower hereby acknowledges that this Second Addendum:
- 4.1.1 does not in any manner, or form, whatsoever replace, cancel, supplant and or novate the Loan Agreement;
 - 4.1.2 to the extent that there is any conflict between this Addendum and the Loan Agreement, the provisions of the Agreement will prevail;
 - 4.1.3 governs only the issues encompassed herein and not any other existing terms and conditions of the Loan Agreement.

5 Governing Law

This Second Addendum, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and interpreted in accordance with, the laws of the Republic of South Africa.

6 General

- 6.1 This Addendum is signed by the Parties on the dates and at the places indicated below.
- 6.2 This Addendum may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Addendum as at the date of signature of the Party last signing one of the counterparts.



Signed at FOURWAYS on this 11 day of DECEMBER 2020

AS WITNESS:

1. [Signature]

2. _____

[Signature]

For and on behalf of the **DBSA**,
The Signatory warrants that he/she is duly
authorised hereto

Full name: MORALE BEN MORHESENS

Capacity: HEAD: TRANSACTIONS

Signed at TZANEEN on this 07 day of DECEMBER 2020

AS WITNESSES:

1. [Signature]

2. [Signature]

[Signature]

For and on behalf of Greater Tzaneen Local
Municipality
The Signatory warrants that he/she is duly
authorised hereto

Full name: BS MATLALA

Capacity: Municipal Manager

MP

Annexure A – Project Description

Phase 1 projects:		
R40 million Disbursement		
	Project Description	Project Cost
1	Streetlights R36	R933 485,53
2	Area Lighting at Tarentaal rand Crossing	R443 803,11
3	Replace 2 x 20 MVA 66/11 kV at Tzaneen main sub (+R4 Million from STD) Phase 1	R7 504 722,90
4	Prepaid Meters	R480 230,23
5	Replacing 11kv cables	R1 965 827,37
6	Substation Tripping Batteries (Item B53 6/14)	R855 116,92
7	Replace Minisubs	R1 099 422,78
8	Provision of Capital Tools (Customer and Retail Services)	R129 921,25
9	Provision of Capital tools (Operations and Maintenance)	R124 688,83
10	Replacement of Existing Air Conditioners	R286 585,75
11	Rebuilding of lines – Letsitele Valley substation – Bosbou and all T offs	R509 145,47
12	Rebuilding of Valencia 11kv lines	R1 029 909,92
13	Rebuilding of Lushof South 11kv lines	R514 454,47
14	Rebuilding of Mabiet 11kv lines	R1 046 087,13
15	Rebuilding of Haenertsburg 11kv line	R818 181,84
16	Rebuilding of Campsies Glen 11kv lines	
17	Rebuilding of CP Minnaar 11kv lines	R405 634,05
18	Rebuilding of Mieliekloof / Deerpark 11kv lines	R522 727,24
19	Houtbosdorp 11KV Ring	R1 463 755,03
20	Substation Fencing	R1 505 137,25
21	Refurbishment of the Ebenezer 33kv Feeder	R1 281 353,20
22	Replacing of old SS1 electrical substation circuit breakers with compact switchgear	R10 681 557,62
23	Replace 11 kV and 33 kV Auto reclosers per annum (Item B53 6/14)	R3 638 103,50
24	Upgrading of Waterbok 33/11KV Substation	R1 982 320,38
25	Upgrading of Blacknoll 33/11KV Substation	R2 017 884,93
26	Rebuilding of Rooikoppies 11kv lines	R946 025,51
27	Rebuilding of Politsi Valley 11kv lines	R1 045 454,57
	Total	R43 231 536,78

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Annexure A – Project Description (continued)

Phase 2 projects:		
R20 million DBSA Disbursement plus R10 million IIPSA Capital Grant		
	Project Description	Project Cost
1	R71 Streetlights and Traffic Circle	R120 000,00
2	R71 Streetlights (Adshade bridge to Robot)	R500 000,00
3	Area lighting at Kujwana turn off	R541 196,09
4	Rebuilding of lines - Greenfrog to Haenertsburg	R718 125,00
5	Rebuilding of lines - Gravelotte to De Neck	R795 125,00
6	Rebuilding of 33kV lines - Lalapanzi to Waterbok	R556 312,50
7	Rebuilding of lines - Mashuti 11kV lines	R396 750,00
8	Rebuilding of lines - Deeside 11kV lines	R529 000,00
9	Rebuilding of lines - Yamorna/Shivurali 11kV lines	R304 175,00
10	Rebuilding of lines - Ledzee 11kV lines	R732 419,50
11	Rebuilding of lines - Rooikoppies 11kV lines	R420 200,00
12	Rebuilding of lines - Mieliekloof/Deerpark 11kV lines	R443 850,00
13	Rebuilding of lines - Letsitele Valley sub to Bosbou 11kV lines	R417 000,00
14	Rebuilding of lines - Valencia 11kV lines	R417 000,00
15	Rebuilding of 33kV lines - Ebenezer 33kV Feeder	R1 020 369,61
16	Rebuilding of 33kV lines - Letaba 33kV Feeder	R793 500,00
17	Tzaneen Main Trf replacement	R16 480 000,00
18	Substation fencing - Letsitele Main Sub	R560 195,13
19	Substation tripping batteries -Ph2	R105 100,00
20	Auto Reclosers	R1 229 573,46
21	Prepaid Meters	R297 300,00
22	Minisubs	R800 000,00
23	Aircon Replacements	R250 000,00
24	Capital Tools CRS	R50 000,00
25	Capital Tools O&M	R50 000,00
	TOTAL	R28 527 191,29

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Phase 3 projects:
R30 million Disbursement

Greater Tzaneen Municipality 2020/21 Electrical Capital Projects

PROJECT / INITIATIVE	BUDGET TOTAL 2020/21	Accumulated expenditure	Progress	Physical Progress in %	Reason for deviation
Replace 2 x 20 MVA 66/11 kV at Tzaneen main sub PH3	R 13 500 000,00	R -	Project continue on phase 3. Phase 1 and 2 are complete	15%	Project continue as Phase 3
Prepaid Meters ph3	R 300 000,00	R -	Process started to appoint a service provider	5%	An assesment of the area and quantities is in process
Substation Tripping Batteries (Item B53 6/14) (Letsitele Main)	R 450 000,00	R -	Consultant appointed. Designs 90% completed	5%	Designs in progress and at 90%
Provision of Capital Tools (Customer and Retail Services)	R 100 000,00	R -	Capital will be spent as and when Tools needs to be replaced	5%	An assesment of dilapidated tools is in process
Provision of Capital tools (Operations and Maintenance)	R 100 000,00	R -	Capital will be spent as and when Tools needs to be replaced	5%	An assesment of dilapidated tools is in process
Replacement of Existing Air Conditioners ph3	R 150 000,00	R -	Process started to appoint a service provider	5%	An assesment of dilapidated Aircons is in process
Rebuilding of Deeside 11kv line	R 600 000,00	R -	Consultant appointed. Designs 90% completed	10%	Designs in progress and at 90%
Rebuilding of Yarmona /Shivulari 11kv line ph2 (4km)	R 600 000,00	R -	Consultant appointed. Designs 90% completed	10%	Designs in progress and at 90%
Rebuilding of Ledzee 11kv lines ph2	R 500 000,00	R -	Consultant appointed. Designs 90% completed	10%	Designs in progress and at 90%
Rebuilding of Waterbok 11kv lines	R 700 000,00	R -	Consultant appointed. Designs 90% completed	10%	Designs in progress and at 90%
Rebuilding of Letaba Feeder 33KV line ph2	R 1 500 000,00	R -	Consultant appointed. Designs 90% completed	10%	Designs in progress and at 90%
Replace 11 kV and 33 kV Auto reclosers per annum (Item B53 6/14) ph3	R 1 500 000,00	R -	Consultant appointed. Designs 90% completed	5%	Designs in progress and at 90%
Refurbishment of the Ebenhezer 33kV Feeder ph3	R 1 500 000,00	R -	Consultant appointed. Designs 90% completed	5%	Designs in progress and at 90%
Install 33kV voltage regulator on the 33kV Haenertsburg ring	R 2 500 000,00	R -	Consultant appointed. Designs 90% completed	10%	Designs in progress and at 90%
TOTALS	R 24 000 000,00	R -		8%	

Annexure B – Amortisation Schedule

Tzaneen Municipality - 10 +1 year amortised loan - amortised quarterly

Amortised Repayment quarterly							
Funding at	1st Disb. 11.03% Fixed	2nd Disb. 10.15% Fixed	3rd Disb. 9.90% Indicative *				
Amount	90,000,000						
Drawdown	30-Sep-18						
Drawdown	30,000,000	16-Oct-18					
Drawdown	20,000,000	15-Aug-19					
Drawdown	30,000,000	1-Nov-20					
Quarter	Date	No of days	Interest	Draw	Capital	Repayment	Capital balance
	16-Oct-18			40,000,000			40,000,000.00
1	31-Dec-18	76	918,246.58		0.00	918,246.58	40,000,000.00
2	31-Mar-19	90	1,087,397.26		0.00	1,087,397.26	40,000,000.00
3	30-Jun-19	91	1,099,479.45		0.00	1,099,479.45	40,000,000.00
	14-Aug-19	45	543,698.63			543,698.63	40,000,000.00
	15-Aug-19			20,000,000			60,000,000.00
4	30-Sep-19	46	767,506.85		0.00	767,506.85	60,000,000.00
5	31-Dec-19	92	1,535,013.70		0.00	1,535,013.70	60,000,000.00
6	31-Mar-20	91	1,518,328.77		0.00	1,518,328.77	60,000,000.00
7	30-Jun-20	91	1,518,328.77		0.00	1,518,328.77	60,000,000.00
8	30-Sep-20	92	1,535,013.70		0.00	1,535,013.70	60,000,000.00
	31-Oct-20	31	517,232.88		0.00	517,232.88	60,000,000.00
	1-Nov-20			30,000,000			90,000,000.00
9	31-Dec-20	60	1,464,657.53		0.00	1,464,657.53	90,000,000.00
10	31-Mar-21	90	2,196,986.30		0.00	2,196,986.30	90,000,000.00
11	30-Jun-21	91	2,221,397.26		1,725,264.34	3,946,661.60	88,274,735.66
12	30-Sep-21	92	2,202,756.97		1,743,904.63	3,946,661.60	86,530,831.03
13	31-Dec-21	92	2,159,240.57		1,787,421.03	3,946,661.60	84,743,410.00
14	31-Mar-22	90	2,068,667.90		1,877,993.70	3,946,661.60	82,865,416.30
15	30-Jun-22	91	2,045,300.10		1,901,361.50	3,946,661.60	80,964,054.79
16	30-Sep-22	92	2,020,330.44		1,926,331.16	3,946,661.60	79,037,723.64
17	31-Dec-22	92	1,972,261.88		1,974,399.72	3,946,661.60	77,063,323.92
18	31-Mar-23	90	1,881,189.63		2,065,471.97	3,946,661.60	74,997,851.95
19	30-Jun-23	91	1,851,111.36		2,095,550.24	3,946,661.60	72,902,301.72
20	30-Sep-23	92	1,819,162.09		2,127,499.51	3,946,661.60	70,774,802.21
21	31-Dec-23	92	1,766,073.69		2,180,587.91	3,946,661.60	68,594,214.30
22	31-Mar-24	91	1,693,055.55		2,253,606.05	3,946,661.60	66,340,608.26
23	30-Jun-24	91	1,637,431.62		2,309,229.98	3,946,661.60	64,031,378.27
24	30-Sep-24	92	1,597,802.17		2,348,859.43	3,946,661.60	61,682,518.84
25	31-Dec-24	92	1,539,190.09		2,407,471.51	3,946,661.60	59,275,047.33
26	31-Mar-25	90	1,446,960.74		2,499,700.86	3,946,661.60	56,775,346.48
27	30-Jun-25	91	1,401,339.99		2,545,321.61	3,946,661.60	54,230,024.87
28	30-Sep-25	92	1,353,224.84		2,593,436.76	3,946,661.60	51,636,588.11
29	31-Dec-25	92	1,288,509.71		2,658,151.89	3,946,661.60	48,978,436.22
30	31-Mar-26	90	1,195,610.59		2,751,051.01	3,946,661.60	46,227,385.21
31	30-Jun-26	91	1,140,993.19		2,805,668.41	3,946,661.60	43,421,716.80
32	30-Sep-26	92	1,083,520.54		2,863,141.06	3,946,661.60	40,558,575.74
33	31-Dec-26	92	1,012,075.36		2,934,586.24	3,946,661.60	37,623,989.50
34	31-Mar-27	90	918,437.66		3,028,223.94	3,946,661.60	34,595,765.56
35	30-Jun-27	91	853,899.32		3,092,762.28	3,946,661.60	31,503,003.28
36	30-Sep-27	92	786,107.82		3,160,553.78	3,946,661.60	28,342,449.50
37	31-Dec-27	92	707,241.18		3,239,420.42	3,946,661.60	25,103,029.08
38	31-Mar-28	91	619,597.78		3,327,063.82	3,946,661.60	21,775,965.26
39	30-Jun-28	91	537,478.55		3,409,183.05	3,946,661.60	18,366,782.21
40	30-Sep-28	92	458,314.12		3,488,347.48	3,946,661.60	14,878,434.72
41	31-Dec-28	92	371,267.90		3,575,393.70	3,946,661.60	11,303,041.02
42	31-Mar-29	90	275,918.07		3,670,743.53	3,946,661.60	7,632,297.49
43	30-Jun-29	91	188,381.83		3,758,279.77	3,946,661.60	3,874,017.72
44	30-Sep-29	92	96,670.01		3,874,017.72	3,970,687.73	0.00
			58,912,410.94		90,000,000.00	148,912,410.94	

* The interest at each disbursement is fixed two days prior to the date of actual disbursement. This rate may therefore change in line with the market rate changes at the date of actual disbursement

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